

# Building Armenia's national transparency framework under Paris Agreement

**Review CEO Endorsement and Make a recommendation**

## Basic project information

**GEF ID**

10138

**Countries**

Armenia

**Project Name**

Building Armenia's national transparency framework under Paris Agreement

**Agencies**

UNDP

**Date received by PM**

11/27/2019

**Review completed by PM**

4/17/2020

**Program Manager**

Satoshi Yoshida

**Focal Area**

Climate Change

**Project Type**

MSP

**PIF**

**CEO Endorsement**

**Part I – Project Information**

**Focal area elements**

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/2019: Yes.

**Agency Response**

## **Project description summary**

**2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?**

### **Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/2019: Yes.

The project is still aligned with the project design proposed in PIF, and total financing and co-financing have remained the same. Changes in the approach and activities can be summarized as follows:

1. Component 4 has now been added as a stand-alone component for M&E and knowledge management in order to simplify project management and emphasize these activities. The project output related to knowledge sharing at the regional and global level (previously Output 3.3.3), is now included under this component as Output 4.1.2.
2. Additional information has been added on baseline activities and institutional coordination with new initiatives, such as the EU4Climate regional project.
3. Activities now specify support for MRV in the forestry sector in order to align with national priorities related to the Bonn Challenge.

### **Agency Response**

**3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?**

**Secretariat Comment at PIF/Work Program Inclusion** N/A

### **Agency Response**

**Co-financing**

**4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**GEF Resource Availability**

**5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?**

**Secretariat Comment at PIF/Work Program Inclusion** AT, 12/11/2019: Yes.

**Agency Response**

**Project Preparation Grant**

**6. Is the status and utilization of the PPG reported in Annex C in the document?**

**Secretariat Comment at PIF/Work Program Inclusion**

March 23, 2020, SY: Thank you for the clarification. The final document of UNDP at PIF stage included PPG while the final PIF did not include PPG. Comment cleared.

AT, 12/11/19: Not yet. Please report the status and utilization of the PPG (amounting to \$32,850) in Annex C in the CEO Approval Request.

## **Agency Response**

UNDP, 03/04/2020:

The project has not requested PPG Funds.

Core indicators

7. Are there changes/ adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

**Secretariat Comment at PIF/Work Program Inclusion** AT, 12/11/19: Yes.

## **Agency Response**

Part II – Project Justification

1. Is there a sufficient elaboration on how the global environmental/ adaptation problems, including the root causes and barriers, are going to be addressed?

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

## **Agency Response**

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

## **Agency Response**

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**Project Map and Coordinates**

**Is there an accurate and confirmed geo-referenced information where the project intervention will take place?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**Child Project**

**If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?**

**Secretariat Comment at PIF/Work Program Inclusion**

N/A

**Agency Response**

**Stakeholders**

**Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

## **Agency Response**

**Gender Equality and Women's Empowerment**

**Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?**

## **Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

## **Agency Response**

**Private Sector Engagement**

**If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?**

## **Secretariat Comment at PIF/Work Program Inclusion**

April 3, 2020, SY: Comments cleared.

March 23, 2020, SY: Thank you for the elaboration. While engagements with commercial banks to enhance climate actions are very important, it is not clear in the table how such engagements will be relevant to outcomes of this project in enhancing transparency framework in the country. Please clarify if data collection is also relevant to this activity.

AT, 12/11/19; Not yet.



The stakeholders Table mentions the following; "While the private sector will not be involved in the project directly, it will be involved indirectly through the provision of data in relevant sectors. It will also be involved indirectly in reporting on mitigation when private sector investment results in GHG emission reductions. The proposed project will take steps to strengthen capacity in key government organizations to work effectively with the private sector on activity data collection."

Please describe the private sector engagement in detail which includes on-going efforts to work with the private sector on activity data collection and others mentioned above.

### Agency Response

UNDP, 03/04/2020:

Private sector engagement with key emitters and commercial banks, including on-going work with key emitters, is now described in Annex 4, Table A4.1 of the project document (page 59) and on pages 25-26 of the CEO Endorsement Request. Key emitters providing activity data for national GHG inventories include private cement producers, copper and molybdenum re-processing plants, and glass factories.

UNDP, 03/26/2020:

Data collection is directly relevant to the financial sector under Paragraph 10 of Article 13, which states that developing countries should provide information on "support received," including financial support through ODA and IFIs (IFC, KfW, EBRD). It should be noted that data collection from the financial sector refers to financial data; however, emissions data for actual, implemented projects is also collected, as certain loans have "green" criteria for lending. Armenia has reported on support received in tabular format in its BUR1 and BUR2. That information is also helpful to analyze in-country private sector activity in climate change mitigation area (i.e. loans issued for the installation of solar panels, loans for small hydropower plants) as well utilization of soft loans for adaptation activities. While the MRV system improvements envisaged under the project will contribute to tracking the impact of private sector involvement in NDC implementation and it will help to define the focus on policies related to public-private partnerships and will allow the government to target outreach and awareness-raising activities more effectively.

Output 3.2.3 of the project will involve communication with the financial sector in Armenia for the reasons above. However, will also be a need to maintain an ongoing dialogue with key climate change stakeholders. Ameria, CreditAgricole, Ararat, ArmSwissBank, for example, are all commercial banks that cooperate with EBRD on its GCF-funded Armenia Energy Efficiency Program. References to the role of the private sector in the provision of information and in stakeholder involvement have now been clarified in the text on pages 59-60 of the Project Document and pages 24-26 of the CEO Endorsement Request.

Risks

**Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**Coordination**

**Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?**

**Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

**Agency Response**

**Consistency with National Priorities**

**Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?**

**Secretariat Comment at PIF/Work Program Inclusion**

April 17, 2020, SY: Comment cleared.

April 3, 2020, SY: While plans and strategies related to Minamata Convention, CBD, and Stockholm Convention are listed, it is not clear if these are relevant to or aligned with this CBIT project.

AT, 12/11/19: Yes.

### **Agency Response**

UNDP, 04/14/2020: References to the ASGM Nap, Minamata, POPs and CBD convention are deleted from the CEO ER document. A reference to the NDC under the Paris Agreement has been added.

### **Knowledge Management**

**Is the proposed “Knowledge Management Approach” for the project adequately elaborated with a timeline and a set of deliverables?**

### **Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Yes.

### **Agency Response**

#### **Monitoring and Evaluation**

**Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?**

### **Secretariat Comment at PIF/Work Program Inclusion**

April 3, 2020, SY: Comments cleared.

March 23, 2020, SY:

1. Audit cost has been deleted from the M&E plan.
2. Thank you for deleting the descriptions of the executing functions. Annex 9 of the ProDoc seems to be the same while it states that “The project will be implemented following the UNDP Support to National Implementation Modality (NIM) and thus assumes overall management responsibility and accountability for project implementation. Accordingly, UNDP must follow all policies and procedures established for its own operations,” and the table for a procurement plan for the first year is provided (noting some numbers in the table are different from those in Budget and Workplan table). Please clarify.

AT, 12/11/19:

1) Budget for audit should be funded from the PMC. Please delete the Audit budget from the M&E component (Component 4).

2) The OFP letter to UNDP requesting for provision of project support services under national execution of the project is attached in the project document. The GEF SEC reviewed the letter from the context of justification for UNDP to perform executing functions under the GEF's Guidelines on the Project and Program Cycle Policy (paragraphs 7 to 9 pages 37 and 38). The GEF SEC considers that there is not an "exceptional situations" where there are no other viable options for the execution of the project with multiple reasons (for example, the purpose of the CBIT is to actually build government capacity.) In this regard, please remove any description relevant to Agency's executing functions from the documents, which at least includes the followings;

(ProDoc page 29)

In line with the Support to NIM modality, at the request of the Government of Armenia, UNDP will provide support services to national implementation according to its policies, procedures, rules and regulations. These services, and the costs thereof, are specified in the signed Letter of Agreement presented in Annex 15.

UNDP will ensure project accountability, transparency, effectiveness and efficiency in implementation. UNDP will provide the Implementing Partner with the following major support services for the activities of the project in accordance with UNDP corporate regulations, such as: (i) identification and recruitment of project personnel; (ii) procurement of goods and services; (iii) financial services.

(ProDoc page 33)

Implementing Partner (IP) request for UNDP to provide country support services: The Implementing Partner and GEF OFP have requested UNDP to provide support services in the amount of USD 19,600 for the full duration of the project. The request letter (signed by the GEF OFP and the IP) and the signed letter of agreement between UNDP and the Implementing Partner detailing these support services are included in Annex. To ensure the strict independence required by the GEF and in accordance with the UNDP Internal Control Framework, these execution services should be delivered independent from the GEF-specific oversight and quality assurance services (i.e., not done by same person to avoid conflict of interest).

(ProDoc page 37)

Budget code 74596

74596	Services to projects - General Operating Expenses (GOE)	6,400.00	6,700.00	6,500.00	19,600.00	22
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## Agency Response

UNDP, 03/04/2020:

- 1) The budget for the project audit has been moved to project management costs and removed from the M&E budget, with corresponding changes in the budget totals. These changes have been made in the project budget in Section IX of the UNDP Project Document, the corresponding budget notes on page 39, and the GEF M&E Table on page 28. In the CEO ER, Table I.B and the table in Section II.9 on pages 33-34, as well as relevant references in the text, have been updated to reflect these changes.
- 2) The project will use NIM, or national implementation (in GEF terms: national execution) arrangements. Changes have been made in the project document on pages 1, 28-33, 36-37, 39, and 44 to reflect this revision. In addition, a HACT micro-assessment of the unit of the Ministry of Environment that will serve as the implementing partner, the Environmental Project Implementation Unit, is now included as Annex 14 of the UNDP Project Document. In the CEO ER, these changes are now reflected in the description of institutional arrangements on page 27.

UNDP, 03/26/2020:

The project will be implemented following the UNDP National Implementation Modality (NIM). UNDP will follow its operational policies and procedures established for NIM implementation and will ensure the necessary oversight of the national implementing partner. UNDP will ensure the project delivers results that meet the highest standards and are in full compliance with UNDP and GEF policies.

NIM arrangements are now reflected throughout the project documentation, and Direct Project Costs have been removed from the project budget.

Annex 9 and the Procurement table (pages 90-91) have been revised to be consistent with the figures in Budget and Workplan table.

## Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

## Secretariat Comment at PIF/Work Program Inclusion

AT, 12/11/19: Yes.

## **Agency Response**

### **Annexes**

**Are all the required annexes attached and adequately responded to?**

## **Secretariat Comment at PIF/Work Program Inclusion**

AT, 12/11/19: Not yet. Please attach Annex C . (about PPG, see above box)

## **Agency Response**

### **Project Results Framework**

## **Secretariat Comment at PIF/Work Program Inclusion**

April 17, 2020, SY: The latest CEOER document revised on April 17 reflects the modification. Comment cleared.

April 3, 2020, SY: Methodologies on two sub-sectors will be improved from tier 1 to tier 2, according to the Agency's response on the overall improvements on MRV systems. However, Indicator 8 on the project results framework and the monitoring plan on the ProDoc have a target of three sub-sectors, while Indicator 8 on the ProDoc says two sub-sectors. Please correct numbers.

## **Agency Response**

UNDP, 04/14/2020: The change has been made on page 52 of the UNDP Project Document. Indicator 8 in the Monitoring plan says “By the end of the project, the national GHG inventory will use more robust estimates in at least two sub-sectors,” which is now consistent with the corresponding indicator in the Project Results Framework.

### **GEF Secretariat comments**

## **Secretariat Comment at PIF/Work Program Inclusion**

## **Agency Response**

### **Council comments**

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

STAP comments

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

Convention Secretariat comments

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

Other Agencies comments

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

CSOs comments

**Secretariat Comment at PIF/Work Program Inclusion**

**Agency Response**

Status of PPG utilization

**Secretariat Comment at PIF/Work Program Inclusion**

## Agency Response

Calendar of expected reflows (if NGI is used)

## Secretariat Comment at PIF/Work Program Inclusion

## Agency Response

Project maps and coordinates

## Secretariat Comment at PIF/Work Program Inclusion

## Agency Response

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

## Secretariat Comment at PIF/Work Program Inclusion

## Agency Response

UNDP, 03/26/2020: (This is the response to the section of "GEFSEC DECISION / RECOMMENDATION" as below.

The re-submission dates have been added to the CEO Endorsement Request. The expected implementation start and completion dates have been modified in the CEO Endorsement Request and the UNDP Project Document to reflect current circumstances.

In the area of reporting, Armenia currently maintains a biennial reporting cycle for climate change reporting (NCs and BURs) to the UNFCCC. It expects to continue this biennial cycle applied for BUR1, BUR2 and BUR3 (expected to be submitted in 2020) with regards to the submission of its BTRs. The CBIT project will support transition to the BTRs through capacity building for key actors and through its establishment of clear roles and responsibilities for MRV and reporting activities.



At present, the GHG inventory for Armenia covers all gases. SF<sub>6</sub>, which was previously not covered, was added in the most recent inventory for the year 2017.

In the area of MRV activities, the project will – among other activities – improve the estimates of emissions from the AFOLU sector with the special attention to the Lands and Aggregate sources and non-CO<sub>2</sub> emission sources on lands categories. Improvements will address both the quality of activity data in terms of their completeness and accuracy and the application of higher-tier methods for key categories. Specifically, the project will support moving from Tier 1 to Tier 2 for N<sub>2</sub>O (3C4) Direct Emissions and (3C5) Indirect Emissions from managed soils.

A 5-day joint UNFCCC-FAO mission in November 2019 to Armenia identified the needs for GHG Inventory QA and identified the need to improve the list of precursor gases, such as NH<sub>4</sub>, as mentioned in the QA report. This work can be addressed under the CBIT project.

Clarification on the activities related to improved MRV is provided on pages 14-15 of the CEO Endorsement Request and page 12 of the UNDP Project Document. Target indicators have been included in the project results framework on page 24 of the project document.

#### **GEFSEC DECISION**

#### **RECOMMENDATION**

**Is CEO endorsement recommended? (applies only to projects and child projects)**

#### **Secretariat Comment at PIF/Work Program Inclusion**

April 17, 2020, SY: The PM recommends the project for CEO Endorsement.

April 9, 2020, SY: Thank you for responding to comment 2 below. Further comments are provided in the relevant boxes.

March 23, 2020, SY: Not at this stage. Please address the above and the below comments, while re-formatting the whole document.

1. Please modify Submission Date, Expected Implementation Start, and Expected Completion Date as they are inaccurate or not feasible.

2. Improvements in MRV systems are not entirely clear yet. Please further clarify changes in gas and sector coverage (forestry and IPPU are mentioned as quality enhancement), methodologies (e.g. tiers) for each sector, and other elements of MRV systems during the project cycle, if any, taking into account the requirements of Article 13 and its MPGs. Please revise the documents accordingly, including the project results framework, as appropriate.

AT, 12/11/19: Not at this time. Please address all comments stated above. In addition, please address the following comments.

[Part 1: Project Information]

Please check "CBIT" box.

Rio Markers: For the CBIT project, Climate Change Mitigation should be '2' and Climate Change Adaptation should be '1'. Please revise.

**Review Dates**

**Secretariat Comment at CEO Endorsement**

**Response to Secretariat comments**

<b>First Review</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

**CEO Recommendation**

**Brief reasoning for CEO Recommendations**

•Armenia ratified the Paris Agreement in 2017 and is eligible to access the CBIT support by the GEF. The project will be funded \$ 990,000 (and \$ 94,050 Agency fee) from the CBIT set-aside under the GEF Trust Fund, leveraging \$ 570,000 co-financing from the Government and UNDP as in-kind recurrent expenditures.

Armenia submitted the First Biennial Update report (BUR1) in 2016 along with the National GHG Inventory Report for the years 2011 and 2012, which used the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines, as followed by the second BUR (BUR2) in 2018 with its National GHG Inventory Report for the years 2013 and 2014 with improved methodologies and sector coverages.

Despite such improvements, as indicated by the ICA for BUR2, Armenia still has challenges, including collection, quality and accuracy of data, lack of communication among ministries, a lack of institutional arrangements for the standardized provision of data, and tracking mitigation and adaptation actions. The country also lacks formal institutional arrangements that cover the collection of activity data from data providers.

Against this background, the CBIT project will help Armenia meet enhanced transparency requirements and enhance its ability to implement the Paris Agreement on top of the efforts made by previous reporting activities. By establishing an effective framework for transparency of action including strengthened institutional capacities, the country will be able to measure climate change mitigation more precisely, which ensures that its ambitious commitments to the Paris Agreement will be substantive and meaningful. By establishing an effective framework for transparency of support, the country will be able to identify successful mitigation and adaptation investments and to link support to national policy priorities in climate change more effectively. Both frameworks will also reduce overlap and duplication in climate change action, freeing resource for additional measures. Further, support for gender mainstreaming and gender-disaggregated data in the project will provide decision-makers with a clearer picture of the differing impacts of climate change on women and men, ensuring that adaptation actions leverage this knowledge to provide optimal benefits. These activities will achieve the below outcomes:

1. Transparency activities in Armenia are governed by clear and formal roles and responsibilities (including institutional arrangements enhanced)
2. Armenia uses an integrated MRV system for continuous data collection and reporting under Article 13 (including MRV system with tracking tools designed and launched)
3. Armenia is able to manage data for effective transparency reporting on GHG sources and sinks (including methodologies for GHG emissions estimation for AFOLU improved, improved QA/QC processes, and continuous compilation of GHG inventories)
4. Armenia is able to collect and process data for the framework for transparency of action and the framework for transparency of support under Article 13 (including collection and analysis of data related to climate change mitigation, adaptation, and support received)
5. Armenia is able to track progress against its NDC and share its approaches (including progress against the NDC tracked and on-line portal for transparency initiatives maintained and knowledge shared)