

United Nations Development Programme



### Multi-country Project Document

**Project Title:** Greening the future, advancing rights and stability: Spurring an inclusive and green transition with responsive governance in the Eastern Neighbourhood region

**Project Number:**

**Start Date:** 01 January 2024

**End Date:** 31 December 2027

**PAC Meeting date:** 29 November 2023

**Countries Participating:**

Country	Implementing Partner	Outputs to be delivered by country
1. Georgia	UNDP Georgia CO	<b>Output 1. Enhanced Democratic Local Governance for Inclusive and Sustainable Local Development in Two Areas in Georgia through Area-Based Approach</b>
2. Moldova	UNDP Moldova CO	<b>Output 2. Enhanced Governance in the Republic of Moldova through Multi-Stakeholder Engagement to Accelerate the Green and Inclusive Transition</b>
3. Regional	UNDP Istanbul Regional Hub	<b>Output 3. Enhanced Regional Cooperation, Knowledge and Solutions for Accelerated Inclusive Green Transition and Inclusive, Anticipatory Governance.</b>

#### Brief Description

This multi-country project aims to contribute to accelerating inclusive and green transition, responsive governance, and social cohesion in the Eastern Neighbourhood region with country-level focus and implementation in Moldova and Georgia, while providing important regional anchoring to further foster knowledge sharing, access to regional expertise, platforms and solutions, potential scaling, and facilitate broader regional cooperation, learning and advocacy. In this sense, the project therefore provides the framing for potential scaling up of relevant project activities in new countries within and beyond the Eastern Neighbourhood sub-region, based on emerging needs and opportunities and informed by project findings, results, lessons learnt and recommendations, and for which additional funding may be required. Recognizing the complexities of development challenges around these issues in the Eastern Neighbourhood countries, the project adopts an adaptive management approach that looks at project interventions from a systems lens to respond to emerging needs and demands while nurturing synergies amongst the activities in support of green transformation, the energy transition, catalytic green investment, social inclusion, digital transformation, responsive institutions, social cohesion and stability, and local governance, among others. It will leverage relevant efforts by governments, Denmark, EU, UNDP and other international development actors in Georgia, Moldova and the Eastern Neighbourhood, including the Mayors for Economic Growth (M4EG), EU4Climate, Sustainable Energy Hub, and the Governance for People and Planet, among others.

This will be implemented through the following outputs:

**Output 1. Enhanced Democratic Local Governance for Inclusive and Sustainable Local Development in Two Areas in Georgia through Area-Based Approach**

**Output 2. Enhanced Governance in the Republic of Moldova through Multi-Stakeholder Engagement to Accelerate the Green and Inclusive Transition**

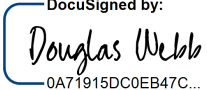
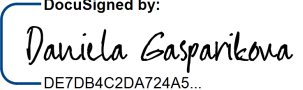
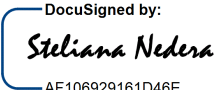
**Output 3. Enhanced Regional Cooperation, Knowledge and Solutions for Accelerated Inclusive Green Transition and Inclusive, Anticipatory Governance.**

The project will start in January 2024 and be completed in December 2027.

<p>Contributing Outcome (CPDs and RPD):</p> <p><b>Georgia:</b> CPD/UNSDCF 2021-2025 OUTCOME 1: By 2025, all people in Georgia enjoy improved good governance, more open, resilient and accountable institutions, rule of law, equal access to justice, human rights, and increased representation and participation of women in decision making</p> <p>CPD 2021-2025 Output 1.1: Inclusive national and local governance systems have greater resilience and capacities to mainstream gender, ensure evidence-based and participatory policymaking, map and address inequalities and deliver quality services to all.</p> <p>CPD/UNSDCF 2021-2025 OUTCOME 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia.</p> <p>CPD 2021-2025 Output 3.1: Improved competitiveness and social responsibility of private sector.</p> <p>Output 3.3: Increased productive employment, decent work, skills development and effective national social protection for all.</p> <p><b>Moldova:</b> UNSDCF/Country [or Regional] Programme Results and Resource Framework:</p> <p>OUTCOME 4: By 2027, institutions and all people of Moldova benefit from and contribute to green and resilient development, sustainable use of natural resources and effective gender-responsive climate change action and disaster risk management.</p> <p>OUTCOME 1: Structural transformation accelerated, particularly green, inclusive and digital transitions.</p> <p>OUTCOME 3: Resilience built to respond to systemic uncertainty and risk.</p> <p><b>Regional Program's Outcomes (2022-2025):</b></p> <p>OUTCOME 1: Structural Transformation Accelerated, Particularly Green, Inclusive and Digital Transitions.</p> <p>OUTCOME 2: No-One Left Behind, Centering on Equitable Access to Opportunities and a Rights-Based Approach to Human Agency and Human Development.</p> <p>Indicative Output(s) with gender marker<sup>1</sup>:GEN1</p>	<p><b>Total resources required:</b></p>	USD 10,798,032.56		
	<p><b>Total resources allocated:</b></p>	<p><b>UNDP TRAC:</b></p>		
		<p><b>Donor (Denmark):</b></p>	\$10,798,032.56	
		<p><b>Government:</b></p>		
		<p><b>In-Kind:</b></p>		
	<p><b>Unfunded:</b></p>	NA		

<sup>1</sup> The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for

Agreed by (signatures):

UNDP Georgia	UNDP Moldova	UNDP Istanbul Regional Hub
<p>DocuSigned by:                        0A71915DC0EB47C...</p> <p>Douglas Webb                      Resident Representative a.i.</p>	<p>DocuSigned by:                        DE7DB4C2DA724A5...</p> <p>Daniela Gasparikova                      Resident Representative</p>	<p>DocuSigned by:                        AF106929161D46E...</p> <p>Steliana Nedera                      Manager, IRH</p>
<p>Date: 31-Jan-2024</p>	<p>Date: 01-Feb-2024</p>	<p>Date: 02-Feb-2024</p>

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each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

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## I. DEVELOPMENT CHALLENGE

### 1.1 Regional development challenge

The Eastern Neighbourhood region, encompassing Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, share a vision, despite their unique histories, of deepening their ties with the European Union. Amid this ambition, they confront shared adversities, from energy, environmental, and cost-of-living crises to institutional vulnerabilities and eroding civic spaces. The region's equilibrium is perturbed by multifaceted challenges: the enduring Ukraine war, the Karabakh hostilities, and long-standing territorial disputes. The Global Peace Index 2023<sup>2</sup> depicts a 6.9% peace decline for these Eastern European nations since 2008, underscoring escalating tensions and militarization. The Ukraine conflict reverberates through the region's socio-political fabric, inducing mass displacements<sup>3</sup> and inflating pressures on national governments and local communities, all while misinformation in the digital realm intensifies polarization and social tensions. Such challenges have significantly impacted the regional commodity markets (food and energy), with short-term and medium to long-term implications on households, national budgets and financing systems, poverty, and energy security.

These challenges are playing out against the backdrop of the exacerbating triple environmental planetary crisis in the region, including climate change, pollution, and biodiversity loss, leading to growing pressures on the region's natural ecosystems, with climate risks increasingly likely to drive complex emergencies. As many of these countries increasingly depend on imported gas and oil, they grapple with the challenge of sustaining economic growth while curbing greenhouse gas emissions. Particularly, the rising energy prices intensify the existing cost of living crisis, leading to increased living expenses and potential social unrest. Amid this scenario, the poor, especially in rural areas and disadvantaged groups, as indicated by metrics like the UNDP Multidimensional Poverty Index<sup>4</sup>, may face disproportionate hardship. Recognizing the intricate interplay of economic, environmental, and social factors in these challenges, there's a pressing need for multi-dimensional solutions that promote green growth and embed socio-economic vulnerabilities to ensure balanced and inclusive transition. On 8 November 2023, the EU Commission adopted the EU Enlargement package, recommending to the European Council to open accession negotiations with Ukraine and Moldova and to grant candidate status to Georgia to strengthen with them political and economic ties. The European Council would adopt the negotiating frameworks once Ukraine and Moldova have adopted certain key measures. These countries already have made progress in alignment with the EU standards via the Association Agreements. The integration process has enhanced EU support and regional cooperation on the transposition of the EU regulatory frameworks into the national legislation and focusing on governance and structural economic reforms. To navigate this complex landscape, multiple development challenges emerge<sup>5,6</sup>.

#### 1.1.1 Challenges of transition towards an inclusive and green economy

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<sup>2</sup> Global Peace Index 2023 - <https://www.visionofhumanity.org/wp-content/uploads/2023/06/GPI-2023-Web.pdf>

<sup>3</sup> Overall, in the EU Eastern Neighbourhood region, there are over 6 million IDPs and 7 million refugees recorded in Ukraine, Moldova, Armenia, Georgia, Azerbaijan, and Belarus. These estimates are based on the data from the countries' National Statistics Bureaus/Agencies and border crossing records of UNHCR on forced displacement and voluntary migration.

<sup>4</sup> <https://hdr.undp.org/content/2023-global-multidimensional-poverty-index-mpi#/indicies/MPI>

<sup>5</sup> Moldova: Systematic country diagnostic (SCD) update, see:

<https://documents1.worldbank.org/curated/en/546181647363686927/pdf/Moldova-Systematic-Country-Diagnostic-Update-Building-Resilience-and-Enhancing-Competitiveness.pdf>, Country private sector diagnostic (CPSD), see:

<https://documents1.worldbank.org/curated/en/099615404202332125/pdf/IDU076b6c3e3022b6041d30bedb0dfcc9d5fbb2a.pdf> Georgia:

<sup>6</sup> Identified countries' development priorities are covered by their respective National Development strategies such as e.g., European Moldova 2030 in Moldova and in Georgia the Regional development programs and Strategy for rural development.

The inclusive and green economy represents a transformative vision of economic growth, where investments in reducing carbon emissions, conserving biodiversity, and increasing energy efficiency become major drivers of income and employment. As nations strive to adopt this model, they reap not only environmental but also economic benefits, such as greater resilience against external shocks, like volatile world energy prices, creation green jobs and innovation and technological advancements. Furthermore, this evolution fosters sustainable growth, improved quality of employment, and social well-being. For such a transition to be truly successful, it is crucial to ensure equitable outcomes, with no one left behind during the process.

International commitments, like those included in the Nationally Determined Contributions (NDCs) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) under the 2015 Paris Agreement, reflect these nations' ambitions to reduce greenhouse gas (GHG) emissions. In its most recent NDC Georgia<sup>7</sup> committed to an unconditional reduction target of 35% below the 1990 level of the domestic GHG emissions and conditional reduction target of 50 – 57%. Moldova adopted an unconditional, economy-wide GHG emission reduction target by 70% relative to 1990. That commitment can be increased up to 88% relative to 1990 conditional on provision of financial funds<sup>8</sup>. Georgia also developed a Long-term Low Emission Development Strategy<sup>9</sup> with an aim to achieve carbon neutrality by 2050. Many Georgian municipalities have joined the initiatives of the Covenant of Mayors and, by pledging to develop Sustainable Energy and Climate Action Plans (SECAPs) aligned with 2030 targets, play a crucial role in facilitating the green transition at the local level. Georgia and Moldova's commitments under the EU Association Agreements and Energy Community<sup>10</sup> membership further emphasize their dedication to transposing EU climate and energy standards into their national legislative frameworks.

The path to a green economy is not without its challenges. For the EU Eastern Partnership countries, persistent environmental pollution, inadequate enforcement of pollutant thresholds, and a rise in greenhouse gas emissions alongside gross domestic product (GDP) growth indicate an environment still heavily influenced by unsustainable practices. For countries like Georgia and Moldova, emissions have surged due to dominant sectors such as transport and waste. This, coupled with an increasing reliance on fossil fuels and underutilization of renewable energy resources, exposes these countries to economic vulnerabilities. Their energy dependence on imports, especially fossil fuels, further magnifies this susceptibility.

The GHG emissions are still not decoupled from economic growth. Since 2000 along with the real GDP growth GHG emissions continued increasing, e.g., reaching 134% and 43% growth during the last decade in Georgia and Moldova respectively<sup>11</sup>. Such an increase in emission levels is mostly attributed to the transport, waste, and industry sectors (primarily construction and manufacturing). The dominance of fossil fuels has been on the rise, while renewable energy resources (e.g., including hydro in Georgia) remain underutilized due to regulatory uncertainty and insufficient grid access.

Another concern is the legacy of Soviet-era infrastructures, which continue to impede energy efficiency. Structural challenges and the prevalence of old structures mean countries like Georgia are expending 50% more energy per unit of GDP than the EU average. However, with the right strategies and incentives, energy efficiency could significantly reduce both energy consumption and emissions. Legislative attempts are underway to enhance energy efficiency, increase the share of renewable

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<sup>7</sup> [https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20Georgia\\_ENG%20WEB-approved.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/NDC%20Georgia_ENG%20WEB-approved.pdf)

<sup>8</sup> [https://unfccc.int/sites/default/files/NDC/2022-06/MD\\_Updated\\_NDC\\_final\\_version\\_EN.pdf](https://unfccc.int/sites/default/files/NDC/2022-06/MD_Updated_NDC_final_version_EN.pdf)

<sup>9</sup> In Georgia LT-LEDs was adopted in April 2023, see <https://www.undp.org/sites/g/files/zskgke326/files/2023-07/undp-georgia-eu4climate-leds-summary-eng.pdf>

<sup>10</sup> Georgia joined the Energy Community in 2017.

<sup>11</sup> See <https://databank.worldbank.org/>

energy resources on countries' primary energy mix and stimulate investments into these sectors. Yet, the limited efforts on decarbonization suggest there's more work to be done.

A public-private dialogue has been gaining traction, but the pace of progress remains limited. Diversifying foreign direct investments towards tradeable, green, domestic industrial ecosystems is paramount. Yet, these ambitious goals face challenges in implementation, with administrative and financial constraints, low awareness, information gaps, and a significant informal economy often limiting progress. Hence, strengthening the participation of the private sector is crucial. For the private sector to thrive and contribute to the green economy, the challenges of low economic activity and stagnating human capital must be tackled. A pivotal aspect of this is mainstreaming environmental considerations into broader economic development strategies.

### 1.1.2. Peace and regional instability

The Eastern Neighborhood countries have experienced multiple crises and a profound reshaping of their geopolitical landscape for peacebuilding, democracy, the rule of law, and security. The presence of armed conflicts, including the ongoing war in Ukraine and the recent military hostility over the Karabakh region in September 2023, as well as territorial disputes over Transnistria, Abkhazia, and South Ossetia, have significantly disrupted regional stability and challenged the regional rule of law and the principle of territorial integrity. This impact is further compounded by the unprecedented levels of forced displacement, with over 6 million internally displaced in Ukraine and 7 million refugees recorded in Ukraine, Moldova, Armenia, Georgia, Azerbaijan, and Belarus<sup>12</sup>. There's also the looming threat that the conflict could intensify existing tensions, especially in areas already grappling with protracted conflicts. From a broader geopolitical perspective, the conflict in Ukraine is prompting a noticeable renewed drive towards closer ties with the EU and a decisive action to address the regions' historic dependence on undiversified imports of energy resources, particularly fossil fuels.

### 1.1.3. Democratic governance, civic space and disinformation

The region also has mixed progress in the rule of law and democratic governance, with lingering undemocratic tendencies and centralized economies affecting democratization and reforms. Moldova and Georgia showed gradual improvements in the rule of law with tendencies to backslide in Ukraine<sup>13</sup>. The 2023 Civicus Monitor<sup>14</sup> suggests that the region is experiencing a narrowing of civic space with a notable increase in manifestations related to political polarization. Governments, in several instances, exert control over media, suppress opposition, and curtail freedoms of assembly and expression. This constriction of civic space stifles public discourse, marginalizes diverse voices, and limits the scope of democratic processes. For example, in March 2023, there were concerning developments in Georgia related to the attempt to adopt a law on "transparency of foreign influence", which sparked mass protests and was later withdrawn by the Government to avoid confrontation with the public<sup>15</sup>.

Linked to these risks and vulnerabilities, are the challenges brought about by the phenomenon of *mis- and disinformation, divisive narratives, and hate speech* in the sub-region, across both new and traditional media. This phenomenon can especially be observed in rising political polarization and attempts to raise tensions during periods of armed conflict, and during election cycles where ethno-nationalist rhetoric is increasingly visible. These can also be used to diminish the public support to any

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<sup>12</sup> These estimates are based on the data from the countries' National Statistics Bureaus/Agencies and border crossing records of UNHCR on forced displacement and voluntary migration.

<sup>13</sup> Rule of Law Index – insights on the trends in Eastern Europe and Central Asia from 2022 to 2023 <https://worldjusticeproject.org/rule-of-law-index/downloads/WJPIInsights2023.pdf>

<sup>14</sup> 2023 Civicus Monitor reports narrowed civic space in Georgia, Moldova and Armenia, obstructed in Ukraine and closed in Azerbaijan <https://monitor.civicus.org/>

<sup>15</sup> <https://www.hrw.org/news/2023/03/07/georgia-foreign-agents-bill-tramples-rights>

transformative action of the government on green economy, economic development or slower the efforts to diversify countries' energy mix and reduce their energy dependence. The UNDP report *Mapping and Analysis of Efforts to Counter Information Pollution in Europe and Central Asia*<sup>16</sup> sheds light on the impact of misinformation and disinformation in the region as of 2023. By working across multiple levels, from policy and organized prevention and response initiatives, to enhancing individual capacities to understand the information environment and critically engage with information, an emerging driver of inter- and intra-state mistrust and tension can be mitigated. UNDP has worked successfully to support regional media in improving conflict reporting<sup>17</sup>, including from the conflict-affected regions, to ensure accurate and sensitive reporting during times of tension. These challenges create an environment where democracy, rule of law, and stability can be fragile and easily disrupted, necessitating robust local and international efforts for their reinforcement.

#### 1.1.4. Local governance and local development hurdles

Local governance in the EU Eastern Neighborhood countries faces significant hurdles as they strive for a green transition. Firstly, many of these countries' local governance bodies grapple with resource constraints, lacking the essential financial and technical means to drive sustainability initiatives or enforce eco-friendly regulations. This is exacerbated by a limited institutional capacity, where local entities might not have the expertise or infrastructure to oversee the complexity of green transition or to foster democratic practices consistently. Corruption and political interference further obstruct these endeavors, as they can distort decision-making processes, hinder fair resource distribution, and challenge democratic principles.

Secondly, the local socio-economic development is marked by uneven development and territorial disparities, especially between urban and rural localities. For example, in Georgia, the national poverty rate hovers around 20%, with varied intensities across regions. These economic imbalances are intensified by differences related to ethnicity, gender, age, and displacement, underscoring the need for inclusive social policies, particularly in areas populated by minorities or those impacted by conflicts and natural disasters. Alongside these economic challenges, remote regions face a pronounced lack of access to basic services like education, healthcare, and other social amenities. Concentration of resources in major urban hubs, particularly the capitals, exacerbates these disparities, leaving peripheral areas underdeveloped.

#### 1.1.5. Digital transformation challenges

The EU Eastern Neighborhood countries are notably advanced in digitalization, especially in delivery of e-services. UNDP's Digital Development Compass<sup>18</sup> ranks Georgia and Moldova at 3.41 and 3.02 out of 5.99, placing both in the *systematic* phase of digital transformation. These digital advancements not only streamline services but also pave the way for green transitions by optimizing resource allocation, reducing waste, and supporting new and sustainable business models and initiatives. Digitalization can drive resource efficiency, enhance transparency around environmental practices and provide an effective channel for education among entrepreneurs.

Coupled with inadequate infrastructure and lack of digital engagement<sup>19</sup>, the most significant gaps regionally are in national and local e-service implementation, cybersecurity, and data privacy, especially following recent cyber-attacks. In addition, the deployment of digital technologies and artificial intelligence (AI) in the region amplifies existing power imbalances and human rights issues,

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<sup>16</sup> <https://www.undp.org/policy-centre/oslo/publications/mapping-and-analysis-efforts-counter-information-pollution-europe-and-central-asia-region>

<sup>17</sup> <https://www.undp.org/georgia/stories/peace-journalism>

<sup>18</sup> See <https://www.digitaldevelopmentcompass.org/>

<sup>19</sup> See <https://databank.worldbank.org/>

including mass surveillance and data misuse<sup>20</sup>. Embracing digital solutions also holds the potential for promoting environmentally friendly practices, facilitating sustainable data-driven decision-making, and reinforcing green transitions.

### **1.1.6. Charting the path forward: addressing regional challenges for a democratic and sustainable future**

The region's pursuit of democratic governance, inclusive and sustainable economy, and resilient and peaceful societies faces challenges but also offers opportunities. While countries like Georgia and Moldova commit to reforms facilitating the EU integration, they grapple with the impacts of regional instability, conflicts, and institutional shortcomings. To promote green transition, peace and democracy, stronger ties and partnerships with private sector will be developed to take joint action to reduce GHG emissions, pollution, reliance on fossil fuels, as well as to address the relevant drivers of social tensions, protect civic spaces, strengthen local governance, bridge territorial disparities, and pursue rights-based digital transformation. Effective and multifaceted collaborative efforts at local and international levels are essential for democratic stability, peace, and a green future in the region.

### **1.2. Moldova: key development challenges**

Moldova's heavy dependence on imports of energy resources and weak energy infrastructure remains a key development challenge, as a staggering 77.5% of Moldova's primary energy resources are imported. The unfolding energy crisis, further intensified by the ongoing war in Ukraine, contributed to the increasing prevalence of energy poverty. A large share of the population, mostly rural residents, women, and disabled people, are spending between 60% and 80% of their income on electricity and heating. Costs of heating increased by 143% during just four months within the last heating season. Increasing costs of energy, being reflected by increases in poverty level from 26.8% of the population living in absolute poverty, and another 10.8% in extreme poverty in 2020 pose a persistent challenge for the future.

Moldova obtained the status of EU candidate in June 2022, and endorsed the European Green Deal, particularly the "Green Agenda and Sustainable Connectivity" initiative. The EU-Moldova Association Agreement, in place since July 2016, emphasizes the need to progress with energy sector reforms, align with the relevant EU standards, infrastructure enhancement, and energy supply security.

The energy sector accounts for more than two-thirds of national greenhouse gas emissions. According to the most recent NDC, Moldova committed to unconditionally reduce 70% of its national GHG emissions, including land use, land-use change, and forestry (LULUCF) emissions and removals, by 2030 and 88% conditionally to the access to the necessary funds, below to level of 1990. Moldova committed to reduce for right bank (Moldova territory under control of central authorities) GHG emissions with 68.6% by 2030 compared to level of 1990.

To reach target of 68.6% reduction of GHG emissions in 2030 for controlled territory, Moldova committed to next specific targets:

- i. The national target for renewable energy share on final energy consumption was set at 27% by 2030 (in year 2020 it was 17%).
- ii. The national target for energy efficiency was set at 2.8%, defined as a share on the final energy consumption by 2030 (increased from 2.5% in 2020). Expressed in terms of the minimum share on primary energy consumption, the target is 3% by 2030 (increased from 2.69% by 2020).

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<sup>20</sup> Please see the 2023 UNDP regional study on the impact of human rights on digital technology and related recommendations for the region: <https://www.undp.org/eurasia/publications/impact-digital-technology-human-rights-europe-and-central-asia>



The draft Law on climate action, Energy Strategy 2050 and the National Energy and Climate Plan (NECP) form the foundation of Moldova's sustainability policy blueprint, emphasizing climate neutrality by 2050, energy security, decarbonization, and the integration of renewable energy sources.

The Energy Strategy 2050, currently in development, emphasizes energy efficiency improvements in buildings and transportation sectors, promotion of renewable energy sources, and enhancing financial accessibility for both public and private sectors. Further work on the legal framework, including the development of the secondary legislation and its effective implementation are needed to ensure compliance with Moldova's strategic objectives.

Domestic electricity demand consistently surpasses its own production capabilities, what further reinforces country's dependence on external sources. Lacking and outdated critical energy infrastructure in Moldova makes electricity consumers particularly vulnerable to failures and inefficiencies and underlines the urgent need for modernization to ensure energy security and increase efficiency. The energy sector's current infrastructure state hampers economic growth and requires significant reforms and investments.

In 2020, the share of renewable sources in the gross final energy consumption amounted to 25% with biomass being the dominant renewable energy resource. As a result, the heating sector accounts for 41% of renewable energy, transportation and electricity generation report only 0.2% and 3%, respectively. Large-scale renewable energy makes up only 3% of the country's entire electricity production. Furthermore, the transport sector, essential for ensuring sustainable development, lags notably behind, sourcing only 0.18% of its energy from renewables. This shortfall represents not only an environmental challenge but also a lost economic opportunity.

Energy consumption of buildings<sup>21</sup> represents 58% of the total final energy consumption in the country. Renovating the existing buildings is not just a matter of energy efficiency, it's an imperative step towards ensuring cost savings, and more importantly, the comfort, safety, and health of the inhabitants.

The ongoing transformation of the Energy Efficiency Agency (EEA) into the National Centre for Sustainable Energy is a key priority of the Government and is expected to be completed by the end of 2023. It will establish a foundation for the Energy Efficiency Fund (EEF), a critical funding program dedicated for energy efficiency in residential sector. The primary beneficiaries of the forthcoming EEF will be Homeowners Associations (HOAs) for residential buildings, while private households/single-story will become beneficiaries at a later stage.

This challenge includes limited institutional capacities to undertake efficient planning, resource mobilization and allocation. There is a need for a systematic policy framework, actionable plans, and adept fund mobilization from both public and private sectors.

Moldova, as a signatory of the Energy Community Treaty, is transposing the EU *acquis communautaire* into its legislative framework according to the Energy Community work programme. Meeting Moldova's obligations will require further transposition of Energy Community *acquis* into national legislation, consistent and determined implementation, further liberalization of the energy markets, development of renewable energy sources, and openness and increased interconnectivity with the EU energy systems along with the National Energy and Climate Plan (NECP). **Interconnectivity with the EU will require both technical improvements and considerable investment in infrastructure.**

Considering these factors, Moldova's development challenge is clear and green transition is imperative: **the country must overhaul its energy sector, diversifying sources, improving**

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<sup>21</sup> 87% of buildings is designated for residential use, and 65% of them are individual houses.

**infrastructure, integrating with EU systems, fulfilling international obligations and alignment with the EU Acquis, and promoting sustainable energy solutions.** Furthermore, addressing the deep-rooted social inequalities and poverty exacerbated by the current energy challenges is crucial to ensure that the transition benefits all segments of society equitably.

### 1.3. Georgia: key development challenges

#### 1.3.1. Territorial, economic and social disparities

In the last decade, Georgia has achieved significant advancements in economic and governance reforms. The country's economy has been growing faster than other upper-middle-income countries; at the same time, the national poverty rate has remained high (around 20%<sup>22</sup>, with variations across regions) and challenges remain across various essential domains, including green transition<sup>23</sup>, good governance (at local and national levels)<sup>24</sup> and public administration<sup>25</sup>.

The socio-economic development of the country is further hindered by substantial disparities across the regions/areas with Tbilisi significantly outpacing the rest of the country in development. Economic growth tends to be concentrated in a few key regions, such as Tbilisi and Adjara, while most regions struggle with brain drain. The economic growth is further hampered by the lack of labor market policies and support for small and medium-sized enterprises (SMEs) in rural areas, while depopulated mountain regions experience economic decline without viable alternative activities. In addition to economic disparities, access to essential services such as quality education, healthcare, and social services exhibits notable discrepancies, especially in remote areas. Major urban centers, including the capital, receive a disproportionate share of attention and resources, resulting in further disparities in development across the country<sup>26</sup>.

Uneven development and territorial disparities are aggravated along the lines of ethnicity, gender<sup>27</sup>, age<sup>28</sup>, and displacement, stressing the need for social inclusion policies in municipalities with a significant share of vulnerable populations including high mountain municipalities, ethnic minority-settled municipalities, municipalities with conflict-affected populations situated near the Administrative Boundary Line (ABL)<sup>29</sup>, or natural-disaster affected communities posing the risk for or forcing displacement<sup>30</sup>.

Further, youth (aged 15-29) in Georgia are experiencing disproportionately higher unemployment rates (35.6%, 2022) and 30.7% are in NEET, as opposed to the 10.1% of EU's average. This is further exacerbated and correlated with rural youth's exodus to urban areas (e.g., for low-value-added employment in gig economy) and international emigration (42% of potential migrants are in the 18–30 age group, ETF, 2016). One-third of young people living in rural areas think that it would be good for them to move out to find employment (FES, 2016).

<sup>22</sup> <https://www.geostat.ge/ka/modules/categories/192/tskhovrebi-done>

<sup>23</sup> Georgia Country Diagnostic, October 2021, European Investment Bank, 2021, European Bank for Reconstruction and Development, 2021. <https://www.ebrd.com/documents/strategy-and-policy-coordination/joint-ebredeib-diagnostic.pdf>

<sup>24</sup> National Assessment of Georgian Municipalities - 2021

[https://idfi.ge/en/presentation\\_of\\_the\\_2021\\_assessment\\_results\\_of\\_the\\_local\\_self\\_government\\_index#:~:text=After%20the%20welcomi ng%20speech%2C%20the,the%20Municipal%20Councils%20is%2031%25.](https://idfi.ge/en/presentation_of_the_2021_assessment_results_of_the_local_self_government_index#:~:text=After%20the%20welcomi ng%20speech%2C%20the,the%20Municipal%20Councils%20is%2031%25.)

<sup>25</sup> Public Administration Reform Strategy 2023-2026, <https://www.matsne.gov.ge/ka/document/view/5723982?publication=0>

<sup>26</sup> <https://www.geostat.ge/ka/modules/categories/23/mtliani-shida-produkti-mshp>

<sup>27</sup> <https://socialjustice.org.ge/ka/products/gamqofi-khazebis-mimdebared-mtskhovrebi-kalebis-gamotsvevebi-da-sachiroebebi>

<sup>28</sup> Youth Study Generation of Independent Georgia: In Between Hopes And Uncertainties, 2023 <https://library.fes.de/pdf-files/bueros/georgien/20611.pdf>

<sup>29</sup> <https://hrc.ge/files/reports/237saokupacio%20axis%20sofflebi-geo.pdf>

<sup>30</sup> The Needs Assessment of the Population Residing Along the Administrative Boundary Lines in Georgia

<https://georgia.unwomen.org/en/digital-library/publications/2022/02/the-needs-assessment-of-the-population-residing-along-the-administrative-boundary-lines-in-georgia>

Rural women in Georgia are under-represented in local economic planning, and primary and value-added economic sectors, combined with income inequalities, lower (only 16%) asset ownership, and the severe destructive impact of COVID-19 (UNDP, 2020). Gender stereotypes, unequal division of unpaid agricultural and domestic work, and a lack of gender-responsive services and programs limit women's abilities to acquire new skills, develop agricultural or other businesses, and earn sustainable income.

Furthermore, there are 283,271 registered internally displaced persons (IDPs) (90,156 households) in Georgia, constituting approximately 8% of the general population. IDPs have significantly higher ratios of unemployment and despite various programs financed and implemented by the Government, donor agencies, and non-governmental organization (NGOs), they still face vulnerabilities linked to their displacement. The dependence of IDPs on social transfers such as pensions, scholarships, and social assistance remains high. IDPs face challenges with accessing local services in the new places of resettlement, that may be delayed or not provided at all. Hence, lack of local services may cause IDPs to face challenges with the development of social capital and thus, local integration<sup>31</sup>.

### **1.3.2. Weak governance and institutional framework at local level to advance local development and green transition.**

#### ***Service Provision***

Present practices of municipal service provision often lack a people-centered approach and the voices of key beneficiaries in the service design, delivery, and evaluation processes are conspicuously absent, leading to less responsive and equitable municipal services. For instance, municipal programs intended for Persons with Disabilities (PwDs) have been criticized for not adequately addressing the real needs of potential beneficiaries<sup>32</sup>, and a lack of awareness regarding the availability of such programs further compounds the issue. Weak institutional and human capacities find a reflection in lack of citizens' trust and satisfaction – e.g. a recent survey in Georgia revealed that 36% of the population is dissatisfied with the performance of the Local Councils and 37% is dissatisfied with the performance of the local Mayor's office<sup>33</sup>.

#### **Civic engagement and inclusion**

The importance of citizen engagement in decision-making is rarely recognized by local authorities and with the exception of a few, local civil society organizations (CSOs) need further support and development of capabilities to increase their influence and engagement in policymaking at the local level<sup>34</sup>. While participation mechanisms are legally established and guaranteed, citizens display limited knowledge, and understanding of participation opportunities, and are not aware of their own rights, which results in a lower level of citizen engagement and social accountability. Studies reveal, that almost half of the population of Georgia (49.6%) has not heard about at least one of the forms of citizen participation in local self-governance and 77.3% had no attempt to utilize any of them in 2021<sup>35</sup>. Furthermore, only 8% of young people have been intensively involved in youth-related decision-making in municipalities during the past 12 months, while 66% never took part in any similar activities<sup>36</sup>.

#### **Governance for green transition**

<sup>31</sup> Bolkvadze Tamar, Danish Refugee Council, '[Coordination and participation in Georgia - what worked and what didn't](#)', Internal Displacement Monitoring Center, 2020

<sup>32</sup> Compliance of Municipal Social and Health Care Programmes with Principle of Equality, Public Defender (Ombudsman) of Georgia, 2021.

<sup>33</sup> National Public Opinion Survey of Residents of Georgia | March 2023, International Republican Institute (IRI)

<https://www.iri.org/resources/national-public-opinion-survey-of-residents-of-georgia-march-2023/>

<sup>34</sup> EU Roadmap for Engagement with Civil Society in Georgia, 2018 – 2024 (updated in 2021)

<sup>35</sup> UNDP Georgia, [Citizen Satisfaction Survey](#), 2021

<sup>36</sup> Youth Agency of Georgia, [Youth Survey – consolidated results](#), 2020

One of the most important areas for green transition in Georgia has been improvement of the efficiency of energy supply and consumption. According to Georgia's indicative energy efficiency targets for 2030, energy efficiency measures of the state, should reduce final energy consumption by 24%. On this path, low level of public and private sector's awareness about energy efficiency, lack of energy management, limited knowledge and practice of energy audit, unavailability of educational institutions and their programs in energy efficiency; and lack of knowledge required for energy efficient procurement by municipal agencies, remain as key challenges of energy efficiency in Georgia<sup>37</sup>.

At the local level, both private and public institutions lack capacities to achieve national level targets and fulfill the legislative requirements of energy efficiency. For example, Energy Efficiency Law (Article 17) explicitly requires the renovation of buildings owned and operated by the central government to meet energy efficiency targets<sup>38</sup>. However, there is no practice of conducting inventory of buildings and their energy performance. Information on public buildings is only partially available and based mostly upon the Sustainable Energy Action Plans (SEAPs) developed by Georgian Covenant of Mayors<sup>39</sup>. Local authorities in Georgia do also lack the technical expertise needed to plan and implement energy efficiency initiatives effectively and have difficulties in getting the community on board with energy efficiency measures. Many residents and businesses are not aware of the benefits of energy efficiency and are reluctant to invest in energy-saving technologies due to perceived costs or inconveniences.

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## II. STRATEGY

The goal of the project is to contribute to accelerating inclusive and green transition, and responsive governance in the Eastern Neighbourhood region, by leveraging relevant efforts by governments, Denmark, EU, UNDP and other international development actors in Georgia, Moldova, and the Eastern Neighbourhood. This project will therefore take a multi-country approach, with country-level focus and implementation in Moldova and Georgia, while providing important regional anchoring to further foster knowledge sharing, access to regional expertise, platforms and solutions, potential scaling, and facilitate broader regional cooperation, learning and advocacy. In this sense, the project therefore provides a structure to identify opportunities to frame potential scaling up of relevant project activities in new countries within and beyond the Eastern Neighbourhood sub-region, based on emerging needs and opportunities and informed by project findings, results, lessons learnt and recommendations. These however may require additional funding beyond currently available resources under this current project.

Addressing the development challenges described in the preceding section would require a multi-faceted, multi-level approach that will allow synergies, learning, and integrated solutions at sub-national, national, and regional levels. A causal analysis (Annex A) of these issues shows that these challenges can be clustered around policy and legislative action, systems and institutional transformation, and communities and individual capabilities and behavior. It also directly shows the closely interweaving relationships between governance, economy, social, environment, energy and conflict that contribute to deepening conflict impacts, democratic sliding and declining public trust, increasing poverty and stagnating human capital, and continued heavy economic dependence on fossil fuels by Georgia, Moldova, and other countries in the region. While some challenges are felt more strongly by specific countries (e.g., IDPs in Georgia, heavy building energy consumption in Moldova), the underlying issues in principle are generally found in either country and in other Eastern

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<sup>37</sup> In accordance to the State Energy Policy of Georgia and Integrated National Energy and Climate Plan of Georgia

The minimum target is 1% of the total useful floor area of heated and/or cooled buildings owned and occupied by public bodies is renovated each year to meet the minimum energy performance requirements. Resolution No. 354 of the Government of Georgia. July 13, 2021

<sup>39</sup> 23 Georgian cities are signatories to the Covenant of Mayors: [http://www.covenantofmayors.eu/actions/sustainable-energy-action-plans\\_en.html?city=Search+for+an+Action+Plan...&country\\_seap=ge&commitments=&date\\_of\\_approval=&accepted](http://www.covenantofmayors.eu/actions/sustainable-energy-action-plans_en.html?city=Search+for+an+Action+Plan...&country_seap=ge&commitments=&date_of_approval=&accepted)

Neighbourhood countries. At the same time, it is recognized that these challenges resonate strongly not only in other countries in the Eastern Neighbourhood sub-region but also in the Western Balkans sub-region, where challenges related to transitioning to green and just economies, governance, institutional reforms and public sector transformation, civic engagement, social polarization and declining public trust, and the impact of the war in Ukraine, are also increasingly felt.

The project therefore frames its strategy around a non-linear theory of change (Figure 1) that recognizes the importance of three mutually-reinforcing components that directly and substantively address the complexities around these drivers of fragility and underlying causes of 13roject13ent issues affecting energy, economic, governance, and peace in Moldova, Georgia and the region. The overall theory of change posits that green and just transition and responsive and accountable governance in Georgia, Moldova and the Eastern Neighbourhood region can only be accelerated by targeting direct investments in inclusive, green and just economic policies, regulations and capabilities; by strengthening and enabling public, private and civil society organizations for responsive, rights- and gender-based policy- and decision making, and introducing future-oriented governance systems and structures that enhance social cohesion and stability. Partnership engagement therefore across key sectors – public, business/private, civil society, and community stakeholders – is an integral part of the13rojectt. Reinforcing these through knowledge, expertise and new approaches at the regional level will further provide scaled results that will benefit not only Moldova and Georgia but the entire Eastern Neighbourhood region as well.

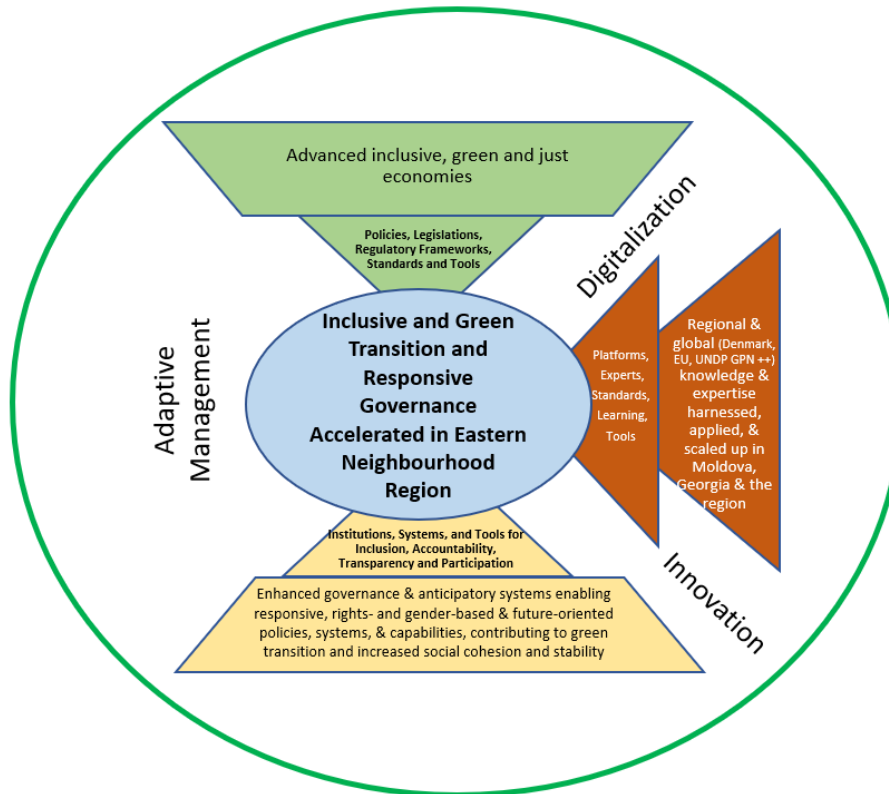
Adapting the project to the integral contexts of Moldova and Georgia, parallel and inter-connected, context-driven TOCs are further developed at the country level. In the case of Georgia, the TOC follows a local governance-anchored pathway and provides a locally-driven, area-based orientation to local development, including green and just transition that can be achieved through participatory- and evidence- based decision-making, inclusive and innovative processes that engages communities and local businesses, empowers communities and civil society to address social cohesion challenges, and providing the structure for coherent local action for energy efficiency. For Moldova, given robust policy and programmatic engagements by UNDP on green and just transition, the identified pathway towards a robust enabling policy and financing framework is through a dedicated focus on energy and transport sectors, and providing a joined-up approach that enables regulatory environments and stakeholder capacities, incentivizes behaviors towards energy efficiency and renewables, enhances local economic participation and investment opportunities in green technology, and aligning project approach to EU accession requirements.

In essence, by providing Eastern Neighbourhood countries with an opportunity for collaborative knowledge-sharing and supporting targeted sectors, e.g., energy, transportation, and renewables in Moldova, along with enhancing local development planning in Georgia, the project will catalyse a comprehensive regional transformation towards green, inclusive, and resilient economies, characterized by participatory governance, civic engagement, and just transition, ensuring that no one is left behind in this sustainable development journey.

The non-linearity of the TOC for the project demonstrates the flexibility required by the project to anticipate and dynamically address evolving needs, demands and contexts in Moldova, Georgia and the Eastern Neighbourhood countries, while recognizing the implications and opportunities around responding to related challenges in the Western Balkans sub-region. In addition to the three substantive components, which will need to be delivered in an integrated way in each country, the project will be underpinned by digitalization not as part of substantive delivery of project results, but in collecting, analyzing, and predicting trends around relevant issue that the project will address. Innovative approaches, including the use of portfolio approach, will be mainstreamed in various project activities, leveraging UNDP's rich experience and lessons learnt from governance innovations,

the Innovations Labs as well as Accelerators Labs in the region. Adaptive management, which is fundamental to the project's intent to ensure responsiveness to evolving contexts while ensuring continuous systems-orientation in various project interventions, will not only benefit the project but is a tool that project partners like local governments and public institutions, will also learn from throughout the project duration.

**Figure 1.** The project's theory of change provides a non-linear framework that allows the project to respond to emerging needs and contexts in Georgia, Moldova and the Eastern Neighbourhood region.



Unpacking the strategic components below show the distinct yet significant similarities between Moldova and Georgia around green transition and governance. The first two components include targeted strategy and results for either country, i.e., Component 1 is focused on Georgia and Component 2 on Moldova where the direct intersection of governance and green transition reside, while Component 3 resides at the regional level and ensures that the necessary knowledge, tools, and platforms that will allow both countries to more effectively respond to their needs are provided, while providing the space for scaling the project activities within the broader Eastern Neighbourhood subregion. These components are described briefly below, and elaborated further in the Results section of this document.

- (Georgia) Output 1. Enhanced Democratic Local Governance for Inclusive and Sustainable Local Development in Two Areas in Georgia through Area-Based Approach. In Georgia, the focus of the project is the reduction of territorial disparities while facilitating inclusive local development and green transition in two areas (Poti and Khobi municipalities) through advanced democratic local governance, based on the lessons learnt from the Danish-funded "Fostering Decentralization and Good Governance at the Local Level" (DGG) Project.
- (Moldova) Output 2. Enhanced Governance in the Republic of Moldova through Multi-Stakeholder Engagement to Accelerate Green and Inclusive Transition. In Moldova, the focus is in **accelerating** a just green **transition** within the **energy and transport sectors**, building on

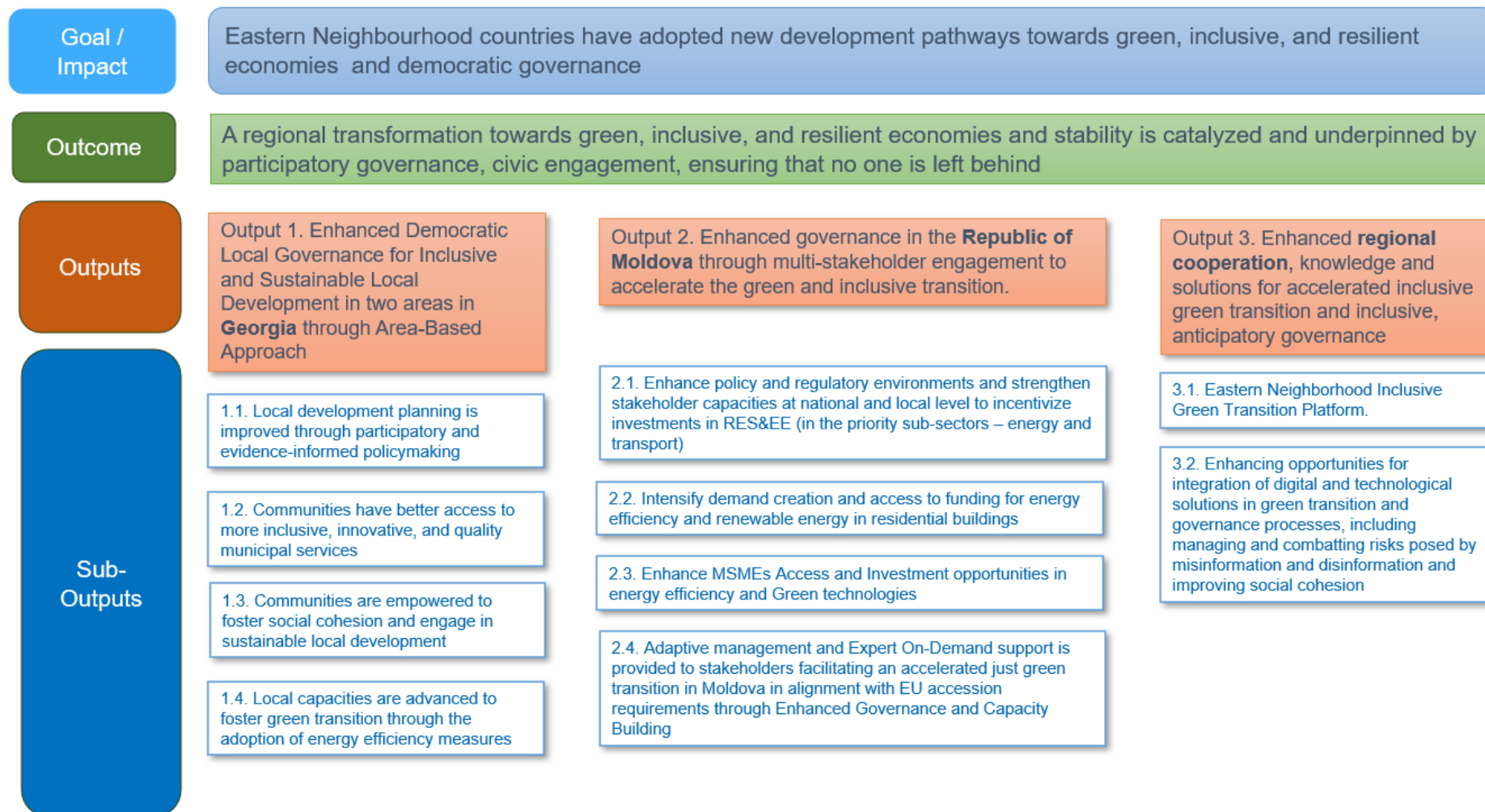
UNDP's experience in enhancing energy security by addressing the impacts of the energy crisis and laying the groundwork for a sustainable transition. Working with the government, the private sector and communities, the project seeks to reduce risks in investments related to Renewable Energy Sources (RES) and Energy Efficiency (EE) while fostering innovation, investments, job creation, and the adoption of green technologies.

- (Regional) Enhanced Regional Cooperation, Knowledge and Solutions for Accelerated Inclusive Green Transition and Inclusive, Anticipatory Governance. With a focus on Moldova and Georgia but with scaled learning and knowledge engagements with other Eastern Neighbourhood countries, the project will enable regional knowledge networking, facilitate knowledge and learning, introduce solutions powered by digitalization and technology, and support the development of relevant analysis and formulation of projects to advance green transition and inclusive, responsive governance in the region.

Recognizing the complexities around climate, energy, green and just transition, and governance challenges in Moldova and Georgia specifically, and the broader Eastern Neighbourhood region in general, the project will apply an adaptive management framework that will not only focus on delivering substantive results, but will allow continuous learning, participatory engagements and feedback to determine appropriate management actions – based on emerging needs and demands - to deliver on project activities. In this regard, the project proposes to have a 6-month inception period in the beginning of Year 1 to allow relevant analysis, staff recruitments, and initial partner engagements to be undertaken to further inform project workplans, structures and prioritization.



## Results Framework







### III. RESULTS AND PARTNERSHIPS

#### *Expected Results*

#### **Output 1. Enhanced democratic local governance for inclusive and sustainable local development in two areas in Georgia through Area-Based Approach**

The project intends to contribute to the reduction of territorial disparities and facilitate **inclusive local development and green transition in two areas of Georgia through advanced democratic local governance**. The project strategy entails the promotion of participatory local governance tools and employs an area-based development approach to enhance local development.

Proposed activities build on and utilize lessons learned during the implementation of the Danish-funded “Fostering Decentralization and Good Governance at the Local Level” (DGG) Project. While the DGG project has significantly contributed to the improvement of the overall local self-governance framework and enhanced municipal capacities in local development planning and service delivery, the project implementation and its evaluation have demonstrated the significance of adopting a more focused strategy, underscoring the necessity of pivoting towards an approach that can address local challenges more effectively. This approach entails a multi-sectoral yet concentrated effort in local development. Moreover, while the waves of decentralization policy reform subside, local authorities have embraced greater responsibilities in local development. Consequently, directing resources to specific thematic and geographic areas through an area-based approach is considered an effective way to attain concrete results in the defined areas.

The project approach is guided by the UNDP Area Based Programming principles and is designed to:

- **Address the main development challenges** in selected areas as identified based on the thorough context analysis and needs assessment and through the engagement of local actors and communities.
- **Address the needs of the most disadvantaged** in selected areas through i) enhanced participatory and evidence-based local planning, ii) improved service delivery, iii) advanced citizen engagement in local development, iv) increased employability of local communities.
- **Operate efficiently by facilitating coordination and partnership** among various local stakeholders, national authorities, and donor organizations.
- **Ensure the long-term sustainability** of the results achieved through the project interventions by working with and through local institutions on improvements in local-level planning and service delivery.

The project activities will be based on evidence-informed analysis identifying specific development challenges **within two geographic areas** – Poti and Khobi municipalities in western Georgia – and will employ a holistic approach to tackle these challenges comprehensively.

#### *Rationale for the selection of target areas*

The project will focus its support in targeted municipalities in Georgia that substantively represent the development challenges that the project wants to address. This also provides a scaled approach under the project, and will provide data and evidence that can inform further upscaling of project initiatives in the future. The selection process for the targeted areas resulted from extensive consultations involving key stakeholders, including the Ministry of Regional Development and Infrastructure (MRDI), the Ministry of Economy and Sustainable Development, municipalities, and various stakeholders. These consultations played a crucial role in comprehensively understanding the specific needs, challenges, and opportunities within the areas and communities under consideration.

In the selection process, priority was given to urban areas and industrial zones to facilitate sustainable urban development and enhance energy efficiency. Similarly, emphasis was placed on rural areas driven by agricultural activities, coupled with a growing industrial facet. Consideration was also extended to municipalities hosting a substantial share of internally displaced persons (IDPs).

Therefore, Poti and Khobi municipalities were selected as two project target areas in the Samegrelo-Zemo Svaneti region. These municipalities were identified based on their pivotal roles within the broader Black Sea functional economic region<sup>40</sup>, and considering the social and economic challenges they are facing. These include economic disparities, a declining population, difficulties in empowering youth, and a significant reliance on social assistance. These diverse issues underline the urgent need for focused efforts to tackle the interconnected challenges in these areas. The Local Self-Government Index ([www.lsgindex.org](http://www.lsgindex.org)) points to the challenges related to participatory policy planning capacities and the necessity for increased community empowerment. Specifically, as per the 2023 assessment, Poti Municipality reports a citizen participation rate of 16%, while Khobi Municipality records a lower rate of only 6%. The LSG Index is calculated based on factors such as the inclusion of relevant programs in the municipality's budget, citizens' engagement in advisory council meetings, the number of recommendations/initiatives presented by the Citizen Advisory Council, and other key indicators that characterize the municipality's interaction with its residents.

In 2022, the average monthly nominal salary of hired employees in the Samegrelo-Zemo Svaneti region was approximately 28.2% less (1,105.7), compared to the national average (1,543.0)<sup>41</sup>. Both Poti and Khobi municipalities experienced negative natural increases and a significant portion of the municipal population receives the social assistance package.<sup>42</sup> In 2022, Poti municipality had 1,758 recipients of social assistance, while Khobi municipality had 1,296 recipients.<sup>43</sup>

Among other issues, studies in Poti and Khobi Municipalities highlight pressing youth concerns. In **Poti** notably high number of youth is concerned about unemployment (77%) and limited access to quality leisure (73%), with a quarter actively seeking employment and solutions like internships, skill enhancement, and employment services.<sup>44</sup> Similarly, youth in **Khobi** demonstrated primary concern for employment (61%), low awareness of municipal programs (60%), and limited service access for youth (32%). Civic engagement is minimal, with 93% not involved in decision-making and 64% lacking recent civic activity experience, signifying a need for targeted efforts to increase awareness and promote civic engagement.

**Poti Municipality** - positioned as one of Georgia's five self-governing cities and ranked as the sixth largest in size, assumes a critical role as a maritime hub and a key player in the national cargo landscape. With a population of 41,500, approximately 24% of whom are internally displaced persons, Poti exhibits a unique socio-economic profile. Economically, Poti heavily relies on the transport sector, employing 55% of its active population. Industries, trade, the public sector, and other fields contribute to the employment landscape.<sup>45</sup>

**Khobi Municipality** - situated as a rural municipality adjacent to Poti municipality, primarily thrives on agriculture and features a growing industrial aspect, exemplified by the oil terminal. Approximately 9.5% of its population comprises Internally Displaced Persons (IDPs).<sup>46</sup> Khobi Municipality partially covers the unique nature of Kolkheti National Park, providing opportunities for eco-tourism but also

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<sup>40</sup> [Black Sea functional region, its centers of attraction and competitive advantages](#), Ivane Javakhishvili Tbilisi State University, Faculty of Social and Political Sciences, Department of Human Geography and Caucasus Research Resources Center (CRRC), 2018

<sup>41</sup> [Employment and Wages](#), Geostat, 2022,

<sup>42</sup> Geostat, [Regional and Municipal Statistics](#), 2022

<sup>43</sup> [Social Protection](#), Geostat, 2022

<sup>44</sup> Youth Agency, [Research on the Youth Needs and Challenges in Poti Municipality](#), 2020

addressing environmental needs. Notably, the presence of illegal landfills in the municipality complicates environmental concerns.

During the project implementation, opportunities to expand the target areas and include other municipalities as well as to broaden the scope of action will be explored based on the success of interventions and/or negotiations with key stakeholders.

### ***Implementation approach***

Area-based approach will place community engagement and their needs at the center of interventions and will empower citizens from being mere beneficiaries to active citizens engaged in the local development process. Hence, the project emphasizes co-creation, involving all relevant stakeholders such as local authorities, the population, the private sector, and others in the needs assessment, activity design, and implementation processes. It will prioritize inclusivity, citizen participation, and gender equality, taking into account environmental considerations to ensure the sustainability of outcomes. Throughout the implementation of all project activities, a human rights-based approach will be consistently applied.

The project activities will be in line with the national sectoral policies and measures influencing local development, including local self-governance reform, integrated territorial development efforts, and green transition. While maximizing its impact on area-based development, the project will also contribute to the ongoing policy dialogue on decentralization and local self-governance reforms and commitments toward green transition.

Moreover, the area-based approach will allow adaptability and flexibility, emphasizing continuous learning and the collection of updated data to enhance further planning. The project flexibility will enable responding effectively to changing circumstances and better serve target areas and communities by leveraging feedback and lessons learned, ultimately leading to improved decision-making and project outcomes.

Furthermore, efforts will be focused on promoting collaboration and coordination among UNDP CO's Democratic Governance, Economic Development, Environment, and Energy, and Crisis Prevention and Recovery teams operating in the selected geographic areas as well as with international and local civil society organizations (CSOs) to share the information and strengthen joint planning and alignment. UNDP will also contribute to and take a leadership role in supporting donor coordination efforts together with central and local institutions to ensure better planning and complementarity between the ongoing and planned activities within the same targeted areas.

Output 1 will be achieved through the following sub-outputs:

#### **Sub-Output 1.1. Local development planning is improved through participatory and evidence-informed policymaking**

Through a comprehensive and participatory approach in Khobi and Poti municipalities, the project will enhance local development planning and local green transition efforts by engaging communities, civil society, and the private sector in an area-based priority setting. The project activities will result in the elaboration of area-based development action plans addressing local development challenges, the design and implementation of municipal programs based on the data analysis, and prioritizing of the social and economic empowerment of women, youth, and disadvantaged groups, as well as improved policy dialogue on local governance and development between central and local governments.

Ultimately, the below activities will drive sustainable, evidence-based, and inclusive development in the targeted areas while fostering partnerships with the private sector for a green transition.

**Key activities:***1.1.1. Engage communities in area-based priority setting for local development and green transition*

The project will carry out a comprehensive **context analysis in Khobi and Poti municipalities**, utilizing the existing strategic planning documents<sup>47</sup> and collecting additional relevant data to ensure thorough understanding of challenges, opportunities, demographics, economic conditions, infrastructure, social issues, as well as local power dynamics and issues of marginalization. Further, **Local Working Groups** established at the municipal level will involve all relevant stakeholders, including local authorities, community representatives, CSOs, and private sector actors, and will actively participate **in developing and monitoring a tailored Area Development Action Plans**, addressing the main development challenges as identified through the analysis of the collected data and strategic documents. The plan development process will leverage UNDP's prior work via the DGG Project, which introduced and institutionalized participatory methodologies for municipal development planning and created Municipal Development Documents (MDDs) for Poti and Khobi municipalities, among others. Consequently, the MDDs, local economic development plan, SDG localization plans and other strategic local development documents of Poti and Khobi municipalities will serve as a foundation for the project activities and for the Area Development Action Plans. The plan will particularly enhance initiatives aimed at addressing underprivileged areas and communities.

*1.1.2. Introduce data collection tools and citizen feedback mechanisms*

To measure the progress and ensure that the project effectively responds to the changing circumstances, the project will support local institutions **to establish and administer continued data collection and monitoring tools** for the implementation of the Area Development Action Plan. The process will entail introducing data collection tools and building capacities of relevant staff to collect and analyze the data to document success, achievements, and key factors contributing to the success or barriers and inform further planning and replication of the results.

The project will also assist targeted local governments in introducing **citizen feedback tools** and integrating public input into planning and service enhancement, including through conducting yearly reporting meetings led by the Mayors and operationalizing e-feedback mechanisms. Additionally, the project will provide support to the local authorities in **communicating the results** of the implementation of Area Development Action Plans by creating visibility materials and improving communication capabilities among the staff of the municipalities.

*1.1.3. Assist municipalities in designing and implementing area-based programs to advance partnerships with the private sector and address the needs of disadvantaged communities*

The project will offer technical assistance to local institutions, with a two-fold focus: **a) updating and implementing municipal programs** in response to area-based priorities, and **b) promoting partnerships with the local private sector** to advance green transition. Targeted municipal authorities will receive support in designing, integrating, and executing local programs addressing human rights, gender equality, youth empowerment, energy efficiency, ecological challenges and potential, and other relevant priorities within their competencies, as defined by the Area Development Action Plans. The project will also assist local authorities in **enhancing local development planning capabilities**.

Within the scope of the decentralization reform and with the support of the DGG project, municipalities' access to grants from international organizations was simplified, allowing them to initiate and manage local development initiatives through donor support. Therefore, the project will

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<sup>47</sup> Municipal Development Documents, Youth Development Strategies, Gender Equality Strategies and Action Plans, Strategies and Action Plans for the protection of People with Disabilities of [Khobi](#) and [Poti](#) municipalities, Local Economic Development Plan of Poti Municipality, [Cultural Development Strategy Plan of Poti Municipality](#) (2022-2027), SDG Localisation Plan of Poti Municipality, etc.

**provide funding for implementing selected municipal initiatives based on the above programs** to address major challenges and unlock local development prospects, with a focus on adequate preservation of unique nature and sustainable realization of ecological potential. Additionally, the project will facilitate partnership-building between local governments and private sector actors exploring the potential for Public-Private Partnerships (PPPs) and encouraging the sharing of knowledge, best practices, and technology.

*1.1.4. Needs-based Support to the enhancement of local democratic governance policy and institutional framework in Georgia*

UNDP will engage with the central government to ensure multi-level coordination as well as foster an evidence-driven development planning process that is sustainable beyond the life of the project. Recognizing and acknowledging subsidiarity principles, UNDP will assist the central and local governments towards continued policy dialogue and support to relevant national and regional strategic documents, with a focus on increased roles and resources of municipalities in deciding affairs of local importance, by conducting relevant **studies, providing expert support** and **organizing discussions** between central and local authorities. This will help to ensure that local development efforts are aligned with and reflected in national priorities. .

Moreover, to address possible unintended consequences and challenges related to the area-based development process about the project perception among other neighboring municipalities, and enhance their interests in area-based approaches, the project will **facilitate the exchange of knowledge and experiences among municipalities** regarding successful initiatives and services and allow other municipalities to replicate good practices through other funding sources. Among others, this effort will include sharing project results at **Regional Consultative Councils** (RCC) and through an annual **Best Practices Program** implemented by NALAG and effectively promoted through the DGG project's support in previous years.

**Sub-Output 1.2. Communities have better access to more inclusive, innovative, and quality municipal services**

UNDP will prioritize improving municipal service delivery to achieve sustainable, inclusive, and equitable access to essential services and thus, enhance the well-being of the local population in targeted areas.

The project will apply a holistic approach to facilitate the introduction and/or redesign of municipal services by Khobi and Poti municipalities to support the achievement of the objectives set in the Area Development Action Plans and address the capacity needs of municipalities in respective service fields, including the realization of competences that were newly assigned and delegated as part of the ongoing decentralization reform. Specifically, the project support will be provided in enhancing service delivery in the areas of social assistance and sustainable ecosystems, having a direct impact on the quality of life of the vulnerable population. It will prioritize addressing the most pressing needs as identified by the analysis conducted by the National Association of the Local Authorities of Georgia (NALAG) with the DGG project support<sup>48</sup>, including **providing social care schemes to vulnerable groups, protecting the rights of a child, promoting independent living and tailored services to PwDs**, etc.

In addition, the project will contribute to the improvement of waste management practices in targeted areas to reduce the negative implications on local ecosystems and the social and health well-being of vulnerable populations. The intervention will be based on the Performance Management System

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<sup>48</sup> NALAG, Assessment Report on the Readiness of the Local Self-government System of Georgia for the Successful Implementation of Delegated Powers in the Field of Healthcare and Social Protection, 2022

(PMS) framework developed for the waste management and street cleaning services for municipalities with the support of the DGG project.

Through the project approach (1) municipal capacity to re/design selected services will be improved, (2) the best solutions for the delivery of prioritized services will be identified with community engagement, and (3) access to and quality of selected public services for citizens will be improved through municipal initiatives implemented with the project support.

**Key activities:**

*1.2.1. Introduce tailored services for disadvantaged communities*

The project will support the **introduction or re-design of specific municipal services** to address the needs of local communities, especially in disadvantaged areas. The focus will be on municipal services linked to social care services and the maintenance of sustainable ecosystems to better address community needs. In particular, the project support will be directed to create or expand access to care services by PwDs, the elderly, children and IDPs through ensuring access to qualified social workers and access to tailored social assistance programs. In particular, the project support will be directed to create or expand access to care services by PwDs, the elderly, children and IDPs by ensuring access to qualified social workers and access to tailored social assistance programs. The project will expand its coverage to other municipal social services and programs identified in Activity 1.1.2 aimed at social and economic empowerment and improvement of the living standards of PwDs, elderly, and IDPs living in target areas. The re/design process will be preceded by **idea-generation activities** to identify the best solutions. Local community representation in these activities will be ensured to reflect the needs and specificities of each service/program. The project will **provide funding for the implementation of the best solutions** and contribute to the improvement of selected service provision.

Besides, considering the negative implications of poor waste management practices on environmental conservation and sustainable development, and mitigating risks caused by the pollution of ecosystems, the project support will also focus on raising the effectiveness of waste management services in target areas. In particular, municipalities will be supported in **developing and operationalizing the waste management plans**, implementing effective waste management strategies, and promoting proper waste disposal methods and recycling initiatives.

*1.2.2. Improve municipal capacities to deliver people-centered services*

To create an enabling environment for re/designing municipal services, the project will address capacity gaps related to planning, designing, delivering, and evaluating municipal services. A series of **tailored training sessions and on-the-job mentorship support** will be extended to municipal staff members. This intervention will place significant emphasis on raising awareness among participants and enhancing their competencies in delivering people-centered services, as well as ensuring that key services are delivered in a rights-based and inclusive manner. This includes a focus on introduction of participatory mechanisms at all stages of service delivery (design, implementation, and assessment), developing quality assurance mechanisms, and introducing digitalization when possible (considering the access to digital tools and digital literacy of potential beneficiaries). In its capacity development activities, the project will utilize the learning and managerial tools already developed by UNDP including public service development guidebooks prepared and PMS for waste management and street cleaning.

*1.2.3. Increase access to e-services in remote and disadvantaged areas*

UNDP will also give precedence to **service delivery in remote and disadvantaged areas** through the enhancement of service delivery by offices of Mayors' representatives in administrative units. The offices of Mayors' representatives can provide support to local communities to access municipal

services digitally through the unified e-services platform, which provides opportunity to citizens to address local authorities and access services remotely. Public uptake of the platform remains low as in order for a citizen to be able to use all available services, along with personal computer connected to internet, one should have electronic ID, pin code, digital signature and ID card reader. Considering the lack of access to these devices and lack of digital literacy among most vulnerable population, the Mayors' offices in administrative units can serve as a connecting point providing necessary support to citizens to access the basic services remotely without traveling to the administrative center. With the objective to increase the access to e-services offered by the offices of Mayors' representatives the project will **supply essential technical equipment to their offices and provide training and consultancy** to Mayor's representatives to fully utilize opportunities created via unified e-services platform.

### **Sub-Output 1.3. Communities are empowered to foster social cohesion and engage in sustainable local development**

To increase citizen participation in local development, the project will strengthen the capacities of CSOs and will provide low-value grants for CSO-driven local development initiatives, facilitating continued meaningful participation in policy dialogue and advocacy to involve women, youth, IDPs and PwDs in local planning, address participation barriers, and support community-led initiatives responding to local needs.

The project will focus on putting into practice the legally established citizen participation mechanisms and will leverage the results of previously successful pilot initiatives led by CSOs that fostered citizen participation and promoted social accountability and were rolled out under the DGG project. These accomplishments encompass a range of activities, such as promoting crowdfunding tools to actively engage communities in identifying needs and implementing local initiatives, introducing social audits of municipal budgets and programs, enhancing dialogue between citizens and local authorities through community inclusion in the budget planning process, and engaging youth to advocate effectively for addressing local needs, including environmental challenges.

#### **Key activities:**

##### *1.3.1. Strengthen Capacities of Civil Society Organizations (CSOs) to advance inclusive local development*

The project will **strengthen the capacities of the local Civil Society Organizations** (CSOs)/ Community-based Organizations (CBOs) in Khobi and Poti municipalities through trainings and workshops in the most needed areas to increase knowledge and skills that will contribute to meaningful participation in policy dialogue, advocacy, project design, and management, including resource mobilization (e.g., advocacy, project design, storytelling, social accountability, identification of community needs, citizen engagement mechanisms, resource mobilization, etc.) and local development.

CSOs working in the targeted areas/municipalities will be also offered an opportunity to **engage in various forms of collaboration, and form alliances and partnerships** to amplify their impact. These collaborations aim to enhance their advocacy efforts and allow for resource sharing.

##### *1.3.2. Provide Low-Value Grants for CSO-driven Initiatives to increase citizen engagement and social accountability*

The project will support CSOs/CBOs through the low-value grant scheme to initiate and implement citizen participation and social accountability activities. Specific priority and effort will be dedicated to the initiatives i) reaching and supporting the engagement of women, youth, IDPs and PwDs in municipal budget planning and addressing the barriers that prevent their participation in the decision-making process and local development, and ii) supporting small-scale community-led initiatives to address the local community needs, iii) address local environmental challenges.

#### **Sub-Output 1.4. Local capacities are advanced to foster green transition through the adoption of energy efficiency measures**

Building on Denmark's previous support in enhancing energy efficiency and sustainable energy policy reforms in Georgia, the project will enhance energy efficiency in primarily in Khobi and Poti municipalities through a comprehensive approach, which entails conducting a robust awareness campaign, promoting energy audits and management systems, and improving the energy efficiency of municipal public buildings. At the same time, the project will focus on advancing an energy efficiency job market by identifying local skill gaps, offering tailored training programs, collaborating with educational institutions, and providing job placement support, particularly for vulnerable groups.

Through the project activities, energy efficiency will be addressed at both the individual and institutional levels, fostering awareness, skills development, and job creation for a sustainable and inclusive impact.

##### **Key activities:**

*1.4.1. Support local stakeholders to apply energy efficient practices (awareness raising campaign, energy audits, energy management systems for private and public institutions) in selected geographic areas*

Guided by the sustainable Energy Action Plans (SEAPs) of Khobi and Poti municipalities and by capitalizing on the on achievements of the project "Support to Energy Efficiency and Sustainable Energy in Georgia" (funded by the Danish Ministry of Foreign Affairs and implemented by NIRAS) the project will **raise awareness and promote energy efficiency** through an extensive awareness campaign at first. The campaign will target the general public, businesses, and various stakeholders through diverse media platforms. It will disseminate information about cost-effective measures for reducing building energy consumption, practical tips and guides for energy-efficient practices and encourage the adoption of energy-efficient practices, among other issues. To this end, the project will use traditional channels (e.g., community events, workshops, seminars) and digital channels (e.g., social media) and leverage local platforms, such as municipal civil engagement councils, to mobilize public, private, and civil actors for seminars on energy-efficient issues.

Second, the project will also **promote the use of energy audits and energy management systems** in both the private and public sectors and organize informational workshops, and webinars in collaboration with business associations and industry groups, to respond to energy-efficiency national targets and improve the performance of local actors. Individual meetings will be conducted with private sector representatives and public institutions to assess their energy consumption patterns and needs. Based on these assessments, calls for participation in energy audit support programs and the establishment of energy management systems will be announced, providing guidance and support for implementing energy-efficient measures. To further support the public sector in energy efficiency adoption, the project will support target municipalities in the development/implementation of Sustainable Energy and Action Plans (SEAPs), develop annual energy efficiency plans, increase the energy efficiency of municipal public buildings, support municipal governments in fulfilling their energy efficiency-related functions and introducing energy-efficient technologies.

*1.4.2. Advancing the energy efficiency-related jobs labor market for local vulnerable communities*

To respond to the increasing demand for energy efficiency-related jobs on a local level and support the successful implementation of activity 1.4.1 the project will facilitate the creation of the first energy efficiency-related job market in the target municipalities for a diverse group of local communities, by creating energy efficiency knowledge and skills development opportunities. Technical support planned in activity 1.4.1 will be complemented by skills advancement programs for increased impact in the target areas with the view of the long-term needs of "just and green transition" in ABD framework. By tailored training programs, collaboration with local institutions, focus on vulnerable



populations, and commitment to upskilling existing employees, the project will build a skilled workforce, promote social inclusion, and drive sustainability in local economic areas. Project interventions are grounded in the pressing need to address local skill gaps and opportunities in the context of energy efficiency.

The project will conduct a thorough **needs assessment to identify local skill gaps and opportunities**, analyze sector-specific trends, and assess the demand and supply of **energy-efficiency skills** in gender-responsive manner. The outcomes of the needs assessment will directly inform **the development of tailored short-term education and training programs**. By partnering with institutions like Poti Vocational College "Phazisi" and Zugdidi University, the project ensures that these programs are aligned with market needs and can be delivered effectively to enhance the skills of both existing and new employees, supporting the implementation of the national VET reform agenda. This collaborative effort contributes to the sustainability of local businesses and municipal agencies by addressing specific skill shortages identified through the assessment and serves as a replicable model for other areas in the country. Additionally, the project will provide training to local company owners to promote and implement energy efficiency principles within their organizations, with a comprehensive coaching curriculum led by subject matter experts and industry leaders. This, in turn, contributes to the overall growth of a skilled workforce in energy efficiency-related jobs and supports the broader sustainability goals of the community.

Furthermore, **energy efficiency-related courses will be offered to vulnerable groups (rural youth, women, IDPs, and PWDs)**, equipping them with the skills and knowledge required for existing and new energy-efficiency jobs. By offering energy efficiency-related courses to these populations, the project not only equips them with valuable skills but also addresses the broader goal of promoting social inclusion and increasing employment opportunities for marginalized communities. This is especially important in the context of generating job opportunities partially through the interventions described in the activity (1.1.5). Training will be delivered through classroom-based instruction, hands-on practical training, and online courses. Participants will also receive **career counseling and job placement support** to secure employment in energy efficiency-related jobs after completing their training. UNDP will also provide **specialized training and upskilling opportunities to existing employees** of private and public institutions to equip them with the knowledge and skills required for energy efficiency-related jobs. Training courses will be based on skills gap assessments and incorporate hands-on, practical training components whenever possible, allowing employees to apply their learning directly to their work tasks. This strategic approach ensures that the knowledge and skills acquired through the training directly contribute to improved job performance and, consequently, to the overall efficiency and sustainability of the institutions involved.

## **Output 2. Enhanced Governance in the Republic of Moldova through Multi-Stakeholder Engagement to Accelerate the Green and Inclusive Transition**

The output seeks to **accelerate** a just green **transition** within its **energy and transport sectors**, building on UNDP's experience in enhancing energy security by addressing the impacts of the energy crisis and laying the groundwork for a sustainable transition.

The focus areas include strengthening policy and regulatory frameworks **with a gender perspective** to ensure the consideration gender-specific **needs and disparities**, building institutional capacity, and **increasing access to funding in the residential sector**, which faces high energy consumption. This also involves reducing risks in **investments** related to Renewable Energy Sources (RES) and Energy Efficiency (EE) while fostering **innovation** and community-level adoption of **green technology**.

Central to this output is the collaboration between the Government and the private sector. Supporting both the Government and the private sector is essential for driving a comprehensive, effective, and sustainable shift toward green energy. Stronger institutions within the Government enable the

effective design and implementation of sustainable energy policies. Simultaneously, engaging the private sector fosters innovation, investments, job creation, and the adoption of green technologies.

**Community** support is another cornerstone, ensuring that the transition to renewable energy sources and energy-efficient practices is **grounded in local needs**. This involves creating an enabling environment for investments at the local level through technical assistance and development of Sustainable Energy and Climate Action Plans (SECAPs) and piloting innovative ideas such as Renewable Energy Communities in a sandboxed environment.

Dedicated support under this output is directed towards **residential sector** as to intensify demand creation and improve **access to funding** for energy efficiency and renewable energy projects buildings coupled with capacity building of the Homeowners Association **to absorb and implement the funds**.

Another critical sub-output focuses on enhancing access and investment opportunities for private sector (MSMEs) in energy efficiency and green technologies. This involves matching the specific needs of private companies with financial products and investment opportunities in the national and regional market.

**Regional cooperation and knowledge sharing** play are pivotal – the output being strategically linked with the forthcoming regional platforms under Output 3 that serves as an active repository and channel for exchanging expertise and knowledge.

Overall, Output 2 builds on and is an integral **part of a larger portfolio framework of the CO**, co-designed with national counterparts and energy system representatives to **“Accelerate a just energy transition in Moldova, 2023-2027”** with key interventions that are coherent with the challenge of structural transformation in Moldova in the energy. The Portfolio is a result of the Deep Demonstrations **funded by the Danish Ministry of Foreign Affairs** via Innovation Facility 2.0 and adopts a dynamic project management within a crisis context and aims to nurture an environment among beneficiaries and partners where continuous learning and adaptability are paramount.

This way, it is ensured that the initiatives can withstand and adapt to ongoing and future crises, solidifying the path toward sustainable development.

**Sub-output 2.1. Enhance policy and regulatory environments and strengthen stakeholder capacities at national and local level to incentivize investments in RES&EE (in the priority sub-sectors – energy and transport)**

#### **Key activities:**

Considering that the Ukraine war caused significant disruptions in the energy supply, high energy prices and significant increase of energy poor consumers<sup>49</sup> the objective of the sub-output 2.1. is **to enhance** and solidify **local and national policy frameworks and regulatory systems**, while **building the capacities** of key stakeholders, to effectively strategize and plan to **stimulate investments** in Renewable Energy Sources (RES) and Energy Efficiency (EE) within the prioritized sectors of energy and transport.

Thus, by promoting renewable energy and energy efficiency, the activities directly contribute to the country’s enhanced energy security, through diversification of the energy mix and improved energy efficiency which has become government’s key priority.

This sub-output aims **to engage communities** actively and ensure **transparency** and **accountability in decision-making processes**, while also creating an **enabling environment** for **testing and scaling innovative solutions**.

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<sup>49</sup> Reaching up to 60 % of the country’s population, who spends more than 10 % of their budgets on energy bills, see UNDP report (2020).

The output adopts a multifaceted approach to foster inclusive civic participation in the green transition, especially among **vulnerable groups, youth, and CSOs**. Activities include policy co-creation workshops, support for youth-led and women entrepreneurs through incubators or accelerators, and leadership training with a focus on community-driven renewable energy projects.

To that end, **the regional connectivity that will also be supported** by this sub-output will ensure that Moldova can benefit from **shared experiences in the Eastern Neighbourhood region**, particularly in the conceptualization and implementation of pilots in a sandboxed environment, where community-based renewable energy solutions can be tested and refined.

This **collaborative approach will enhance** the project's capacity to introduce well-designed and sustainable energy initiatives, fostering Moldova's green transition in harmony with EU standards and regional developments.

This action aligns with the draft Moldova's National Energy & Climate Plan, which aims to integrate the energy sector into European markets while maintaining competitiveness and environmental sustainability.

In line with the Republic of Moldova's National Energy & Climate Plan, **the sub-output is ultimately dedicated to reinforcing the policy and investment landscape for the transition to renewable energy sources (RES) and enhanced energy efficiency (EE)**. The country has set forth ambitious **targets, aiming for 27% of its energy mix to come from renewable sources by 2030**, with the **transport** sector specifically targeted to achieve an **8.9% RES share**.

Under this output, the action will also facilitate the design of the National Urban Plan. The plan will become a major guiding tool for sustainable urban development, aligning the national legislation with EU standards, address Moldova's specific urban challenges, integrating elements of energy efficiency and equitable transportation planning, thereby facilitating the green transition in the country.

Lastly, activities within this sub-output will also contribute to the commitments the Government of Moldova adopted under the Paris Agreement. Energy and transport sectors significantly contribute to GHG emissions leaving GHG emissions intensity of GDP highest in the region. Strengthening the policy frameworks and the regulatory system is crucial to meet GHG emission reduction commitments. At the national level, the program will support the National Mobility Programme. At the local level the program will aim to support the local authorities and communities to enhance their access to the energy and climate-related investments.

*Activity 2.1.1. Foster civic engagement to actively participate in national and local decision-making in RES&EE and enhance transparency and inclusiveness in planning, funding allocation, and program implementation for renewable and energy efficiency initiatives*

This activity is designed to encourage and **deepen civic engagement in decision-making processes** related to Renewable Energy Sources (RES) and Energy Efficiency (EE) initiatives at both national and local levels via policy co-creation workshops as a method to ensure that legal and policy frameworks are informed by a diverse range of stakeholders, including marginalized groups.

Recognizing the substantial impact that RES&EE projects have on communities, this activity ensures that **voices are heard and considered in planning, funding allocation, and program implementation stages**. By actively **involving citizens, women and marginalized groups** and providing platforms for their inputs, the initiative not only facilitates better understanding and support for RES&EE projects among community members but also ensures fair distribution of the associated benefits.

Incorporating **principles of transparency and inclusiveness**, this activity aims to build public trust, fostering a supportive environment for the successful implementation of renewable energy and energy efficiency initiatives, ultimately leading to sustainable outcomes for communities across the country.

*Activity 2.1.2. Develop and implement a Sustainable Energy Communities pilot in a Sandboxed environment through which the Government and partners will be able to test, evaluate, create a pipeline of eligible pilots for Sandbox and scale-up technologically advanced solutions in EE and/or Renewable energy, (targeting HHs, MSMEs or/and industrial sector – TBD at inception phase)*

Under this activity, the aim is to develop and deploy/pilot innovative solutions such as “Renewable Energy Communities” in a sandbox-ed environment.

The term "sandbox" in this context refers to a framework in which policies, technologies, and practices **can be tested and refined before full-scale implementation under supervision/close monitoring of mandated institutions** (i.e., Energy regulator in this case). Energy sandboxes allow for innovative experimentation in a controlled environment (i.e., temporary relaxations of specific laws, other), reducing risks associated with rolling out untested solutions on a national scale.

Given the emerging amendments to Moldova's national renewable energy law, there's a pressing need to explore and understand how newly conceptualized 'Renewable Energy Communities' would function effectively within this legal framework. These communities are defined as collaborative entities, primarily aiming at providing broad benefits beyond mere profits, with active participation from residents, SMEs, and authorities.

Through this sandboxed approach/mechanism, the action will support stakeholders **to collaboratively develop and test the practical, legal, and operational mechanisms necessary for piloting different business models of energy communities**. Essentially, the sandbox acts as an incubator for innovative, **community-based energy solutions**, providing a space where the abstract principles outlined in legislation can be translated into tangible, effective, and equitable practices on the ground.

In particular, dedicated support for **youth-led and women entrepreneurs** will be directed towards launching pilots or innovative ideas, ensuring these initiatives are integrated with transparency and accountability.

This approach not only aligns with the EU's emphasis on citizen engagement and local benefit in energy production and consumption but also provides a practical pathway for the Moldovan government to understand and facilitate the active participation of Renewable Energy Communities in the nation's energy landscape, fostering a more inclusive, resilient, and sustainable energy sector for the country.

Under this Activity, the aim is to further support the Government in **developing a pipeline/ a series of feasible business models and pilot** concepts related to Sustainable Energy Technologies and Innovation that can be implemented in a Sandboxed environment.

The planned pipeline will systematically identify and foster innovative and investable projects, providing tangible solutions to address climate change, enhance energy security, and promote sustainable development. Through this initiative, the Government will be able to continuously introduce and implement practical and feasible sustainable energy projects, directly contributing to the long-term environmental, climate and energy goals.

*Activity 2.1.3. Technical assistance to create enabling environment for investments into RES&EE at local level (e.g., Sustainable Energy and Climate Action Plan (SECAP))*

This activity aims to provide technical assistance to local entities to cultivate environmentally conducive investments in Renewable Energy Sources (RES) and Energy Efficiency (EE). This support will specifically facilitate the development and implementation of Sustainable Energy and Climate Action Plans (SECAPs) at the local level, guiding communities **to contribute to meeting the national climate targets by 2030**.

Technical assistance will be provided to identify and unlock potential local investments in RES and EE. This activity will strengthen the capacity of local entities to plan, finance, and implement RES and EE projects and ensure alignment with both national goals and the EU Environmental and Energy Acquis.

Leadership trainings are integrated part into the capacity-building initiatives to empower community leaders, with a particular focus on women and youth, to manage and drive renewable energy and energy efficiency projects at the community level.

*2.1.4. Support with development of data-driven mechanisms for policy formulation and investment Strategies in Low-Carbon Transport in a gender responsive manner* This activity aims to generate knowledge resources that guide policy-making and shape investment strategies through a data-centric approach, facilitating the integration of electric and low-carbon transportation solutions in Moldova

A key aspect of this initiative is the incorporation of **gender-responsive data**, ensuring that the policies and strategies developed are attuned to the distinct needs and patterns of both men and women, promoting **equitable adoption and benefits** from low-carbon transport advancements.

It supports the Government's strategy to transition toward an **electrified transportation system**, a key element of the National Energy & Climate Plan, which aims to decrease reliance on traditional energy sources and reduce greenhouse gas emissions. A pivotal target within this plan is to increase the share of electric vehicles in the national fleet, aligning with Moldova's commitment **to achieving 8.9% of transport energy from renewable sources by 2030**.

Currently, the capacity for evidence-based policy and economic model development is limited. With the Digital Transformation Strategy (2023-2030) providing a framework, this activity is critical for empowering the Government to effectively use data and digital tools, which will enhance decision-making and promote the uptake of green technologies in the transport sector.

To achieve these aims, the Action seeks to assist stakeholders in conducting a thorough evaluation of the digital infrastructure in the national passenger road transport sector, identifying challenges and opportunities. Integral to this assessment is the inclusion **of a gender lens** to ensure that data management and analytics consider **gender-specific needs and disparities**.

*2.1.5. Training and capacity building of national and local authorities, as well as other stakeholders, such as commercial banks, private sector, community members/CSOs, etc. to identify, plan, attract investments in the priority sub-sectors*

Building the capacity of various stakeholders is fundamental to the success of Moldova's green energy transition.

In cooperation with the regional component, this activity aims to provide training and capacity-building programs to national and local authorities, commercial banks, the private sector, community members, and civil society organizations. These stakeholders play a pivotal role in identifying, planning, and implementing green transition actions in priority sectors like energy and transport. By equipping them with the necessary knowledge and skills, this ensures a coordinated and effective approach to achieving green and just transition goals.

## **Sub-output 2.2. Intensify demand creation and access to funding for energy efficiency and renewable energy in residential buildings**

### **Key activities:**

The reform of the Energy Efficiency Agency (EEA) into the National Centre for Sustainable Energy is a key priority of the Government. This reform, expected for completion by the end of 2023, will establish the foundation for the Energy Efficiency Fund (EEF), a critical program dedicated for energy efficiency in buildings that constitutes 58% of the country's total final energy consumption.

The primary beneficiaries of the forthcoming EEF will be Homeowners Associations (HOAs) for residential buildings, while private households/single-story will become beneficiaries at a later stage.

Currently, it is envisaged that the funding for the EEF will come from a diverse set of sources, with three primary contributors. Firstly, the obligation scheme mechanism will play a pivotal role, involving the redirection of a share of energy operators' revenues, including those originating from the oil market, to note that this mechanism is currently under development. Secondly, external grants will provide substantial financial support.

Finally, contributions (30%) from Homeowners Associations will further enhance the financial resources available to the EEF. It is expected that beneficiary of the Fund will have the flexibility to choose contractors and service providers and, notably, the option to secure loans from private banks. Nonetheless, a significant challenge arises from the necessity to collaborate with Homeowners Associations for residential buildings and stakeholders in the non-residential sector.

Creating contractual relationships with commercial banks can be challenging due to their limited capacity and expertise in this area. This challenge poses a significant obstacle to the rapid development of the financing market for energy efficiency projects in the residential sector, but will not be able to be addressed within the frame of this current project due to the scale of the issues that need to be addressed in this sector.

As such, the primary objective of this output is to provide vital support for capacity building within Homeowners Associations (HoAs) for residential buildings, as well as the National Centre for Sustainable Energy. This support aims to enhance their proficiency in funding and executing energy efficiency projects in the residential buildings. Such capacity building is integral to successfully advancing energy-saving initiatives in Moldova's diverse building landscape.

#### *2.2.1. Training and Awareness Program for Homeowners Associations on Energy Efficiency and Renewable Energy*

This activity will create a tailored training program for homeowner associations, designed to demystify the complexities of energy efficiency projects in the residential sector. The program will cover both the technical aspects of implementing such projects and the financial underpinnings, including how to navigate and utilize financial models like Energy Service Companies (ESCOs) and Energy Performance Contracting (EPCs). The goal is to empower homeowner associations with the knowledge and skills necessary to actively engage in and manage energy efficiency upgrades.

Given that energy efficiency in buildings, especially in the residential sector, remains a pressing issue in Moldova due to the prevalence of outdated and energy-inefficient housing, this capacity-building initiative is pivotal.

Considering that the absorption capacity of funds is critical to achieving the intended energy savings and sustainability goals, this activity will address not only the need for improved energy performance but also ensure that homeowner associations are equipped to access available funding and effectively use it, i.e. the upcoming Energy Efficiency Fund specifically for the residential sector that is currently under operationalisation.

Also, this activity is focused on implementing national marketing campaigns that will be complemented by nudging strategies and behavioral change initiatives to encourage energy efficiency practices. Targeting single homeowners and those living in multi-story buildings, this campaign will raise awareness about the cost-effectiveness and efficiency of various energy-saving measures. It aims to empower citizens to make informed decisions and encourage homeowner associations to adopt energy efficiency and renewable energy sources, addressing the energy performance shortcomings in the residential sector.

Drawing on UNDP's experience in Eastern Partnership countries, including the "Support to Energy Efficiency and Sustainable Energy in Georgia" project funded by the Danish Ministry of Foreign Affairs and implemented by NIRAS, practical demonstrations of energy efficiency improvements have proven effective in dispelling myths and countering misinformation within the energy sector. Collaborative communication campaigns with homeowners' associations have led to significant shifts in perceptions following the successful implementation of energy efficiency measures. Building on this regional and existing national expertise, the planned activity will enhance and expand engagement with homeowners' associations, leveraging successful strategies to combat disinformation and promote informed decision-making in energy efficiency measures.

*2.2.2. In close consultation with the Centre, design ready-to-deploy contract templates for homeowner associations to simplify engagement and contracting process in the residential buildings (in close consultations with the local banks)*

In continuation, this activity will support the elaboration of standardized/ready-to-deploy contract templates for homeowner associations in close consultation with the National Centre for Sustainable Energy that manages the Energy Efficiency Fund and banking sector. These templates are designed to simplify and streamline the engagement and contracting processes for energy efficiency initiatives, ensures access and absorption of upcoming funds in the sector and thus promoting wider participation of HoAs in adopting EE&RES solutions.

*2.2.3. Conduct energy audit of target building (selected via public CEI in close cooperation with National Centre) and develop necessary technical documents for conducting EE interventions (preparatory) and thus leveraging funding from the Energy Efficiency Fund for residential sector*

This activity will support energy audit for selected buildings, selected through public call of expression of interest in close coordination with the National Centre. This audit is preparatory, aimed at developing the essential technical documentation required for conducting energy efficiency interventions and access the funds allocated for the residential sector by the Energy Efficiency Fund.

*2.2.4. Support the newly-to-be established National Centre for the Sustainable Energy (former Energy Efficiency Agency) in development of its operational manual/regulations to ensure timely and effective operationalisation of the Centre and its financial programs in EE and/or RES*

This activity aims to support the establishment of a National Centre for Sustainable Energy by the Energy Efficiency Agency and is a significant step in Moldova's transition to green energy. This activity will provide the necessary foundational support for the center's effective operation. Developing an operational center with clear guidelines and procedures for its activities, including financial programs related to energy efficiency and renewable energy sources (EE/RES). This helps streamline its operations and ensures that it can start functioning efficiently from the outset.

### **Sub-output 2.3. Enhance MSMEs' Access and Investment opportunities in energy efficiency and Green technologies**

The purpose of this sub-output is to broaden access for private companies to green and low-carbon technologies by matching their specific requirements with the financial products and investment opportunities available in the national market. This involves both analysis and support the designing of financial products by banks to better suit the requirements of these companies and developing digital tools to simplify the companies' decision over the proposed loans. This activity seeks to identifying also additional financial instruments on the market for higher uptake of EE&RES measures by MSMEs.

Planned activities aims to leverage cross-border/regional experiences and financial instruments that have been successful in similar contexts. By doing so, Moldovan MSMEs can benefit from proven strategies and regional funds that support green investments, fostering a culture of innovation and

sustainability within the local market. This regional cooperation will also enhance knowledge sharing and potentially open up new markets for Moldovan MSMEs, promoting regional economic integration and contributing to the broader goal of energy security and sustainable development within the region.

Ultimately, the sub-output is designed to align and support Moldova's commitment to enhancing energy performance and decarbonization across its economic sectors (non-energy).

**Key activities:**

*2.3.1. Design and roll out an energy audit programme to trigger an interest from the most ambitious MSMEs (in terms of energy savings and GHG emission reduction) to access partial funding (i.e., partial reimbursement of costs upon verification) and promote the adoption of Energy Management Systems among MSMEs*

Under this Activity, the Project will launch a targeted energy audit program for MSMEs to engage in energy-saving and greenhouse gas emission reduction practices.

The program will offer MSMEs partial reimbursement for conducting energy audits, with the condition that these audits lead to verifiable energy efficiency improvements and RES measures adoption. This targeted support is designed to stimulate interest among MSMEs in investing in energy efficiency and renewable energy solutions, contributing to the reduction of their operational costs and environmental footprint.

In continuation, the action aims to equip MSMEs with an Energy Management Information System (EMIS) to collect and analyse data on their consumption patterns, as well as associated costs. Detailed reports generated from this data will outline the consumption profiles and overall energy performance of the buildings, enabling building owners and managers to implement targeted energy efficiency measures in a timely manner.

The expected result is an increased engagement of MSMEs in Moldova's green transition process, leveraging **energy audits and EMIS as tools** for them to better inform, contribute to understanding to implement energy-saving measures and adopt greener practices.

*2.3.2. Establish one stop (online) shops for the MSMEs to i. access information on the available local financial products and ii. on the scope the national carbon pricing systems and their impacts on MSMEs, including identifying opportunities and entry points for carbon markets, carbon pricing, highlighting best case studies in the countries of accessing carbon markets so far.*

This activity is centered on the development of two digital knowledge sharing tools/online platforms targeting MSMEs in Moldova by offering centralized access to financial and carbon market information.

The first platform will serve as a financial resource hub, providing MSMEs with a user-friendly interface to explore a variety of local and regional financial products. This will include comprehensive details on loans, grants, incentives, and other funding opportunities specifically curated to support energy efficiency and the integration of green technologies.

The second platform will be focused on demystifying national carbon pricing systems, offering MSMEs insights into the operational impact of these systems on their businesses and guiding them through the process of adapting to regulatory changes. It will include tools to help MSMEs comply with the Cross-Border Adjustment Mechanism (CBAM) and leverage carbon pricing mechanisms to gain a competitive edge. This portal will also highlight successful case studies and best practices from other countries, providing a valuable repository of knowledge and strategies for accessing and capitalizing on carbon markets.



Together, these platforms will act as bridges to regional knowledge, opportunities, and expertise and equipping MSMEs with the necessary tools and information to enhance their resilience to regulatory shifts and enable them to participate actively in the green transition. This integrated approach underscores Moldova's commitment to EU alignment and proactive climate action, ensuring that MSMEs are well-positioned to contribute to a sustainable economic landscape.

### *2.3.3. Conducting a market assessment for introducing additional instruments on the market for higher uptake of EE&RES measures by MSMEs (e.g., energy savings insurance, etc)*

The first step involves assessing existing instruments and gathering lessons learned and information on levels of customer satisfaction. Based on this assessment, the activity will be further developed with the aim of reaching out to MSMEs that have not benefited from similar programs before.

Moreover, this activity aims at exploring additional instruments on the market for higher uptake of EE&RES measures by MSMEs and assess the feasibility of energy savings insurance for SMEs.

Energy efficiency upgrades can make small and medium-sized businesses in developing countries more competitive and more productive, saving them money while reducing their emissions of harmful greenhouse gases. However, the market for such upgrades is typically limited to those with very short payback periods, such as lighting. For example, in the SME sector, SMEs and local banks often lack both the technical capacity to assess the potential of more capital-intensive energy efficiency investments and the confidence that they will pay back, starving the sector of investment.

Technology solutions providers will purchase the insurance to back their contractual guarantees to their SME clients on the performance of their energy efficiency products.

The ultimate scope of this activity is assessing the market potential for innovative mechanisms such as energy insurance mechanism.

### **Sub-output 2.4. Adaptive management and Expert On-Demand support is provided to stakeholders facilitating an accelerated just green transition in Moldova in alignment with EU accession requirements through Enhanced Governance and Capacity Building.**

#### **Key activities:**

The objective of the sub-output will be to support Moldova with expert on demand support that can accelerate the just green transition and support Moldova's path towards EU accession.

The lack of expertise in the field of just energy transition in Moldova is a major backstop in Moldova's green ambitions. Inadequate expertise can result in poorly planned projects that harm communities or ecosystems, hinder social equity, and fail to achieve desired environmental goals. Therefore, enhancing governance and capacity building and creating a multifaceted process that encompasses policy, technology, economics, and expert know-how will support Moldova in navigating these complexities more effectively. At the same time, Moldova's aspiration to join the European Union necessitates crucial alignment with EU standards and regulations related to energy and sustainability. Lack of expertise can impede Moldova's ability to meet these requirements, potentially affecting its progress toward EU accession. Attracting expertise in the field of just green transition is essential for attracting investment and financing for green projects which often seek projects that are well-designed, sustainable, and socially responsible.

The initiatives within this sub-output will be **strategically linked with the forthcoming regional platforms under Output 3 - active repository and channel for exchanging expertise and knowledge** that crucial to the formulation and execution of green transition reforms at the national level.

This sub-output will demonstrate **dynamic project management within a crisis context in the case of Moldova**, nurturing an environment among beneficiaries and partners where continuous learning and

adaptability are paramount. Embracing a system thinking approach, the project overall will address not only the immediate needs of green transition objectives but also aim to secure the sustainability and resilience of actions over the long term.

This forward-thinking strategy, embracing a dynamic management of the Action ensures that the initiatives can withstand and adapt to ongoing and future crises, solidifying the path toward sustainable development.

To that end, Sub-output 2.4 is envisioned **to act as a flexible and responsive mechanism**, meeting on-demand needs by tapping into **the collective intelligence and resources of regional platforms anticipated in Output 3**.

*2.4.1. After-action reviews to reflect on experiences, Learning Loops to continuously improve, Knowledge Sharing to exchange insights with partners and stakeholders*

Management of green transition is a complex and evolving process. After-action reviews will allow stakeholders to reflect on past experiences and assess the effectiveness of actions taken. Learning loops involve continuous improvement based on lessons learned, ensuring that mistakes are not repeated and that strategies are refined over time. Knowledge sharing is essential for exchanging insights, best practices, and innovative ideas with partners and stakeholders. These activities promote adaptive management, foster collaboration, and enhance the collective expertise of Moldova's transition efforts.

*2.4.2. Provide support with the transposition of EU acquis in transport and energy policy related legislation*

As Moldova aims to align with EU standards and regulations, it must transpose EU acquis into its national laws and regulations. This activity is crucial to ensure that Moldova's energy and transport policies are in line with EU requirements. Alignment with EU acquis is a prerequisite for EU accession and facilitates trade and cooperation with EU member states.

This activity aims to provide technical assistance to Moldova's national authorities to refine legal, policy, and internal control frameworks. This initiative seeks to incentivize investments in the renewable energy, energy efficiency, and transportation sectors. This activity will also facilitate the design of the National Urban Plan. The plan will become a major guiding tool for sustainable urban development, aligning the national legislation with EU standards, address Moldova's specific urban challenges, integrating elements of energy efficiency and equitable transportation planning, thereby facilitating the green transition in the country.

*2.4.3. Capacity building and products development such as energy audits, and CDPs for energy auditors, managers, etc.*

Building local capacity is essential for the effective implementation of green energy projects. Energy audits help identify energy-saving opportunities and efficiency improvements. Capacity-building activities for energy auditors and managers ensure that Moldova has a skilled workforce capable of assessing and managing energy efficiency projects.

### **Output 3 (Regional). Enhanced Regional Cooperation, Knowledge and Solutions for Accelerated Inclusive Green Transition and Inclusive, Anticipatory Governance**

The regional level activities aim to amplify country-specific results by encouraging learning, access to regional knowledge, expertise, and resources for transfer of technologies and best practices. They seek to foster cooperation, connectivity, and the identification of common policy issues, development of approaches and development solutions within the region, ensuring mutual benefits for all participating nations. Effective design and implementation of reforms require a robust foundation of

expertise and access to reliable data, that can guide economic reforms and shift economies in the region towards qualitatively new development pathway, embracing digitalization and green economy.

Building on its extensive experience in collaboration and knowledge exchange such as e.g., Mayors4EG<sup>50</sup>, UNDP Energy Hub, Skills4Future<sup>51</sup>, UNDP will support the selected local think tank to set-up a collaborative platform for green economic transformation. By partnering with local think tank, this initiative ensures a contextualized and region-specific approach to addressing the challenges and opportunities associated with green economic transformation. The envisioned platform has the potential to become a vital resource, contributing to the creation of sustainable and resilient economies in the region.

A flagship event on relevant topics and areas of interest by national counterparts will be organized on an annual basis interchangeably in the participating countries.

### **Output 3.1. Eastern Neighbourhood inclusive Green Transition Platform**

Governments worldwide are increasingly recognizing the urgency of addressing economic and energy transformation to build sustainable and resilient futures. In this context, the need for experts in the fields of economic transformation, energy transition, and green economy has become paramount. This is reflected in the number of policy statements by governments in the region, and the increasing demand for UNDP programmatic support around green and circular economy, just transition, green transition, energy transition, among others. Recent conflicts in the region have further provided critical demand to address energy and winterization issues. UNDP acknowledges this need and proposes the establishment of a collaborative platform that aims to create a space that nurtures a strong community of domestic experts, scientists, and professionals and serves as a nexus for knowledge-sharing, fostering collaborative efforts, and incentivizing the exchange of ideas and expertise. Efforts will also be made to link the platform with other existing, relevant platforms such as the Green Transition Support<sup>52</sup>, the EU Just Transition Platform<sup>53</sup>, and the UNDP Climate Aggregation Platform, among others.

#### **Key activities:**

*3.1.1. Develop practical guidance and approaches for impact measurement and assessments of social, environmental, human rights, and economic dimensions of green transition, to inform learning programs for the private sector, public authorities, and the civil society*

Guided by learning needs assessments and green transition system/ecosystem mapping at country level, UNDP will strengthen national technical expertise and capabilities (through policy guidance, learning programmes, or targeted mentoring, among others) to advance green economic transformations. Demand- and needs-based technical assistance will be provided under this activity, using evidence-based data and information from similar programmes and initiatives.

*3.1.2. Explore green investment opportunities and design green finance initiatives to catalyse private sector investments*

Access to investments and financing is crucial for successful economic transformation, meeting environmental goals, or improving performance of the private sector. Often a high-risk aversion of the private sector requires public finance intervention to leverage and scale up necessary finance. Design and preparation of public green finance initiatives however requires strong background on project

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<sup>50</sup> Empowering mayors in the region to drive sustainable and green growth, aligning with the broader goals of environmental and economic sustainability.

<sup>51</sup> Dedicated to promoting partnerships of training institutions with the private sectors and the alignment of training curricula with the needs emerging from green transition and digital transformation of industries.

<sup>52</sup> <https://clustercollaboration.eu/green>

<sup>53</sup> [https://ec.europa.eu/regional\\_policy/funding/just-transition-fund/just-transition-platform\\_en](https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en)

development, existing regulatory or market barriers, and administrative procedures relevant for the specific funding sources. This activity will support UNDP COs and national partners to identify and design innovative green finance initiatives to support demand-based programming needs, informed by market intelligence, thereby contributing to initiatives that may be complementary to and further advance the goals of the project.

*3.1.3. Build region-specific expertise to advise the public authorities, business associations and civic space in Eastern Neighbourhood countries on governance, policy and regulatory frameworks*

Design, implementation, and enforcement of new regulatory frameworks for green and just transition requires unique knowledge and skill-sets among key stakeholders. UNDP will facilitate expertise to all relevant stakeholders including private sector associations and their members to strengthen their own capacity to respond and implement new regulatory frameworks, as well as develop internal standards and guidance, facilitating and speeding implementation of the reforms at scale.

Through this activity, UNDP will enhance access to and further contribute to the development of region-specific expertise within the EU Eastern Neighbourhood by launching tailored workshops, seminars, and webinars on governance, policy and regulatory frameworks, on demand. Key collaborations with international experts will be initiated to ensure the delivery of top-tier content. To keep stakeholders informed and engaged, UNDP will develop a digital resource repository, ensuring up-to-date access to best practices, research papers, and guidelines.

*3.1.4. Provide a systematized body of evidence i.e. policy briefs, case studies, best practices and lessons learned in areas of governance, advancing green and just transition, integrity, and in crisis and displacement response and recovery*

UNDP will support work on insightful policy briefs, case studies and other knowledge products by collecting the data from ongoing projects that will help distil best practices and lessons learned in local governance. Involvement of relevant experts will ensure academic rigor and grounding in real-world experience. Knowledge products, will be data-driven and will conclude with clear, actionable recommendations. For effective dissemination, UNDP will use its existing networks, platforms and partnerships, including the EaP Mayors for Economic Growth (<https://eum4eg.com/>) as well as the Covenant of Mayors EAST, alongside a multi-channel approach, leveraging the UNDP websites and social media available at regional and national levels. By hosting webinars and workshops, including through the newly established Urban Learning Center<sup>54</sup> and other channels and networks, the project will further amplify its reach and will establish a feedback mechanism to ensure the content remains responsive and undergo periodic reviews, ensuring the resources they produce remain timely and invaluable for stakeholders globally.

*3.1.5. Establish and facilitate the use of the platform as a resource space for peer learning and exchange and a regional community of experts, increased cross-regional connectivity and collaboration and investment opportunities*

The platform is expected to offer a pool of intellectual resources for policymakers, private sector, local and national governments, civil society actors, academia and non-usual voices that need to be further heard and amplified. The platform will synthesize learning and experiences from the country and regional initiatives for further tailored dissemination and to increase the learning feedback loops between the partners engaging under the project. Existing mission-oriented innovation practices for transformative change, such as sensemaking and other collective reflection insight exercises can be hosted on the platform, which may be managed and hosted by another partner organization, to identify new options, partnerships and investment opportunities.

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<sup>54</sup> <https://www.sparkblue.org/urbanlearningcenter>

*3.1.6. Organize annual regional forum on pertinent topics of inclusive and green transition engaging the financial, private sector, local and national governments, civil society actors, youth organizations and academia*

A flagship event will be organized on an annual basis interchangeably in the participating countries, with the aim of creating a space for local and international experts and policy practitioners to exchange expertise, experiences and lessons learned from the design and implementation of the policy reforms particularly around green and just transition.

*3.1.7 Support effective substantive monitoring, adaptive learning and communications across the project outputs*

The project will ensure that adaptive management is built in across all the project outputs and an integral part of project monitoring, implementation, and learning, towards contributing to more systemic and integrated approach, while providing knowledge and information to enhance opportunities for scaling and project sustainability. At the same time, ensuring effective communication and visibility of project initiatives and results, with consistent messaging across outputs and activities, will be critical, consistent with the communications plan that will be developed under the project. This activity will provide the necessary expertise, tools and relevant initiatives to deliver on these objectives.

**Output 3.2. Enhancing opportunities for integration of digital and technological solutions in green transition and governance processes, including managing and combatting risks posed by misinformation and disinformation and improve social cohesion**

At the regional level, the project will further elevate participatory governance methods and innovative public engagement models that foster civic engagement, inclusivity, cohesion, and just transitions in Moldova, Georgia, and the Eastern Neighbourhood region. The project will explore opportunities for tapping the potentials of digitalization and technologies to advance business processes, facilitate public engagement, and leverage digital solutions and data-driven approaches to advance green and just transitions and governance in Georgia, Moldova and the region. These solutions encompass online adaptive learning needs assessments, rights-based evaluation tools, and digital platforms and products to support green investments and governance innovations (see 3.1).

Furthermore, the digital solutions aim to empower SMEs by providing individualized support, training, and networking opportunities, thereby promoting environmental sustainability and facilitating access to green investments. Additionally, they address the demand for green skills and jobs through needs assessments, tailored education and training programs, and coaching for SMEs, with an emphasis on social inclusion and employment opportunities, particularly for vulnerable populations.

In the context of municipal services, as outlined in the Moldova and Georgia country-level activities (Outputs 1 and 2), digital solutions involve the development of online platforms and applications to enhance service delivery and transparency, including streamlined permit processes and digital tools for monitoring and evaluation. These solutions also support the strengthening of CSOs through online training, collaboration, and citizen engagement platforms, thereby promoting local development and social accountability.

At the same time, the output will also look at risks associated with digital and technology, and the polarization that false narratives, misinformation and disinformation can lead to through digital spaces. Over the last several years for example, numerous analyses and articles – including various conspiracy theories -- have alerted the public to the ‘challenges’ associated with climate change and green technologies. These articles, often highly-biased and posted in various digital platforms, have

unfortunately created disincentives for the public, private and banking sectors, as well as communities and tech entrepreneurs, to further engage in green enterprises. In this regard, the project will conduct activities that will further analyse regional misinformation/disinformation patterns and help inform and implement solutions like I-Verify to bolster information integrity around green transition and governance trends in Georgia, Moldova and the Eastern Neighbourhood sub-region.

In 2022, UNDP conducted a regional study on “Mapping and Analysis of Efforts to Counter Information Pollution in Europe and Central Asia Region” which looked at some of these specific issues and solutions already applied including in Georgia, and had conducted as well an analysis of gendered misinformation in Moldova and Ukraine (under review), which had impacted women's participation and leadership particularly in crisis context. It will also build on EU's various initiatives<sup>55</sup> to address misinformation/disinformation, and leverage findings from Denmark's Tech4Democracy<sup>56</sup> initiative which noted the value of multisectoral approach to enhancing information integrity in an information-based society, which Moldova, Georgia and the Eastern Neighbourhood is in the cusp of.

This project will also prioritize people-centred digital transformation, harnessing innovative approaches, Big Data and AI to bolster participatory governance, efficiencies, and supply chains, based on currently examples and experiences. For example, Denmark<sup>57</sup> has been piloting the use of big data and AI for green energy, while the city of Copenhagen utilizes big data through a network of sensors to improve energy and water efficiency in municipal buildings. Other countries such as Estonia, Singapore, Kazakhstan, Azerbaijan among others, have applied AI-powered chatbots to facilitate delivery of various public services. However, weak digital skills, lack of data science professionals, and inadequate understanding among the business sector (particularly MSMEs) of the opportunities (and risks) posed by big data, AI and green technology, significantly constrain their effective use. In this regard, the project will conduct an assessment of potential AI use domains focusing on specific aspects of promotion of energy efficiency and adoption of renewable energy, civic engagement, local/area-based development.

The output will be also connected to the ongoing IRH regional initiative to improve data protection and human rights implementation in online spaces, including AI, across Europe and Central Asia. IRH in November 2022 co-organized with the Council of Europe and EU experts a regional workshop in Istanbul, which gathered 170 representatives from the region and presented a study on the impact of digital technology on human rights<sup>58</sup>, as well as trained participants on the model of human rights impact assessments for AI systems. Following this, Azerbaijan and Türkiye Cos initiated similar programs. The success of the workshop highlighted a growing need for a regional toolkit to support such assessments and training, as a step forward in addressing digital human rights concerns.

Collaboratively, with regional civil society bodies, a regional level guidance tool will be developed to amplify civic space, focusing on digital engagement, youth, and environmental activism, even in politically constrained contexts. The demand for the guidance came as part of the feedback received during the regional consultations held by UNDP IRH with UN DCO and OHCHR in support of the work of the UNCTs on civic space in the region. IRH with above partners organized the online discussions for UN staff across the ECIS region to review how the UN system can better support civic spaces and expand its relevant toolbox considering new trends, such as divisive polarization, informal civil society, dis/misinformation, digital authoritarianism, and ongoing conflicts. In designing the guidance IRH will also rely on its partnerships within the Regional Contact Group on the support of Human Rights

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<sup>55</sup> [https://commission.europa.eu/strategy-and-policy/coronavirus-response/fighting-disinformation/funded-projects-fight-against-disinformation\\_en](https://commission.europa.eu/strategy-and-policy/coronavirus-response/fighting-disinformation/funded-projects-fight-against-disinformation_en)

<sup>56</sup> <https://techfordemocracy.dk/wp-content/uploads/2023/06/Tech-for-Democracy-2023-Report-WEB-a.pdf>

<sup>57</sup> <https://www.ibm.com/blog/denmark-advances-renewable-energy-big-data-ai/>

<sup>58</sup> <https://www.undp.org/eurasia/publications/impact-digital-technology-human-rights-europe-and-central-asia>

Defenders (HRD) in ECIS and specifically partner with the OSCE and FRA, who are the chairs of the Group.

**Key activities:**

*3.2.1. Regional analysis of misinformation/ disinformation trends and rollout of potential solutions (e.g., I-Verify) for strengthening information integrity (particularly as related to green/just transition)*

UNDP plans to deploy Social Media Monitoring tools to execute a regional analysis on the spread and impact of misinformation, including gendered disinformation. This examination will focus on understanding the ramifications of information pollution on social cohesion, public trust, green transitions, and other pivotal governance areas. Beginning with a regional surveillance of disinformation trends, the analysis will delve into their causes and effects. Collaborative consultations will be held with UNDP Georgia, Moldova, governmental institutes, and other stakeholders to frame responsive measures, and leverage other relevant initiatives by Denmark and UNDP around information integrity (e.g., in North Macedonia and Kosovo<sup>59</sup>). This study will lay the groundwork for rights-based interventions, encompassing capacity enhancement and awareness campaigns. It will embrace detailed media intelligence analysis, spotlighting key narratives, actors, and affected demographics, and enlist CSOs and tools countering disinformation from the project's inception to completion.

At the country level, the focus will shift to fortifying public aptitude for information verification to counteract the spread of misinformation, with an emphasis on gender-specific false information. UNDP intends to uplift the roles of varied stakeholders, from media professionals to grassroots activists, by offering media literacy initiatives, advocacy drives, and guideline creation. Tailored training will cover themes like disinformation, digital security, and gender-aware reporting. Community and CSO involvement will emphasize fact-checking, while guidelines crafted in collaboration with media experts will champion media integrity and will be made accessible on UNDP's platform.

*3.2.2. Advancing solutions for People-Centered Digital Transformation and Using Big Data and AI for Participatory Governance*

Under this component, UNDP will aim to promote rights-based, inclusive, people-centred digital transformation in the region. The project will move away from the often technology-oriented, user-blind approaches to digital transformation in public services, and ensure the integration of user/customer journeys in design of service delivery solutions and applications.

Firstly, UNDP will adapt Digital Readiness Assessments and Digital Fitness tools for the needs of local authorities/municipalities and will support Georgia and Moldova and other countries in the region to strengthen the capacities of select local administrations in the specific aspects of digital transformation, including on digital literacy, digital finance, data, and artificial intelligence, among others.

Secondly, the project will collaborate with the Council of Europe, OHCHR, and tech industries in co-designing regional-level guidance for impact assessments in AI data-driven systems, resulting in safeguards for ethical and human rights standards and will pilot the assessment in select AI sectors present in Georgia and Moldova.

Finally, IRH, in collaboration with country offices and local communities, will also co-design innovative solutions to harness the potential of big data and artificial intelligence (AI) in support of evidence-based regional development planning, including for green and just transition or addressing any other challenges at the local level, for example, environmental degradation, cross border disputes, social

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<sup>59</sup> All references to Kosovo are understood to be in the context of UNSCR 1244 (1999)

tensions, etc. The solutions will empower communities with actionable insights for participatory governance and sustainable development by creating rapid knowledge sharing and AI-driven knowledge databases. Additionally, interactive visualization tools will map public and private sector engagement in governance processes, and AI-enabled platforms will simulate potential outcomes, ensuring alignment with community aspirations. Partnering with regional tech enterprises, government bodies, and community leaders, the goal is to establish replicable models for the Eastern Neighbourhood region, converting data-driven insights into sustainable actions.

### *3.2.3. Streamline vertical and horizontal institutional arrangements and functional coherence for inclusive area-based development and integrated local development, including co-designing a guidance tool to help expand the civic space and promote digital, youth, and environmental activism*

Area-based and integrated local development approaches provide good vehicles for coordinated and focused support for local development, whether for economic, social, environmental, peacebuilding, or multiple, joint development goals. However, area-based targeting have faced sustainability concerns, particularly where the political and institutional arrangements at the local level are unclear or divisive, where authorities and competencies are not sufficiently delegated, where civil society and stakeholder representatives are not sufficiently engaged, and where financing models do not adequately consider the engagement of local business sectors and private sector -- engines that could either stall or accelerate local economic development. Analyzing what works and what constrains effective area-based development would therefore be critical in advancing integrated local development.

Parallel to both countries' project activities along local governance and local development, the project will conduct an institutional and context analysis (ICA) for advancing area-based approaches and integrated local development approaches, through case studies and best practice analyses. For both countries, this will also include a green/just transition ecosystem mapping, to identify critical stakeholders to engage and capacitate to further help advance green/just transition in the region.

In addition, UNDP, in collaboration with regional civil society organizations (CSOs) in the Eastern Neighbourhood, will embark on an initiative to co-design a guidance tool tailored for the expansion of civic space, with an emphasis on digital, youth, and environmental activism. The process will commence with a comprehensive needs assessment, engaging various stakeholders to pinpoint challenges and set priorities. Consultative workshops, both offline and online, will be organized to gather first-hand insights from digital activists, youth representatives, and environmental groups. Emphasis will be placed on leveraging digital platforms for collaboration, allowing real-time feedback and continued dialogue, which is especially essential in politically constrained contexts. Expert opinions from specialists in digital rights, youth engagement, and environmental policies will be sought to enhance the tool's depth and relevance.

Before finalizing the guidance tool, UNDP will conduct pilot testing with select CSOs, ensuring its effectiveness and adaptability to on-ground realities. Once crafted, training sessions will be held to familiarize users with the tool, coupled with robust advocacy campaigns for wider dissemination. This iterative approach, anchored in feedback and periodic reviews, will ensure the tool remains adaptable to the evolving dynamics of civic engagement in the region. Through this foresighted strategy, UNDP aims to foster an environment where civic spaces flourish, even in the face of political constraints.

## **Partnerships**

### **Georgia**

In Georgia, the primary partners for governance-related activities will be Poti and Khobi local self-governments represented by municipal leadership and employees, local civil society organizations/community groups, the Ministry of Regional Development and Infrastructure (MRDI) as



a central-level partner providing an enabling environment and policy framework for the local self-government reform and working directly with local authorities, the Ministry of Economy and Sustainable Development (MOESD) and Ministry of Environmental Protection and Agriculture (MEPA).

The project activities will be aligned to the specific needs and peculiarities of Poti and Khobi municipalities, identified through comprehensive context analysis. The project will also form close partnerships with civil society organizations/community groups to engage them in consultation and implementation of project activities. The network of local CSOs supported within the Danish-funded DGG project will be engaged in the consultation process while the grants scheme will be announced and implementing CSOs will be selected on a competitive basis. The project will also engage with rural, regional CSOs working on the empowerment of vulnerable groups (e.g., local youth councils, and women entrepreneur's networks) based on sub-contracts to work on workforce development and employment support actions.

In addition, the project will work with the Rural Development Agency, and Georgia Accreditation Center, Skills Agency to identify opportunities for collaboration through systematic working sessions, particularly around the green transition of the private sector and employment of vulnerable groups, among others. Partnership with vocational education providers will be key to developing new courses and curricula to supply green skills by targeting vulnerable groups.

International cooperation, including with the donors and international financial institutions who provide technical and financial assistance will be crucial.

The project will operate in close coordination and collaboration with several key international development partners to maximize its impact and effectiveness. This includes alignment with the USAID Local Governance Program, which focuses on promoting effective and accountable local governance in Georgia, complementing the project's objectives in Poti and Khobi municipalities. Additionally, collaboration with the Local Economic Development Project in Georgia, implemented by HELVETAS Swiss Intercooperation and WINS Global Consult and funded by the Swiss Agency for Development and Cooperation (SDC), will enhance efforts to improve local economic opportunities in Poti Municipality and foster joint decision-making at local and national levels. Synergies will also be sought with UNDP's engagement in Poti under the M4EG initiative, ensuring that learnings and experiences are integrated. Furthermore, the project will closely coordinate with other EU-funded initiatives, such as the UNDP project EU4ITD: Advancing Decentralized, Effective, and Inclusive Governance in Georgia and the GiZ project EU4ITD: Catalyzing Economic and Social Life in PIRDP Regions, to leverage shared knowledge and contribute to broader sustainable development goals in the target municipalities.

Project activities entail gender mainstreaming at all stages, and in this sense, close coordination will be ensured with UN Women projects working with local governments, particularly with ongoing Good Governance for Gender Equality in Georgia, and upcoming Danish-funded initiative for Women's Increased Leadership for Resilient and Peaceful Societies, among others.

Other potential partner organizations include: EU / EBRD / KfW loans, Energy Community Secretariat, DANIDA Technical Assistance, ADB and World Bank, EBRD and Green Climate Fund (GCF), EBRD Green Cities, GEF and UN agencies. The European Union, with the assistance of the EU4Energy International Energy Agency (IEA), has provided an active support in strengthening the National Statistics Office. Implementation of energy efficiency policy will help the country to implement its international commitments and plans (NDC, NEEAP, CSAP).

Furthermore, coordination with development partners incl., IFC, GiZ, EU4Environment, Green Climate Fund (GCF), USAID's Securing Georgia's Energy Future, World Bank (e.g., First Green and Resilient Georgia Development Policy Operation Program) and its current work on Green Growth Strategy Development, Swedish "Enhancing Governance & Policies for a Transition to a Circular Economy"

project, NIRAS's "Implementing environmental, climate and public health provisions of the EU-Georgia Association Agreement", EU's upcoming Green Transition Project and others will be ensured to avoid overlapping and facilitate synergies.

Through these strategic partnerships, UNDP project to foster inclusive local governance and local development across Khobi and Poti municipalities, contributing to a harmonious balance between urban and rural development.

### *Moldova*

The Ministry of Energy (MoE) in Moldova is dedicated Governmental institution to fostering a sustainable and green future through energy transition and by developing and implementing key energy strategies and policies, such as Moldova's Energy Strategy 2030 and development of the long-term sectoral strategy (up to 2050) and the National Energy and Climate Plan. MoE is also tasked with ensuring energy security, managing emergencies in the natural gas and electricity sectors, and promoting renewable energy sources. However, there is a recognized need to strengthen MoE's capacities to meet its mandates and EU accession requirements effectively.

Similarly crucial in this Action is the Ministry of Labour and Social Protection (MoLSP). It is primarily engaged in addressing energy vulnerability and enhancing resilience. The collaborative effort between MoLSP and the Programme focuses on devising a comprehensive social protection mechanism integral to the energy transition. This cooperation entails institutional capacity building, innovative policy development, and robust monitoring and evaluation processes, ensuring that vulnerable households are identified, prioritized, and supported through effective compensation schemes.

The Agency for Energy Efficiency (EEA), soon to transition/to be reformed into the National Centre for Sustainable Energy, is another vital player. The EEA is responsible for implementing national energy efficiency and renewable policies and programs dedicated for residential sector and single-storeys households. It also maintains the Electronic Register of Energy Auditors and approves continuous training programs for specialists in the field, though areas like energy audit verification need further improvement.

Active collaboration with Homeowners Associations (HoAs) is also integral to the proposed action. This initiative aims to empower HoAs with the requisite capacity to effectively tap into funds earmarked for the Energy Efficiency Fund for Residential Sector and additional sources. This empowerment is important, as it not only fosters energy consumption reduction and energy vulnerability mitigation at the residential level but also promotes an equitable and sustainable energy transition, aligning seamlessly with broader national and regional objectives.

The Ministry of Infrastructure and Regional Development (MIRD) is advancing reforms for a green and sustainable transportation sector, aligning with EU accession objectives. These reforms encompass policies like the Energy Strategy by 2030, National Adaptation Program, and Low Emission Development Programme by 2030, underscoring transportation's role in Moldova's low-carbon development. Given the COVID-19, energy, and Ukrainian conflict crises, there's an urgent need for enhanced government responsiveness, risk mitigation, and data-driven decision-making involving stakeholders from various sectors.

Presently, limited capacities hamper the government's policy development and implementation efforts. MIDR, therefore, seeks support in policy formulation (e.g., National Mobility Programme, National Urban Plan), and in digitalization and data management, including the optimization of public transport data for informed decision-making. With the approved Digital Transformation Strategy (2023-2030), aimed at sector-wide transformation acceleration, support is needed for MIDR's digital reform initiatives.

Local Public Authorities (LPAs) are essential contributors to achieving national energy efficiency targets, actively promoting and implementing energy efficiency initiatives at the local level. They provide the necessary groundwork and support, ensuring that the national objectives set by the MoE and MoRD are effectively translated into actionable plans within local communities.

Finally, the involvement of Academia, particularly the Technical University of Moldova, is vital for infusing the project with necessary technical expertise and innovation. It plays a critical role in research, development, and innovation in the energy sector, providing valuable insights and solutions that are essential for addressing the complex challenges of energy transition and efficiency.

Donors Energy Coordination Council: established by the Ministry of Energy with the support of UNDP, is a platform that brings together development partners (WB, USAID, UNDP, EIB, EBRD, EUDel, EnC, GIZ, RO/FR/SE Embassies) and has the role to coordinate the external assistance provided to Moldova in the energy area. It will amplify the value of the support provided and will streamline and synchronize the allocation of resources for technical assistance and investment in this sector. UNDP will use the meetings organized under this platform (currently held once in a month) to be updated on technical and investment needs of the country, as well as updating development partners in project's progresses and results. In addition, UNDP together with the national government will regularly follow-up on meeting discussions and identify synergies and common interests for programming and resource mobilization, among development partners.

### ***Regional level***

Furthermore, close collaboration and partnerships are envisaged with regional organizations and other multilateral partners, building on well-established relationships with main organizations, private sector networks, multilateral partners.

Central to UNDP's efforts is its collaboration with regional entities and structures, most notably the Eastern Partnership of the European Union. Through this partnership, UNDP aligns its interventions with the EaP's broader objectives, supporting projects that foster green and just transition, support to MSMEs, enhance energy efficiency, and promote the adoption of renewable energy sources. Furthermore, in collaboration with international financial institutions like the EBRD, EIB, the World Bank, UNDP aims at leveraging financing, offering both financial and technical expertise to create lasting impact. UNDP plans to work with other Development Finance Institutions, including IFU, in further promoting private investments in green transitions in the two countries and at the regional level.

Moreover, the regional platform will allow for drawing in partnerships with innovation hubs, private sector networks and business associations, universities and youth organizations and multilateral financing institutions. Bilateral collaborations with countries like Sweden and Germany, through their respective development agencies, further amplify UNDP's interventions. Through these strategic partnerships, UNDP is able to create synergies, share best practices, and leverage complementary expertise to drive comprehensive interventions and reforms in the region.

### ***UNDP added value***

With its robust institutional presence from partnerships with respective municipalities in the project's inception phase the Governments of Georgia and Moldova - at both central and local levels - in their journey for green, just and inclusive growth, mitigating climate change and driving governance reforms and protection of human rights at all levels, offering high-quality policy advice, technical support, capacity development interventions and evidence-based solutions.

UNDP offers a unique set of competencies, expertise and partnerships that could significantly benefit the Eastern Neighborhood region, and in particular Georgia and Moldova:

*Integrated development approach:* UNDP employs a holistic approach to development challenges, drawing on its Global Policy Network (GPN) as an engine for thought leadership, its programmatic work and a vital delivery mechanism of an integrated development approach. This approach is particularly useful in creating solutions that cater to the multifaceted challenges faced by Georgia and Moldova, and the wider sub-region. In addition, UNDP has continued to advance approaches to system transformation, including through a portfolio-based approach in programming which applies an iterative ‘develop, test, learn and scale’ process, and uses the portfolio as a ‘platform for strategic learning and action’ particularly in complex situations. By July 2023, over 50 UNDP country offices had led portfolio approaches.

*Gender mainstreaming:* One of UNDP's core strengths is integrating gender perspectives into its programmes. This ensures that projects are inclusive and address the unique challenges faced by both men and women.

*Access to funding and innovative financing:* Leveraging UNDP's networks with a wide range of partners, including International Financial Institutions, Development Financing Institutions, including IFU, and other partners and innovative financing mechanisms, the project is being positioned to help mobilize financing for a broader impact in the region.

*Build on existing initiatives:* The programme is positioned to build on existing initiatives, including Danish-funded projects, such as Decentralization and Good Governance (DGG) in Georgia, Tech4Democracy, the GCF and GEF-funded projects around climate adaptation and mitigation, the EU for Integrated Territorial Development Project, Mayors for Economic Growth and human rights-related initiatives.

*Transparency & accountability:* UNDP is committed to organizational transparency. The 2022 Aid Transparency Index, rated UNDP with a score of 88.1 out of 100, continuing to be one of the leaders in transparency<sup>60</sup>. UNDP Transparency Portal <sup>61</sup> publishes its financial information including procurement publicly and applies international standards in financial management and project management allowing for a high degree of accountability. The extensive checks and balances in place limit opportunities for misuse of funds. In accordance with decision 2012/18 of its Executive Board, UNDP is publishing the audit reports issued by its Office of Audit and Investigations (OAI) as from 1 December 2012.

*Local presence:* UNDP is an impartial partner working with national and local government structures, civil society, private sector, and local communities. The goal of UNDP is to support these actors in accessing opportunities that contribute towards achieving sustainable development. UNDP brings and connects countries to new approaches and technologies and supports dialogue between all spheres of society, while giving a special focus to vulnerable and excluded populations. UNDP has a strong presence in these countries, with existing sub-offices that ensure transparent and quality implementation.

*Coordination & cooperation:* UNDP coordinates and cooperates with other technical and social partners and donors to ensure maximum benefit for the funding invested. For example, if a donor works on the same thematic lines as the project, UNDP will ensure coordination and collaboration is in place, including with UN Women and other UN agencies.

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<sup>60</sup> [2022 Index - Publish What You Fund](#)

<sup>61</sup> [UNDP Transparency Portal](#)

*Due diligence process in UNDP:* UNDP's Social and Environmental Standards (SES) underpin UNDP's commitment to mainstream social and environmental sustainability in projects to support sustainable development. The objectives of the standards are to:

- Strengthen the social and environmental outcomes of Programmes and Projects;
- Avoid adverse impacts to people and the environment;
- Minimize, mitigate, and manage adverse impacts where avoidance is not possible;
- Strengthen UNDP and partner capacities for managing social and environmental risks;
- Ensure full and effective stakeholder engagement, including through a mechanism to respond to complaints from project-affected people.

The SES are an integral component of UNDP's quality assurance and risk management approach to programming. This includes a Social and Environmental Screening Procedure.

The standards are underpinned by an Accountability Mechanism with two key functions: 1) A Stakeholder Response Mechanism (SRM) that ensures individuals, peoples, and communities affected by UNDP projects have access to appropriate procedures for hearing and addressing project-related grievances; and 2) a Compliance Review process to respond to claims that UNDP is not in compliance with UNDP's social and environmental policies. Both mechanisms are publicly available, and all cases submitted are publicly available.

Through application of the SES and Accountability Mechanism, UNDP enhances the consistency, transparency and accountability of its decision-making and actions, improves performance, and strengthens achievement of positive development outcomes.

The project is aligned to the 2030 Agenda and has integrated a special focus to the environmental, economic and social nexus underlining the 2030 Agenda.

**Risks and Assumptions**

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
<b>Georgia</b>									
1	<b>Government commitment:</b> Low level of cooperation with governmental agencies	Project development phase	Strategic	P = 1 I = 2	Establishing and nurturing positive working relationships with relevant government agencies from the early stages of the project.	Project Developer	Project Developer		
2	<b>Alignment with national priorities:</b> Economic slowdown may impact project results	Project development phase	Strategic	P = 2 I = 2	Conducting a thorough economic analysis during project inception phase to assess potential risks and their impact on project viability. Considering different economic scenarios, including slowdowns, and model the potential effects on project outcomes.	Project Developer	Project Developer		
3	<b>Government commitment:</b> Political and/or institutional instability following Parliamentary Elections in 2024 and Local Elections in 2025	Project development phase	Strategic	P = 2 I = 3	Proactively engage with the new authorities and establish new contacts to ensure uninterrupted implementation of activities in the targeted areas. Ensuring that the new authorities are aware and engaged in the project planning and implementation from the beginning.	Project Developer	Project Developer		

4	<b>Stakeholder relations and partnerships:</b> Communities demonstrate no interest in participating in local decision-making	Project development phase	Strategic	P = 3 I = 4	Conducting intensive awareness-raising activities through partner CSOs targeted at the right holders to equip them with relevant knowledge and skills and encourage their participation in local decision-making.	Project Developer	Project Developer		
5	<b>Labour and working conditions:</b> The long-term sustainability of green jobs within a particular region or industry may be uncertain, leading to potential job instability for trained individuals.	Project development phase	Social and Environmental	P = 2 I = 2	Ensuring that green job training programs align with the evolving needs of green sectors. Regularly updating training curricula to address emerging trends and technologies.	Project Developer	Project Developer		
6	<b>Stakeholder relations and partnerships:</b> Duplication and overlap of different donor-funded projects focusing on local	Project development phase	Strategic	P = 2 I = 2	Selecting targeted areas based on a thorough analysis and mapping of the relevant donor-supported activities in targeted areas/municipalities. Ensuring constant coordination with other donor organizations and participation in MRDI-led donor coordination meetings.	Project Developer	Project Developer		

	development in targeted areas								
<b>Moldova</b>									
1	<b>Innovating, piloting and experimenting:</b> Stakeholders, including government officials, may resist the changes required for a green transition, particularly if it disrupts established practices or interests.	Project development phase	Strategic	L	<p>Conduct comprehensive stakeholder engagement and communication strategies to promote awareness and understanding of the benefits of a just green transition, addressing concerns and highlighting positive impacts.</p> <p>Provide capacity building and training programs to government officials and employees to enhance their understanding of new practices and technologies, and to ensure they feel empowered and supported throughout the transition process.</p>	Project Developer	Project Developer		
2	<b>Innovating, piloting and experimenting:</b> Implementation of innovative energy technologies and systems may encounter technical hurdles, such as compatibility issues, lack of technical expertise, or	Project development phase	Strategic	M	<p>Conduct thorough feasibility studies or technical assessments prior to the implementation of energy technologies, identifying potential challenges and developing mitigation plans.</p> <p>Collaborate with technical experts to address technical hurdles and ensure the availability of necessary expertise.</p> <p>Provide training and capacity building programs to equip stakeholders with the required technical skills and knowledge to implement and manage new energy technologies effectively.</p>	Project Developer	Project Developer		



	limitations in infrastructure development.								
3	<p><b>Government commitment:</b> Political changes, shifts in priorities, or governance issues could impact the project's implementation, leading to delays, policy reversals, or reduced commitment from governmental counterparts.</p>	Project development phase	Strategic	M	<p>Foster strong partnerships and collaboration with government institutions and key decision-makers to secure their commitment and support for the project, emphasizing the long-term benefits and alignment with national development goals. Develop contingency plans to mitigate the impact of political changes, such as ensuring the project's resilience through diverse stakeholder engagement and maintaining open lines of communication with incoming officials.</p>	Project Developer	Project Developer		
4	<p><b>Stakeholder relations and partnerships:</b> Public acceptance and support for initiatives may vary, and resistance or lack of understanding from communities or stakeholders could hinder</p>	Project development phase	Strategic	L	<p>Conduct extensive public awareness campaigns to educate and engage communities, emphasizing the environmental, economic, and social benefits of initiatives.</p> <p>Tailor communication strategies to address specific concerns and misconceptions, utilizing local languages, cultural sensitivities, and trusted community leaders to enhance understanding and acceptance.</p> <p>Involve local communities and stakeholders in the decision-making process, ensuring their voices are heard and their feedback is incorporated into Project's plans.</p>	Project Developer	Project Developer		

	progress, such as Energy communities initiative and/or other.								
5	<p><b>Changes in regulatory frameworks:</b> Changes in market dynamics, inadequate regulatory frameworks, or policy inconsistencies might impede the development of renewable energy projects or hinder energy efficiency measures.</p>	Project development phase	Regulatory	M	<p>Collaborate with relevant governmental bodies and regulatory authorities to advocate for supportive policies, streamlined regulatory frameworks, and clear guidelines for renewable energy projects and energy efficiency measures.</p> <p>Monitor market dynamics and policy changes, and adapt Programme plans accordingly to mitigate risks associated with shifting market conditions. Engage in public-private partnerships to leverage expertise, resources, and influence to navigate regulatory challenges and create an enabling environment for the energy transition.</p>	Project Developer	Project Developer		
6	<p><b>Innovating, piloting, experimenting:</b> Some segments of the population, particularly marginalized groups, or remote communities,</p>	Project development phase	Strategic	L	<p>Develop inclusive strategies to bridge the digital divide, such as providing training and capacity building programs to marginalized groups and remote communities to enhance their digital skills and knowledge.</p> <p>Partner with community organizations, NGOs, and local institutions to improve access to technology and ensure equitable distribution of resources, considering alternative solutions like mobile technologies or community centers.</p>	Project Developer	Project Developer		

	may lack access to the technology and resources required to benefit from energy transition initiatives.				Advocate for policies and initiatives that promote universal access to technology and prioritize digital inclusion as part of the energy transition agenda				
<b>Regional</b>									
	<b>Innovating, piloting, experimenting:</b> New approaches to digitalization and the use of AI may constrain openness of national partners/ stakeholders to engage in project innovations	Project development phase	Strategic	L	Design information and advocacy materials to transparently describe opportunities and risks posed by digitalization and AI applications	Project Developer	Project Developer		
	<b>Stakeholder relations and partnerships:</b> Inability of the project to respond to immediate needs for expertise and substantive	Project development phase	Strategic	L	Anticipate potential requests for expertise, in consultation with Cos and national partners.  Engage UNDP GPN roster in early stages of the requests	Project Developer	Project Developer		



### ***South-South and Triangular Cooperation (SSC/TrC)***

The project will provide a venue and facility for connecting Beneficiaries in capturing, codifying and sharing lessons learned, as well as good practices and success stories, to further foster regional cooperation in the substantive areas covered by the project, particularly in responding to emerging needs and exploring opportunities for scaling up and further sustaining the project's results and initiatives. In addition, it will also tap available knowledge and expertise from UNDP, Denmark and partners' wide network of partners globally and in the region, to promote innovative learning and programme implementation, including through South-South and triangular cooperation.

### ***Digital Solutions***<sup>62</sup>

As described in the Strategy and Results sections, the project will tap and use digital solutions across different project activities at regional, national and sub-national levels, including the development of online platforms and applications to enhance service delivery and transparency, streamlining process, enhancing digital skills of partners and beneficiaries, and exploring digital solutions and technology, including artificial intelligence, to further advance the objectives and results under the project.

### ***Knowledge***

The project will contribute to the production of various innovative analytics, learning materials, and studies – as outlined in the Results Section, on various topics critical to advancing green and just transition and effective governance systems. It will also develop and tap online platforms that will further facilitate knowledge codification, consolidation, and sharing across project partners and beneficiaries, and provide opportunities for further scaling up the expert and knowledge engagements on the project.

The following are types of knowledge products that the project may generate:

- Assessments and context analyses: e.g., challenges, opportunities and needs in target municipalities in Georgia; energy consumption patterns and needs; skills and labour assessments; context analyses; energy audits; market assessments; among others.
- Strategic documents, including: area-based development action plans in target municipalities in Georgia; studies to support advancing governance processes in Georgia; findings from regulatory sandboxes
- Toolkits and guidance documents, including: data collection and monitoring tools, citizen feedback tools, impact measurements,
- Learning modules, including on effective public service delivery, citizen engagement and participation, energy efficiency,

Actual production and public availability of each specific knowledge product will depend on the objectives, target audience, relevance and content. Knowledge products may be published online or offline, or only accessible to limited circle of users depending on the nature or potential sensitivity of some data and information.

### ***Sustainability and Scaling Up***

The project will promote strong ownership among the Beneficiaries, through proactive consultations and engagement throughout the process, including in the design and inception phases. It will provide various approaches and modalities for effective capacity development and learning, thereby ensuring that the

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<sup>62</sup> Please see the [Guideline "Embedding Digital in Project Design"](#).

Beneficiaries will be able to sustain and apply the expertise, systems, tools, and knowledge that will be generated and introduced. It will also tap existing networks, programmes and partnerships within UNDP and with Denmark, EU and relevant networks and initiatives in Moldova, Georgia and the broader Eastern Neighbourhood region to support scaling up and sustainability of various initiatives.

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#### IV. PROJECT MANAGEMENT

The project will be directly coordinated by the UNDP's Istanbul Regional Hub (IRH) for Europe and the CIS, which will be responsible for the implementation of the regional component of the project, with country-level components implemented by UNDP Country Offices in Moldova and Georgia. It will be implemented through the UNDP Direct Implementation Modality (DIM) in line with UNDP's Programme and Operations Policies and Procedures and IRH Standard Operating Procedures for Regional Programme Management. UNDP Istanbul Regional Hub will be responsible for overall coordination, oversight, guidance and quality assurance of the project. The project will be implemented in close coordination with the participating UNDP Country Offices as per the project organization structure below. IRH will act as the project implementing partner (agency).

*The Project Management Team will consist of:*

- a) **Regional-level Project Team**, located in Istanbul and reporting to the Team Leader, Inclusive Growth Team (with matrix reporting to Governance and Peacebuilding Team Leader and the Environment Team Leader, given the integrated nature of the initiative) with a Regional Project Manager (RPM) responsible for the substantive delivery of the regional project components, ensuring effective engagement and partnerships at the regional level, and leading the operational management at the regional level and where necessary responding to project requests from the COs. The RPM will be primarily responsible for ensuring effective implementation of the regional component of the project including coordination of reporting with country-level project teams – including troubleshooting as needed with regard to delivery at the country level -- to ensure coherent messaging and reporting, timely and quality results as specified in the project document, and monitoring the overall context of the project to ensure agility and responsiveness to emerging needs. A Regional Learning Associate will support the RPM and the country-level teams in consolidating learning needs, rolling out regional workshops and learning programmes, and support substantive monitoring of project activities at regional level, and country-level as well as needed, to further advance integration of adaptive management within the project, and ensure its responsiveness to emerging need.

The regional project team will directly benefit from the policy expertise resident in IRH from the substantive clusters including the Inclusive Growth, Governance and Peacebuilding, Gender, Environment, and Climate Teams, among others, in ensuring their substantive engagement in the implementation of the project. In addition, the expertise available in the UNDP Global Policy Network (GPN) will be brought to bear to advance the thinking, innovation, and substantive regional engagement on the project's activities. Further, the IRH Regional Programme Coordination Team will provide programmatic quality assurance and monitoring support to the initiative.

- b) UNDP country office-level Teams, located in Tbilisi and Chisinau, will be responsible for ensuring substantive project implementation and achievement of project results at the country level, as described below.

#### **Georgia**

The management of the Output 1 will be performed by a dedicated National Coordinator who will be responsible for the overall management of the project, lead planning, implementation and monitoring/internal evaluation, reporting on project activities, results, and financial expenditures. He/she will be leading the team and liaising with stakeholders and partners. S/he will be supported by an

Administrative/Finance Assistant who will be responsible for provision of finance, administrative, procurement and logistics assistance to the project team, including preparing financial reports, projections, payments, asset management, premises management, salaries, recruitment etc.

In addition, the UNDP Project team would include the following personnel:

- **Team Leader (TL):** will provide overall quality assurance, oversight and monitoring of the project to ensure that the project produces the results (outputs) specified in the project document and compliant with the required standard of quality and within the specified constraints of time and cost. TL will provide support to the project management structures, lead elaboration of planning and management instruments, facilitating coordination within UNDP, other UN agencies and concerned stakeholders, as needed. UNDP Team Leader will be charged for the time spent directly attributable to the implementation of the Project, not exceeding 10% of the working time.
- **Programme Associate:** will provide assistance, advice and quality assurance to project administrative staff on HR, financial, procurement related matters, including financial reporting to CO and donor. Provides liaison support of project staff with CO operations, and quality check of financial reporting to donor, as well as ensures consolidation of financial reporting to donor. Programme Associate will be charged for the time spent directly attributable to the implementation of the Project, not exceeding 5% of the working time.
- **Communications Analyst:** will oversee project awareness raising and visibility related campaigns throughout the duration of the project. The communications analyst will be charged for 10% of the working time spent directly attributable to the implementation of the Project.
- **M&E Specialist:** will support the setting up of a rigorous monitoring system, including individual sub-projects, and will be responsible for supporting the external evaluation of the project. The Monitoring and Evaluation Specialist will be charged for the time spent directly attributable to the implementation of the Project, not exceeding 2.5% of the working time.
- **Support staff** will be cost-shared with CO projects to support project logistics, operations and maintenance of a project office that will be established in the field.

### **Moldova**

The management of the Output 2 will be performed by a dedicated Project Manager who will be responsible for the management and coordination of all Activities under Output 2 and will be charged 100% to the Project budget. The tasks listed in the Project document, undertaken by staff assigned to the Project team are directly attributable to the implementation of project activities. The Project team will comprise of full-time dedicated staff and part-time specialized staff to technically contribute to various output components and activities. The part-time specialized staff will be charged through direct project costs for the time spent directly attributable to the implementation of project activities.

In addition to the Project Manager, the UNDP Project team would include the following personnel:

- **Energy Transition Portfolio Coordinator (NPSA, 30%):** oversees activities under Output 2, ensuring they align with the broader objectives of the existing Country Office's dedicated Portfolio to accelerate Moldova's just energy transition, co-designed with the Government. The role demands dynamic management and ongoing learning to ensure activities are integrated within the portfolio's strategic framework.
- **Communications Officer (NPSA / Local Consultant, 50%):** responsible for ensuring the fulfilment of the communication and visibility activities related to the project and for preparation, implementation and oversight of the communication and visibility activities of the project, and assuring that all activities including the outreach and awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the donor.
- **Project Associate (NPSA, 100%):** responsible for assisting in the organization of financial and administrative processes for the project's needs and providing support to office maintenance.

More detailed duties and responsibilities of all Action management and support staff shall be reflected in their terms of reference.

In addition to the above-mentioned Project team, the following staff from the UNDP CO is envisaged to provide its support, to ensure the quality assurance and enable implementation of the activities:

- *Programme Specialist/Cluster Lead* ( Environment, Climate and Energy Cluster) is responsible for the overall quality assurance of the project implementation and will be charged through direct project costs for the time spent directly attributable to the implementation of the project, not exceeding 10% of the working time.
- *Programme Associate* ensures project support and quality assurance for reporting and monitoring and will be charged through direct project costs for the time spent directly attributable to the implementation of the project, not exceeding 15% of the working time.

Expertise of Short-term consultants will be sought to advice and support the implementation, as required, included but not limited to communications expert, IT specialist, procurement specialist and other short term technical consultants required for the overall implementation of the project activities.

### **Project operational costs**

Project office costs that will be incurred as part of the direct management and implementation of the project and that can be traced and attributed directly to the management of the Project's activities, are foreseen as including the following:

- Travel and subsistence costs for staff and other personnel participating in project activities (international and local);
- Project staff costs of computers and IT equipment (notebook, monitor, UPS, equipment for presentations (TV/projector) and other office equipment, accessories and software), office furniture, IT spare parts and supplies, other equipment;
- Costs for the Project offices and operations including office rent, consumables (e.g., office supplies, other services (public cloud computing subscription, Zoom license, Docusign services, tel/fax, internet, electricity/ maintenance/repairs etc.), maintenance, transportation, and office relevant office costs.

### ***Budget Overview, Cost Efficiency and Effectiveness***

The project budget presents UNDP's financing framework to achieving the project objectives by providing a combination of realistic financial needs comprising of substantive initiatives and activities, personnel and staffing costs, operational costs, and logistics support that all directly contribute to achieving the desired policy and programmatic results under the project. It is informed by a thorough, forward-looking, best expenditure forecasts, guided by UNDP's rich experience in project implementation at regional, national, and sub-national levels. At the same time, it acknowledges that the dynamic nature of the region and the complex nature of the issues and challenges that the project aims to address, requires meaningful flexibility for the project to balance pre-identified priorities with emerging needs while recognizing opportunities for potential scaling-up, expansion of thematic and/or geographic coverage, and seizing advantages that may be offered by new partnership interests that may further shape up in the course of project implementation.

Thus the project provides a modest amount of 'unallocated funds' for this purpose, comprising of 10% of the substantive project costs at the country level, and 5% at the regional level, all subject to management controls as provided for under the Governance and Management Arrangements (Section VIII) of this document. At the regional level, the unallocated funds provide the means and opportunity for deepening the regional engagements of the project based on emerging developments, analytics and needs, as well as extending the project's reach beyond Moldova and Georgia, through introducing activities that recognizes needs and prospects for targeted deep-dives and seizing new partnership opportunities and interests.

Allocation and approval for the use of these funds is guided by three key criteria:

- 1) It will address and respond to emerging risks and dynamics at both the county and regional levels that may significantly impact the achievement of project results.



- 2) It will allow scaling up of project activities contributing to scaled up, more strategic results, including contributing to EU accession goals.
- 3) It is anchored on data, information and evidence emerging from various analytical work carried out under the project or related policy studies and analysis by Denmark, EU and key partner organizations.

The project budget further leverages UNDP IRH's strong experience, expertise and lessons learnt in managing regional projects<sup>63</sup>, and UNDP CO's rich knowledge and experience in managing projects on the ground, to ensure effectiveness and efficiency in project delivery and operations while ensuring achievement of project results. At the country level, it matches the project's staffing needs through targeted expertise available in UNDP COs for the project's substantive, administrative and quality assurance needs. At the regional level, the project benefits from the engagement of thematic experts across substantive clusters working on inclusive growth, governance, environment, green and just transition, and the broader expertise available in the UNDP Global Policy Network (GPN), allowing the project to respond to the project's substantive needs in an agile, integrated manner. The project approach and budgetary framework therefore effectively builds on capacities and competencies available in UNDP offices at national, regional and global levels, towards jointly delivering on the project goals and expectations, ensuring synergy and complementarity, anchored on the project's theory of change.

The purpose of the unallocated funds therefore, is to allow UNDP together with the Danish MFA to provide funding in a fast and flexible way to support or address new developments/needs/partners that may arise during the course of implementation. The use of allocated funds should contribute to the fulfilment of the outcomes of the project.

The release of unallocated funds will typically be based on a proposal from the respective UNDP Country Offices or IRH regarding their respective funds available. UNDP will present their suggestion to Danish MFA (EUN and/or Danish Embassy) through the IRH Manager and release of unallocated funds is subject to approval by Danish MFA (EUN).

Release of unallocated funds may also happen on the initiative of Danish MFA/the Danish Embassy. In this case, the MFA/the Embassy would present a specific proposal to the relevant UNDP Office/IRH and discuss with the office about possible funding. In both cases, the IRH Manager shall be copied in all correspondence.

Both UNDP and Danish MFA/Embassy may present proposals in writing or in meetings during the course of the year. The approval of release of unallocated funds for (short term) interventions do not have to await the Annual Regional Project Steering Committee meeting or the formal meetings between UNDP and Danish MFA/Embassy at country level if the need or possibility for an immediate action is justified. Danish MFA (EUN) may approve in writing upon receiving the budgeted proposal.

The release of unallocated funds will transpire from the annual progress report and from the annual financial statement.

Further, to ensure the continuous relevance, coherence, and possible scaling of 'what works' during implementation and beyond the initiative, UNDP will incorporate a dynamic, adaptive management approach in addition to the standard project management, governance and quality assurance requirements (see Figure 1, TOC). By adopting adaptive management, the project embraces a conscious approach of learning by doing, integrating regular monitoring and data analysis into a continuous cycle of feedback loops that inform project decisions, programmatic priorities and intent, and allowing the project to make implementation adjustments based on new information and feedback loops at local, national, and regional levels. Central to adaptive management is a learning intent across various project activities, not only by project implementers but among project partners and stakeholders as well, and thereby assembling the structure for agile and responsiveness to both anticipated and unforeseen challenges and opportunities.

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<sup>63</sup> IRH currently manages over 25 regional projects in Europe and Central Asia

This proactive approach as well not only minimizes potential risks but also capitalizes on what may emerge as a direct or indirect consequence of the interventions. In this regard, following a mid-term review (MTR) of the project at the end of Year 2, the budget allocations for Year 3 and Year 4 will be further revisited and adjusted - subject to necessary approval processes - as needed and recommended based on the findings of the MTR.

A dynamic management approach, tailored to this proposal, can build on the existing *Portfolio Approach* of UNDP, including the UNDP's *Sensemaking and Acceleration Protocol*, and the concrete experiences and templates tested in existing projects such as the EU funded Mayors for Economic Growth.<sup>64</sup> The Istanbul Regional Hub has existing capabilities to design as well as to train project staff on adaptive/agile management. Additionally, both UNDP Georgia and UNDP Moldova have existing initiatives around mission-based or portfolio approach and have over the past years developed such capabilities.

The dynamic management tools can shape a strong Monitoring, Evaluation and Learning (MEL) framework that can be designed together with partners. The MEL can offer an extra opportunity to gather intelligence that can be of use for development partners to leverage in other similar initiatives. The intention could be to see this partnership as a 'sandbox' to test what a local best fit for a green transition in the EU Eastern Neighborhood could look like.

The project will use operating procedures from participating UNDP Country Offices as well as the Istanbul Regional Hub, which have been developed using industry benchmarks to ensure cost efficiency, quality and transparency of implementation. In addition, project progress and its effectiveness will be regularly monitored through the review of the Annual Work Plan and regular progress reports to the Regional Project Steering Committee and quality assurance structures within UNDP (both at country and regional level).

### ***Communications and Visibility***

UNDP will ensure strategic communications and visibility around project activities and results, based on a communication plan. Unless the MFA of Denmark requests or agrees otherwise, information given to the press, the project beneficiaries, all related publicity material, official notices, reports and publications, shall acknowledge that the project was carried out "with contributions from the Ministry of Foreign Affairs of Denmark" and shall display in an appropriate way the Denmark flag. Prior to issuing a press release, it should be agreed with Denmark whether a joint press release should be issued. UNDP will also consult the MFA on communications branding and packaging around project information materials, to ensure and maintain consistency of communications and branding across various activities under the project. These may include publications, knowledge products, event materials, and digital media messages and communications.

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<sup>64</sup> <https://eum4eg.com> and info on its Dynamic Management Framework for City Portfolios: <https://innovation.eurasia.undp.org/dynamically-managing-urban-transformation-portfolios-our-m4eg-journey/>

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**V. RESULTS FRAMEWORK<sup>65</sup>**

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<sup>65</sup> Multiple countries/IPs can contribute to the same output and can share the same indicators. UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

**Intended Outcome as stated in the UNSDCF/Country and Regional Programme Results and Resource Framework:**

Regional Program's Outcomes (2022-2025):

- OUTCOME #1: Structural Transformation Accelerated, Particularly Green, Inclusive and Digital Transitions.
- OUTCOME #2: No-One Left Behind, Centering on Equitable Access to Opportunities and a Rights-Based Approach to Human Agency and Human Development.

**Georgia Country Program's Outcomes (2021-2025)**

- **OUTCOME #1:** By 2025, all people in Georgia enjoy improved good governance, more open, resilient and accountable institutions, rule of law, equal access to justice, human rights, and increased representation and participation of women in decision making.
- **OUTCOME #3:** By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia.

Moldova Country Program's Outcomes (2023-2027)

- **OUTCOME #4.** By 2027, institutions and all people of Moldova benefit from and contribute to green and resilient development, sustainable use of natural resources and effective gender-responsive climate change action and disaster risk management.
- **OUTCOME #1.** Structural transformation accelerated, particularly green, inclusive and digital transitions.
- **OUTCOME #3:** Resilience built to respond to systemic uncertainty and risk.

**Outcome indicators as stated in the Country Programme and Regional Results and Resources Framework, including baseline and targets:**

## Regional Program's Indicators:

- **Indicator 1.1:** International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems.
- **Indicator 1.3:** Percentage of achievement of legal frameworks in place to promote, enforce, and monitor equality and non-discrimination.

## Georgia Country Program's Indicators:

- **Indicator 1.1.3. Level of professionalism of public servants at local and national levels to better serve constituencies**
  - Baseline (2020): (a) Baseline on implementation of public servants' professional development plans to be established in 2021; (b) 15% of public servants improved capacities by attending professional development courses; Target (2025): (a) 50% of public agencies fulfil organizational professional development plans; (b) 50% of public servants (gender disaggregated); Source: CSB human resource management system and annual reports, annually
  - **Indicator 1.1.4. Percentage of population satisfied with local self-governments**
  - Baseline (2019): General: 67.3%; Urban: 64%; Rural 72%; high mountainous 80%; Target (2025): General: 69%, Urban: 65%; Rural 75%; High mountainous 82%; Source: UNDP citizens' satisfaction with public services survey, biannually (2021, 2023, 2025)
- **Indicator 3.2.2.** Number of new jobs created by enterprises through improved productivity in rural non-farm activities and through application of EE/RE, digital and other innovative technologies
  - *Baseline: 0 Target: 300 Source: UNDP, UNIDO projects*
- **Indicator 3.3.7.** Number of job seekers including returned migrants and VET graduates supported with skills development, job placement and internships in EU through the skills partnership schemes, gainfully employed at the local markets and/or abroad including through circular labor migration schemes
  - *Baseline: 0 Target: 100 Source: UNDP projects reports*

## Moldova Country Program's Indicators:

- **Indicator 4.1.2.** Number of co-designed risk-informed regulatory and policy frameworks on climate change, disaster risk reduction, environment and energy.
  - *Baseline: 4 Target: 7 Source: Ministries' reports*
- **Indicator 4.2.1** Number of people with access to clean, affordable and sustainable energy.
  - *Baseline: total 199,030 (Women: 53,738 (27%) Men: 145,291) Target: 215,000 (Women: 64,500/Men: 150,500); Source: Energy Efficiency Agency reports*
- **Indicator 4.2.4.** Number of partnerships with private sector to promote and co-design innovative solutions on renewable energy, low emission, climate resilient and green development.
  - *Baseline: 29 ; Target: 34; Source: UNDP reports, memoranda of understanding*
- **Indicator 4.3.3.** Number of non-governmental organizations (NGOs)/CBOs with capacities to engage in the areas of climate resilience, low emission and green development.
  - *Baseline: 116; Target: 130; Source: UNDP reports, SGP report*

<b>Applicable Output(s) from the UNDP Strategic Plan:</b>											
<ul style="list-style-type: none"> <li>• OUTPUT #2.3: Responsive governance systems and local governance strengthened for socio-economic opportunity, inclusive basic service delivery, community security, and peacebuilding.</li> <li>• OUTPUT #4.1: National and local public authorities have enhanced environment governance capacity to ensure inclusive, effective transition to climate and disaster resilient, low emission and green development in line with the 2030 Agenda, Paris Agreement and other inter-governmentally agreed frameworks.</li> <li>• OUTPUT #4.2: Public and private actors are enabled to implement efficient and innovative practices for sustainable natural resource use, climate resilience, low-emission, and green development.</li> <li>• OUTPUT #4.3: CSOs, community-based organizations (CBOs) and young people are empowered to actively engage in climate resilience, low emission and green development.</li> </ul>											
<b>Project title and Quantum Project Number: “Greening the future, advancing rights and stability: Spurring a just and green transition with responsive governance in the Eastern Neighborhood region”</b>											
EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
<b>Output 1. Enhanced Democratic Local Governance for Inclusive and Sustainable Local Development in Two Areas in Georgia through Area-Based Approach</b>	<b>Sub-Output 1.1. Local development planning is improved through participatory and evidence-informed policymaking</b>										
	<b>1.1.1. Engage communities in area-based priority-setting for local development and green transition.</b>										
	1.1.1. a) Number of Area Development Plans elaborated with the participation of local communities	Project reports	0	2023	2	0	0	0		2	<i>Project Reports Area Development Plans</i>
	<b>1.1.2. Introduce data collection tools and citizen feedback mechanisms</b>										
	1.1.2. 1) Data collection and monitoring mechanism established in targeted two municipalities	Project reports	No	2023	Yes	Yes	Yes	Yes		Yes	<i>Project Reports</i>
1.1.2. b) Citizen feedback mechanisms introduced and operational in targeted two municipalities	Project reports	No	2023	Yes	Yes	Yes	Yes		Yes	<i>Project Reports</i>	

<sup>66</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
<b>1.1.3. Assist municipalities in designing and implementing area-based programs to advance partnerships with the private sector and address the needs of disadvantaged communities</b>											
	1.1.3. a) Number of municipal programs designed to address human rights, gender equality, youth empowerment, environmental challenges, energy efficiency and other relevant priorities	Project reports	0	2023	0	3	4	2		9	<i>Project Reports Municipal program documents/budgets</i>
	1.1.3. b) Number of municipal initiatives implemented with the project support to address the main challenges in targeted areas	Project reports	0	2023	0	2	3	2		7	<i>Project Reports</i>
<b>1.1.4. Needs-based support for enhancement of local democratic governance policy and institutional framework in Georgia</b>											
	1.1.4. a) Number of national and regional initiatives (studies, technical assistance, workshops) supported for increased roles and resources for municipalities	Project reports	0	2023	2	2	2	2		8	<i>Project reports</i>
	1.1.4. b) Number of knowledge and experience sharing activities conducted to support promotion of good practices established through the project	Project reports	0	2023	0	1	1	1		3	<i>Project reports</i>
<b>Sub-Output 1.2. Communities have better access to more inclusive, innovative, and quality municipal services</b>											
<b>1.2.1. Introduce tailored services for disadvantaged communities</b>											
	1.2.1. a) Number of social assistance municipal programmes introduced or redesigned in targeted municipalities	Project reports	0	2023	0	2	2			4	<i>Project reports</i>
	1.2.1. b) Number of people benefiting from the social assistance programs introduced or redesigned with the project support	Project reports	0	2023	0	150	150			300	<i>Project Reports Municipal data</i>

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	disaggregated by sex, age and social status: PwD, IDP. <i>(Note: disaggregated targets TBD during ABD design)</i>										
	1.2.1. c) Number of operational plans for municipal waste collection developed with the project support	Project reports	0	2023	0	1	1			2	<i>Project reports Strategy documents</i>
	1.2.1. d) Participatory tools established to assess the quality of municipal services delivered to citizens	Project reports	No	2023	No	-	Yes	Yes		Yes	<i>Project reports</i>
<b>1.2.2. Improve municipal capacities to deliver people-centered services</b>											
	1.2.2. a) Number of local municipal staff with increased capacities in people-centered service delivery	Project reports	0	2023	12	12	12			36	<i>Project reports Training reports</i>
	1.2.2. b) Number of local municipal staff with increased capacities in service-specific areas	Project reports	0	2023	12	12	12			36	<i>Project reports Training reports</i>
	1.2.2. c) Improved capacity of local municipal staff in delivery of people-centered services measured via pre and post tests	Project reports	0	2023	25%	25%	25%			25%	<i>Project reports Training reports</i>
<b>1.2.3. Increase access to e-services in remote and disadvantaged areas</b>											
	1.2.3. Number of Mayors' representatives' offices supported to provide e-services to community members	Project reports	0	2023	0	12				12	<i>Project reports</i>
<b>Sub-Output 1.3. Communities are empowered to foster social cohesion and engage in sustainable local development</b>											
<b>1.3.1. Strengthen the Capacities of Civil Society Organizations (CSOs) to advance inclusive local development</b>											



EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	1.3.1. a) Number of Civil Society Organizations (CSOs) provided with capacity development support. Sub-targets for CSOs led by women and/or youth OR working on empowering women and/or youth (at least 4-led by or working on empowering women; at least 4-led by or working on empowering youth)	Project reports	0	2023	0	9	9	0		18	<i>Project reports</i> <i>Training reports</i>
<b>1.3.2. Provide Low-Value Grants for CSO-driven Initiatives to increase citizen engagement and social accountability</b>											
	1.3.2. Number of citizen participation initiatives implemented by CSOs. Sub-targets for initiatives led by women and youth OR targeted at engagement of women and youth. (at least 2-led by or working on engaging women; at least 2-led by or working on engaging youth)	Project reports	0	2023	0	6	6	0		12	<i>Project reports</i> <i>CSO grant competition reports</i>
<b>Sub-Output 1.4. Local capacities are advanced to foster green transition through the adoption of energy efficiency measures</b>											
<b>1.4.1. Support local stakeholders to apply energy efficient practices (awareness raising campaign, energy audits, energy management systems for private and public institutions) in selected geographic areas</b>											
	1.4.1. a) Number of local institutions (municipal and private sector agencies/companies) that have taken concrete steps toward greening business as a result of the campaign (e.g., adopting	Project reports	0	2023	30	40				70	<i>Project reports</i>

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	sustainable practices, investing in energy efficiency technologies).										
	1.4.1. b) Number of local institutions that participated in the energy audit program	Project reports	0	2023	10	15	4	5		34	<i>Project reports Energy audit reports</i>
	1.4.1. c) Number of local institutions that implemented energy efficiency improvements based on audit recommendations	Project reports	0	2023	3	7	2	2		14	<i>Project reports</i>
	1.4.1. d) Number of local institutions that have improved energy efficiency practices by through energy management systems EnMS, Sustainable Energy and Action Plans (SEAPs) and annual energy efficiency plans	Project reports	0	2023	0	7	5	5		17	<i>Project reports</i>
	1.4.1. e) Number of local institutions' employees who have improved skills related to EnMS and energy efficiency	Project reports	0	2023	0	70	50	50		170	<i>Project reports Training satisfaction reports</i>
<b>1.4.2. Advancing the energy efficiency-related jobs labor market for local vulnerable communities</b>											
	1.4.2. a) Needs assessment report on energy efficiency-related jobs developed and updated (yes/no)	Project reports	0	2023	No	Yes					<i>Needs assessment reports</i>
	1.4.2. b) Number of existing VET courses incorporating energy efficiency-related skills	Project reports	0	2023	0	3	2	0		5	<i>Project reports</i>
	1.4.2. c) Number of new courses on energy efficiency-related skills introduced in VET institutions	Project reports	0	2023	0	2	1			3	<i>Project reports</i>

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS	
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL		
	1.4.2. d) Number of employees of private and public institutions that have improved energy efficiency-related skills	Project reports	0	2023	0	100	50	30		180	Project reports	
	1.4.2. e) Number of vulnerable group members (disaggregated by gender/age) who have improved energy efficiency-related skills	Project reports	0	2023	0	150	150	100		400	Project reports Training evaluation reports	
<b>Output 2. Enhanced Governance in the Republic of Moldova through Multi-Stakeholder Engagement to Accelerate Green and Inclusive Transition</b>	2.1. Enhance policy and regulatory environments and strengthen stakeholder capacities at national and local level to incentivize investments in RES&EE (in the priority sub-sectors – energy and transport)											
	<ul style="list-style-type: none"> <li>- 2.1.1. Foster civic engagement to actively participate in national and local decision-making in RES&amp;EE and enhance transparency and inclusiveness in planning, funding allocation, and program implementation for renewable and energy efficiency initiatives.</li> <li>- 2.1.2. Develop and implement a Sustainable Energy Communities pilot in a Sandboxed environment through which the Government and partners will be able to test, evaluate, create a pipeline of eligible pilots for Sandbox and scale-up technologically advanced solutions in EE and/or Renewable energy, (targeting HHs, MSMEs or/and industrial sector – TBD at inception phase)</li> <li>- 2.1.3. Technical assistance to create enabling environment for investments into RES&amp;EE at local level (e.g., Sustainable Energy and Climate Action Plan (SECAPs))</li> <li>- 2.1.4 Support with development of data-driven mechanisms for policy formulation and investment Strategies in Low-Carbon Transport in a gender responsive manner</li> <li>- 2.1.5. Training and capacity building of national and local authorities, as well as other stakeholders, such as commercial banks, private sector, community members/CSOs, etc. to identify, plan, attract investments in the priority sub-sectors.</li> </ul>											
	2.1.1. a) Number of new or revised policies and regulations developed that support investments into renewable energy and energy efficiency in the priority sub-sectors	UNDP Progress reports		2023	5	5					10	Project reports
	2.1.1. b). Number of citizens informed and actively involved in policy and regulatory development and decision making proces	n/a	n/a	n/a	3000	2000					5000	Project reports
2.1.1 c) Number of public institutions (national and local government)				10						10		

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	informed/trained on participatory decision making										
	2.1.2. Number of co-designed /developed Pilots to be tested within Sandbox environment	Ministry of Energy reports	0	2023	2					2	<i>Project Reports, LPAs reports</i>
	2.1.2. b) Number of Pilots implemented in a sandboxed environment	Ministry of Energy reports	0			1				1	<i>Project reports</i>
	2.1.3. Number of action plans for EE adopted at the local level	Covenant of Mayors for Climate and Energy Office	68	2023		73				73	<i>Project reports</i>
	2.1.4. a). Number of knowledge products developed based on the data collected and analyses conducted on public transport use and low-carbon transition in the transport and energy sectors	Project reports	0	2023	2	2	2			6	<i>Project reports</i>
	2.1.4. b). Number of feasibility studies /assessment developed;	Project reports/E - Governance Agency's	0	2023		1				1	<i>Project reports</i>

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
		/MIRD's reports									
	2.1.4. c). Number of data collection mechanisms specifically designed, piloted, and integrated into both municipal and national systems for monitoring the use of public transport.	Project reports/E - Governance Agency's /MIRD's reports	0	2023			1			1	<i>Project reports</i>
	2.1.5. Number of institutions that have received training or capacity-building support to plan and incentivise the green energy transition	Project reports	0	2023			15			15	<i>Participants list Project/workshop reports</i>
<b>2.2. Intensify demand creation and access to funding for energy efficiency and renewable energy in residential buildings</b> <ul style="list-style-type: none"> <li>- 2.2.1. Training and Awareness Program for Homeowners Associations on Energy Efficiency and Renewable Energy</li> <li>- 2.2.2. In close consultation with the Centre, design ready-to-deploy contract templates for homeowner associations to simplify engagement and contracting process in the residential buildings (in close consultations with the local banks)</li> <li>- 2.2.3. Conduct an energy audit of target building (selected via public CEI in close cooperation with National Centre) and develop necessary technical documents for conducting EE interventions (preparatory) and thus leveraging funding from the Energy Efficiency Fund for residential sector</li> <li>- 2.2.4. Support the newly-to-be established National Centre for the Sustainable Energy (former Energy Efficiency Agency) in the development of its operational manual to ensure timely and effective operationalisation of the Centre and its financial programs in EE and/or RES</li> </ul>											
	2.2.1. a) Number of residents/citizens outreach via awareness campaigns on Energy Efficiency Fund Program in the residential sector	Project visibility reports	0	2023	7500	7500				15000	<i>Project/visibility reports</i>
	2.2.1. b) Number of HoAs participating in capacity-building programs and workshops.	Project reports	0	2023	25					25	<i>Project reports</i>

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS	
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL		
	2.2.1. c) The level of understanding among homeowners' associations (HoAs) regarding the benefits of energy efficiency and renewable energy has increased, as measured through assessments conducted before and after workshops.	Workshop surveys/Feedback	0	2023	Satisfactory						Satisfactory	Surveys Project Reports
	2.2.2. Number of developed ready-to deploy contract templates approved by national Centre	National Centre Report/Project Reports	0	2023		1					1	Project reports National Centre (EEA) report
	2.2.3. Number of energy audits developed for multi-storey buildings	Project Reports	0	2023	25						25	Project reports National Centre (EEA) register
	2.2.4. Number of operations/regulations developed for the functioning of the Centre/Energy Efficiency Fund Program	National Centre Report/Project Reports		2023	2	1					3	Project reports National Centre (EEA) report
<b>2.3. Enhance MSMEs Access and Investment opportunities in energy efficiency and Green technologies</b> <ul style="list-style-type: none"> <li>- 2.3.1. Design and roll out an energy audit programme to trigger an interest from the most ambitious MSMEs (in terms of energy savings and GHG emission reduction) to access partial funding (i.e., partial reimbursement of costs upon verification) and promote the adoption of Energy Management Systems among MSMEs</li> <li>- 2.3.2. Establish one stop (online) shops for the MSMEs to i. access information on the available local financial products and ii. on the scope the national carbon pricing systems and their impacts on MSMEs, including identifying opportunities and entry points for carbon markets, carbon pricing, highlighting best case studies in the countries of accessing carbon markets so far.</li> <li>- 2.3.3. Conducting a market assessment for introducing additional instruments on the market for higher uptake of EE&amp;RES measures by MSMEs (e.g. energy savings insurance)</li> </ul>												
	2.3.1. a) Number of MSMS engaged in the energy audit program	Project reports	0	2023		25					25	Participant list, number of

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
											<i>application (eligible, selected)</i>
	2.3.1. b) Number of MSMEs Adopting Energy Management Systems (EMS)	<i>Project reports</i>	0	2023		5				5	<i>Reports from beneficiaries, spot checks</i>
	2.3.1. c) Number of women-owned or led MSMEs participating in the energy audit program	<i>Project reports</i>	0	2023		7				7	<i>Participant list</i>
	2.3.2. User satisfaction level with the usage of the platforms for the MSMEs to access information on the available local financial products and national carbon pricing systems	<i>Project/s urveys and/or feedback mechanisms</i>	0	2023			Satisfactor y			Satisfactor y	<i>Surveys</i>
	2.3.3. Additional instruments identified for Increased EE/RES adoption by MSMEs	<i>Project reports</i>	No	2023	Yes					Yes	<i>Project reports</i>
<p><b>2.4. Adaptive management and <i>Expert On-Demand</i> support is provided to stakeholders facilitating an accelerated just green transition in Moldova in alignment with EU accession requirements through Enhanced Governance and Capacity Building</b></p> <ul style="list-style-type: none"> <li>- 2.4.1. <i>After-Action Reviews to reflect on experiences, Learning Loops to continuously improve, Knowledge Sharing to exchange insights with partners and stakeholders;</i></li> <li>- 2.4.2. <i>Provide support with the transposition of EU acquis in transport and energy policy related legislation, etc;</i></li> <li>- 2.4.3. <i>Capacity building and products development such as energy audits, and CDPs for energy auditors, managers, etc.</i></li> </ul>											
	2.4.1. a) Number of After-Action Reviews conducted	<i>Project/s urveys and/or feedback mechanisms</i>	0	2023	1	1	1	1		4	Board meeting minutes

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS	
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL		
	2.4.2. Number of EU acquis provisions transposed into national legislation on demand	<i>Project/s urveys and/or feedback mechanisms</i>	0	2023		5	5	5		15	Project Reports, Ministry reports	
	2.4.3. Number of capacity building and products development	<i>Project/s urveys and/or feedback mechanisms</i>	0	2023		2	2	2		6	Project Reports	
Output 3. Enhanced Regional Cooperation, Knowledge and Solutions for Accelerated Inclusive Green Transition and Inclusive, Anticipatory Governance.	<b>3.1. Eastern Neighbourhood Inclusive Green Transition Platform.</b>											
	<b>3.1.1. Develop practical guidance and approaches for impact measurement and assessments of social, environmental, human rights, and economic dimensions of green transition, to inform learning programs for the private sector, public authorities, and the civil society.</b>											
	3.1.1. a) Number of assessments measuring the social, environmental, human rights and economic impact impacts of green transition plans, including green investments at policy, sectoral and cross sectoral levels (could be also projects)	UNDP Progress Reports	0	2023	3	3	3	3				Project Reports
	<b>3.1.2 Explore green investment opportunities and design green finance initiatives to catalyse private sector investments</b>											
3.1.2. a) Number of leads generated for SMEs for increased investment in green solutions	UNDP Progress Report	TBD during the inception phase	2023	0	10	15	15				Project Reports	



EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	3.1.2. b) Availability of comprehensive data for green products and services (yes/no)	UNDP Progress Report	TBD during the inception phase	2023		yes					Project Reports
	3.1.2. c) i) number of green finance initiatives identified. ii) cumulative value of developed pipeline in U\$	UNDP Progress Report	TBD during the inception phase	2023	TBD during the inception phase	TBD during the inception phase	TBD during the inception phase	TBD during the inception phase			Project Reports
<b>3.1.3. Build region-specific expertise to advise the public authorities, business associations and civic space in Eastern Neighbourhood countries on governance, policy and regulatory frameworks.</b>											
	3.1.3. a) Number of policy advisory support provided by regional network of experts	UNDP Progress Report	TBD during the inception phase								Project Reports
	3.1.3. b) Number of interventions in response to the identified needs i) private sector; ii) national/local authorities; iii) civil society	UNDP Progress Report	0	2023	Tbd during the inception phase	Tbd during the inception phase	Tbd during the inception phase	Tbd during the inception phase			Project Reports

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
						phase					
	<b>3.1.4. Provide a systematized body of evidence i.e. policy briefs, case studies, best practices and lessons learned in areas of local governance, advancing green and just transition, integrity, and in crisis and displacement response and recovery.</b>										
	3.1.4. a) Number of policy briefs, case studies, and best practices in local governance, advancing green and just transition at the local level, integrity, and in crisis and displacement and recovery response in Eastern Neighbourhood countries.	UNDP Progress Reports	0	2023		3	3	3	3		Project Reports
	<b>3.1.5. Establish and facilitate the use of the platform as a resource space for peer learning and exchange and a regional community of experts, increased cross-regional connectivity and collaboration and investment opportunities.</b>										
	3.1.5. a) Presence of an interactive platform for continuous learning and needs assessment mechanism (yes/no)	UNDP Progress Report	0	2023	0	yes	yes	yes			Project Reports
	3.1.5. b) Presence of fully operational regional network of policy, academia and development practitioners(yes/no)	UNDP Progress Report	0	2023			yes				Project Reports
	3.1.5. c) Number of policy advisory support provided by regional network of experts	UNDP Progress Reports	0	2023	Tbd during the inception phase						Project Reports
	<b>3.1.6. Organize annual regional forum on pertinent topics of inclusive and green transition engaging the financial, private sector, local and national governments, civil society actors, youth organizations and academia.</b>										
	3.1.6. a) Number of high-level regional forums	UNDP Progress Report	0	2023		1		1			Project Reports Media reports

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	<b>Output 3.2. Enhancing opportunities for integration of digital and technological solutions in green transition and governance processes, including managing and combatting risks posed by misinformation and disinformation and improve social cohesion</b>										
	<b>3.2.1. Regional analysis of misinformation/ disinformation trends and rollout of potential solutions (e.g., I-Verify) for strengthening information integrity (particularly as related to green/just transition).</b>										
	3.2.1. a) Number of analysis on misinformation/disinformation trends in Eastern Neighbourhood countries particularly focusing on Moldova and Georgia.	UNDP IRH report; Project reports	0	2023	2	0	0	0			Project progress reports
	3.2.1. b) Number of solutions rolled out at regional and country levels to address misinformation/disinformation.	UNDP IRH report; Project reports	0	2023	1	0	1	0			Project progress reports
	<b>3.2.2. Advancing solutions for People-Centered Digital Transformation and Using Big Data and AI for Participatory Governance.</b>										
	3.2.2. a) Number of AI-enhanced tools and/or solutions to advance knowledge sharing, modelling and visualization	UNDP Project reports	0	2023	0	2	2	2			Project progress reports
	3.2.2. b) Number of local administrations in the region that apply UNDP digital transformation tools (digital readiness and fitness)	UNDP Project reports	0	2023	0	2	2	2			Project Reports
	3.2.3 c) Number of human rights impact assessments of AI data-driven systems, held in the region based on the model promoted by the project	UNDP Project reports	0	2023	0	2	2	2			Project Reports
	3.2.3. Streamline vertical and horizontal institutional arrangements and functional coherence for inclusive area-based development and integrated local development, including co-designing a guidance tool to help expand the civic space and promote digital, youth, and environmental activism										

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>66</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3 <i>indicative</i>	Year 4 <i>indicative</i>	Year ...	FINAL	
	3.2.3. a) Availability of the regional-level toolkit for various actors in Eastern Neighbourhood countries, providing guidance for expanding civic spaces with a particular focus on youth, digital, and environmental activism (yes/no)	UNDP Project reports	0	2023		yes					Project progress reports
	3.2.3. b) Availability of guidance note on institutional and context analysis (ICA) adapted for inclusive, green/just transition	UNDP Project reports	0	2023	Yes						Project progress reports

## VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
	inform management decision making to improve the project.				
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
<b>Project Report</b>	A progress report will be presented to the Regional Project Steering Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Project results, challenges (if any), opportunities and results will be discussed in the Regional Project Steering Committee and inform programmatic adjustments and potential scaling up, consistent with the adaptive management framework that will be applied by the project.		
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., Regional Project Steering Committee) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Regional Project Steering Committee shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Twice a year (mid-year and end-year)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified. Project results, challenges (if any), opportunities and results will be discussed in the Regional Project Steering Committee and inform programmatic adjustments and potential scaling up, consistent with the adaptive management framework that will be applied by the project.		

Evaluation Plan<sup>67</sup>

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Review		2.3 Responsive governance systems and local governance <u>strengthened</u> for socio economic opportunity, inclusive basic service delivery, community security, and peacebuilding	<b>Georgia:</b> Outcome 1: By 2025, all people in Georgia enjoy improved good governance, more open, resilient and accountable institutions, rule of law, equal access to justice, human rights, and increased representation and participation of women in decision making.	December 2025	National governments, local governments, civil society partners, business/private sector partners, communities, women and youth beneficiaries	\$40,000
Final Project Evaluation		5.2 Transition to renewable energy <u>accelerated</u> capitalizing on technological gains, clean energy innovations and new financing mechanisms to	<b>Georgia:</b> Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia.  <b>Moldova:</b> Outcome #4. By 2027,	2027	National governments, local governments, civil society partners, business/private sector partners, communities, women and youth beneficiaries	\$50,000

<sup>67</sup> Optional, if needed

		<p>support green recovery</p> <p>E.1 People and institutions <u>equipped</u> with strengthened digital capabilities and opportunities to contribute to and benefit from inclusive digital societies</p>	<p>institutions and all people of Moldova benefit from and contribute to green and resilient development, sustainable use of natural resources and effective gender-responsive climate change action and disaster risk management.</p> <p><b>Moldova:</b> Outcome #1. Structural transformation accelerated, particularly green, inclusive and digital transitions.</p> <p><b>Moldova:</b> Outcome #3: Resilience built to respond to systemic uncertainty and risk.</p>			
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## VII. MULTI-YEAR WORK PLAN BY PARTNER COUNTRY<sup>6869</sup>

For the Multi-Year Workplan, please refer to a separate document accompanying this Project Document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
<b>Output 1. Enhanced Democratic Local Governance for Inclusive and Sustainable Local Development in two areas in Georgia through Area-Based Approach (UNDP GEORGIA)</b>	<b>Sub-Output 1.1. Local development planning is improved through participatory and evidence-informed policymaking.</b>	<b>119,500</b>	<b>165,900</b>	<b>140,500</b>	<b>92,500</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>518,400</b>
	1.1.1. Engage communities in area-based priority-setting for local development and green transition	17,000				UNDP	Danish Gov.		17,000
	1.1.2. Introduce data collection tools and citizen feedback mechanisms	35,000	7,000	7,000	7,000	UNDP	Danish Gov.		56,000
	1.1.3. Assist municipalities in designing and implementing area-based programmes to advance partnerships with private sector and address the needs of disadvantaged communities.	57,500	143,900	118,500	70,500	UNDP	Danish Gov.		390,400
	1.1.4. Needs-based support to enhancement of local democratic governance policy and institutional framework in Georgia	10,000	15,000	15,000	15,000	UNDP	Danish Gov.		55,000

<sup>68</sup> Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

<sup>69</sup> Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

<b>Sub-Output 1.2. Communities and local businesses have better access to more inclusive, innovative, and quality municipal services</b>	<b>71,500</b>	<b>178,500</b>	<b>178,300</b>	<b>69,900</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>498,200</b>
1.2.1. Introduce tailored services for disadvantaged communities	54,500	142,500	166,300	67,900	UNDP	Danish Gov.		431,200
1.2.2. Improve municipal capacities to deliver people-centred services	17,000	10,000	10,000		UNDP	Danish Gov.		37,000
1.2.3. Increase access to e-services in remote and disadvantaged areas		26,000	2,000	2,000	UNDP	Danish Gov.		30,000
<b>Sub-Output 1.3. Communities are empowered to foster social cohesion and engage in sustainable local development</b>	<b>54,500</b>	<b>197,500</b>	<b>226,500</b>	<b>60,500</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>539,000</b>
1.3.1. Strengthen Capacities of Civil Society Organizations (CSOs) to advance inclusive local development	-	12,000	12,000	6,000	UNDP	Danish Gov.		30,000
1.3.2. Provide Low Value Grants for CSO-driven Initiatives to increase citizen engagement and social accountability	54,500	185,500	214,500	54,500	UNDP	Danish Gov.		509,000
<b>Sub-Output 1.4. Local capacities are advanced to foster green transition through adoption of energy efficiency measures</b>	<b>115,628</b>	<b>511,616</b>	<b>401,105</b>	<b>303,194</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>1,331,543</b>

1.4.1. Support local stakeholders to apply energy efficient practices (awareness raising campaign, energy audits, energy management systems for private and public institutions) in selected geographic areas	82,000	330,000	266,080	221,000	UNDP	Danish Gov.	899,080
1.4.2. Advancing the energy efficiency-related jobs labour market for local vulnerable communities	33,628	181,616	135,025	82,194	UNDP	Danish Gov.	432,463
Unallocated funds for 1.4	26,822	66,654	53,185	49,796	UNDP	Danish Gov.	196,457
Total unallocated Funds for 1.1; 1.2, 1.3	37,000	81,000	81,500	34,000	UNDP	Danish Gov.	233,500
<b>Total unallocated Funds for Output 1</b>	<b>63,822</b>	<b>147,654</b>	<b>134,685</b>	<b>83,796</b>	<b>UNDP</b>	<b>Danish Gov.</b>	<b>429,957</b>
<b>Sub-Total for Output 1</b>	<b>424,950</b>	<b>1,201,170</b>	<b>1,081,090</b>	<b>609,890</b>	<b>UNDP</b>	<b>Danish Gov.</b>	<b>3,317,100</b>
<b>Management and Administrative Costs</b>	<b>165,995</b>	<b>165,995</b>	<b>165,995</b>	<b>165,995</b>	<b>UNDP</b>	<b>Danish Gov.</b>	663,980
<b>Human resources:</b>	<b>120,420.00</b>	<b>120,420.00</b>	<b>120,420.00</b>	<b>120,420.00</b>	<b>UNDP</b>	<b>Danish Gov.</b>	
National Coordinator NPSA 9	61,500.00	61,500.00	61,500.00	61,500.00	UNDP	Danish Gov.	
Administrative and Finance Assistant	28,000.00	28,000.00	28,000.00	28,000.00	UNDP	Danish Gov.	
CO Team Leader (10%) NOB	8,040.00	8,040.00	8,040.00	8,040.00	UNDP	Danish Gov.	
Programme Associate (10%) G7	4,200.00	4,200.00	4,200.00	4,200.00	UNDP	Danish Gov.	
UNDP CO Communications Analyst (10%)	7,200.00	7,200.00	7,200.00	7,200.00	UNDP	Danish Gov.	
UNDP CO Monitoring & Evaluation Specialist (2.5%)	3,000.00	3,000.00	3,000.00	3,000.00	UNDP	Danish Gov.	
Administrative/Support Staff	8,480.00	8,480.00	8,480.00	8,480.00	UNDP	Danish Gov.	
<b>Operational costs</b>	<b>45,575.00</b>	<b>45,575.00</b>	<b>45,575.00</b>	<b>45,575.00</b>	<b>UNDP</b>	<b>Danish Gov.</b>	

	Office rent/security (20%)	16,000.00	16,000.00	16,000.00	16,000.00	UNDP	Danish Gov.		
	Office supplies (stationery, etc)	1,500.00	1,500.00	1,500.00	1,500.00	UNDP	Danish Gov.		
	Office IT equipment and Furniture (purchase/maintenance)	6,750.00	6,750.00	6,750.00	6,750.00	UNDP	Danish Gov.		
	Office utilities and other office-related service costs (water, electricity/heating, office security system)	4,000.00	4,000.00	4,000.00	4,000.00	UNDP	Danish Gov.		
	Office communication costs (mobile, internet, telephone, etc.)	3,000.00	3,000.00	3,000.00	3,000.00	UNDP	Danish Gov.		
	Project MS Office 365, and other support corporate services	3,325.00	3,325.00	3,325.00	3,325.00	UNDP	Danish Gov.		
	Visibility /branding/printing costs	5,000.00	5,000.00	5,000.00	5,000.00	UNDP	Danish Gov.		
	Vehicle costs (Depreciation, Insurance, Maintenance, Fuel) (50%)	6,000.00	6,000.00	6,000.00	6,000.00	UNDP	Danish Gov.		
<b>Evaluation</b>									
<b>Output Net Budget</b>		590,945	1,367,165	1,247,085	775,885				3,981,080
<b>General Management Support (8%)</b>		47,276	109,373	99,767	62,071				318,486
<b>TOTAL</b>		<b>4,299,567</b>	<b>638,221</b>	<b>1,476,538</b>	<b>1,346,852</b>	<b>837,956</b>			<b>4,299,567</b>
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 2. Enhanced Governance in the Republic of	2.1. Enhance policy and regulatory environments and strengthen stakeholder capacities at national and local level to incentivize investments in RES&EE (in the priority sub-sectors – energy and transport)	200,200	712,200	405,000	22,500	UNDP	Danish Gov.		1,339,900

<b>Moldova through Multi-Stakeholder Engagement to Accelerate the Green and Inclusive Transition (UNDP MOLDOVA)</b>	2.1.1. Foster civic engagement to actively participate in national and local decision-making in RES&EE and enhance transparency and inclusiveness in planning, funding allocation, and program implementation for renewable and energy efficiency initiatives.	42,200	20,000			UNDP	Danish Gov.		62,200
	2.1.2. Develop and implement a Sustainable Energy Communities pilot in a Sandboxed environment through which the Government and partners will be able to test, evaluate, create a pipeline of eligible pilots for Sandbox and scale-up technologically advanced solutions in EE and/or Renewable energy, (targeting HHs, MSMEs or/and industrial sector – TBD at inception phase)	120,000	350,000	50,000		UNDP	Danish Gov.		520,000
	2.1.3. Technical assistance to create enabling environment for investments into RES&EE at local level (e.g., Sustainable Energy and Climate Action Plan (SECAPs))		72,200			UNDP	Danish Gov.		72,200
	2.1.4 Support with development of data-driven mechanisms for policy formulation and investment Strategies in Low-Carbon Transport in a gender responsive manner	38,000	265,000	265,000	5,000	UNDP	Danish Gov.		573,000
	2.1.5. Training and capacity building of national and local authorities, as well as other stakeholders, such as commercial banks, private sector, community members/CSOs, etc. to identify, plan, attract investments in the priority sub-sectors.		5,000	90,000	17,500	UNDP	Danish Gov.		112,500
	<b>2.2. Intensify demand creation and access to funding for energy efficiency and renewable energy in residential buildings</b>	<b>583,137</b>	<b>241,500</b>	<b>0</b>	<b>0</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>824,637</b>
	2.2.1. Training and Awareness Program for Homeowners Associations on Energy Efficiency and Renewable Energy	170,000	170,000			UNDP	Danish Gov.		340,000
	2.2.2. In close consultation with the Centre, design ready-to-deploy contract templates for homeowner associations to simplify engagement and contracting process in the residential buildings (in close consultations with the local banks)	16,500	15,500			UNDP	Danish Gov.		32,000
	2.2.3. Conduct energy audit of target building (selected via public CEI in close cooperation with National Centre) and develop necessary technical documents for conducting EE interventions (preparatory) and thus leveraging funding from the Energy Efficiency Fund for residential sector	221,637				UNDP	Danish Gov.		221,637

2.2.4. Support the newly-to-be established National Centre for the Sustainable Energy (former Energy Efficiency Agency) in development of its operational manual to ensure timely and effective operationalisation of the Centre and its financial programs in EE and/or RES;	175,000	56,000			UNDP	Danish Gov.		231,000
<b>2.3. Enhance MSMEs Access and Investment opportunities in energy efficiency and Green technologies</b>	<b>55,000</b>	<b>272,000</b>	<b>21,000</b>	<b>0</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>348,000</b>
2.3.1. Design and roll out an energy audit programme to trigger an interest from the most ambitious MSMEs (in terms of energy savings and GHG emission reduction) to access partial funding (i.e., partial reimbursement of costs upon verification) and promote the adoption of Energy Management Systems among MSMEs		200,000			UNDP	Danish Gov.		200,000
2.3.2. Establish one stop (online) shops for the MSMEs to i. access information on the available local financial products and ii. on the scope the national carbon pricing systems and their impacts on MSMEs, including identifying opportunities and entry points for carbon markets, carbon pricing, highlighting best case studies in the countries of accessing carbon markets so far.		72,000	21,000		UNDP	Danish Gov.		93,000
2.3.3. Conducting a market assessment for introducing additional instruments on the market for higher uptake of EE&RES measures by MSMEs (e.g. energy savings insurance)	55,000				UNDP	Danish Gov.		55,000
<b>2.4. Adaptive management and Expert On-Demand support is provided to stakeholders facilitating an accelerated just green transition in Moldova in alignment with EU accession requirements through Enhanced Governance and Capacity Building</b>	<b>15,000</b>	<b>145,000</b>	<b>85,000</b>	<b>15,000</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>260,000</b>
2.4.1. After-Action Reviews to reflect on experiences, Learning Loops to continuously improve, Knowledge Sharing to exchange insights with partners and stakeholders;	5,000	5,000	5,000	5,000	UNDP	Danish Gov.		20,000
2.4.2. Provide support with the transposition of EU acquis in transport and energy policy related legislation,etc	5,000	70,000	40,000	5,000	UNDP	Danish Gov.		120,000
2.4.3.Capacity building and products development such as energy audits, and CDPs for energy auditors, managers, etc;	5,000	70,000	40,000	5,000	UNDP	Danish Gov.		120,000

<b>Unallocated Funds</b>	115,000	185,019	140,133	16,330	UNDP	Danish Gov.		<b>456,482</b>
<b>Sub-Total for Output 4</b>	<b>968,337</b>	<b>1,555,719</b>	<b>651,133</b>	<b>53,830</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>2,772,537</b>
<b>Management and Administrative Costs</b>	<b>158,519</b>	<b>191,520</b>	<b>191,520</b>	<b>181,520</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>723,079</b>
<b>Human Resources:</b>	<b>99,029</b>	<b>99,030</b>	<b>99,030</b>	<b>99,030</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>396,119</b>
Project Manager NPSA-9 (100%)	35,218	35,218	35,218	35,218	UNDP	Danish Gov.		
Project Associate NPSA-7 (100%)	22,551	22,551	22,551	22,551	UNDP	Danish Gov.		
Communication Officer NPSA 8 / Local Consultant (50%)	16,595	16,595	16,595	16,595	UNDP	Danish Gov.		
Energy Transition Portfolio Coordinator NPSA-10 (30%), QA	12,900	12,900	12,900	12,900	UNDP	Danish Gov.		
Programme Specialist/Cluster Lead NOC (10%), CO QA	8,069	8,069	8,069	8,069	UNDP	Danish Gov.		
Programme Associate G7 (10%), CO QA	3,697	3,697	3,697	3,697	UNDP	Danish Gov.		
<b>Operational costs:</b>	<b>38,750</b>	<b>28,000</b>	<b>28,000</b>	<b>27,500</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>122,250</b>
Office rent/security (to accomodate 3 project staff)	10,000	10,000	10,000	10,000	UNDP	Danish Gov.		
Office utilities and other office reletad service costs (water, electricity/heating, cleaning, office security system)	4,000	4,000	4,000	4,000	UNDP	Danish Gov.		
Office furniture (desks, chairs, cupboards)	5,500	0	0	0	UNDP	Danish Gov.		
Office communication costs (mobile, internet, telephone, etc.)	1,000	1,000	1,000	1,000	UNDP	Danish Gov.		
Office supplies (stationery, etc)	1,500	1,500	1,500	1,500	UNDP	Danish Gov.		
UNDP supporting missions/travels (Field Trips)	10,000	10,000	10,000	10,000	UNDP	Danish Gov.		
Office IT equipment and furniture (purchase/maintenance)	6,750	1,500	1,500	1,000	UNDP	Danish Gov.		
<b>Contractual services - individuals and Local / International Consultants (no of consultants/nr of wd/daily fee)</b>	<b>20,740</b>	<b>64,490</b>	<b>64,490</b>	<b>54,990</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>204,710</b>
<b>Evaluation</b>								
<b>Output Net Budget</b>	<b>1,126,856</b>	<b>1,747,239</b>	<b>842,653</b>	<b>235,350</b>				<b>3,952,098</b>
<b>General Management Support (8%)</b>	<b>90,149</b>	<b>139,779</b>	<b>67,412</b>	<b>18,828</b>				<b>316,168</b>
<b>TOTAL</b>	<b>1,217,005</b>	<b>1,887,018</b>	<b>910,065</b>	<b>254,178</b>				<b>4,268,266</b>

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 3. Enhanced regional cooperation, knowledge and solutions for accelerated inclusive green and inclusive, anticipatory governance.(UNDP IRH)	<b>3.1. Eastern Neighbourhood Inclusive Green Transition Platform</b>	<b>274,500</b>	<b>324,500</b>	<b>263,500</b>	<b>307,500</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>1,170,000</b>
	3.1.1. Develop practical guidance and approaches for impact measurement and assessments of social, environmental, human rights, and economic dimensions of green transition, to inform learning programs for the private sector, public authorities, and the civil society.	32,000	32,000	21,000	15,000	UNDP	Danish Gov.		<b>100,000</b>
	3.1.2. Explore green investment opportunities and design green finance initiatives to catalyse private sector investments.	75,000	75,000	75,000	75,000	UNDP	Danish Gov.		<b>300,000</b>
	3.1.3. Build region-specific expertise to advise the public authorities, business associations and civic space in Eastern Neighbourhood countries on governance, policy and regulatory frameworks.	35,000	35,000	35,000	35,000	UNDP	Danish Gov.		<b>140,000</b>
	3.1.4. Provide a systematized body of evidence i.e. policy briefs, case studies, best practices and lessons learned in areas of governance, advancing green and just transition, integrity, and in crisis and displacement response and recovery	22,500	22,500	22,500	22,500	UNDP	Danish Gov.		<b>90,000</b>



3.1.5. Establish and facilitate the use of the platform as a resource space for peer learning and exchange and a regional community of experts, increased cross-regional connectivity and collaboration and investment opportunities.	35,000	35,000	35,000	35,000	UNDP	Danish Gov.		<b>140,000</b>
3.1.6. Organize annual regional forum on pertinent topics of inclusive and green transition engaging the financial, private sector, local and national governments, civil society actors, youth organizations and academia.		50,000		50,000	UNDP	Danish Gov.		<b>100,000</b>
3.1.7. Support effective substantive monitoring, adaptive learning and communications across the project outputs	75,000	75,000	75,000	75,000	UNDP	Danish Gov.		<b>300,000</b>
<b>3.2. Enhancing opportunities for integration of digital and technological solutions in green transition and governance processes, including managing and combatting risks posed by misinformation and disinformation and improve social cohesion</b>	<b>75,250</b>	<b>75,250</b>	<b>42,500</b>	<b>24,000</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>217,000</b>
3.2.1. Regional analysis of misinformation/ disinformation trends and rollout of potential solutions (e.g., I-Verify) for strengthening information integrity (particularly as related to green/just transition).	23,000	23,000	14,000	5,000	UNDP	Danish Gov.		<b>65,000</b>
3.2.2. Advancing solutions for People-Centred Digital Transformation and Using Big Data and AI for Participatory Governance	23,750	23,750	23,750	14,250	UNDP	Danish Gov.		<b>85,500</b>

	3.2.3. Streamline vertical and horizontal institutional arrangements and functional coherence for inclusive area-based development and integrated local development, including co-designing a guidance tool to help expand the civic space and promote digital, youth, and environmental activism	28,500	28,500	4,750	4,750	UNDP	Danish Gov.		<b>66,500</b>
	<b>Unallocated Funds</b>	20,000	20,000	20,000	20,000	UNDP	Danish Gov.		<b>80,000</b>
	<b>Management and Administrative Costs</b>	<b>127,000</b>	<b>127,000</b>	<b>127,000</b>	<b>127,000</b>	<b>UNDP</b>	<b>Danish Gov.</b>		<b>508,000</b>
	Project Manager (100%)	100,000	100,000	100,000	100,000	UNDP	Danish Gov.		
	Communications	7,000	7,000	7,000	7,000	UNDP	Danish Gov.		
	Operational costs (1% of the budget)	20,000	20,000	20,000	20,000	UNDP	Danish Gov.		
<b>Evaluation</b>	Mid-term Review and Project Evaluation		40,000		50,000				<b>90,000</b>
<b>Output Net Budget</b>		496,750	586,750	453,000	528,500				<b>2,065,000</b>
<b>General Management Support (8%)</b>		39,740	46,940	36,240	42,280				<b>165,200</b>
<b>TOTAL</b>		<b>536,490</b>	<b>633,690</b>	<b>489,240</b>	<b>570,780</b>				<b>2,230,200</b>

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## VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

All UNDP projects must be governed by a multi-stakeholder board or committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this project, and to ensure standardization, such a body shall be referred to as the 'Regional Project Steering Committee (RPSC)'. The RPSC is the most senior, dedicated oversight body for a UNDP 'Development Project', which is an instrument for UNDP to deliver outputs where UNDP has accountability for design, oversight, and quality assurance of the entire project.

The two prominent roles of the Regional Project Steering Committee are as follows:

1. **High-level oversight of the project:** This is the primary function of the RPSC. The RPSC reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The RPSC is the main body responsible for taking corrective actions as needed to ensure the project achieves the desired results, and its function includes oversight of annual assessments of any major risks to the programme or project, and related decisions or agreements on actions or remedial measures to address them effectively.
2. **Approval of key project execution decisions:** The RPSC has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions and amendments, budget revisions, requests for suspension or extension and other major changes subject to additional funding partner or donor requirements.

In order to ensure UNDP's ultimate accountability, the RPSC decisions should be made in accordance with the Quality Standards for Programming that shall ensure management for development results, best value money, fairness, integrity, transparency and effective national and international competition. An effective RPSC needs credible data, evidence, quality assurance and reporting to aid decision making. The RPSC also needs to be accountable to protect against conflicts of interest and fraud.

Specific responsibilities of the RPSC include the following:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints, and promote gender equality and social inclusion in the project implementation.
- Review project performance based on monitoring, evaluation, and reporting, including standard quality assurance checks, progress reports, risk logs, and financial reports as well as regular reports from the country-level Project Boards.
- Address any high-level project issues as raised by the regional project manager and project assurance.
- Provide guidance on emerging and/or pressing project risks and agree on possible mitigation and management actions to address specific risks
- Agree or decide on project tolerances as required, within the parameters set in the UNDP-Denmark Contribution Agreement, and provide direction and decisions for exceptional situations when the project tolerances are exceeded (Budget changes or reallocation in excess of 10% between budget lines can be made only after prior Agreement with the Donor). Where agreed budget approval tolerances are expected at the country level, the UNDP RR will request the budget amendment to the IRH Manager, who will then endorse and seek approval from the Denmark MFA.
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor.

### Composition of the Regional Project Steering Committee:

1. **Project Director/Executive:** UNDP Istanbul Regional Hub, represented by IRH Manager, who chairs the RPSC.

2. **UNDP Resident Representatives (RRs) in Georgia and Moldova** (representing also the interests of those groups of stakeholders who will ultimately benefit from the project in each of the participating jurisdictions). The RRs may designate the respective DRRs as their alternates on the RPSC.
3. **Ministry of Foreign Affairs of Denmark**, as the Development Partner, comprising of a representative from the MFA in Denmark, and the Ambassadors representing Georgia and Moldova

The Regional Project Manager will provide secretarial support to the RPSC.

The RPSC meets first at the end of the Inception Phase (month 6) to review the Inception Report and then at least once a year, or more often as needed. RPSC will receive draft Inception Report and relevant documents (including updated workplan and logframe, as needed based on the inception report progress) at least two weeks ahead of the RPSC meeting.

The RPSC will be formed immediately upon start of the Project.

### **Support Functions to the RPSC**

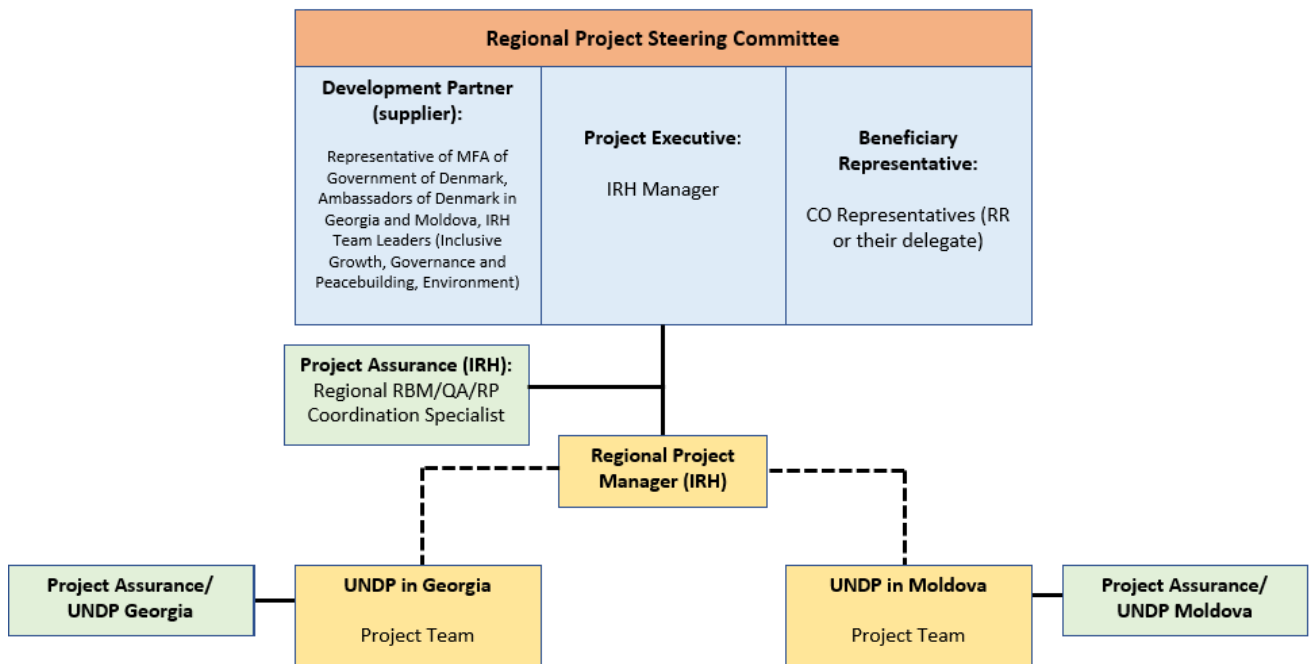
There are two main functions outside the RPSC structure whose role is to report to the RPSC and support RPSC members in effectively fulfilling their roles: project assurance and project management.

Project Assurance: Project assurance is the responsibility of each RPSC member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the Project Board by carrying out objective and independent project oversight and monitoring functions, including applying UNDP's social and environmental management system to ensure the SES are applied through the project cycle. The RPSC cannot delegate any of its quality assurance responsibilities to the project manager.

Project Management and Support: UNDP is responsible for the overall management of the project, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project manager typically presents key deliverables and documents to the RPSC for review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk logs.

Besides the RPSC as the overall decision-making and oversight body, a country-level Project Board in Georgia and Moldova will be established to ensure country-level implementation and oversight, as well as representation of views and interests of national beneficiaries and serve for consultation and co-ordination with broader range of partners and stakeholders (international development partners, civil society, academia, etc.), as necessary.

**Figure 2.** Project management structure.



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**IX. LEGAL CONTEXT**

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAs for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBA with UNDP, attached hereto and forming an integral part hereof. All references in the SBA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

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**X. RISK MANAGEMENT**

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds<sup>70</sup> are used to provide support to individuals or entities associated with terrorism , that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

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<sup>70</sup> To be used where UNDP is the Implementing Partner

7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:
- a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
    - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
    - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
  - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
  - c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
    - (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").
    - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.
  - d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:
    - (i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
    - (ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;
    - (iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;
    - (iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
    - (v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under

- the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.
- e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.
  - f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.
  - g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.
  - h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).
  - i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
  - j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality. Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
  - k. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.



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

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

## Terms of Reference

### Greening the future, advancing rights and stability:

#### Regional Project Steering Committee (RPSC)

#### I. Background

***Greening the future, advancing rights and stability: Spurring an inclusive and green transition with responsive governance in the Eastern Neighbourhood region*** project is governed by a multi-stakeholder Regional Project Steering Committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this ToR and to ensure standardization, henceforth, as regards project documentation, such a body shall only be referred to 'Steering Committee'. The Steering Committee is the most senior, dedicated oversight body for a UNDP's *Greening the future, advancing rights and stability* project, which is defined in the PPM as an instrument where UNDP "Delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire project."

#### Duties and Responsibilities

The two prominent (mandatory) roles of the Steering Committee are as follows:

- 1) **High-level oversight of the project** This primary role of the Steering Committee is to review evidence of project performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The Steering Committee is the main body responsible for taking corrective actions as needed to ensure the project achieves the desired results. And its function includes oversight of annual (and as-needed) assessments of any major risks to the programme or project, and related decisions/agreements on any management actions or remedial measures to address them effectively.

The Steering Committee also carries the role of quality assurance of the project taking decisions informed by, among other inputs, the project quality assessment. In this role the Board is supported by the quality assurer, whose function is to assess the quality of the project against the corporate standard criteria. This function is performed by the Regional RBM/QA/RP Coordination Specialist to maintain independence from the project manager regardless of the project 's implementation modality.

The Steering Committee reviews updates to the project risk log.

- 2) **Approval of key project execution decisions.** Project Steering Committee has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

The Steering Committee is responsible for making management decisions by consensus when required, including the approval of project plans and revisions, and the project manager's tolerances. The Project Steering Committee approves annual work plans and reviews updates to the project risk log.

Within the overall governance and management arrangements of the project, the role of the Project Steering Committee as regards these two key functions (*'High-level oversight of the project' and 'Approval of key project execution decisions'*) is distinct from the roles of entities involved in the implementation of the project.

In order to ensure UNDP's ultimate accountability, the Steering Committee decisions should be made in accordance with [the Quality Standards for Programming](#) that shall ensure management for development results, best value money, fairness, integrity, transparency and effective national and international competition.

Specific responsibilities of the Project Board include the following:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints, and promote gender equality and social inclusion (LNOB) in the project implementation;
- Review project performance based on monitoring, evaluation and reporting, including standard quality assurance checks, progress reports, risk logs, spot checks/audit reports and the combined delivery report;
- Address any high-level project issues as raised by the project manager and project assurance;
- Provide guidance on emerging and/or pressing project risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP's Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual
- Agree or decide on project manager's tolerances as required, within the parameters set by UNDP and the donor, and provide direction and decisions for exceptional situations when the project manager's tolerances are exceeded;
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor;
- Agree or decide on a project suspension or cancellation, if required;
- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Receive and address project level grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the project have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the project<sup>71</sup>.
- Engage in the low value grant selection process where there is no Grant Selection Committee, as guided by the [Low Value Grants – UNDP Operational Guide](#);

Additional responsibilities of the Steering Committee can include, but are not limited to, the following:

- Ensure coordination between the various donors and government-funded projects and programmes;
- Report to relevant inter-ministerial bodies or higher-level oversight bodies;
- Ensure coordination with multiple government agencies and their participation in project activities;
- Track and monitor co-financing for this project;
- Appraise the annual project implementation report, including the quality assessment rating report;
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project;
- Act as an informal consultation mechanism for stakeholders;
- Approve the Project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses;
- Review the final project report package during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up;

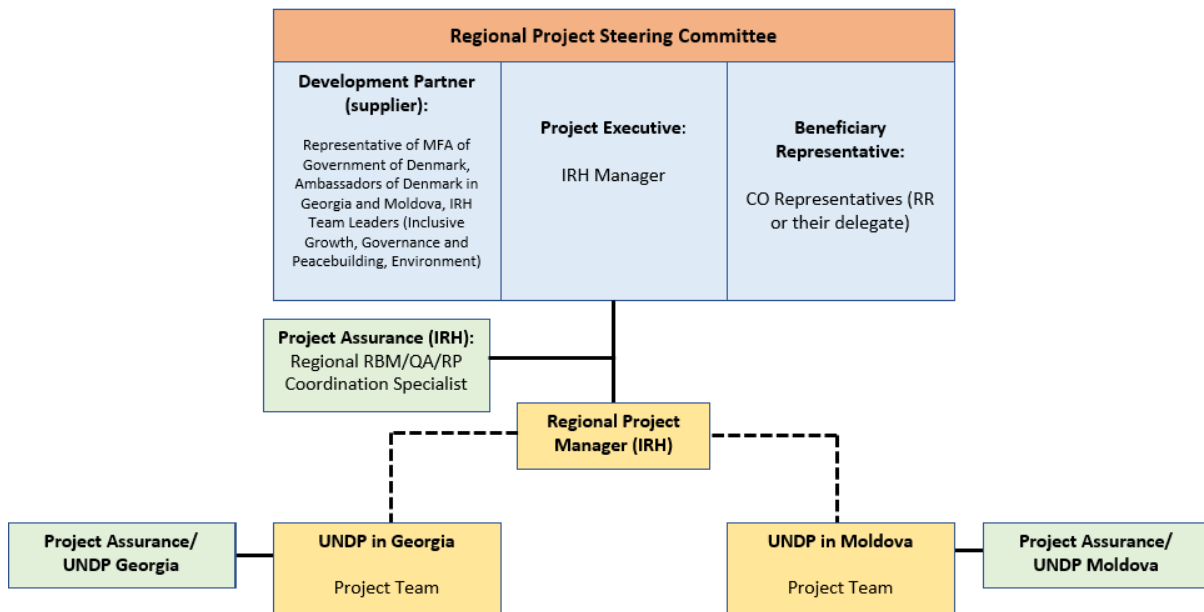
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<sup>71</sup> The responsibilities of the board in this regard should follow [UNDP's Social and Environmental Standards](#) (SES) as codified in the PPM. It should be noted that while a project board can play a role in addressing or assisting with the compliance and stakeholder response (or grievance) mechanisms put in place for a given project (as part of their quality assurance and oversight function), this will be in addition to and does not substitute for UNDP's core responsibility to ensure compliance with the SES throughout the project management cycle as part of UNDP's Programming Quality Assurance system.

- Providing guidance or reporting protocols to technical committees or sub-bodies reporting to the Steering Committee (if applicable);

## II. Composition of the Steering Committee

As noted in the diagram below, the Steering Committee has three categories of formal members (e.g. voting members). Besides the RPSC as the overall decision-making and oversight body, a country-level Project Board in Georgia and Moldova will be established to ensure country-level implementation and oversight, as well as representation of views and interests of national beneficiaries and serve for consultation and co-ordination with broader range of partners and stakeholders (international development partners, civil society, academia, etc.), as necessary.



- 1) **Executive:** An individual who represents ownership of the project and chairs the Steering Committee–IRH manager.
- 2) **Beneficiary Representative:** An individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Beneficiary’s primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries. Senior Management of UNDP Moldova and UNDP Georgia will perform the role of the Beneficiary. National government partners will be fully engaged in the decision-making, implementation and monitoring of the project at all levels. The project will have extensive stakeholder consultations mechanism, and also country level Project Boards where progress and future implementation will be discussed with main governmental counterparts, as well as project clients
- 3) **Development Partner:** An individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Development partner’s primary function within the Board is to provide guidance regarding the technical feasibility of the project. The representative from the MFA of Denmark will act as the Development partner. The Inclusive Growth Team Leader will also represent Development partner in the Steering Committee.

## III. Standard Steering Committee Protocols

The Project Board must meet one time annually at a minimum. It is recommended that the timing of board meetings be agreed upon in advance and corresponds to key project reporting or work planning milestones.

Unless otherwise specified, Project RPSC decisions are made by unanimous consensus. If a consensus cannot be reached within the Committee, the final decision shall rest with the UNDP representative on the Project Board or a UNDP staff member with delegated authority as the programme manager.<sup>72</sup> The Steering Committee must have rules for quorum and documentation/minuting of board decisions.

The output of every Steering Committee meeting should be a written record (minutes) that captures the agenda and issues discussed and the agreed upon action items and decisions (if applicable). Each report should clearly document the members attending the meeting (as well as all participants in the meeting) and the modality used to agree on a certain action or decision (whether formal voting or no-objection or other mechanism). All board decisions and minutes should be kept by the project management unit and UNDP. Guidelines on decisions taken in between Steering Committee meetings or virtually should be clearly elaborated in the RPSC Terms of Reference (ToR).

The Steering Committee members will abide to internationally recognized professional standards and principles of sound governance, conflicts of interest affecting board members in performing their duties must be formally disclosed if not avoidable. Where a board member has a specific personal conflict of interest with a given matter before the board, he/she must recuse oneself from their participation in a decision. No board member can vote or deliberate on a question in which he/she has a direct personal or pecuniary interest not common to other members of the board.

#### **IV. Standard Outputs of Steering Committee Meetings**

In its oversight function, the Steering Committee will (at a minimum) review and assess the following project-related evidence at each meeting:

- Assessment of project progress to date against project output indicators (as documented in the project document results framework)
- Approval/review of annual work plans
- Assessment of the relevant Monitoring & Evaluation mechanisms, including all evaluations<sup>73</sup>
- Review and assessment of the Project Risk Log (with updating/amendments as needed)
- Assessment of project spending, based on a review of the combined delivery report
- Review of required resources versus available funding (if applicable) and steps taken to reduce funding gap identified at the project design stage

#### **V. Support Functions to the Steering Committee**

Project assurance is the responsibility of each Project Steering Committee member; however, UNDP will support Project Steering Committee and Project Management by carrying out objective and independent quality assurance related to the project oversight and monitoring, including application of UNDP's social and environmental management system to ensure the SES are applied through the project cycle. A designated representative of UNDP Project assurance team will attend Project Steering Committee meetings and support board processes as a non-voting representative.

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<sup>72</sup> UNDP has this special right since the ultimate legal and fiduciary accountability for a UNDP project, irrespective of modality, rests with UNDP and UNDP must (in line with its obligations to donors and to the Executive Board) be able to ensure that no action is taken by any body in a UNDP project that contravenes UNDP rules and regulations.

<sup>73</sup> Including audit reports and spot checks.