UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT
Democratic Socialist Republic of Sri Lanka

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Project Title: HCFC Phase-out Management Plan-Stage II and Institutional Strengthening Project (ISP Phase XIII)
Project Number: 00134410

Output Numbers: HPMP Stage-II- 00126001; IS Phase XIII- 00131188

Implementing Partner: Ministry of Environment, Government of Sri Lanka

Start Date: 19 February 2022 **End Date:** 31 December 2031 **PAC Meeting date:** 18 February 2022

Brief Description
The HCFC Phase out Management Plan (HPMP) Stage I for the period 2011-2020 has been successfully completed by the Government of Sri Lanka, meeting with the compliance target of phase out 35% HCFC by 2020. The strategy adopted by the Government mainly involves the reduction in demand of HCFCs through policies, capacity building, promoting alternative technologies, and creation of awareness in the RAC (Refrigeration and Air conditioning Servicing Sector). HPMP Stage II aims at achieving 100% phase out of HCFCs by 2030. The HPMP II was approved by the Executive Committee of the Multilateral Fund at its 86th meeting. The total funds approved for HPMP Stage II is US $1,137,700, consisting of US $625,000 plus agency support costs of US $43,750 for UNDP, and US $415,000 plus agency support costs of US $53,950 for UNEP. The first tranche of stage II of the HPMP for Sri Lanka, and the corresponding tranche implementation plans, were approved in the amount of US $458,238, consisting of US $216,200 plus agency support costs of US $15,134 for UNDP, and US $200,800 plus agency support costs of US $26,104 for UNEP. However, as per decision of the extended meeting of the 86th Executive Committee meeting to apply a reduction in funding as per paragraph 11 and Appendix 7-A of the Agreement between the Government of Sri Lanka and the Executive Committee for stage I of the HPMP, calculated at US $2,500 for each metric tonne of HCFC consumption over the maximum allowable consumption limit, resulting in a penalty of US $11,463, consisting of US $6,270, plus agency support costs of US $470 for UNDP, and US $4,180, plus agency support costs of US $543 for UNEP, to the first tranche of stage II of the HPMP. Thus, the first tranche for UNDP is US$ 209,929. The Implementation of Stage II of the HPMP will also benefit from the parallel implementation of Phase XIII of the Institutional Strengthening Project (ISP), approved at the 86th Meeting of the ExCom of a total cost of US $ 171,592 under reference SRL/SEV/86/INS/57. During HPMP Stage II, short, medium and long-term strategies will be developed to continue the HCFC phase-out effort and to facilitate the safe introduction of new alternatives to sustain HCFC phase-out, in light of the overarching strategy. Addressing key gender gaps and ensuring a gender equality perspective will be ensured in the second phase.

Contributing Outcome (UNDAF/CPD, RPD or GPD): UNDAF Outcome 4 CPD Output 2.3 Indicative Output(s) with gender marker[2]: GEN 2

Total resources required:	$790,322

Total resources allocated:		
	UNDP TRAC:	
	Donor (MLF):	USD
	HPMP II	*$618,730*
	ISP XIII	*$171,592*
	Government:	
	In-Kind:	US$ 300,00
Unfunded:		

Agreed by (signatures)[1]:

UNDP	Implementing Partner
DocuSigned by: Malin Herwig C3A4E95E15BF4F7... Print Name: Malin Herwig Officer-In-Charge UNDP Sri Lanka	Print Name: Dr Anil Jasinghe Secretary Ministry of Environment
Date: 01-Apr-2022	Date: 05-Apr-2022

Dr. Anil Jasinghe
Secretary
Ministry of Environment

DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

Sri Lanka has actively taken part in international efforts to protect the environment in line with the global relevant efforts. Country has joined with many environment protocols, conventions, and agreements in the field of environment protection and climate change. The most urgent current environmental challenges to be addressed are- air, water and soil pollution, biodiversity degradation, climate change, disaster risk reduction, waste, and chemical emissions.

Since Sri Lanka as a party operating under Article 5 of the Montreal Protocol, complied with the accelerated phase-out schedule of HCFCs and has taken progressive measures to achieve the designated control measures. This has been successfully accomplished through the financial assistance received from MLF for the implementation of Montreal Protocol. Through the assistance from UNDP and UNEP, Sri Lanka was able to undertake technology conversion of foam sector by phasing out of HCFC 141b, training and capacity building in various sectors, information dissemination and awareness raising and project management.

While Sri Lanka has successfully achieved the 35% reduction target by 2020 under HPMP Stage I, the key development challenges that the project seeks to address are;

- Safe adoption of alternatives to HCFC, which are flammable and toxic in most cases. Therefore, relevant policies, technology transfer, training and awareness will be required to the stakeholders which includes Government, technicians, importers, users etc.
- Stage I could bring in alternative technologies in many subsectors like foam sector, residential air conditioning etc. However, technical assistance is needed to commercial and industrial RAC sector to phase out HCFCs.

Sri Lanka has been incorporating the SDGs into its national policy framework. Since the endorsement of the 2030 Agenda for Sustainable Development, Sri Lanka has taken several momentous initiatives. The most important one is the Sustainable Development Act in 2017, which establishes the legal framework to implement the SDGs with improved institutional and policy coherence. Under this Act, the Sustainable Development Council has been established, which formulates related national policies and guides new development projects.

The activities within HPMP Stage II will focus on strengthening capacity of RAC Servicing sector by providing knowledge and servicing tools and training to the RAC servicing sector on alternative technologies. The project will also promote the participation of women in consultation and decision-making levels and ensure that decision and recommendations incorporate a gender perspective. The project will continue to address gender inequalities in training and vocational education from entry level to entering the job market by creating spaces for women. The work done in stage I on gender equality will be strengthened in stage II

The HCFC Phase-out Management Plan (HPMP) Stage II is developed to enable the Government of Sri Lanka in achieving compliance with post 2020 control targets for consumption of Annex C Group 1 substances (HCFC) with socio-economic needs of the country. The regulatory mechanism (quota and license) for HCFC phasing out which was introduced by the Gazette Notification No. 1840/4 in 2013 will be remained with necessary amendments

I. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

The National ODS Phase-Out Programme of Sri Lanka was commenced in 1994. To date, the Government has complied with the phase-out targets for all ODS for which international trade is prohibited under the

Montreal Protocol. The legal and regulatory regime established by the Government to regulate the trade in ODS substances will be applied to the HPMP Stage II

The HPMP Stage II programme aims at achieving the planned HCFC reduction target (100% reduction in HCFCs consumption from the baseline) in the timeline from 2021 to 2030 and is intended to serve as a direct implementation instrument of the country's policy and commitment to meet its obligation under the Montreal Protocol.

During the project implementation, the HCFC reduction strategies include the followings

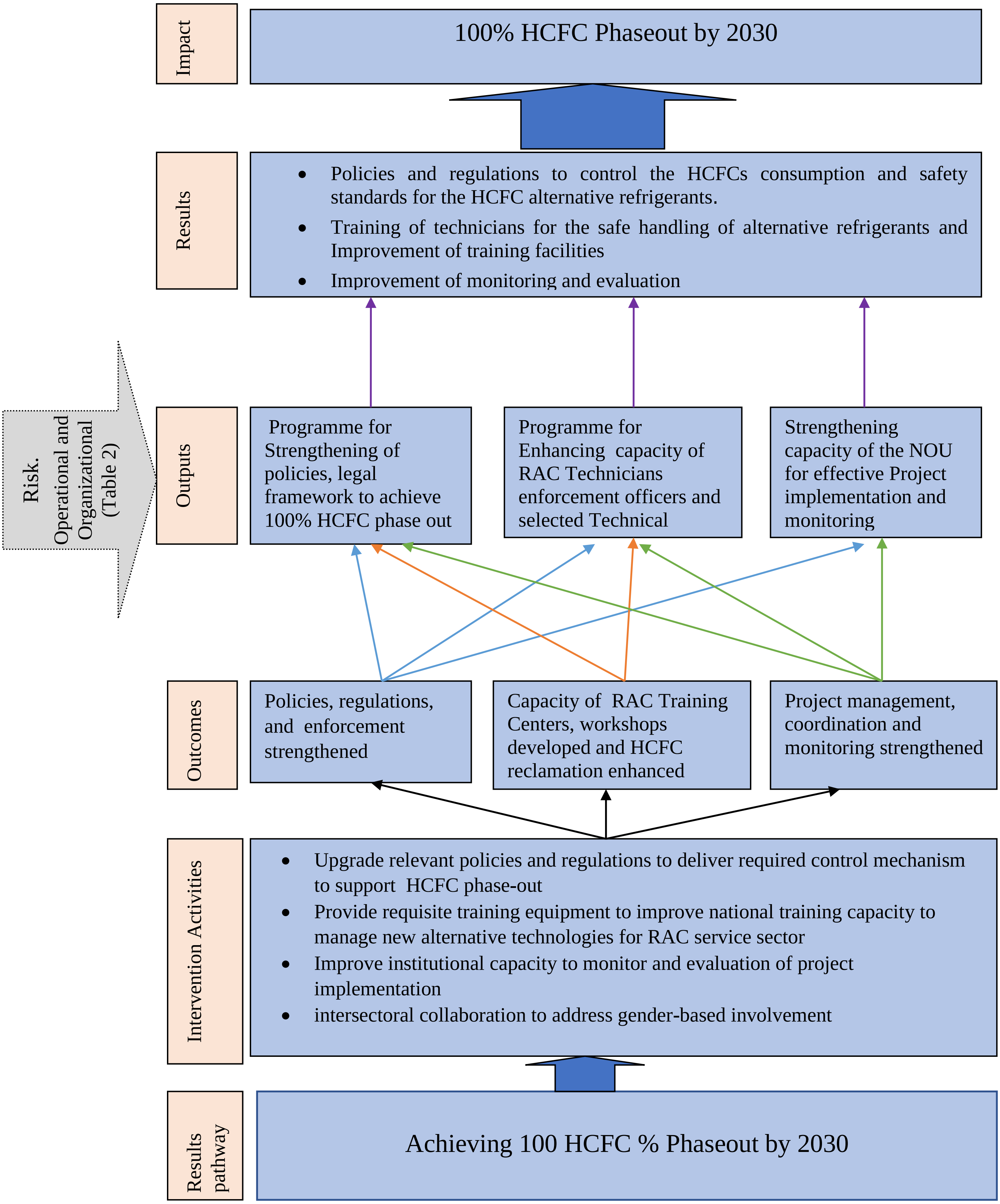
1. Improve or amend policies and regulations
2. Capacity building of enforcement officers and RAC technicians
3. Upgrade Training Centres and improve technician's curriculum
4. Strengthening of the HCFC reclamation centres
5. Awareness outreach.

The Government of Sri Lanka recognises the benefits that the phase-out of HCFC can have on the climate and will promote alternative technologies with low global warming potential (GWP) and high energy efficiency to achieve ozone climate co-benefits. The project's outputs will address policy and legislative gaps to control of the remaining consumption of HCFCs; increase the training capacities to overcome the barriers in adapting to new refrigerants (most of them are flammable or toxic), improve coordination, address gender bias and awareness among relevant government institutions and private sector networks.

Policy and legislative gaps will be addressed and improved by project interventions as planned during implementation of Stage II. The capacities to adapt to non-ODS low-GWP refrigerants will also be increased, and coordination mechanisms will be implemented for 100% reduction in the consumption of HCFCs and for smooth transition to HCFC alternatives.

To reach this objective, the project's outputs are designed to address the key barriers and challenges described in below TOC diagramme

Theory of Change



In Sri Lanka, HCFC is only used in the refrigeration and air-conditioning service sector. The HPMP Stage II is based on thorough survey of installed quantities and annual consumption of HCFC along with trends in and a forecast of this consumption until the year 2030.

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The target of the HPMP Stage II is to achieve the planned HCFC reduction targets of 100% in HCFC use from the baseline in the timeline from 2021 to 2030, with 65% phase out by 2025 and 100% by 2030. HPMP Stage II will serve as a direct implementation mechanism of the country's policy and commitment to meet its obligations under the Montreal Protocol.

Table 1. Sri Lanka HCFC phase-out schedule in ODP tons (2021-2030)

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Proposed phase-out targets ODP ton	9.04	9.04	9.04	9.04	4.52	4.52	4.52	4.52	4.52	0.00

The project activities will be implemented addressing enterprises involved in the importation of refrigerants and RAC equipment as well as servicing and maintenance of RAC equipment. These activities and interventions are proposed to be done through several regulatory measure and technical assistance as follows.

- Policy review and amendment of regulations
- Procurement of training equipment for training centers.
- Procurement and training of tools for servicing workshops
- Technical assistance for reclamation centres
- Technical assistance for Chillers
- Project Management, coordination and Monitoring

II. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

Expected Results

Successful implementation of the HPMP Stage II in Sri Lanka will result in a sustainable phasing-out of 166.18 MT or 9.14 ODP tonnes of HCFCs. Due to the relatively high GWP of HCFCs, their phase-out will result in reducing direct GHG emissions. The net direct CO_2 emission reductions are thus 300,789 CO2-eq tons annually post 2030.

Technical support to enhance the skills of technicians of RAC servicing sector to transition away from HCFC technologies is necessary to achieve compliance with the Protocol's HCFC phase out schedule. In Sri Lanka, HCFC is used in RAC servicing Sector. As such, achievement of the target consumption reductions will depend heavily on the ability of this sector to reduce consumption levels. In this regard, this HPMP Stage II places emphasis on technology support to the RAC servicing sector by developing the capacity of this sector to transition away from HCFCs to other alternative refrigerants. In addition to capacity building, project will provide technical assistance to sector using HCFC based equipment (like industrial and commercial refrigeration) to transit to alternate technologies. UNDP will assist to procure tools and equipment that will be used to upgrade the training centres to support RAC technician training and the transition towards ozone and climate friendly alternatives over the long term, developing the necessary technical skills within the sector.

Resources Required to Achieve the Expected Results

HPMP Stage II for Sri Lanka was approved in principle at the 86th ExCom through its intersessional approval process for the period from 2020 to 2030 for the complete phase-out of HCFC consumption, in the amount of US $1,137,700, consisting of US $625,000 plus agency support costs of US $43,750 for UNDP, and US $415,000 plus agency support costs of US $53,950 for UNEP.

The first tranche of stage II of the HPMP for Sri Lanka, and the corresponding tranche implementation plans, were approved in the amount of US $458,238, consisting of US $216,200 plus agency support costs of US $15,134 for UNDP, and US $200,800 plus agency support costs of US $26,104 for UNEP. However, as per the revised verification report, it became clear that the HCFC consumption in 2016 in Sri Lanka exceeded the target under the Montreal Protocol and the maximum allowable consumption set in the Agreement between the Government of Sri Lanka and the Executive Committee for that year by 0.23 ODP tonnes.

It was further discussed and decided at the extended meeting of the 86th Executive Committee meeting to apply a reduction in funding as per paragraph 11 and Appendix 7-A of the Agreement between the Government of Sri Lanka and the Executive Committee for stage I of the HPMP, calculated at US $2,500 for each metric tonne of HCFC consumption over the maximum allowable consumption limit, resulting in a penalty of US $11,463, consisting of US $6,270, plus agency support costs of US $470 for UNDP, and US $4,180, plus agency support costs of US $543 for UNEP, to the first tranche of stage II of the HPMP.

The Government of Sri Lanka in collaboration with UNDP will assist the implementation of the project through regular monitoring, guiding and implementation of its components.

Partnerships

The overall responsibility for the implementation of the Montreal Protocol lies with the National Ozone Unit (NOU) located within the Ministry of Environment, Government of Sri Lanka. However, given the complex and diverse nature of the ODS phase out programme, the support of a number of agencies and groups were required to ensure the success of the HCFCs phase out programme. These include:

- **The Ministry of Environment**: representing the government is responsible for project implementation, monitoring, reporting and achievement of overall project results. The NOU works under the direct guidance of the Secretary, MOE and with the support of UNDP to implement the project components.
- **The Ministry of Industries***:* responsible for overall guidance of industries for smooth adoption of HCFC free technologies and to work closely with the NOU on specific project activities for HCFC phase-out. This Ministry plays an important role in strengthening public-private partnership which is an important element for success of this project.
- **The Ministry of Vocational Training and Skills Development**: responsible for developing, promoting state policies on the national vocational training programmes, implementation and Certification
- **The Ministry of Agriculture**: responsible for developing and promoting of state policy for sustainable development of the country's agribusiness sector including cold chain
- **The Import and Export Control Department**: responsible for issuing licenses for import/export of refrigerants, equipment
- **Sri Lanka Customs**: responsible for controlling, monitoring and reporting import/export of refrigerant/equipment
- **Sri Lanka Sustainable Energy Authority**: responsible for implementing state policies specifically focused on improving energy efficiency and renewable energy resources

- **The UNDP**: responsible for providing technical support and managing the implementation of the project. UNDP will also be responsible for the project reporting and independent verification of achievement of ODS phase-out targets under the Agreement once requested by the Executive Committee of MLF
- Other stakeholders in the project will be Ministry of Transport, Central Environment Authority, Climate Change Secretariat, Consumer Protection Authority, Board of Investment, Sri Lanka Standards Institute, Universities, ASHRAE Sri Lanka Chapter and Media institutions.

HPMP Stage II will be implemented in close cooperation with the UNDP as the lead implementing agency and with the other supporting agencies. UNDP will leverage its strong partnership build over a period of time with the Government for successful completion of Stage II. The Private sector partnership's involvement for development of training programmes would benefit the RAC sector in return through receiving proper training on low- GWP alternatives which can pose potential occupational risk to the RAC technicians. Further, partnership of Training centres, Technical Universities and media institutions which are engaged in public awareness activities will retain relevance. A robust partnership would be established with private sector enterprises engaged in import, trade, installation, and service of RAC equipment for smooth and effective low-GWP technology transfer.

Risks and Assumptions

Table 2: Risks Facing the Project and Risk Mitigation Strategy

Project Risks				
Description	**Type**	**Impact & Probability 1(low) to 5(high)**	**Mitigation Measures**	**Owner**
Compliance of the project to meet the phase out target due to illegal imports	Operational	Risk is low, since strict policies are now in place after 2016 incident (I-1, P-1)	The country is committed to comply with the phase-out schedule. MLF provides the financial and technical assistance to achieve target. Project Board will take necessary action to avoid such situation	Project Board
Limited access to non-ODS low-GWP technologies for various application in RAC sector/subsectors due to cost effectiveness	Operational	Risk is moderate since the penetration of cost effective non-ODS low-GWP technology has been started due to awareness in parallel to implementation of Kigali Amendment activities (I-2, P-2)	Government and Implementing agencies will facilitate the knowledge sharing on the alternatives for HCFCs	NOU and UNDP, UNEP

Increased emissions due to intentional and unintentional release of refrigerants and discarded wastes to the environment leading to ozone depletion, GHG release and transboundary environment impacts	Awareness and Training	Risk is moderate. Current bad practices in equipment usage and unsound maintenance activities by RAC Technicians leading to emissions of ODS (GHGs) during maintenance activities (I – 3, P= 2)	Project will provide training on good service practices to RAC technicians to minimize emissions and thereby reduce the risks of potential leakage that could add to the global stock of ozone depleting and global warming chemicals. Also, the revision of the regulatory framework will require the RAC servicing sector to comply with environmental safeguards on reduced ODS emissions	Director - NOU
Health and safety hazards to RAC sector personnel due to the use, trade and transport of flammable and toxic refrigerants	Operational	Risk is low. Following the Montreal Protocol guidelines, HCs are the preferred technological options under the Project. However, HCs are highly flammable substances and unsound practices in their application can led to accidents and increased risk of fire or explosions (I-2, P-2)	Project will provide targeted training on good service practices and certifications to technicians aiming to reduce the flammability risk associated with the use of HCs. Project will also provide technical and financial assistance to strengthen training centres capacity to provide training to technicians with proper tooling and training units specifically design to reduce accidents risks.	Project Team
Accidental release of hazardous chemicals and/or materials to the environment during transport and use.	Operational	Risk is moderate The project will strengthen current Recycling and Reclamation Center for ODS refrigerants as alternative means to reduce their leakage and improve their circularity. However, there is still a risk that the during the procedures to recover, storage, transport, recycle/reclaim and re-sell these refrigerants, accidental risks can occur leading to leakage and emissions. (I-3,P-3)	The Project will work in close coordination with importers, Import/Export Control Department and Customs, the National Ozone Unit will ensure proper control of trade of refrigerants. The training of officials from Customs, the import and export department and the RAC sector will improve their capacity to adopt good practices in management of refrigerants. To manage accidental release, the relevant authorities and organization will be trained on the relevant procedures and standards	

Stakeholder Engagement

A strong coordination and involvement among different stakeholders have been established during HPMP Stage I and will continue to achieve the phase out targets of Sri Lanka. The Second Stage HPMP for Sri Lanka will involve close coordination among Government, industries (being the intended beneficiaries), industry associations, regulatory bodies and the implementing agencies

(UNDP and UNEP). The project stakeholder engagement and coordination is the foundation for systematic and sustainable HCFCs phase-out. The roles and responsibilities of each stakeholder and how they will participate in the "network" for project implementation has been detailed in section on "partnerships" earlier. The project is expected to be implemented with minimum disruption to business continuity and livelihood of different industry stakeholders. Through funding support and proper timeframe, systematic project implementation process and technology transfer, the project is expected to achieve HCFCS phase-out targets with minimum cost to industry and consumer.

The above-mentioned stakeholders would be engaged at various points during project initiation, implementation monitoring and other specific project activities. The project intends to maintain the coordination and consultation among stakeholders through the Coordination Committee meetings which are scheduled to hold in twice a year.

South-South and Triangular Cooperation (SSC/TrC)~~.~~

UNDP has gained valuable experience in implementing HPMPs globally, and in some of the South Asian countries (e.g., India, Bangladesh, Maldives) in particular. Given the similarities of the challenges facing the RAC industry in these countries, the project intends to use lessons learned therefrom in implementing the HPMP Stage II in Sri Lanka, as necessary.

Knowledge

As done in HPMP Stage I, Stage II will focus on HCFC phase out though policy measures, technical assistance for technology transition, capacity building and awareness. Knowledge will be imparted to stakeholders through various activities as per plan. Knowledge and learning will be compiles and shared with stakeholders. The results will be periodically reported to the Executive Committee as a requirement. Concerning knowledge products, training manuals, training materials will be produced and distributed among industries, technicians and others during the workshops. HPMP will also be regularly updating the database of import/export and in country consumption of ODSs and their alternative in coordination with Customs and import-export ministry. The database is also reported to the MLF Secretariat.

Sustainability and Scaling Up

The project will strengthen the national regulation and enforcement mechanism mainly through amending/updating the legislation related to import/export of HCFCs. The proposed online database and updated monitoring systems can be used to ensure country's compliance with its set targets and thus with the Montreal Protocol. The technical support provided to build the capacity of RAC sector will deliver climate and economic benefits in return to the country. Furthermore, Promoting the use of alternative refrigerants with zero or very low GWP is an important component of this project. Another important component is to encourage the recovery, recycling and reclaiming of refrigerant among RAC technicians. Finally, the dissemination campaigns will reinforce the use of alternatives. These activities will also contribute to reducing the risk of illicit HCFC use in the future

Gender dimension

The project during its Stage-II intends to focus more on the gender mainstreaming aspects, because there is a lack of statistics, records, or reliable source of information on women working in the RAC sector. However, the survey has identified that women are underrepresented in RAC service sector.

In learning the importance of gender considerations in the implementation, management, monitoring and evaluation of the project, the National Ozone Unit has made significant progress in recruiting a gender representative team. Currently, the National Ozone Unit is composed of an equal number of professionally qualified women and men officials (five each). Hence, the project ensured a gender balance at implementation level. The staff also plays the role of influencer to consider gender aspects to harmonize gender incorporation across management tiers

NOU will promote women's empowerment activities to be implemented as part of HPMP stage II in various steps such as:

(a) Encouraging women to apply for administrative, policy making and technical positions in the RAC sectors.
(b) Encouraging women participants in the event/activities organized under the HPMP Stage II such as meeting, training, workshop, capacity building activities and outreach activities etc.
(c) Discussing gender issues during the thematic workshops to share experiences and lessons learned on gender mainstreaming.
(d) Shape trainings and other interventions taking into considerations specific needs for men and women.

III. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMANDED)

Cost Efficiency and Effectiveness

The combination of financial support for new technologies and equipment and specific policy measures employed is an effective approach for achieving timely HCFC phase-out. Grants provided by the MLF enabled Sri Lanka to deliver maximum results with available resources for sustainable phase-out. The HCFC Management Regulation issued in 2013 on Strict Management of HCFC import and consumption provided a solid legal basis for the management and monitoring of HCFC phase-out. The import quota system implemented in partnership between MOE and IECD has worked extremely well.

Presently, alternative low GWP technologies face technical and market barriers such as potentially higher investment cost, lack of standards and service capacity. The presence of such barriers prevents the large-scale commercialization of such low GWP technologies. The project will play a key role in increasing awareness on benefits of new ozone and climate friendly technologies

Project Management

The HPMP Stage II will be implemented by the National Ozone Unit (NOU) set up under the Ministry of Environment of Sri Lanka with the support from UNDP as the lead implementing agency and UNEP as the cooperating implementing agency. NOU will function as the national implementer of all project activities which are broadly described in the HPMP-II proposal. NOU will continue the administrative procedures applied for Stage I towards implementation of the HPMP Stage II and regular monitoring of compliance with the workplans are ensured by UNDP.

UNDP will use Country Office Support to National Implementation Modality (COS-NIM) based on establishment of Annual Workplans.

RESULTS FRAMEWORK[1] -

Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:

Enhancing resilience to climate change and disasters and strengthening environmental management

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

Indicator 1.4.1 Amount of chemicals reduced or disposed (metric tons)

Baseline (2021): 9.04 ODPt

Target 1 (2025): 4.52 ODPt

Target 2 (2030): 0.00 ODPt

Source: A 7 Data, submit by the Government of Sri Lanka to MLF Secretariat

Applicable Output(s) from the UNDP Strategic Plan: SP Output 1.4.1

Solutions scaled up for sustainable management of natural resources, including sustainable commodities and green and inclusive value chains

Project title and Atlas Project Number: HCFC Phase-out Management Plan- Stage II:

Atlas Project Ref: 00134410

EXPECTED OUTPUT	OUTPUT INDICATORS[2]	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)										DATA COLLECTION METHODS & RISKS
			Value	Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (Final)[3]	

[1] 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.

[2] 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.

[3] Cumulative target

Output 1: Programme for Strengthening of policies, legal framework to achieve 100% HCFC phase-out (From 9.04 to 0 ODPT)	1.1. Number of meetings/workshops conducted for policymakers to review and draft new policies	List of participants (gender-disaggregated data), Workshop Agenda Partner meeting minutes, workshop agenda. Policy draft minutes/records	00	2021	-	01	01	02	02	03	03	04	05	05	Desk review on workshop reports, agenda, attendance lists, meeting minutes, pre and post-evaluation data.
	1.2 Number of Gazette notification issued	IECD Website, Gazette notifications	01	2013	-	02	02	02	02	02	02	02	02	02	Published Gazette notifications
	1.3. Number of refrigerant identifiers procured for Sri Lanka Customs	Inventory record	00	2021	-		-	05	05	05	05	05	05	05	Inventory Records, Physical verifications
	1.4 Number of online quotas issues for the importers	Online reporting system. Partner meeting minutes, quota notices	0	2021	TOD	TOD	TOD	TOD	TOD	TOD	TOD	TOD	TOD	TOD	Review Quota Notices, Customs and DEIC reports

Output 2: Programme for Enhancing of capacity of RAC Technicians enforcement officers and selected Technical Institutes on alternative technologies	2.1. Number of training centres strengthened with new sets of training equipment	Goods Delivery Notes, Inventory list of the Training Centres	00	2021	-	06	06	06	06	06	06	06	06	06	Equipment Checklist and physical verification reports
	2.2. Number of sets of Servicing tools distributed for servicing workshops	Inventory record, PBM	00	2021	-			40	90	90	90	90	90	100	Equipment checklists and Inventory Records
	2.3 Number of training workshops to strength reclaim centres	List of participants (gender disaggregated data), Workshop Agenda, training agenda, participant lists, meeting minutes. Would encourage to include pre and post evaluation indicators as mentioned earlier.	00	2021		02	04	04	06	06	08	09	10	10	Review workshop reports, agenda, attendance lists, meeting minutes, pre- and post-evaluation data.
	2.4. Number of feasibility reports delivered on HCFC Chillers	Report published, Feasibility report	00	2021			01	01	01	01	01	01	01	01	Feasibility Reports

Output 3: Strengthening capacity of the NOU for effective Project implementation, monitoring and evaluation	3.1. Number recruitments made for technical posts (gender disaggregate information)	Staff/ Cadre list, meeting minutes	00	2020		03	03	03	03	03	03	03	03	03	TORs, Recruitment details, PSC minutes
	3.2. Number of internal trainings for the staff maintaining gender parity standards (1 per year)	List of participants (gender disaggregated data), Workshop Agenda, NOU Annual report	00	2021	-	01	02	03	04	05	06	07	08	09	Review workshop reports, agenda, attendance lists, meeting minutes, pre and post evaluation data.

IV. 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)
Track results progress	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.		NA
Monitor and Manage Risk	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.	Medium	NA
Learn	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.		NA
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		NA
Review and Make Course Corrections	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.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			NA
Project Review (Project Board)	The project's governance mechanism (i.e., project board) 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 Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		NA

Evaluation Plan[4]

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
e.g., Mid-Term Evaluation						

[4] Optional, if needed

V. MULTI-YEAR WORK PLAN -HPMP STAGE II [5][6]

EXPECTED OUTPUTS	PLANNED ACTIVITIES	PLANNED BUDGET BY YEAR (US$)				RESPONSIBLE PARTY	PLANNED BUDGET (US$)		
		2021-2023 (1st Tranche)	2024- 2026 (2nd Tranche)	2027-2029 (3rd Tranche)	2030 (4th Tranche)		Funding Source	Budget Description	Amount
Output 1: Programme for Strengthening of policies, legal framework to achieve 100% HCFC phase out (From 9.04 to 0 ODPT)	**Activity 1:** Policy Regulation & enforcement	9,000	2,000	2,000	2,000	MOE	MLF 63030	Contractual Services – Companies (72100)	15,000
		1,600	2,600	1,600	1,200	MOE	MLF 63030	Training, Workshops & Conference (75700)	7,000
		600	600	600	200	MOE	MLF 63030	Audio Visual & Print Production cost (74200)	2,000
			25,000			MOE	MLF 63030	Contractual Services-Companies (72100)– *Procurement of Refrigerant Identifier*	25,000
	Sub Total – output 1	**11,200**	**30,200**	**4,200**	**3,400**				**49,000**
Output 2 : Programme for Enhancing of capacity of RAC Technicians enforcement officers and selected	**Activity 2:** Capacity building of RAC sector	141,064				MOE	MLF 63030	Contractual Services-Companies (72100)– *Procurement of Training equipment for training centres*	141,064
			213,032		25,000	MOE	MLF 63030	Contractual Services-Companies (72100)– *Procurement of tools and equipment for RAC workshops*	238,032

[5] 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

[6] 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.

Technical Institutes on alternative technologies		4,000	3,862	3,047	5,725	MOE	MLF 63030	Training, workshops & Conference (75700) *Technical assistance for reclamation centers*	16,634
		12,000				MOE	MLF 63030	Contractual Services-Companies (72100) – *Feasibility study on chillers*	12,000
	Sub Total- output 2	**157,064**	**216,894**	**3,047**	**30,725**				**407,730**
Output 3: Strengthening capacity of the NOU for effective Project implementation, monitoring and evaluation	**Activity 3**. Project implementation, coordination, and monitoring	31,953	37,000	42,000	18,833	UNDP	MLF 63030	Contractual Services – Individual. (71400) Recruitment of staff	129,786
		3,000	3,000	2,000	2,000	MOE	MLF 63030	Travel (71600)	10,000
		600	900		2,000	MOE	MLF 63030	Supplies (72500)	3,500
		2,130	2,100	2,000		MOE	MLF 63030	IT/ office equipment (72800)	6,230
		3,000	3,000	2137	2137	MOE	MLF 63030	Communication, Audio, visual equipment (72400)	10,274
		953	419	419	419	UNDP	MLF 63030	Direct Project Cost (64398)	2,210
	Sub Total	**41,636**	**46,419**	**48,556**	**25,389**				**162,000**
	TOTAL	**209,900**	**293,513**	**55,803**	**59,514**				**618,730**

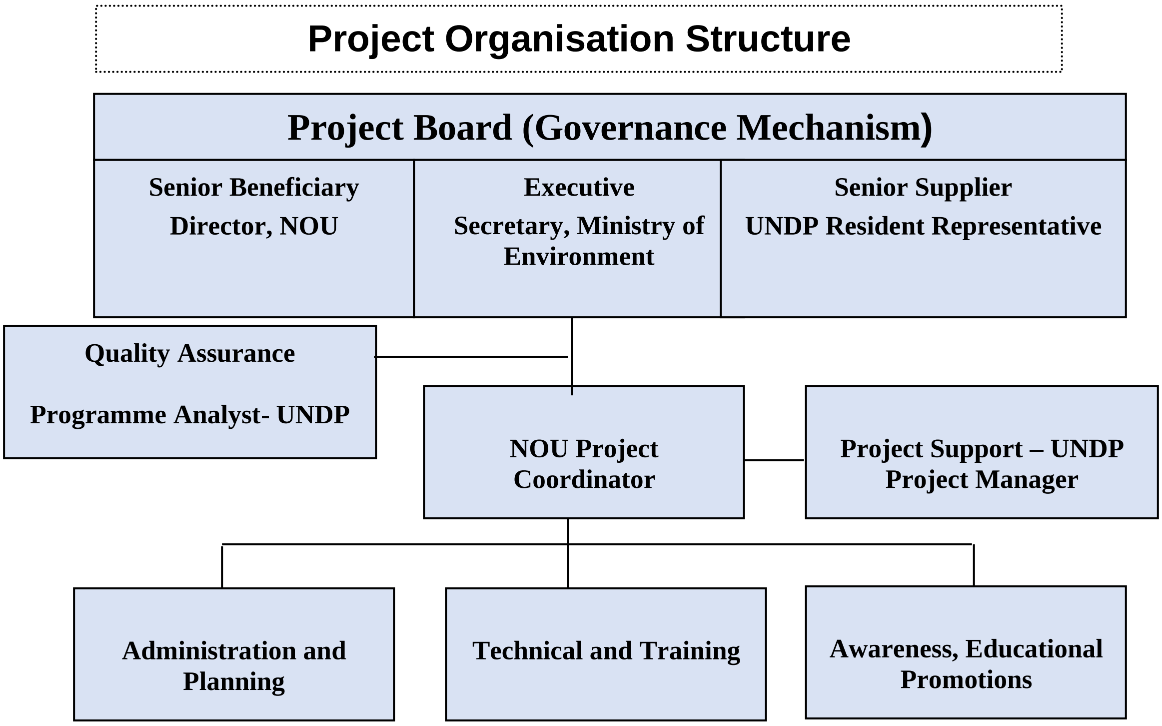
Multi-Year Work Plan – Institutional Strengthening Project Phase XIII

OUTPUT ID		**00131188**									
MLF Ref.		**SRL/SEV/86/INS/57**									
Project Title		**Institutional Strengthening for the phaseout of Ozone Depleting Substances Under the Montreal Protocol -Phase XIII**									
Executing Agency		**National Ozone Unit, Ministry of Environment**									
EXPECTED OUTPUTS	**ATLAS Activity**	**Responsible Party**	**Imple. Agency**	**BU**	**Source of Funds/ Fund code**	**Donor ID**	**ATLAS Account Code**	**ATLAS Budget Description**	**2021 Budget**	**2022 Budget**	**Total (USD)**
Output 1: Institutional Stregthening	Activity 1: Effective Management of the project unit and knowledge product of harmful effect of Ozone depletion and phaseout of harmful substances produced and shared	Ministry of Environment	1142	LKA	63030	10009	71300	Local Consultant		20,554.00	20,554.00
		Ministry of Environment	1142	LKA	63030	10009	71800	Contractul Service Individual		20,000.00	20,000.00
		Ministry of Environment	1142	LKA	63030	10009	72200	Equipment & Furniture		10,000.00	10,000.00
		Ministry of Environment	1142	LKA	63030	10009	72500	Supplies		4,000.00	4,000.00
		Ministry of Environment	1142	LKA	63030	10009	71600	Travel		26,000.00	26,000.00
		Ministry of Environment	1142	LKA	63030	10009	74200	Audio Visual & Print Production		15,000.00	15,000.00
		Ministry of Environment	1142	LKA	63030	10009	75700	Training Workshop & Conference	239.04	47,760.96	48,000.00
		Ministry of Environment	1142	LKA	63030	10009	73400	Maint, Oper of Transport Equip		8,592.00	8,592.00

		UNDP	1981	LKA	63030	10009	71400	Contractual Services - Individual		14,644.00	14,644.00
		UNDP	1981	LKA	63030	10009	72515	Printed Media		382.00	382.00
		UNDP	1981	LKA	63030	10009	64398	DPC		4,420.00	4,420.00
	TOTAL								**239.04**	**171,352.96**	**171,592.00**

VI. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be implemented through National Implementation Modality (NIM) with National Ozone Unit of the Ministry of Environment as the programme management unit. The overall project governance and organizational structure is presented below



The Project Board (PB) will have the overall responsibility for project implementation, oversight and quality assurance. The PB will provide policy guidance and monitor the performance of the project, review progress on a periodic basis, approve progress reports as well as manage risks and issues. It will approve the appointment and responsibilities of the Project Management (PM) and will define the latter's responsibilities. The PB will review and make recommendations for UNDP/Implementing Partner approval as well as authorize any major deviations in project plan. It will also be responsible for assessing and deciding on substantive project changes through revisions. The PB will at minimum twice a year or more if deemed necessary. The PB will ensure that required resources are committed and arbitrate any conflicts within the project as well as negotiated solution to any problems between the project and external bodies. The proceeding of all PB meetings will be recorded.

The Secretary of the Ministry of Environment will serve as the Executive and will have ultimate responsibility for the project, supported by the Senior Beneficiary and Senior Supplier. As part of the responsibilities of the Project Board, the Executive will ensure that the project is focused throughout the project cycle on achieving outputs that will contribute to higher level out comes. Additional responsibilities include monitoring and controlling the progress of the project at a strategic level, ensuring that risk are being tracked and mitigated as effectively as possible and organizing, chairing and ensuring that the Project Board meet in a timely manner, as stipulated in the project document. The Senior Executive will be responsible for approving and signing the Annual Work Plan (AWP) for the following year on behalf of the Implementing Partner as well as approving and signing the Combined Delivery Report (CDR) at the end of the year. The Senior Executive will be responsible for delegating authority to a responsible officer within the Ministry for signature of the Funding Authorization and Certificate of Expenditure (FACE) from as well as any other project related documentation.

The UNDP Resident Representative will serve as the Senior Supplier and will represent the interest of those designing and developing the project deliverables and providing project resources. The primary functions of the Senior Supplier will be to provide guidance regarding the technical feasibility of the project. The Senior Supplier will have authority to commit or acquire resources as required. As part of the responsibilities of the PB, Senior Supplier will advise on the selection of the strategy, design and method to carry out project activities. Quality assurance and oversight roles of the Senior Supplier include ensuring that standards defined for the project are met and used to good effect, monitoring potential changes and their impact on quality of deliverables and monitoring any risks in project implementation. Within the context of the Project Board, Senior Supplier will also be responsible for ensuring that progress towards outputs remains Consistent, contributing the supplier's perspective and opinions on implementing any proposed changes and arbitrating on and ensuring resolution of input/resource priorities or conflicts.

The National Ozone Unit will serve as the Senior Beneficiary with the primary function of ensuring the realization of project results from perspective of project beneficiaries. As part of the responsibilities for the Project Board, the Senior Beneficiary will be responsible for ensuring that specification of the Beneficiaries'need s are accurate, complete and unambigous, implementation of activities at all stages is monitored to ensure that they meet the beneficiary's needs and are progressing towards identified targets, impact of potential changes in evaluated from the benefeciaries'point of view, risks to the beneficiaries are frequently monitored, providing the opinion of beneficiaries of implementation of any proposed changes,and helping to resolve priority conflicts.

The Project Board will meet on a twice a year basis. Project reviews will take place on an annual (or as otherwise deemed necessary by the PB). In case a consensus cannot be reached, final decision shall rest with UNDP Programme Manager (Deputy Country Director- Programme)

The NOU Project Coordinator (PC) will be responsible for managing the realization of project outputs through activities as specified in a jointly (UNDP-NOU) agreed annual work plan and within specified constrains of time and cost. This include: planing activities, preparing annual work plans & monitoring progress against quality critera; monitoring events and updating the Monitoring & Communication Plan: liaising with any supplier to mobilize goods and services to initiative activities; monitoring financial resources & accounting to ensure accuracy & reliability of financial reports; managing request for the provisions of financial resources using advance of funds, direct payments, or reimburement using FACE form; managing, monitoring and updating the project risks as initially identified in the risk log and submitting new risks at the Project Board for consideration and decision on possible actions; managing issues & request for change by maintaining an Issue log; preparing the Project Quality Progress, Annual and Final Reports and submitting report to the Project Board and UNDP Project Manager and managing and facilitating transfer of project deliverables, documets, files, equipment and materials to national beneficiaries at project closure.

UNDP Programme Analyst will serve as Project Quality Assuarance role. In undertaking this role, the UNDP Programme Analyst will take action to address as well as to aleart the Project Board to issues related to the project quality assuarance such as alignment with overall Country Programme, availability of funds, compliance with UNDP rules and regulations and adherence to Project Board decisions. The UNDP Programme Analyst will assist the Project Board by performing some oversight activities, such as periodic monitoring visits and "spot checks", ensuring that revisions are managed in line with the required procedures, Results Management Guide (RMG) monitoring and reporting requirements and standards are maintained, Project output(s) & activities, including description and quality criteria, risks and issues are properly recorded and are regularly updated in Atlas. The UNDP Programme Analyst will also assist the Project Board in ensuring that the project follows the approved plans, meets planned targets as well as Project Quality Progress Reports are prepared and submitted on time, and according to standards. During project closure, the UNDP Programme Officer will work to ensure that the project is operationally closed in

Atlas, financial transactions are in Atlas based on final accounting of expenditures and project accounts are closed and status set in Atlas accordingly.

UNDP Project Manager: will support the NOU in timely processing of documentation, monitoring and evaluationand financial matters in addition to the support extended for Project Assuarance.

VII. LEGAL CONTEXT

*[NOTE: Please choose **one** of the following options, as applicable. Delete all other options from the document]*

Option a. Where the country has signed the Standard Basic Assistance Agreement (SBAA)

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by [name of entity] ("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

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA) and all CPAP provisions apply to this document.

Consistent with the Article III of the SBAA, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rest with the implementing partner.

The implementing partner shall:

a) 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;
b) Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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 this agreement. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipient of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267(1999). The list can be accessed via

http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document"

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VIII.

IX. RISK MANAGEMENT *[NOTE: PLEASE CHOOSE ONE OF THE FOLLOWING OPTIONS THAT CORRESPONDS TO THE IMPLEMENTATION MODALITY OF THE PROJECT. DELETE ALL OTHER OPTIONS.]*

Option a. Government Entity (NIM)

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) 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;
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. 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 Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients 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, the Implementing Partner, and each of its sub-parties referred to above, 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, the Implementing Partner, and each of its sub-parties referred to above, 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.

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (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, the Implementing Partner will and will require that such 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 the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;

iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 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. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 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 Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner 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 Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. 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).

7. The Implementing Partner shall: (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.

8. 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.

9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner 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.

11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel,

relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', 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 the Implementing Partner to find a solution.

12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

    Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

13. *Choose one of the three following options:*

    Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

    Option 2: The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

    Option 3: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

    Where such funds have not been refunded to UNDP, the Implementing Partner 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 the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

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

14. Each contract issued by the Implementing Partner 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 the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, 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.

16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

X. ANNEXES

1. **Project Quality Assurance Report**

2. **Social and Environmental Screening Template** [English] [French] [Spanish], including additional Social and Environmental Assessments or Management Plans as relevant. *(NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).*

3. **Risk Analysis**. Use the standard Risk Register template. Please refer to the Deliverable Description of the Risk Register for instructions

4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

5. **Project Board Terms of Reference and TORs of key management positions**

Design & Appraisal Stage Quality Assurance Report

Form Status: In Progress	
Overall Rating:	
Decision:	
Portfolio/Project Number:	00134410
Portfolio/Project Title:	HPMP Phase II
Portfolio/Project Date:	2021-04-01 / 2031-12-31

Strategic	**Quality Rating:**

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

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

Evidence:

HPMP Stage II project is intended to achieve the target of 100% reduction of Ozone-depleting substances (ODS) by 2030, from the baseline, and serve as a direct implementation instrument of the country's policy to meet its obligations under the Montreal Protocol.

The project will support the country's strategy to promote low carbon pathways and green development by contributing to the enabling environment which creates incentives, policies and standards to increase investment in sustainable production/ consumption patterns and planning (as outlined in the CPD's Theory of Change). The project will address gaps in institutional capacities and policy coordination and advocacy to generate adequate public and civil society awareness on environmentally friendly refrigeration and air conditioning.

To reach this objective, the project's outputs are designed to address the key barriers and challenges on policy, capacity and measurement of verification, and builds on the lessons learnt of the HPMP Stage 1.

The project activities will be implemented addressing sectors involved in the importation of refrigerants and RAC equipment as well as servicing and maintenance of RAC equipment.

These activities and interventions are proposed to be done through several regulatory and interventions measures such as,

- Harmonizing the HCFC quotas with new regulations
- Technical Assistance for developing of online (electronic) system for licensing and reporting during t he first tranche of the HPMP Stage II.
- Training of the customs officers and environment officers
- Upgrade the selected Technical Colleges as Training centers and provide modern tools and equipment.
- Upgrade of the training programme/curriculum of the Technological College to include new generation and natural refrigerants associated with health and safety concern.
- Training and certification of existing technicians
- Gender training and addressing gender bias in RAC sector integrated into the ongoing training prog ram
- Development of standards and codes of practice and introduction of HCFC-free new alternatives

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	TheoryofChange_9358_101 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/TheoryofChange_9358_101.docx)	tashya.desilva@undp.org	11/25/2021 8:20:00 AM

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

3: The project responds to at least one of the development settings as specified in the Strategic Plan[1] and adapts at least one Signature Solution[2]. The project's RRF includes all the releAllt SP output indicators. (All must be true)

2: The project responds to at least one of the development settings as specified in the Strategic Plan[4]. The project's RRF includes at least one SP output indicator, if relevant. (both must be true)

1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF.

21. Evidence:

The project responds to outcome 2 of the strategic plan, which is " Accelerating structural transformation s for solutions that have multiplier effects across the Sustainable Development Goals".

The project contributes to the following IRRF indicator.

1.4.1.2 F - Amount of chemicals reduced or disposed - metric tons (HFCF)

List of Uploaded Documents			
#	File Name	Modified By	Modified On
1	ResultsFramework_9358_102 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ResultsFramework_9358_102.docx)	tashya.desilva@undp.org	11/25/2021 8:22:00 AM

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

- *Yes*
- No

Evidence:

The project is linked to the CPD output 2.3 "low-carbon pathways and green development promoted focusing on renewable energy and blue-green investment".

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_103 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_103.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:43:00 AM

Relevant **Quality Rating:**

4. Do the project target groups leave furthest behind?

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

Evidence:

Technical support to enhance the skills of service personnel to transition away from HCFC technologies is necessary to achieve compliance with the Protocol's HCFC phase out schedule. The RAC sector is the largest consumer of HCFCs in the country. As such, achievement of the target consumption reductions will depend heavily on the ability of this sector to reduce consumption levels. In this regard, this HPMP Stage II places emphasis on technology support to the service industry by developing the capacity of this sector to transition away from HCFCs to other alternative refrigerants, to reduce demand for virgin refrigerants through replacement, retrofitting, recovery and reclaim schemes. UNDP will assist to procure tools and equipment that will be used to upgrade the training centers to support RAC technician training and the transition towards ozone and climate friendly alternatives over the long term, developing the necessary technical skills within the sector.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_104 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_104.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:45:00 AM

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

3: Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project.

2: The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected.

1: There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence.

Lessons from HPMP Phase I were incorporated into the design of phase II.

Development of trusted partnerships with the Import and Export Control Department and Sri Lanka Customs are integral to complying with the phasing-out target. Efforts will be made to further strengthen the same in stage II. Broad collaborative work among other stakeholders is vital for success and facilitates implementation of activities. The experiences gained through implementing Stage I including technical assistance, incentives, training, skills development (capacity building), information outreach could be considered as the base for implementing next stage. Refrigerant and RAC equipment importers and distributors should be regularly informed of future trends of RAC technologies and keep them ready for market change

s. Regular update of government institutions, private sector enterprises, and other stakeholders involved i n the HPMP helped to promote new ozone and climate friendly technologies.

Pl see Section III of the Pro Doc from page number 6-8.

List of Uploaded Documents

#	File Name	Modified By	Modified On

No documents available.

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

3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. (all must be true)

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

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

22. **Evidence:**

UNDP provides a variety of services to support developing countries to comply with the Montreal Protocol; these include but are not limited to capacity building, technology transfer and technical assistance, formulation and implementation of country and sector strategies, assistance to access and sequence funding from different sources, and facilitate public and private partnerships.

UNDP partners with governments and private sector and provides targeted policy advice and specialized technical assistance, training and technology transfer to adopt ozone and climate friendly technologies and best occupational practices. The programme covers a wide variety of sectors, such as the manufacturing (and servicing) of products in the refrigeration and air-conditioning sector, foams and medical aerosols for asthma treatment. Market transformation for the introduction of environment-friendly products and corresponding policy and technological advances were achieved.

List of Uploaded Documents

#	File Name	Modified By	Modified On

No documents available.

Principled **Quality Rating:**

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

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

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

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

23. **Evidence:**

This project's ultimate goal is to implement structural changes in RAC manufacturing and servicing sector s for cleaner production and contribute to the quality of people's lives, through the protection of the ozone layer and reduction in direct and indirect emissions. The technical and financial assistance provided through this project remains one of the key inputs needed to minimize the burden of transition on consumers and local industries. The project also seeks to empower all State agencies and private companies that are linked with the acquisition and use of ODS to promote the use of ODS free and low GWP technologies that do not deplete the ozone layer and reduce emissions. In compliance with the UN Declaration of Hu man rights, the project is mandated to protect the health and environment through the reduction and phase out of harmful chemicals able to deplete the Ozone layer and interfere with climate change. The project was created to protect human rights through the promotion of a healthier environment, thereby contributing to human wellbeing. The project will also prioritize accountability and will encourage the participation of a wide range of stakeholder groups in its implementation.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

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

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

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

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

24. **Evidence:**

A gender analysis was conducted in phase I of the HPMP project. These findings have informed the current phase II. For example, during Phase I, the project team learned that there are gaps in women's participation in the RAC sector. This led to Phase II incorp orating several strategies to reverse this trend - for example, incentives and scholarships were provided to enable women to enter the sector, with training opportunities also provided especially for women, to equip them to work in this highly specialized field.

The project is providing awareness for policy makers to draft new policies, including development of a gen der strategy for the RAC sector.

Refer pages 3-5 and 14 - 16 of the pro-doc.

List of Uploaded Documents

#	File Name	Modified By	Modified On

No documents available.

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

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

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

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

25. Evidence:

The project mainstreams environmental sustainability by reducing and eliminating the use of HCFC refrigerants in the refrigeration and air conditioning (RAC) sector, through policy, regulation and enforcement, capacity building and public awareness and outreach. This is intended to contribute to the reduced use of ozone depleting substances in the RAC sector in order to eventually contribute towards the protection of the ozone layer and lower its contribution to global warming.

The project will : 1) provide financial and technical support to the RAC training centers and technicians on adopting non-HCFC technologies and thus to have a cleaner production, leading to environmental sustainability; 2) provide institutional support to the country and strengthen national systems to monitor and regulate the import/export of ozone-depleting substances; 3) it advocates the reduction of direct and indirect climate forcing by complementing the objective of HCFC phase-out with the adoption of HCFC alternatives with the lowest possible global warming potential (GWP) , and by aiming to achieve energy efficient replacement systems.

List of Uploaded Documents

#	File Name	Modified By	Modified On

No documents available.

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

Yes

No

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

1: Preparation and dissemination of reports, documents and communication materials 2: Organization of an event, workshop, training

3: Strengthening capacities of partners to participate in international negotiations and conferences 4: Partnership coordination (including UN coordination) and management of networks

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

6: UNDP acting as Administrative Agent

26. **Evidence:**

The SESP checklist has been completed and the project is rated to have a 'moderate' risk. Targeted management plans have been recommended in the areas of gender, emergency response, waste management and safety protocols of recovery and transport of refrigerants

List of Uploaded Documents

#	File Name	Risk Category	Risk Requirements	Document Status	Modified By	Modified On

No documents available.

Management & Monitoring **Quality Rating:**

11. Does the project have a strong results framework?

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

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

1: The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by

SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. (if any is true)

27. **Evidence:**

A strong RRF has been developed as part of the project document. It contains outcomes and outputs with related indicators. Baselines and targets have also been set for the project duration, as detailed in the Project Document.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	ResultsFramework_9358_111 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/ResultsFramework_9358_111.docx)	tashya.desilva@undp.org	11/25/2021 8:24:00 AM

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

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

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

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

28. **Evidence:**

The project's oversight/ governance mechanism has been defined in the pro-doc. The main responsibilities of the board/ members have also been outlined.

Please refer pages 22-24 of the pro-doc.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	GovernanceandManagementArrangements_9358_112 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/GovernanceandManagementArrangements_9358_112.docx)	tashya.desilva@undp.org	11/25/2021 8:24:00 AM

2	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_112 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_112.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:52:00 AM

Evidence:

The pro-doc contains a risk log, which identifies risk events and their mitigation measures. The project has also completed the SESP checklist, which identifies social and environmental risks. All risks are categorized as low or moderate risks.

The risk register is also being maintained on the Atlas project management space.

Please refer pages 8-10 of the provided

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

3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders, including consultation with the UNDP Security Office as required. Clear and complete plan in place to manage and mitigate each risk, including security risks, reflected in project budgeting and monitoring plans. (both must be true)

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

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

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	RisksandAssumptions_9358_113 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/RisksandAssumptions_9358_113.docx)	tashya.desilva@undp.org	11/25/2021 8:25:00 AM

Efficient **Quality Rating:**

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

i) Using the theory of change analysis to explore different options of achieving the maximum results with the resources available.
ii) Using a portfolio management approach to improve cost effectiveness through synergies with other interventions.
iii) Through joint operations (e.g., monitoring or procurement) with other partners.
iv) Sharing resources or coordinating delivery with other projects.
v) Using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions

- (selected) *Yes*
- No

The project ensures cost efficiency by sharing project management costs with other projects under the C O's "energy and waste" portfolio. For example, the running costs of the project management unit are sha red between numerous projects, including HPMP phase II, healthcare waste management IP, the TSSC project and with Biomass Phase II.

Please refer page 11 of the pro-doc.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	HPMPII_MultiyearWorkplan_31Jan2022_9358_114 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII_MultiyearWorkplan_31Jan2022_9358_114.docx)	sampath.ranasinghe@undp.org	1/31/2022 5:57:00 AM
2	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_114 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_114.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:53:00 AM

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

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

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

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

This is a global project, with multiple participating U NDP country offices. The project's multi-year budget has been prepared at activity level. Funding sources have been identified. Budget descriptions/ amounts calculated. Cost implications from inflation and foreign exchange are not expected to have a major impact on the project, due to the nature of activities planned. Adequate costs for monitoring, evaluation, communications, and security have been incorporated.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

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

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

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

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

29. Evidence:

The project will recover costs that directly support th e project, and include functions such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc.

List of Uploaded Documents

#	File Name	Modified By	Modified On

1	HPMPII_MultiyearWorkplan_31Jan2022_9358_116 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII_MultiyearWorkplan_31Jan2022_9358_116.docx)	sampath.ranasinghe@undp.org	1/31/2022 5:58:00 AM

Effective **Quality Rating:**

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

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

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

1: No evidence of engagement with targeted groups during project design. Not Applicable

30. Evidence:

During the design stages of the project, the team carried out multiple stakeholder consultations, including with RAC sector stakeholders, policy makers, private sector entities, training institutions and end users.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_117 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_117.doc)	sampath.ranasinghe@undp.org	1/31/2022 6:00:00 AM

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

- *Yes*
- No

31. Evidence:

The project has plans to conduct regular stakeholder consultations, monitoring, annual and midterm reviews, to obtain real time information on the project's pr ogress. Knowledge, good practices and lessons will be captured regularly, and actively sourced from other projects and partners and integrated back into the project.

Refer page 15-17 of the pro-doc for the project's M& E Plan.

List of Uploaded Documents

#	File Name	Modified By	Modified On
1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_118 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_118.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:59:00 AM

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

- *Yes*
- No

32. Evidence:

The project is set at GEN 2 and includes several gender results. Please see the Pro-doc.

List of Uploaded Documents

#	File Name	Modified By	Modified On

1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_119 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_119.doc)	sampath.ranasinghe@undp.org	1/31/2022 5:51:00 AM

Sustainability & National Ownership **Quality Rating:**

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

3: National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP.

2: The project has been developed by UNDP in close consultation with national / regional / global partners. 1: The project has been developed by UNDP with limited or no engagement with national partners.

Evidence:

The National Ozone Unit (NOU) of the Ministry of Environment led the designing process of the project with the support of Department of Sri Lanka Customs, Import and Export Department, Vocational Training Colleges, Ministry of Education based on the finding s and lessons of the HPMP Phase I. The Ministry has allocated a dedicated staff to the NOU and relevant technical staff will be recruited to build the capacity of the Ministry and the relevant key stakeholders.

List of Uploaded Documents

#	File Name	Modified By	Modified On

1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_120 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_120.doc)	sampath.ranasinghe@undp.org	1/31/2022 6:01:00 AM

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

3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly.

2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment.

1: Capacity assessments have not been carried out.

Not Applicable

34. Evidence:

The project will add to the national regulation and enforcement mechanism mainly through amending/updating the legislation related to import/export of HCFCs. The proposed online database and updated monitoring systems can be used to ensure country's compliance with its set targets and thus with the Montreal Protocol. The technical support provided to build the capacity of RAC sector will deliver climate and eco nomic benefits in return to the country. During the project implementation, the HCFC reduction strategies include the improve or amend policies and regulations, capacity building of enforcement officers and RA C technicians, upgrade training centers and improve technician's curriculum, strengthening of the HCFC reclamation centers and awareness outreach.

List of Uploaded Documents

#	File Name	Modified By	Modified On
No documents available.			

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

◉ *Yes*

○ No

○ Not Applicable

36. Evidence:

The project is a CO support to NIM project and the project will use national as well as UNDP systems for procurement. Implementing and monitoring of the project activities will be mainly carried out by the National Ozone Unit (NOU) of the Ministry of Environment with the support of the UNDP.

Please see Project Doc for further details.

List of Uploaded Documents

#	File Name	Modified By	Modified On

1	HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_122 (https://intranet.undp.org/apps/ProjectQA/QAFormDocuments/HPMPII-FinalProjectDocument_26Jan2022IncludingNOUandRRMTinputs-CLEAN_V1_9358_122.doc)	sampath.ranasinghe@undp.org	1/31/2022 6:02:00 AM

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

- Yes
- *No*

38. Evidence:

List of Uploaded Documents

#	File Name	Modified By	Modified On

No documents available.

QA Summary/LPAC Comments

This new phase of the HPMP stage II project has been built based on the experiences, best practices, and lessons from the previous phase of HPMP stage I. HPMP Stage II aims at achieving 100% phase out of HCFCs by 2030, short, medium and long-term strategies will be developed to continue the HCFC phase-out effort and to facilitate the safe introduction of new alternatives to sustain HCFC phase-out, in light of the overarching strategy.

It is strongly aligned with the Strategic Plan, the UNSDCF and the Country Programme, and includes a strong Result s Framework with the relevant SP indicators. The project was designed based on rigorous stakeholder consultations with RAC sector stakeholders, government officials, and the private sector. The project meets UNDP's Social and Environmental Standards, and has a strong risk framework, which will be monitored carefully. It is a GEN 2 project and will have several gender-sensitive outputs and activities. The project will work in close partnership with other projects in the Country Office's renewable energy and waste management portfolio, with substantial cost efficiencies and synergies to be explored.

Annex 02: Social and Environmental Screening Template

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

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

PROJECT INFORMATION

Project Information	
1. Project Title	HCFC Phase-out Management Plan (HPMP) Stage-II for Sri Lanka
2. Project Number (i.e. Atlas project ID, PIMS+)	00134410
3. Location (Global/Region/Country)	Sri Lanka
4. Project stage (Design or Implementation)	Design
5. Date	

PART A. INTEGRATING PROGRAMMING PRINCIPLES TO STRENGTHEN SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?
Briefly describe in the space below how the project mainstreams the human rights-based approach
The project contributes to Sri Lanka compliance targets to the Montreal Protocol and has the goal to provide a cleaner refrigeration and air conditioning industry that does not utilize ozone depleting substances and thereby contributes to building a safer atmosphere for all. Technical and financial assistance is provided through this project to key stakeholders to enable them to adopt newer technologies, in order to minimize the burden of transition. Through such assistance, the project utilizes a human rights-based approach, by supporting the government to build capacity of the duty-bearers (officials, technical college and other relevant stakeholders) and raise awareness among industry, general public, and end users of benefits of using and/or switching to ozone friendly refrigerants and realize the rights to quality and non-discrimination, and the right to access a clean environment.
Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment
The project will focus on the gender mainstreaming aspects by encouraging gender equality in technical and vocational training to become professionals, gaining self-confidence to work with newer technologies in the refrigeration and air-conditioning sector. The project will promote the participation of women and men in consultations and decisionmaking forums. Through training and capacity building programs, women and men at all levels will be empowered with the necessary knowledge, skills and up to date information on the use of cleaner technologies for refrigeration and air-conditioning, to make informed decisions from buying equipment to decision making at policy level. The success stories of the handful of women in the RAC sector will be published and widely disseminated to recognize their contribution and encourage women to take part in the development of the sector.

Briefly describe in the space below how the project mainstreams sustainability and resilience
The project mainstreams environmental sustainability by reducing and eliminating the use of HCFC refrigerants in the refrigeration and air conditioning (RAC) sector, through policy, regulation and enforcement, capacity building and public awareness and outreach. This is intended to contribute to the reduced use of ozone depleting substances in the RAC sector in order to eventually contribute towards the protection of the ozone layer and lower its contribution to global warming. The project will : 1) provide financial and technical support to the RAC training centers and technicians on adopting non-HCFC technologies and thus to have a cleaner production, leading to environmental sustainability; 2) provide institutional support to the country and strengthen national systems to monitor and regulate the import/export of ozone-depleting substances; 3) it advocates the reduction of direct and indirect climate forcing by complementing the objective of HCFC phase-out with the adoption of HCFC alternatives with the lowest possible global warming potential (GWP) , and by aiming to achieve energy efficient replacement systems.
Briefly describe in the space below how the project strengthens accountability to stakeholders
The project design will necessitate close interaction and participation of stakeholders mainly, government, RAC technicians, RAC suppliers, trainer etc. The project will provide necessary technical assistance (training, tools etc.) to the RAC servicing sector stakeholder and support the Government to introduce necessary policy/ regulation for newer technologies. The raising of awareness, capacity building and technical assistance will be incorporated in the project design and in long term action plans of the country, ensuring that required technical assistance/ training is provided to technicians in the long-term. The capacity building programs of the project will also focus on gender equality due to the low level of presence of women in the RAC servicing sector, with the aim of increasing their participation and decision-making potential.

XII.

PART B. IDENTIFYING AND MANAGING SOCIAL AND ENVIRONMENTAL RISKS

QUESTION 2: What are the Potential Social and Environmental Risks? *Note: Complete SESP Attachment 1 before responding to Question 2.*	**QUESTION 3: What is the level of significance of the potential social and environmental risks?** *Note: Respond to Questions 4 and 5below before proceeding to Question 5*			**QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High**
Risk Description (broken down by event, cause, impact)	***Impact and Likelihood (1-5)***	***Significance (Low, Moderate Substantial, High)***	***Comments (optional)***	***Description of assessment and management measures for risks rated as Moderate, Substantial or High***

Risk 1: Increased emissions due to intentional and unintentional release of refrigerants and discarded wastes to the environment leading to ozone depletion, GHG release and transboundary environment impacts Related to Standard 2: Climate Change and Disaster Risks	I = 3 L= 2	**Moderate**	The baseline of the project is the current bad practices in equipment usage but unsound maintenance activities by Refrigeration Technicians leading to emissions of ODS (GHGs) during maintenance activities. This refrigerant venting results in transboundary air pollution, impacts the Ozone Layer and leads to increased demand of virgin refrigerants	Project will provide training on good service practices to national technicians to minimize emissions and thereby reduce the risks of potential leakage that could add to the global stock of ozone depleting and global warming chemicals. Also, the revision of the regulatory framework r will require the RAC servicing sector to comply with environmental safeguards on reduced ODS emissions. **This risk is being managed through project design.**

Risk 2: Health and safety hazards to RAC sector personnel due to the use, trade and transport of flammable and toxic refrigerants Related to Standard 3: Community Health, Safety and Security Related to Standard 7: Labour Conditions	I = 2 L= 2	**Low**	Current the ODS alternative that have the lowest environmental impact possible are hydrocarbons- based refrigerants (HCs) (GWP inferior of 25). Following the Montreal Protocol guidelines, HCs are the preferred technological options under the Project. However, HCs are highly flammable substances and unsound practices in their application can led to accidents and increased risk of fire or explosions.	Project will provide targeted training on good service practices and certifications to technicians aiming to reduce the flammability risk associated with the use of HCs. Project will also provide technical and financial assistance to strengthen training centres capacity to provide training to technicians with proper tooling and training units specifically design to reduce accidents risks. The development of a database of technicians will enable the project and its stakeholders to identify sector accurately and assess training requirements effectively, to reduce health and safety related incidents. The training modules will also promote the use of PPE and best practices for informal/independent technicians in their work in order to minimize any exposure to flammable and toxic refrigerants. **This risk is being managed through project design.**

Risk 3: Accidental release of hazardous chemicals and/or materials to the environment during transport and use. Related to Standard 8: Pollution Prevention and Resource Efficiency (8.1, 8.2 and 8.3) Related to Principle P.2: Human Rights	I =3 L=3	**Moderate**	The project will strengthen current Recycling and Reclamation Center for ODS refrigerants as alternative means to reduce their leakage and improve their circularity. However, there is still a risk that the during the procedures to recover, storage, transport, recycle/reclaim and re-sell these refrigerants, accidental risks can occur leading to leakage and emissions.	The Project will work in close coordination with importers, Import/Export Control Department and Customs, the National Ozone Unit will ensure proper control of trade of refrigerants. The training of officials from Customs, the import and export department and the RAC sector will improve their capacity to adopt good practices in management of refrigerants. To manage accidental release, the relevant authorities and organization will be trained on the relevant procedures and standards. Best environmental practices (BEP) and safety protocols or SOPs will be developed and promoted at Reclamation Centers and in Technicians training activities in order to minimize refrigerant emissions/leakage risks in the RRRR process. **This risk is being managed through project design**

	QUESTION 4: What is the overall project risk categorization?		
	Low Risk	☐	
	Moderate Risk	X	
	Substantial Risk	☐	
	High Risk	☐	

	QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)				
	Question only required for Moderate, Substantial and High Risk projects				
	Is assessment required? (check if "yes")	☐			***Status? (completed, planned)***
	if yes, indicate overall type and status		☐	Targeted assessment(s)	n/a
			☐	ESIA (Environmental and Social Impact Assessment)	n/a

	8. Pollution Prevention and Resource Efficiency	X		
		☐	SESA (Strategic Environmental and Social Assessment)	n/a
Are management plans required? (check if "yes)	☐			
If yes, indicate overall type		X	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others) Safety Protocols (SOP) for Recovery and Transport of Contaminated Refrigerant	If needed
		☐	ESMP (Environmental and Social Management Plan which may include range of targeted plans)	n/a
		☐	ESMF (Environmental and Social Management Framework)	n/a
Based on identified risks, which Principles/Project-level Standards triggered?		**Comments (not required)**		
Overarching Principle: Leave No One Behind				
Human Rights	X			
Gender Equality and Women's Empowerment	☐			
Accountability	☐			
1. Biodiversity Conservation and Sustainable Natural Resource Management	☐			
2. Climate Change and Disaster Risks	X			
3. Community Health, Safety and Security	X			
4. Cultural Heritage	☐			
5. Displacement and Resettlement	☐			
6. Indigenous Peoples	☐			
7. Labour and Working Conditions	X			

FINAL SIGN OFF

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

Signature	*Date*	*Description*
QA Assessor Shyara Bastianz 30-	un-2021	UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have “checked” to ensure that the SESP is adequately conducted.
QA Approver Faiza Effendi 30-	un-2021	UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD)**,** Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have “cleared” the SESP prior to submittal to the PAC.
PAC Chair		UNDP chair of the PAC. In some cases, PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

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

Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below	
Accountability	
Would the project potentially involve or lead to:	

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

P.13 exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14 grievances or objections from potentially affected stakeholders?	No
P.15 risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	No
Project-Level Standards	
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management	
Would the project potentially involve or lead to:	
1.1 adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? *For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes*	No
1.2 activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3 changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4 risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5 exacerbation of illegal wildlife trade?	No
1.6 introduction of invasive alien species?	No
1.7 adverse impacts on soils?	No
1.8 harvesting of natural forests, plantation development, or reforestation?	No
1.9 significant agricultural production?	No
1.10 animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11 significant extraction, diversion or containment of surface or ground water? *For example, construction of dams, reservoirs, river basin developments, groundwater extraction*	No
1.12 handling or utilization of genetically modified organisms/living modified organisms?[8]	No
1.13 utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)[9]	No
1.14 adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks	
Would the project potentially involve or lead to:	
2.1 areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2 outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? *For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes*	No
2.3 increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? *For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding*	No
2.4 increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	Yes

[8] See the Convention on Biological Diversity and its Cartagena Protocol on Biosafety.

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

Standard 3: Community Health, Safety and Security	
Would the project potentially involve or lead to:	
3.1 construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	No
3.2 air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3 harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No
3.4 risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No
3.5 transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	Yes
3.6 adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7 influx of project workers to project areas?	No
3.8 engagement of security personnel to protect facilities and property or to support project activities?	No
Standard 4: Cultural Heritage	
Would the project potentially involve or lead to:	
4.1 activities adjacent to or within a Cultural Heritage site?	No
4.2 significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3 adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4 alterations to landscapes and natural features with cultural significance?	No
4.5 utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement	
Would the project potentially involve or lead to:	
5.1 temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2 economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3 risk of forced evictions?[10]	No
5.4 impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples	

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

Would the project potentially involve or lead to:	
6.1 areas where indigenous peoples are present (including project area of influence)?	No
6.2 activities located on lands and territories claimed by indigenous peoples?	No
6.3 impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? *If the answer to screening question 6.3 is "yes", then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk*	No
6.4 the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5 the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6 forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? *Consider, and where appropriate ensure, consistency with the answers under Standard 5 above*	No
6.7 adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8 risks to the physical and cultural survival of indigenous peoples?	No
6.9 impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? *Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.*	No
Standard 7: Labour and Working Conditions	
Would the project potentially involve or lead to: (note: applies to project and contractor workers)	
7.1 working conditions that do not meet national labour laws and international commitments?	No
7.2 working conditions that may deny freedom of association and collective bargaining?	No
7.3 use of child labour?	No
7.4 use of forced labour?	No
7.5 discriminatory working conditions and/or lack of equal opportunity?	No
7.6 occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	Yes
Standard 8: Pollution Prevention and Resource Efficiency	

Would the project potentially involve or lead to:	
8.1 the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Yes
8.2 the generation of waste (both hazardous and non-hazardous)?	Yes
8.3 the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	Yes
8.4 the use of chemicals or materials subject to international bans or phase-outs? *For example, DDT, PCBs and other chemicals listed in international conventions such as the Montreal Protocol, Minamata Convention, Basel Convention, Rotterdam Convention, Stockholm Convention*	No
8.5 the application of pesticides that may have a negative effect on the environment or human health?	No
8.6 significant consumption of raw materials, energy, and/or water?	No

Annex 03: Risk Analysis

Project Risks				
Description	**Type**	**Impact & Probability 1(low) to 5(high)**	**Mitigation Measures**	**Owner**
Compliance of the project to meet the phase out target due to illegal imports	Operational	Risk is low, since strict policies are now in place after 2016 incident (I-1, P-1)	The country is committed to comply with the phase-out schedule. MLF provides the financial and technical assistance to achieve target. Project Board will take necessary action to avoid such situation	Project Board
Limited access to non-ODS low-GWP technologies for various application in RAC sector/subsectors due to cost effectiveness	Operational	Risk is moderate since the penetration of cost effective non-ODS low-GWP technology has been started due to awareness in parallel to implementation of Kigali Amendment activities (I-2, P-2)	Government and Implementing agencies will facilitate the knowledge sharing on the alternatives for HCFCs	NOU and UNDP, UNEP

Increased emissions due to intentional and unintentional release of refrigerants and discarded wastes to the environment leading to ozone depletion, GHG release and transboundary environment impacts	Awareness and Training	Risk is moderate. Current bad practices in equipment usage and unsound maintenance activities by RAC Technicians leading to emissions of ODS (GHGs) during maintenance activities (I – 3, P= 2)	Project will provide training on good service practices to RAC technicians to minimize emissions and thereby reduce the risks of potential leakage that could add to the global stock of ozone depleting and global warming chemicals. Also, the revision of the regulatory framework will require the RAC servicing sector to comply with environmental safeguards on reduced ODS emissions	Director - NOU
Health and safety hazards to RAC sector personnel due to the use, trade and transport of flammable and toxic refrigerants	Operational	Risk is low. Following the Montreal Protocol guidelines, HCs are the preferred technological options under the Project. However, HCs are highly flammable substances and unsound practices in their application can led to accidents and increased risk of fire or explosions (I-2, P-2)	Project will provide targeted training on good service practices and certifications to technicians aiming to reduce the flammability risk associated with the use of HCs. Project will also provide technical and financial assistance to strengthen training centres capacity to provide training to technicians with proper tooling and training units specifically design to reduce accidents risks.	Project Team

Accidental release of hazardous chemicals and/or materials to the environment during transport and use.	Operational	Risk is moderate The project will strengthen current Recycling and Reclamation Center for ODS refrigerants as alternative means to reduce their leakage and improve their circularity. However, there is still a risk that the during the procedures to recover, storage, transport, recycle/reclaim and re-sell these refrigerants, accidental risks can occur leading to leakage and emissions. (I-3,P-3)	The Project will work in close coordination with importers, Import/Export Control Department and Customs, the National Ozone Unit will ensure proper control of trade of refrigerants. The training of officials from Customs, the import and export department and the RAC sector will improve their capacity to adopt good practices in management of refrigerants. To manage accidental release, the relevant authorities and organization will be trained on the relevant procedures and standards	

4. **Capacity Assessment:**

United Nations Development Programme

Micro Assessment
Ministry of Environment

25th May 2021
This Report Contains 42 Pages

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Mr. Robert Juhkam
UNDP Resident Representative
United Nations Development Programme (UNDP)
202-204, Bauddhaloka Mawatha,
Colomb-07
Sri Lanka

25th May 2021

Dear Sir,

<u>Micro Assessment Report of Ministry of Environment</u>

We have completed the micro assessment of Ministry of Environment as outlined in the Engagement Letter by the KPMG to UNDP. This report to you represents our final assessment report.

The data included in this report was obtained from the Senior Management of the Ministry of Environment and UNDP, on or before 25th May 2021. We have no obligation to update our report or to revise the information contained therein to reflect events and transactions occurring subsequent to 25th May 2021.

This report is solely for your information and is not to be referred to in communications with or distributed for any other purpose to anyone who is not a member of management of UNDP.

We disclaim any assumption of responsibility by any person other than UNDP, or for any purpose other than that, for which it was prepared except as, may be necessary by reason of the regulatory requirements applicable to UNDP.

Our prior written consent is required before our name is quoted in any material. The definitive version of our report is one bearing our original manuscript signature and Management are responsible for any errors or inaccuracies appearing in any reproduction in any form or medium.

Please contact Mr. Jagath Perera +94 11 5426 100 if you have any questions or comments. We look forward to continuing to provide service to your company on this project.

Sincerely,

KPMG

KPMG

Table of Contents

1. BACKGROUND, SCOPE AND METHODOLOGY

1.1. Background

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

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

1.2. Scope

The Micro Assessment provides an overall assessment of the implementing partner's programme, financial and operations and management policies, procedures, systems and internal controls. It includes:

- A review of the IP's legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring and procurement;
- A focus on compliance with policies, procedures regulations and institutional arrangements that are issued both by the government and the implementing partner.
- It takes into account results of any previous micro assessments conducted of the implementing partner.

1.3. Methodology

We performed the micro assessment from 21st April to 22nd April 2021 at the Ministry of Environment.

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

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

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

2. SUMMARY OF RISK ASSESSMENT RESULTS

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

Tested Subject Area	Risk Assessment	Brief Justification for rating
1. Implementing Partner	Moderate	The Ministry of Environment (MOE) was established by Gazette Extraordinary No.2194/74 on 25th September 2020 with the vision of " A healthy and pleasant environment sustaining nature for the wellbeing of the people and the economy" and a mission to " Provide leadership to manage the environment and natural resources in order to ensure national commitment for sustainable development for the benefit of the present and future generation".
2. Programme Management	Significant	Ministries are required to adhere to the requirements outlined in Circulars issued by the Department of National Planning. The Circular, dated 3rd September 2020, stipulated that Ministries are not permitted to establish separate Project Management Units, with dedicated staff, if the value of the project is under USD 5 million. As per the Circular, Ministries are required to use existing government staff to implement grantfunded projects. Since the implementation of a grantfunded projects carries a considerable workload to be completed within a set time period, the lack of dedicated project staff can greatly hinder the quality and timeliness of project implementation. Further, as grant-funded projects requires specific capacities on project management, managing implementation with existing staff could considerably limit the effective delivery of projects. MOE does not have sufficiently detailed written policies, procedures and other tools pertaining to monitoring and evaluation.

3. Organizational Structure and Staffing	Moderate	The staff members of the MOE suffice the level of competence to handle/ manage operations in an effective and efficient manner. Employees of the MOE are recruited according to the government policies and procedures. The Chief Finance Officer is the head of the finance department. Under his supervision there is a Chief Accountant and two Accountants to oversee the functions. In addition to that one Chief Management Assistant, six Management Assistants and five Development Officers have been appointed to assist with the Accountants' roles and responsibilities.
4. Accounting Policies and Procedures	Moderate	The Ministry uses Computer Integrated Government Accountancy System (CIGAS) for internal and external reporting. Specific reports are prepared and distributed
Tested Subject Area	Risk Assessment	Brief Justification for rating
		to the donors as per donor requirements. The accounting system is based on the governments Financial Regulations, Accounting Guidelines and Treasury Circulars as well as the Establishment Code in respect of the administrative aspects of financial management which together set out the procedures for the management of budgeting, receipts and payments of funds, liabilities, assets and inventories. It is cashbased system with a year-end "Appropriation Account" setting out funds received and disbursed. The Ministry follows the agreement with the donor organizations when Cost allocations are done. Financial Regulations of the Government of Sri Lanka has described as to how the preparation, authorization, existence and completeness should be done. A Cash Basis accounting treatment was followed by the Ministry, in the process of bookkeeping and reporting of financial information. Internal Auditor of the Ministry has the authority and independence to carry out required evaluations and assessments in order to make sure that the Ministry functions according to the Government policies and regulations.

5. Fixed Assets and Inventory	Moderate	A fixed Asset Register was maintained to manage and safeguard assets at the Ministry. Assets are classified and coded with a unique identification number to avoid possible fraud, waste and abuse. An annual stock verification is carried out by the Board of Survey in order to verify and reconcile the availability of the assets with the balance available in the books.
6. Financial Reporting and Monitoring	Low	The MOE prepares Financial Statements based on the "Government Financial Regulations" and circulars routed time to time which specifies the reports needed to be prepared and submitted to the Auditor General. Financial Statements of the MOE are audited by the Auditor General on an Annual basis.
7. Procurement and Contract Administratio n	Moderate	MOE follows the National Procurement Guidelines and Manual issued by the Ministry of Finance of the Democratic Socialist Republic of Sri Lanka. The procurement processes are manually handled by the procurement department. The procurement department consists of Chief Accountant (Head of Procurement), Accountant -Supplies and two Management Assistants (Procurement officers). The procurement entity is assisted by procurement committees and technical committees for procurement evaluation.
Overall Rating	**Moderate**	

3. Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation

1.	**Lapses on Programme Management** During our assessment, the following were noted. • Project evaluations carried out by external parties in 2015 for the Biomass project and in 2021 for the CCAP project noted poor ratings (unsatisfactory) as it relates to project implementation and adaptive management and M&E system respectively. • Slow Budget Absorption • Delays in liquidation of funds • Delays in programme execution/ completion in line with the work plans Further, it was also noted UNDP has been extensively supporting the IP on procurements to achieve project outputs and targets in a timely manner and in accordance with the project workplan.	IP should ensure programmes are delivered according to the work plan and in line with the schedule. UNDP should ensure the relevant additional support is given to IP to guarantee timely project completion.
2.	**Project Management Unit (PMU)** During our assessment, it was noted that due to a new government Circular issued on 3rd of September 2020 by the Government of Sri Lanka, ministries are not allowed to establish Project Management Units for the implementation of development projects valued at under USD 5 million. This prevents the IP from recruiting specialist personnel and/or dedicated staff for implementation of the project. Instead, the IP is required to set up a Project Unit with existing staff to implement grant-funded projects, with no additional incentives provided. This could severely impede the IP's ability to deliver future projects in a timely manner and to the highest quality.	UN should support the IP in setting up an external support team to ensure the timely delivery of programme to the highest quality.
3.	**Non availability of Policy on M&E and Training** During our assessment at MOE it was noted that detailed policy on monitoring & evaluation and trainings for staff were not available.	The IP should take action to establish a programme monitoring and evaluation policy manual and a staff training policy manual.

4.	**<u>Non-availability of Pre-numbered Payment vouchers</u>** During our verification over the payment process it was noted that the IP did not use pre-numbered payment vouchers to avoid possible malpractices related to the payment process.	The IP may take necessary action to design and implement pre-numbered payment vouchers to circumvent possible voucher duplications.
No.	**Description of Finding**	**Recommendation**
5.	**<u>Assets not Insured</u>** It was noted during our assessment that none of the assets owned and used by MOE were covered with an insurance policy.	The IP should take immediate action to protect their assets with an insurance cover.
6.	**<u>Non-Availability of Procurement System</u>** It was noted during our assessment that the IP did not have a computerized procurement system to record the procurement process.	The IP may take necessary action to implement a new computerized procurement system to avoid errors arising from manually recording the procurement process.

4. ADDITIONAL QUESTIONS

The UNDP Country Office asked us to add seventeen additional questions to the standard HACT Framework micro-assessment questionnaire in order to fulfil specific risk assessment objectives. The results of these additional questions are reported in **Annex V** below.

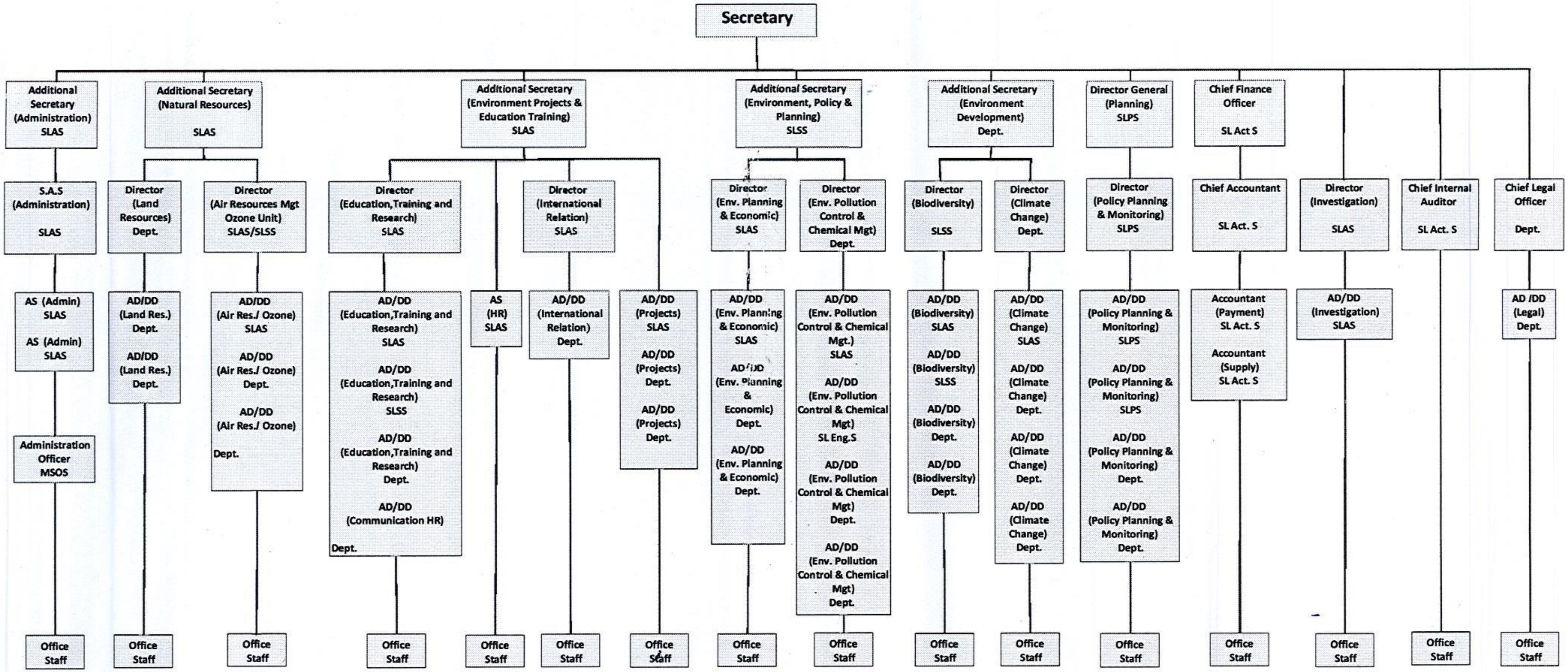
Annexures

Annexure I- Implementing Partner and Programme Information

Implementing partner name:	Ministry of Environment (MOE)
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A
Implementing partner contact details (contact name, email address and telephone number):	**Dr. Anil Jasinghe** Secretary - MOE "Sobadam Piyasa", 416/C/1, Robert Gunawardana Mawatha Battaramulla Sri Lanka Tel: +94-11-2034121 Fax: +94-11-2879944 Email: sec@env.gov.lk
Main programmes implemented with the applicable UN Agency/ies:	GEF Cycle 7
Key Official in charge of the UN Agency/ies' porgamme(s):	Mr. A.W.M Rifa Wadood Director (International Relations) – MOE Mobile: + 94 71 81 27 263 Tel: + 94 11 20 34 228 Fax: + 94 11 28 79 977 Email: rifagee@gmail.com
Programme location(s):	Sri Lanka
Location of records related to the UN Agency/ies' porgamme(s):	Sri Lanka
Currency of records maintained:	Sri Lankan Rupees
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US$);	GEF 7 Sri Lanka Country Allocation: US$ 10,853,900.73
Cash transfer modality/ies used by the UN agency/ies to the IP	Bank Transfer
Intended start date of micro assessment:	21st April 2021
Number of days to be spent for visit to IP:	2 Days
Any special requests to be considered during the micro assessment:	N/A

Annexure II – Organization Structure

Ministry of Environment
Organization Chart



SLAS - Sri Lanka Administrative Service
SL Act. S - Sri Lanka Accountant's Service
SLPS - Sri Lanka Planning Service
SLSS - Sri Lanka Scientific Service
Dept. - Departmental Service
SL Eng. S - Sri Lanka Engineering Service
MSOS - Management Service Officers Service

Annexure III – List of Persons Met

Name	Position	Unit/organization
Mr. A.W.M Rifa Wadood	Director (International Relations)	MOE
Mr. E.M.U.S. Ekanayaka	Chief Accountant	MOE

Annexure IV – Micro Assessment Questionnaire

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The Ministry of Environment (MOE) was established by Gazette Extraordinary No.2194/74 on 25th September 2020 with the vision of " A healthy and pleasant environment sustaining nature for the wellbeing of the people and the economy" and a mission to " Provide leadership to manage the environment and natural resources in order to ensure national commitment for sustainable development for the benefit of the present and future generation".
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			High	8	The Ministry has received UN donor funds via UN agencies for more than 20 years. Following issues were noted in regard to programme management in the past project. • Project evaluations carried out by external parties in 2015 for the Biomass project and in 2021 for the CCAP project noted poor ratings (unsatisfactory) as it relates to project implementation and adaptive management and M&E system respectively. • Slow Budget Absorption • Delays in liquidation of funds • Delays in programme execution/ completion in line with the work plans

1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Moderate	4	MOE has procedural reporting requirements. The Ministry is required to produce an annual report and submit it to the Treasury department of the Government of Sri Lanka and to the Auditor General. In addition to that, a monthly expenditure report is also required to be produced and submitted to the Treasury department of the Government of Sri Lanka.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Moderate	2	Meetings with Senior key officials and Secretary to the Ministry are carried out on a monthly basis or more frequently.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?	Yes			Moderate	4	The implementation of all major projects at MOE is handled by allocated Project Management Unit (PMU) or Project Unit for each project. Government institutes with sub offices across the country will support MOE with implementation of projects at field level and all the entities participating in implementation are required to follow government policies and regulations.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) ***Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.***	Yes			Moderate	4	The financials of MOE are governed and monitored by the Treasury department of the Government of Sri Lanka thus the Ministry is financially stable.

1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	1	The MOE receives funds from donors via the Treasury under the purview of the Ministry of Finance of Sri Lanka and there had not been any major problems experienced in the past with regard to funds flow from government ministries. The Treasury department shall disburse the required funds in line with the approved ministerial budgets. In special circumstances where the donor directly deposits funds into the IPs bank account, this would be released backed to the Treasury and obtained only according to the approved budget.
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? *If so, provide details and actions taken by the IP to resolve the legal action.*		No		Low	1	We were informed by the Chief Accountant and Director (international Relations) that there are no pending legal actions against it.
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Moderate	2	The IP follows the government regulations on anti-fraud and corruption. It is regulated by the government's establishment code and financial regulations.
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Yes			Moderate	2	All government employees are expected to be familiar with the anti-fraud regulations. They are all made aware how to raise the issue if they suspect fraud, waste or misuse of the agency resources, although this awareness building is not carried out on a formal basis. Further, section 73 of the Anti-Bribery Act safeguards those who report fraud, waste or misuse of resources,
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. *Examples: foreign exchange risk; cash receipts.*		No		Low	1	No such risks were identified during the cause of the assessment.

Total number of questions in subject area:	**11**	
Total number of applicable questions in subject area:	**11**	
Total number of applicable key questions in subject area:	**5**	
Total number of risk points:	**30**	
Risk score	**2.73**	
Area risk rating	**Moderate**	

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
						2. Programme Management
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Moderate	2	Department of National Planning has provided the Ministry circulars on development of projects. Annual Implementation Plan for the Ministry and any Special Project Plans would be submitted to Department of National Planning for approval. The Ministry shall follow the signed agreement/contract in-order to mitigate other possible risks associated with programme management and implementation on donor projects.

2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Significant	6	The Project Management Unit(PMU) or Project Unit shall prepare an annual activity action plan with timeline and expected outcome in line with the agreed master work plan and budget prior to the implementation of the that years project. However, due to a new government Circular issued on 3rd of September 2020 by the Government of Sri Lanka, ministries are not allowed to establish Project Management Units for the implementation of development projects valued at under USD 5 million. This prevents the IP from recruiting specialist personnel and/or dedicated staff for implementation of the project. Instead, the IP is required to set up a Project Unit with existing staff to implement grant-funded projects, with no additional incentives provided.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Moderate	2	At the planning stages of the project a meeting would be organized with all the stakeholders to discuss about implementation of the project. During this meeting, potential risks on implementation of the project would also be discussed. Also, during programme implementation project progress and risks faced during implementation would be discussed during the bi-annual Steering committee meetings and Project meetings between project staffs.

2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?		No		High	4	MOE does not have sufficiently detailed written policies, procedures and other tools pertaining to monitoring and evaluation. However, Project Management Unit(PMU) or Project Unit is responsible to submit a bi-annual report pertaining to the physical progress of the project and financial status to the Steering Committee and Ministry of Finance. However, due to a new government Circular issued on 3rd of September 2020 by the Government of Sri Lanka, ministries are not allowed to establish Project Management Units for the implementation of development projects valued at under USD 5 million. This prevents the IP from recruiting specialist personnel and/or dedicated staff for implementation of the project. Instead, the IP is required to set up a Project Unit with existing staff to implement grant-funded projects, with no additional incentives provided.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?		No		High	4	The Project Management Unit (PMU) or Project Unit shall execute project monitoring and evaluation practice according to the approved activity plan. All the programme progress and results would also be reviewed by the Ministry of Finance and President's Office based on the total project value. However, due to a new government Circular issued on 3rd of September 2020 by the Government of Sri Lanka, ministries are not allowed to establish Project Management Units for the implementation of development projects valued at under USD 5 million. This prevents the IP from recruiting specialist personnel and/or dedicated staff for implementation of the project. Instead, the IP is required to set up a Project Unit with existing staff to implement grant-funded projects, with no additional incentives provided.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Moderate	4	Weekly review meetings are conducted with project staff and Project Director, where weekly activities are reviewed and next week's plan is discussed. Further, Bi-annual meetings are carried out by the Steering Committee. Field visit on projects are conducted as required or at the end of activity with at least three members from the Steering Committee. Internal Auditor would also carry out random field visits.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Moderate	2	Quantitative and Qualitative reports are prepared and submitted bi-annually to Steering Committee and Ministry of Finance. Progress reports are also prepared and submitted to UNDP according to signed agreement. Further, project results are also submitted annually to the parliament.

2.8 Is it evident that the IP followed up on independent evaluation recommendations?			N/A	N/A	-	Not applicable
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
Total number of questions in subject area:	**8**					
Total number of applicable questions in subject area:	**7**					
Total number of applicable key questions in subject area:	**2**					
Total number of risk points:	**24**					
Risk score	**3.43**					
Area risk rating	**Significant**					

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Moderate	4	The staff members of the MOE suffice the level of competence to handle/ manage operations in an effective and efficient manner. Employees of the MOE are recruited according to the government policies and procedures.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	The staff members of the MOE are given with clear "Job description".
3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	Yes			Moderate	4	The general staff are competent enough to carry out government objectives assigned to them. The Chief Finance Officer is the head of the finance department. Under his supervision there is a Chief Accountant and two Accountants to oversee the functions. In addition to that one Chief Management Assistant, six Management Assistants and five Development Officers have been appointed to assist the Accountants' roles and responsibilities. The organizational structure of the IP is provided above in **Annexure II.**

3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Moderate	4	The staff members of the Finance Department suffice the level of competence to handle/ manage funds in an effective and efficient manner. To ensure controls are in place Financial Regulations provided by the Government of Sri Lanka is followed. Refer the following chapters; F.R. 136- Authorization F.R. 137-Approval F.R. 138- Certification of vouchers F.R. 139- Payment of Vouchers
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?		No		Significant	3	Employees of the MOE are provided with relevant training. These training programs are conducted by the SLIDA, MILODA Academy of Finance Studies and other government approved institutions. MOE staff are required to get the relevant trainings and pass efficiency bar examination to be promoted. However, no training policy is available at the Ministry regarding training of employees.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Moderate	2	The recruitment process of MOE is in compliance with the government regulations. All staff members within the organization are subject to reference checks.
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	There was no significant turnover identified during last five years. Staff are rotated between government institutions every five years.

3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	Yes			Moderate	2	MOE follows the internal control framework implemented by the Government of Sri Lanka. Government Circulars are passed to all departments and staff to provide guidance in performing task.
Total number of questions in subject area:	**8**					
Total number of applicable questions in subject area:	**8**					
Total number of applicable key questions in subject area:	**3**					
Total number of risk points:	**21**					
Risk score	**2.63**					
Area risk rating	**Moderate**					

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
4. Accounting Policies and Procedures						
4a. General						

4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Moderate	4	The accounting system at MOE is based on the governments Financial Regulations, Accounting Guidelines and Treasury Circulars as well as the Establishment Code in respect of the administrative aspects of financial management which together set out the procedures for the management of budgeting, receipts and payments of funds, liabilities, assets and inventories. It is a cash-based system with a year-end “Appropriation Account” setting out funds received and disbursed. The Ministry uses the New Computer Integrated Government Accountancy System (CIGAS) for internal and external reporting. The system can record UN expenditure based on source funds but not on respective components and disbursement categories. A Separate Spreadsheet is maintained for this purpose. Further, MOE is in the process of testing a new package from Ministry of Finance named Integrated Treasury Management Information System (ITMIS).
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Significant	6	The Ministry follows the agreement with the donor organizations when Cost allocations are done. Daily expenses are recorded with supporting given for settlement on a project basis (Votes Code) facilitating cost to be allocated as per the agreements signed. The finance department maintains a spreadsheet for recording activity wise cost allocation.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	Supporting documents are retained and archived on a monthly basis, voucher number wise. Access is provided only to the authorized personnel.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	As per the accepted practice, there is a reconciliation procedure being carried out on a monthly basis in-order to reconcile the General ledger and the Subsidiary ledgers and report to the Treasury department of the Ministry of Finance. Actions would be taken to rectify any Significant reconciling items identified.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	Yes			Low	1	Segregation of duties was done in-accordance with the stipulations made under F.R.135. Accordingly, authorization, recoding and custody of assets were segregated among the different personnel of the department as follows; Authorization to execute a transaction - Authorization holder based on the delegations of authorities provided in F.R 136 Recording of the transaction - Management Assistant Custody of assets involved in the transaction - Store Keeper / Respective Allocated Member from each branch
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	MOE follows the provisions made under Financial Regulations and Treasury guidelines in-order to facilitate segregation of duties.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	1	Bank reconciliation statements are prepared by Management Assistants, checked by an Accountant and approved by the Chief Accountant. The project payments are being approved by the relevant programme department heads. In addition to that bank reconciliations have to be prepared on or before the 15th of the following month. A copy of the reconciliation should be submitted to the following personnel: Auditor General Internal Auditor
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Moderate	4	Budget for the Ministry is prepared mid-year for the following year with the involvement of the Divisional heads of the respective Branches which are then verified and amalgamated by the Finance Department. This would be approved by the Secretary of the MOE and by the Ministry of Finance, budget department.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Moderate	4	Budgets and actuals are compared before a transaction is authorized by the relevant personnel. If funds are available only transaction would be authorized. Any Significant variation requires donor approvals.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	A formal documented approval is required to be obtained in-advance from the respective donor by the Secretary of the Ministry for any programme budget amendments after it has been approved by the Steering Committee. Ministry Budget amendments must be approved by the Treasury Department.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	The budget for the MOE would be approved by the Secretary of MOE and by the Ministry of Finance, budget department. Budget for UN programmes would be approved by the Secretary of the MOE.
4d. Payments						
4.12 Do invoice processing procedures provide for: **· Copies of purchase orders and receiving reports to be obtained directly from issuing departments?** **· Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? · Checking the accuracy of calculations?**	Yes			Low	1	MOE follows the following procedures over the ordering to receiving of goods and services. • Firstly, a request letter shall be perfected by the head of branches for the purchases to be included in the annual procurement plan • Secondly, quotations shall be invited according to the Procurement Time Schedule by the tender committee chaired by the Secretary • Thirdly, a technical evaluation report will be issued by the technical committee. • Fourthly, a supplier will be selected and the purchase order shall be raised by the procurement committee. • Fifthly, GL 141 (Goods Received Note) shall be raised by the Management Assistant. • Afterwards, the purchase order and supplier invoice shall be attached to the payment vouchers as supporting documents before processing the payment. • Finally, the Management assistant

						checks the accuracy (three way matching) before the payment.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	Under Financial Regulations of the Government of Sri Lanka section 135 of the delegation of financial authority it clearly provides authorizations at appropriate levels. Delegations of authorities exist in the internal control framework. Different type of expenditures will have different level of authorities.

4.14 Are all invoices stamped '*PAID*', approved, and marked with the project code and account code?	Yes			Significant	6	The invoices were stamped PAID, dated. The payment vouchers are marked with project code and checked, reviewed for accuracy. However, it was noted that the payment vouchers used at the ministry were not pre-numbered and did not contain allocation for activity lines for donor programmes.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Moderate	4	Financial Regulations of the Government of Sri Lanka has described as to how the preparation, authorization, existence and completeness needs to be taken care of in relation to the expenses incurred. Refer the following chapters; F.R. 136- Authorization F.R. 137-Approval F.R. 138- Certification of vouchers F.R. 139- Payment of Vouchers (Completeness, Accuracy and Existence will be checked)
4.16 Do controls exist to ensure that direct staff salary costs reflect the actual amount of staff time spent on a project?		No		Moderate	4	MOE does not maintain timesheets. The staff working on projects are paid a fixed salary based on government circulars. Further, if staffs are recruited specifically for a UN programme, they are required to work full time for the project.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Moderate	4	Government Servants are provided with allowances varying according to their designation (Class of Employee). Every expense incurred under the staff allowance category is subject to the following Provincial Financial Regulations. P.F.R. 105- Authorization P.F.R. 106- Approval P.F.R. 107- Certification of vouchers P.F.R. 108- Payment of Vouchers (Completeness, Accuracy and Existence will be checked)
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Moderate	2	A Cash Basis accounting treatment was followed by the IP, in the process of bookkeeping and reporting of financial information.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	All the manuals and policies prepared, and changes made by the treasury department of the Ministry of Finance will be declared and communicated to relevant parties through Government circulars. In addition to the circulars, the government website contains information regarding the policy changes and procedure manuals.
4f. Cash and bank						

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Moderate	4	To authorize the bank transactions, the IP requires dual signatories. The following are the approved authorized signatories for the bank account maintained : Ministry -Chief Finance Officer -Chief Accountant -Both Accountants Project -Project Director -Accountant Any changes within the signatories should be approved by the Secretary of the ministry and then communicated to the respective banks to do the needful.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Moderate	4	MOE maintains an Updated cash book, receipts and payment account. The CIGAS system facilitates this function.
4.22 If the partner is participating in microfinance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?			N/A	N/A	-	Not Applicable. The IP does not participate in micro finance advances.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	Ministry's Bank Reconciliation statements are prepared by the Management Assistant from Finance department on a monthly basis, reviewed by an Accountant and approved by Chief Accountant. The unusual items or significant difference which needs to be reviewed and rectified will be reported to the Auditor General in-order to take necessary corrective action.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		No		Low	1	Cash payments are restricted to a maximum of LKR 5000 at MOE per transaction. These cash payments are carried out from the petty cash float maintained at Finance Division and Administration Division and authorized by relevant Divisional Heads. The float is limited at LKR 25,000.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Moderate	2	Random petty cash reconciliation is being carried out by the Internal Audit Department and the Accountant would carry out a petty cash reconciliation at the time of reimbursement.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Moderate	2	Cash and Cheque books are maintained in a safe locker with access key only provided to the Accountant and Shroff.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			N/A	N/A	-	Not Applicable. MOE does not have any electronic payments such as online payment, online transfers etc.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes			Moderate	4	The implementation of all major projects at MOE is handled by allocated Project Management Unit (PMU) or Project Unit for each project. All the entities participating in implementation are required to follow government policies and

						regulations.

4h. Internal audit

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes			Low	1	The Internal Auditor reports directly to the Secretary of the Ministry of Environment. Internal Auditor of the Ministry has the authority and independence to carry out required evaluations and assessments in order to make sure that the Ministry functions according to the Government policies and regulations. The Internal audit department has eight Internal Audit Officers (Management Assistants) headed by Chief Internal Auditor.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes			Moderate	2	The public administration department will time to time introduce qualifications and experience requirements for internal audit department staff. And the recruitments shall be done accordingly.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	Yes			Moderate	2	Internal Audit department prepares the audit plan for the Ministry including the activities financed by the donor agencies.
4.32 Does the IP act on the internal auditor's recommendations?	Yes			Moderate	2	Internal Audit observations will be reported to the Secretary of the Ministry. Upon the secretary's approval and instructions, the directors and other relevant heads of departments will be communicated with the findings and recommendations. Audit Management Committee meeting quarterly would monitor the

						implementation of recommendations.
Total number of questions in subject area:	**32**					
Total number of applicable questions in subject area:	**30**					
Total number of applicable key questions in subject area:	**19**					
Total number of risk points:	**73**					
Risk score	**2.43**					
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
Area risk rating	**Moderate**					

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
				5. Fixed Assets and Inventory		
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Moderate	2	A fixed Asset Register was maintained to manage and safeguard assets at the Ministry. Assets are classified and coded with a unique identification number to avoid possible fraud, waste and abuse.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	The Subsidiary records of fixed assets and control account is reconciled on an annual basis by the board of survey, appointed by the Secretary of the Ministry. Accordingly, if there are any mismatches, necessary corrective action will be taken.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	An annual physical verification is carried out by the Board of Survey in order to verify and reconcile the availability of the physical stocks with the balance available in the books.
5.4 Are fixed assets and inventory adequately covered by insurance policies?		No		Significant	3	The IP does not have insurance for its assets and only the vehicles are insured.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	Not Applicable. MOE does not have any warehouses under their supervision. The Office premises have CCTV and security personnel for protecting the premises.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	Not Applicable

5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	Not Applicable
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	Not Applicable
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	-	Not Applicable
Total number of questions in subject area:	**9**					
Total number of applicable questions in subject area:	**4**					
Total number of applicable key questions in subject area:	**0**					
Total number of risk points:	**7**					
Risk score	**1.75**					
Area risk rating	**Moderate**					

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
6. Financial Reporting and Monitoring						

6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	The MOE prepares Financial Statements based on the "Government Financial Regulations" and circulars routed time to time which specifies the reports needed to be prepared and submitted to the Auditor General and Treasury department of the Ministry of Finance.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	The Financial Statements are prepared as instructed by the Treasury department of the Ministry of Finance. Accordingly, following set of accounts were prepared; Receipts and Payments Account Income and Expenditure Account Financial Statement Board of Survey Report Deposit Account Reconciliation These are the set of accounts which are submitted to the Treasury at the end of the financial year
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	Yes			Low	1	Financial Statements of the MOE are audited by the Auditor General on an Annual basis. Financial Statements for the year ended 31st December are submitted to the Auditor General Department before the 28th February of the following year for the audit process. Auditor General Department uses a specific set of standards referred to as the "International Public Sector Accounting Standards" (IPSAS) for the auditing process.
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?		No		Low	1	We were informed by the Chief Accountant that there were no major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years.
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	1	We were informed by the Chief Accountant that there were no significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years which have not yet been implemented.
6.6 Is the financial management system computerized?	Yes			Low	1	MOE's financial management system is computerized and which is known as CIGAS.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	The system is capable of preparing the necessary Financial Reports.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? *E.g. password access controls; regular data back-up.*	Yes			Significant	3	The Computers are password protected and have up to date virus guards. Financial data (CIGAS) backups are taken on to an external disk on a monthly basis by the Finance department and stored in the locked cupboard within the premises.
Total number of questions in subject area:	**8**					
Total number of applicable questions in subject area:	**8**					
Total number of applicable key questions in subject area:	**3**					
Total number of risk points:	**10**					
Risk score	**1.25**					
Area risk rating	**Low**					

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
7. Procurement and Contract Administration						

7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	MOE follows the National Procurement Guidelines and Manual issued by the Ministry of Finance of the Democratic Socialist Republic of Sri Lanka.
7.2 Are exceptions to procurement procedures approved by management and documented?	Yes			Low	1	All exceptions to procurement are to be approved by the Procurement committee and documented as their procurement guidelines.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.		No		Significant	3	The CIGAS system does not accommodate a separate section for procurement purposes. The procurement processes are manually handled by the procurement department. However, a standard manual format for procurement is used by MOE.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.			N/A	N/A	-	Not Applicable. A separate procurement system is not available at MOE to generate reports. However, all procurements are reviewed manually.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Moderate	2	The procurement department consists of Head of Procurement (Chief Accountant), Accountant (Supplies) and two procurement officers (Management Assistants). The procurement entity is assisted by procurement committees and technical committees for procurement evaluation.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**

7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to a IP's procurement rules and regulations?	Yes			Moderate	2	The IP's procurement unit is resourced with qualified staff who are trained and certified in procurement and conversant with MOE's procurement rules and regulations. We did not find any evidence that MOE staff were familiar with the procurement requirements of international donors. However, when and if a requirement is raised staff could be trained through attending donor organized trainings.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Moderate	2	We were informed by the Chief Accountant that there were no such recommendations inconnection to procurement during last five years.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Moderate	4	The IP requires written authorizations for all purchases and the thresholds are detailed in the National Procurement Guidelines and Manual issued by the Ministry of Finance of the Democratic Socialist Republic of Sri Lanka.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	Provisions made under the Government Procurement guidelines shall be practiced.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	Provisions made under the Government Procurement guidelines shall be practiced.

7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	The members of the procurement committee and the technical evaluation committee are to sign a declaration form testifying that they have no link or involvement with the bidder. Further, at the first instance that the member of the committee comes to know of a conflict of interest, they will so inform to the appointing authority and request for a replacement as per the declaration.

Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Moderate	4	There is an official list of registered suppliers (for Recurrent Expense) available for the Ministry. The list is updated annually by placing regular advertisements in newspapers encouraging potential suppliers to register. MOE would use yellow pages for sourcing suppliers if a registered supplier is not available. For tenders' standard guidelines set on the National Procurement Guidelines would be followed.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Moderate	2	The Procurement Division tracks the past performance and the capacity of the suppliers annually during the process of maintaining the registered list of suppliers.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? **If so, describe the process.**	Yes			Moderate	4	Yes, the procedure is set out in the Procurement Guidelines, chapter 7 - Bid Evaluation. It includes the following 4 stages: preliminary examination of bids detailed evaluation and comparison of bids post qualification verification writing bid evaluation report

7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Moderate	4	Only vendors that meet technical responsiveness and price criteria can be awarded a contract. These criteria are set out in the solicitation documentation, based on the Procurement Guidelines (Chapter 5 - bidding documents)
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	Not Applicable. MOE is not managing major contracts. However, a Policy on Contract Management is available on the Procurement Guideline Chapter 8.12 Contract Administration.
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	Not Applicable.
Subject area *(key questions in **bold**)*	**Yes**	**No**	**N/A**	**Risk Assessment**	**Risk points**	**Remarks/comments**
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	Not Applicable.
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	Not Applicable.
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	Not Applicable.
Total number of questions in subject area:	**20**					
Total number of applicable questions in subject area:	**14**					
Total number of applicable key questions in subject area:	**5**					
Total number of risk points:	**32**					

Risk score	2.29
Area risk rating	Moderate

Totals	
Total number of questions:	96
Total number of applicable questions:	82
Total number of applicable key questions:	37
Total number of risk points:	197
Total risk score	2.402
Overall risk rating	Moderate

Annexure V – Additional questions

Subject area	Yes	No	N/A	Risk Assessment	Remarks/comments
Additional questions					
1. Can the IP easily and quickly disburse funds? How long does it take to disburse funds upon receipt of invoice? Have there been any major problems in the past in the disbursement of funds?	Yes			Significant	The IP disburses donor funds through cheques and has had no major problems in disbursement of funds in the past. If funds are available, the normal practice would take a maximum of two days with the relevant authorization and approval to disburse fund. However, there has been delays in liquidation of donor funds due to delays in project implementation.
2. Does the IP systematically review the work plan and adjust activities as necessary? If yes, how often does it happen and are those agreements recorded and formally reflected in a project budget revision? Does the IP systematically forward to the donor partner a record of such reviews and formal project / budget revisions?	Yes			Moderate	The progress of the programme activities would be discussed during the Bi-annual Steering Committee Meeting. When any adjustments to the plan or budget are identified, UNDP would be contacted through a formal document by the Secretary requesting the adjustment in the work plan.
3. Is there a logical system where the IP checks to ensure that there is cause effect relationship between the planned activities and the goods and services being procured? Are the proposed goods and services to be procured approved by the appropriate IP/RP authority level?	Yes			Moderate	The IP follows the National Procurement Guidelines and Manual issued by the Ministry of Finance for all goods and services procured. All the procurements at the IP would have to be included in the approved Annual Procurement plan.

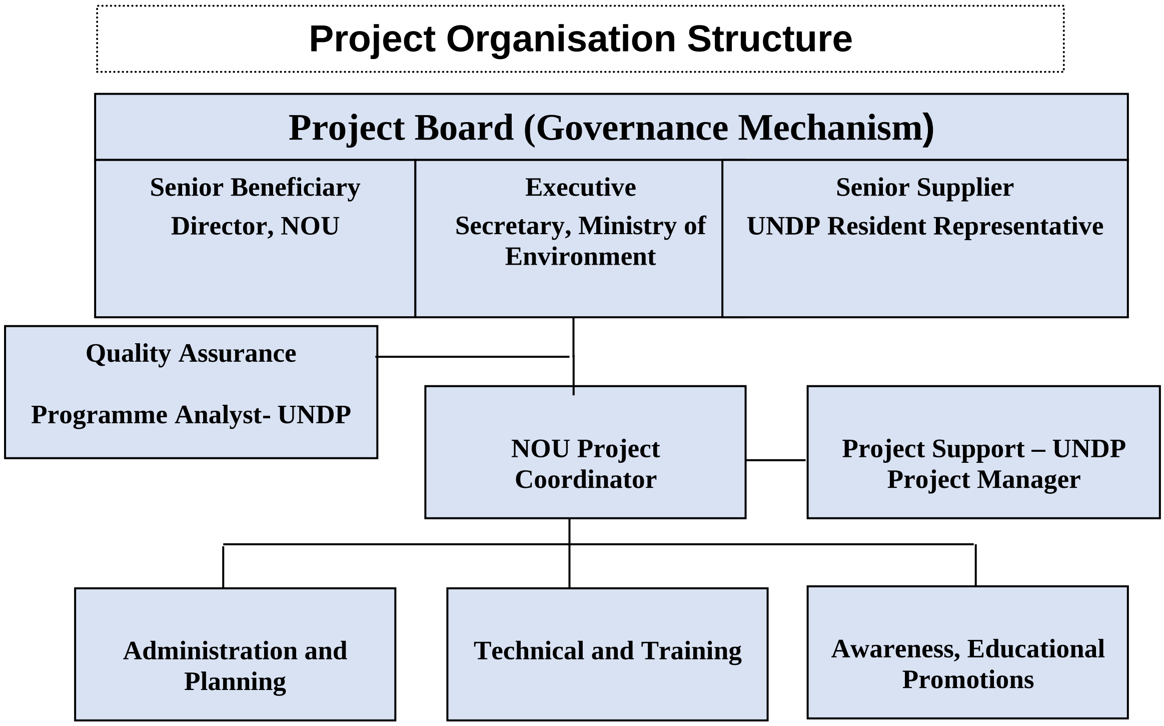
4. Are there decisions not being made or activities not being implemented due to staff unavailability and engagement in other projects, travels, and or meetings?		No		Significant	The IP has not faced any situations where decisions were not being made or activities not being implemented due to staff unavailability and engagement in other projects, travels, and or meetings. However, due to budget restrictions set by the Government of Sri Lanka in the latest budget, there are restrictions on recruitment of specialist personnel for projects in future projects.

Subject area	**Yes**	**No**	**N/A**	**Risk Assessment**	**Remarks/comments**
5. Is there an effective back up system in the absence of staff? Does the IP/RP have a leave plan in place to support business continuity in the absence of staff?	Yes			Moderate	The IP always has another staff capable of covering in case of staff absences. All staffs are required to assign an acting arrangement when requesting for leave.
6. Is there a systematic process of handing over duties through briefing session and notes?	Yes			Moderate	The IP has clear job descriptions for their staff/employees. A Project Orientation meeting would be held by the Director to explain duties and responsibilities before handing over work to programme staff.
7. Are there performance agreements in place for the staff, which incorporate achievement of the planned outputs of their allocated projects?	Yes			Moderate	A performance evaluation of each staff member would be carried out annually by the Head of Division or Reporting Officer.
8. Is there a data / records back up plan to ensure business continuity when the system goes down?	Yes			Significant	Financial data (CIGAS) backups are taken on to an external disk on a monthly basis by the Finance department and stored in the locked cupboard within the premises.
9. Does the IP have a filing and records retention policy?	Yes			Low	The IP retains all files and records for a period of ten years as per the government policy.
10. Can the IP open a dedicated project bank account?	Yes			Low	The IP is capable of opening dedicated project bank account with necessary approvals.

11. Does the IP understand that it needs to comply with the UNDP Financial Rules and Regulations when applying for project advances?	Yes			Moderate	IP will act according to terms on UNDP Financial Rules and Regulations on the agreement when applying for project advances.
12. Does the IP understand the requirements for receiving project advances from UNDP?	Yes			Moderate	The IP understands the requirements for receiving project advances from UNDP, as they have implemented the UN programmes in the past.
13. Does the staff actively refer to the procurement policies and abide by them?	Yes			Low	The IP follows the National Procurement Guidelines and Manual issued by the Ministry of Finance.
14. Does the IP have experience with procuring the types of goods and services included in the attached Project Document?	Yes			Low	There are no major procurements of goods or services in the project. Only basic office equipment is included in the project.
15. Are the contracts payments linked to satisfactory receipt of clearly stated goods and services?	Yes			Low	Financial Regulations & National Procurement Guidelines of the Government of Sri Lanka has described how to make the payments related to goods & services.
Subject area	**Yes**	**No**	**N/A**	**Risk Assessment**	**Remarks/comments**
16. Is there a systematic management arrangement to ensure the IP actively monitors the work of the consultants, so that at the end of their contracts, the planned deliverables are actually delivered?	Yes			Low	There is Consulting Services Manual provided by Ministry of Finance to be followed by MOE in monitoring and payments of consultants.
17. If there is a policy, is it actively used?	Yes			Low	There is Consulting Services Manual provided by Ministry of Finance to be followed by MOE in monitoring and payments of consultants.

5. **Project Board Terms of Reference and TORs of key management positions**

The project will be implemented through National Implementation Modality (NIM) with National Ozone Unit of the Ministry of Environment as the programme management unit. The overall project governance and organizational structure is presented below



The Project Board (PB) will have the overall responsibility for project implementation, oversight and quality assurance. The PB will provide policy guidance and monitor the performance of the project, review progress on a periodic basis, approve progress reports as well as manage risks and issues. It will approve the appointment and responsibilities of the Project Management (PM) and will define the latter's responsibilities. The PB will review and make recommendations for UNDP/Implementing Partner approval as well as authorize any major deviations in project plan. It will also be responsible for assessing and deciding on substantive project changes through revisions. The PB will at minimum twice a year or more if deemed necessary.   The PB will ensure that required resources are committed and arbitrate any conflicts within the project as well as negotiated solution to any problems between the project and external bodies. The proceeding of all PB meetings will be recorded.

The Secretary of the Ministry of Environment will serve as the Executive and will have ultimate responsibility for the project, supported by the Senior Beneficiary and Senior Supplier. As part of the responsibilities of the Project Board, the Executive will ensure that the project is focused throughout the project cycle on achieving outputs that will contribute to higher level out comes. Additional responsibilities include monitoring and controlling the progress of the project at a strategic level, ensuring that risk are being tracked and mitigated as effectively as possible and organizing, chairing and ensuring that the Project Board meet in a timely manner, as stipulated in the project document. The Senior Executive will be responsible for approving and signing the Annual Work Plan (AWP) for the following year on behalf of the Implementing Partner as well as approving and signing the Combined Delivery Report (CDR) at the end of the year. The Senior Executive will be responsible for delegating authority to a responsible officer within the Ministry for signature of the Funding Authorization and Certificate of Expenditure (FACE) from as well as any other project related documentation.

The UNDP Resident Representative will serve as the Senior Supplier and will represent the interest of those designing and developing the project deliverables and providing project resources. The primary functions of the Senior Supplier will be to provide guidance regarding the technical feasibility of the project. The Senior Supplier will have authority to commit or acquire resources as required. As part of the responsibilities of the PB, Senior Supplier will advise on the selection of the strategy, design and method to carry out project activities. Quality assurance and oversight roles of the Senior Supplier include ensuring that standards defined for the project are met and used to good effect, monitoring potential changes and their impact on quality of deliverables and monitoring any risks in project implementation. Within the context of the Project Board, Senior Supplier will also be responsible for ensuring that progress towards outputs remains Consistent, contributing the supplier's perspective and opinions on implementing any proposed changes and arbitrating on and ensuring resolution of input/resource priorities or conflicts.

The National Ozone Unit will serve as the Senior Beneficiary with the primary function of ensuring the realization of project results from perspective of project beneficiaries. As part of the responsibilities for the Project Board, the Senior Beneficiary will be responsible for ensuring that specification of the Beneficiaries'need s are accurate, complete and unambigous, implementation of activities at all stages is monitored to ensure that they meet the beneficiary's needs and are progressing towards identified targets, impact of potential changes in evaluated from the benefeciaries'point of view, risks to the beneficiaries are frequently monitored, providing the opinion of beneficiaries of implementation of any proposed changes,and helping to resolve priority conflicts.

The Project Board will meet on a twice a year basis. Project reviews will take place on an annual (or as otherwise deemed necessary by the PB). In case a consensus cannot be reached, final decision shall rest with UNDP Programme Manager (Deputy Country Director- Programme)

The NOU Project Coordinator (PC) will be responsible for managing the realization of project outputs through activities as specified in a jointly (UNDP-NOU) agreed annual work plan and within specified constrains of time and cost. This include: planing activities, preparing annual work plans & monitoring progress against quality critera; monitoring events and updating the Monitoring & Communication Plan: liaising with any supplier to mobilize goods and services to initiative activities; monitoring financial resources & accounting to ensure accuracy & reliability of financial reports; managing request for the provisions of financial resources using advance of funds, direct payments, or reimburement using FACE form; managing, monitoring and updating the project risks as initially identified in the risk log and submitting new risks at the Project Board for consideration and decision on possible actions; managing issues & request for change by maintaining an Issue log; preparing the Project Quality Progress, Annual and Final Reports and submitting report to the Project Board and UNDP Project Manager and managing and facilitating transfer of project deliverables, documets, files, equipment and materials to national beneficiaries at project closure.

UNDP Programme Analyst will serve as Project Quality Assuarance role. In undertaking this role, the UNDP Programme Analyst will take action to address as well as to aleart the Project Board to issues related to the project quality assuarance such as alignment with overall Country Programme, availability of funds, compliance with UNDP rules and regulations and adherence to Project Board decisions. The UNDP Programme Analyst will assist the Project Board by performing some oversight activities, such as periodic monitoring visits and "spot checks", ensuring that revisions are managed in line with the required procedures, Results Management Guide (RMG) monitoring and reporting requirements and standards are maintained, Project output(s) & activities, including description and quality criteria, risks and issues are properly recorded and are regularly updated in Atlas. The UNDP Programme Analyst will also assist the Project Board in ensuring that the project follows the approved plans, meets planned targets as well as Project Quality Progress Reports are prepared and submitted on time, and according to standards. During project closure, the UNDP Programme Officer will work to ensure that the project is operationally closed in

Atlas, financial transactions are in Atlas based on final accounting of expenditures and project accounts are closed and status set in Atlas accordingly.

UNDP Project Manager: will support the NOU in timely processing of documentation, monitoring and evaluationand financial matters in addition to the support extended for Project Assuarance.