



ADAPTATION FUND

AFB/PPRC.34-35/2  
27 November 2024

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Adaptation Fund Board  
Project and Programme Review Committee

**READINESS PACKAGE GRANT PROPOSAL TO SUPPORT  
NATIONAL IMPLEMENTING ENTITY ACCREDITATION FOR  
GEORGIA**

## Background

1. The Adaptation Fund (the Fund) delivers readiness and capacity-building support to developing countries that are Parties to the United Nations Framework Convention on Climate Change (UNFCCC) Kyoto Protocol and the Paris Agreement through its Readiness Programme for Climate Finance (the Readiness Programme). The objectives of the Readiness Programme as established by the Adaptation Fund Board (the Board) at its twenty-ninth meeting through Decision B.29/42 are:

- (i) to increase the preparedness of applicant national implementing entities seeking accreditation by the Adaptation Fund, and
- (ii) to increase the number of high-quality project/programme proposals submitted to the Board after accreditation.

7. The Fund systematically delivers readiness and capacity building support using a country-driven approach and employs a diverse range of activities and instruments. These include readiness grants, workshops, webinars, communities of practice, country exchanges, and other knowledge sharing platforms.

8. At its thirty-sixth meeting, and following completion of the pilot phase, the Board approved the readiness package grant (RPG) as a standing grant to support national implementing entity (NIE) accreditation to the Fund (Decision B.36/25). The RPG aims to enhance support for the accreditation of NIEs via accredited implementing entity (IE) intermediaries that have experience programming adaptation finance through the Fund's resources.

9. The RPG can be accessed up to a maximum of US\$150,000 per entity seeking accreditation with the Fund. The grant facilitates peer-peer support through South-South cooperation. The grant project proposal template and technical review sheet are available on the Fund website and were approved by the Board through Decision B.38/38. It should be noted that a maximum of two NIEs can be accredited per country<sup>1</sup>.

11. Peer support for accreditation provided by the intermediary can involve a combination of activities that include (i) support to the designated authority (DA) to nominate a suitable NIE candidate (ii) In-country support by the intermediary to an NIE candidate (iii) technical support through experts (iv) organization of local, national or regional consultations/workshops, and (v) continuous support during the accreditation application process to address and respond to feedback provided by the accreditation panel (AP) during assessment of the NIE candidate application for accreditation.

12. It is expected that the peer-peer support would effectively help build national capacity and sustainability and that RPGs will enhance South-South cooperation for accreditation to the Fund through a more comprehensive suite of tools to help entities in countries seeking direct access to the Fund's resources, to prepare and submit their applications for accreditation.

13. In response to the call for readiness grant project proposals launched by the secretariat intersessionally between the forty-second and forty-third meetings of the Board, the secretariat received one project proposal for a RPG for a single country to receive peer support for accreditation from one intermediary NIE.

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<sup>1</sup> Decision B.36/42

14. The present document introduces the RPG project proposal submitted by the Environmental Project Implementation Unit (EPIU) of Armenia on behalf of the government of Georgia. It includes a request for funding of US\$ 142,500 outlining the activities to be undertaken by EPIU to support the accreditation process in Georgia.

15. The secretariat carried out a technical review of the project proposal and completed a review sheet.

16. In accordance with a request to the secretariat made by the Board at its 10th meeting, the secretariat shared this review sheet with EPIU and offered them the opportunity to provide responses before the review sheet was sent to the PPRC.

17. The secretariat is submitting to the PPRC pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25/15, the proposal is submitted with changes between the initial submission and the revised version.



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

### PROJECT/PROGRAMME CATEGORY Readiness Package Grant

Readiness Package support recipient Country: **Georgia**

Accredited Implementing Entity (Intermediary) delivering support: **Environmental Project Implementation Unit (EPIU)**

Nominated National Implementing Entity (NIE) Candidate: **Regional Environmental Centre for the Caucasus (RECC)**

Type of accredited Implementing Entity (NIE/RIE/MIE): **NIE**

Requested Financing from Adaptation Fund (US Dollars): **\$142,500**

AF Project ID: **AFRDG00079**

Reviewer and contact person: **Farayi Madziwa**

Co-reviewer(s):

IE Contact Person: **Milena Kiramijyan**

<b>Technical Summary</b>	<p>The project to support NIE accreditation in Georgia will be done through the three components below:</p> <p><u>Component 1:</u> Facilitation of accreditation process (USD 41,500).</p> <p><u>Component 2:</u> Enhancement of regulatory and policy framework of RECC (USD 45,000)</p> <p><u>Component 3:</u> Intermediary-Nominated NIE cooperation towards RECC capacitation in attracting and implementing climate adaptation finance (USD 45,000).</p> <p><u>Requested financing overview:</u>            Total Project/Programme Cost: USD 131,500            Implementing Entity Fee: USD 11,000            Financing Requested: USD 142,500</p> <p>The initial technical review raised some issues, such as clarifying the status of the NIE candidate as a legal national entity, the timeframe allocated to respond to comments by the AF secretariat and the Accreditation Panel, as well as the budget set aside to cover that period as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p>
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	he final technical review finds that the revised proposal has sufficiently addressed the clarification requests (CRs) and corrective action requests (CARs) made in the initial technical review.
Date:	27 November 2024

Review Criteria	Questions	Comments 11 November 2024	Comments 27 November 2024
Country Eligibility	1. Is the country that does not yet have an accredited NIE a Party to the Kyoto Protocol?	<b>Yes</b>	
Eligibility of IE (Intermediary)	1. Is the project submitted through an Implementing Entity with an “accredited status with the Fund?”	<b>Yes</b>	
	2. Does the Implementing Entity have an approved project by the Adaptation Fund Board and has submitted at least one project performance report (PPR)?	<b>Yes.</b> EPIU has two projects under implementation, both of which have submitted three PPRs.	

	<p>3. Has the Implementing Entity demonstrated adequate experience providing capacity building support to NIE candidates and other national/sub-national entities for access to climate change adaptation finance?</p>	<p><b>Cleared.</b></p> <p>The intermediary (EPIU) provided technical support to the Center for Implementation of the Investment Projects in Tajikistan which resulted in the center submitting a fully developed application for the accreditation of an NIE to the Adaptation Fund Board.</p> <p>EPIU has also provided support to the ARMSWISSBANK CJSC of Armenia and to the Armenia Renewable Resources and Energy Efficiency Fund in their accreditation processes to the Green Climate Fund. EPIU delivered technical support and mentorship on fiduciary standards, environmental and social guidelines, gender policy, grievance and redress mechanism, and protection of whistleblowers.</p>	
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<p>Eligibility of nominated NIE candidate</p>	<p>1. Has the nominated NIE candidate taken the AF online course on accreditation and demonstrated adequate results during the self-assessment to meet accreditation criteria of the Fund?</p>	<p><b>Not Cleared.</b></p> <p>Two staff from the nominated NIE candidate (RECC) have taken the course and submitted certificates of completion. The two staff participated in the meeting held between the NIE candidate and EPIU to discuss AF accreditation requirements and provided input to RECC's capacity assessment process undertaken by EPIU.</p> <p>However, the AF operational policies and guidelines (paragraph 29) describe national implementing entities as "national legal entities". The capacity assessment report submitted by the intermediary identifies RECC as a regional organization established for the purpose of solving environmental problems in the countries of the South Caucasus. As such RECC has a regional mandate and has experience implementing regional projects, which could make it more suitable for accreditation as a regional implementing entity instead of a national implementing entity.</p> <p><b>CR1:</b> Could you please provide further clarification on RECC's legal standing and its status as a national legal entity?</p>	<p><b>Cleared.</b></p> <p>An online meeting held on 22 November between the AF, Intermediary, and NIE candidate in Georgia clarified that REC Caucasus is registered in Georgia's National Registry for Commercial and Non-Commercial Legal Entities (Business Register), with a unique Business Identification Number: 204943552. This registration and legal framework confirm its status as a national legal entity.</p>
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	<p>2. Is the suitability of the candidate NIE to meet the accreditation criteria justified considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures?</p>	<p><b>Cleared.</b></p> <p>The NIE candidate has experience implementing projects funded by various donors including the GEF, EU, BMU and GIZ. The projects focus on sustainable land management, water catchment management, biodiversity and ecosystem management as well as climate change and other projects in the development sector. The NIE candidate therefore has sound experience managing the project life cycle for such projects and has policies and procedures in place that make it a strong candidate for accreditation with the AF. Most of the identified gaps are related to strengthening existing policies and procedures as opposed to establishing new ones.</p>	
Project Eligibility	<p>1. Has the designated authority for the Adaptation Fund in the country seeking accreditation endorsed the project?</p>	<p><b>Cleared.</b></p> <p>The letter of endorsement has been signed by the DA for Georgia on 5 July 2024.</p>	



	<p>2. Has the intermediary undertaken an assessment or had dialogue on the NIE candidate gaps/challenges and ability of the candidate NIE to meet the requirements stipulated in the AF accreditation application form?</p>	<p><b>Cleared.</b></p> <p>EPIU (the intermediary) had initial dialogue with the Armenian branch of RECC in May 2024. The discussion identified similarities in practices, legal and regulatory frameworks between the intermediary and NIE candidate and concluded that there was positive alignment which presented an opportunity for the NIE candidate to successfully navigate the AF accreditation process. A subsequent series of online dialogues between EPIU and the representative of the DA for Georgia between May and September 2024 culminated in the nomination of RECC as the NIE candidate by the DA for Georgia and the joint preparation of the proposal for the readiness package grant by EPIU and the NIE candidate.</p>	
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	<p>3. Have accreditation gaps/challenges been clearly identified and the approaches to address them clearly outlined?</p>	<p><b>Cleared.</b></p> <p>A capacity assessment was undertaken by the intermediary between July and August 2024 to assess the NIE candidate's ability to meet AF accreditation requirements. The assessment report identified the following gaps (pages 10-12 of the capacity assessment report) that would need to be addressed by the NIE candidate:</p> <ul style="list-style-type: none"> <li>i) Internal Control Framework and strengthening the internal audit function and existing Fraud Policy</li> <li>ii) Strengthening institutional capacity for AF-specific Project/programme development and appraisal as well as competency to manage or oversee the execution of the project/programme, competency to undertake monitoring and evaluation, including monitoring of measures for the management of environmental and social risks.</li> <li>iii) Strengthening transparency, self-investigation and anti-corruption policies by integrating self-investigation and anti-corruption provisions into the internal control framework and establishing an institution-wide mechanism to monitor and address complaints about environmental or social harms caused by projects.</li> <li>iv) Strengthening the Gender Equity Policy</li> </ul> <p>The intermediary would engage international and local consultants as well as</p>	
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		the experience of EPIU staff to address the identified gaps for the NIE candidate to successfully obtain accreditation with the AF.	
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	<p>4. Are the proposed activities to address identified gaps/challenges for the NIE candidate to obtain accreditation with the Fund justified?</p>	<p><b>Cleared.</b></p> <p>The capacity assessment report undertaken by the intermediary made several recommendations. The recommendations (page 13 of the capacity assessment report) are directly addressed by the three project components in the proposal document. The recommendations are as follows:</p> <ul style="list-style-type: none"> <li>i) Revise the Internal Control Policy to elaborate on internal audit function;</li> <li>ii) Develop AF-specific Project/programme development and appraisal to establish understanding and protocol for adaptation-related project/programme development and appraisal;</li> <li>iii) Develop M&amp;E Manual that will combine the best practices from the project-specific M&amp;E track record;</li> <li>iv) Develop E&amp;S Risk Management Manual that will combine the best practices from the project-specific E&amp;S risk management track record;</li> <li>v) Develop Grievance Redress Mechanism to combine the best practices from the project-specific GRM track record;</li> <li>vi) Update the Gender Equity Policy to enable RECC to comply with the AF Gender Policy;</li> <li>vii) Upgrade the Fraud Policy into a Policy on Prohibited Practices to comprehensively incorporate and address all prohibited practices;</li> </ul>	
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		<p>viii) Capacitate RECC staff members on the efficient use of the developed regulatory frameworks.</p> <p>In addition, provision has been made as indicated in the table under Section D of the proposal document, to enable the NIE candidate some time to implement established and updated policies and to respond to queries raised by the AF accreditation Panel during their review of the NIE candidate's application for accreditation.</p>	
Resource Availability	<p>1. Is the requested project funding within the cap for the Readiness Package grants set by the Board?</p>	<p><b>Cleared.</b></p> <p>The amount requested of USD 135,600 is within the readiness package grant cap of USD 150,000 per NIE established by the AF Board.</p>	
	<p>2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?</p>	<p><b>Cleared.</b></p> <p>The Implementing Entity Management Fee is at 8.48% of the total project budget before the fee.</p>	<p>As a result of the revision to the budget the Implementing Entity Management Fee is now 8.37% of the total project budget before the fee.</p>
	<p>3. Is there budget set aside to continue support post submission of a complete application for accreditation to the AF secretariat?</p>	<p><b>Not Cleared.</b></p> <p>Component 1 includes a budget set aside of USD 6,000 to continue support post submission of a complete application for accreditation to the AF secretariat.</p> <p>However, the component also indicates that a complete application for accreditation</p>	<p><b>Cleared.</b></p> <p>The project completion date has been extended to 31 December 2025. See Section A of the proposal.</p>

		<p>would be submitted to the AF secretariat end of September 2025, whilst the project completion time as indicated under Section A of the proposal document is 1 October 2025. This does not give enough time to continue support post submission of the complete application for accreditation.</p> <p>It should be noted that the AF Accreditation Panel (AP) will only start reviewing an accreditation application after a complete application has been submitted by the NIE candidate and the application has been screened and cleared by the AF secretariat. Therefore, the end of September date for submission of a complete application as indicated in the proposal also does not provide enough time for the intermediary to support the NIE candidate to address questions and queries by the AP.</p> <p><b>CR2:</b> Please incorporate more time and allocate relevant budget in the proposal document to allow for EPIU's continued support to the NIE candidate post submission of a complete application for accreditation to the AF secretariat following (i) screening of the complete application by the AF secretariat, and (ii) comments and questions by the AF Accreditation Panel</p>	
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Implementation Arrangements	<p>1. Has adequate time been provided to respond to and address comments and feedback that may be made by the Accreditation Panel?</p>	<p><b>Not Cleared</b></p> <p>Component 1 includes a time allocation of 7 days and a related budget set aside for the intermediary to provide support at post application submission and upon receiving questions or queries by the AF Accreditation Panel (AP). However, the 7 days allocated may not be adequate, and the intermediary should consider setting aside more time.</p> <p><b>CR3:</b> Please allocate more time either as direct support by Intermediary staff or combining expert time with Intermediary technical support to account for comments and queries that may be raised by the AF AP. Please adjust budget accordingly, as relevant.</p>	<p><b>Cleared.</b></p> <p>More time has been allocated under the column “Tentative completion date” in the components table under Section C. (iv) to implement the revised activity through the combination of expert inputs and intermediary technical support. Corresponding adjustments to the budget have also been made.</p>
	<p>2. Is a detailed budget including budget notes included?</p>	<p><b>Not Cleared.</b></p> <p>A budget breakdown with associated notes is provided on pages 11-13 of the proposal document. However, it is not clear what the second activity under component 1 entails.</p> <p><b>CR4:</b> Please provide further clarification of the description of the following activity under component 1 of the budget breakdown table: “Mentorship/guidance on properly structuring accreditation application and necessary annexes.”</p>	<p><b>Cleared.</b></p> <p>The activity has been reformulated for clarification. See the budget table under Section C. (iv) of the proposal.</p>



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY Readiness Package Grant

Readiness Package support recipient Country: **Georgia**  
 Accredited Implementing Entity (Intermediary) delivering support: **Environmental Project Implementation Unit (EPIU)**  
 Nominated National Implementing Entity (NIE) Candidate: **Regional Environmental Centre for the Caucasus (RECC)**  
 Type of accredited Implementing Entity (NIE/RIE/MIE): **NIE**  
 Requested Financing from Adaptation Fund (US Dollars): **\$135,600**  
 AF Project ID: **AFRDG00079**  
 Reviewer and contact person: **Farayi Madziwa** Co-reviewer(s):  
 IE Contact Person: **Milena Kiramijyan**

<b>Technical Summary</b>	<p>The project to support NIE accreditation in Georgia will be done through the three components below:</p> <p><u>Component 1:</u> Facilitation of accreditation process (USD 35,000).</p> <p><u>Component 2:</u> Enhancement of regulatory and policy framework of RECC (USD 45,000)</p> <p><u>Component 3:</u> Intermediary-Nominated NIE cooperation towards RECC capacitation in attracting and implementing climate adaptation finance (USD 45,000).</p> <p><u>Requested financing overview:</u>          Total Project/Programme Cost: USD 125,000          Implementing Entity Fee: USD 10,600          Financing Requested: USD 135,600</p> <p>The initial technical review raises some issues, such as clarifying the status of the NIE candidate as a legal national entity, the timeframe allocated to respond to comments by the AF secretariat and the Accreditation Panel, as well as the budget set aside to cover that period as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p>
<b>Date:</b>	11 November 2024



Review Criteria	Questions	Comments
Country Eligibility	2. Is the country that does not yet have an accredited NIE a Party to the Kyoto Protocol?	<b>Yes</b>
Eligibility of IE (Intermediary)	4. Is the project submitted through an Implementing Entity with an “accredited status with the Fund?	<b>Yes</b>
	5. Does the Implementing Entity have an approved project by the Adaptation Fund Board and has submitted at least one project performance report (PPR)?	<b>Yes.</b> EPIU has two projects under implementation, both of which have submitted three PPRs.
	6. Has the Implementing Entity demonstrated adequate experience providing capacity building support to NIE candidates and other national/sub-national entities for access to climate change adaptation finance?	<p><b>Cleared.</b></p> <p>The intermediary (EPIU) provided technical support to the Center for Implementation of the Investment Projects in Tajikistan which resulted in the center submitting a fully developed application for the accreditation of an NIE to the Adaptation Fund Board.</p> <p>EPIU has also provided support to the ARMSWISSBANK CJSC of Armenia and to the Armenia Renewable Resources and Energy Efficiency Fund in their accreditation processes to the Green Climate Fund. EPIU delivered technical support and mentorship on fiduciary standards, environmental and social guidelines, gender policy, grievance and redress mechanism, and protection of whistleblowers.</p>

<p>Eligibility of nominated NIE candidate</p>	<p>3. Has the nominated NIE candidate taken the AF online course on accreditation and demonstrated adequate results during the self-assessment to meet accreditation criteria of the Fund?</p>	<p><b>Not Cleared.</b></p> <p>Two staff from the nominated NIE candidate (RECC) have taken the course and submitted certificates of completion. The two staff participated in the meeting held between the NIE candidate and EPIU to discuss AF accreditation requirements and provided input to RECC's capacity assessment process undertaken by EPIU.</p> <p>However, the AF operational policies and guidelines (paragraph 29) describe national implementing entities as "national legal entities". The capacity assessment report submitted by the intermediary identifies RECC as a regional organization established for the purpose of solving environmental problems in the countries of the South Caucasus. As such RECC has a regional mandate and has experience implementing regional projects, which could make it more suitable for accreditation as a regional implementing entity instead of a national implementing entity.</p> <p><b>CR1:</b> Could you please provide further clarification on RECC's legal standing and its status as a national legal entity?</p>
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	<p>4. Is the suitability of the candidate NIE to meet the accreditation criteria justified considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures?</p>	<p><b>Cleared.</b></p> <p>The NIE candidate has experience implementing projects funded by various donors including the GEF, EU, BMU and GIZ. The projects focus on sustainable land management, water catchment management, biodiversity and ecosystem management as well as climate change and other projects in the development sector. The NIE candidate therefore has sound experience managing the project life cycle for such projects and has policies and procedures in place that make it a strong candidate for accreditation with the AF. Most of the identified gaps are related to strengthening existing policies and procedures as opposed to establishing new ones.</p>
Project Eligibility	<p>5. Has the designated authority for the Adaptation Fund in the country seeking accreditation endorsed the project?</p>	<p><b>Cleared.</b></p> <p>The letter of endorsement has been signed by the DA for Georgia on 5 July 2024.</p>
	<p>6. Has the intermediary undertaken an assessment or had dialogue on the NIE candidate gaps/challenges and ability of the candidate NIE to meet the requirements stipulated in the AF accreditation application form?</p>	<p><b>Cleared.</b></p> <p>EPIU (the intermediary) had initial dialogue with the Armenian branch of RECC in May 2024. The discussion identified similarities in practices, legal and regulatory frameworks between the intermediary and NIE candidate and concluded that there was positive alignment which presented an opportunity for the NIE candidate to successfully navigate the AF accreditation process. A subsequent series of online dialogues between EPIU and the representative of the DA for Georgia between May and September 2024 culminated in the nomination of RECC as the NIE candidate by the DA for Georgia and the joint preparation of the proposal for the readiness package grant by EPIU and the NIE candidate.</p>

	<p>7. Have accreditation gaps/challenges been clearly identified and the approaches to address them clearly outlined?</p>	<p><b>Cleared.</b></p> <p>A capacity assessment was undertaken by the intermediary between July and August 2024 to assess the NIE candidate's ability to meet AF accreditation requirements. The assessment report identified the following gaps (pages 10-12 of the capacity assessment report) that would need to be addressed by the NIE candidate:</p> <ul style="list-style-type: none"> <li>v) Internal Control Framework and strengthening the internal audit function and existing Fraud Policy</li> <li>vi) Strengthening institutional capacity for AF-specific Project/programme development and appraisal as well as competency to manage or oversee the execution of the project/programme, competency to undertake monitoring and evaluation, including monitoring of measures for the management of environmental and social risks.</li> <li>vii) Strengthening transparency, self-investigation and anti-corruption policies by integrating self-investigation and anti-corruption provisions into the internal control framework and establishing an institution-wide mechanism to monitor and address complaints about environmental or social harms caused by projects.</li> <li>viii) Strengthening the Gender Equity Policy</li> </ul> <p>The intermediary would engage international and local consultants as well as the experience of EPIU staff to address the identified gaps for the NIE candidate to successfully obtain accreditation with the AF.</p>
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	<p>8. Are the proposed activities to address identified gaps/challenges for the NIE candidate to obtain accreditation with the Fund justified?</p>	<p><b>Cleared.</b></p> <p>The capacity assessment report undertaken by the intermediary made several recommendations. The recommendations (page 13 of the capacity assessment report) are directly addressed by the three project components in the proposal document. The recommendations are as follows:</p> <ul style="list-style-type: none"> <li>ix) Revise the Internal Control Policy to elaborate on internal audit function;</li> <li>x) Develop AF-specific Project/programme development and appraisal to establish understanding and protocol for adaptation-related project/programme development and appraisal;</li> <li>xi) Develop M&amp;E Manual that will combine the best practices from the project-specific M&amp;E track record;</li> <li>xii) Develop E&amp;S Risk Management Manual that will combine the best practices from the project-specific E&amp;S risk management track record;</li> <li>xiii) Develop Grievance Redress Mechanism to combine the best practices from the project-specific GRM track record;</li> <li>xiv) Update the Gender Equity Policy to enable RECC to comply with the AF Gender Policy;</li> <li>xv) Upgrade the Fraud Policy into a Policy on Prohibited Practices to comprehensively incorporate and address all prohibited practices;</li> <li>xvi) Capacitate RECC staff members on the efficient use of the developed regulatory frameworks.</li> </ul> <p>In addition, provision has been made as indicated in the table under Section D of the proposal document, to enable the NIE candidate some time to implement established and updated policies and to respond to queries raised by</p>
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		the AF accreditation Panel during their review of the NIE candidate's application for accreditation.
Resource Availability	4. Is the requested project funding within the cap for the Readiness Package grants set by the Board?	<p><b>Cleared.</b></p> <p>The amount requested of USD 135,600 is within the readiness package grant cap of USD 150,000 per NIE established by the AF Board.</p>
	5. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	<p><b>Cleared.</b></p> <p>The Implementing Entity Management Fee is at 8.48% of the total project budget before the fee.</p>
	6. Is there budget set aside to continue support post submission of a complete application for accreditation to the AF secretariat?	<p><b>Not Cleared.</b></p> <p>Component 1 includes a budget set aside of USD 6,000 to continue support post submission of a complete application for accreditation to the AF secretariat.</p> <p>However, the component also indicates that a complete application for accreditation would be submitted to the AF secretariat end of September 2025, whilst the project completion time as indicated under Section A of the proposal document is 1 October 2025. This does not give enough time to continue support post submission of the complete application for accreditation.</p> <p>It should be noted that the AF Accreditation Panel (AP) will only start reviewing an accreditation application after a complete application has been submitted by the NIE candidate and the application has been screened and cleared by the AF secretariat. Therefore, the end of September date for submission of a complete application as indicated in the proposal also does not provide enough</p>

		<p>time for the intermediary to support the NIE candidate to address questions and queries by the AP.</p> <p><b>CR2:</b> Please incorporate more time and allocate relevant budget in the proposal document to allow for EPIU's continued support to the NIE candidate post submission of a complete application for accreditation to the AF secretariat following (i) screening of the complete application by the AF secretariat, and (ii) comments and questions by the AF Accreditation Panel</p>
<p>Implementation Arrangements</p>	<p>3. Has adequate time been provided to respond to and address comments and feedback that may be made by the Accreditation Panel?</p>	<p><b>Not Cleared</b></p> <p>Component 1 includes a time allocation of 7 days and a related budget set aside for the intermediary to provide support at post application submission and upon receiving questions or queries by the AF Accreditation Panel (AP). However, the 7 days allocated may not be adequate, and the intermediary should consider setting aside more time.</p> <p><b>CR3:</b> Please allocate more time either as direct support by Intermediary staff or combining expert time with Intermediary technical support to account for comments and queries that may be raised by the AF AP. Please adjust budget accordingly, as relevant.</p>

	4. Is a detailed budget including budget notes included?	<p><b>Not Cleared.</b></p> <p>A budget breakdown with associated notes is provided on pages 11-13 of the proposal document. However, it is not clear what the second activity under component 1 entails.</p> <p><b>CR4:</b> Please provide further clarification of the description of the following activity under component 1 of the budget breakdown table: "Mentorship/guidance on properly structuring accreditation application and necessary annexes."</p>
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**APPLICATION FORM/PROPOSAL TEMPLATE FOR READINESS PACKAGE GRANTS**



**ADAPTATION FUND**

**READINESS PACKAGE GRANT APPLICATION FORM TEMPLATE**

**Application for a Grant to support NIE accreditation through the readiness package**

**Submission Date: 02 September, 2024**

**Adaptation Fund Grant ID:**

**Country receiving support:**

Georgia

**Institution to navigate accreditation process, if already identified:**

Regional Environmental Centre for the Caucasus (RECC)

**Name of Implementing Entity delivering support:**

“Environmental Project Implementation Unit” State Agency under the Ministry of Environment of the Republic of Armenia (EPIU)

**Type of Implementing Entity delivering support (NIE/RIE/MIE):**

NIE

**A. Timeframe of Activity**

<u>Expected start date of support</u>	<u>01 January 2025</u>
<u>Completion date of support</u>	<u>31 December 2025</u>

**B. Experience participating in, organizing support to, or advising other NIE candidates**

**(i) Describe the support provided for accreditation through readiness grants from the Adaptation Fund to developing countries and/or entities seeking to use the Fund’s Direct Access modality (please list only up to five of the most recent and add any others as an annex to this template).**

<u>Year support started</u>	<u>Year support will end</u>	<u>Climate Fund (source of grant)</u>	<u>Type of support provided</u>	<u>Outcome of the support</u>	<u>Country/institution supported</u>

<u>2024</u>	<u>2025</u>	<u>AF</u>	<u>Support provided in the framework of RPG window to capacitate the organization aiming its accreditation as a NIE with the AF.</u>	<u>1) Revision of the following documents:</u> <ul style="list-style-type: none"> <li>• <u>Charter of the organization</u></li> <li>• <u>Financial Procedures Manual</u></li> <li>• <u>Internal Control Framework</u></li> <li>• <u>Operational Manual</u></li> <li>• <u>Gender Policy</u></li> <li>• <u>Grievance Mechanism</u></li> </ul> <u>2) Development of the following documents:</u> <ul style="list-style-type: none"> <li>• <u>Protocol on Project/Programme Development/appraisal</u></li> <li>• <u>Policies on Prohibited Practices</u></li> </ul> <u>3) Translation of documents to be mandatorily provided for AP's consideration in English.</u> <u>4) Development of a website for CIIP.</u> <u>5) Trainings for CIIP staff.</u> <u>6) Fully developed accreditation application and assistance in addressing</u>	<u>“Center for Implementation of the Investment Projects” of the Committee for Environmental Protection under the Government, Republic of Tajikistan</u>
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(ii) Describe any other type of support provided outside the grants from the Adaptation Fund to other national, sub-national and/or local entities relevant to the AF accreditation process.

<u>Year</u>	<u>Type of Support</u>	<u>Outcome of the Support</u>	<u>Country/Institution Supported</u>
<u>2021-2022</u>	<u>Support in advancement of the fiduciary standards for accreditation with the Green Climate Fund during the</u>	<u>Initial submission from Armwissbank received a number of comments with regard to the fiduciary standards, environmental and social guidelines and</u>	<u>ARMSWISSBANK CJSC, Republic of Armenia</u>

	<p><u>process of responding to the GCF reviewers' comments on the submitted accreditation package.</u></p>	<p><u>gender policy. Despite the availability of the most policies and procedures, some of them lacked alignment with the GCF requirements.</u></p> <p><u>EPIU has been instrumental in providing guidance to the team of ArmSwissBank in responding to these comments, refining the documents and incorporating them into the workflow of the organization.</u></p> <p><u>Specific attention has been paid to the policy on prohibited practices, grievance and redress mechanism, protection of whistleblowers and gender policy.</u></p> <p><u>The support from EPIU has been channeled not only in the form of technical expertise during the review process, but also guidance/mentorship of the responsible team members from Armswissbank.</u></p>	
<b><u>2020</u></b>	<p><u>Support in advancement of the fiduciary standards for accreditation with the Green</u></p>	<p><u>EPIU has provided guidance to the R2E2 in reviewing these policies and identification of respective gaps</u></p>	<p><u>Armenia Renewable Resources and Energy Efficiency Fund,</u></p> <p><b><u>Republic of Armenia</u></b></p>

	<u>Climate Fund, more precisely for reviewing Environmental and Social Policies, Standards and Procedures (including Gender Policy).</u>	<u>(compliance with GCF requirements), designing comprehensive and responsive TORs for the consultants and review and acceptance of the final deliverables provided by latter. Also, EPIU has participated to the capacity building activities for the R2E2 responsible staff members (including support in designing training materials) and shared its experience with the review (at pre-accession stage) and application (at post-accession stage) of the respective policies and standards.</u>	
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### **C. Proposed activities to support NIE accreditation**

- (i) Describe the initial exchange that took place with the candidate entity and with the DA e.g., state with who (director, committee, DA etc.). Also state when the discussion took place and state what conclusions were arrived at. e.g., briefly state what issues the identified candidate NIE(s) is likely to face considering its experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers and anti-corruption measures.

Initial exchange of ideas between EPIU and REC Caucasus regarding EPIU's potential support around REC Caucasus' accreditation with the Adaptation Fund took place in May 2024 through the Armenian branch of the latter.

The bilateral engagement with REC Caucasus showcased the similarities in legal and regulatory frameworks, as well as respective practices of the countries, hence enabled the potential support EPIU can provide to ensure REC Caucasus' eligibility from the perspective of the AF

accreditation standards, taking into account EPIU's experience in supporting accreditation process and necessary competences in the context of the following procedures:

- Project ideation, development, collaboration with climate financiers in designing country needs- and stakeholder-driven projects, implementation and management (including adaptive management), reporting, monitoring and evaluation, as well as impact assessment;
- Stakeholder engagement and consultative framework;
- Procurement procedures and financial management system;
- Policy (On prohibited practices, Gender, ES) enforcement and implementation (including grievance redress mechanism).

The first direct interaction of representatives of EPIU with the representative of DA of Georgia (Ms. Masho Khakhnelidze) started from a correspondence regarding the AF itself, accreditation process, EPIU's experience and finally the nomination of RECC on July 8, 2024, escalating into an online meeting between the sides on July 16, 2024, to ensure the endorsement of the candidacy of RECC as a potential entity to be nominated for accreditation with the AF. One of the outcomes of the EPIU-DA direct engagement was the EPIU's assistance to the formulation and communication of the nomination letter from the DA to the AF Secretariat.

Starting from Summer 2024 the EPIU and RECC designated team members launched their joint efforts towards the development of the RPG application. The process kicked-off from a review of the institutional capacities and needs of RECC to develop a gap assessment report which further served as a basis for outlining the scope of the RPG project; and passing the self-paced AF E-Learning course "Direct Access: Unlocking Adaptation Funding" by the RECC staff. Further the teams discussed the draft application and outlined activities and presented the outcome to the DA. The whole process was conducted through sequential correspondence and organization of online meetings.

- (ii) Describe results of the self-assessment done by the candidate NIE or assessment done by intermediary on suitability of the candidate/nominated NIE to meet the accreditation criteria. Confirm whether any candidate NIE staff took the AF online course on accreditation and explain how the learning outcome from taking this course has been incorporated into the proposal. (The AF accreditation course can be found here).

The candidate entity has not conducted any specific self-assessment due to unnecessary of such activity, besides the one conducted via the self-assessment tool available on the AF website to launch the accreditation process. Hence, the EPIU team initiated the capacity assessment to reveal any need of re-engineering existing or introducing missing policies and procedures. Even though the conclusion of the exercise was the determination of sufficient institutional capacities of RECC to meet the accreditation requirements of the Adaptation Fund, the assessment as well uncovered several gaps and areas of improvement, namely:

- The need to update guiding documents at the disposal of RECC to fill in the identified gaps, to align with donors' potentially amended policies and procedures and with project implementation derived best practices and lessons learned.
- The need to organize trainings/seminars for RECC respective staff members on the introduction and implementation of updated policies and procedures.
- The need to organize trainings/seminars for RECC respective staff members on attracting and implementing climate adaptation finance.

The conclusions of the institutional capacity assessment were cleared with the representatives of RECC during the call from August 27, 2024 (participants: Margarita Gasparyan, Head of Cooperation with Donors Department, Milena Kiramijyan, Leading Specialist of the same department, from EPIU's side and Mr. Kakhaberi Mdivani, Chief Technical Advisor, Sopiko Gelashvili, Data Manager and Elene Panchvidze, Senior Data and Reporting Analyst from RECC's side). Additionally, during the online meeting it was decided to organize a meeting this time with the participation of DA to present the final result of EPIU-RECC cooperation in the context of RPG. As per the agreement during the meeting, the final RPG application and proposed interventions were introduced to RECC and the Designated Authority.

As mentioned previously, one of the early measures to launch the accreditation and RPG development process was the communication of the requirement to pass the self-paced AF E-Learning course "Direct Access: Unlocking Adaptation Funding" by the RECC staff, which was taken by Ms. Sopiko Gelashvili, Data Manager and Ms. Elene Panchvidze, Senior Data and Reporting Analyst. This facilitated a better understanding of the accreditation process by the RECC employees, which enabled them to contribute to the identification of gaps and needs in the frameworks of the capacity assessment initiated by the EPIU team and to the programming of the RPG proposal. Moreover, Ms. Milena Kiramijyan, the Leading Specialist of Cooperation with Donors Department of EPIU, also holds a certificate of the mentioned online course, proving her eligibility to consult RECC team on the accreditation-related matters.

(iii) Briefly justify why the nominated NIE candidate is best suited to meet the accreditation criteria.

RECC was nominated by the DA of the Republic of Georgia as the most suitable entity to directly access climate funds via the accreditation with Adaptation Fund on August 16, 2024. The decision was made based on the following:

- RECC has a vast experience and extensive track record of project implementation in various sectors, including environmental and climate-induced areas, in cooperation with a wide range of climate financiers and IFIs;
- Its operational capacities, policies and procedures, honed and refined over time, are pillars of its reputation as an advanced institution among alike entities;
- RECC's significant internal professional capacities, if advanced and empowered to meet the AF expectations, can efficiently serve to the proposed role.

The Regional Environmental Centre for the Caucasus (REC Caucasus, RECC) is an independent, non-for-profit organization, established to assist in solving environmental problems as well as development of the civic society in the countries of the South Caucasus within the framework of the "Environment for Europe Process" based on the decision made at the Sofia Ministerial Conference in 1995. The founding document of REC Caucasus – its Charter – was signed in September 1999 by the governments of Azerbaijan, Armenia, Georgia and the European Union. In March 2000 RECC was officially registered as an independent, not-for-profit, non-advocacy foundation in Tbilisi, Georgia. Since its establishment the Regional Environmental Centre for the Caucasus has implemented about 60 medium and large-scale projects in the region which have contributed to policy development, capacity building, facilitation of dialogue and networking, information exchange on environmental issues and supporting the civil society in the South Caucasus states.

RECC's track record:

<u>Project Name:</u>	<u>Country of Implementation:</u>	<u>Funding Source:</u>	<u>Project Value:</u>	<u>Dates of Performance:</u>
<u>Applying Landscape and Sustainable Land Management (L-SLM) for Mitigating Land Degradation and Contributing to Poverty Reduction in Rural Areas</u>	<u>Georgia</u>	<u>GEF/UNEP</u>	<u>923,484 USD</u>	<u>5/30/2016 - 6/30/2020</u>
<u>“Land Restoration Measures to Prevent Land Erosion and to Maintain the Fertility” with its amendments</u>	<u>Georgia</u>	<u>IFAD/AMMAR/MEPA</u>	<u>621,470 USD</u>	<u>4/10/2018 - 7/31/2020</u>
<u>Development of Draft River Basin Management Plan for Alazani / Iori River Basins in Georgia</u>	<u>Georgia</u>	<u>EU/EUWI</u>	<u>41,700 EUR</u>	<u>5/31/2018 - 7/30/2020</u>
<u>Development of Draft River Basin Management Plan for Khrami/ Debed River Basins in Georgia</u>	<u>Georgia</u>	<u>EU/EUWI</u>	<u>29,950 EUR</u>	<u>8/1/2018 - 7/30/2020</u>
<u>Development of communication plan for River Basin management</u>	<u>Georgia</u>	<u>EU/EUWI</u>	<u>16,000 EUR</u>	<u>12/17/2018 - 6/30/2020</u>
<u>Enabling Activities for HFC phase-down in Georgia</u>	<u>Georgia</u>	<u>GEF/UNEP</u>	<u>95,000 USD</u>	<u>12/14/2019 - 6/30/2021</u>
<u>Supporting Community Conservation Actions for Preservation of Biodiversity Hotspots and Empowerment of Remote Vulnerable Communities in Kvemo Kartli Region of Georgia</u>	<u>Georgia</u>	<u>GEF/UNDP SGP</u>	<u>19,805 USD</u>	<u>7/1/2019 - 8/31/2020</u>
<u>Georgia's Integrated Transparency Framework for Implementation of the Paris Agreement</u>	<u>Georgia</u>	<u>GEF/UNEP</u>	<u>955,000 USD</u>	<u>9/11/2019 - 9/30/2023</u>
<u>Tusheti Biosphere Reserve establishment in the climate-vulnerable region of Kakheti in Eastern Georgia – working towards the nomination</u>	<u>Georgia</u>	<u>BMU/GIZ</u>	<u>81,842 EUR</u>	<u>11/20/2019 - 3/31/2021</u>
<u>EU4Climate</u>		<u>EU/UNDP</u>	<u>55,850 USD</u>	<u>5/1/2020 - 5/1/2021</u>
<u>EU4 Environment: Mainstreaming and Circular Economy - Results 1 and 2</u>	<u>Georgia</u>	<u>EU/UNIDO</u>	<u>40,000 USD</u>	<u>6/18/2020 - 12/20/2022</u>
<u>European Union Water Initiative Plus for the Eastern Partnership: DEVELOPMENT OF A BASIC</u>	<u>Georgia</u>	<u>EU/EUWI</u>	<u>19,875 EUR</u>	<u>7/16/2020 - 11/23/2020</u>

<u>RIVER MANAGEMENT PLAN FOR THE COASTAL ZONE OF THE CHOROKHI-AJARISTSKALI RIVER BASIN DISTRICT IN GEORGIA</u>				
<u>LEDS</u>	<u>Georgia</u>	<u>EU/UNDP</u>	<u>143,720 USD</u>	<u>9/1/2020 - 9/1/2021</u>
<u>EUROPEAN UNION WATER INITIATIVE PLUS FOR THE EASTERN PARTNERSHIP (EUWI+ 4 EaP) LOCAL CONTRACTOR "RIVER BASIN MANAGEMENT PLAN – FINALISATION</u>	<u>Georgia</u>	<u>EU/EUWI</u>	<u>10,000 EUR</u>	<u>10/9/2020 - 11/13/2020</u>
<u>Upscaling Global Forest Watch in Caucasus Region</u>	<u>Georgia</u>	<u>GEF/GFW/ WRI</u>	<u>60,334 USD</u>	<u>3/5/2020 - 8/31/2022</u>
<u>Feasibility Study of Integrated Pastureland and Livestock Development in Georgia (including Cost-benefit Analysis for Current and Alternative Future Scenarios) within the framework of IFAD funded “Diary Improvement, Modernization, Market Access” Programme</u>	<u>Georgia</u>	<u>IFAD/DIMMA/ MEPA</u>	<u>46,551 USD</u>	<u>03/10/2020 - 3/31/2021</u>
<u>Central project evaluation of the project Sustainable management of biodiversity in the Southern Caucasus</u>	<u>Georgia</u>	<u>GIZ/FTC</u>	<u>22,433 EUR</u>	<u>8/26/2019 - 7/31/2020</u>
<u>The use of strategic approaches on waste management [The “European Union for Environment” (EU4Environment) Action Project; EU4Environment’s component 2.4 on “The use of strategic approaches on waste management” Activity 2.4.1 Develop draft of action plan for national waste management]</u>	<u>Georgia</u>	<u>EU/UNEP</u>	<u>42,690 USD</u>	<u>1/22/2021 - 12/22/2021</u>
<u>Small-Scale Funding Agreement (SSFA) for a GEF Project Preparation Grant (PPG) of the Mid-Sized Project “Low Carbon Solutions through Nature Based Urban Development for Kutaisi City”</u>	<u>Georgia</u>	<u>GEF/UNEP</u>	<u>45,664 USD</u>	<u>3/17/2021 - 12/31/2021</u>



<u>Support RECC to improve positioning in the region define and validate priorities</u>	<u>Georgia</u>	<u>GIZ</u>	<u>80,000 GEL</u>	<u>7/26/2021 - 11/15/2021</u>
<u>Support RECC in the implementation of the winning projects of the innovation idea competition held within the frames of ECOserve in response to green recovery initiatives</u>	<u>Georgia</u>	<u>GIZ</u>	<u>361,380 GEL</u>	<u>7/29/2021 - 11/25/2021</u>
<u>The use of strategic approaches on waste management</u>	<u>Georgia</u>	<u>EU/UNEP</u>	<u>124,385 USD</u>	<u>10/14/2021 - 1/31/2022</u>
<u>Small-Scale Funding Agreement (SSFA) for a GEF Project Preparation Grant (PPG) of the Mid-Sized Project "Sustainable Management of Agricultural Biodiversity in Vulnerable Ecosystems and Rural Communities of Samtskhe-Javakheti Region in Georgia"</u>	<u>Georgia</u>	<u>GEF/UNEP</u>	<u>50,000 USD</u>	<u>10/27/2021 - 9/30/2022</u>
<u>Support for the ratification of the Minamata Convention in Georgia</u>	<u>Georgia</u>	<u>UNITAR</u>	<u>68,000 GEL</u>	<u>4/25/2022 - 10/31/2022</u>
<u>Support MEPA in implementation of Law of Environmental Liability [Economic Governance Program in Georgia ეკონომიკური მმართველობის პროგრამა საქართველოში Grant - Support MEPA in Implementation of Law of Environmental Liability]</u>	<u>Georgia</u>	<u>USAID</u>	<u>197,995 GEL</u>	<u>5/12/2022 - 2/11/2023</u>
<u>The use of strategic approaches on waste management</u>	<u>Georgia</u>	<u>EU/UNEP</u>	<u>31,570 USD</u>	<u>8/9/2022 - 11/15/2022</u>
<u>Workshop - The peace forest initiative</u>	<u>Georgia</u>	<u>GEF/UNCCD</u>	<u>82,062 USD</u>	<u>1/10/2024 - 2/28/2024</u>

(iv) Provide a list in chronological order of occurrence, of the main components/steps that would be implemented to address the NIE candidate gaps/challenges, the activities to be undertaken, and the requested budget to support accreditation of the NIE candidate. An example is provided within the table in italics.

<u>Component</u>	<u>Proposed support activities to address Gap/Challenge</u>	<u>Expected Output of the Activities</u>	<u>Tentative completion date</u>	<u>Requested budget for component</u>
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				<u>in USD</u>
<u>Component 1. – Facilitation of accreditation process</u>	<p><u>Under this component, the overall accreditation of the nominated entity will be supported to ensure its compliance to the AF accreditation standards. Since an initial institutional capacity assessment exercise was carried out by EPIU the proposed activity would focus on:</u></p> <ul style="list-style-type: none"> <li><u>➤ Diving deeper into the identified gaps and further tailor support to be provided. Comprehensive workplan will be designed and presented to the entity to efficiently navigate through the process.</u></li> <li><u>➤ Preparation of the accreditation application along with its corresponding sections.</u></li> <li><u>➤ Revision of the accreditation application according to the inputs received as a result of AF Secretariat and Accreditation panel reviews.</u></li> </ul>	<ul style="list-style-type: none"> <li><u>➤ Accreditation workplan is developed;</u></li> <li><u>➤ Accreditation application is submitted;</u></li> <li><u>➤ Accreditation application is resubmitted.</u></li> </ul>	<u>End of December 2025</u>	<u>41,500</u>
<u>Component 2. – Enhancement of regulatory and policy framework of RECC</u>	<ul style="list-style-type: none"> <li><u>➤ Design of the missing policies, procedures and methodologies and advancement of existing documents (that require certain improvements);</u></li> <li><u>➤ Translation of the updated/existing/newly</u></li> </ul>	<ul style="list-style-type: none"> <li><u>➤ Introduced (new) and advanced (existing) policies, procedures and manuals;</u></li> <li><u>➤ Documents translated into English and Georgian as</u></li> </ul>	<u>End of May 2025</u>	<u>45,000</u>

	<u>developed documents (into English and Georgian as necessary).</u>	<u>necessary.</u>		
<u>Component 3. – Intermediary-Nominated NIE cooperation towards RECC capacitation in attracting and implementing climate adaptation finance</u>	<ul style="list-style-type: none"> <li>➤ <u>Implementation of on-job visiting trainings for RECC staff (in Georgia) on exploitation of newly introduced/revised documents developed under the Component 2;</u></li> <li>➤ <u>Implementation of in country capacity-building workshops (in Armenia) on:</u> <ul style="list-style-type: none"> <li>○ <u>Mapping of adaptation priorities on country level;</u></li> <li>○ <u>Stakeholder engagement in the context of needs identification to define stakeholder-driven projects' portfolio;</u></li> <li>○ <u>Design of project concepts and proposals as per the 3 pillars of the AF Mid-term Strategy;</u></li> <li>○ <u>Implementation of projects, adaptive management practices, reporting, M&amp;E.</u></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ <u>Enhanced capacities of the potential NIE in attracting and implementing climate adaptation finance through enhanced and cognizant engagement with Adaptation Fund;</u></li> <li>➤ <u>Reports on the trainings/workshops conducted (including curricula, materials, outcomes, and performance assessment).</u></li> </ul>	<u>End of August 2025</u>	<u>45,000</u>
<u>Total Project Cost</u>				<u>131,500</u>
<u>Project/Programme Cycle Management Fee charged by the Implementing Entity (Maximum of 8.5%)</u>				<u>11,000</u>
<b><u>Total Grant Requested (USD)*</u></b>				<b><u>142,500</u></b>

Budget breakdown per components:

<u>Component</u>	<u>Activities under the Component</u>	<u>Budget (in USD)</u>	<u>Budget narrative</u>
<u>Component 1. – Facilitation of accreditation process</u>	<u>Design of comprehensive workplan to efficiently navigate the entity through the accreditation process.</u>	<u>7,500</u>	<u>Consultancy services of individual international consultant (500 USD per day * 10 days) and national consultant (250 USD per day * 10 days).</u>
	<u>Preparation of the accreditation application along with its corresponding sections.</u>	<u>21,500</u>	<u>Consultancy services of individual international consultant (500 USD per day * 15 days) and 2 national consultants (each 250 USD per day * 15 days). Travel of international consultant to Tbilisi (250 USD for round ticket per travel, 200 USD per day for DSA) and 3,250 USD for renting premises for organization of consultations.</u>
	<u>Revision of the accreditation application according to the inputs received as a result of AF Secretariat and Accreditation panel reviews till finalization.</u>	<u>12,500</u>	<u>Consultancy services of individual international consultant (500 USD per day * 15 days) and 2 national consultants (250 USD per day * 10 days).</u>

<p><b><u>Component 2. – Enhancement of regulatory and policy framework of RECC</u></b></p>	<p><u>Design of the missing policies, procedures and methodologies and advancement of existing (that requires certain improvements);</u> <u>Translation of the updated/existing/newly developed documents to be mandatorily provided for AP’s consideration in English.</u></p> <p><i><u>(Preliminary list of documents is provided in Section D).</u></i></p>	<p><u>40,000</u></p>	<p><u>The following consultancy services will be required for the implementation of this activity:</u></p> <ul style="list-style-type: none"> <li>➤ <u>International expert/s on (but not limited to) fiduciary standards, financial management, project development – 25,000 USD (500 USD per day * 50 days);</u></li> <li>➤ <u>Local expert/s on (but not limited to) M&amp;E, ESS, gender, stakeholder engagement – 15,000 USD (250 USD per day * 60 days).</u></li> </ul>
	<p><u>Translation of the updated/existing/newly developed documents (into English and Georgian as necessary).</u></p>	<p><u>5,000</u></p>	<p><u>Translation services will be required for the implementation of this activity – 5000 USD (50 USD per day * 100 days).</u></p>
<p><b><u>Component 3. – Intermediary-Nominated NIE cooperation towards RECC capacitation in attracting and implementing climate adaptation finance</u></b></p>	<p><u>Implementation of on-job visiting trainings for RECC staff (in Georgia) on exploitation of newly introduced/revised documents developed under the Component 2.</u></p>	<p><u>23,750</u></p>	<ul style="list-style-type: none"> <li>➤ <u>International expert on (but not limited to) fiduciary standards, financial management, project development – 2,500 USD (500 USD per day * 5 days);</u></li> <li>➤ <u>4 local experts on (but not limited to) M&amp;E, ESS, gender, stakeholder engagement – 5,000 USD (250 USD per day * 5 days * 4 experts);</u></li> <li>➤ <u>Travel of 5 experts – 6,250 (1,250 USD for air ticket and DSA of 5 experts for 5 days);</u></li> </ul>

			➤ <u>Implementation of 5-day long consultative workshops – 10,000 USD (venue, catering, equipment, printing, interpretation).</u>
	<u>Implementation of in country capacity-building workshops (in Armenia) on:</u> <ul style="list-style-type: none"> <li>○ <u>Mapping of adaptation priorities on country level;</u></li> <li>○ <u>Stakeholder engagement in the context of needs identification to define stakeholder-driven projects' portfolio;</u></li> <li>○ <u>Design of project concepts and proposals as per the 3 pillars of the AF Mid-term Strategy;</u></li> <li>○ <u>Implementation of projects, adaptive management practices, reporting, M&amp;E.</u></li> </ul>	<u>21,250</u>	➤ <u>4 experts (preferably experienced in project development and implementation) on the elaboration of workshop topics – 5,000 USD (250 USD per day * 5 days * 4 experts);</u> ➤ <u>Travel of 6 RECC staff members and 1 DA representative – 8,750 (1,750 USD for air ticket and DSA of 7 staff members for 5 days);</u> ➤ <u>Implementation of 5-day long consultative workshops accompanied with a site visit – 7,500 USD (venue, catering, equipment, interpretation, printing, transportation).</u>

Budget breakdown for project management fees:

<u>Line Item</u>	<u>Cost in USD</u>
<u>Project Coordinator</u>	<u>4,000</u>
<u>Procurement Specialist</u>	<u>2,000</u>
<u>Final Evaluation</u>	<u>2,000</u>
<u>External Audit</u>	<u>2,600</u>
<b><u>TOTAL</u></b>	<b><u>10,600</u></b>

#### **D. Justification of project activities**

Provide a description of each identified NIE candidate gap/challenge and explain the status core, current processes and procedures within the NIE candidate regarding the identified gap/challenge and explain how the activities to be undertaken would address the identified gaps/challenges to advance accreditation of the NIE candidate. For new policies, procedures and institutional structures that need to be newly established, also provide a timeframe for demonstrating their effective operation and submission of evidence to the Accreditation Panel (AP), including responding to feedback from the AP. (for missing policies, manuals and institutional structures, please list and explain each one individually)

<b><u>Policies, manuals procedures</u></b>	<b><u>Status</u></b>	<b><u>Relevance</u></b>	<b><u>Timeline for embedding and collecting evidence</u></b>
<u>Internal Control Policy</u>	<u>Revision of the existing document to elaborate on internal audit function.</u>	<u>Alignment of the operational framework, practices and capacities of RECC with the requirements established for the National Implementing Entities to the Adaptation Fund.</u>	<u>3 month</u>
<u>AF-specific Project/programme development and appraisal</u>	<u>A new document to be developed - establishing an understanding of and a protocol for adaptation-related project/programme development and appraisal.</u>		<u>3 month</u>
<u>M&amp;E Manual</u>	<u>A new document that will combine the best practices from the project- specific M&amp;E track record.</u>		<u>3 month</u>
<u>E&amp;S risk management Manual</u>	<u>A new document that will combine the best practices from the project- specific E&amp;S risk management track record.</u>		<u>3 month</u>
<u>GRM</u>	<u>A new document</u>		<u>3 months</u>

	<u>that will combine the best practices from the project-specific GRM track record.</u>	
<u>Gender Policy</u>	<u>The existing document to be updated to enable the entity to comply with the AF gender policy.</u>	<u>3 month</u>
<u>Policy on Prohibited Practices</u>	<u>There is an existing Fraud Policy that requires an update to comprehensively incorporate and address all prohibited practices.</u>	<u>3 months</u>

The table above is drawn on the basis of the institutional capacity assessment conduct by the EPIU team prior to the proposal development. It can be amended based on the gap assessment exercise provided for under the Component 1 of the project proposal.

### E. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures.

<u>Head of Implementing Entity</u>	<u>Signature</u>	<u>Date (Month, day, year)</u>	<u>Implementing Entity Contact</u>	<u>Telephone</u>	<u>Email Address</u>
<u>Mr. Armen Khojoyan, Director a.i. of EPIU SA</u>		<u>September 2, 2024</u>	<u>Ms. Milena Kiramijyan, Leading Specialist of the Cooperation with Donors</u>	<u>+374 10 651631</u>	<u>Info@cep.am milena.kiramijyan@epiu.am, kiramijyan.milena@gmail.com</u>



			<u>Department</u> <u>t</u>		
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**F. Record of request of support on behalf of the government**

Provide the name and position of the government official who is the Designated Authority of the Adaptation Fund in the NIE candidate country and indicate date of endorsement. The letter of endorsement from the Designated Authority should be attached as an annex to the application.

<u>Ms. Nino Tandilashvili</u>  <u>Deputy Minister</u> <u>Environmental Protection and Agriculture of Georgia</u>	<u>Date: July 5, 2024</u>
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MINISTRY OF ENVIRONMENTAL PROTECTION  
AND AGRICULTURE OF GEORGIA

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Tbilisi, 0156, Georgia  
+995 32 237 80 13  
+995 32 237 80 44  
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05 July 2024



N 5145/01

To: The Adaptation Fund Board  
c/o Adaptation Fund Board Secretariat  
Email: Secretariat@Adaptation-Fund.org  
Fax: 202 522 3240/5

Subject: Letter of Endorsement for "Application for a Grant to support NIE accreditation through Readiness Package"

To whom it may concern,

In my capacity as designated authority for the Adaptation Fund in Georgia, I confirm that the above national grant proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Georgia.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by the "Environmental Project Implementation Unit" State Agency under the Ministry of Environment of the Republic of Armenia and executed by the "Environmental Project Implementation Unit" State Agency under the Ministry of Environment of the Republic of Armenia.

Sincerely,

Nino Tandilashvili  
First Deputy Minister

<https://edocument.ge/mea/public/#/5145-01-2-202407051616>





# CAPACITY ASSESSMENT REPORT

In the context of Accreditation of the Regional  
Environmental Centre for the Caucasus with the  
Adaptation Fund

Compiled by  
"Environmental Project Implementation Unit" State Agency of the Ministry of Environment of  
the Republic of Armenia

August, 2024

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## Abbreviations

AF	Adaptation Fund
DA	Designated Authority
EPIU	“Environmental Project Implementation Unit” State Agency of the Ministry of Environment of the Republic of Armenia
NGO	Non-Governmental Organization
NIE	National Implementing Entity
RECC	Regional Environmental Centre for the Caucasus
RPG	Readiness Package Grant
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar

## Executive Summary

The current document is a capacity assessment report conducted in the framework of accreditation of Regional Environmental Centre for Caucasus with the Adaptation Fund. The purpose of the assessment was to evaluate RECC's ability to meet specific standards required by the accrediting body to determine whether the organization has the necessary resources, processes, governance structures, and operational capabilities to consistently deliver quality projects, maintain compliance, and achieve its mission.

The assessment was conducted in July-August 2024. Data for the assessment was collected through review of relevant documents, key informant interviews, sharing and obtaining feedback on draft assessment report from key stakeholders. The major findings from the capacity assessment are indicated hereunder:

- RECC has a vast experience and extensive track record of project implementation in various sectors, including environmental and climate-induced areas, in cooperation with a wide range of climate financiers and IFIs.
- Its operational capacities, policies and procedures, honed and refined over time, are pillars of its reputation as an advanced institution among alike entities.
- RECC's significant internal professional capacities, if advanced and empowered to meet the AF expectations, can efficiently serve to the proposed role.
- However, several policy-related gaps that need to be addressed to secure holistic compliance with the AF requirements exist.
- RECC is recommended to:
  - Revise its Internal Control Policy to elaborate on internal audit function;
  - Develop AF-specific Project/programme development and appraisal to establish understanding and protocol for adaptation-related project/programme development and appraisal;
  - Develop M&E Manual that will combine the best practices from the project-specific M&E track record;
  - Develop E&S Risk Management Manual that will combine the best practices from the project-specific E&S risk management track record;
  - Develop Grievance Redress Mechanism to combine the best practices from the project-specific GRM track record;
  - Update its Gender Equity Policy to enable RECC to comply with the AF Gender Policy;
  - Upgrade its Fraud Policy into a Policy on Prohibited Practices to comprehensively incorporate and address all prohibited practices;
  - Capacitate its staff members on the efficient use of the developed regulatory frameworks.

## Chapter 1: Introduction and Background

### 1.1. Purpose of the Assessment

The idea of assessment of the capacities of the Regional Environmental Centre for the Caucasus has generated in the backstage of the discussions around need for a National Implementing Entity for Georgia to be mandated to directly access the climate funds enabled by the Adaptation Fund for implementation of respective projects aimed at building country's resilience for combating climate change negative impacts.

The purpose of the current capacity assessment is to evaluate organization's ability to meet specific standards required by the accrediting body (in this case the AF Accreditation Panel). This assessment will help to determine whether the organization has the necessary resources, processes, governance structures, and operational capabilities to consistently deliver quality projects, maintain compliance, and achieve its mission. It examines factors like leadership, staff competence, financial stability, and continuous improvement practices. The outcome of the assessment will inform whether the organization is ready for accreditation or needs further development to meet the required standards.

RECC was nominated by the DA of the Republic of Georgia as the most suitable entity to directly access climate funds via the accreditation with Adaptation Fund on August 16, 2024. Despite the fact that the DA acknowledged its sufficient capacities to serve as a bridge to climate adaptation finance, it is worth mentioning that RECC has not conducted any specific self-assessment to find out compliance with the fund's requirements due to unnecessary of such activity, besides the one conducted via the self-assessment tool available on the AF website to launch the accreditation process. Hence, the EPIU team initiated this capacity assessment to reveal any need of re-engineering existing or introducing missing policies and procedures.

### 1.2. Assessor

"Environmental Project Implementation Unit" State Agency of the Ministry of Environment of the Republic of Armenia is an advanced institution mandated to ensure the successful implementation of environmental projects derived from national strategic priorities. With its comprehensive project portfolio and experience, EPIU supports governmental agencies, communities, private sector agencies, and other stakeholders to overcome vulnerability and gaps focusing on environment protection, climate change mitigation and adaptation practices. The agency is accredited by major multilateral climate funds such as the Adaptation Fund and Green Climate Fund and has a wide network of international partners (including United Nations agencies, international financial institutions and other donor organizations).

During eight years of its accreditation with AF EPIU has accessed various funding windows of the fund and successfully implemented 2 regular full-sized adaptation projects with a total amount of up to USD 4 million. This honed a large set of crucial capacities of a NIE required to conduct the whole project cycle starting from its ideation to collaboration with climate financiers in designing country needs- and stakeholder-driven projects, implementation and management (including adaptive management), reporting, monitoring and evaluation, as well as capacities related to ensuring the fiduciary procedures.

Furthermore, the above-mentioned competences of EPIU were re-evaluated and their relevance was validated after the re-accreditation of EPIU with AF back in 2023. The outcome was the increase of the NIE cap of accessible climate funds (the 1<sup>st</sup> accreditation provided direct access to USD 4 mln, with re-accreditation this limit was brought up to USD 10 mln). The described progress enabled EPIU to enhance its project portfolio both in volumes and directions covering wider range of adaptation needs and bigger numbers of direct and indirect beneficiaries.

### 1.3. Subject of the Assessment

The Regional Environmental Centre for the Caucasus (REC Caucasus, RECC) is an independent, non-for-profit organization, established to assist in solving environmental problems as well as development of the civic society in the countries of the South Caucasus within the framework of the “Environment for Europe Process” based on the decision made at the Sofia Ministerial Conference in 1995. The founding document of REC Caucasus – its Charter – was signed in September 1999 by the governments of Azerbaijan, Armenia, Georgia and the European Union. In March 2000 RECC was officially registered as an independent, not-for-profit, non-advocacy foundation in Tbilisi, Georgia. Since its establishment the Regional Environmental Centre for the Caucasus has implemented about 60 medium and large-scale projects in the region which have contributed to policy development, capacity building, facilitation of dialogue and networking, information exchange on environmental issues and supporting the civil society in the South Caucasus states.

REC Caucasus has been established:

- to serve environmental stakeholders within and outside the South Caucasus region: national and local governments, NGOs, media, business, local communities, science, international community, teachers, students, children, etc.;
- to contribute to the improvement of the Caucasus environment by facilitating introduction and implementation of global, European, regional and national environmental policies;



- to provide a gateway for dialogue, networking and cooperation among environmental stakeholders and partners at global, regional, national and local levels;

## 1.4. Adaptation Fund

The Adaptation Fund is the financial mechanism under the Kyoto Protocol for the UNFCCC. AF was established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change. Since 2010, the Adaptation Fund has committed more than USD 1.2 billion for climate change adaptation and resilience projects and programmes, including more than 176 concrete, localized projects in the most vulnerable communities of developing countries around the world with 45 million total beneficiaries. It also pioneered Direct Access, empowering countries to access funding and develop projects directly through accredited national implementing entities.

Based on its mandate, the Adaptation Fund's mission is to serve the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, to respond to the urgent needs and priorities of developing countries. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up. All of the Fund's activities are designed to promote locally based or locally led action, enhance access to climate finance and long-term institutional capacities, empower and benefit the most vulnerable people and communities as agents of change, advance gender equality, encourage and enable the scaling and replication of results, and strengthen complementarity, coherence and synergies with other adaptation funders and actors.

## Chapter 2: Methodology and Approach

### 2.1. Methods of Data Collection

A mixed-method design that utilizes both action research and organizational capacity assessment methodologies was used to carry out a capacity assessment of RECC. The elements of organizational capacity assessment approach were adopted because it allowed to reflect on the internal and external capacity strengths, capacity gaps, challenges in RECC's operating environment and to identify priority learning needs. Both participatory and qualitative methodologies (interviews and document review) were used to generate data for the assessment.

The collected information was assessed towards the accreditation standards of the AF.

The accreditation process of the Adaptation Fund aims to ensure that the entity follows fiduciary and safeguard standards to identify any project risks in advance, prevent any harm and improve the effectiveness and sustainability of results while accessing financial resources of the Adaptation Fund. It is composed of a set of accreditation standards that consist of four broad categories: legal status, financial and management integrity, institutional capacity, and transparency, self-investigation and anti-corruption.

1. Legal Status: Status to contract with the Adaptation Fund Board;
2. Financial and management integrity: Accurate recording of transactions, disbursing funds on a timely basis, and audited periodically by an independent firm or organization;
3. Institutional Capacity: Ability to manage procurement procedures, ability to identify, formulate and appraise projects/programmes, competency to manage or oversee the execution of the project/programme, competency to undertake monitoring and evaluation, including monitoring of measures for the management of environmental and social risks;
4. Transparency, Self-investigation, Anti-corruption: Mechanism to monitor and address complaints about environmental or social harms caused by projects;
5. Compliance with Adaptation Fund's Gender Policy.

### 2.2. Data Sources

The assessment utilized data from both primary and secondary sources. The primary data sources included the capacity evaluation questionnaire completed by the appointed focal point of RECC for the overall accreditation process. The secondary data sources included review of RECC's website and of various other internet resources that reflected capacities of the organization.

## 2.3. Data Analysis

Data collected was systematically examined to evaluate RECC's strengths, weaknesses, and areas for improvement. The key steps included:

1. **Content Analysis:** Reviewing and analyzing the key documents shared as annexes to the capacity assessment questionnaire used during the data collection stage.
2. **Data Categorization:** Organizing the data into relevant categories that align with the components of the capacity being assessed, such as operational effectiveness, resource availability, and leadership competence.
3. **Descriptive Analysis:** Summarizing the data to provide an overview of the organization's current capacity.
4. **Comparative Analysis:** Comparing the organization's data against benchmarks, industry standards, or accreditation criteria to assess gaps and areas where improvement is needed.
5. **Qualitative Analysis:** Analyzing open-ended responses and document reviews to identify themes, patterns, and insights related to organizational capacity, such as challenges in communication or leadership.
6. **SWOT Analysis:** Assessing the organization's Strengths, Weaknesses, Opportunities, and Threats based on the data collected. This helps in identifying critical areas for development.
7. **Actionable Insights:** Using the analysis to make informed recommendations for capacity-building, aligning with accreditation standards or goals, and helping the organization prioritize areas for development or investment.

This approach helped to understand RECC's readiness for accreditation and the improvements needed to meet the required capacity standards.

## Chapter 3: Key Findings from the Assessment

Below are presented the findings of the institutional assessment carried out by the EPIU team.

### 3.1. Alignment with Standard 1: Legal Status

#### Strengths:

- **Demonstrated legal status:** Provisions of the Charter of RECC, as well its experience in cooperation with multilateral organizations, including UN Agencies, GEF, etc., demonstrate its legal ability to contract with AF.

### 3.2. Alignment with Standard 2: Financial and Management Integrity

#### Strengths:

- **Strong capacity for general management and administrative oversight:** RECC demonstrated a defined governance and oversight structure (see the Organizational Structure and the Charter of RECC), and robust experience of financial management, specifically in the context of regular preparation of budgets, financial reports in the frameworks of grant projects financed by the donor organizations.
- **Overall alignment with international standards on financial management and accounting:** RECC demonstrated that reports and financial statements are prepared in accordance with recognized international accounting standards given previous collaboration with International Financial Institutions and other partners. In the context of financial management, the organization is guided by the Financial Manual (annexed) which thoroughly describes organization's financial systems and procedures.

As an NGO RECC is not obliged to publish financial information according to the Georgian statutory reporting requirements. However, it provides annual reports to the Board including regarding the financial situation. The accounting system is rather appropriately established and maintained with specified roles and responsibilities of designated staff members and equipped with specialized accounting software called "ORIS Accounting" along with the project-specific tools of each donor organization.

- **Good coverage of external audit:** The organization acquires annual audits from independent auditors.

#### Areas of improvement:

- **Internal control implication:** The statement of RECC regarding the internal audit function was slightly controversial, since from one hand the Risk Management and Internal Control Policy states that "risk management/internal control

function is carried out by the internal audit team”, from the other – it was communicated through the completed questionnaire that “the organization has decided to create an internal audit department and a vacancy has been announced for the recruitment of qualified personnel”. Furthermore, the vacancy announcement seeks to find an internal specialist for just a year when the internal audit function needs more permanent approach. This could be reflected in the revision of the mentioned policy in a manner that gives an understanding of detailed internal control tasks and responsibilities.

- **Internal Control Framework gaps:** The existing Fraud Policy gives general understanding of how irregularities must be dealt with. The policy could benefit from an update which can be done in a more comprehensive manner. The latter could be ensured by restructuring the document into a Policy on prohibited practices, which will cover as well organization’s approaches to anti-money laundering and anti-terrorist financing issues at the organization’s level.

### 3.3. Alignment with Standard 3: Institutional Capacity

#### Strengths:

- **Procurement functions in-line with international standards:** 2 documents (Description of Procurement Process of RECC, RECC Administration Manual) robustly set out the approaches to the procurement procedure. Moreover, the track record of RECC proves the flexibility of its procurement procedure towards compliance with policies and related guidelines of donor organizations.
- **Project/programme development and appraisal:** The organization has several documents that describes in detail the process of project ideation and design.

#### Areas of improvement:

- **AF-sepcific Project/programme development and appraisal:** Despite the vast track record it is not clear how often the RECC staff has participated in the project development to be able to use the available guiding documents in practice. Moreover, in case of accreditation with AF, development of projects in line with the funds’ requirements would be a new experience. Thus, a fund-specific guidebook that will reflect on the available funding windows and elaborate on adaptation-related practices and rationale would be helpful for the organization. The staff could use specific issue-related mentored trainings to develop such capacities.
- **Competency to manage or oversee the execution of the project/programme, competency to undertake monitoring and evaluation, including monitoring of measures for the management of environmental and social risks:** RECC’s track record testifies about the presence of enough project execution, M&E, E&S risk management related institutional capacities. The organization uses a case-by-case strategy depending on the approaches of the donor organization in the

context of M&E, E&S risk management. RECC could: (a) consider having a regulatory framework that would reflect its overall M&E approach (ensuring the alignment with the AF's Evaluation Policy), E&S risk management approach, (b) use some update to align with donors' potentially amended policies and procedures and project implementation derived best practices and lessons learned.

### 3.4. Alignment with Standard 4: Transparency, Self-Investigation, Anti-Corruption

#### Areas of improvement:

- **Anti-corruption:** Proposed Internal Control Framework revision must be accompanied with inclusion of provisions that reflect organization's approach to anti-corruption enforcement.
- **Mechanism to monitor and address complaints about environmental or social harms caused by projects:** RECC has a project level grievance redress mechanism which is defined in its ESMS document. The organization uses a case-by-case strategy depending on the approaches of the donor organization in this context. RECC could consider having a regulatory framework that would reflect its overall GRM approach.
- **Self-investigation:** Proposed Internal Control Framework interventions will cover organization's self-investigation function refinement.

### 3.5. Alignment with Standard 5: Compliance with AF's Gender Policy

#### Areas of improvement:

- Though RECC demonstrates rather strong experience in mainstreaming gender into climate-related projects and programs according to the policies of donor organizations, and the organization exploits Gender Equity Policy, it could benefit from an alignment with possible updates in the respective policies and procedures of the donor organizations, and project implementation derived best practices and lessons learned.

## Chapter 4: Conclusions and Recommendations

### 4.1. Conclusions

The purpose of this assessment was to generate information on good practices and experiences, as well as key challenges and roadblocks that can affect RECC's accreditation potential.

RECC has a vast experience and extensive track record of project implementation in various sectors, including environmental and climate-induced areas, in cooperation with a wide range of climate financiers and IFIs. Its operational capacities, policies and procedures, honed and refined over time, are pillars of its reputation as an advanced institution among alike entities. RECC's significant internal professional capacities, if advanced and empowered to meet the AF expectations, can efficiently serve to the proposed role.

However, the capacity assessment exercise revealed several policy-related gaps that need to be addressed to secure holistic compliance with the AF requirements.

### 4.2. Recommendations

It is recommended to:

- Revise the Internal Control Policy to elaborate on internal audit function;
- Develop AF-specific Project/programme development and appraisal to establish understanding and protocol for adaptation-related project/programme development and appraisal;
- Develop M&E Manual that will combine the best practices from the project-specific M&E track record;
- Develop E&S Risk Management Manual that will combine the best practices from the project-specific E&S risk management track record;
- Develop Grievance Redress Mechanism to combine the best practices from the project-specific GRM track record;
- Update the Gender Equity Policy to enable RECC to comply with the AF Gender Policy;
- Upgrade the Fraud Policy into a Policy on Prohibited Practices to comprehensively incorporate and address all prohibited practices;
- Capacitate RECC staff members on the efficient use of the developed regulatory frameworks.

## Annotation

The capacity assessment of RECC is carried out and the current assessment report is compiled by the following EPIU team members:

- Ms. Margarita Gasparyan, Head of Cooperation with Donors Department of EPIU (email: [margarita.gasparyan@epiu.am](mailto:margarita.gasparyan@epiu.am))
- Ms. Milena Kiramijyan, Leading Specialist of Cooperation with Donors Department of EPIU (email: [milena.kiramiivan@epiu.am](mailto:milena.kiramiivan@epiu.am))

In case of queries or requests regarding the current report, please contact the above-mentioned EPIU team members.

The following documents are annexed to this report:

1. Annex 1: Capacity assessment questionnaire completed by RECC;
2. Annex 2: Package of supplementary documents provided by RECC together with the above-mentioned questionnaire.







