

GOVERNMENT OF THE
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

CLIMATE RESILIENT GREEN ECONOMY (CRGE) FACILITY

OPERATIONS MANUAL



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PART 1: OVERVIEW

Section 1: About this Manual

1.1 Purpose of the Manual

Ethiopia's Climate Resilient Green Economy (CRGE) Initiative outlines the vision, strategy, financing, and institutional arrangements Ethiopia will pursue to attain the triple goals of economic growth, net-zero emission, and climate resilience.

A critical part of the institutional arrangements is the CRGE Facility (The Facility), the national financing mechanism that has been created to support the implementation of the CRGE. Included within the responsibilities of The Facility are the mobilisation, allocation and oversight of funds required to help achieve the aims of the CRGE initiative.

The responsibilities and operational methods of The Facility are more fully described in this Operations Manual (The Manual). Overall responsibility for the operation of The Facility, and for the development and application of The Manual rests with the Ministry of Finance and Economic Cooperation (MOFEC).

The purpose of The Manual is to enable the smooth implementation and management of CRGE Facility. Initially it was created to Inform and guide to conclusions necessary discussions among stakeholders on the CRGE Facility's design and operation. Having achieved this The Manual is continually used and updated so as to:

- i. Clarify exactly how The Facility fits within the overall CRGE initiative, and in particular how it relates to the Sectoral Reduction Mechanism (SRM) that converts CRGE Strategy into practical actions for implementation;
- ii. Provide a reference against which contributors to and beneficiaries of the CRGE initiative can determine whether and how they wish to participate;
- iii. Ensure that all stakeholders have a clear understanding of the procedures and systems necessary for the CRGE Facility's proper functioning; and
- iv. Provide guidelines and operating procedures that ensure the efficient, effective, consistent and transparent day-to-day operation of the CRGE Facility.

Accordingly, The Manual's use and application will assist all relevant parties to take appropriate action on a timely basis.

1.2 Structure of The Manual

The CRGE initiative is a vital component of Ethiopia's bold Growth and Transformation Plan (GTP). It aims to mobilise stakeholders and resources in innovative ways so as to deliver transformative results. Consequently, some aspects of The Facility's operation are necessarily complex¹; furthermore, all

¹In systems terms, design of The Facility's operations have applied the principle of 'requisite complexity'.

operational arrangements have to be subject to continual review and revision, to ensure they align fully with evolving circumstances and needs.

These overriding conditions in turn determine the structure and organisation of The Manual.

- By reading from beginning to end, it is possible to get a complete and up-to-date understanding of the strategic context of the CRGE Facility, how it is organised and managed, and the policies and procedures that are applied to ensure its successful operation;
- At the same time, it is expected that The Manual will more normally be referenced to check on specific aspects of the CRGE Facility's operation. Each section therefore functions on a stand-alone basis, with cross-referencing guiding the user to other relevant information.
- Each section has been created so that the operational details most likely to be subject to regular review and revision are separated from the general text. The organisation of the manual is intended to minimise disruption caused by necessary updates.

Table 1.1 summarises the organisation of the contents of The Manual.

Table 1.1: Structure of the Operations Manual

Main Subject	Detailed Information
Part 1: Overview	Foreword Section 1 (this section): About this Manual Overall reference information: table of contents, glossary of terms, and specification of abbreviations and acronyms
Part 2: Institutional and Organisational Design of the CRGE Initiative and CRGE Facility	Section 2: CRGE Vision and Architecture Section 3: Structure and Organisation of the Facility Section 4: Governance of the CRGE Initiative Section 5: Implementation Arrangements
Part 3: Management of the Facility	Section 6: Resources Management and Financial Reporting Section 7: Auditing and Assurance of The Facility Section 8: General Communications and Disclosures

Main Subject	Detailed Information
Part 4: The Programming Cycle	Section 9: Managing Demand Section 10: Appraising Applications Section 11: Approval, Disbursement and Implementation Management Section 12: Monitoring, Evaluation and Reporting

A full table of contents has been included after Section 1.

1.3 Guidance to the User

This Manual is based on many preceding documents and will be revised throughout the lifetime of the CRGE initiative. Inevitably the preceding documents and other related materials will not necessarily have been updated, and inconsistencies may arise between the content of The Manual and such related documents. In such cases the contents of the current authorised version of The Manual should be considered to provide the correct information.

It is expected that this Manual will be referenced by a variety of interested parties, with diverse involvement in and understanding of the CRGE initiative. As far as possible it has been written in a way that should be clear to the anticipated range of readers; where it has been impossible to eliminate the use of potentially unfamiliar terminology, clarifying information has been included in the glossary of terms and/or the specification of abbreviations and acronyms.

Each section contains all information directly relevant to it. To simplify the process of updating, detailed information (for example, lists of criteria, sample forms, contact details, and so forth) has been separated at the end of the section. The detailed contents are therefore summarised at the beginning of each section.

In order to access specific information, the user should therefore:

- First review Table 1.1 above to identify the section containing the required information; and
- Subsequently refer to the table at the start of that section, to determine the specific location of the information required.

1.4 Maintenance of the Operations Manual

This Operations Manual is the property of MOFEC, which updates it on behalf of the CRGE initiative's stakeholders, in accordance with its governance arrangements.

In the first instance, enquiries about The Manual (including recommendations for improvement) should be directed to the Secretariat of the CRGE Facility.

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Glossary of Terms

This glossary covers terms that are specific to the CRGE Facility and which may therefore be unfamiliar. It does not offer definitions of terms that are in wider use.

Administrative Agent	This role is being performed by UNDP's Multi-Partner Trust Fund Office.
Approved Accounting Intermediary	A qualified body pre-approved by the CRGE Facility to act as financial conduit for funds to be disbursed via NIEs to private sector. These approved bodies will perform accounting functions in accordance with the agreed MOU between the CRGE Facility the intermediary.
Advisory Board	The Advisory Board will consist of development partners (including those capitalising each of The Facility's Windows), representatives of multilateral organisations, international NGOs and civil society, private sector and academia. It will review and comment project and program proposals, provide advice on procedural and process related issues. However, the Advisory board will not be part of the decision-making process.
Approved Actions	Eligible projects that address the needs of the CRGE Strategy and that have been approved technically, and that have been allocated funds and that are subject to by the CRGE Facility.
Barrier to GE Implementation	Different types of objective barriers that would either impede or significantly delay investment and/or implementation. It is assessed using the relevant guideline for barrier analysis or positive list benchmark.
Baseline	The reference level of vulnerability or emissions that will be used as starting quantities for measuring the cost of vulnerability and quantity of emission reduction target setting.
Baseline Emission	The Green House Gas emission in the relevant monitoring year corresponding to the Baseline emission intensity identified following a certain Baseline approach and the service level of the proposed GE project/programme activity.
Baseline Protocol	A guiding protocol of the baseline Approach chosen, with a set of standard instructions that is instituted to guide the ex-ante determination of the counterfactual Baseline scenario of a sector at Base Year and target year or a project at start date and each crediting year. Baseline Protocol could be one that can be used to develop either of BAU, BAU ⁺ , top few technology performance, Net Mitigation Benefit etc.
Baseline Technology	The set of equipment and processes included in the project boundary that result in the relevant output in the baseline.

Base Year	Calendar year 2010, the year chosen as the reference year on the November 2011 CRGE Strategy, based on which the CRGE elements and 2025 targets are founded. Technologies used by comparative facilities to deliver an output in that year in each sector would serve establishing the counterfactual Baseline. In case of introduction of new product (of new application) to the market, then the most plausible scenario to deliver that new output would form the Baseline.
Business-as-Usual (BAU) Scenario	A forward-looking baseline that projects the likely future cost of vulnerability and the quantity of emission.
Conditional Funds	Funds committed to the CRGE through Strategic Agreements that are allocated to specific themes defined within the CRGE Strategy Framework.
Climate Resilient Strategy	It is a strategy which defines how sectors adapt to the adverse impacts of climate change. The first element of the national Climate Resilience (CR) strategy, covering the crucial sector of agriculture, was completed in March 2013, at which time further CR strategies were under development, the next priorities being the energy and water sectors.
CRGE Capacity Development Programme	A comprehensive institutional strengthening system, working at each of the systemic, organisational and individual levels, and encompassing the critical disciplines of analysis and policy, coordination, financing and Measurement, Reporting and Verification, crafted to ensure that the potential of the CRGE Initiative can be fulfilled.
CRGE Facility (The Facility)	The Government of Ethiopia's national vehicle established under the Ministry of Finance and Economic Cooperation (MOFEC) and accountable to the State Minister for External Economic Cooperation to help mobilise, blend, combine and sequence domestic and international, public and private finance to support the institutional building and implementation of Ethiopia's CRGE Strategy.
CRGE Facility Secretariat (the Secretariat)	The CRGE Facility Secretariat is a unit seated in MOFEC that, in close coordination with MEFCC, supports the Facility's Management Committee on Facility-related matters. The Facility Secretariat is under the direct supervision and control of the State Minister of External Economic Cooperation, which jointly co-chair the Management Committee, and is responsible for the overall coordination of The Facility's portfolio.
CRGE Strategy	The Ethiopian strategy for low emission development publicised on November 2011, with the goal of achieving a climate resilient green economy middle income status by 2025. Its green economy (GE) ambition is to achieve zero net Green House Gas Emission by 2025 compared to the projected BAU; taking 2010 as a Base Year yet without compromising the economic ambition of achieving a GDP of middle income status. Each reduction proposal will therefore go through the ex-ante test on category of action during investment proposal. CRGE prefers to promote a sectoral and programmatic approach.

Designated Account	An account established by an entity to record the source and application of funds from The Facility
Earmarked Funds	Funds committed to the CRGE through Targeted Agreements that are allocated (earmarked) to specific objectives that are defined at a level that is more detailed than can be accommodated by the CRGE Strategy Framework.
Equity Investment	A contribution to cover the total investment or a certain part of the total investment as a contribution from the Executing Entity or other co-investor on a CRGE action. Contribution towards Equity may take one or more of the following forms: financial capital; technology equipment capital; financial and innovation/intellectual capital (including design and management of GE measure); equipment and innovation/intellectual capital (including design and management of GE measure); and financial, equipment and innovation/ intellectual capital (including design and management of GE measure).
Executing Entity	Any of the government institutions at woreda levels, private sector enterprises, parastatals, micro green enterprises, community associations, non-governmental organizations, research organizations, professional societies, academic institutions, consultancy firms, financial institutions, insurance companies that are involved in the preparation and implementation of concrete reduction actions. The Executing Entity is the body contracted and responsible for executing an Approved Action.
Facility Account (sometimes also referred to as the National Account)	A dedicated account established by MOFEC for the CRGE Facility, through which financial contributions are directly channelled to Implementing Entities. Some Finance Partners submit their contributions directly into the Facility Account; other Finance Partners make contributions to the International Account, from which it is channelled to Executing Entities via the Facility Account.
Finance Partners	Public and private sector entities that commit financing to the pooled funds managed by the CRGE Facility.
Focal Person	An environmental unit or a regional environmental agency representative nominated and communicated to the Ministry of Environment, Forest and Climate Change in writing by each sectoral agency or regional government.
Green Economy Strategy	The Green Economy (GE) strategy was completed in September 2011 and in particular analysed low carbon development technologies and development co-benefits.
Implementing Entity	Any of the Ministry of Agriculture, Ministry of Water and Energy, Ministry of Transport, Ministry of Industry, Ministry of Urban Development, Housing and Construction, Ministry of Environment, Forest and Climate Change, Ministry of Health, and other institution the CRGE may include in the future. The Implementing Entities are involved both in the

	development of Sector CRGE programs and in attracting, coordinating and formulating responsive proposals in close collaboration with their respective sectoral institutions in the 9 regions and two city administrations, submitting proposals to the facility and receive funding for implementation.
Inter- Ministerial Steering Committee	The Inter-Ministerial Steering Committee is chaired by the Prime Minister’s Office, which will provide direction and guidance on overall CRGE matters in the country and sets the overarching priorities for their implementations.
Integrated Resource Mobilisation Framework	The IRMF consolidates the different elements of CRGE funds mobilisation, allocation and management. In particular it: projects the overall flows of funds required to meet the objectives set by the CRGE Strategy and the SRM, as encapsulated in the CRGE Strategy Framework; summarises the current availability of secured funds, according to their conditions and earmarks (this information is available from the Statement of Availability of Funds); and identifies specific funding gaps to be filled in order to meet the projected requirements of approved programmes and projects.
International Account	A dedicated account managed by the Multi-Partner Trust Fund on behalf of the CRGE Facility, into which some Finance Partners submit their contributions as an alternative to the national account.
Management Committee	A standing committee co-chaired by the State Minister of External Economic Cooperation of MOFEC and State Minister of MEFCC comprising state ministers from line ministries plus representatives of two donors and UN-RC with observer status. It is responsible for providing general oversight for the CRGE initiative as well as determining the optimum allocation of available funds to approved actions.
Measurement, Reporting and Verification	The act of monitoring the implementation of a GE activity as per the selected monitoring protocol of the design document (monitoring), measuring the parameters leading to the estimation of the result (measuring), recording the measured and estimated parameters using a reporting protocol (reporting) and institution of independent audit to verify the results claimed (verification).
Pooled Finance	Pooled funds comprise those amounts that have been committed to the CRGE Initiative, to the accounts managed by the CRGE Facility, for allocation to actions approved by and in accordance with the prevailing rules and policies of The Facility.
Programmatic Approach	A holistic approach to CR and GE reduction, working across technical, sectoral and geographical boundaries to bring about sustainable change that will contribute to Ethiopia’s Growth and Transformation.
Programmed Window	The Programmed Window will be used to channel funds subject to Strategic Agreements (that is, conditions align with the CRGE Strategy Framework) to approved actions.

Proposal Submission Date'	The deadline by when The Facility needs to receive proposals from National Implementing Entities.
Registry	A publicly available interactive media showing the Sectoral Reduction Mechanism GE and CR projects in the country and the results achieved by SRM projects implemented for meeting domestic goal. It may also additionally have portals for showing the results achieved by bilateral mechanisms (ex: JCM) implemented for credit surrender and the results achieved by multilateral market based mechanisms for credit trading (Ex: CDM).
Responsive Window	The Responsive Window will be used to channel funds subject to Targeted Agreements (that is, funds are subject to geographical or technical earmarks) to approved actions.
Sectoral Reduction Mechanism	The SRM is the mechanism instituted to achieve the goals of the CRGE Strategy. It is an economy wide system for reducing vulnerability and Green House Gas emissions in ways that contribute to strong economic development in Ethiopia, and for mobilising the action and finance required to implement the CRGE vision on the ground. The SRM comprises two elements. The Sectoral Reduction Mechanism Green Economy (SRM-GE) is the mechanism instituted to achieve the GE component of the CRGE strategy (that is, achieving a carbon neutral economy by 2025 compared to the projected BAU taking 2010 as a base year); the Sectoral Reduction Mechanism Climate Resilience (SRM-CR): is the mechanism instituted to achieve the CR component of the CRGE strategy (that is, achieving climate resilient economy by 2025 compared to the projected BAU vulnerability taking a relevant base year).
Sector Reduction Action Plan	A plan developed and adopted by one of the Implementing Entities designed to contribute to poverty eradication and sustainable development within their respective sector. Each SRP shall determine the specific geographical and sectoral boundaries, describe the relevant activities and their respective executing entities, identify the sources of vulnerability and emissions, and assess the impacts of climate change and greenhouse gases.
Specialist Financial Intermediaries	Specialist financial organisations that have been contracted by the CRGE Facility to undertake defined disbursement and management activities for specific financial instruments that respond to the needs of the Sectoral Reduction Mechanism.
Statement of Availability of Funds	A statement of the aggregate sums of money (defined as committed, received, due and projected) available to the CRGE Facility. Aggregate sums are also broken down by theme specified in the CRGE Strategy Framework.
Strategic Agreements	When the providers of finance either impose no conditions, or require that funds be assigned to particular strategic themes defined in the Strategy Framework, the CRGE Facility will negotiate Strategic Agreements that define any amounts assigned to specific themes. In this way conditionality will not impair the CRGE Initiative's ability to work

	strategically.
Strategic Allocations	Strategic Allocations record what amount of funding is available in relation to each of the themes included in the CRGE Strategy Framework, and in relation to each of the CR and GE elements of the strategy. The relevant amounts are detailed in the Statement of Availability of Funds.
Strategic Themes	The high-level themes that comprise the CRGE Strategy Framework, under which specific strategic objectives are defined.
Targeted Agreements	When the providers of finance impose funding earmarks that are more specific than the high-level themes defined in, but that the purpose of which still fall within, the CRGE Strategy Framework, The Facility will negotiate a Targeted Agreement that defines the particular uses (that is, the earmarks) to which it has been agreed the funds may be applied.
Targeted Allocations	Targeted Allocations record what amount of funding is available in relation to the specific earmarks negotiated under Targeted Agreements, as well as the terms of the earmarks relating to these funds. Earmarked amounts are also defined in relation to each of the CR and GE elements of the strategy. All relevant amounts are detailed in the Statement of Availability of Funds.
Transformative	In being transformative, the CRGE initiative has been designed to have the power to change completely and dramatically the ways in which Ethiopia achieves carbon-neutral economic growth
Technical Team	The CRGE Technical team will assess and review investment plans submitted to both the Programmed and Responsive Windows. It will appraise investment plans against both climate criteria (such as resilience and green growth) and development criteria (for example, alignment with the GTP, contribution to poverty reduction, and so forth), as well as the degree to which they include safeguards against undesirable social and environmental impact. Where international climate finance is to be mobilised outside of The Facility, the CRGE Facility Technical team will help ensure that implementation arrangements are compatible with national strategies and internationally emerging MRV requirements.
Zero Net Carbon Emissions	Refers to achieving net zero carbon emissions by balancing a measured amount of carbon released with an equivalent amount sequestered or offset, or buying enough carbon credits to make up the difference. It is used in the context of carbon dioxide releasing processes associated with transportation, energy production, and industrial processes such as production of carbon neutral fuel.

Abbreviations and Acronyms

AB	Advisory Board
BAU	Business-as-Usual
BOFED	Bureau of Finance and Economic Development
CDM	Clean Development Mechanism
CIF	Climate Investment Fund
COP	Conference of the Parties
CR	Climate Resilience
CRGE	Climate Resilient Green Economy
DOAs	Delegations of Authority
EPACC	Ethiopia's Program of Adaptation to Climate Change
FCPF	(World Bank's) Forest Carbon Partnership Facility
GDP	Gross Domestic Product
GE	Green Economy
GHG	Green House Gas
GTP	Growth and Transformation Plan
IE	Implementing Entity
IFR	Interim Financial Report
IRMF	Integrated Resources Management Framework
M&E	Monitoring and Evaluation
MBI	Market-based Instrument
MC	Management Committee
MDBs	Multilateral Development Banks
MEFCC	Ministry of Environment, Forest and Climate Change
MOA	Memorandum of Agreement
MOFEC	Ministry of Finance and Economic Cooperation
MOU	Memorandum of Understanding
MPTF	(UNDP's) Multi-Partner Trust Fund
MRV	Measurement, Reporting and Verification

MSC	Ministerial Steering Committee
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaptation Plan
NCB	National Competitive Bidding
NGO	Non-governmental Organisation
NPC	National Planning Commission
NSA	Non-State Actor
OFAG	Office of Federal Audit General
ORAG	Office of Regional Audit General
PMO	Prime Minister's Office
PPA	Public Procurement Agency
PUNOs	Participating United Nations Organizations
RBM	Results-based Management
REDD+	Reduced Emission from Deforestation and Degradation
SBDs	Standard Bidding Documents
SFI	Specialist Financial Intermediary
SRM	Sectoral Reduction Mechanism
SRP	Sector Reduction Plan
TA	Technical Assistance
TOR	Terms of Reference
TRAP	Thematic Reduction Action Plan
UNCCD	UN Convention to Combat Desertification
UNFCCC	United Nations Framework Convention on Climate Change
UNDP	United Nations Development Programme
WOFED	Woreda Office of Finance and Economic Development

PART 2: INSTITUTIONAL AND ORGANISATIONAL DESIGN OF THE CRGE INITIATIVE AND CRGE FACILITY

Section 2: CRGE Vision and Architecture

2.1 Background to the CRGE Initiative

The CRGE initiative is a vital component of Ethiopia's drive towards a prosperous future. The country registered a double digit annual economic growth rate during the decade up to 2012, and the International Monetary Fund expects Ethiopia to become one of the world's fastest growing countries over the coming years. At the same time, it is highly vulnerable to climate change. Ethiopia's CRGE initiative therefore sets the goal of reaching middle income country status by year 2025 with net-zero greenhouse gas (GHG) emission growth while simultaneously building the resilience of the economy to climate shocks.

As well as being environmentally responsible, a climate resilient and low-emission (rather than a carbon-intensive) development pathway should result in significant economic benefits for Ethiopia. The Government of Ethiopia is committed to delivering this vision in line with national and international best practice, drawing on global experience and sharing lessons with other countries tackling similar challenges, and has committed domestic public resources to these ends.

Ethiopia also wishes to have access to international resources to support CRGE implementation. This is critical, as preliminary estimates indicate that building the green economy will alone require total expenditure of around US\$ 150 billion over the next 20 years², with around US\$ 80 billion of required funding estimated to be capital investment and the remaining US\$ 70 billion assessed as being necessary to cover operating and programme expenses.

Given the extent of the funding requirement, of particular relevance are the United Nations Framework Convention on Climate Change's (UNFCCC's) successive agreements (in Copenhagen 2009, Cancun 2010, Durban 2011 and Doha 2012) that mandate developed countries to provide new and additional finance in order to support developing countries in their response to climate change. While it is unclear how much of the anticipated financing will over time become available, and in what form, international agreements have invited developing countries to prepare low-carbon development strategies or plans. The implementation of plans should be done in ways that can be measured, reported and verified, in order to be able to access international climate financing. Therefore, Ethiopia should make plans that are relevant to internationally accepted measurement, reporting and verification (MRV) regimes.

2.2 CGRE Vision and Strategy

The CRGE initiative was officially launched on 8 December 2011 in Durban, South Africa by H.E. Mr. Meles Zenawi, then Prime Minister of Ethiopia, during the Seventeenth session of the Conference of the Parties of the UNFCCC. The vision of this initiative is encapsulated in Figure 2.1.

²As cited in the 'Green Economy Strategy, September 2011' developed under Ethiopia's CRGE. It should be noted that not all of this expenditure is necessarily additional to current investment plans – rather, a large part of this expenditure (for example, for power generation infrastructure or transport infrastructure) would also occur in a conventional growth scenario.

Figure 2.1 The Vision

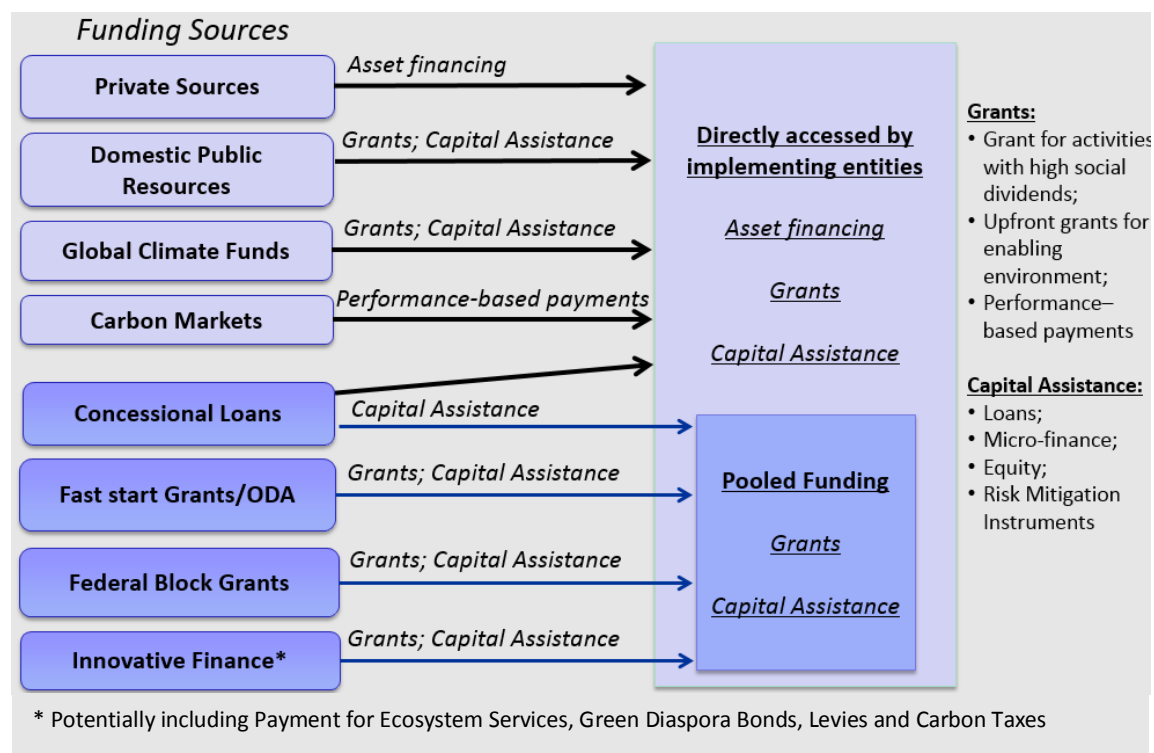
To build a middle-income climate resilient green economy by 2025 through zero net carbon growth	
Climate Resilience (CR)	Green Economy (GE)
<ul style="list-style-type: none"> ➤ Climate change results in changes to weather which will impact across the whole country ➤ A climate resilient economy will be protected from the negative impacts of climate change and will be ready to seek opportunities in a changing climate ➤ Builds on and incorporates Ethiopia's Program of Adaptation to Climate Change (EPACC) and other relevant analysis 	<ul style="list-style-type: none"> ➤ Ethiopia is committed to be a middle income country by 2025 (US\$ 1,000 GDP per capita) ➤ Development ambition is laid out in the Growth and Transformation Plan (GTP) ➤ A commitment to foster net zero carbon growth ➤ This low carbon growth creates employment and provides wider socio-economic benefits

The initiative is framed by the CRGE Strategy³. The Green Economy (GE) strategy was completed in September 2011. It analysed the potential of low carbon development technologies and development co-benefits. The first element of a national Climate Resilience (CR) strategy, covering the crucial sector of agriculture, was completed in March 2013. Further CR strategies are under development, with the immediate priorities being the energy and water sectors.

The CRGE Strategy recognises that, most of the bilateral and multilateral climate funds will be changed through the CRGE Facility using pooled account as well as direct access by The Facility as accredited entity. Figure 2.2 highlights the potential types of finance that the CRGE initiative hopes to attract, either by pooling funds and direct access for allocation to actions, or alternatively in using the pool to foster compliance with international standards and requirements and thus help leverage additional finance.

³A summary of the current CRGE Strategy has been provided in Annex 2(1).

Figure 2.2 Potential CRGE Funding Sources and Access Arrangements



The expectation is that Ethiopia’s development partners will increasingly channel relevant bilateral and multilateral climate funds through the CRGE Facility, which also provides opportunities to use climate finance to complement other existing forms of investment and thereby bolster Ethiopia’s core climate-compatible development activities (in areas such as food security, energy, infrastructure development and natural resources management).

In addition to increasing the scale of climate finance potentially available to the country, the CRGE initiative aims to enhance the coordination and targeting of its utilisation, by providing a single coherent system within which development partners, the private sector, civil society and other stakeholders can engage and determine how best to invest in relevant actions. Implementation of the CRGE Strategy will involve both mainstreaming climate change into existing development investments, and the introduction of new activities. Over time, it is anticipated that the CRGE initiative will go beyond greening the GTP and informing it to being fully integrated and aligned with it.

The detailed objectives of the CRGE initiative will be reviewed regularly, to ensure they reflect the evolving needs of the country, the results achieved to date, the interests and concerns of all stakeholders, and the resources that are becoming available – domestically and internationally – to help address critical climate change issues. Accordingly, CRGE governance mechanisms,⁴ will review the

⁴ See section 4.

strategy as-needed basis when there are material changes in the circumstances relevant to the CRGE initiative. Details of current objectives are included in the annexes to this section⁵.

2.3 Components of the CRGE Initiative

The CRGE architecture has been developed to enable a programmatic and transformative approach for implementing relevant activities that minimises the transaction costs, fragmentation and duplication associated with a project-based approach. As far as possible, the architecture also embeds CRGE systems within existing mechanisms for economic and environmental planning and implementation.

The system created to help convert the CRGE vision into practical action on the ground, and thus bring about a climate resilient green economy using the **Sectoral Reduction Mechanism (SRM)**. Supporting the operation of the SRM are four core institutions:

- **The Inter-Ministerial Steering Committee:** chaired by the Prime Minister's Office, the Committee sets the criteria and scope for approving action plans, and determine the overarching priorities for the CRGE Facility;
- **The CRGE Management Committee:** a standing committee comprising State Ministers and senior experts of Government line ministries and the National Planning Commission⁶, responsible for providing general oversight for the CRGE initiative as well as determining the optimum allocation of available funds to approved actions and alignment with the GTP;
- **The CRGE Facility:** The Government of Ethiopia's national vehicle established to help mobilise, blend, combine and sequence domestic and international, public and private finance to support the institutional building and implementation of Ethiopia's CRGE Strategy.
- **The CRGE Secretariat:** undertakes day-to-day management of functions of the CRGE Facility. The Technical team of the Secretariat is housed by the Ministry of Environment, Forest and Climate Change (MEFCC) and is responsible for the development of standardised guidance, ad-hoc sector specific support and technical back stopping for the SRM, and quality assurance for Sector Reduction Actions in line with agreed guidance and criteria. The Finance team and Implementation Unit of the Secretariat are housed in MOFEC.

The architecture of the CRGE initiative is illustrated in Figure 2.3; the SRM and the CRGE Facility are introduced in more detail in the remainder of this section. All elements of the SRM are supported and enabled by a comprehensive **Capacity Development Programme**, working at each of the systemic, organisational and individual levels, and encompassing the critical disciplines of analysis and policy, coordination, financing and MRV, and crafted to ensure that the potential of the CRGE Initiative can be fulfilled.

⁵ See Annex 2(1).

⁶As explained in section 4 of this Manual, in certain circumstances the Management Committee may also include representatives of financial partners.

The specific policies and procedures that will be used to ensure the effective, efficient and transparent operation of each element of the architecture are described in subsequent sections of this Manual. The CRGE architecture will be continually reviewed and strengthened in response to evolving circumstances, and to ensure that it continues to enable programmatic and transformative actions.

2.4 The Sectoral Reduction Mechanism

The Sectoral Reduction Mechanism (SRM) is an economy wide system for reducing vulnerability and GHG emissions in ways that contribute to strong economic development in Ethiopia. Put simply, the SRM is a mechanism for mobilising action and finance and thereby for implementing the CRGE vision on the ground.

The purpose of the SRM is to plan the implementation of actions, and facilitate the allocation of required finance. It does this by providing technical and quality assurance for planning and financial assistance for both the preparation and the implementation of reduction actions across the economy. It will eventually be fully aligned with national planning and budgeting processes in Ethiopia in the GTP.

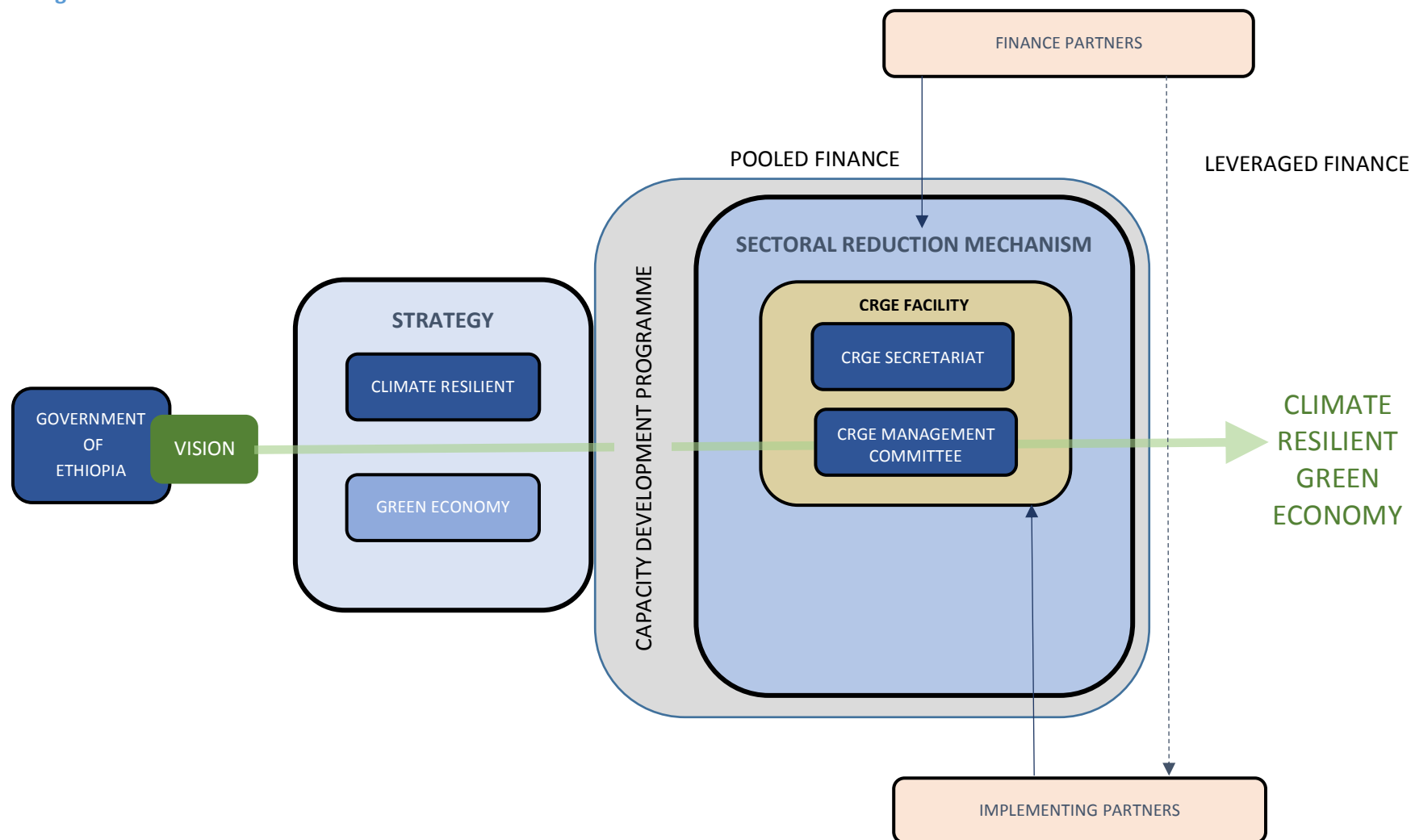
The SRM has three specific aims, namely to:

- a. Mainstream green growth and resilience into Ethiopia's broader development activities;
- b. Ensure that Ethiopia's efforts are aligned and coordinated; and
- c. Leverage significant additional investment toward action on the ground.

The SRM process is split into five broad steps, covering planning, review and quality assurance, finance allocation and monitoring and evaluation of investments:

1. Develop and Validate Sector Reduction Action Plans (SRAPs);
2. Sector Wide Reduction Action Plans(SWRAPs)
3. Technical and Financial Review of SRAPs;
4. Financial Mobilisation and Allocation of investment;
5. Monitoring, Evaluation and Reporting of Results.

Figure 2.3: The Architecture of the CRGE Initiative



2.5 The CRGE Facility

The CRGE Facility sits in and is staffed by the Ministry of Finance and Economic Cooperation (MOFEC) and MEFCC, with additional support from national and international technical advisers on request. It coordinates closely with other key sector institutions including the National Planning Commission (NPC) and the Prime Minister Office (PMO). The objectives of the CRGE Facility are as follows:

1. **Financial mobilisation and allocation:** The CRGE Facility is the Government's vehicle to mobilise, access and combine domestic and international, public and private sources of finance to support the institutional building and implementation of Ethiopia's CRGE Strategy;
2. **Stakeholder coordination:** The CRGE Facility provides a single engagement point where the Government, development partners, the private sector, civil society and other stakeholders can engage and make decisions about how best to utilise available finance in the pursuit of the CRGE vision and goals; and
3. **Unlocking capital at scale** - blending investment sources and leveraging: the CRGE Facility will use climate finance to complement other existing forms of investment to bolster Ethiopia's core climate-compatible development activities, thereby promoting the full integration of CRGE with the GTP.

Additional detail on the objectives, organisational design and operational methods of the CRGE Facility are provided in the remainder of this Manual.

Section 3: Structure and Organisation of the CRGE Facility

3.1 Scope of Work of the CRGE Facility

The CRGE Facility mobilises and allocates all types of relevant finance to approved actions on a flexible and appropriate basis, through a range of financing instruments (in combination where relevant). This includes, but is not limited to, conditional and un-conditional grants and up-front financing, guarantees, loans and results-based payments. As such the Facility is responsible for:

- Helping to attract and secure funding that can be allocated to CRGE actions;
- Guide and advise parties interested in submitting SRAPs and investment proposals for funding;
- Help determine the optimum allocation of available funds to approved actions;
- Monitor, evaluate, verify and report on the results achieved by funded actions; and
- Provide fiduciary assurance to the providers of finance.

The CRGE Facility intends to access, and put to strategic use, finance that is available and relevant to the CRGE initiative. Finance will be used to make catalytic investments and to leverage new and additional finance including public investment by the government of Ethiopia. In particular, and within the scope of the responsibilities outlined above, the CRGE Facility aims to:

- Help mobilise a substantial amount of finance required for meeting the challenge of building a climate resilient green economy with zero net carbon emissions. Finance will come from various sources, in particular the government, private finance, development partners, carbon trading schemes and financial mechanisms of multilateral environmental agreements; and
- Channel financial support to those actions that contribute most to climate resilient low carbon 'green' growth. It achieves this by providing grants, guarantees for loans, co-financing, concessional loans or ex-post rewards in the form of payment for verified results. The financial support of the CRGE Facility will be directed through purpose-built 'windows' and can be used for actions such as capacity building, policy changes and programme investment with the aim of addressing specific costs and risks that negatively affect the viability of a climate resilient green investment in Ethiopia.

Some of the sources of finance are known and modalities for their management are readily available; others will be new to the country and will place unfamiliar demands on institutional capacity. The business model will need to incorporate flexibility in order to accommodate what will potentially be the diverse requirements of the providers of as well as the applicants for finance.

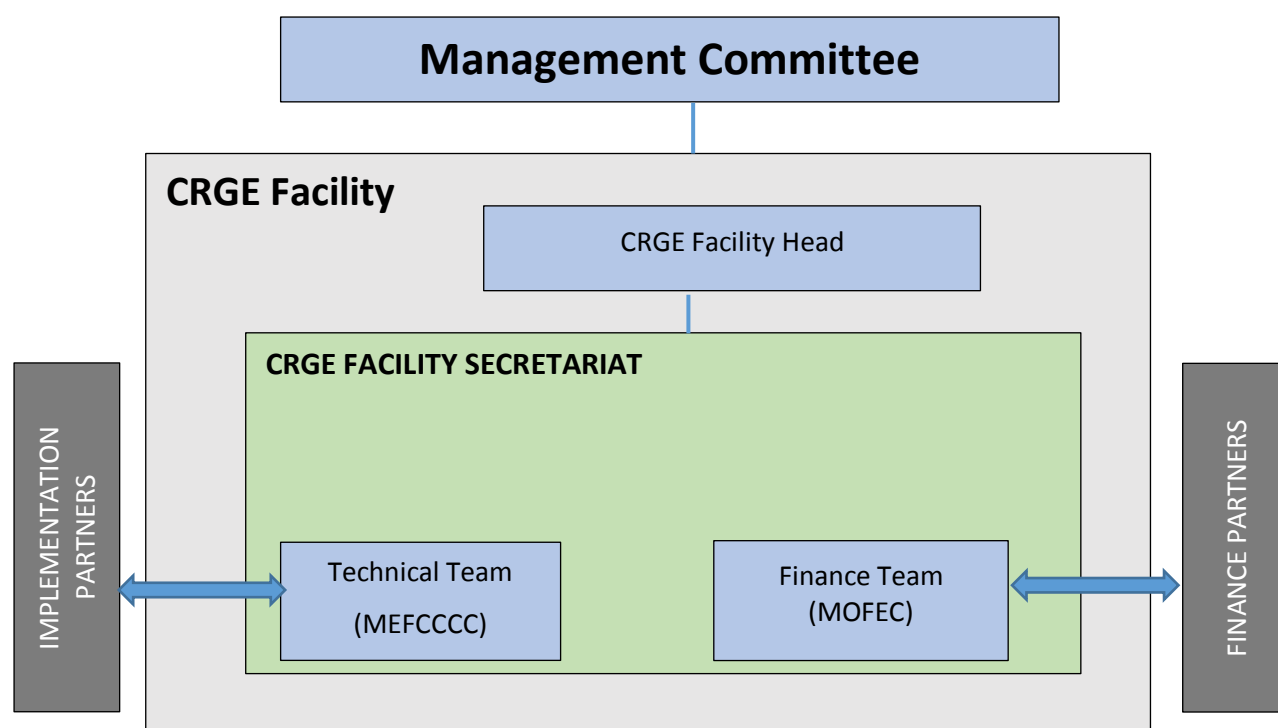
It is accepted that not all of the funds necessary to implement the CRGE Strategy will be channelled through the CRGE Facility. For example, civil society and private sector finance in the Ethiopian economy that contributes toward CRGE objectives may well not be channelled through the Facility.

The CRGE Facility will make catalytic investments with available funds that will be deployed strategically across the economy to leverage additional finance and thus help shift finance and investment toward priority CRGE investment areas, without necessarily seeking to manage the allocation and utilisation of such investments. Without becoming part of the CRGE Facility’s pooled fund, these investments would contribute to the achievement of the CRGE strategy.

3.2 CRGE Facility Organisational Structure and Tools

The design of the CRGE Facility builds on international best practice, and has been tailored to the unique circumstances and needs of Ethiopia, and its scope of work as outlined above. Its basic structure is illustrated in Figure 3.1.

Figure 3.1 Basic Structure of the CRGE Facility



The CRGE Facility secretariat comprises the Head of the Facility, Assistant Coordinator, the finance team and the technical team.

Under the auspices of the Management Committee, the Secretariat is seated in MOFEC and MEFC and is responsible for the overall management and coordination of The Facility’s portfolio. To ensure it can fully discharge its responsibilities the Secretariat comprises:

- A **CRGE Facility Head** who is assigned by the State Minister for External Economic Cooperation of MOFEC in consultation with the State Minister for Environment and Forest. The Coordinator

reports to the Management Committee and is responsible for the day to day management of the Secretariat and efficient and effective operation of the Secretariat.

- **CRGE Facility Assistant Coordinator**, who by the State Minister for External Economic Cooperation of MOFEC and provides support to the Facility coordinator coordinates the Secretariat and ensures effective and efficient operations
- A **Finance Team**, based in MOFEC, provides administrative and analytical support necessary to the mobilisation, recording, allocation, management and oversight of pooled funds, ensuring that the CRGE Facility satisfies its fiduciary responsibilities to all Finance Partners; and provides project implementation advice. It also provides all administrative and analytical support necessary to receipt and recording of proposals, liaison with the CRGE Technical Team, provides the coordination and facilitation of the Management Committee meetings, and monitoring, evaluation and reporting of approved actions.
- A **Technical Team**, led by MEFCC, provides technical support to the implementing entities to generate proposals and facilitates and leads the technical review of proposals. It is also responsible for the measurement, reporting and verification of emissions and vulnerability outcomes stemming from approved actions.

The number of staff appointed to the Secretariat will depend on the size of The Facility's portfolio and the resource mobilisation targets established by the Management Committee.

The Facility Head is under the direct supervision and control of the **State Minister of External Economic Cooperation, working in close collaboration with the State Minister for Environment and Forest.**

The primary tool of the Secretariat's Finance team is the **Integrated Resources Mobilisation Framework (IRMF)**, which consolidates the different elements of CRGE funds mobilisation, allocation and management, as described in Figure 3.2.

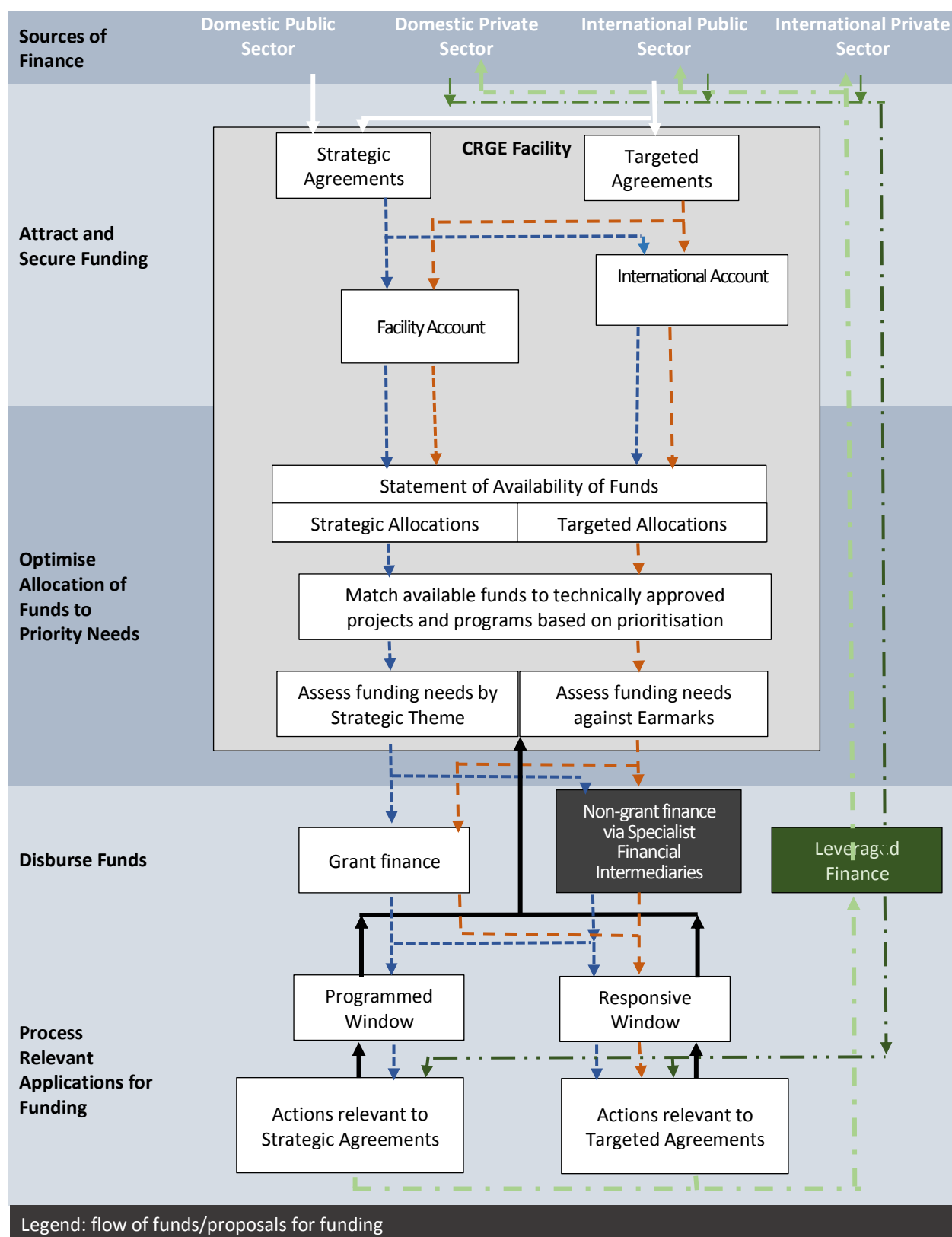
Figure 3.2 Integrated Resources Mobilisation Framework (IRMF)







The IRMF is an essential tool that aims to:

- Project the overall flows of funds required to meet the objectives set by the CRGE Strategy and the SRM, as encapsulated in the CRGE Strategy Framework;
- Summarise the current availability of secured funds, according to any conditions attached to their provision;
- Identify specific funding gaps to be filled in order to meet the projected requirements of the SRM; and
- Determine financing options to meet projected requirements over time.

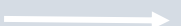


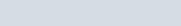
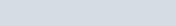
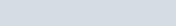
The IRMF sits at the heart of the CRGE Facility’s operational model, illustrated in Figure 3.3 and designed to enable the effective mobilisation and allocation of resources in the interest of strategic programming.

Figure 3.3The CRGE Facility Operational Model



Type of Finance		Type of Funds Allocation		Target of Proposals	
	Pooled		Strategic		Facility
	Leveraged		Targeted		Other funders

Legend: flow of funds/proposals for funding

Type of Finance		Type of Funds Allocation		Target of Proposals	
	Pooled		Strategic		Facility
	Leveraged		Targeted		Other funders

The key elements of this model are introduced below; each element corresponds to the model depicted in Figure 3.3 although, for the sake of clarity, the sequence in which they are presented has been changed. The specific policies and procedures that will be used to ensure the effective, efficient and transparent operation of each element are described in subsequent sections of this Manual.

3.3 Attract and Secure Funding

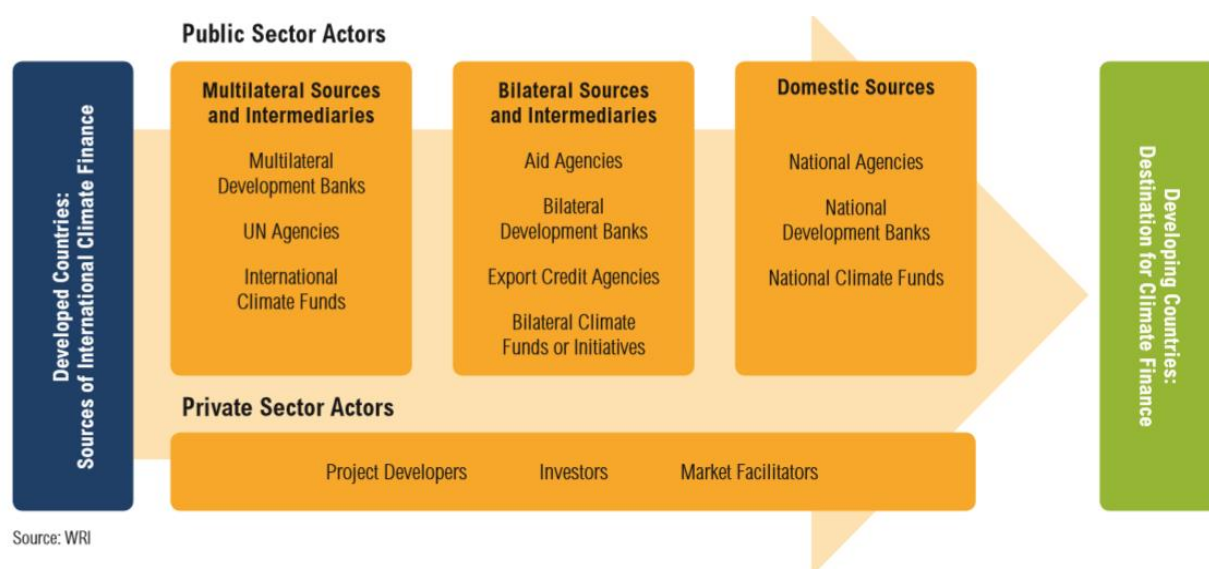
3.3.1 The Challenge

Implementation of the CRGE vision will require substantial resources and strategic and coordinated deployment. While it is globally recognised that additional financing is required to help countries prepare for and adapt to the effects of climate change, and deal with its effects, available funds stemming from the international community are uncertain, both in form and amount, and unlikely to be adequate to the scale of the challenge. Moreover, climate finance funds focused on cost effective emissions reductions may not be focused on or appropriate for LDCs such as Ethiopia. Indeed, Ethiopia's, and other LDC's, track record with the CDM suggest that these emissions specific mechanisms are not tailored to the needs and challenges of LDCs.

Moreover, the challenge is more than a relatively simple problem of capital generation. Some of the critical challenges in financing the transition toward a low-emission and climate-resilient society are to address existing policy, institutional, technological, behavioural and technical skill barriers. This is necessary not just to help redirect existing and planned capital flows from traditional high-carbon to low-emission, climate-resilient investments but to programme additional finance to prepare for and adapt to the impacts of climate change. Removal of these barriers can complement and maximise the impact of capital finance such as concessional loan finance and effectively deploy additional finance.

Figure 3.4 provides a simplified illustration of the current architecture of international climate finance and the actors within it. The real value of public finance rests in its ability to catalyse much larger scale private investment in low-emission climate-resilient development.

Figure 3.4 Simplified Landscape of International Climate Finance and Relevant Actors⁷



Over the past few years, the international community has developed a number of regulatory and market-based instruments (MBIs⁸, such as export credits, green bonds, weather derivatives, and so forth) to shift investments from carbon intensive development to more climate compatible alternatives. It is anticipated that climate finance will increasingly shift from project-based approaches to ‘scaled-up’ approaches such as Nationally Appropriate Mitigation Actions (NAMAs)⁹, National Adaptation Plans (NAPs), programmatic Clean Development Mechanism (CDM), sectoral crediting, and cap-and-trade systems in both industrial and developing countries (on a voluntary basis).

3.3.2 The Facility’s Approach

The CRGE Facility has been established to help Ethiopia fully benefit from the different forms of finance currently and potentially available¹⁰, and to help mobilise and allocate finance in accordance with the prioritised needs defined by the CRGE strategy. As highlighted in Figure 3.4, sources of finance have been broadly distinguished by whether they come from ‘public’ or ‘private’ sources, and whether they are ‘domestic’ or ‘international’. The latter is relatively easy to understand, domestic sources being

⁷World Resources Institute, Working Paper, December 2012.

⁸ Broadly MBIs can be categorised as fiscal-incentives (including direct subsidies), early market-development instruments, debt-based and equity-based instruments, and trading instruments.

⁹ NAMA refers to voluntary emission reduction measures undertaken by developing countries that are reported by national governments to the UNFCCC. While none are yet in effect, they are expected to be the main vehicle for mitigation action in developing countries under a future climate change agreement, and can be policies, programmes or projects implemented at national, regional, or local levels.

¹⁰A summary of the types of finance that the CRGE might seek to attract to The Facility’s pool or otherwise leverage has been included in Annex 3(2).

those that reside in Ethiopia, international in affect being all others. The distinction between public and private sources is far more complex and open to interpretation. In the context of the CRGE Facility, the distinctions described in Box 3.1 prevail. As illustrated by Figure 3.4, and reflecting the definitions in Box 3.1, pooled funding is expected to come from public sources, with private sources flowing directly to strategically aligned and approved actions, thus being considered to have been ‘leveraged’ by the Facility.

It is extremely difficult to predict what volumes of funding the CRGE initiative will be able to access and mobilise. At this stage, identifiable sources include the following.

Domestic Sources:

- Reflecting the importance of the CRGE initiative to Ethiopia’s plans, the Government has committed to contribute to The Facility on a continuous basis;
- It is also expected that, over time, more substantial contributions will be made at Regional and Woreda level; and
- Appropriate contributions from the domestic private sector will be sought and supported with appropriate policy instruments.

Box 3.1: How the CRGE Facility Defines ‘Public’ and ‘Private’ Sources of Funds

For the sake of simplicity, and given the capacity of The Facility, funds are distinguished principally in terms of whether the Finance Partner is seeking some form of commercial return or not. Accordingly:

- Public sources include all those that are available to The Facility free of any commercial return,
- Private sources seek commercial returns.

Thus, The Facility is seeking to secure into its pool ‘public’ funds that can be deployed strategically to priorities and leverage other funds, such as those that are available on a commercial basis. The real value of public finance rests in its ability to catalyse much larger scale private investment in low-emission climate-resilient development. Based on this definition, ‘public’ funds could include, for example, grants from private foundations.

International Sources:

- The Government of Ethiopia has established productive cooperative relationships with a range of bilateral and multilateral development agencies, many of which have been closely involved in the conception of various aspects of the CRGE initiative. Some of these agencies donate (predominately grant) financing that provides essential predictability to the resources available to The Facility, as well as creating a first tier of

funding from which additional (and often less predictable) sources can be mobilised and blended; and

- Looking beyond this first tier, The Facility intends to support the country in accessing sources of international climate finance.

3.3.3 The Facility's Accounts

Recognising the needs of the different targeted Finance Partners, and as the body responsible for fiduciary management and assurance, MOFEC has established the following arrangements:

- The **Facility Account** - a dedicated account for the CRGE Facility. Ideally, all funds would be channelled directly into the Facility Account.
- The **International Account** –the Government of Ethiopia recognises that, for the foreseeable future, some investors might be unable to invest directly into the Facility Account. Therefore, to ensure that the needs of all potential financiers can be accommodated, MOFEC has appointed the **Multi-Partner Trust Fund (MPTF) Office**¹¹ of the United Nations Development Programme (UNDP) to establish and manage a separate 'International Account' that will be used to channel funds into The Facility. The role of the MPTF is referred to as **Administrative Agent**.

Ultimately, the Government of Ethiopia intends that all Contributors to The Facility will be able to put funds directly into the Facility Account, and therefore the use of an Administrative Agent is considered to be an interim management arrangement, designed to promote and enable flexible, coordinated and predictable funding. The services of the Administrative Agent will be retained until it has been determined that the CRGE Facility has the capacity to independently fulfil all fiduciary management and assurance responsibilities, and that it will be possible to satisfy all existing and potential funders that this is the case. Once the International Account is operationalized¹², the Administrative Agent the MPTF Office, in partnership with UNDP's Country Office for Ethiopia, has agreed to provide critical capacity building assistance¹³.

3.3.4 Dealing with Conditionality of Funds

Given the intention of the CRGE Facility to support sector-wide programmes that respond to the CRGE strategy, all efforts will be made to secure financing that does not impose conditions on its use. However, it is recognised that this may not always be possible, and that some available conditional funding will still be extremely useful to The Facility. Therefore, in order to retain flexibility in securing desired funding, and reflecting the range of targeted Finance Partners, The Facility will operate as follows:

¹¹The MPTF Office provides dedicated fund administration services to the UN system and national governments for facilities involving multiple contributors/partners. It currently has a portfolio of over 60 distinct Multi-Donor Trust Funds and 38 Joint Programmes. More information is available at <http://mptf.undp.org>.

¹² First contribution agreement signed.

¹³More details on the Memorandum of Understanding between MOFEC and the MPTF Office have been provided in section 4 of this Manual.

- When the providers of finance either impose no conditions or require that funds be assigned to particular strategic themes defined in the CRGE Strategy Framework, The Facility will negotiate agreements (referred to as '**Strategic Agreements**') that define any amounts assigned to specific themes. In this way conditionality will not impair the ability to work strategically; and
- If the providers of finance insist on imposing earmarks that are more specific than the high-level themes but that the purpose of which still fall within the Strategy Framework, The Facility will negotiate a tailored agreement (referred to as a '**Targeted Agreement**') that defines the particular uses to which it has been agreed the funds may be applied.

Irrespective of whether agreements are 'Strategic' or 'Targeted', and as long as the services of the Administrative Agent have been retained, the providers of finance can opt to channel funds through the Facility or International Accounts, according to their preference.

3.4 Processing Approved Actions for Funding

Under the SRM, the Technical Team collaborate with the sector ministries at Federal Level to develop CRGE Sector Reduction Action Plans (SRAPs). SRAPs define the critical reduction objectives and the "what, where, when" priorities for the sector in question. SRAPs will also provide an enabling environment that supports the preparation of investment proposals with relevant Executing Entities¹⁴ (EEs) that cost effectively respond to the priorities of the sector. The Facility funds can be accessed, without restriction, by all types of EEs in partnership with IEs.

The primary responsibility for coordinating the development of SRAPs and investment proposals that respond directly to needs identified in these SRAPs has been delegated to the sector ministries which fulfil the role of **Implementing Entities (IEs)**.

The Facility has responsibility to provide guidance and support to the IEs in their effort to prepare SRAPs and proposals. The Secretariat of the Facility will therefore work closely with the IEs and relevant EEs to ensure The Facility obtains an adequate volume and quality of funding proposals. This will be particularly important, given that the aim of the CRGE is that substantial amount of the pooled funds are channelled to EEs, via IEs.

Proposals can be submitted by IEs to one of the following two Windows operated by the CRGE Facility:

- a. The **Programmed Window**¹⁵, which provides funds subject to Strategic Agreements; and
- b. The **Responsive Window**, which provides the mechanism by which earmarked funds can be matched to relevant proposals.

¹⁴EE's consist of non-state actors such as academic institutions, the private sector and civil society/NGOs. They may also include government bodies and parastatals.

¹⁵ In the CRGE Terms of Reference this was called the 'Strategic Window'.

By operating these two windows the CRGE Facility can ensure that all funds can be allocated and utilised on a strategic basis. Exactly the same rules and procedures will apply to both Windows. However, because the Responsive Window has been designed to accommodate disaggregated earmarking, funding through Targeted Agreements can only be channelled through this Window to accomplish the pre-defined action/s. Generally, the CRGE Facility will seek to secure as much funding as possible for channelling through the Programmed Window¹⁶.

3.5 Optimise Allocation of Funds to Priority Needs

The Integrated Resource Management Framework (IRMF) will be used to help match efforts to mobilise finance to projected requirements determined by the CRGE Strategy and the SRM, as encapsulated in the CRGE Strategy Framework. Thus, the IRMF will on a real-time basis:

- Summarise the current availability of secured funds, and any conditions and earmarks applied by Finance Partners; and
- Identify specific funding gaps to be filled in order to meet the projected requirements of approved programmes and projects.

The Facility will oversee and coordinate all fund mobilisation activities in order to satisfy both of these elements of projected financing requirements. The Facility's responsibility is to coordinate and enable all available expertise engaged in the design, execution and oversight of the SRM) to ensure the necessary funds are mobilised.

The Facility's Management Committee determines which of those actions that, following detailed technical and financial evaluation will receive funds from The Facility. These decisions are based on the degree to which individual actions fit current strategic priorities as well as the amounts of money that can be allocated from the pooled funds, given the conditions and earmarks that apply¹⁷.

To ensure that available funds can be strategically and appropriately allocated to competing demands, all applications submitted will go through a process of appraisal, award, contracting and supervision. Award of funds will be informed by the CRGE's current **Statement of Availability of Funds**, which will comprise the following two elements:

- **Strategic Allocations** will record what amount of funding is available in relation to each of the themes included in the CRGE Strategy Framework; and
- **Targeted Allocations** will record the terms of earmarks relating to these funds.

Given the receipt of applications of acceptable standards, The Facility will endeavour to match all available funds to appropriate utilisation. Reflecting this:

¹⁶ The intention is that the lion-share of the total funds will be allocated through the Programmed Window (although ultimately this proportion will reflect the preferences of funders).

¹⁷The specific rules and procedures governing this decision making process are detailed in Part 4 of this Manual.

- Appraisal of applications to the Programmed Window will include an assessment of what proportion of the total funding requested relates to each of the Strategic Themes. Final award of funds to approved projects will ultimately depend on the availability of adequate funds under the relevant themes (that is, the utilisation of funds must be matched to their Strategic Allocations);
- Appraisal of applications to the Targeted Window will ensure that proposed utilisation is matched to the earmarks applied to the Targeted Allocations; and
- While all Targeted Allocations can only be channelled through the Responsive Window, The Facility may seek the agreement of funders to switch Strategic Allocations to the Responsive Window, should this enable more effective matching of funds to utilisation.

Given the nature of The Facility it is reasonable to expect that the majority of approved programmes will be implemented over, and require funding, for a period of three or more years. It is also highly likely that, at the time of initial approval, The Facility will not hold or have secured the commitment of all required funds. The Facility will therefore operate so that it can approve projects when it has funds available to cover at least the first 12 months of implementation. It may also do so when it can reasonably expect to mobilise the remaining funds as and when required.

3.6 Arrangements for Disbursing Funds

The role of The Facility extends beyond just making pooled funds available to implementing entities in the form of grants. The aim of the CRGE facility is to ensure implementing partners have access to funds in appropriate forms as well as amounts. The Facility has therefore been configured so that it can offer a variety of financial instruments, potentially including guarantees, loans and equity. In the first instance, to ensure The Facility has the capacity to do this cost effectively and has necessary capabilities in risk management, non-grant financial instruments will be handled by Specialist Financial Intermediaries, which will be selected by the IEs in consultation with the Facility Secretariat.

Public funds disbursed by the Facility should be used strategically to leverage and catalyse additional investment. SRAPs are developed by sectors to outline government priorities within the sector. Investments that respond to these priorities investment are generated, packaged and proposed to meet priority needs. SRAPs will specify their financing needs - broken down by source (public, private) and type (grant, guarantee, loan etc.). All mechanisms that are eligible for financing – such as Clean Development Mechanism (CDM) or bank loans- should also be identified accordingly in the investment plan, even where those financing sources are not coming from the CRGE Facility¹⁸.

3.7 Management Policies of the Secretariat

The principles described in Figure 3.5 will guide The Facility's operation and efforts to achieve its goals and objectives.

¹⁸Details of arrangements with Specialist Financial Intermediaries that have been made or are under consideration have been provided in Annex 3(2).

Figure 3.5 The Principles that Guide the Operation of the CRGE Facility

Principle 1	Be flexible and responsive enough to provide a single mechanism through which relevant stakeholders can finance and otherwise support
Principle 2	At all times channel resources to activities that are clearly aligned with the country's CRGE strategy and associated Sector Reduction Plans.
Principle 3	Support and incentivise a programmatic and transformative approach to climate change activities.
Principle 4	Promote national ownership of and accountability for the effective use of all resources made available to the CRGE initiative.
Principle 5	Ensure all its operations are efficient, effective, consistent and transparent.

While these principles are in many ways mutually reinforcing, inevitably it may sometimes be difficult to simultaneously satisfy all of them. For example, national ownership of decisions creates limits to the influence of stakeholders; similarly, the flexibility required to attract diverse sources of funds may sometimes challenge the desire to remain strategic and programmatic.

The Facility's governance mechanisms, described in more detail elsewhere in this Manual,¹⁹ have been devised to ensure consistency and transparency, and protect the integrity of The Facility as well as the interests of its stakeholders.

3.8 Expected Lifetime of the CRGE Facility

The CRGE Facility does not have a pre-determined closure date; it is expected to evolve, strengthen and mature with changing circumstances.

¹⁹ See section 4.

Section 4: Governance of The Facility

4.1 Governance Arrangements

4.1.1 Key Principles

- The Facility's governance structure has been designed to:
- Ensure the Government of Ethiopia is the ultimate decision maker and fully accountable for the utilisation of funds made available to the CRGE through the CRGE Facility;
- Align with the existing policy decision-making structures for the CRGE initiative and broader Government planning processes;
- Ensure different parts of Government are properly integrated into the governance mechanisms; and
- Be transparent so that stakeholders can express concerns or opinions at appropriate points in decision making processes.

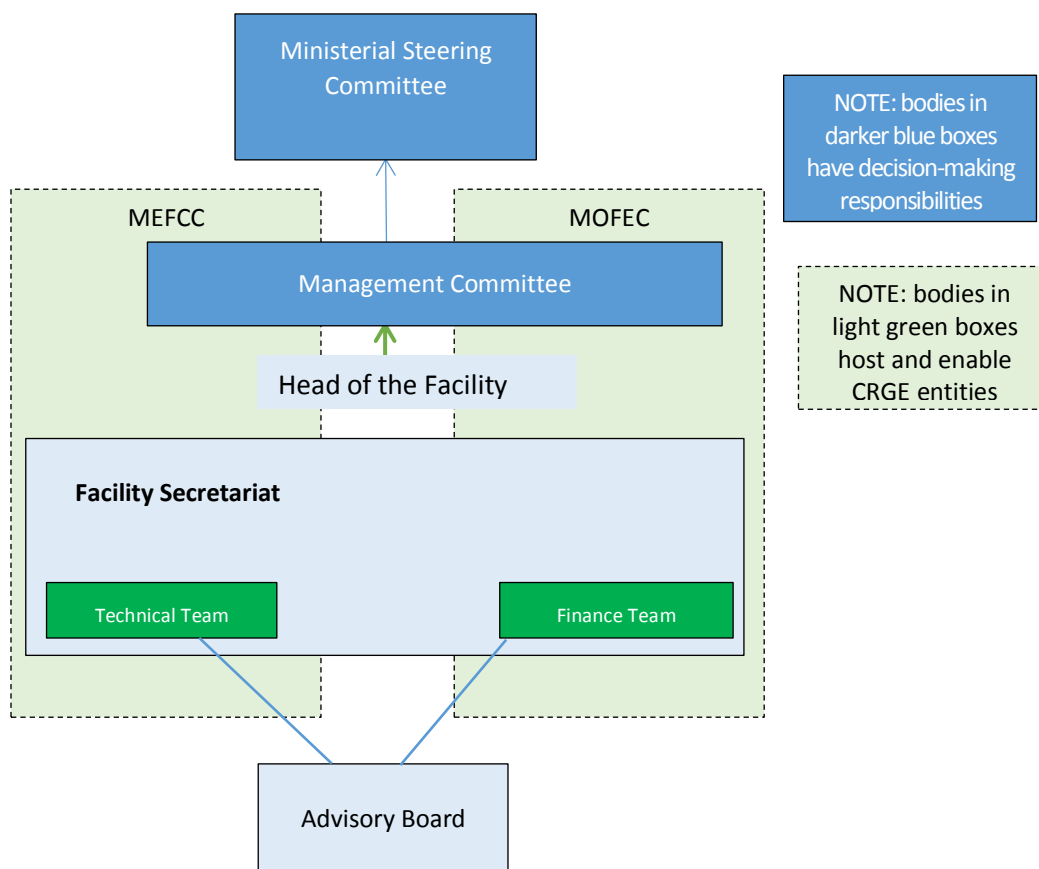
4.1.2 Integration of Governance Functions

At the outset the CRGE Initiative was led and overseen by the PMO, MEFCC, and MOFEC. These three entities continue to fulfil the primary governance functions, their responsibilities broadly being organised as follows:

- As Chair of the Ministerial Steering Committee (MSC), the PMO provides overall guidance to the work conducted with respect to the CRGE, and facilitates high-level decision making that determines what is required of The Facility;
- The CRGE Facility Secretariat reports to the State Minister for External Economic Cooperation, working closely with the State Minister for Environment and Forest;
- MEFCC and MOFEC State Ministers jointly chair the Management Committee;
- MOFEC is responsible for hosting The Facility and The Secretariat; and
- MEFCC houses the Technical Team.

The governance of the CRGE Facility is organised as follows (this is summarised in Figure 4.1). The Secretariat will perform the day-to-day work, enabling the CRGE Technical Team, the Finance Team and the Management Committee to perform their duties in an efficient and effective manner. To complete the governance arrangements, an Advisory Board will function to enable stakeholders to share and review information relevant to the performance of the CRGE facility and to influence as appropriate the resources available to it and the ways in which these are utilised.

Figure 4 1CRGE Facility Governance Arrangements



4.1.3 Relationship of the Parties

There are three bodies with the authority to make decisions on the business of The Facility (that is, the utilisation of funds for approved proposals).

1. The Ministerial Steering Committee has overall responsibility and authority for the CRGE Facility;
2. The Management Committee provides final approval and financing allocation; and
3. The Facility Secretariat (including the Technical and Finance Teams) reports to the Facility Head and manages the inputs and outputs of The Facility.

The Advisory Board provides expertise and opinion, while having no decision-making authority.

The specific responsibilities of the various bodies involved in CRGE governance are described below.

4.2 CRGE Governance Roles and Responsibilities

4.2.1 Roles and Responsibilities of the Ministerial Steering Committee

The Facility shall be governed by the CRGE Ministerial Steering Committee, which is chaired by the Prime Minister's Office, and comprises one representative from each of the Ministries prioritised by the CRGE Strategy. The Steering Committee will be responsible for the following:

- Setting overall policy direction and guidance to ensure coherence and/or collaboration between The Facility and national programmes, maintaining close collaboration with national authorities to ensure flexible adaptation of the Facility activities to changes in national programmes;
- Setting the criteria and scope for approving SRAPs and investment proposals, and determine the overarching priorities for the CRGE Facility;
- Setting the operational direction of The Facility in order to ensure alignment with the CRGE Strategy and the GTP; and
- Facilitating coordination and coherence with other relevant climate change initiatives related to the UNFCCC, the UN Convention on Biological Diversity (CDB), the UN Convention to Combat Desertification (UNCCD), the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD), the World Bank's Forest Carbon Partnership Facility (FCPF) and Climate Investment Funds (CIF) and initiatives of other international and regional organisations and coalitions.

The rules governing the decision making of the Steering Committee are summarised in Figure 4.2.

Figure 4.2 Decision Making Mechanisms – Ministerial Steering Committee

Nature of Meeting	Purpose	Timing	Rules of Meeting
Annual Review	Review progress to date; Identify improvement measures; Update Strategic Framework	Annual (May)	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 75% of attendees
Interim Review	Review progress to date; assess allocation of funds against Strategic Framework	Annual (January)	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 75% of attendees
Funding Allocations	To adjudicate when the Management Committee is unable to agree funding priorities	Up to twice per year (within three weeks of Management Committee Funding Approval Meetings, as	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 75% of attendees

Nature of Meeting	Purpose	Timing	Rules of Meeting
		required)	
Emergency Meetings	To consider actions to be taken when strategic objectives are not being met or adequate funding is not being mobilised	As required	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 65% of attendees

4.2.2 Roles and Responsibilities of the CRGE Management Committee

MOFEC and ME FCC will co-chair and supervise the activities of the CRGE Management Committee.

All sector ministries involved in the CRGE strategy will be represented both at state minister level and by high level technical support from the civil service (form senior technical experts from the CRGE unit). Moreover, each Ministry will nominate an alternate to attend when the state minister and/or senior representative are unable to attend. To avoid conflict of interest, when SRAPs and sector specific proposals from a line ministry are being under discussion by the Management Committee, that specific sector will not be represented or have voting rights. Overall, the Management Committee will:

- Provide oversight of The Facility, in accordance with the CRGE Ministerial Committee guidance and decisions;
- Review and approve The Facility's Annual Strategic Plan, which shall include the proposed budget framework and programme priorities. The Annual Strategic Plan shall be prepared by the Facility's Secretariat;
- Review and make fund allocation decisions on all Facility activities appraised by the CRGE facility secretariat as per the parameters set for The Facility;
- Review and approve the Annual Consolidated Reports submitted by IEs. The Annual Consolidated Report shall be based on the annual narrative and financial reports of The Facility's programmes;
- Maintain oversight of financial management of The Facility; and
- Oversee effective monitoring and evaluation of all Facility activities to ensure fund-wide success and transparency, including receiving and approving the Annual Monitoring and Evaluation Report from The Facility's Secretariat, including commissioning independent performance evaluations and 'lessons learned' exercises.

The Management Committee also determines the allocation of funds to proposals approved by the CRGE facility secretariat and comments provided by the Advisory Board.

The Management Committee operates under the following rules when determining the use of funds under the Facility Account and the International Account, respectively.

- When considering the **allocation of funds from the Facility Account**, which includes contributions from the Government of Ethiopia or from contributors depositing funding directly to the Facility Account, the Management Committee will include relevant line ministries, as appropriate. Up to two representatives of the primary donors/investors to the Facility can be represented as observers on the MC. The MC is responsible for prioritising the investment plans approved by the CRGE Facility Secretariat (both technical and financial teams) and allocating funds from Strategic and Targeted Allocations in the Facility Account to approved proposals
- For **allocations required from the International Account**, the Management Committee will meet in the following configuration: it will include representatives of relevant line ministries. Up to two representatives of primary donors/investors of the Facility and the UN Resident Coordinator for Ethiopia can be represented as observers. A representative of the Administrative Agent will participate in such meetings in the ex-officio capacity. The donor representatives will be appointed on an annual rotation basis. Funding decisions in this configuration of the Management Committee will be taken on a consensus basis by formal members.
- For any approved funding from the International Account, the Management Committee will authorise the release of funds for approved CRGE activities.

The rules governing the decision making of the Management Committee are summarised in Figure 4.3.

Figure 4.3 Decision Making Mechanisms – Management Committee

Nature of Meeting	Purpose	Timing	Rules of Meeting
Annual Review	Review progress to date; Consider implications of updated Strategic Framework for funds mobilisation; Identify improvement measures	Annual (May)	<ul style="list-style-type: none"> • Quorum: 90% attendance • Decisions require support of at least 75% of attendees
Interim Review	Review progress to date; assess allocation of funds against Strategic Framework	Annual (January)	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 75% of attendees
Funding Approvals	Prioritise and manage allocation of funds to proposals approved by appraisal team	Twice per year (March and September)	<ul style="list-style-type: none"> • Quorum: 100% attendance • Decisions require support of at least 75% of attendees
Ad-Hoc	To consider actions to be taken when SRAPs are developed in the first two year of Facility Operation.	As required	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 65% of attendees

4.2.3 Roles and Responsibilities of the CRGE Facility Secretariat

The Secretariat is hosted by MOFEC and MEFCF and will support The Facility's Management Committee, in order to ensure the functions of The Facility are fully discharged and that all stakeholders are engaged in a coherent way.

The Head of the CRGE Facility will be under the direct supervision and control of the State Minister of External Economic Cooperation of MOFEC, regularly consulting and collaborating with the State Minister for Environment and Forest. The Head of the Facility is assigned, by the State Minister of External Economic Cooperation (MOFEC) in consultation with the State Minister for Environment and Forest (MEFCF).

The Secretariat will be responsible for the overall coordination of The Facility's portfolio. At all times the Secretariat will operate in an objective and facilitative way, complying with the wishes and instructions of the Ministerial Steering Committee, the approved decisions of the Management Committee, and the day-to-day guidance of the Head of the Facility and Assistant Coordinator of The Facility. Within the Secretariat there are two units.

1. The Technical Team

The MEFCF will house and supervise the activities of the Technical Team. During appraisal of investment plans and proposals, the technical team in MEFCF invites representatives of the National Planning Commission (NPC), MOFEC and relevant line ministries and other bodies as deemed necessary. The National planning commission will ensure alignment with the GTP and standard appraisal procedures of the government. As part of its mandate to appraise and review all public projects and programs, the NPC in the long run will lead the appraisal of projects and programs, which will be financed by The CRGE Facility. The Technical Team, while under the responsibility and supervision of MEFCF, reports to the Head of the CRGE Facility.

The Technical Team will develop guidelines for both IEs and EEs for the development of SRAPs and investment proposals. It will ensure that these are consulted and agreed with key stakeholders. The Technical Team will ensure that these guidelines clearly communicate all Facility requirements and expectations, to ensure strong SRAPs and proposals are developed and implemented. The guidelines issued to implementing and executing entities will explicitly set out the Facility's requirements for transparent and fair beneficiary selection process and practice. The guidelines will also set out safeguards requirements, with guidance on how to meet those standards, and how to access additional support for the implementation and monitoring of safeguards where capacity is limited.

Once SRAPs are submitted to the Facility, the Technical Team then assesses and prioritizes proposed investments. It appraises SRAPs against both technical criteria related to the environment and climate change (that includes resilience, emissions and green growth) and wider development criteria (in particular alignment with the GTP, poverty reduction and social inclusion issues including gender), as

well as the degree to which they provide safeguards against undesirable social and environmental impact.

Where finance is mobilised, or leveraged outside of The CRGE Facility fund management structures, the CRGE Technical Team will also help ensure that implementation arrangements are compatible with international MRV requirements when requested. The Technical Team shall also provide professional views when needed to support external communication by the Facility Management Committee Chair. Development partners, based on their technical speciality and competency, may be requested to provide support and/or be represented in the Technical Team where deemed relevant.

2. The Finance Team

MOFEC will house and directly supervise the activities of the Finance Team of the CRGE Facility Secretariat. It will include dedicated specialists, recruited or assigned to the team, and additional expert members drawn from relevant bodies as appropriate. Development partners, based on their technical speciality and competency, may be requested to provide additional support (including seconded staff) in the Finance Team.

The Finance team has the following functions:

- Develop and oversee the monitoring and evaluation strategy and framework for the Facility and its programmes (this will include a results framework and may include independent reviews or evaluations of the Facility and its portfolio where relevant);
- Develop the Integrated Resource Mobilisation Strategy;
- Provide liaison and coordination between The Facility's Management Committee, MOFEC, MEFCC and the Advisory Board, and provide support to the Management Committee, including support to the Committee's meetings, and compilation and consolidation of financial reports for MOFEC;
- Familiarise and provide support to IEs and EEs on standard protocols for SRAP preparation, submission procedures and implementation mechanisms;
- Take part in the appraisal process;
- Compile narrative and financial/progress reports of Facility-funded activities implemented by Implementing Entities;
- Follow-up on the implementation of the decisions of and report back to the Management Committee as required;
- Ensure the implementation of an effective communication strategy; and
- Provide technical support to IEs and.
- Forward consolidated budget of approved projects to the budget directorate of MoFEC for consolidation and submission to the council of ministers,

4.2.4 Roles and Responsibilities of MOFEC

MOFEC is responsible and accountable for hosting and making operational the CRGE Facility. In this regard the overall functions of MOFEC are as follows:

- Making operational a Facility that performs the effective promotion, financing, implementation and monitoring and evaluation of actions that meet the objectives of the CRGE strategy;
- Full programmatic and financial accountability, on behalf of the Government, for implemented actions;
- Undertake financial appraisal of funds, including those that might be channelled outside the CRGE Facility to finance CRGE related projects
- Promoting and enabling Government-wide participation, coordination and coherence in the functioning of The Facility;
- Ensuring that all investment proposals which have been cleared by the technical team are relevant to the Facility's priorities in accordance with Ethiopia's CRGE Strategy and GTP, and that all development criteria and safeguards have been met;
- Releasing funds from the CRGE Facility Account to line ministries and BOFEDs pursuant to the decision of the Management Committee and in compliance with the National Regulatory Framework;
- Ensuring that funds disbursed to implementation partners, as approved by the Management Committee, shall not be co-mingled and are released in a timely manner;
- Opens foreign currency and birr accounts;
- Reports on use of CRGE Facility funds to development partners;
- Liaising with other relevant line ministries, regions, development partners, and other key stakeholders to ensure timely implementation and satisfactory achievement of approved actions;
- Signing and administering agreements directly with contributors to the CRGE Facility's National Account;
- Signing and administering the Memorandum of Agreement with the Administrative Agent for the CRGE Facility's International Account;
- Signing and administering Emissions Purchase Agreements or other forms of contractual obligations with the Facility;
- Establishing a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it directly;
- Assuming full financial and programmatic accountability for the funds released by the Administrative Agent to implementing partners through the Facility or International Account;
- Reaching an agreement with each selected Implementing Partner setting out the terms and conditions regarding receipt of funds from The Facility;
- Instructing the Administrative Agent to disburse the approved amount to FIEs and/or BOFEDs directly;
- Ensuring that, where an Implementing Partner wishes to carry out its activities through or in collaboration with third parties (including the executing entities), it will be responsible for discharging all commitments and obligations with such third parties;

- Ensuring the Facility’s monitoring and evaluation programme complies with Federal policy and regulations and is able to provide detailed and appropriate understanding of the results achieved by approved actions; and
- Advising the Administrative Agent in writing when all the activities for which the Implementing Partners are responsible under the respective approved programmatic document have been completed.

In particular MOFEC ensures transparency, objectivity, consistency, and professionalism in The Facility’s financial and programme management, and that such operations are always in compliance with the formal agreements negotiated with funding and implementation partners.

a. Roles and Responsibilities of the Treasury Directorate

The Treasury Directorate under MOFEC opens Government Accounts for public bodies. It deposits fund to “virtual” public bodies accounts and manage cash requirements and flow. The Treasury Directorate has the following roles and responsibilities:

- Opens and administers separate account for the CRGE Facility;
- Keeps separate ledger by source and window;
- Supports IEs to open dedicated CRGE account;
- Based on the disbursement information provided by the FIEs and confirmed by the Finance team, authorizes the National Bank of Ethiopia to releases funds to the dedicated accounts of BOFEDs and Federal Implementing Entities for activities which they will directly manage and implement

b. Roles of Chanel One Programs Coordination Unit

MOFEC has established a Chanel One Programs Coordination Unit (COPCU) in order to coordinate and enhance implementation of Chanel one projects and programs supported by development partners. The CRGE Facility will receive funds from bilateral and multilateral development partners through the dedicated CRGE Facility and will deposit for regions in the Bureau of Finance and Economic Development (BOFED) accounts and then to WoFEDs accounts. In this connection, COPCU will have the following roles and responsibilities:

- Provides support to national implementing entities on financial management;
- Facilitates auditing of the CRGE Facility Account and implementing entities;
- Collects financial reports from federal IEs and BOFEDs;
- Prepares consolidated quarterly financial report by program, source and window and shares with the Facility Secretariat (Finance Team) for inclusion into the consolidated reports;
- Follows up fund utilization of the recipient implementing entities in accordance to the agreed framework and to the agreed purpose;
- As per the direction provided by the Head of the CRGE Facility, advises the Treasury Directorate to Facilitate Fund release to BOFEDs and FIEs;
- Ensures timely replenishment of the CRGE Facility Fund.

COPCU has branches at the regional level which are accountable to BoFEDs. The financial management staffs at COPCU perform accounting, reporting and follow up duties.

c. Role and Responsibilities of the Inspection Directorate

- Oversees the internal audit function of public bodies;
- Develops standards on internal audit;
- Builds the capacity of internal audit units in public bodies and monitors and evaluate their activities;
- Monitors measures taken in response to internal audit reports;
- Submits annual reports on the findings of internal audit to the Council of Ministers;
- Monitors the implementation of decisions of the council;
- Plays a regulatory role and conducts special investigations when required;

4.2.5 Roles and Responsibilities of the ME FCC

ME FCC supervises and regulates implementation of the technical components of the CRGE initiative, which in turn inform the work of The Facility. It maintains close links with all relevant ministries, including by supporting CRGE units and planning bodies within those ministries and other relevant sectoral agencies that do not already have them. Specifically, ME FCC is responsible for:

- Hosting the Technical Team;
- Supervise and follow of implementation of projects and programs supported by the CRGE Facility
- Undertake technical appraisal of project proposals and clear them from technical view point
- Assisting with the organisation and conduct of objective measurement, review and verification activities required by The Facility;
- Developing guidelines, procedures and templates, including:
 - i. The CRGE Strategy Framework stating priorities and estimated funding requirements,
 - ii. Guidelines to aid preparation of SRAPs and access to financial support, and
 - iii. Developing matrices that set the parameters for approving and prioritising investment proposals, including proposal review and appraisal criteria;
- Developing procedures for the review of the CRGE as well as providing relevant methodological guidance on setting baselines for the quantification of reward, and on GHG emissions and vulnerability;
- Establishing a national CRGE MRV system for emissions and vulnerability results including i) Developing templates and guidance for monitoring results, ii) facilitating objective verification of results, and iii) for reporting of results to the Facility and the CRGE Registry;
- Facilitating capacity building on the specific requirements of MRV and climate financing schemes, modalities, etc.;
- Develop and implement Social and Environmental Safeguard frameworks;

- Where relevant, convening independent technical panels to review and appraise SRAPs and proposals submitted by IE's and EE's respectively; and
- Building the capacity of IEs to document/register on-going and/or future reduction actions.

4.2.6 Roles and Responsibilities of the Advisory Board

The Advisory Board will consist of development partners (including those contributing to the CRGE Facility), representatives of relevant multilateral organisations, international NGOs and civil society, the private sector and academia. The AB will be hosted and chaired by development partners, on an annual rotational basis.

The Advisory Board will review SRAPs, project proposals and investment plans and provide comments and suggestions to the CRGE Facility Secretariat. However, the Advisory Board is not part of the decision-making process, except as donor representatives on the Management Committee with regards to approval of funds from the International Account.

The rules governing the operations of the Advisory Board are summarised in Figure 4.4.

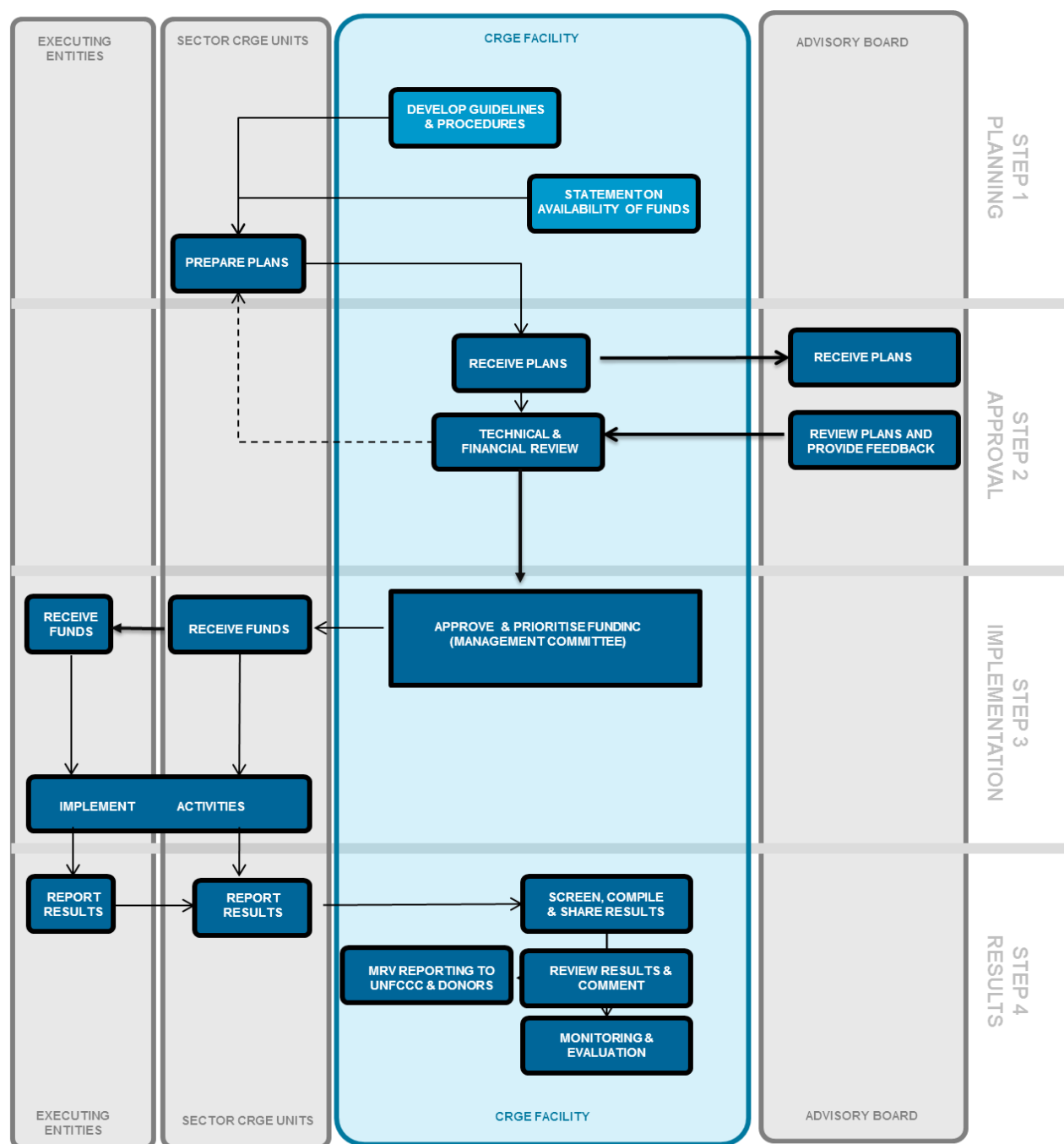
Figure 4.4 Decision Making Mechanisms – Advisory Board

Nature of Meeting	Purpose	Timing	Rules of Meeting
Annual Review	Review progress to date; Consider implications for channelling of funds; Identify improvement measures	Annual (May)	<ul style="list-style-type: none"> • Quorum: 70% attendance • Decisions require support of at least 75% of attendees
Interim Review	Review progress to date; assess allocation of funds against Strategic Framework	Annual (January)	<ul style="list-style-type: none"> • Quorum: 70% attendance • Decisions require support of at least 65% of attendees
Funding Reviews	Review and comment on technical appraisals and funding allocations approved by The Facility	Twice per year (February and August)	<ul style="list-style-type: none"> • Quorum: 70% attendance • Decisions require support of at least 65% of attendees
Ad-hoc Meetings	To consider any requests in the early stages of the Facility as SRAPs are developed	As required	<ul style="list-style-type: none"> • Quorum: 75% attendance • Decisions require support of at least 75% of attendees

4.3 Rules and Decision-Making Mechanisms

Reflecting the roles and responsibilities described in section 4.2, the CRGE Facility's flow of activities and decision-making is illustrated in Figure 4.5.

Figure 4.5 CRGE Facility Work Flow



4.4 Risk Management Policies

The Facility is potentially subject to the following types of risk:

- **Operational Risk** –the failure to deliver timely and quality results, or the breach of environmental or social safeguards during implementation;
- **Fiduciary Risk** – where funds allocated to The Facility are not used in accordance with terms of agreements, and/or are not properly accounted for and/or are otherwise misappropriated;
- **Strategic Risk** – where the circumstances impacting The Facility impair its ability to achieve its goals and objectives.
- **Reputational Risk** – if Facility fails to mobilise substantial finance; if safeguards are breached; if funds are not properly accounted for and/or are otherwise misappropriated.

The Management Committee is responsible for identifying the particular risks that The Facility needs to manage, and for ensuring that ways of controlling and dealing with risk are formally developed and implemented. A copy of the current risk management framework for the CRGE Facility is included in the Annexes²⁰.

²⁰See Annex 4(1).

Section 5: Implementation Arrangements

5.1 Enabling Programme Implementation

Outside of the overall Facility governance mechanisms, a range of entities support the process of planning and implementing the programmes required to achieve the aims of the CRGE Strategy.

5.1.1 The Implementing Entities (IEs)

Implementing Entities (IEs) are Federal (FIEs i.e. line ministries) and Regional governments (RIEs i.e. Sector Bureaus). At the federal level, these entities include The Ministry of Agriculture, The Ministry of Water, Irrigation and Energy, The Ministry of Industry, The Ministry of Trade, The Ministry of Transport, The Ministry of Health, and The Ministry of Urban Development and Construction as well as other relevant ministries and authorities (for example the Basin Authorities).

The role of **Federal IEs** is to coordinate the preparation of Sector Reduction Action Plans, medium term national level plans that outline priorities and investments at the regional level. They also coordinate, monitor and verify the implementation of CRGE initiatives by the regional implementing entities. FIEs ensure that SRAPs are prepared based on the SRM, meet standards and rules of the CRGE Facility as per this Manual and further guidance, and are fully aligned with GTP priorities. They will ensure transparent, fair process for the selection of beneficiaries and allocation of resources.

FIEs directly access the Facility funds, based on approved SRAPs or project/project proposals. They request The CRGE Facility to authorize fund release to respective BOFEDs based on a clear budget breakdown and approved plan by regions and woredas. They also request The CRGE Facility to authorize fund release to a designated CRGE account that is opened and managed by the FIE itself for approved activities at Federal Level. Furthermore, they ~~authorize~~ request the Facility to release fund to the mutually agreed up on Specialist Financial Intermediaries, for activities which will be implemented by EEs.

Regional IE's are sector Bureaus, such as the Bureau of Water, Irrigation and Energy. RIEs are responsible for:

- Preparing regional inputs to national SRAPs;
- Coordinating the preparation of proposals that respond to SRAP priorities and meet the standards and rules of the CRGE Facility as per this Manual and further guidance;
- Agreeing and signing implementation agreements with EE's for approved investment proposals;
- Preparing periodic (quarterly and annual) narrative reports for activities which they directly implement and submit to their respective FIE copying BOFEDs and BEF;
- Preparing periodic (quarterly and annual) financial reports for activities which they directly implement and submit to BOFEDs copying relevant FIEs and BEF;
- Supervising implementation of activities by EEs and providing support as necessary;
- Receiving resources from respective BOFED to implement plans for activities which they directly implement; and

- Request BOFED to open bank accounts for projects directly supported from the CRGE Facility funds, and they implement, with subsidiary ledgers delineated by donor contribution.

5.1.2 Executing Entities

Executing Entities include non-state actors, such as the private sector, small and micro enterprises, parastatals, academic institutions and NGOs. There are no restrictions on EEs, other than meeting the standards and rules of the CRGE Facility as described in this Manual and further guidance from the Facility. This will include due-diligence and the satisfaction of minimum criteria, for example on accounting standards and ability to account for funds.

The aim of the CRGE Facility is to stimulate widespread participation in actions that will help achieve the goals of the CRGE Strategy. All types of EEs have access to Facility funds, but the application for funds is channelled through IEs, who are the only interface with the Facility. EEs must work collaboratively with IEs to plan and implement activities.

Qualified organisations, particularly UN Organisations and Multilateral Development Banks, may be requested by the Government to provide capacity development and selected implementation services that respond to priorities as deemed appropriate. In such cases, UN Organisations or MDBs would assume full programmatic and financial accountability and would carry out the approved activities in accordance with their own applicable regulations, rules, policies and procedures, including related to audit and procurement.

5.1.3 Role of IEs in planning and implementation

Under the SRM there are three broad phases:

1. Sectoral planning. The “What, Where, When priorities” of the CRGE at the sector level;
2. Investment Planning that responds to priority needs set out in long term plans; and
3. Implementation of financed/supported investments and reporting.

The SRM is structured along sector lines: planning and implementation is done at the sector level. It is the responsibility of Federal ministries to coordinate sector planning in all regions, consolidate plans to submit to the Facility. Regions must plan at the sector level, and where relevant with EEs and submit plans to Federal IEs. Finance flows from the Facility to Federal IEs and down to regional sector bureau through BOFEDs for implementation. Likewise, information and reporting follow a similar flow in reverse. Regional IEs compile narrative reports at the sector level and send to Federal IEs; Federal IEs consolidate these reports and submit to the Facility.

Figure 5.1 CRGE fund Flow Structure

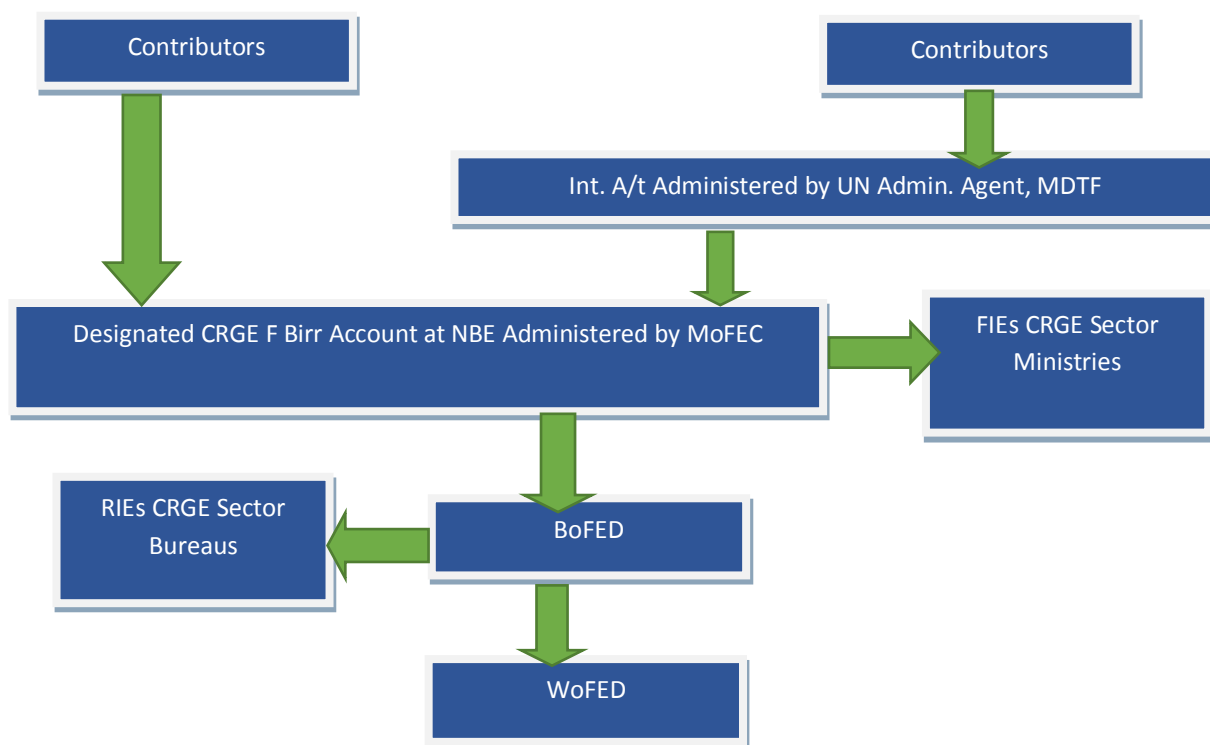
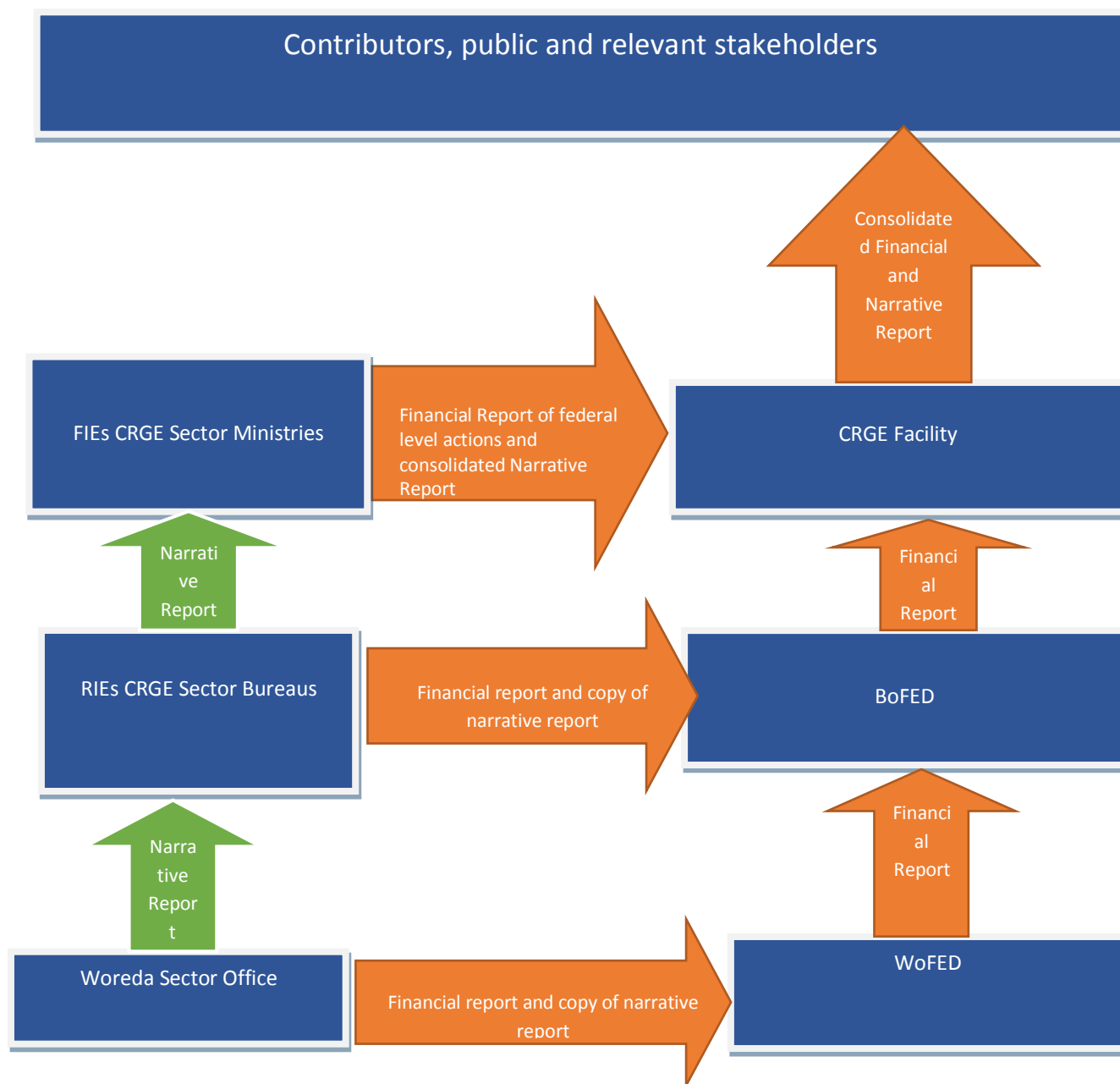


Figure 5.2 CRGE Facility Report Flow Structure



The role of IEs and EEs across each phase of the SRM process is described below.

Phase 1: Long Term Strategic Planning

LTSPs identify the “what, where and when” priorities in the sector. Development of the national plans (LTSPs) is led by Federal IEs. These are then sent to the Facility and evaluated by the Technical and Finance teams.

Table 2 - LTSP development

Federal IEs	Regional IEs	Finance Team	Technical Team	EEs
<ul style="list-style-type: none"> ▪ Development of SRAPs at the national/federal level ▪ Coordinating with regional sector bureaus to gather inputs ▪ Combining regional level actions in sectors into one coherent and consistent plan ▪ Providing strategic guidance and leading the preparation of analysis/plans for their respective sectors at all levels, in close consultation and collaboration with their regional counterparts ▪ Ensuring that there is no duplication within regional implementing entities ▪ Aligning SRAPs to the GTP 	<ul style="list-style-type: none"> ▪ Regional planning ▪ Inputting into SRAPs ▪ Review and validation of SRAPs 	<p>Supporting IEs with respect to:</p> <ul style="list-style-type: none"> ▪ Financial management ▪ Monitoring and Evaluation ▪ Alignment with GTP at regional level ▪ Reporting requirements ▪ Financial review of SRAPs 	<p>Supporting IEs with respect to:</p> <ul style="list-style-type: none"> ▪ Provision of guidance ▪ Technical support on SRAPs (baselines, targets) ▪ Technical MRV support ▪ Screening/technical review of SRAPs 	<p>Providing inputs into SRAPs when invited</p>

Phase 2: Investment Plan Development

The IEs develop investment plans and project proposals to translate the sector strategic plans in to actions. In the due course, they invite relevant EEs to develop input into plans and develop investments plans/proposals for delivery. For example, the Energy SRAP may identify off-grid electrification from hybrid mini-grids in all regions as a priority. Relevant EE such as private sector providers of grids working with NGO’s that can manage community installation and maintenance of grids, are then invited to input into the SRAP and to submit proposals for delivery.

Regional, sector specific investment plans, will aggregate Woreda proposals, including performance-based reward system to incentivise community-level action where relevant.

Table 3 - Investment Plan development

Federal IEs	Regional IEs	BoFED	BEF	EEs
<p>Assigning dedicated staff whose core function is to facilitate the implementation of the programmes and projects in their respective sectors and in all regions</p> <p>Preparing consolidated investment proposals (from regional and federal inputs)</p> <p>Submitting Investments to the CRGE Facility for review, appraisal and financing</p> <p>Delivery of activities and achievement of results indicated in their respective investments</p>	<p>Development of investment proposals in line with guidance and the SRAP priorities</p> <p>Coordinating with EEs to develop cost effective Investment proposals that meet priority needs</p> <p>Submitting their investments to the relevant Federal IEs</p>	<p>Supporting sector/regional planners with respect to:</p> <ul style="list-style-type: none"> • Receive fund from the CRGE Facility account, transfer to WOFEDs and sector Bureaus • Financial management and control • Monitoring and Evaluation • Alignment with GTP at regional level • Reporting requirements 	<p>Supporting sector/regional planners</p> <p>Technical support on plans</p> <p>Technical MRV</p> <p>Preliminary screening/revie w of draft plans</p>	<p>Coordinating with IEs to develop cost effective Investment proposals that meet priority needs</p>

IEs at the Federal and Regional level should therefore provide strong leadership and demonstrate commitment to formulate robust SRAPs, including bankable investment proposals. IEs therefore must:

- Assign adequate numbers of trained experts to take charge of tasks in the preparation and implementation of reduction actions. Support may be provided from the CRGE Facility.; and
- Have an institutional structure in place at the regional level that enables effective implementation and has clear demarcation of responsibilities.

Phase 3: Implementation

Once proposals have been approved by the Facility, finance is released and implementation begins, in line with the plans submitted.

Table 4 – Implementation and Delivery

Federal IEs	Regional IEs	BoFED	BEF	EEs
<ul style="list-style-type: none"> ▪ Prepare disaggregated work and budget plan by region and woredas and request MOFEC to release approved funds 	<ul style="list-style-type: none"> ▪ Implementing programmes and projects in partnership 	<ul style="list-style-type: none"> ▪ Receive funds from the CRGE Facility account, 	<ul style="list-style-type: none"> ▪ Technical support on plans and implementa 	<ul style="list-style-type: none"> ▪ Implementing, or facilitating the implementation

Federal IEs	Regional IEs	BoFED	BEF	EEs
<p>from the CRGE Facility to designated CRGE account managed by BOFEDs</p> <ul style="list-style-type: none"> Request MOFEC to release funds to designated CRGE Facility for activities which will be directly implemented by the FIE When EEs are engaged with the FIEs, they request MOFEC to release funds to the FIE's account before channelling the fund to EEs account Follow up, monitor and evaluate the implementation of plans at Regional/Federal level Prepare/compile sectoral annual progress reports on the implementation of the CRGE activities and submit to CRGE Facility not later than 30 60 days after the completion of the fiscal year Preparing consolidated quarterly narrative reports and submitting these to the CRGE Facility no later than four weeks after the end of the quarter 	<p>with Executing Entities</p> <ul style="list-style-type: none"> Monitoring and following up the day-to-day implementation of their programs and projects at all levels in the regions Send periodic financial reports to BOFED and substantive reports to line ministries no later than three weeks after the end of the quarter 	<ul style="list-style-type: none"> Maintain subsidiary ledger for each CRGE Sector, transfer to sector bureau and WOFEDs Follow up, monitor and evaluate the implementation of plans at Regional and Woreda level Coordinate and facilitate the auditing of programmes as requested by MOFEC Consolidate financial reports and send to COPCU no later than four week after the end of the quarter 	<p>tion</p> <ul style="list-style-type: none"> Technical MRV support to EEs and RIEs Preliminary screening/review of draft plans Follow up and monitor the implementation of plans at the region/woreda level In collaboration with BOFED, hold quarterly review meetings of CRGE investments 	<p>of activities as indicated on the project proposals, to ensure the delivery of required results</p> <ul style="list-style-type: none"> Delivery of activities and achievement of results indicated in their respective project proposals Monitoring and following up the day-to-day implementation of their project proposals at all levels in the regions

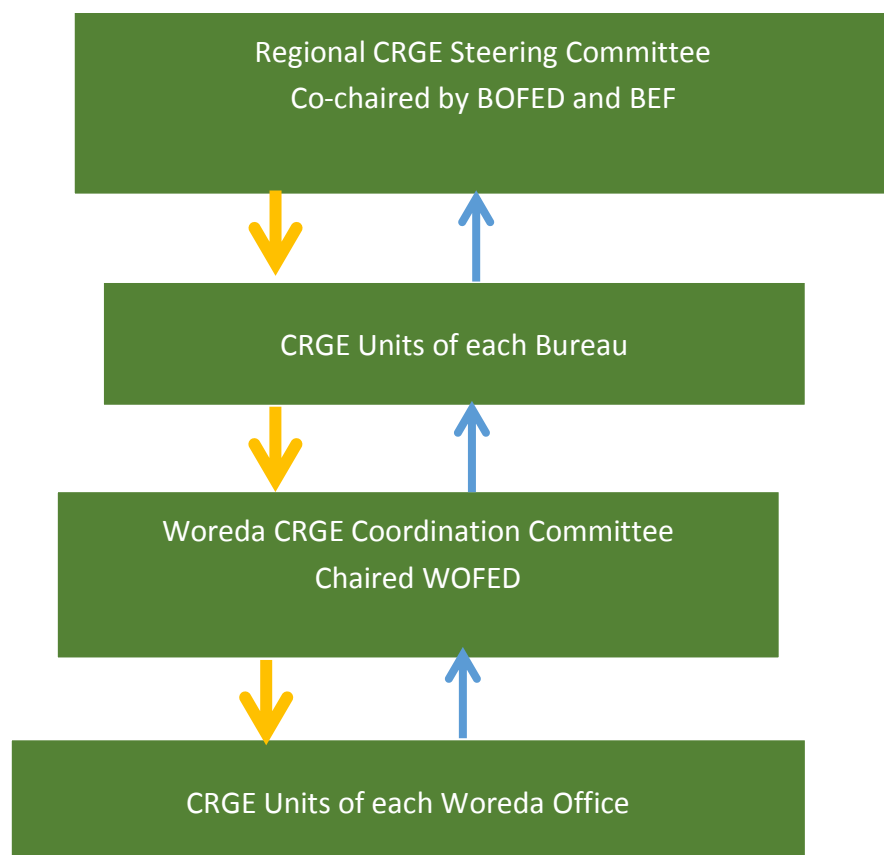
Federal IEs will establish and maintain a separate account for the receipt and administration of the funds disbursed to them from the CRGE Facility. Regional IEs shall also establish and maintain a separate account for funds they receive from the CRGE Facility through BOFEDs. The separate ledger account will be subject exclusively to the internal and external auditing procedures set forth in the National Regulatory Framework. The Implementing entities are responsible for managing funds sent to them from the CRGE Facility Account through BOFEDs. MOFEC and BOFEDs shall ensure and facilitate account auditing and overall financial management.

5.1.4 Regional Allocation of Responsibilities

While varying, each region in Ethiopia has a CRGE unit and regional Bureaus of Environment and Forest (BEF) and Bureaus of Finance and Economic Development (BOFED). These institutions are core at the regional level for the implementation and coordination of the CRGE. The Regional CRGE Units have to be capacitated and mandated to coordinate the SRM process at the regional level, supported by BEF and

BOFED and under the supervision of a steering committee that should be co-chaired by the by BOFED and BEF. The regional steering committee is expected to have similar function as the Federal level CRGE Inter-Ministerial Steering Committee. The structure of the CRGE coordination, management, and implementation at regional level is illustrated in Figure 5.3

Figure 5.3 CRGE Structure at Regional Level



5.1.5 Regional Environment and Forest Bureaus (BEF)

In collaboration with BOFED, the BEF will conduct preliminary review of SRAPs prepared by the regional sector bureaus before sending to the Federal Implementing Entities. Further to their designated roles and responsibilities, they will also provide technical assistance to the regional Implementing Entities in the preparation of SRAPs, Measurement, Reporting and Verification (MRV) for emissions and vulnerability outcomes, baseline computation, and other similar specialist areas. They will follow up the implementation of CRGE Facility Supported actions in their regions. Specifically, they are responsible for:

- Coordinating and supporting SRAPs in the region;
- Coordinating and supporting RIEs in developing investment plans in the region;
- Coordinating, monitoring and supervising woreda level CRGE implementation by RIEs and EEs;
- Coordinating independent evaluation and verification of results by accredited agents and facilitating and supporting measurement, review and verification of CRGE projects;
- Developing regional procedures for the review of financed CRGE programmes and supporting with methodological guidance;

- Coordinating CRGE related activities in the region, including providing technical and advisory support to RIEs;
- In collaboration with BOFED, organising quarterly review meetings on the implementation of CRGE programs/projects in the region; and
- Facilitating regional/Woreda level monitoring and evaluation programme (including field visits) on projects.

5.1.6 Bureaus of Finance and Economic Development

Regional Finance and Economic Development Bureaus (BOFED) are entities that are mandated by the regional council to coordinate and manage development activities of each region and accordingly are responsible for allocating resources to Woreda, coordinating the preparation of sectoral plans, preparing and compiling development performance reports of a region, and monitoring and evaluating the performances of sector institutions. Within the context of these broad responsibilities given by the regional council, the regional Finance and Economic Bureaus will be responsible for the overall coordination, planning, physical and financial monitoring and evaluation and reporting of programmes and projects supported by the CRGE Facility. They will open and maintain a dedicated CRGE Account, receive fund from the CRGE Facility and transfer funds to dedicated accounts of regional sector bureaus and Woreda Office of Finance and Economic Developments (WOFEDs). Additionally, they will receive quarterly and annual financial reports from sectors, consolidate them and send to the COPCU within three weeks after the end of the quarter. They also receive copy of substantive reports from sector bureaus. If funds received by the national implementing entities remain to be standing advance over 6 months, then this may be considered as outstanding advance and as a result funds may not be released to those national implementing entities until such outstanding advances are liquidated. All national implementing entities, BoFED and WOFED must close their account and prepare yearend financial statements

In addition to fund disbursement and consolidation of periodic reports, BOFEDs have the following roles and responsibilities:

- May co-sign implementation agreement with the CRGE Facility and relevant sector bureau for activities that will be implemented in the region;
- In collaboration with the FIEs and RIEs, monitor the identification and selection of EEs to input into SRAP development and Investment Planning;
- Assisting and coordinating the preparation of SRAPs and Sectoral project proposals for the region;
- Open a dedicated CRGE Account and maintain separate subsidiary ledger for sector bureaus by source of fund;
- Support sector bureaus to open a dedicated CRGE Account and ensure each sector maintain separate ledger by sources of fund;
- Receive fund from the CRGE Facility and disburses to sector bureaus and WOFEDs based on approved work plan;

- Consolidate and submit quarterly and annual financial report to COPCU and request for replenishment;
- Following up on the implementation progress for each sector investments and projects;
- Holding quarterly review meetings for all sector programmes assisted by The Facility in the region and conducting monthly follow up meetings focusing on issues;
- Organising a regional monitoring and evaluation programme (including field visits) and experience sharing on selected projects in collaboration with other key stakeholders to ensure satisfactory implementation of portfolios leading to the desired results; and
- Facilitating account auditing.

The CRGE Facility will send copy of MOUs signed with the FIs to the respective BOFEDs. At local level, the Zonal Finance and Economic Departments (ZOFED) and Woreda Finance and Economic Development Offices (WOFED) will be responsible for regular monitoring and supervision of implementation of activities supported by the CRGE Facility. The WOFED will be responsible for regular monitoring and supervision of implementation of activities supported by the CRGE Facility. WOFED open and maintain separate CRGE bank account and complies and send financial report to BOFED quarterly no later than 10 days after the end of the quarter. More specifically, WOFEDs will have the following roles and responsibilities:

- Prepare draft woreda plan and budget on inputs from woreda sector offices.
- Perform financial management at woreda level (disbursement, procurement, accounting, reporting and audit). This is mainly because at woreda level financial management is carried out on pool basis.

5.2 Contributing Finance and Resources

Finance contributors to the CRGE Facility are the Government of Ethiopia, other governments (i.e. development partners), private and public entities, including multilateral, intergovernmental and civil society organisations, and individuals, which provide funds or implementation services to the Facility.

Where Contributors provide direct funds, they will release their commitment to either the CRGE Facility Account *or* to the international Account, the basis of the contributions defined by Strategic and/or Targeted Agreements as appropriate, for allocation through the Programmed or Responsive Windows in accordance with conditions and CRGE priorities.

Financial contributors are also able to provide advisory and capacity support to both the Management Committee and CRGE Facility Secretariat. In certain circumstances, and when invited, they may participate on an ex-officio basis in meetings of the Technical and Financial teams during appraisal and review of SRAPs and investment proposals. They may also participate in joint supervision missions of funded programmes when this is considered to be appropriate.

5.3 Oversight of Funds

5.3.1 Oversight of Receipt of Contributions

To ensure that international fiduciary standards are satisfied, thereby creating the potential for immediate access to appropriate sources of international climate finance, the Government has signed a Memorandum of Agreement (MOA)²¹ with UNDP's Multi-Partner Trust (MPTF) Office, which provides dedicated fund administration services to the UN system and national governments for facilities involving multiple contributors/partners²². This role is referred to as Administrative Agent. In this way the MPTF Office responds to the need to provide flexible, coordinated and predictable funding to support the achievement of national and global priorities. In the context of the CRGE Facility, the UNDP-MPTF Office will create a viable option for any Contributors unable to put money directly into the CRGE Facility Account with MOFEC.

Ultimately, the Government of Ethiopia intends that all Contributors to The Facility will be able to put funds directly into the Facility Account, and therefore the MPTF's Office involvement as Administrative Agent is considered to be an interim management arrangement. The MOA elaborates the interim management support service to be provided by the MPTF Office to the CRGE Facility, once the International Account operationalized²³. In particular the MOA endows the MPTF Office with the following interim management services:

- Strengthen MOFEC's capacity to perform fund administration and management functions in order to ensure that National Implementing Entities (line ministries and regions) meet the necessary fiduciary management standards;
- On behalf of the Government of Ethiopia, sign Standard Administrative Arrangement with Contributors that choose to contribute through the International Account administered by the MPTF Office;
- Further to decisions of the Facility Management Committee and upon instruction from MOFEC, directly transfer funds to Federal Implementing Entities and/or Bureau of Finance and Economic Developments, Participating UN Organizations and Multilateral Development Banks;
- Receive financial contributions from those Contributors unable to channel money directly through MOFEC, and deposit those in the Facility Account;
- Administer the funds received into the International Account, in accordance with UNDP's regulations, rules, policies and procedures²⁴, as well as the policies and procedures of the Facility;
- With respect to the International Account, consolidate statements and reports, based on submissions provided by MOFEC through the Facility Secretariat, containing the submissions of

²¹A copy of the current MOA has been included in Annex 5(1).

²²The MPTF Office currently has a portfolio of over 55 distinct MDTFs and 38 Joint Programs (JPs). More information is available at <http://mptf.undp.org>.

²³ First contribution agreement signed.

²⁴A copy of current UNDP financial rules and regulations can be accessed at <https://info.undp.org/global/popp/frm/pages/accountability-and-internal-controls.aspx>

each National Implementing Entity, and provide these to the Management Committee and Contributors;

- With respect to the International Account, provide final reporting, in accordance with the Facility TOR; and
- Disburse funds from the International Account for any additional costs of the tasks that the Facility's Management Committee may decide to allocate to such organisations in accordance with the Facility TOR.

In addition to the above a representative of the MPTF will attend in an ex-officio basis those meetings of the Management Committee that determine utilisation of funds contributed to the International Account.

5.3.2 Oversight of Disbursement of Funds

MOFEC is not permitted to disburse funds directly to private sector entities. As it is anticipated that this will be necessary, MOFEC in agreement with the IEs, will engage appropriate Specialist Financial Intermediaries to fulfil this role, and to provide the Facility with the option of developing financing instruments in addition to standard reimbursable grants, such instruments potentially to include concessional loans and other debt instruments, equity, and other innovative forms of financial support. The Management Committee of The Facility will ultimately decide on the institution that will play the above stated roles on behalf of the CRGE Facility.

PART 3: MANAGEMENT OF THE FACILITY

Section 6: Resources Management and Financial Reporting

6.1 The Facility's Operating Cycle

The timing of the CRGE Facility's operating cycle is determined by the following:

- The CRGE is a part of the mainstream national planning and budgeting process and therefore in due course the operation of The Facility must relate to the annual government planning budgeting cycle, which respectively runs between November to January and February to June each year.
- While the SRM is being established, early SRAPs may be considered on a case-by-case basis within the first 2 years of Facility Operations i.e. to the end of 2015.
- The Facility is designed to enable strategic allocation of resources to qualified proposals. The expectation is that the demand for funds will always exceed the supply and therefore allocation of financial resources must be prioritised. The submission, appraisal and approval of proposals must therefore run to fixed timescales, so that competing applications can be judged against each other, enabling the prioritisation of resource allocation to those proposals considered likely to have the greatest strategic impact.

Given their large-scale and complex nature, the preparation of SRAPs will be a substantial undertaking;

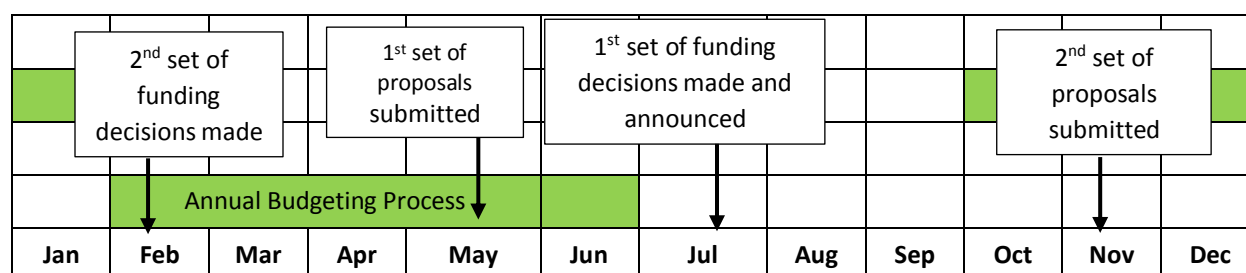
In the first years of operation the Facility will accept SRAPs on an ad-hoc basis, allowing for flexibility as the systems and processes are established real world. Post 2015, the Facility will accept one cycle of proposal submission and approval each year as outlined in figure 6.1. As appropriate the operating cycle may be adjusted to suit the requirement of the GTP sector plans but will always be based on a minimum of one cycle each year.

The main proposal submission and approval cycle will be informed by the country's annual budget and availability of funds in the CRGE Facility accounts. Again, reflecting their large-scale and complex nature, the receipt, compliance checking, appraisal and approval of proposals will require two months to complete. This implies that proposals should be submitted in May with funding decisions to be finalised and announced in July. Assuming availability of sufficient funds, a second cycle could then be operated with proposals to be submitted in November and decisions to be finalised and announced the following January (these decisions would therefore potentially help inform the next budgeting process). This overall operating cycle is illustrated in Figure 6.1.

The priorities and sequencing of funds allocation is articulated by the CRGE Strategy and the SRM, and more specifically the CRGE Strategy Framework²⁵, which defines targets with regards to economic sectors and related parameters of importance (which, depending on circumstances, might relate to particular aspects of greening or resilience, or perhaps regional priorities).

²⁵ A copy of the current CRGE Strategy Framework is provided in Annex 3(1) in section 3 of this Manual.

Figure 6.1 The Overall Twelve-month Operating Cycle of the CRGE Facility



In developing the CRGE Strategy Framework, the Secretariat (Technical and Finance Teams) will:

- On the basis of sector led SRAPs, identify/verify the amounts and types of finance that are estimated to be required by each of the identified targets;
- Determine whether distinct financing requirements are short-, medium- or long-term considerations; and
- Determine priorities and most immediate requirements that need to be satisfied.

This detailed Strategy Framework will then guide The Facility in its efforts to build the financial resources required. It will also provide the framework that the Management Committee will apply in determining which approved proposals to allocate funds to.

6.2 Managing and Controlling Funds Made Available to The Facility

The Ethiopian Government has, since 2002, used a double entry modified cash basis of accounting. This method has been implemented at the federal level and in many regions, and has brought about the adoption of:

- A revised and comprehensive chart of accounts consistent with the current budget classification;
- A system of ledgers accommodating all types of accounts (including transfers, assets, liabilities and fund balance in addition to revenues and expenditures);
- Self-balancing sets of accounts;
- A system of control of budgetary commitments (recording commitments as well as actual payments); and
- Revised monthly report formats to accommodate double-entry book-keeping and commitment control to allow for better cash control.

The CRGE Facility fully complies with the existing accounting policies and procedures of the Government. Accordingly, to ensure the receipt and utilisation of funds is effectively controlled, the following measures are taken.

- A Chart of Accounts has been established²⁶ that defines categories and sub-categories of income and expense.
- The Treasury directorate of MOFEC maintains a dedicated CRGE Facility account as well as separate ledgers for Strategic and Targeted Allocations for contributions that are made directly into the CRGE Facility national account. It also maintains separate ledger accounts for funds disbursed through the International Account. Both the ledgers, as well as being separated by Strategic and Targeted Allocations, are also separated by contributors.
- As needed, MOFEC assigns specific account/budget codes in the government's functional classifications so that the utilisation of funds disbursed for approved actions can be accurately monitored by the CRGE Facility.

All funds are disbursed by MOFEC to the Federal IEs and BOFEDs, which assume responsibility for controlling and reporting on the use of funds. To this end Federal IEs and BOFEDs maintain separate ledgers for funds they receive from The Facility account, one for use in relation to each of Strategic and Targeted Allocations. Each Federal IE will account for all money received and disbursed, and will retain documentation and submit financial reports to the COPCU of MOFEC for consolidation at The Facility level. The Regional IEs will submit the same to BOFEDs, which will consolidate and submit financial report to the COPCU.

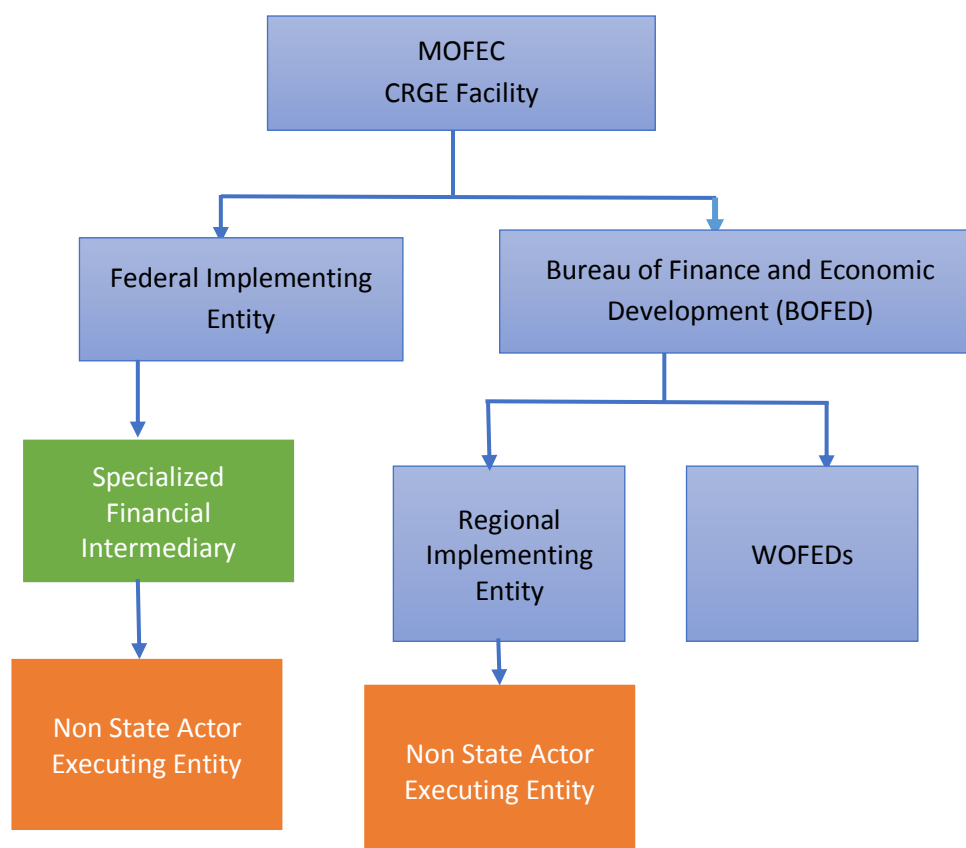
The CRGE Facility disburses funds to IEs and BOFEDs as illustrated in Figure 6.2, and as described below.

- For approved actions involving State Actors, the CRGE Facility disburses funds directly to FIEs and to BOFEDs for federal and regional level activities respectively. The IEs at Federal level and Sector Bureaus at regional level apply government rules and regulations to effect payments, collect money, receive supplies, and deliver equipment etc.
- For approved actions executed by a Non-State Actors, IEs must disburse funds through an approved Specialist Financial Intermediary (SFI)²⁷. SFI's are responsible for applying equivalent rules and regulations to ensure the utilisation of all funds can be accurately and consistently controlled and reported on. The Executing Entity is responsible for consolidating all information on the utilisation of allocated funds from all parties involved in implementing the approved action, in accordance with the rules and regulations of the CRGE Facility.

²⁶A copy of the Chart of Accounts has been provided in Annex 6(1).

²⁷A list of potential Specialist Financial Intermediaries has been provided in Annex 6(2). These have to be used because government agencies are not permitted to disburse funds directly to NSAs.

Figure 6.2 Processes for Disbursing Funds from the CRGE Facility



Details of critical policies and procedures relating to overall financial management and control have been included in Figure 6.3.

Figure 6.3 Key Accounting System Policies and Procedures

Accounting Systems
<p>The IEs at Federal level and Sector Bureaus and BOFED in Regions are responsible for maintaining a government accounting system that:</p> <ul style="list-style-type: none"> ▪ Contains books, records and controls that are sufficient to ensure the accuracy and reliability of programme/project financial information and reporting; ▪ Ensures that receipts and disbursements of facility funds are properly identified and that budgetary allocations approved under each category are not exceeded; ▪ Ensures that lists of expenditure accounts are annexed to have a uniform and consistent accounting and reporting process; ▪ Tracks the advances received and disbursements (expenditure records) made by the CRGE Facility (direct payments) on behalf of the programme/project; ▪ Ensures that all financial records are kept up-to-date with all ledgers and journals closed at the

end of each month; and

- Requires that the sum paid to the bank accounts shall be entered in the bank column of the cashbook on the same day and shall be supported by the original of the bank deposit slip.

Where Executing Entities are non-state actors, in addition to the above indicated policies and procedures that applies to government entities, they should maintain a proper and prudent accounting system, in line with international accounting standards and best practice. They should also use Accounting software which is compatible with government systems. The current government system is IBEX (Integrated Budget and Expenditure), with a future transition to IFMS (Integrated Financial Management System). Non-state actors and Financial Intermediaries are responsible for ensuring system compatibility and to avoid inconsistency. Before funds are transferred to EEs that are non-state actors, the relevant IEs will ensure that EEs have properly designed internal control systems in line with international best practices.

Bank Account Signatories

The federal and regional benefiting IEs should assign appropriate signatories in accordance with government financial rules and regulations to operate the bank accounts. A minimum of two signatures shall be required to effect disbursements/payments from a bank account. The signatories have the overall responsibilities to ensure that disbursements are authorised and effected in line with the procedures pertaining to government funds.

Use of Cheques

The assigned officials shall sign for every cheque book request. Unused cheques shall be treated as a valuable document and kept under lock and key. Officials in control of Government bank accounts are responsible to ensure that the number of cheques taken from a cheque-book corresponds with the number officially accounted for in the cashbook. The numbers of cheques drawn shall be entered in the appropriate column of the cashbooks. Cheques shall be used in numerical sequence. Cheques spoiled or cancelled shall be entered in the cashbook with the word “cancelled” in the description and “Nil” in the bank column. Cancelled cheques shall be attached to their counterfoil and retained in the cheque-book.

Bank Transfers

Bank Transfer Orders issued shall be numbered in sequential order and entered in the appropriate column of the cashbooks. Bank transfer orders shall be signed by the official(s) authorised to operate the bank account. A copy of the bank transfer order shall be attached with the Payment Vouchers.

Bank Reconciliation

The Finance officer must reconcile the cashbook with the bank statement at the end of every month and the reconciliation shall be securely attached to the bank statement. Any discrepancy shall be identified to include the following, if any:

- Receipts recorded in Cash book but not yet credited by bank;
- Cheques/bank transfers issued and not yet debited by bank;

- Item debited/credited by Bank but not yet recorded in Cash Book.
- Errors by the Bank or in recording entries of the Cash Book.

Bank reconciliation shall be prepared in line with the schedule, formats and standards set as per Government financial rules and regulations. Cashbooks are maintained to provide a chronological record of all funds that are deposited into and disbursed from the programme/project bank account. The Cashbook shall be updated, 'Closed' and reconciled with the bank statements on a regular basis, at least monthly. The three monthly reconciliation statements prepared during the quarter must be filed together with the Financial Report.

To accommodate interim arrangements for management of the International Account, the UNDP-MPTF Office has established a separate ledger under the financial regulations and rules of UNDP for the receipt and administration of the funds received pursuant to a Standard Administrative Arrangement with contributors. The Facility Account with the UNDP MPTF-Office will be administered in accordance with the UNDP's applicable regulations, rules, policies and procedures, including those related to interest. This account will be subject exclusively to the internal and external auditing procedures laid down in the applicable UNDP financial regulations, rules, policies and procedures²⁸.

6.3 Financial Reporting

6.3.1 Quarterly Reporting

Financial reporting is performed on a quarterly basis, the requirement being that Federal Implementing Entities and BOFEDs submit quarterly financial reports to MOFEC for approved actions in their portfolio²⁹ within three weeks after the end of the quarter.

For this to happen, and reflecting the hierarchy illustrated in Figure 6.2, reporting arrangements are as described in Figure 6.4. All reports are to comply with standard financial reporting formats³⁰.

Figure 6.4 Key Quarterly Financial Reporting Arrangements

Reporting Arrangements for Approved Actions being Executed by State Actors	Reporting Arrangements for Approved Actions led by a Non- State Actor Executing Entities
WOFED shall submit program/project financial progress report to BOFED regarding all sectors within 10 days after the end of every quarter.	
The regional implementing sector Bureaus shall	Each Executing Entity shall submit quarterly financial

²⁸See section 5.3 of this Manual.

²⁹These are actions that the IE submitted to The Facility for review, and which were subsequently approved and for which Implementing Agreements have been duly signed.

³⁰A copy of the standard reporting format has been provided in Annex 6(3).

Reporting Arrangements for Approved Actions being Executed by State Actors	Reporting Arrangements for Approved Actions led by a Non- State Actor Executing Entities
submit quarterly financial reports for activities directly executed by the bureau to BOFED within two weeks after the end of the quarter under review	reports to the line ministries or sector bureau within 10 days after the end of the quarter under review.
Within three weeks after the end of the quarter under review, BOFED shall submit consolidated quarterly financial report to COPCU, with copy to relevant sector Bureau.	Within 15 days three weeks after the end of the quarter under review, each line ministry shall submit consolidated quarterly financial report to the COPCU. If the EE reports at regional level, it shall report to BOFED within 15 days after the end of the quarter with copy to relevant sector bureau.
COPCU provides consolidated quarterly financial report to the CRGE Facility within 45 days after the end of the quarter under review, so that the Facility can submit consolidated report to contributors within 60 days of the end of the quarter under review.	

The following information shall be included in the quarterly financial report;

- Uses of funds, opening and closing balances for the quarter and cumulative
- Uses of funds showing actual expenditures and transfers
- Actual and budget comparison for the quarter and cumulative
- Notes and Explanations

If funds received by the national implementing entities remain to be standing after six months, then this may be considered as outstanding advance and as a result funds may not be released to those national implementing entities until such outstanding advances are liquidated.

6.3.2 Reporting on Approved Actions

For each approved action, MOFEC shall prepare, provide to all CRGE contributors, and make publicly available (including through The Facility's website) the following statements and reports prepared in accordance with the reporting procedures of the Facility:

Quarterly financial reports, which shall include the following information:

- Funds received (broken down by contributor, including any earmarking),
- Funds disbursed (broken down by contributor),

- Update of funds disbursed by MOFEC to Implementing Entities (including time frame from approval to contract signing to disbursement), against agreed budget,
- Funds disbursed by IE's to EEs, against agreed and detailed plans and budgets, this includes detailed breakdowns of costs centres and expenditures at micro-level, in line with international best practice and
- Measurement of any delays to financial disbursements or implementation;

Quarterly narrative progress reports which shall include the following information:

- Status update of all approved plans and projects, with start dates, end dates, budget data, results targets, results achieved;
 - Update against CRGE results framework and activities plan,
 - Approved Plans and Proposals in the last quarter, with short summary of objectives, results to be achieved, time frame, and performance against budget,
 - Progress achieved in the last quarter, including key results delivered and reporting on social and environmental safeguards policies and procedures in the implementation and monitoring of programmes, and
 - Progress of CRGE Facility against key work plan milestones, plus other appropriate and essential management updates highlighting, among other things, key achievements, challenges encountered, justification for any delays, and summary of lessons learned;
- Annual un-audited financial statements are prepared by BOFEDs and FIEs at the end of the fiscal year;
 - The Inspection Directorate and the CRGE Facility Secretariat are responsible for liaising with OFAG to commission and/or lead audit activities on government expenditures and/or to assign private auditors for Non-State Actors and/or government expenditures by IEs;
 - Annual audited financial statements, and reports including management letter, as of the end of the fiscal year (running from July 8th up to July 7th) with respect to the funds disbursed from the Facility Account, are to be provided no later than six months after the end of the fiscal year;
 - The Audit findings are the responsibility of IE's, and the audit report shall be submitted by the Auditors to The Facility. Audits reports are made available to the Management Committee and contributors.
 - Annual narrative progress reports, to be provided no later than 60 days after the end of the calendar year, which shall include the following information:
 - Status update of all approved plans and projects, with start dates, end dates, budget data, results targets, and results achieved,
 - Update against CRGE results framework at all levels, including inputs, outputs, outcomes and impact,
 - Plans and proposals approved in the last quarter, with short summary of objectives, results to be achieved, time frame, and budget,
 - Progress achieved in the last quarter, including results delivered, and

- Progress against key work plan milestones, plus other appropriate and essential management updates highlighting, among other things, key achievements, challenges encountered, justification for any delays, and summary of lessons learned;
- Audited final financial statements and final financial reports, after the end and/or closure of project and/or completion of the activities in each approved investment plan, to be provided no later than six months following the financial close of the programme, as applicable; and
- Annual narrative progress reports, including reporting on environmental and social safeguards policies and procedures during implementation and monitoring.

For programme activities that are financed through the International Account, the MPTF Office shall prepare separate consolidated narrative progress and financial reports, in a format consistent with the reports prepared by MOFEC. The MPTF Office shall provide copies of these reports to each Contributor to the International Account, as well as to MOFEC, in accordance with the timetable set forth in the Memorandum of Agreement (MOA)³¹. MOFEC will be responsible for incorporating these reports into documentation to be presented to the Management Committee.

6.3.3 Annual Reporting

Reporting to MOFEC

All IEs, Approved Financial Intermediaries, BOFED, Executing Entities, and WOFED must close their account and prepare year-end financial statements which should include the following:

- Trial balance,
- Income and expenditure statement,
- Balance sheet,
- Cash flow statement, and
- Inventory report for non-expendable equipment.

All FIEs and BOFEDs shall submit a consolidated annual report prepared as per the government reporting format³² to MOFEC not later than 60 days after the end of the fiscal year.

The UNDP-MPTF Office shall also provide to MOFEC and the Contributors to the International Account an annual audited financial statement on its activities ('Report on Sources and Use of Funds'³³) no later than five months after the end of the calendar year.

³¹See Annex 5(1) in section 5 of this Manual.

³² See Annex 6(3).

³³The standard format of this report is illustrated in Annex 6(4).

MOFEC Reporting to Contributors

For all funds, MOFEC will provide the following statements and reports:

- Quarterly consolidated unaudited financial report for both Programmed and Responsive Windows within 60 days of end of the quarter. The financial reports should report transfers *and* actual expenditure. For the MPTF, the financial reports will be prepared on an actual expenditure basis (that is, it will report actual expenditures not transfers). The reports will include:
 - A Statement of uses of funds, opening and closing balances for the quarter and cumulative,
 - Statement of uses of fund that shows actual expenditures and transfers,
 - An actual versus budget comparisons for the quarter and cumulative, and
 - Notes and explanations;
- Annual narrative progress reports, to be provided no later than 60 days after the end of the calendar year;
- Annual audited financial statements and reports as of the end of the fiscal year to be provided no later than six months after the end of the calendar year;
- Separate reports will be provided as necessary with respect to the funds disbursed to it from the UNDP-MPTF Office Facility Account;
- Final narrative reports, after the completion of the activities in the approved programmatic document, to be provided no later than four months of the year following the financial closing of the programme. The final report will give a summary of results and achievements compared to the goals and objectives specified in the programmatic document; and
- Audited final financial statements and final financial reports after the completion of the activities in the approved programmatic document to be provided no later than six months of the year following the financial closing of the related programmes.
- The CRGE Facility shall submit and evaluation report to contributors not later than 6 months after the end of the program/project period
- The CRGE Facility shall submit final narrative reports and audited financial statements and reports after the completion of the program/project no later than 4 months and 6 months.

MOFEC will be responsible for ensuring this information is consolidated and consistent with the aggregate reports prepared on behalf of The Facility and presented to the Management Committee.

Each quarter, MOFEC will prepare the financial reports for expenditures incurred at all levels based on the annexed quarterly financial reporting format. The financial report will be submitted to contributors directly in case of direct contributions to the CRGE Facility Account or to the MPTF Office in the case of contributions to the International Account, along with the authorised withdrawal application based on a projected cash flow needs. Assurance that the funds to IEs are appropriately used for the intended

purposes will be sought from the annual audits, the Office of the Federal Office General (OFAG)/ORAGs and supervisions.

Section 7: Auditing and Assurance of The Facility

Auditing of the IEs and Approved Accounting Intermediaries that have received funds from The Facility shall be subject exclusively to the internal and external auditing procedures provided in the National Regulatory Framework.

The activities of the UNDP MPTF Office, as interim Administrative Agent, shall be subject exclusively to the internal and external auditing procedures provided in the financial regulations, rules, policies and procedures of UNDP MPTF.

7.1 Internal Control

The CRGE Facility will use government financial management systems and procedures to ensure that satisfactory internal controls are in place. MOFEC and BOFEDs each have Inspection Departments (known as Internal Audit Directorate at MOFEC level and Internal Audit Department at regional level), the mandate of which includes ensuring good quality of internal audits at the Ministries at Federal level and Sector bureaus at region level, following up on the audit recommendations noted by internal audit reports at different Ministries at Federal level and Sector bureaus at region level, providing training and improving manuals. The Internal Audit Directorate acts as an internal audit regulatory body while the Internal Audit Units in the Ministries and Sector bureaus conduct the internal audit activities.

Where or before funds are transferred to EEs that are non-state actors, the relevant IEs will ensure that EE's have properly designed or in place internal control systems in line with international best practice. Guidance on due-diligence undertaken by IEs will be provided by MOFEC and the Facility in line with best practice. This is to ensure that EE's have the systems and capacities to delivery and do not represent significant risk in regard to fiduciary risks³⁴.

7.2 Internal Auditing

The internal audit manual prepared by the Internal Audit Directorate in MOFEC, in collaboration with Office of the Federal Office General (OFAG), outlines the internal audit practices relevant to the CRGE Facility as well as the means by which these relevant practices will be conducted.

Accordingly, the Internal Audit Units established in Sector Bureaus and BOFED/WOFED shall:

- Keep and provide a complete and annual check of the accounts, records, expenditure, stores, inventories, equipment, vehicles and other assets, there may also be quality assurance/spot checks on accounts as deemed appropriate;
- Review the accounts, financial documents and statements on a quarterly basis; and
- Submit a written report to MOFEC, copied to the subject of the audit, on the results of the checks carried out, along with recommended actions as necessary and a plan for their implementation.

³⁴ Detailed of internal control procedure is presented as annex 7(2)

The Internal Audit Units will be responsible for following-up on the implementation of those recommendations accepted and authorised by MOFEC.

7.3 External Auditing

MOFEC is responsible for ensuring that the financial statements relating to Designated Accounts are audited annually, and for submitting the audited annual project financial statements to the contributors within six months of the end of the fiscal year.

According to the Ethiopian Constitution, OFAG is responsible for auditing all the financial transactions of the federal government as well as subsidies to the regions. OFAG has five regional offices, which audit revenues (including resources from higher tiers of government) utilised by the regions and Woredas. Woredas are audited using a revolving plan based on risk classifications. Each of the regions has a Regional Auditor General (ORAG), who is responsible for the audit of government financial transactions in the region. Accordingly, the CRGE Facility auditing will be carried out by the OFAG on a quarterly and annual basis. OFAG may enter into agreements with the Offices of ORAGs and other independent auditors to execute the Annual Audit should it deem this to be necessary. If this approach is adopted, the auditors will be appointed within two months of effectiveness.

Where Executing Entities that are non-state are involved i.e. the private sector, academia and academia for example, independent audits will be carried out by approved and qualified entities on an annual basis.

In all cases, the auditor will express an opinion on the financial statements established to record the source and allocation of funds from The Facility (the Designated Account). The annual financial statements will adopt the same format as the quarterly reports and will therefore be a consolidation of the quarterly reports. Audits will apply robust sampling techniques and address the following primary issues:

- Examination of the activities of and the systems and controls applied to the Designated Account;
- Verification of services financed by the programme;
- Examination and report on the International Public Sector Accounting Standards or International Financial Reporting Standards used as the basis for disbursements and
- Provision of an opinion as to whether funds are being used for the intended purposes, including explanation of the sampling techniques used to test financial transactions and evaluate internal controls.

The results of external auditing will be communicated to contributors. Working with MOFEC, the CRGE Secretariat will prepare an action plan and follow up on the implementation of comments provided by the external audit. It will then send status report to contributors on the implementation of the comments and recommendation to contributors.

A Final Audit Report will be produced once the Implementation Agreement governing the allocation of firms has terminated. The auditor will plan and perform the continuous audits in a way that adds value (by tightening financial controls) and reduces the time it takes to produce the final Audit Report.

Specific requirements of the audit process are summarised in Figure 7.1.

Figure 7.1 Specific Requirements of the External Audit Process

General
<p>The audit must be conducted in conformity with generally accepted common auditing standards and in accordance with the professional judgment of the auditor. The standards applied are normally referred to in the audit report. A legally recognised auditor of the Government normally conducts the audit. However, in instances when such arrangements are not feasible, the audit may be carried out by a commercial auditor appointed by the Auditor General. MOFEC will organise briefings with the auditors before the audit exercise and upon the completion of the audit. The findings of the draft audit report must be discussed in detail with the IEs, including appropriate programme or project management staff, the government coordinating authority. Their comments are expected to be included in the final report.</p>
Terms of Reference for an Audit
<p>The TOR will be drafted by the Facility and must provide detailed and comprehensive guidance on the audit process, such as the audit plan, standard terms of reference and contract for the auditor, standard outline audit report, as well as issues and documentation to assist the audit.³⁵ This will be shared with contributors to the Facility on request before the disbursement of funds.</p>
Audit Plan and Objectives
<p>All CRGE Facility supported programmes and projects, must be audited at least once. The Facility draws up an annual audit plan by December. The audit plan lists the programmes and projects scheduled to be audited on that given year, considering whether the programme or project has previously been audited, the volume of funds, number of programmes and projects, workload, among other things. The Office of General Auditor will assign the appropriate auditors for all programmes. This will be applicable to state and non-state actors. The objective of the audit is to provide the Government and the contributors with the assurance that resources are being managed in accordance with:</p> <ul style="list-style-type: none"> ▪ The financial regulations, rules, practices and procedures prescribed for the programme or project; ▪ The sectoral action plans and project proposals, including activities, management and implementation arrangements, monitoring, evaluation, and reporting provisions; and ▪ The requirements for execution in the areas of management, administration and finance.

³⁵The standard format for the audit TOR is attached as Annex 7(1).

Scope of Audit
<p>The audit of CRGE Facility supported programmes or projects must cover, but may not necessarily be limited to, the following:</p> <ul style="list-style-type: none"> ▪ Assessment of the rate of delivery, ▪ Financial accounting, monitoring and reporting, ▪ Management systems for recording, documenting and reporting on resources utilisation, ▪ Equipment use and management, and ▪ Management structure, including the adequacy of appropriate internal control and record-keeping mechanisms. <p>The audit must confirm and certify that:</p> <ul style="list-style-type: none"> ▪ Disbursements are made in accordance with the activities and budgets of the programme support or project document, ▪ Disbursements are supported by adequate documentation, ▪ The financial reports are fairly and accurately presented, ▪ An appropriate management structure, internal controls and record-keeping systems are maintained, ▪ National Implementing Entities and the CRGE Facility have undertaken and have prepared reports for monitoring and evaluation of the substantive activities and of the management systems of the programme/project, and ▪ The procurement, use, control and disposal of nonexpendable equipment are in accordance with the Government's regulations. <p>The audit is normally carried out at the level where the original documentation is held. It shall cover the funds channelled through the government by way of advances of funds. At regional level original documents are retained at sectoral offices for Audit. Non- state actors are responsible for retaining the original audited documents.</p> <p>In addition to audits scheduled in consultation with MOFEC, the contributors reserve the rights for periodic site reviews and spot checks of the financial records of IEs; programmatic monitoring visits and special as well as scheduled audits.</p>
Follow-up
<p>The audit report is an integral part of the monitoring and evaluation process. Its contents are taken into account in the annual progress review of programmes or projects, in programme or project evaluation and in the annual and mid-term review. The audit report shall be shared/discussed with all concerned bodies including regions and follow-up actions shall be prepared and implemented by the responsible body. BOFEDs and MOFEC are responsible for following up with the IEs and on the implementation of the recommendations made in the audit report that pertain to them.</p>

Section 8: General Communications and Disclosures

8.1 The Purpose of CRGE Facility Communications

To help maximise its impact, the CRGE Facility relies on communications to:

- Generate interest among potential Finance Partners;
- Generate interest among potential Implementing Partners and Executing Entities, particularly to the Responsive Window, including among entities with the potential to collaboratively participate in the implementation of programmes;
- Make the general population of Ethiopia aware of the progress being made in the context of this critical aspect of the country's development;
- Ensure that those entities that have engaged with The Facility remain continually aware of its evolution and achievements, and

In order to achieve this The Facility will engage in a variety of cyclical and tailored communication activities, as described below.

In executing its communications activities, The Facility will at all times function as a coherent part of the overall CRGE initiative. In many cases communications will best be organised through or in collaboration with other parts of the CRGE architecture, to ensure consistency, coherence and maximum impact. It is the responsibility of the CRGE Secretariat to ensure that all communication activities adhere to this principle and make the most effective use of communications specialists engaged in the work of the CRGE initiative.

8.2 Cyclical Communications

Communications will be conducted in accordance with the operating cycle detailed in section 6³⁶ of this Manual, to ensure that the right stakeholders have access to meaningful information at appropriate times. In particular this requires that:

- Information relating to calls for proposals, involving the release and distribution of Sector Reduction Action Plans and the publication of strategic objectives and priorities, as expressed in the CRGE Strategy Framework³⁷. These key documents and related information should be distributed by the CRGE Facility so that interested parties have adequate time to submit high quality proposals. Such information should be made available at least three months prior to deadlines for proposal submission;
- In order to ensure the best possible response to calls for proposals, reminders of submission deadlines should be circulated one month and one week prior to the deadlines;

³⁶ In particular, refer to section 6.1 of this Manual.

³⁷See Annex 3(1).

- Specific and appropriate feedback to all proposers should be provided as soon as it is available, and according to a publicised calendar of events. If delays occur in the review and selection process then proposers must be kept informed of changes to the calendar of events;
- General announcements of awards of funds should be made following the completion of each review and selection cycle, and once all proposers have received their individual feedback; and
- Significant findings from annual reviews and reporting should be publicised, so as to raise awareness of the impact The Facility is having and to ensure the work of the CRGE initiative remains transparent to all stakeholders.

At the beginning of each year The Facility will produce an annual communications strategy and calendar of events that specifies each of the activities it will undertake to satisfy the needs of cyclical as well as general communications. For each activity the strategy will detail the specific objectives, the intended recipients of communications, the communication methods that will be utilised, the timing of specific tasks, and the ways that the performance of the activity will be measured. The strategy and plan will be reviewed and approved by the Management Committee.

8.3 Announcement of Awards

The Facility will ensure that decisions regarding the approval of funds, as well as periodic reports on the progress of Facility-financed activities and associated external evaluation are posted, where appropriate, for public information on the websites of The Facility and the Administrative Agent (<http://mptf.undp.org>). Such reports and documents may include Management Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

8.4 Publicising Facility Achievements and Impacts

Publicising facility achievements and impacts, as well as being an important part of public disclosure, will likely be the most effective way of generating interest in and commitment to The Facility among Contributors and potential applicants. The Secretariat in particular should continually create interesting stories out of the achievement of Facility-funded activities, showing how it is contributing to the prosperity and well-being of the people of Ethiopia.

8.5 Public Disclosure Commitments

The Secretariat will take appropriate measures to give due credit to the other stakeholders in the CRGE Facility. Information given to the press, to the beneficiaries of The Facility, all related publicity material, official notices, reports and publications, will acknowledge the leading role of the Government, the Contributors, MOFEC, the UNDP-MPTF Office as Administrative Agent and any other relevant entities.

Similarly, in any of its communications, the Administrative Agent will include and ensure due recognition of the role of the Government, MOFEC, national partners, National Implementing Entities and

International Participating Organisations and Finance Partners in all external communications relating to The Facility.

Each Implementing Entity shall take appropriate measures to promote the Facility. Information given to the press and to the beneficiaries of the assistance provided through the Facility, all related promotions material, official notices, reports and publications shall acknowledge the leading role of the Government.

PART 4: THE PROGRAMMING CYCLE

Section 9: Managing Demand

9.1 Overview of the CRGE Facility Work Flow

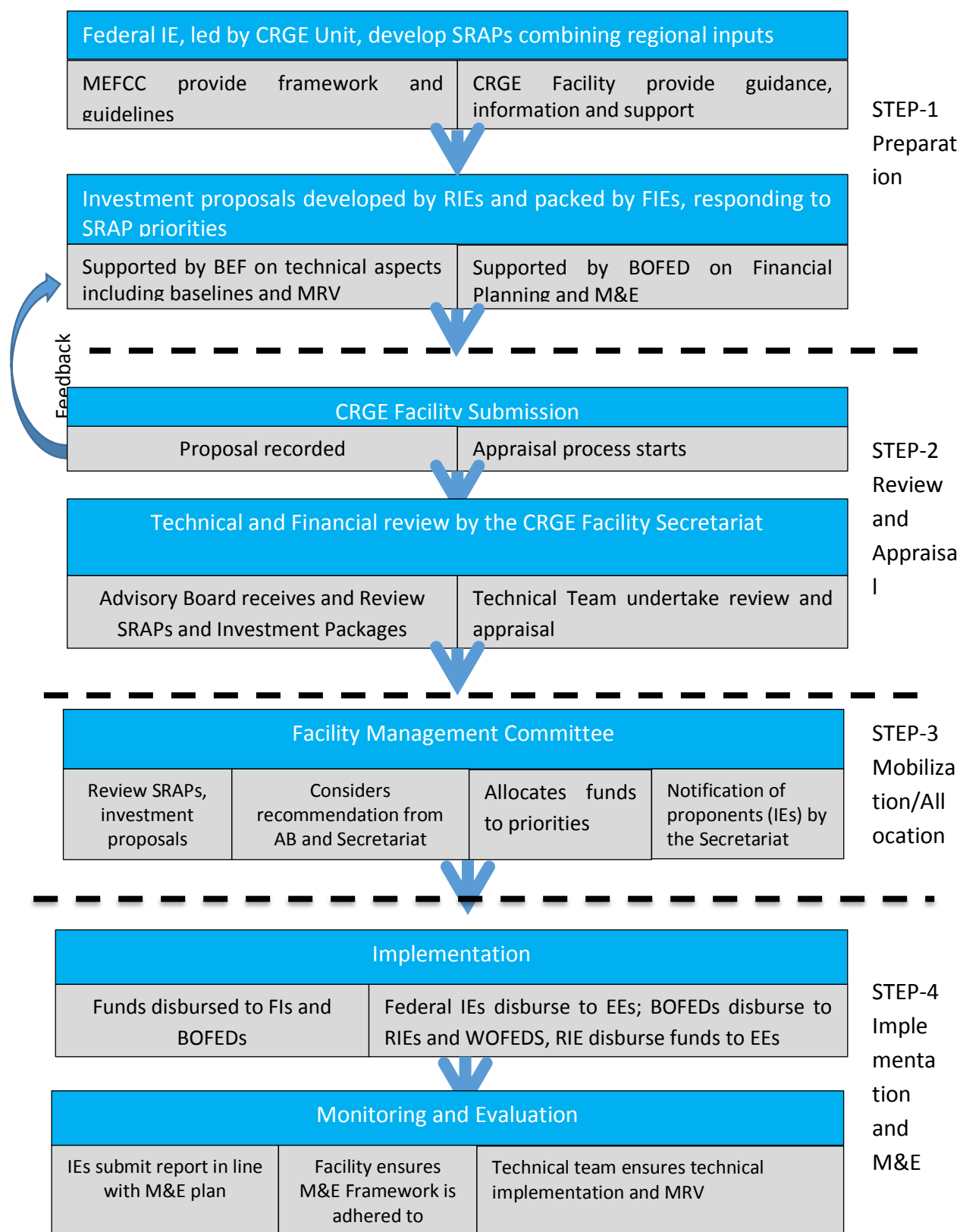
The CRGE Facility work flow encompasses all of the four steps of the SRM process, namely:

1. Develop and Validate Sector/Thematic Reduction Action Plans (SRAPs/TRAPs);
2. Technical and Financial Review of SRAPs/TRAPs;
3. Financial Mobilisation and Allocation of investment;
4. Results

The work flows and allocation of responsibilities are summarised in Figures 9.1 and 9.2, respectively. The detailed work flows and processes are described in Part 4 of this Manual. CRGE Facility demand management involves:

- Ensuring that those entities that could contribute to the achievement of the CRGE initiative are aware of the opportunities offered by as well as the requirements of The Facility;
- Helping IEs to attract proposals that match current strategic priorities of the CRGE initiative;
- Offering advice and guidance to IEs and potential Implementation Partners so as to help attract proposals that align with current availability of funds (in terms of any specific conditionality as well as overall volume);
- Stimulating responses to the needs of the CRGE, particularly in facilitating SRAP development;
- Providing the support and guidance to IEs necessary to ensure that SRAPs and investment proposals that are attracted are of high quality and comply with any applicable policies and procedures;

Figure 9.1 CRGE Facility Decision Making Work Flow Chart



It is largely the responsibility of the Federal IEs to develop SRAPs that clearly identify the objectives, and to attract interest from regions and EEs that are able to deliver the necessary actions. The Facility will provide technical support to the IEs in attracting appropriate interest from EE's through tailored support packages, bases on continuous dialogue with IEs on planning and implementation needs. This could be through provision of resource, planning expertise or other support deemed relevant for the sector.

9.2 Managing the Proposal Cycle

The aim of the CRGE Facility is to award limited funds to the most strategically significant proposals. Therefore SRAPs and yearly investment plans are attracted and reviewed according to set timelines, so that they can be reviewed and assessed:

- In the context of updated strategic goals and objectives; and
- In relation to each other.

Proposals will be accepted once a year, to ensure CRGE Facility operations align with national planning processes; predictability of operations should also help increase the number of eligible proposals received, as it will be easier for stakeholders to plan their response to The Facility.

The standardised time schedule is illustrated in Figure 9.2. The timings of the proposal review and evaluation process are to some extent indicative, as actual timings may have to be altered to accommodate the necessary duration of technical investigations and related information collection. The schedule also specifically recognises that IEs are responsible for coordinating the submission of proposals relating to their SRAPs.

Note that, while the SRM is being established and operationalized, SRAPs will be considered on a case by case basis, according to terms to be defined at the time up to the end of 2015. The term '**proposal submission date**' refers to the deadline by when The Facility needs to receive proposals (from IEs) once the SRM and GTP II systems have been adequately established.

Figure 9.2 Standardised Time Schedule for Consideration of CRGE Proposals

Timing	Event
February	<ul style="list-style-type: none"> • Update strategic framework and determine any changes to strategic priorities (given in particular findings from annual reporting process and current and anticipated availability of funds) • Announce and publicise details for proposal cycle (information to include deadline in May for receipt of proposals by The Facility, up-to-date eligibility and appraisal criteria, information on strategic priorities and availability of funds, and any other information that will help attract the required response)
March to April	<ul style="list-style-type: none"> • Facility provides neutral and objective support to IEs and, as appropriate,

Timing	Event
	<p>those entities intending to submit proposals (support should aim to discourage inappropriate/uncompetitive submissions as well as help improve the quality of those proposals that have a realistic chance of receiving funding)</p> <ul style="list-style-type: none"> • Circulate intermittent reminders of deadline for submissions
May	<ul style="list-style-type: none"> • Proposals submitted by IEs to The Facility within the published deadline • Secretariat screens received proposals for eligibility • Ineligible proposals returned to submitters (IEs) with explanation of why they were not accepted • Eligible proposals are reviewed by the Secretariat, to ensure that all required information has been provided, requesting corrections/clarifications as required • Once all corrected information has been received from eligible applicants, Secretariat prepares proposal files for submission for appraisal and selection by the technical team, and to Advisory Board for review and comment
June	<ul style="list-style-type: none"> • Technical Team commences detailed technical appraisal of submitted proposals, including seeking clarification where required • Advisory Board provides comments on proposals to Secretariat for its consideration • Technical Team and reaches agreement on selection and prioritisation of proposals for available funding (this may need to occur in July)
July	<ul style="list-style-type: none"> • Conclusions reached by Technical Team are submitted to and documented by the CRGE Secretariat and shared with Advisory Board • For proposals considered to not meet investment requirements, explanations of deficiencies are prepared for communication from the Secretariat to the proposal submitters (IEs) • For proposals that meet investment requirements, the conclusions and recommendations of the Technical team are communicated by the Secretariat to the Management Committee (recommendations should identify what levels of funding will be required in the context of the strategic framework and the priorities for award of available funds to approved proposals) • Meeting of Management Committee planned and organised by the Secretariat (including separate meeting configured for approval of funds from the International Account)
August	<ul style="list-style-type: none"> • Management Committee determines optimum allocation of funds given

Timing	Event
	<p>recommendations, current availability of funds and outcomes of annual national budgeting process</p> <ul style="list-style-type: none"> • For technically approved proposals for which funding is currently available, successful proposers are informed and Secretariat finalises standard financing agreement • Once standard financing agreements have been put in place, disbursement and contract management schedules are set up • Where funding is not yet available for technically approved proposals, Secretariat liaises with IEs/proposers to identify potential future scenarios • Publicity organised to reflect decisions made and the anticipated implementation activities • Summary reports on funding allocations issued to all Finance Partners • Announce and publicise details for proposal cycle (information to include deadline in November for receipt by The Facility of proposals, up-to-date eligibility and appraisal criteria, information on strategic priorities and availability of funds, and any other information that will help attract the required response)
September to October	<ul style="list-style-type: none"> • Facility provides neutral and objective support to IEs and, as appropriate, those entities intending to submit proposals (support should aim to discourage inappropriate/uncompetitive submissions as well as help improve the quality of those proposals that have a realistic chance of receiving funding) • Circulate intermittent reminders of deadline for submissions
November	<ul style="list-style-type: none"> • SRAPs/Investment Plans submitted to The Facility within the published deadline • Secretariat screens received proposals for eligibility • Ineligible proposals returned to submitters with explanation of why they were not accepted • Eligible proposals are reviewed by the Secretariat, to ensure that all required information has been provided, requesting corrections/clarifications as required • Once all corrected information has been received from eligible applicants, Secretariat prepares proposal files for submission to the Technical team and to Advisory Board
December	<ul style="list-style-type: none"> • Technical team commences detailed technical appraisal, seeking clarification where required • Advisory Board provides comments on proposals to the Facility Secretariat • Technical team reaches agreement on selection and prioritisation of

Timing	Event
	<p>proposals for funding (this may need to occur in January)</p> <ul style="list-style-type: none"> • Conclusions reached by Technical Team are submitted to and documented by the CRGE Secretariat and shared with Advisory Board, for its review and comments • For proposals considered to not meet investment requirements, explanations of deficiencies are prepared for communication from the Secretariat to the proposers (IEs) • For proposals that meet investment requirements, the conclusions and recommendations of the Technical Team are communicated by the Secretariat to the Management Committee (recommendations should identify what levels of funding will be required)) • Meeting of Management Committee planned and organised by the Secretariat (including separate meeting configured for approval of funds from the International Account)
January	<ul style="list-style-type: none"> • Management Committee determines optimum allocation of funds given recommendations of Technical Team, comments from Advisory Board, current availability of funds and outcomes of annual national budgeting process • For technically approved proposals for which funding is currently available, successful proposers are informed and Secretariat finalises memorandum of understanding (MOU) • Once MOU have been put in place, disbursement and contract management schedules are set up • Where funding is not yet available for technically approved proposals, Secretariat liaises with proposers to identify potential future scenarios • Publicity organised to reflect decisions made and the anticipated implementation activities • Summary reports on funding allocations issued to all donors to The Facility

9.3 Initiating the Proposal Cycle

As evident from Figure 9.3, the two principal requirements that The Facility needs to consider when initiating the proposal cycle are to:

- Update the CRGE Strategy Framework³⁸ and determine any related changes to strategic priorities. While the overall strategic goals and intent of the CRGE Strategy can be expected to remain steady it is also likely that periodic adjustments will be required to specific objectives and priorities, in particular reflecting findings from the Monitoring and Evaluation programme,

³⁸See Annex 3(1).

as well as current and anticipated availability of funds. The Secretariat will be instrumental in liaising with the Technical Team to ensure that the CRGE Strategy Framework is always up-to-date and reflected in the Integrated Resources Management Framework, the latter being used to properly articulate the link between strategic aims and availability of funds; and

- Announce and publicise details for each proposal cycle (the information circulated to include the next deadline for receipt of proposals, up-to-date eligibility and appraisal criteria, information on strategic priorities and availability of funds, and any other information that will help attract the required response).

9.4 Attracting Eligible Applicants

Even with effective design of the CRGE Facility, the process of preparing quality proposals and obtaining funding will be demanding. Some of the entities that The Facility hopes to engage might well find the demands overwhelming and require support.

For this reason, it is vital that The Facility's Secretariat and the Technical Team are able to provide support and facilitate the preparation of proposals. This activity must be performed so as not to create unfair advantage for any proposer, while at the same time ensuring that every eligible proposer has access to all the information and procedural guidance required to prepare high quality proposals that respond specifically to CRGE requirements.

Section 8 of this Manual provides guidelines on the communications techniques and approaches that should be used to help stimulate the desired response to The Facility. As part of the communications strategy the Secretariat and the Technical Team will:

- Proactively follow up with IEs and, when appropriate, other entities from which proposals are sought, to ensure they are properly briefed and motivated to respond;
- Distribute appropriate guidance information to IEs to help preparation of proposals, including pro forma application documents³⁹, tools and methodologies and provision of ad-hoc support;
- Ensure that proposers receive appropriate answers to any requests for technical or procedural clarification;
- Facilitate the introduction of entities to others that may be willing and able to collaborate on proposal preparation and implementation; and
- Ensure proposers remain aware of deadlines and other essential rules and regulations.

Overall, it is critical that, while remaining neutral and objective, the Secretariat plays a proactive role in encouraging and supporting proposers, rather than simply assuming The Facility will receive the volume and quality of proposals it requires.

With respect to the Programmed Window, this process is relatively straightforward, as the Investment Plans should identify the entities from which proposals are sought. The Responsive Window will require

³⁹More detailed information on the proposal process and associated documentation is provided in Section 10.

a different approach, as the most suitable proposers may not be so immediately evident. Part of the work of the Secretariat, in consultation with the Management Committee, Technical Team and IEs, will be to identify and communicate with those entities that may be best positioned to contribute to the aims of the CRGE initiative.

9.5 CRGE Eligibility Criteria for Applicants

While it is essential that The Facility receives the level of response it needs, it is equally important that potential proposers use their time wisely. There are many potential proposals that for various reasons are not, realistically, likely to receive funding from The Facility. It is the role of the IEs, under the guidance of the Secretariat, to discourage such proposers from expending time unproductively, so as to avoid stakeholders becoming disillusioned. Filtering out inappropriate and low quality proposals will also ensure that the time of those involved in proposal review and selection is well used.

The clearest case for discouraging proposals is when the eligibility criteria of The Facility cannot be met. An Implementing Entity that has established its own CRGE Unit in accordance with the requirements set pursuant to this Mechanism will be eligible to access resources from the Facility. The IE should be also one of the CRGE sectors identified in the CRGE Strategy and undertake activities that will contribute to reduction of emission of GHGs as well vulnerability to the effects of climate change. Proposers should be under no doubt that failure to satisfy all the criteria will result in a submission being rejected.

9.6 Screening Applicants

In principle, and as a result of regular liaison with IEs, the Secretariat should be well aware of what proposals are to be submitted before each submission deadline. It may be that some expected proposals are not received by the publicised deadline; in the interests of the credibility of The Facility it is imperative that no exceptions be made to this rule; a proposal can only be considered within the cycle that it has been submitted.

For proposals received on time, the first screening check that the Secretariat should make is whether the proposals satisfy the eligibility criteria. Any that do not satisfy the eligibility criteria should be disqualified. The basis for the disqualification should be recorded in a report to be submitted to the Technical Team and Management Committee. Once the Management Committee has accepted the disqualification the relevant proposers should be notified in writing.

For all proposals that pass this check, it is the responsibility of the Secretariat to review the quality and completeness of the submission, and to seek from the relevant proposers any clarifications or missing detailed information, in order to prepare packages in a form and of a standard required by The Facility. The Secretariat has no right to filter out proposals on any basis other than failure to pre-qualify or satisfy eligibility criteria. However, the Secretariat may include in the packages to go through appraisal any objective assessment of the proposer or proposal, to the extent that these may be relevant to the likelihood of successful project implementation. Submission of the proposal packages to the CRGE Facility Secretariat signals commencement of the Appraisal Process (see section 10 of this Manual).

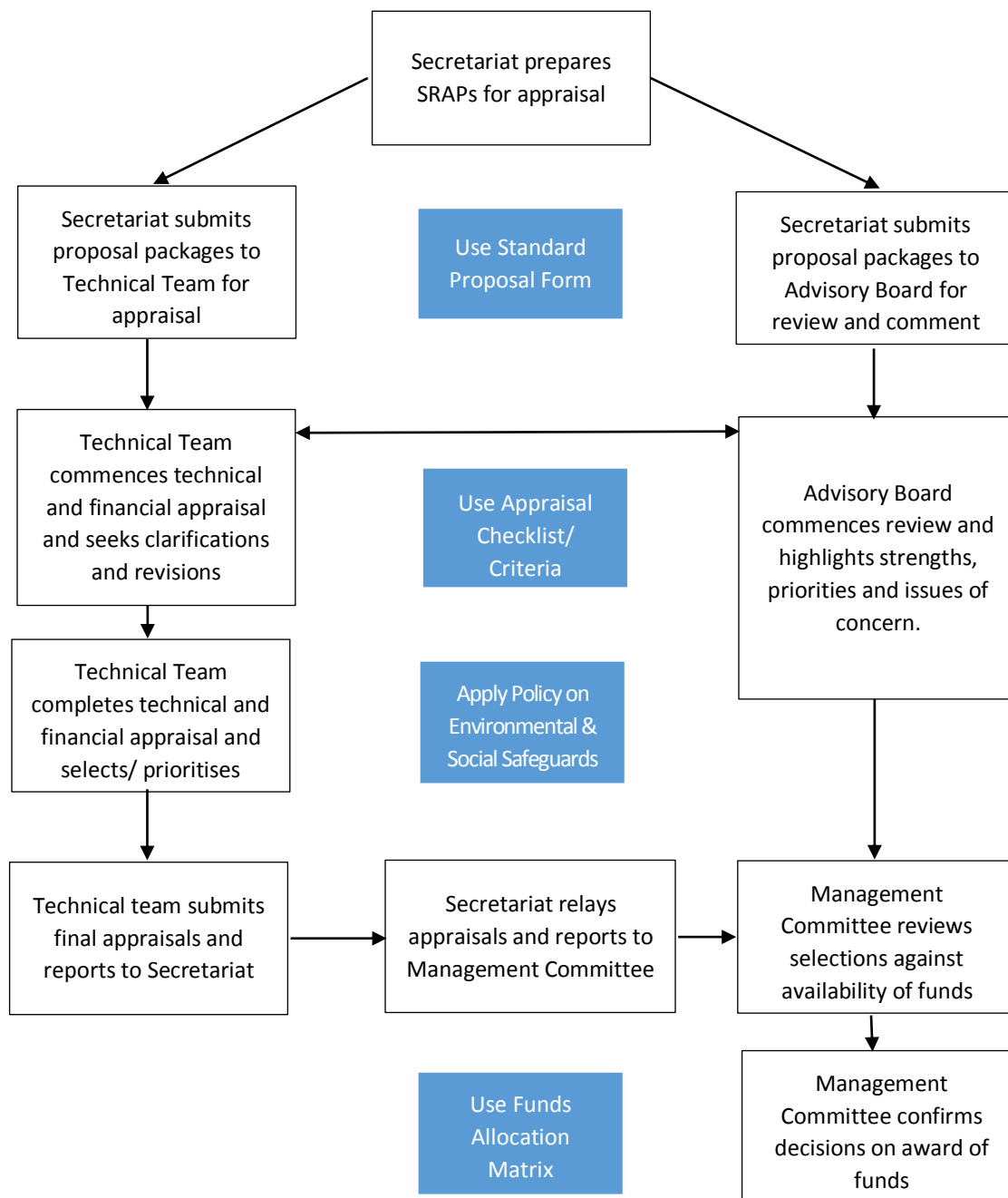
As a way of measuring the Secretariat's performance in managing demand, the failure of a proposal to pass screening is an indication that the Secretariat performed inadequately in the task of guiding qualified proposers. It suggests that, in order to make better use of the time and resources of The Facility, in future cycles the Secretariat should be more stringent in dissuading inappropriate or uncompetitive proposals.

Section 10: Appraising Applications

10.1 The Appraisal Process

The allocation of responsibilities within the appraisal process and the overall workflows summarised in section 9 of this Manual, the process for appraising applications to the CRGE Facility is illustrated in Figure 10.1.

Figure 10.1 The CRGE Facility Appraisal Process



The process commences with submission by the Secretariat of proposal packages (excluding any that have been filtered out due to ineligibility of failure to pre-qualify, as described in Section 9) to the Technical and financial appraisal Team. The process ends with final decisions by the Management Committee on which proposals will be awarded funds in this cycle, and recommendations on when any other technically approved proposals may be able to receive funds, and what actions The Facility needs to take in order to mobilise additional funds.

The design of the appraisal process reflects the expectation that there will generally be far more worthwhile proposals for The Facility to support than there are funds available to support them. It is therefore essential that rigorous processes are applied to appraise the technical merits of proposals and prioritise the allocation of finite funds.

10.2 Initiation of the Proposal Appraisal Process

It is the responsibility of the Secretariat to ensure that the appraisal process is efficient as possible. At the outset this requires that, for those proposals that have passed screening, complete and well organised packages are available for circulation and appraisal.

SRAPs will be sent to the Secretariat with the following (for each proposal to be submitted for appraisal):

- The eligibility checklist (to confirm that eligibility has been assured);
- The proposer's completed Standard Proposal Form⁴⁰;
- Additional information/clarifications obtained by the Secretariat during the screening process.

The Secretariat should prepare an overall report that:

- Lists the proposals that have been passed for full appraisal;
- Lists the proposals that did not pass screening, including explanations for the rejection;
- Summarises the appraisal timetable as currently envisaged (but which may be modified if circumstances require).

Allowing some time for obtaining final clarifications, the Secretariat should have SRAPs and summary reports ready for circulation within two weeks of the proposal submission deadline.

The overall report and all information in the proposal packages should be in electronic format.

10.3 Technical and Financial Appraisal

The Technical and Financial appraisal will be undertaken by the Secretariat. The appraisal includes assessment of the technical merits and finance that the proposed investment merits, in order to achieve the proposed results. The full scope of the appraisal is defined in the Appraisal Methodology⁴¹.

⁴⁰A copy of the Standard Proposal Form has been included in Annex 10(1).

SRAPs are submitted to the CRGE Facility Secretariat for appraisal. The appraisal is an expert assessment of the SRAP against pre-defined criteria to determine if plans are technically valid, demonstrate financial viability relevant to the type of investment requested and are of sufficient ambition and credibility to warrant investment by the Facility. There are two stages (with formal feedback paths between each):

1. **Review.** The first stage is rigorous review by the CRGE Facility Secretariat and the CRGE Technical and Financial Appraisal Team. This work will produce a report on technical validity (whether the proposed interventions will meet the targets set) and financial viability (in the context of the available finance).
2. **Revision.** The second stage is revision by the sector. The line ministry will take the feedback and finalise the SRAP as appropriate. Following consultation with partners within the sectors, the line ministry will then resubmit the SRAP to the CRGE Facility Secretariat for final endorsement.

The Facility Secretariat will make sure that line ministries have fully addressed all the concerns, comments and suggestions provided by the Technical Team and the Advisory Board. The secretariat will also inform the Management Committee the critical concerns and comments provided by the Advisory Board for consideration during the final decision-making process.

10.3.1 Preliminary Review

The members of the inter-disciplinary Technical Team will initially have 10 working days⁴² to review the information that has been circulated to them and to identify what clarifications or further information is required to complete effective technical appraisals. In order to make this preliminary review, the members of the Technical Team should refer to the three primary appraisal documents, namely:

- The Appraisal Methodology, which will help prompt the appraiser to check for the availability of required information;
- The Appraisal Criteria⁴³, in order to determine whether there is adequate information to fully assess the proposal; and

While not yet needing to undertake detailed appraisals, application of the standard appraisal process at this stage will ensure that the preliminary review is objective and thorough. The conclusions of this appraisal will be communicated by the secretariat to the proposers in order to obtain whatever requested additional information or clarifications can be made available. A further period of 10 working days is allowed for obtaining requested information from proposers, which should be circulated to all members of the Technical and Financial appraisal team as soon as it has been received and collated by the Secretariat.

⁴¹A copy of the CRGE Technical Appraisal Methodology has been provided in Annex 10(2).

⁴² If an exceptionally high volume of proposals have been passed for appraisal then this period may be extended, by authorisation of the Management Committee. Where such extensions apply, this will be made clear in the timetable that the Secretariat includes with the proposal packages.

⁴³A copy of the current Appraisal Criteria has been provided in Annex 10(3).

Assuming that the process so far has followed standard timescales, approximately six weeks will have elapsed since the proposal submission deadline (two weeks having been allowed for each of screening by the secretariat, preliminary review and obtaining additional information).

10.3.2 Detailed Technical and Financial Appraisals

Unless the volume of proposals to be appraised is abnormally high, or the information provided by proposers remains deficient, the Secretariat completes detailed appraisals, and proposal selection and prioritisation within three weeks of receiving clarifications. Where the quality of SRAPs/TRAPs is weak, the Technical Team will provide feedback and support to build quality.

The Secretariat completes the appraisals by scoring each proposal against the Technical and Financial Evaluation Categories listed in Figure 10.2.

Figure 10.2 Technical and Financial Appraisal Categories

Category #	Description
1	Compliance with technical standards ⁴⁴ , with those not complying being sent back to IEs with recommendations for improvement
2	Fit with current strategic priorities, and which should be considered for immediate funding. Proposals that are technically sound but not fully aligned with current strategic priorities and which should therefore be considered for deferred funding.
3	Technical validity: (1) contribution of SRAP to green growth - framed as a broad objective incorporating a range of growth indicators (jobs, income distribution etc.) as well as emissions; (2) contribution of SRAP to reducing vulnerability and building climate resilience – again framed using a practical basket of indicators and evidence; (3) the ability of the SRAP to promote a range of cross-cutting issues including social inclusion, and the approach to women and girls and other vulnerable groups in particular. Compliance with these requirements is assessed verified using a Social inclusion safeguards mechanism and (4) the technical practicality/feasibility of the proposed interventions.
5	Financial validity: (1) sustainability of interventions at the end of requested Facility funding; (2) financial leverage, if any, provided by the investment (with specific metrics); (3) financing modalities requested in terms of a) relevance, b) potential for results based elements within funding requests; (4) availability of funds
4	Implementation validity: (1) the feasibility from a program management and delivery perspective of the proposed activities; (2) the role of non-state actors (private sector

⁴⁴Through rigorous application of the policies and procedures described in this Manual, the expectation is that any proposal that is passed for technical evaluation would have the potential to receive funding. Therefore a category for proposal rejection has not been included.

Category #	Description
	and civil society) in the delivery of the proposed activities – when only state actors are proposed this needs to be justified with an explanation as to why this is the best delivery mechanism.
5	Monitoring and evaluation: (1) plans for proposed investments, focused on a) data availability, b) alignment with CRGE Facility M&E requirements; and (2) results framework of investments, aligned to overarching CRGE objectives on a) GHG mitigation or avoidance, b) reduction of vulnerability, c) contribution to economic development.
6	Compliance with Social and Environmental safeguards of the Facility/CRGE and social inclusion

The CRGE Facility Secretariat (Financial Unit and Technical Team) consists of sector specialists, secondees - technical assistance from development partners and sector specialists (drawn from a pool of highly experienced and potentially international specialists).

The appraisal output is a summary report on SRAPs and annual investment plans, which will, among other things, critically review prioritised interventions and trade-offs, areas of risk for non-delivery and contribution of investment packages to national CRGE objectives.

In determining their assessments, members of the Secretariat will apply The Facility's Policy on Environmental and Social Safeguards and its policy on social inclusion to each proposal⁴⁵. Where proposals do not satisfy these policies, substantial re-workings will be made to ensure they can satisfy the policy before they merit the award of CRGE funds from the Facility.

The process should be concluded with an Appraisal Meeting; normally up to one day should be allowed for this meeting, the time to be adjusted to reflect the volume of proposals under consideration. The Chair of the Technical Team should ensure that available time is used fairly so that all proposals receive due and proper consideration. The standard agenda for the Technical Appraisal Meeting is detailed in Figure 10.3; this can be amended by the Chair, with the agreement of a majority of the remaining members of the Committee.

⁴⁵A copy of The Facility's Policy on Environmental and Social Safeguards has been included in Annex 10(5).

Figure 10.3 Standard Agenda for Technical Appraisal Meeting

Item	Subject	Indicative Timing
1	Orientation Review of any issues foreseen; Finalisation of agenda	20 minutes
2	Round Up All members to advise on the outcomes of their technical appraisals (including presentation of scorings, conclusions of application of environmental and social safeguards, and categorisation for selection/funding) Chair to identify those proposals on which consensus has not yet been achieved, for consideration under item 3	40 minutes
3	Consideration of Proposals Subject to Differences of Opinion Each proposal to be considered individually so as to identify the specific issues on which members of the Committee have different opinions Specific issues to be discussed in order to understand reasons for differences of opinion Continue discussions until at least two-thirds of the participants agree on which Technical Appraisal Category to assign each proposal (Chair has casting vote if required)	90 minutes
4	Review of Proposals Review each proposal. Agreement to be reached on the recommendations to be relayed to the proposer, in terms of what improvements/changes are desired, and the extent to which such changes would meet current or anticipated priorities Should disagreement surface, continue discussions until at least three-quarters of participants agree on Evaluation Categories in each proposal (Chair has casting vote if required)	90 minutes
5	Proposed Funding Allocations Based on the conclusions drawn on alignment of proposals with terms of Strategic and Targeted Allocations, and through reference to the Statement of Availability of Funds, the Secretariat develops recommendations on which proposals should receive what amounts from available Strategic and Targeted Allocations. As a result of this process the Meeting will produce a final summary of	60 minutes

Item	Subject	Indicative Timing
	recommendations on allocation of funding to each selected proposal (categories 2 and 3), according to agreed priorities	
6	Wrap-up Chair to summarise conclusions drawn from meeting Record of any final concerns or comments from individual members of the Technical Team , in relation to the decision reached	20 minutes

The Appraisal Meeting will be carefully minuted by the Secretariat, the record to be organised according to the items specified in Figure 10.5 (or whatever revised agenda is agreed for a meeting), the minutes to distinguish between:

- Issues raised;
- Matters on which consensus could not be reached; and
- Decisions reached, including the basis for these decisions.

The minutes and all associated documentation will be submitted by the Secretariat for consideration by members of the Management Committee and the Advisory Board.

10.4 Management Assessment

The management assessment has three primary purposes, namely to:

- Assure that the technical appraisal has complied with due process and therefore accept the conclusions reached through the Appraisal⁴⁶;
- Factor in the opinions expressed by the Advisory Board in determining optimum allocation of available funds; and
- On the basis of the conclusions and recommendations of the Technical Appraisal Meeting, determine funding allocations for the current cycle.

The second of these will be a complex undertaking, for each selected proposal needing to balance the following considerations:

- The strategic prioritisation;
- The schedule of funds requirement over the lifetime of the proposal⁴⁷;

⁴⁶The Management Committee has no right to question the substance of the technical appraisals, only the manner in which decisions were reached. The role of the Management Committee in this regard is quality assurance.

⁴⁷Generally proposals are likely to cover large scale projects to be implemented over around three to five years. The total funding requirements will often exceed the funds immediately available to The Facility, and therefore funding allocations will need to consider the amount to initially commit in the expectation of additional funding to become available as the proposal is implemented.

- The total funds that are immediately available to meet the needs of the proposal, broken down by availability from the Facility and International Accounts;
- The degree to which the characteristics of the proposal satisfies the conditions or earmarks associated with immediately available funds;
- Realistic projections for new funding to be secured that could be allocated to the proposal (indicating amounts and timing).

During the two weeks following completion of the Technical Appraisal, the Secretariat undertakes detailed financial analysis, following the framework illustrated in Figure 10.4.

Figure 10.4 Framework for Financial Analysis

Parameter	Programmed Window	Responsive Window
Prioritisation	Assigned by SRAP and verified by appraisal	Assigned by SRAP and verified by appraisal
Total funding requirement	Stipulated in proposal	Stipulated in proposal
Breakdown of total funding requirement	Stipulated in the proposal, assessed by Finance I Team, where relevant with clarifications/discussions with IEs	Stipulated in the proposal, assessed by Finance Team with respect to earmarks against funds available to the Responsive Window (from Targeted Agreements, and remaining from Strategic Agreements if required and agreed by Finance Partners)
Analysis of total funds availability	Assessment of amount of pooled funds available against the requirements stipulated in the SRAP/investment plans	Assessment of amount of funds available against the requirements stipulated for each relevant earmark against funds available to the Responsive Window
Schedule of funding requirement	Broken down by each year of the proposal's life; stipulated in proposal;	Broken down by each year of the proposal's life; stipulated in proposal;
Analysis of availability of funds according to schedule of requirement	Assessment of amount of funds available, for each year of the proposal's life – this represents the Proposal's Optimised Funding Allocation	Assessment of amount of funds available against the requirements stipulated for each relevant earmark against funds available to the Responsive Window, for each year of the proposal's life – this represents the Proposal's Optimised Funding Allocation
Analysis of source of funds	With reference to the Proposal's Optimised Funding Allocation, identify the level of funding available from the Facility	With reference to the Proposal's Optimised Funding Allocation, identify the level of funding available from the Facility

Parameter	Programmed Window	Responsive Window
	Account, and how much of the remaining amounts are available from the International Account	Account, and how much of the remaining amounts are available from the International Account
Analysis of outstanding funding requirement	By comparing the Proposal's Optimised Funding Allocation to the respective schedule of funding requirement, project the amount of funds that will be required and when, with respect to each relevant parameter of the CRGE Strategic Framework	By comparing the Proposal's Optimised Funding Allocation to the respective schedule of funding requirement, project the amount of funds that will be required and when, with respect to each relevant earmark against funds available through the Responsive Window

The Secretariat then needs to generate scenarios for the allocation of available funds, taking into consideration the competing merits of selected proposals. The two base scenarios to be generated are:

- Scenario 1: all available funds to be allocated to the priority 1 proposal; any remaining funds to be allocated to the priority 2 proposal; and so on until all available funds have been allocated; and
- Scenario 2: all funds to be allocated to each proposal in proportion to their prioritisation. For example, if three proposals are selected then priority 1 proposal receives 50% of available funds, priority 2 proposal receives 33% of available funds and priority 3 proposal receives 17% of available funds.

These two scenarios represent reference points for the consideration of the Management Committee, rather than allocation proposals. Many different allocations could be determined by the Management Committee, which among things will need to consider the impact of not being able to secure future funding for selected proposals (once the allocation of immediately available funds is exhausted).

10.5 Resource Allocation Decision

The Secretariat's analysis is completed in time for the Management Committee Funding Meeting, which should take place within 15 working days of the Secretariat completes both technical appraisal and financial analysis prepares decision notes to facilitate the job of the management committee

This comprehensive preparation should ensure that the Management Committee Funding Meeting can be completed efficiently and effectively. The Chairs of the Management Committee should ensure that available time is used fairly so that the competing merits of all selected proposals receive due and proper consideration. The standard agenda for the Management Committee Funding Meeting is detailed in Figure 10.5; this can be amended by the Chair, with the agreement of a majority of the remaining members of the Committee.

Figure 10.5 Standard Agenda for Management Committee Funding Meeting

Item	Subject	Indicative Timing
1	Orientation Review of any issues foreseen; Finalisation of agenda	20 minutes
2	Compliance Check Review of the minutes of the Technical Appraisal Meeting (and proposal packages as required) to assure that due process has been followed Approval requires consensus. Chair confirms which proposals to be further considered (or, in the event of systemic concerns over due process, adjourns the meeting)	30 minutes
3	Briefing on Funding Scenarios The Coordinator of the Facility to present the findings of the financial analysis, initially in terms of the analysis conducted for each selected proposal, and then by presentation of the two standard scenarios for allocation of available funds to multiple selected proposals Chair to facilitate questions and answers so that Committee members have grasp of the main issues that should determine allocation of available funds	60 minutes
4	Development of Optimum Funding Scenario Chair to facilitate discussions that arrive at agreement on the optimum basis on which to allocate available funds to selected proposals. The rationale must be clearly stated and confirmed to be understood by each member. Approval requires the agreement of at least 75% of members; the Chair has the casting vote Given the agreed optimum basis for allocation of funds, revised Optimum Funding Allocations are generated for each relevant proposal. These are then contrasted to the respective schedule of funding requirement to determine what available funds can be allocated to selected proposals If this process does not generate acceptable results then the optimum basis for allocation of available funds should be revisited and the process should be reiterated until it generates allocations that are acceptable to a minimum of 75% of members	90 minutes
5	Approval of Funds from the National Account The allocations generated by step 3 should include breakdown of funding	60 minutes

Item	Subject	Indicative Timing
	<p>requirement, identifying the amounts required from each of the Facility and International Accounts, further broken down by amounts relating to parameters in the CRGE Strategy Framework (for the Programmed Window) or earmarks against funds available to the Responsive Window</p> <p>For amounts required from the Facility Account, members should be asked to approve or otherwise the recommended allocations. Approval requires consensus</p> <p>Having approved allocations from the Facility Account, funding allocations to be requested from the International Account should be identified</p>	
6	<p>Wrap-up</p> <p>Chair to summarise conclusions drawn from meeting, including confirming funding allocations approved from Facility Account and to be requested from International Account</p> <p>Record of any final concerns or comments from individual members of the Management Committee, in relation to the decision reached</p>	30 minutes

The Funding Meeting will be carefully minuted by a member of the Secretariat, the record to be organised according to the items specified in Figure 10.6 (or whatever revised agenda is agreed for a meeting), the minutes to distinguish between:

- Issues raised in relation to prioritisation;
- Matters on which consensus could not be reached; and
- Decisions reached, including the basis for these decisions.

When required for funding from the International Account, and where required by the rules of the International Account, a further meeting of the Management Committee, configured according to the rules of the International Account will be held, convened within five working days of the first using the minutes of the Management Committee Funding Meeting as the basis for discussions.

The scope of the second meeting is to consider the requests for funding allocations from the International Account, and for each request to:

- Approve the requested allocations, or
- Conditionally approve requested allocations, stipulating what conditions need to be satisfied, or
- Reject the requested allocations, explaining why they are not acceptable.

Approval requires consensus of the voting members of the meeting. Again the meeting will be carefully minuted, by a member of the Secretariat, the conclusions to be reported back to the Chair of the

Management Committee. Where funding requests have been approved the Chair will initiate the funding award process; should certain requests be rejected the Chair may convene appropriate members of the secretariat and Management Committee to determine what alternative course of action should be pursued.

The minutes and all associated documentation from the funding allocation process will be collated and circulated by the Secretariat, to appropriate members of the Ministerial Steering Committee, Management Committee, Implementing Entities and Advisory Board for information. This will ensure that the entire process is transparent.

Section 11: Approval, Disbursement and Implementation Management

11.1 Allocation of Responsibilities

The key allocation of responsibilities within the disbursement process are summarised in Figure 11.1.

Figure 11.1 Summary of Roles and Responsibilities within the Disbursement Process

SRM step	IEs	MOFEC (CRGE Facility Secretariat)
Implementation and Delivery	<ul style="list-style-type: none"> • Delivery of all approved and financed investments • Management of EE's for delivery 	<ul style="list-style-type: none"> • Due diligence on implementing and executing entities where relevant • Timely disbursement of funds • Receipt and analysis of reporting

The critical processes to be conducted in approving and managing MOUs, and disbursing and controlling the use of CRGE Facility funds, are described below.

11.2 Confirmation of Approvals

The decisions reached through the Appraisal process should be communicated to the relevant IE. For those IEs to be allocated funds, discussions on progress to confirmation of terms of agreement (see section 11.3). Otherwise, careful discussions need to be held with IEs, either:

- Where proposals have been technically approved but for which funding cannot yet be made available, to discuss when funding is expected to become available, and determine the implications of the estimated timing for the proposer, and
- Where proposals were not technically approved, to clarify what improvements are sought, and to clarify how the proposals can be best aligned with The Facility's strategic priorities.

The remainder of this section of the Manual considers the steps to be taken for those proposals that have been approved for the allocation of funds from The Facility.

11.3 Implementation Management Work Flow

The implementation management process to be followed is the same for funds approved through the Programmed and Responsive Windows:

For funds approved through the Programmed Window or responsive Windows, MOUs⁴⁸ defining the 'contractual' relationships between the CRGE Facility and the relevant Implementing Entity and

⁴⁸MOUs refers to whatever specific form of written agreement that The Facility may implement in order to ensure that the involved parties can be held accountable for the responsibilities allocated to and accepted by them.

Executing Entities will be developed. Accordingly, the IE then formally accepts responsibility for assuring utilisation of funds in compliance with the terms of the MOU, and for reporting to the CRGE Secretariat on performance against it.

11.4 Finalisation of Terms for Funding of Approved Actions

The steps to be followed under the Programmed and Responsive Windows are summarised in Figure 11.2.

Figure 11.2 Processes for Finalisation of Contractual Arrangements

Step	Programmed and Responsive Windows
1	Prior to transferring funds to the Designated Account of an IE directly or through BOFEDs, The Facility will, based on the standard CRGE Facility MOU for Implementing Entities ⁴⁹ , finalise an agreement setting out the specific terms and conditions regarding receipt and management of funds from The Facility, and ensuring that the IE is responsible for the activities specified in its proposal, in accordance with the decisions of the Management Committee and the requirements of the National Regulatory Framework.
2	The benefiting IE can carry out their activities through or in collaboration with 'Executing Entities'. Under such arrangements, the former is fully responsible for tendering, contracting and discharging all commitments and obligations with such third parties. Under circumstances where the IE works in partnership with state and non-state actors, which do not have direct access to facility funding, the two should enter into a 'Responsible Party Agreement'. This agreement will not alter the terms of The Facility's MOU with the IE.
3	Under the Standard Agreement, the IEs shall ensure that each activity executed by it or a Responsible Party complies with all rules and procedures for financial and programme performance monitoring, evaluation and reporting, including through implementation of the M&E plan included in the proposal, which should ensure that there will be proper assessment of the relevance and effectiveness of, and measurement of the development impact of the results achieved by, the Approved Action.
4	For those Approved Actions subject to MRV requirements, the CRGE Technical Team will develop the necessary measurement, reporting and verification (MRV) plan. The requirements of the MRV plan will be agreed with the IE and annexed by the Secretariat to the relevant MOU. The MRV plan will be undertaken by MEFC.

The annexes to the standard MOU with the IE or EE will be critical to effective performance management and financial control. In particular the annexes must include:

⁴⁹ A copy of The Facility's standard MOU has been included in Annex 11(1). The standard agreement has been designed to cover all anticipated circumstances, with details specific to individual programmes to be included in the annexes to the agreement. Proposers will be requested to confirm their acceptance of the standard form of agreement when they submit their proposals; the only variation in the final form of agreement should therefore be in the annexes.

- The work plan of the Approved Action, as accepted by the Management Committee, incorporating any variations that have during MOU negotiations been agreed by the Secretariat and approved by the Management Committee;
- The expenditure projections associated with the agreed work plan, indicating the purpose and amounts of expenditures making use of funds from The Facility;
- A schedule of funds disbursement, based on agreed expenditure projections; and
- An M&E plan, as accepted by the Management Committee, which defines how disbursements relate to project outputs as well as inputs.

Under the CRGE Facility M&E Framework, the Facility Secretariat will organise and/or conduct regular monitoring and evaluation, either on each individual programme in the CRGE Facility Portfolio or a representative sample of them from large programmes⁵⁰, to ensure that funds are disbursed and utilised in accordance with the terms specified in the annexes to the standard MOU.

11.5 Disbursing Funds

Pursuant to the decisions of the CRGE Facility Management Committee, where funds have been approved from the International Account, MOFEC instructs the Administrative Agent in writing to transfer the approved amounts to the Federal Implementing Entities, BOFEDs, Participating UN Organizations or Multilateral Development Banks within three to five business days after the decision is made. When making a transfer, the Administrative Agent notifies MOFEC of the following:

- The amount transferred,
- The value date of the transfer, and
- That the transfer is from the International Account in respect of The Facility.

The CRGE Facility Signs MOU with the Federal IEs before disbursement of and fund from both the National and International Account.

On finalisation and confirmation of the standard MOU, within five to seven business days, MOFEC disburses the agreed funds to the specifically established Designated Account of the benefiting Federal Implementing Entities and BOFEDs. Both Federal and Regional Implementing Entities, after respectively receiving fund from the CRGE Facility directly and from BOFEDs, will disburse fund to non-state EEs through the Approved Accounting Intermediary. The amount of the initial disbursement will be an advance based on the Approved Action's work programme and cash forecast, and the associated disbursement schedule that is attached to the standard MOU.

Each IE/EE should use the allocated funds to finance eligible expenditures as specified in the project plan attached to the standard MOU. After the initial advance, the IE will in each quarter submit a Fund Withdrawal Application along with Interim (Unaudited) Financial Reports that should be prepared on the basis of transfers to the CRGE Facility in MOFEC. Each non- state EE in the first instant should submit the

⁵⁰ Further details on The Facility's approach to M&E are provided in section 12 of this Manual.

Withdrawal Application and Financial Reports to the Federal or regional IE (depending with whom it signed agreement), who will confirm that the information provided by the EE reconciles with its own records of disbursements. Once records have been reconciled the IE will forward the Withdrawal Application and Financial Reports to the MOFEC.

In cases where, for whatever reason, due funds could not be made available on time by The Facility, the affected IEs/EEs can make a payment based on the CRGE Facility Management Committee Approvals, as defined in the annexes to the Standard MOU, and subsequently can submit a reimbursement request with full supporting document to The Facility. To this effect, MOFEC will send a guarantee letter to the IEs/EEs prior to the payment.

11.6 Progress Monitoring

Each quarter, on receipt of Fund Withdrawal Applications and associated Financial Records from IEs and Approved Accounting Entities, the CRGE Secretariat will conduct a detailed check of information against the relevant agreements to ensure that funds are being used in accordance with MOU. At all times further disbursements are subject to proof of proper utilisation of funds for the intended purposes, which must be substantiated by the submission of financial and narrative reports to the Secretariat.

As a result of the quarterly review the CRGE Secretariat will categorise each Approved Action and initiate one of the measures described in Figure 11.3.

Figure 11.3 Actions Available to the CRGE Secretariat Following the Quarterly Review of Financial Statements

Conclusion from Review	Project Category	Appropriate Measure
Implementation complies with terms of agreement	A	Confirm 'on-track' status in reports – no further action required
Currently, expenditure less than expected to achieve proposed outputs	B	Confirm 'on-track' status in reports – determine cause of under-spend and set schedule for necessary correction
Currently, expenditure running ahead of proposed outputs	C	Confirm 'under watch' status in reports – determine cause of over-spend and set schedule for necessary correction
Implementation significantly non-compliant with terms of agreement	D	Refer to Management Committee for contractual review

The four project categories in Figure 11.3 represent snapshots in time. This supports the production of a quarterly portfolio progress report that, in addition to summarising narrative updates provided by the

IEs/EEs, can be used to update stakeholders on the status of those approved actions relevant to them. In particular the report, or sub-sets of it, will be circulated as described in Figure 11.4.

Figure 11.4 Set Circulation of Quarterly Portfolio Progress Report

Stakeholder	Information Provided
Management Committee	Status report for complete portfolio
Administrative Agent	Status report for International Account portfolio
CRGE Facility Secretariat	Status report for complete portfolio
Advisory Board	Status report for complete portfolio
Finance Partners	Status report for Actions they have funded
Implementing Entities	Status report for Actions in their portfolio
Approved Accounting Intermediaries	Status report for Actions they disburse to

Over time, the Quarterly Portfolio Progress Reports guide the CRGE Secretariat on what management measures to take, so as to enable the CRGE governance structure to work as effectively as possible. The associated delegations of authority (DOAs) are summarised in Figure 11.5.

Figure 11.5 Delegations of Authority Associated with CRGE Facility Portfolio Management

Occurrence	DOA	Measure
At confirmation of Standard MOU with IE/EE, Approved Action assigned to category A	CRGE Facility Secretariat	Update status report
Quarterly progress review determines that <u>expenditure ahead or behind schedule of results/outputs</u>	CRGE Facility Secretariat	Update status report; put Action on watch. Secretariat to review with IE/EE causes of scheduling changes and agree timetable for bringing progress and expenditure back on schedule. Schedule of correction to be included in next narrative report to stakeholders
Quarterly progress review determines that <u>expenditure has remained ahead of schedule of results/outputs for three consecutive quarters OR previously negotiated schedule of correction is not achieved</u>	Management Committee	CRGE Secretariat refers Action and all pertinent details to MC, which recommends solution in terms of: 1) negotiation of new schedule of correction; or 2) restructuring of terms of MOU; or 3) termination of MOU. MC instructs The Facility on what actions are to be taken; the Secretariat facilitates implementation of desired solution in collaboration with appropriate stakeholders
Quarterly progress review determines that expenditure has remained behind schedule of results/outputs for three consecutive quarters OR previously negotiated schedule of correction is not achieved	CRGE Facility Secretariat	CRGE Secretariat refers Action and all pertinent details to Technical Team, which recommends solution in terms of: 1) negotiation of new schedule of correction; or 2) restructuring of terms of MOU to reflect different schedule of results against expenditure; or 3) restructuring of terms of MOU to allow for reduction of approved funding. The Technical Team instructs The Facility on what actions are to be taken; the Secretariat facilitates implementation of desired solution in collaboration with appropriate stakeholders
As a result of sustained under-expenditure	Management	CRGE Secretariat refers Action and all

Occurrence	DOA	Measure
against schedule of results, <u>CRGE Facility Secretariat recommends reduction in funds allocated to Approved Action</u>	Committee	pertinent details to MC, which recommends solution in terms of: 1) restructuring of terms of MOU; or 2) reduction and reallocation of funding. MC instructs The Facility on what actions are to be taken; the Secretariat facilitates implementation of desired solution in collaboration with appropriate stakeholders
As a result of sustained under-expenditure against schedule of results, <u>Management Committee decides to reduce funds allocated to Approved Action</u>	Finance Partners	CRGE Secretariat refers relevant information to those Finance Partners that have approved funds to the affected Action, and facilitates negotiations to determine adjustments to disbursements made by individual Finance Partners. The outcome of the process is an adjustment to the Statement of Availability of Funds

Adhering to the DOAs and following the measures defined above will ensure that every Approved Action in the portfolio remains under appropriate levels of control at all times, and that the funds that have been made available to The Facility are allocated to optimum effect.

11.7 Organisation of Accounting Systems and Procedures

The CRGE Accounting Rules and Regulations are described in more detail in section 6 of this Manual. Once a standard MOU has been finalised the relevant IE/EE should assign appropriate signatories in accordance with government financial rules and regulations to operate the bank accounts. The signatories have the overall responsibilities to ensure that disbursements are authorised and effected in line with the procedures pertaining to government funds.

The IE/EE is also responsible for ensuring that all entities involved in implementation of the Approved Action (Responsible Parties) and that will receive funds originating from The Facility is able to adequately report on the receipt and utilisation of those funds, on a timely basis. Financial reporting to the IE/EE must be organised so as to satisfy The Facility's standard requirements for financial reporting⁵¹. Given the Facility's tight timescales for financial reporting, arrangements may need to allow for provisional reporting from Responsible Partners, so that required information is provided pending any reconciliations to be conducted by the Responsible Parties.

⁵¹See section 6.3 of this Manual.

11.8 Progress Reporting

The regional implementing entities shall submit their reports to BOFEDs, copy to sector ministries, using standard financial reporting format, for activities implemented in their respective region (regional and woreda level) within 15 days after the end of the quarter. WOFED shall submit program/project financial progress report to BOFED regarding all sectors within 10 days after the end of the quarter. BOFEDs will consolidate the reports and send to the COPCU of MOFEC. If funds received by the national implementing entities remain to be standing advance over 6 months, then this may be considered as outstanding advance and as a result funds may not be released to those national implementing entities until such outstanding advances are liquidated. All national implementing entities, BoFED and WOFED must close their account and prepare yearend financial statements.

In accordance with procedures for financial reporting, all progress reporting – which will incorporate financial reports – will be performed on a quarterly basis, with an annual report providing additional information on conclusions drawn from on-going M&E⁵² and the implications of these for future planning.

IEs/EEs are responsible for ensuring The Facility receives the necessary progress reports on a complete and timely basis. The standard contents of a quarterly report is summarised in Figure 11.6.

Figure 11.6 Structure of Standard Progress Report

Section #	Title	Main contents
1	Introduction	Description of Action; confirmation of reporting period; confirmation of parties responsible for producing report with contact details
2	Project plan for the reporting period	Details of the planned inputs and outputs as last agreed for this reporting period
3	Achievement against plan	Details of how the actual execution of activities and achievement of results/ outputs compares to the agreed plan
4	Expenditure against plan for the period	For the reporting period, details of how actual expenditure (by item and amount) compared to plan by time and results/outputs
5	Expenditure against plan to-date	For the lifetime of the Action to-date,

⁵²A summary of monitoring and evaluation requirements is provided in section 12 of this Manual.

Section #	Title	Main contents
		details of how actual expenditure (by item and amount) compared to plan by time and results/outputs
6	Causes of any divergence from plan	Narrative on the factors that have caused implementation to be harder/easier than anticipated, changes in circumstances that alter the results possible in the context of the agreed Action, and/or capacity constraints within the IE/EE and other Responsible Parties
7	Measures to address divergence from plan	Details of all schedules of correction where these have already been agreed with The Facility and the status of these, or proposed measures to be taken to bring the Action back on the agreed schedule
8	Review of key risks to success	A summary of any identified factors (including those identified through M&E activities) that, while not yet affecting progress, could do if not appropriately addressed, together with any suggestions on how these issues could be addressed
9	Plan for the next period	A detailed activity plan for the next period, highlighting inputs, expenditures and outputs, and indicating what if any changes have been made to this plan from that last agreed, explaining why these are considered to be justified
10	Annexes	<ul style="list-style-type: none"> • Financial records (including statements from the designated account and cash book) • Any M&E reports for the period • Other substantiating evidence

IEs/EEs should submit their Progress Reports to The Facility at the same time that they submit their financial reports⁵³. Annual reports will follow the same format, only with additional information to show how the remainder of the Action will be reorganised to accommodate the findings of M&E activities.

The Secretariat is responsible for collating information into an overall CRGE Facility Progress Report to provide stakeholders with an overall understanding of how approved actions are contributing to the achievement of the CRGE strategy. In particular the overall progress report will seek to identify:

To what extent the existing portfolio is likely to contribute the expected results;
Lessons learned that might influence future funding decisions, in terms of what constitutes a successful Action or which of the CRGE aims might be hardest to achieve; and Suggestions on prioritisation of future source and application of funds.

The Secretariat will be responsible for circulating each progress report to all stakeholders within six weeks of the end of the preceding quarter. Given The Facility's policy of transparency all overall progress reports should be publicly available.

11.9 Procurement Management

11.9.1 General Procurement Arrangements

Public procurement at Federal level is governed by proclamation no. 649/2009, "The Ethiopian Government Proclamation and Property Administration Proclamation", September 9 and "The Federal Government Procurement Directive" of June 2010. The Proclamation has been reviewed by the World Bank and found to be satisfactory.

The CRGE Facility follows the national and World Bank procurement procedures, which are currently applied and used for all public procurements. Regions and line minsters have procurement units which are responsible for procurement using the regional and federal procurement systems. For CRGE related service procurement, regions may not conduct direct procurement; MOFEC and line ministries are responsible for direct procurement. When procured through the National Competitive Bidding (NCB) procedures, the national Standard Bidding Documents (SBDs) issued by the federal Public Procurement Agency (PPA) are to be used. The procurement unit within MOFEC will conduct procurement of goods and services as defined by the operational manual of the CRGE Facility.

EEs can undertake procurement based in accordance with their principles and regulation. In case their principles and regulations are different from the IEs, they should discuss the issue and agree up on with the IEs. With regard to non-state actors, the procurement procedure should be part of an internal control procedure. This should be done transparently, in line with international best practice and in light of value for money.

⁵³Under the Programmed Window, both reports go directly to The Facility, so these can be combined. Under the Responsive Window, the EE will simultaneously need to send a financial report to the appropriate Approved Accounting Intermediary.

All procurement requirements should be indicated in the investment package and expenditure plan attached to the Standard MOU for the Approved Action. Economy, efficiency, transparency and competitiveness should be given due consideration in carrying out procurement. Procurement of goods and services should be based on value-for-money principle and guided by competitive bidding. Price, quality, delivery time and procurement feasibility shall determine the procurement source, modality and delivery mode of the equipment and supply. For bulk procurement of goods and services, the IE/EE can request the services of the federal PPA and the PPA will procure using agency specific rules and regulation. In such cases the IE/EE shall:

- Ensure availability of funds to cover cost from approved budgets (including allocation of funds to cover any applicable taxes);
- Ensure the timely identification, in qualitative and quantitative terms, of goods and services to be procured and prepare purchase requisitions with technical specifications/descriptions indicating the essential characteristics of each item; and
- Prepare and submit purchase requisitions to the procurement agency, with any necessary clarifications between the procurement officer and the requisitioning agency taking place prior to the issuance of solicitations documents or other forms of contact with the suppliers.

The PPA shall advise the respective national implementing entities on the arrival of the equipment, arrangements for customs duty/tax payment and dispatch of equipment to the programme/project site. The procurement organisation will also notify the national implementing entities of the list of equipment with the cost of each item⁵⁴.

11.9.2 Procurement of Specialised Services

An IE/EE may require support for highly specialised Technical Assistance (TA) to implement their Approved Actions, which should be identified in their expenditure plans. Where these expenditures are defined in the Standard MOU or have otherwise been authorised by The Facility, the IE/EE shall advertise such vacancies in the local as well as international media, and remuneration should be competitive depending on the existing market price and expertise required. The IE/EE will be directly responsible for the recruitment and then entering into a formal agreement for the supply of services in consultation with MOFEC. For regional IEs, the line sector ministries in collaboration with MOFEC will handle the recruitment of such expertise. IEs and EEs can also seek the support of participating international organisations to select and recruit the Technical Assistance (TA). In such cases, the implementing line ministries shall prepare and endorse terms of reference with the support of MOFEC and the administrative agent, participate in the selection process and finally endorse the selection in writing. The selected TA provider will be directly accountable to the IE/EE and will work under the direct supervision of individual assigned by the line ministry.

The recruitment and remuneration rate for national consulting firms should be set based on results expected, complexity of the assignment and the quality of the work and the competencies,

⁵⁴ Procurement methods and procedures of the Facility are presented as annex 11(5)

qualifications and years of experience required to discharge the duties in the TOR. Additionally, the following points should be taken into account when negotiating the rate with the national consultants:

- The expected output and the methodology used as elaborated in the TOR or technical proposal submitted by the consultant;
- The technical/professional competence (relevance) of the consultant for the assignment;
- The experience of the consultant (or firm) as elaborated in the CV or profile;
- Performance Evaluation record of the consultant/ firms, including whether the consultant has had prior experience with Facility-assisted programmes/projects or other associated organisations;
- Feedback given by references or former employers about his/her performance; and
- Payment history of the consultant/firm in similar or comparable institution(s) and or positions.

The remuneration rate for national individual consultants/resource persons from other areas will be payable by the Implementing Partner/Responsible party based on prevailing approved rates⁵⁵.

If the resource persons are employees of a government institution they should provide evidence that they are on approved leave.

11.10 Reallocation of Funds

Funds from the CRGE Facility are not entitlements that can be carried over to the following years of implementation. If a benefiting national implementing entity is not utilising the approved funds within the given budget year, The Facility's Management Committee may decide to re-allocate the resources, either to reinforce the efforts of high impact programmes or to address identified shortages of funds. However, any such reallocations may only be exercised with the mutual agreement of the Management Committee and relevant contributors⁵⁶.

Where a reallocation is approved, it will be applied at the end of the third quarter of Ethiopian Fiscal Year based on decisions reached by the Management Committee in agreement with Finance Partners.

11.11 Suspension and Termination

At any stage of the implementation cycle, either at its discretion or following an independent evaluation, the concerned IE may recommend to The Facility that a supported reduction action be suspended or cancelled, in the event of one or more of the following:

- Financial irregularities in the implementation of the action;
- Material breach of terms of MOU; and
- Poor implementation performance leading to a conclusion that the action can no longer meet its objectives are shown or become likely to occur.

⁵⁵A list of prevailing approved rates is provided in Annex 11(6).

⁵⁶See section 11.6 for details of reallocation approval processes.

In addition, The Facility can recommend to an IE/EE that a supported reduction action be suspended or cancelled if it detects any of the above. In all cases and before taking a final decision as to whether to suspend or cancel an on-going reduction action, the concerned IE and/or EE should be given a fair chance to present its views. All decisions to cancel or suspend have to be authorised by the Management Committee.

11.12 Complaints Processing and Resolution

The CRGE Facility is committed to being proactive in efforts to ensure accountability to all citizens of Ethiopia as well as financial and implementation partners. To this end The Facility will always operate in a transparent way, so that information relevant to the use of funds and the implementation of Approved Actions is available either on-line (via the Facility's website) or by directly requesting it from members of The Facility.

As part of the policy of transparency, The Facility will at all times make readily available contact details so that any interested party can obtain or otherwise request necessary information or advice through The Facility web site, via e-mail, letters, telephone calls, third parties such as Ministers, and the press. Current contact details are listed in Figure 11.7. All these details will be publicised through regional and local implementation partners as well as NGOs to ensure citizens are aware of both their rights to information and redress, and the channels available to them.

Figure 11.7 Current Contact Details for The Facility

Channel	Details
Facility website	
Email	
Written correspondence	
Telephone	

It is The Facility's policy that all complaints are treated seriously, with sympathy and empathy, using them as an opportunity to learn. Confidentiality is also a major consideration, given the highly sensitive nature of some allegations against organisations or individuals. The secretariat will ensure that all comments and feedback are responded to.

All enquires and complaints should be handled by the Facility Secretariat in the first instance. A formal investigation of a complaint can only instigated once it has been presented in writing, with at least the following information included:

- The name and contact details of the party (individual or entity) against which the complaint is being made;
- Details of the complaint and preferably how it is deemed to bring The Facility into disrepute;
- Where appropriate, written permission from the complainant to discuss the details of their complaint with the organisation and/or individuals concerned (this does not include disclosing their identity, although complainants need to be aware that it might be easy for the organisation to identify them from their individual complaint); and
- Which communication medium the complainant wishes us to use to keep them informed of progress towards resolution.

Once a complaint has been received in writing, the Secretariat will determine whether it is a genuine complaint or not before passing it to the Management Committee for action.

The Secretariat will then ensure that the complainant receives some form of response. In most cases this will be a written acknowledgement using e-mail or letter, unless the complainant's preferred communication method is the telephone. If this is the case then the detail of the conversation will be recorded.

The details of the complaint and associated information will then be entered into The Facility's records. Each complaint should be allocated a numeric identifier, which should be quoted on all written correspondence, should the complaint require formal investigation.

All Implementing and Executing Entities will be required to set out how they will ensure accountability and manage grievances.

Section 12: Monitoring, Evaluation and Reporting

The following presents a summary of the CRGE Facility's monitoring, reporting and evaluation requirements. For more information regarding specific requirements for Implementing Entities (IEs) and Executing Entities (EEs) of CRGE Facility financed activities, readers should consult the Facility's Monitoring and Evaluation System Manual

Monitoring and evaluation (M&E) is a core responsibility of the CRGE Facility and is essential to ensuring Ethiopia meets its CRGE vision. It's only through transparent and systematic data collection, analysis and reporting on the results of CRGE actions that the country will be able to track, for example, whether the economy is protected from the negative impacts of climate change and whether economic growth occurs without increasing carbon emissions. In addition to showing accountability over results, the diligent practice of M&E supplies information to foster learning and improve the quality of decisions at various levels (project, programme and CRGE Facility-level).

The **goal** of the CRGE Facility M&E system is to generate information and evidence on gains in climate resilience and low-carbon economic growth resulting from Facility funding. Specifically, the M&E system aims to supply information to:

- Assist with planning of CRGE activities at various levels of operations;
- Assess the relevance, effectiveness, efficiency, sustainability and likely impact of interventions funded by the CRGE Facility;
- Identify improvements to the relevance, effectiveness, efficiency, sustainability and likely impact of interventions funded by the CRGE Facility;
- Communicate to elected officials, the public and to contributors to the CRGE Facility on implementation successes and challenges;
- Contribute to sectoral reporting to the National Planning Commission; and,
- Contribute to global learning to support climate-resilient green growth.

M&E in this context must be **relevant**, **transparent** and **promote openness**. Relevant so as to generate robust information that supports decision-making without presenting an undue burden on implementing organizations. Transparent such that provisions and procedures are accessible to implementing organizations, Facility staff and partners at all levels. Information on the results of facility-financed activities should be accessible to beneficiaries and the Ethiopian public overall.

12.1 Guidelines and Principles

The basic principles of CRGE monitoring and evaluation include that the system should:

- Be intelligible to both Facility staff and programme partners at all levels, and should not require unnecessary reporting;
- Be designed in such a way that it helps to develop the reflective and analytical capabilities of those involved;
- Be able to feed consistent quality information on outputs, outcome and impact into the project planning and management cycle;

- Be responsive and enable effective decision making, and not merely be geared to the collection of information and data;
- Be based upon as wide involvement as is realistically possible and necessary, and should explicitly value the contributions of various stakeholders; and
- Acknowledge the value of alternative sources of information and of the perceptions of local people who have not been directly involved in the project.
- Be cost-effective;

12.2 Scope of the CRGE Facility M&E System

All programs and projects funded through the CRGE Facility must be monitored systematically, and evaluated during or after implementation, with regular reporting of results. Requirements for monitoring and evaluation are at three levels: **(1) Facility-level results**, comprising (a) operational results of the Facility itself and (b) results across a portfolio of CRGE Facility investments. The CRGE Facility Secretariat tracks the former; the latter derive from aggregate project / programme-level results. **(2) CRGE priority-sector results**, tracked by Implementing Entities, and consisting of (a) aggregate results of all Facility-funded activities for that sector and (b) assessments of government systems and capacities to implement CRGE actions. **(3) Results at the Executing-Entity level**, comprising results from projects / programmes implemented in woredas.

Compliance with the CRGE Facility M&E system requirements is mandatory for all Facility-financed projects/programmes.

12.3 The CRGE Facility M&E System

Consistent with national procedures and international good practice, the CRGE M&E system comprises six core components:ⁱ

1. CRGE strategy and objectives
2. Results and performance indicators
3. Monitoring & reporting activities
4. Evaluation activities
5. Roles and responsibilities
6. M&E system maintenance

Each component is presented in depth in the CRGE Facility M&E system. Foundational to the CRGE Facility M&E system, is the CRGE Strategy Results Matrix (Annex 12.1). The strategy's results matrix operationalizes CRGE objectives by outlining, for each objective: expected results and their corresponding indicators, baseline values, target, data sources and collection methods, collection frequency and a responsible agency. In addition to the CRGE Strategy Results Matrix, the Facility has a Portfolio-level Results Matrix. While the Strategy-level results matrix is intended to help track all activities and initiatives contributing to national CRGE objectives and targets (both Facility and non-Facility financed), the Portfolio-level results matrix tracks only the achievements realized by Facility-financed activities towards the Facility's identified targets. Both the CRGE Strategy Results Matrix and

the Facility Portfolio Results Matrix are key reference documents to guide planning, monitoring, reporting and evaluation activities for IEs, EEs, the CRGE Facility and all other parties interested in helping Ethiopia meet its CRGE objectives. See Table 5 for a summary of the differences between the two results matrices.

Table 5. Two Results Matrices

	CRGE-Strategy Results Matrix	CRGE Facility Portfolio Results Matrix
Purpose	For tracking CRGE results, <u>both</u> Facility and non-Facility financed	For tracking results from CRGE Facility financed initiatives <u>only</u>
Users	All stakeholders interested in supporting Ethiopia to meet its CRGE objectives (e.g. government, non-government, research, private sector, development partners)	Implementing Entities (IEs) and Executing Entities (EEs) of all CRGE Facility financed activities; and CRGE Facility (MoFEC & MEFCC)
Targets	Identifies national targets	Identifies <u>only</u> those targets to be met through CRGE Facility finance
Data sources	Contains national data sources	Data sources include mostly Facility-financed project/program documentation (e.g. quarterly and annual reports, mid-term & final evaluations)
Other		Contains metrics to track Facility performance (operational effectiveness)

12.4 Allocation of Responsibilities

The allocation of responsibilities within the monitoring and evaluation (M&E) process are broadly the same for both the Programmed and Responsive Windows. The M&E responsibilities of key CRGE Facility stakeholders are summarized in the below table.

Table 6. Summary of CRGE M&E Roles and Responsibilities

Actor	Monitoring, Evaluation and Reporting Responsibilities
CRGE Facility Management Committee	<ul style="list-style-type: none"> Approves the CRGE Facility M&E System Reviews CRGE Facility performance and Portfolio performance on a quarterly basis Provides high level direction, guidance and support to potential problem projects / programmes Commissions spot-checks of projects / programmes, as required (for technical or financial reasons) Commissions reviews or evaluations (independent or non-independent) of projects / programmes
CRGE Facility Secretariat (MoFEC & MEFCC)	<ul style="list-style-type: none"> Develops and maintains the CRGE Facility M&E System Provides guidance and support on CRGE Facility M&E system requirements (including reporting templates) Enforces compliance of CRGE Facility financed activities with the CRGE Facility's M&E system (including M&E budget requirements) Monitors project / programme performance quarterly (progress reports) and annually (performance assessment reports) Consolidates quarterly and annual reports from IEs into Facility Portfolio-level quarterly and

	<ul style="list-style-type: none"> annual reports for submission to, and approval, by the CRGE Facility Management Committee Executes spot-checks of projects / programmes, as requested by the CRGE Facility Management Committee (<i>** the Secretariat itself can also advise or request a spot-check be performed</i>) Commissions and coordinates joint monitoring missions (with development partners), as required Commissions independent evaluations, as required Produces Facility-level quarterly reports Produces Facility-level annual performance assessment reports Coordinates and hosts Facility's annual reflection meeting Disseminate and post approved reports to the public and CRGE Registry
Federal Implementing Entities (FIEs) <i>** Line Ministries</i>	<ul style="list-style-type: none"> Ensure compliance of all Facility financed projects / programmes with the CRGE Facility M&E system (including reporting requirements) Develops and implements M&E plans for all CRGE Facility financed projects / programmes (<i>** M&E plans should be in line with both sectoral M&E plans and the CRGE Facility M&E system</i>) Supports RIEs and EEs (government & non-government) in implementing M&E plans Monitors project / programme performance quarterly (progress reports) and annually (performance assessment reports) Consolidates and aggregates project / programme performance data from across RIEs and federal-level EEs and generates quarterly (progress) and annual (performance assessment) reports Leads mid-term review and impact assessment procedures (e.g. develops TORs, oversees review / evaluation, submits final report to Secretariat)
Sector CRGE Units ⁱⁱ	<ul style="list-style-type: none"> Focal points within line ministries. They coordinate the sector to ensure compliance on M&E responsibilities, including working closely with the planning directorate and across all other directorates.
Regional Implementing Entities (RIEs) <i>** Regional Sector Bureaus</i>	<ul style="list-style-type: none"> Supervises the monthly and quarterly implementation of programmes / projects at all levels in the region Prepares quarterly (progress) and annual (assessment) reports and submits to relevant FIEs (copying BEF and BoFED) Performs quarterly monitoring missions, as required Facilitates and hosts periodic joint monitoring missions, as required and requested by the CRGE Facility and FIE
BoFEDs	<ul style="list-style-type: none"> Responsible for bureau-level financial monitoring and reporting
Executing Entities (including Woreda offices and Zone Departments)	<ul style="list-style-type: none"> Executes and monitors CRGE Facility financed projects / programmes, including the project / programme M&E plan Generates monthly and quarterly progress reports for submission to the relevant IE (<i>RIEs, although in some cases, EEs may report directly to FIEs</i>)
WoFEDs	<ul style="list-style-type: none"> Responsible for woreda-level financial monitoring and reporting
Contributors / Donors	<ul style="list-style-type: none"> Participate in monitoring missions Negotiate additional monitoring and reporting requirements with MOFEC as part of any Memorandum of Understanding
Key national agencies	<ul style="list-style-type: none"> The National Planning Commission may consider adopting CRGE impact level indicators in GTPII The Central Statistical Agency holds and collects data, which can serve to populate some CRGE Facility indicators

12.5 Key CRGE Facility Monitoring and Evaluation Tools

The CRGE Facility deploys the various tools to monitor and evaluate its funding portfolio. Table 7 below summarizes key CRGE Facility Monitoring and Reporting tools. Table 8 presents the focuses of the CRGE Facility evaluation activities and its key features.

Table 7. Description of CRGE Facility Monitoring and Reporting Tools

Tool	Description	P	S	F
Developing M&E plans	For guidance in developing an M&E plan for CRGE facility-financed activities, see the CRGE Facility M&E System Manual for IEs/EEs. Sectoral M&E plans should be aligned with GTPII and include results and indicators to track sectoral contributions to the national CRGE Strategy. The Facility-level M&E plan is summarized here, and is covered in detail in the the CRGE Facility M&E System Manual for IEs/EEs.	X	X	X
Activity Recording / Process Documentation	Basic record-keeping, following standard accounting procedures and delivery on work plans. Additional items to track on a regular basis may include: <ul style="list-style-type: none"> • The number and type of beneficiaries participating in CRGE Facility funded events, disaggregated by sex (and age, ability?) • The number of programme / project outputs (e.g., field guides, reports) delivered and requested by stakeholders • Media stories profiling some aspect of the programme / project • Events undertaken, how they were done, what worked well, what did not 	X (optional)	X (optional)	X (optional)
Quarterly Reports	The CRGE Facility requires both technical and financial quarterly progress reports for each individual program / project. Additional release of funds for continued program / project implementation is contingent on meeting these reporting requirements. Quarterly reports should focus on input, activity and output-level information contributing to expected outcomes of the project/programme. At the Sector-level , IEs are required to aggregate results from individual quarterly reports before submission to the CRGE Facility. Sector quarterly finance reports should be sent to MoFEC while technical reports should be sent directly to MEFCF. The Facility will be responsible for reviewing all Sector-level quarterly reports and posting reports to the CRGE Registry once approved. The Facility may also request additional information from either sectors of programs / projects, or may request quality assurance ‘spot checks’ to programs / projects experiencing significant challenges / problems.	X	X	X
Annual Performance Assessment Reports (PARs)	At the project / programme level, EEs and RIEs are expected to generate annual PARs. These project / programme level PARs will be aggregated across all Facility-financed activities managed by a single FIE in order to generate a sectoral PAR. Sectoral PARs will be submitted to the Facility Secretariat no more than 90 days following the end of Q4. The Facility will aggregate results across all FIE PARs in order to generate a Facility-level PAR, for submission to and	X	X	X

		approval by the Facility’s Management Committee. Once approved, all PARs will be posted publicly to the CRGE Registry.			
Annual		To reflect on the changes being observed towards CRGE results and objectives, and to take stock on progress on CRGE enablers.	X	X	X
Institutional			(optional)		
Learning Events		Learning events can include a full day of sharing experiences and lessons with implementing agencies (including regional IEs and EEs, as relevant) and half a day dedicated to the scoring of CRGE enablers. Standard M&E questions can be used to guide the discussion (see CRGE M&E Manual, Section 4.6). Five main steps can be summarized: <ul style="list-style-type: none">• Plan a 1.5 day learning event that brings together implementing agencies delivering on projects / programmes within a sector• Facilitate a discussion on observed changes, unintended impacts, challenges and implementation lessons using the M&E questions• Use scorecards and information in reports to score progress on CRGE enablers that the sector is tracking• Develop a time-bound action plan to address issues and challenges identified• Include a summary of learning and actions in the annual Performance Assessment Report for submission to the CRGE Facility			
Additional monitoring and quality assurance tools (can be requested by the CRGE Facility Management Committee or Secretariat on an as needed basis)					
Ad-hoc	Quality Assurance Missions	Co-organized by IEs and the CRGE Facility Technical Team for the purpose of validating M&E information during site visits. A key part of these missions is to hold reflection meetings at regional and woreda levels. Observations, decisions and action points arising from the mission would be distributed to participants.	X	X	
	(‘spot checks’)				
Joint Monitoring Missions		Organized by the CRGE Facility or IEs, undertaken annually and involve development partners.	X	X	

* where (P) = Project / programme-level; (S) = Sector-level; and (F) = Facility-level

Table 8. Summary of CRGE Facility Evaluation Activities

Focus	Type of evaluation & frequency	Responsible
Impact - CRGE Facility	<p>-Impact evaluation focused on long-term results of CRGE Facility-supported investments as a whole (portfolio) or thematically</p> <p>-After five years of operation</p>	Managed by CRGE Facility, undertaken by independent third party (e.g., external consultant)

Focus	Type of evaluation & frequency	Responsible
Outcome and Process – CRGE Facility	<ul style="list-style-type: none"> -Evaluation focused on short to mid-term results (outcome-level) of CRGE Facility-supported investments as a whole (portfolio) or thematically, and on generating lessons on process -After 2.5 years of operation 	Managed by CRGE Facility, undertaken by independent third party (e.g., external consultant)
Outcome programme / project	<ul style="list-style-type: none"> -Final evaluation or review focused on satisfaction of and use-of outputs by beneficiaries, sector-level outcomes -At programme / project completion 	Internal evaluation managed by line ministry if project duration is less than or equal to two years. Undertaken by independent third party, if otherwise.
Process and outputs programme / project	<ul style="list-style-type: none"> -Mid-term evaluation or internal review focused on assessing immediate results and on generating lessons on process -At mid-point in programme / project 	Internal review managed by line ministry if project duration is less than or equal to two years. Undertaken by independent third party, if otherwise.
<p>Note: Joint evaluations, funded and managed by both domestic and external stakeholders, are possible and should be built into M&E plans</p>		

Annexes

Annex 2(1): Summary of the CRGE Strategy

The **Green Economy** strategy, a component of the CRGE strategy, has been completed for seven sectors of the economy that offer the highest greenhouse gas abatement potential: Power Supply; Buildings and Green Cities; Forestry (REDD+); Agricultural/Soil-based Emissions; Livestock; Transport; and Industry. Over 60 Green Economy initiatives have been identified for their potential to ensure that Ethiopia's 2030 greenhouse gas (GHG) emission levels do not exceed the current 150 megatonne CO₂ equivalent. This avoids about 250 megatonne CO₂ equivalent that would be emitted if a conventional development path were followed to meet economic growth goals set in the GTP. Thus, if fully realized, the Green Economy plan can lead to a zero net emission growth. It also makes the avoided 250 megatonne CO₂ equivalent eligible for financial support from international climate finance.

The **Climate Resilient** component is now being developed. The Agriculture sector and Water and Energy sectors are under development and the Ethiopian government will complete the CR strategy for other sectors when possible, depending on resource and practicality, and develop an integrated CRGE strategy. This will enable all sectors of the economy to move toward implementation. However, implementation will not be held back in sector without a high level CR strategy. **Green Economy**

1. Ethiopia's development path

Ethiopia's recent track record shows that it can sustain impressive rates of economic growth, driven by large increases in foreign direct investment, investment in infrastructure, increases in agricultural land and crop yield, and tourism.

However, Ethiopia remains one of the least developed countries in the world. With a population of 91 million people, current GDP per capita is approximately \$400 USD: the majority are agrarian, earn less than \$2 a day, and are vulnerable. We are committed to increasing the per capita income of our citizens, to reach over \$1,000 by 2025; the level of a lower middle-income country. This will support efforts to eradicate poverty and bring about economic transformation.

Ethiopia will lift its citizens from poverty to prosperity. Our Growth and Transformation Plan (GTP), spanning three five-year planning periods between 2010 and 2025, lays out the basis for building this economy and at the same time eradicating extreme poverty. Our vision is to achieve annual economic growth of around 10% and meet the millennium development goals by 2015. This will be delivered through 'Agricultural Development-Led Industrialization' This will be achieved through building a modern and productive agriculture sector, providing energy for all (and exporting electricity to neighboring countries), improving infrastructure, strengthening the industrial base through light manufacturing (industry is expected to grow by 20%), and increasing exports. This will be delivered at the same time as an improved social sector with investment in health and education.

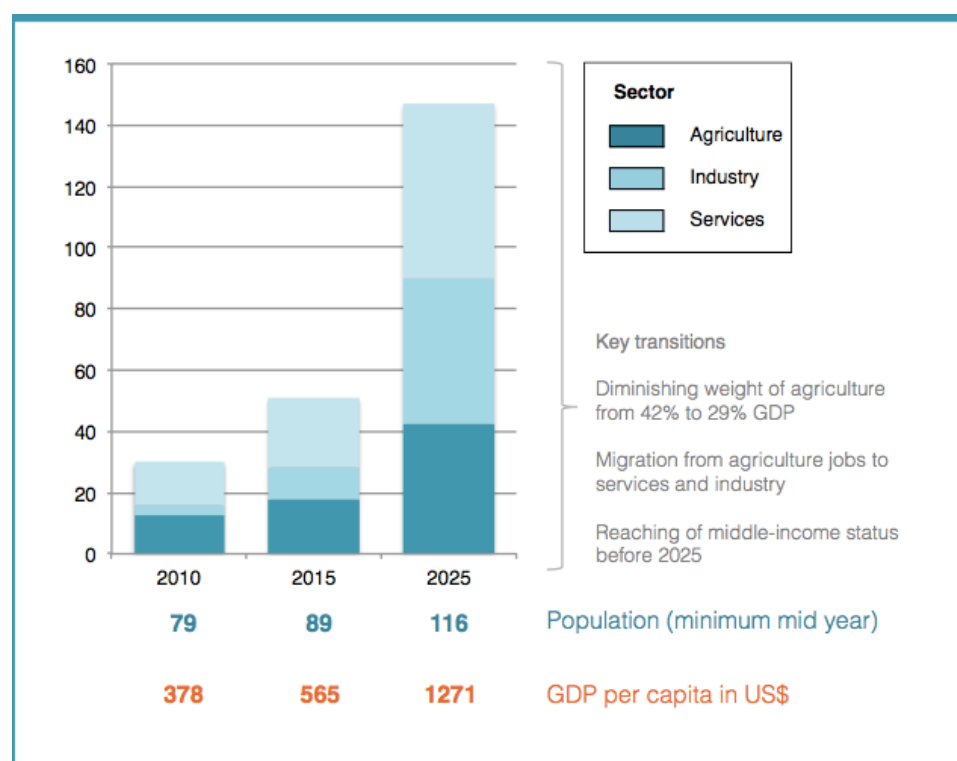
Ethiopia is vulnerable to the impacts of climate change – therefore we are taking steps to make the economy 'climate resilient' and low carbon. This development path is challenging but feasible. Current weather variability leads to hazards such as floods, droughts and soil erosion. These impacts are felt by the most vulnerable in society. Future climate change will exacerbate these current impacts of weather variability on the physical environment, economic growth, and the livelihoods of the most vulnerable. Unless steps are

taken to build resilience, climate variability and climate change could reduce GDP growth by between 0.5 and 2.5% each year⁵⁷. As a worst-case scenario, in 25 years, Ethiopia could have only half the potential total GDP it could have attained. Without creating an economy that is ‘*climate resilient*’, these impacts will stand in the way of Ethiopia reaching its middle-income ambition.

Ethiopia recognizes the benefits of a low-carbon ‘green economy’. This is for four distinct reasons. The first is to contribute towards the global mitigation of greenhouse gases (GHG) to avoid dangerous climate change. The second is to avoid over-exploitation of natural resources such as forests and croplands and ensure their long-run economic contribution. The third is to reduce the fiscal burden from importing fossil fuels (which already amounts to 4% of GDP). The fourth is to ensure inclusive benefits of growth, especially to improve the resilience of poorer communities that are most vulnerable to the impacts of climate change.

Making ‘smart’ development choices by building a CRGE. To realize the economic development, we are working to overcome the challenges of financing the transition, ensuring we have the capacity and skills to deliver and are undertaking analysis to ensure our development choices are smarter. Part of making smarter development choices understands the implication of climate variability and future climate change. Ethiopia have recognized the importance of realizing development goals that is both resilient to the impacts of climate change and is in line with the global shift towards low-carbon society, the Government of Ethiopia launched the Climate Resilient Green Economy (CRGE) Initiative.

Figure 1. Long-term transition of the Ethiopian economy



⁵⁷ World Bank (2009) Economics of Adaptation to Climate Change

2. Elements of the CRGE initiative

The Climate Resilient Green Economy Vision was developed and presented to the international community at the UN International Climate Change Conference in Durban in December 2011.

The CRGE Vision is supported by two national strategies. The Green Economy (GE) Strategy was launched in parallel with the CRGE Vision in November 2011. These strategies set out how we could meet our development aims with no net increase in emissions in 2025 relative to 2010. The GE analysis was focused on the emissions reductions opportunities and growth. Critically for Ethiopia, an assessment of climate risk and resilience should support the identification of priority action. Climate Resilience (CR) Strategies are already under development. Comprehensive CR strategies have been undertaken for Agriculture, and the CR for the Water and Energy sectors and will be launched in 2014. Other sectors are set to follow.

The Sectoral Reduction Mechanism (SRM) is the government's process for CRGE planning and implementing priority actions. First, the SRM will mainstream green growth and resilience into Ethiopia's broader development activities. Second, the SRM will ensure that Ethiopia's efforts to adopt technologies are aligned and coordinated. Finally, the SRM will leverage additional investment. This will all be done through the CRGE Facility.

3. The challenge to build a CRGE

Challenge 1: To follow an economic growth path in Ethiopia that is resilient to current climate variability and future climate change.

Our climate is varied and complex. The biophysical characteristics within Ethiopia are highly varied. The terrain spans from the hot arid desert of Danakil to the mountainous ranges of the Simiens. Overlaid on this terrain, agriculture and land-use activities are extremely diverse. This reflects the variation in climate, soil type and cultural practices across the country. This variation complicates policy planning, particularly since responses to build resilience must be grounded in local contexts.

There has been evidence of climate change in Ethiopia over the last 50 years. At the national level, temperatures have increased by an average of around 1°C since the 1960s. This increase has been felt across all regions. Rainfall nationally is subject to high variability between years, seasons and regions. Yearly variation around mean rainfall levels is 25% and can increase to 50% in some regions. Despite this complexity, there is evidence of a 20% decrease in rainfall in the south central region of the country.

Weather variability leads to extreme events and hazards. Within Ethiopia extreme weather events are common, especially droughts and floods. Alongside the evidence of a changing climate, there is a suggestion that the incidence of droughts and floods may have increased in the last 10 years relative to the decade before. Soil erosion is a key hazard for agriculture with up to 6% of the country at risk.

The impacts of climate variability are likely to be felt across the economy. Agriculture and rural development will be impacted by climate variability in rainfall and temperature impacting agricultural output. However the impacts are felt broadly across other sectors of the economy: energy (where hydropower will deliver electricity to foreign markets), Industry (especially if there are links to Agriculture), Water, Infrastructure (especially for poor quality roads), and urban construction (where buildings and people are at risk from flood).

Historic weather variability, extreme events and hazards have resulted in a substantial negative impact on economic growth. Floods and droughts have resulted in severe loss to agricultural crops and livestock

resulting in food security implications. The economic impact depends on the extent of the variability and extreme events but droughts alone can reduce total GDP by 1% to 4%. Soil erosion has been estimated to reduce agricultural GDP by 2% to 3% (around 1% of total GDP). Even excluding these major extremes, the sensitivity of agricultural output to weather variability means we must aggressively address the costs of current vulnerability.

In addition to economic impacts, people and livelihoods are also vulnerable to weather variability and stresses. For example by mapping Ethiopian agricultural livelihoods we assessed how the different types of livelihoods are vulnerable to ongoing weather variability and extreme events. The impacts to agricultural livelihoods depend on the livelihood type and region of Ethiopia, underscoring the need for responses appropriate to the local context. Consecutive droughts are the most prominent of these hazards, as they impact all livelihood types.

Future climate change in Ethiopia is uncertain, although scenarios of change show the range of possible outcomes. There is a high degree of uncertainty in projections of how global climate change will affect temperature and rainfall patterns in Ethiopia. While projections clearly show temperatures increasing, there is disagreement on the exact level, with a range of projections indicating between 0.5°C to 2°C by the 2050s relative to today. Due to the complexity of our climate, the projections of future rainfall are uncertain. However, the models project that current rainfall variability will continue (projections of the change in future annual rainfall range from -25% to +30% by the 2050s). Given the outputs of the climate models, the scenarios of projections for our climate range from a slightly warmer and wetter scenario to a much hotter and drier scenario, along with potential changes in the intensity and frequency of extreme events.

The future impacts and costs of climate change on agriculture are potentially very significant, which could put our middle-income ambition at risk. In a hotter drier scenario, with increased incidences of droughts, the negative impact on GDP could be 10% or more by 2050. This is particularly worrying not only for our middle-income ambition but also because the impacts will fall on the most vulnerable in society. Our analysis has highlighted that climate change poses a particular threat the ambition to export crops (e.g. Arabica coffee worth \$0.8 billion to our economy today only be grown within tight temperature thresholds which are set to be exceeded), and the income generated from electricity export. We must therefore prepare for these specific effects of climate change.

Challenge 2: Realizing economic development goals in a sustainable way

Conventional economic development would more than double Greenhouse Gas (GHG) emissions. Ethiopia's contribution to GHG emissions is very low on a global scale. However, the projected environmental impact of conventional economic development risks contributing to climate change in the future. We are committed to making an appropriate contributing to global mitigation, despite being one of the countries most vulnerable to climate change. If current practices prevail, GHG emissions in Ethiopia will more than double from 150 Mt CO₂e to 400 Mt CO₂e in 2030. On a per capita basis, emissions are set to increase by more than 50% to 3.0 t CO₂e – and will thus exceed the global target to keep per capita emissions between 1 t and 2 t per capita in order to limit the negative effects on climate change.

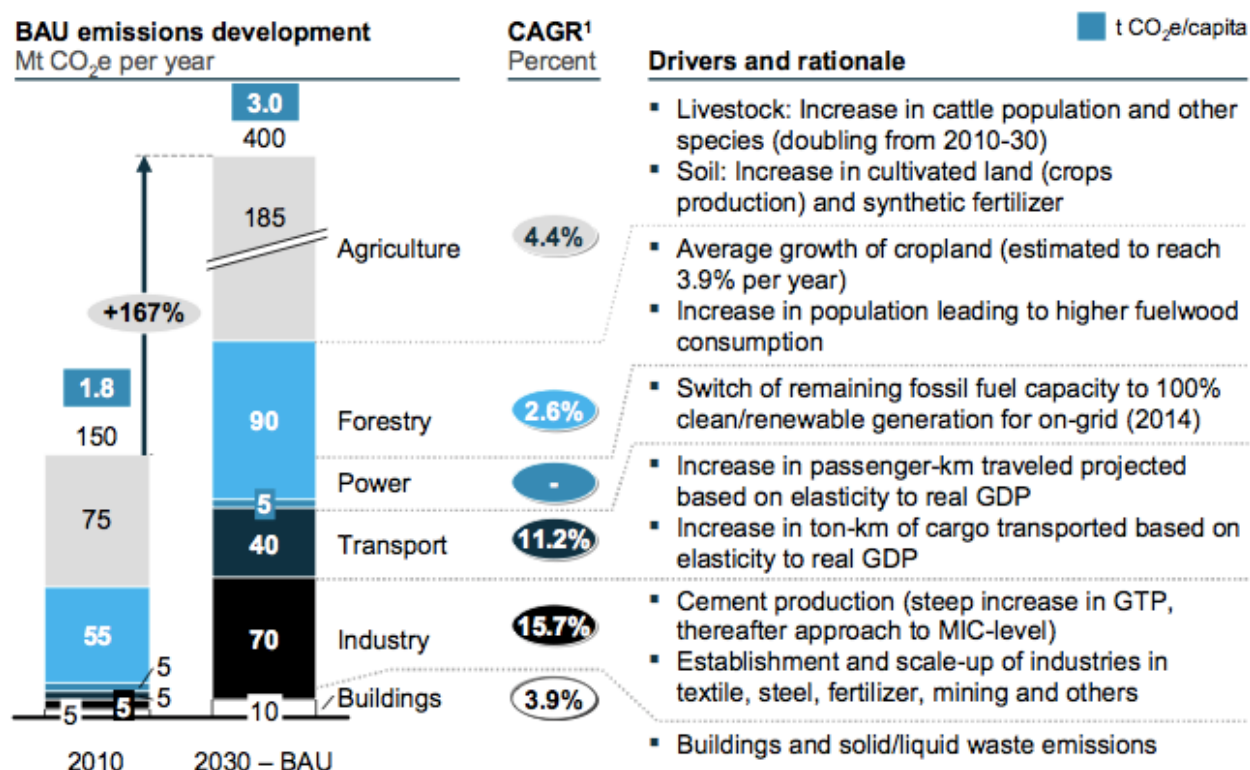
Ethiopia's emissions are predominantly from agriculture and forestry. Ethiopia's current contribution to the global increase in GHG emissions since the industrial revolution has been practically negligible. Even after years of rapid economic expansion, today's per capita emissions of less than 2 t CO₂e are modest compared with the more than 10 t per capita on average in the EU and more than 20 t per capita in the US and Australia. Overall, Ethiopia's total emissions of around 150 Mt CO₂e represent less than 0.3% of global emissions. Of the 150 Mt CO₂e in 2010, more than 85% of GHG emissions came from the agricultural and forestry sectors. They are followed by power, transport, industry and buildings, which contributed 3% each

In conventional paths to growth, GHG emissions are both strongly and positively correlated with economic development and population growth. Therefore the ambitious growth targets as well as the projected increase of the population will lead to higher emissions if the conventional growth path is followed. The CRGE initiative has estimated the expected development of GHG emissions from these sectors based on the current model of economic development. This development is represented in the Business-as-usual (BAU) scenario. The results of the BAU estimate show that the current pathway for economic development will increase GHG emissions from 150 Mt CO₂e today to 400 Mt in 2030 – an increase of more than 150%. This will come from the Agriculture, Forestry, and Industry.

The countries growth path may jeopardize the very resources it is based on and lead to unsustainable levels of use (i.e., preventing the current generation from passing on an equivalent level of resources to the next generation). The combination of growing demand for agricultural products and inefficient agricultural practices may result in an over-exploitation of natural resources. In the period 2001-2009, cropland increased at a ratio of 0.7 ha of deforestation for 1 ha of cropland. Assuming a decrease of this ratio to 0.55 ha by 2030, and a crop- land increase from 12.6 million ha today to 27 million ha in 2030, this would require the deforestation of nearly 9 million ha of forestland. Furthermore, with a projected increase in the cattle population from more than 50 million today to more than 90 million in 2030, Ethiopia will reach its overall cattle- carrying capacity within 20 years and put additional pressure on forests for expansion of grazing land. The path also has implications for the costly reliance of fossil fuel imports, energy security, use of cheap outdated polluting technologies (impacting efficiency), and health implications from air pollution.

The cost of transitioning to a middle-income country is high, even in a sustainable future, with low-carbon options often having higher upfront costs. Ethiopia's investment requirement is large (e.g. energy infrastructure alone is expected to cost \$50bn over the next five years). In addition financing of the transition cannot come from domestic sources alone and the level of foreign and private sector investment required is significant (55% of all investment will be in foreign currency). In addition to create a low-carbon economy requires high upfront costs – often higher than conventional incumbent technologies. Thus there is a need to ensure low-carbon interventions are financed and the benefits are analysed.

Figure GHG emissions under conventional development



3. The response to build a CRGE

Response: To identify and implement options that will build a CRGE.

We have looked across the economy and identified solutions that lead to smarter development choices. We have analyzed which options across the economy for green economy choices and to build climate resilience in Agriculture. This has led to 60 Green Economy initiatives and 41 Agricultural climate resilience initiatives. The options were analyzed for contribution to development objectives, contribution to CRGE objectives, cost-effectiveness, and feasibility.

Analysis of how to build climate resilience has only been undertaken in Agriculture thus far, although the Energy and Water sector is currently undertaken. Developing climate resilience is particularly crucial in agriculture, as it is a sector that is climate dependent, and therefore vulnerable to the future impacts of climate change. As already noted agriculture plays a major part in our economy, contributing 41% of GDP, 85% of all employment and nine of the top ten export commodities by value. Furthermore, agricultural development will continue to be the basis for economic growth. agriculture sector (which includes agricultural crops, livestock forestry, food security and disaster prevention). Other sectors will also face climate change challenges, and the Phase 1 strategy will act as a starting point for subsequent climate resilience analysis across the remaining sectors of the economy.

Trade-offs and synergies are an important part of Ethiopia's CRGE. Ethiopia's analysis of the CRGE path recognized trade-offs and synergies, particularly in the agricultural, water, and energy sectors. In the agriculture sector, Ethiopia's plans highlight the importance of land, water and resource productivity, as well as climate resilience practices in delivering development outcomes such as increased GDP, enhanced food production and security, the provision of more productive employment and greater per capita income among poorer populations, and increase the stability of export income (e.g. through crop diversification). In energy, it highlights how building an electricity sector will be important in delivering energy access, reducing economic vulnerability, providing energy security, reducing GHGs, and providing increased terms of trade (via energy export potential). At the same time, the country has also highlighted trade-offs in the energy sector, primarily around the use of biomass, which is the major source of energy (especially in poorer rural areas, while also being a cause of deforestation (and increased GHG emissions)).

The CRGE is more than a market-led approach or a narrow focus on economics. Ultimately the CRGE will be delivered when barriers and challenges to development are addressed. This is about identifying the right solutions but is as much about aiding implementation through building effective, well functioning and coordinated institutions; creating enabling environments for investment, and ensuring effective governance.

Green Economy

The Green Economy Strategy is built around four strategic pillars:

- Adoption of agricultural and land use efficiency measures.
- Increased GHG sequestration in forestry, i.e., protecting and re-establishing forests for their economic and ecosystem services including as carbon stocks.
- Deployment of renewable and clean power generation.
- Use of appropriate advanced technologies in industry, transport, and buildings.

The priority initiatives that form the foundation of the green economy concept could help to curb the increase in the global emissions projected in the BAU scenario. While contributing to reaching economic and social development targets, we have the domestic potential to contribute to the global effort by abating around 250 Mt CO₂e in 2030 as compared to conventional development practices – this equals a decrease in GHG emissions of up to 64% compared to BAU in 2030. Given the projected population growth, emissions on a per capita basis would decrease from 1.8 t of CO₂e to 1.1 – a decrease of around 35% – at the same time as increasing GDP and achieving poverty reduction.

These initiatives to deliver abatement are low-cost. Around 90% of low-carbon development opportunities coming from the Agriculture and Forestry sectors. For more than 80% of the options, the 'abatement cost' was less than \$15 t/CO₂e. These options can be seen as 'no and low regrets' offering positive return on investments and therefore directly enhancing economic growth. Continued planning and implementation will make Ethiopia's middle-income economy carbon neutral. It must be said anything with an abatement cost above \$0 are more expensive than the counterfactual technology, but globally represent low-cost ways of reducing emissions – these would have to be supported with additional finance – and offer attractive support for international climate finance.

The cost of developing a green economy is large. Developing the green economy will require an estimated expenditure of around USD 150 billion over the coming 20 years – around USD 80 billion of which is capital investment and the remaining USD 70 billion operating and programme expenses. Of the total expenditure, almost USD 30 billion are projected to occur in the short term up to 2015, with almost USD 22 billion of this

being capital expenditure (Figure 12). These figures underline the significant funding needed to build a green economy despite the overall low average cost of abatement, and the need to mobilize capital investment in the early years of the development of the green economy. However, not all of this expenditure is necessarily additional to current investment plans – rather, a large part of this expenditure, e.g., for power generation infrastructure or transport infrastructure, would also occur in a conventional growth scenario.

Figure Cost-effective Emissions abatement potential (2010-2030)

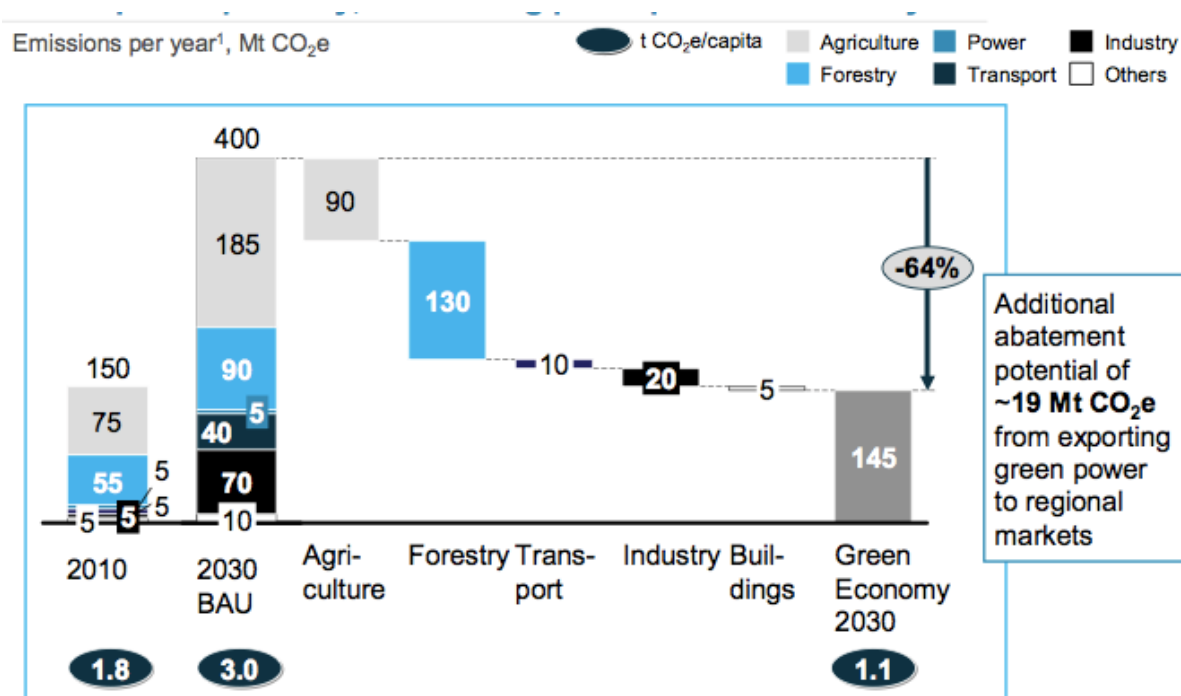


Table Summary of GHG Abatement initiatives by sectors

Sector	Abatement levers
Forestry	Fuel wood-efficient stoves
	LPG stoves
	Biogas stoves
	Electric stoves and mitads
	Afforestation/Reforestation
Agriculture	Forest Management (forest/woodland)
	Lower-emitting techniques
	Yield increasing techniques
Livestock	Irrigation
	Value chain efficiency
	Enhancing diversification of animal mix
	Mechanization

Sector	Abatement levers
Power	Pastureland improvement
	Clean power export
Industry (cement only)	Clinker substitution (e.g. by pumice)
	Biomass (agri-residues) usage
	Energy efficiency equipment
	(Precalciner kiln; grate cooler; computerized process control)
Transport	Waste heat recovery
	Electric rail
	Fuel efficiency standards
	Light rail and bus rapid transit
	Hybrid and electric vehicles
Building and green cities	Mixing ethanol and biodiesel
	High-efficiency lighting
	Improved landfill gas management
	Improved liquid waste management
	Pastureland improvement

Annex 3(2): Summary of Potential Types of Finance

Instrument/ Modality	Definition	Advantages/Disadvantages	Examples
Grant	Resources aimed at funding investments without the expectation that the money be repaid.	<p>Advantage: Provides technical assistance and capacity building. Gives viability to a project. Covers full cost of adaptation, complement other instruments.</p> <p>Disadvantage: there are no reflows.</p>	In 2012, ADB provided a technical assistance grant financed by the Japan Fund for Poverty Reduction to help the Government of Indonesia build strong capacity so that it can continue developing good climate change policies that can be turned into planning and programme implementation at the national and local levels.
Concessional loan	Upfront transfer of resources with the agreement that the money will be repaid on conditions more favourable than market terms by offering low or no interest rates, longer repayment and/or grace periods, or a combination of them.	<p>Advantage: Used when market financing would make the investment unviable. Reduces risk to all lenders, it can encourage local banks to enter the lending market for energy efficiency and renewables.</p>	IADB loan to Trinidad and Tobago to strengthen and modernise the regulatory, institutional and policy framework to develop and promote instruments to assess and reduce vulnerability and risks associated with climate change and to promote carbon markets and policies to reduce GHG emissions.
Guarantee	Commitments in which a guarantor undertakes to fulfil the obligations of a borrower to a lender in the event of non-performance or default by the borrower of its obligations, in exchange for a fee.	<p>Advantage: Attracts capital through debt on terms that could ensure the feasibility of a project. Mitigates or manages risks.</p> <p>Disadvantage: it is hard to quantify risks and in international financial institutions, it accounts for the same amount of financing quota as a loan.</p>	IFC partial credit guarantees to provide financing to various segments, including residential, commercial, municipal and energy supply.
Equity	Injection of capital to grow operation of a project or a firm to leverage resources as it mitigates risk for other investors, used when the probability of failure is high, but still with positive	<p>Advantage: Support for innovation of start-ups. Leverages resources.</p> <p>Disadvantage: difficult to quantify risks and define with certainty the level of participation in the total equity.</p>	IFC/GEF Photovoltaic Market Transformation Initiative designed to accelerate the sustainable commercialisation and financial viability of energy services, based on solar electricity technology in India,

Instrument/ Modality	Definition	Advantages/Disadvantages	Examples
	probability of success, therefore, of return to the equity holder.		Kenya and Morocco.
Debt Swap	Voluntary exchange of a debt instrument by a creditor with its debtor for cash, another asset, or a new obligation with different repayment terms.	<p>Advantage: Ensures additional resources for adaptation investments while reducing the level of debt of the country.</p> <p>Disadvantage: It may generate negative incentives for the borrower to honour its debt.</p>	Norway grant to Guyana to reduce its GHG emissions avoiding the deforestation and forest degradation
Advanced Market Commitment	Mechanism that generates incentives for private sector engagement by creating a viable market demand.	<p>Advantages: Encourages innovation by ensuring demand of a product and helps to develop a self-sustaining market by creating demand. Uses public money only when there is a concrete outcome.</p> <p>Disadvantage: It is a relatively innovative mechanism not fully explored in sectors outside the health sector</p>	This type of mechanism has been used to produce vaccines against neglected diseases in developing countries, but can be replicated to develop other types of technology such as low carbon energies.
Performance-based payment	A grant or concessional loan disbursed in tranches against verified fulfilment of predefined targets or quantified emission reductions in a project or programme.	<p>Advantage: Rewards successful implementation of projects/programmes. Promotes policy reforms, build capacity, and undertake investment projects.</p> <p>Disadvantage: It may be complex to define the baseline to measure the performance required for making the payments.</p>	The Super Energy-efficient Equipment Programme (SEEP) in India to introduce approximately five million super-efficient ceiling fans over four year project cycle. It will provide performance-based, sales-verified financing incentives to competitively selected manufacturers for producing more efficient than average fans.
Public-private partnership	Agreement between a public agency and a private sector entity through which mutual skills and assets are shared in delivering a service or investment.	Advantage: Delivers sustainable solutions by partnering between sectors. Used in complex structures and those not viable purely on private financing.	Bulgaria Energy Efficiency Fund, in which the World Bank, GEF and Austrian Government, together with a private sector fund management consortium and local financial institutions provided technical assistance to Bulgarian enterprises,

Instrument/ Modality	Definition	Advantages/Disadvantages	Examples
			municipalities and private individuals in developing energy efficiency investment projects and then assists their financing, co- financing or plays the role of guarantor in front of other financing institutions.
Co-financing	Blending resources with MDBs, bilateral agencies, market sources instruments to enhance terms of financing to make an investment viable.	Advantage: Enhances terms of financing, leverages resources.	CTF / ADB / World Bank loan to the Government of the Philippines to help the country implement projects that will mitigate climate change.
Policy based loan	Non-earmarked financing aimed at helping a borrower achieve sustainable climate friendly results through a programme of policy and institutional actions.	Advantage: Encourages policy development and capacity building.	
Adaptable programme loan	Phased support for long-term development programmes with a long-term perspective on specific sectors.	Advantage: Supports long term strategies.	
Sector investment loan	Financing to bring sector expenditures, policies, and performance in line with a country's priorities and develop institutional capacity to plan, implement, and monitor expenditures or investment programme in a specific sector.	Advantage: Supports sector transformations.	
Discounted grants	An investor of a project gets a loan on market conditions. Assuming that the amortization of the loan is going to be on a bullet repayment at the end of the	Advantage: Maximises Fund resources	The Yucatan Accord provided US\$ 18 million as grant resources to buy a zero coupon bond of the same maturity of the US\$ 40 million loan provided by the Central

Instrument/ Modality	Definition	Advantages/Disadvantages	Examples
	<p>maturity, the Fund could provide a grant at the present value of the bullet payment, invest the amount on a zero coupon bond so that at the date of the bullet payment the value of such coupon would equal the amount of the amortization. Therefore, in this way, the grant actually is equivalent to the principal amount of the loan.</p>		<p>American Bank for Economic Integration (CABEI) to the Government of Honduras, so that at the end of the maturity period the zero coupon bond equals the nominal amount of the loan and it is used to repay the principal.</p>

Annex 3(3): Agreements with Specialist Financial Intermediaries

Standard Lead Subsidiary Loan Agreement between MOFEC and Specialized Financial Intermediary (*Draft*)

Agreement dated _____ of _____, between the CRGE Facility (hereafter referred to as "The Facility") under the Ministry of Finance and Economic Cooperation (MOFEC) of the Federal Democratic Republic of Ethiopia and the benefiting CRGE Implementing Entity (IE) (hereafter referred to as "The Beneficiary."

WHEREAS:

A. The CRGE-Facility has agreed to extend a loan/grant to the IE (hereinafter referred to as "the Beneficiary") in the principal amount of _____ for the purpose of financing the CRGE related undertakings by private sector, youth groups, communities, etc. which will have relevance to the sector's CRGE vision and objectives.

B. The Facility and the beneficiary have agreed to designate _____ Bank or _____ Microfinance Institution (MFI) as Lead Program Agency for overall programme coordination and management and with specific responsibility for implementation of the Credit funds component of the programme;

C. The Bank or the MFI agreed to be the Lead Programme Agency;

NOWHEREFORE, the parties hereto hereby agree as follows:

ARTICLE I

GENERAL PROVISIONS

SECTION 1.01 General Conditions: The Program Financing Agreement (mention the specific program that is going to be financed) dated (date/month/year) ----- between the Beneficiary and the Facility (hereinafter called the "Memorandum of Understanding") is annexed to this agreement, and all provisions thereof, as applicable to the Beneficiary and the Bank or the MFI (whether or not expressly mentioned herein) are made an integral part hereof.

SECTION 1.02 Definitions: (a) unless the context otherwise requires, the several terms defined in the Memorandum of Agreement and the preamble to this Agreement shall have the respective meanings therein set forth, and the following additional terms shall have the following meanings: CRGE Facility refers to the Government of Ethiopia's national vehicle established to help mobilize, blend, combine and sequence domestic and international, public and private finance to support the institutional building and implementation of Ethiopia's CRGE Strategy.

"**Special Account**" Means the account opened per Section 7.02 (b) of the General Conditions.

"**Sub -Loan**" means Sub Loan extended by Bank to Rural Financial Institutions (RFIs) and other Micro Finance Institutions (MFIs) under the program

"**Loan**" means loan extended to private undertakings, which in one way or other, have contribution to meet the sectoral CRGE vision and objectives

(b) For purposes of this Agreement and any other agreement required hereunder, the term "Fiscal Year" is deemed to refer to the term "Financial Year" as defined in Memorandum of Agreement

SECTION 1.03 References and Headings: Unless otherwise indicated, references in this agreement to articles or sections refer to articles or sections of this agreement. The descriptive headings of such articles, sections and attachment are given for convenience of reference only and do not form an integral part of this agreement.

SECTION 1.04 Obligations of Bank or the MFI: The bank or the MFI shall be responsible to the Facility for the due and timely performance of all obligations ascribed to it in this Agreement and the Financing Agreement.

SECTION 1.05 Amendments to the Memorandum of Understanding: Any amendment to the Memorandum of Understanding as agreed to between the Beneficiary and the Facility and duly copied to the Bank or the MFI, whether or not expressly agreed with Bank or the MFI, shall become an integral part hereof.

ARTICLE II

SPECIAL A C C O U N T AND PROGRAMME ACCOUNTS

SECTION 2.01 SPECIAL Account: The Facility hereby authorizes the bank or the MFI to operate the Special Account in accordance with Section 4.08 of the general conditions.

SECTION 2.02 Statement of Operation of Special Account: The bank or the MFI Shall submit to the Facility a monthly statement of operation of Special Account, in such detail and format as May be agreed between the Facility and the bank or the MFI, no later than 7 days of the last date of the preceding month.

SECTION 2.03 Program Accounts: The bank or the MFI shall prepare and maintain Program Accounts in accordance with generally accepted accounting principles.

SECTION 2.04 Annual work plan and budget (AWPB): the bank or the MFI shall submit to the Facility a copy of AWPB as approved by the responsible body of the IE, the CRGE Facility Technical Team not later than seven days from the date of approval of each AWPB.

ARTICLE III

THE SUBSIDIARY LOAN

SECTION 3.01 The Subsidiary Loan: The Facility agrees to extend a Subsidiary loan to the bank or the MFI in Birr equivalent to the principal amount of _____ (_____) for the purpose of financing the credit component of the programme substantially in agreement with the provisions of the Memorandum of Understanding, as such provisions may be amended from time to time, on terms and conditions set forth herein (Articles IV and V below).

SECTION 3.02 Subsidiary Loan Account: The bank or the MFI shall establish and maintain a "Subsidiary CRGE Private Sector Financing Program (CRGE-PSFP) Loan Account, hereinafter called the ("Subsidiary Loan Account") in Birr and credit all withdrawals from the Special Account for financing equity and credit components into the Subsidiary Loan Account.

SECTION 3.03 Interest Payment: the Bank or the MFI shall pay to the Facility interest at the rate of 1.5 % per

annum on the amount of the Subsidiary Loan Outstanding from time to time, payable semi-annually on each 31st July and 31st January.

SECTION 3.04 Repayment of Principal: the Bank or the MFI shall repay the outstanding principal amount of the subsidiary loan in 59 equal semi-annual instalments payable on each 31st of July and 31st of January, commencing on 31st July 2022 and ending on 31st January 2052, and one final instalment payable on 31st July 2052.

SECTION 3.05 Instalment Amount: The amount of semi-annual instalment and the final instalment shall be arrived at by the Bank or the MFI in consultation with the Facility based on the outstanding principal amount of the subsidiary loans at end 31st January 2022.

SECTION 3.06 Loan Service Payment Currency: The interest and principal repayments shall be made in Birr.

ARTICLE IV

THE REVOLVING FUND

SECTION 4.01 Revolving Fund Account: the bank or the MFI shall establish and maintain program revolving fund account (hereinafter called the "Revolving Fund") with any bank acceptable to the Facility on or before the first sub-loan Principal repayment is due from Microfinance institutions (MFIs) or Rural Financial Institutions (RFIs).

SECTION 4.02 Deposits into the Revolving Fund: The Principal repayments from all credits extended to MFIs and RFIs shall be deposited into the Revolving Fund.

SECTION 4.03 Use of the Revolving Fund: (a) the principal Subsidiary Loan repayments to the Facility shall be made by the bank or MFI from the Revolving Fund. If however, the balance in the Revolving Fund is not adequate to meet principal repayments in accordance with instalment schedule referred to in section 3.05 of Article III of this Agreement; the bank or the MFI shall meet the obligations of Subsidiary Loan repayment from out of its general resources

(b) The bank or the MFI shall use the balance outstanding in the revolving fund to finance further credits to MFIs and RFIs substantially in accordance with the financing agreement and with such procedures and terms as may be determined by the NRMFPC after the program completion date.

SECTION 4.04 Prioritization of the use of the Revolving Fund: the bank or the MFI shall establish criteria for prioritization of the use of the Revolving Fund in consultation with the Facility and the IE. Such criteria, among others, shall include priority to: (a) greenhouse gas emission and/or vulnerability reduction, (b) Clean technology generation, adoption and expansion, (c) initiatives that will contribute to GTP visions, etc.

SECTION 4.05 Investments of Temporary Surpluses in the Revolving Fund: the bank or the MFI shall have the discretion to invest the temporary surplus in the Revolving Fund in income yielding short term financial instruments within the scope of the CRGE following sound prudential, risk and liquidity management practices.

ARTICLE V

THE LOAN RISK FUND

SECTION 5.01 Operating Margin: the bank or the MFI shall retain a margin of 3% on its credits to MFIs and RFIs to cover its operating costs including credit risk.

SECTION 5.02 Review of Margins and on-lending rates: The margin referred to in the foregoing section and the Bank's or MFI's on lending rates to MFIs and RFIs would be annually reviewed during the Program implementation period jointly by the CRGE Facility and the IE to make such adjustments as necessary.

SECTION 5.03 Risk Fund Establishment: The bank or the MFI shall establish and maintain a loan Risk Fund into which it shall deposit the difference between its lending rates for credits made to the MFIs and RFIs and its interest rate on Subsidiary Loan plus its approved retained margin referred to in the foregoing section 5.01. The bank or the MFI shall also transfer the differential spread under credits extended to: MFIs and RFIs from the Revolving Fund, to the Loan Risk Fund.

SECTION 5.04 Objective of the Risk Fund: The objective of the Loan Risk Fund is to primarily meet up to 50% of the actual loan losses incurred by: MFIs and RFIs under the credit component, as a measure to encourage their participation.

SECTION 5.05 Rules for use of the Fund: The bank or the MFI shall formulate, in consultation with Facility and the IE rules for use of the Risk Fund not later than one year from the date of this Agreement.

SECTION 5.06 Investment of the Risk Fund: The balance in the Risk Fund shall be invested by the bank or the MFI following sound prudential and risk management practices.

SECTION 5.07 Use of Balance in the Risk Fund after Full Repayment of Subsidiary loan: The bank or the MFI shall have discretion to transfer the balance in the Risk Fund, after the Subsidiary Loan is fully repaid by bank or the MFI, to its general reserves or use it to promote and support risky and innovative loan products to the target group by: MFIs and RFIs.

ARTICLE VI IMPLEMENTATION REPORTING

SECTION 6.01 Progress Reports: the bank or the MFI shall simultaneously submit to the Facility a copy each of the progress reports and completion report submitted to the cooperating institution and the Fund in accordance with the Financing Agreement.

SECTION 6.02 Action on Policy Constraints: The MOFEC and the bank or the MFI shall identify policy constraints, if any, for smooth and speedy implementation of Programme and place such issues before the Facility or review and appropriate action.

ARTICLE VII REMEDIES OF THE FACILITY

SECTION 7.01 Suspension: The facility, with the concurrence of the Fund and the cooperating institution, may suspend in whole or in part, the right of bank or the MFI to act as Lead Program Agency, if the bank's or MFI's overall coordination and implementation of the Program is not satisfactory.

SECTION 7.02 Acceleration: The Facility reserves the right to modify the Subsidiary Loan repayment schedule and accelerate the repayment of the outstanding principal amount of the Subsidiary Loan, together with all accrued interest, upon the occurrence of the following events:

- A. The Fund has invoked the provisions of Section 6.02 of the General Conditions.
- B. The bank or the MFI is unable to use the balance in the Revolving Fund Account to finance further credits to MFIs, RFIs and private sector in accordance with the provisions of the Financing Agreement or as may be agreed with the Facility.
- C. The bank or the MFI has also the right to accelerate the repayment of the outstanding principal amount of the Subsidiary Loan, together with all accrued interest, provided it does not require Revolving Fund to finance further credits to MFIs, RFIs and private sector.

SECTION 7.03 Late Payment Fee: The facility reserves the right to charge the bank or the MFI, a penalty of 0.5% per annum on the portion of the Subsidiary Loan repayment not deposited into the Revolving Fund account duly or on the amount of the principal amount of the Subsidiary Loan or interest not paid on due date to the Facility.

SECTION 7.04 Other Remedies: The remedies of the Facility set forth in this Article shall not limit or otherwise prejudice any rights or remedies available to the MOFEC under the Ethiopian Law or otherwise.

ARTICLEVIII MISCELLANEOUS

SECTION 8.01 Stamp Duty: The Stamp Duty levied for the enforcement of this Agreement shall be borne by the bank or the MFI.

SECTION 8.02 Amendments: This Agreement shall only be altered and/or amended only by writing and a mutual agreement of the parties to this Agreement with the prior consultation and agreement with the Facility and the IE.

SECTION 8.03 Ethiopian Law to govern this Agreement: Without prejudice to the provisions of this Agreement, the parties to this Agreement agree that the Ethiopian Law govern this agreement.

SECTION 8.04 Arbitration: In case dispute arises between the parties, it is agreed to amicably solve misunderstanding and in case of failure to amicable solution, the parties have agreed to forward their case to arbitrators assigned by them. The number of Arbitrators shall be three, one designated by the MOFEC, one by the bank or the MFI and one presiding Arbitrator shall be appointed by the two arbitrators. The parties agree to be bound by the decision of the arbitrators and such decision is final and not appeal able.

SECTION 8.05 Binding: This agreement shall be binding upon the heirs, assignees, and survivors of the two parties, jointly and severally without the benefit of division.

SECTION 8.06 Communication: Written communications only shall have a Legal effect as between the parties to this agreement and communication made to the following address shall be deemed duly served.

The Ministry of Finance and Economic Cooperation (Address of the Bank or the MFI)
CRGE Facility P.O.Box _____
P.O.Box1900 _____
Addis Ababa

ARTICLEIX **EFFECTIVENESS**

SECTION 9.01 Effectiveness: This agreement has become effective on this _____ day of _____.

IN WITNESS WHEREOF, the parties hereto have affixed their signature through their duly authorized representative.

FOR the Facility

FOR the Bank or the MFI

Witnesses

Annex 4(1): CRGE Facility Risk Management Framework

Identified Risk	Potential Impact	Mitigating actions by the Ministry of Finance and Economic Cooperation through the CRGE Facility Secretariat
Operational Risks		
<p>Failure of Facility to mobilise sufficient resources due to :</p> <ul style="list-style-type: none"> - Failure of international negotiations to deliver sustained and increased public or private climate finance, including carbon markets. - Operational or fiduciary concerns amongst potential contributors 	<p>Insufficient finance to achieve Climate Resilient Green Economy</p>	<p>Flexibility built into Facility design to maximise access to resources by accepting public and private funds from international and domestic sources</p> <p>Strong and flexible resource mobilisation strategy to maximise resources</p> <p>Robust processes to prioritise available resources strategically, including value for money assessment</p> <p>Government allocating own resources to CRGE investment</p>
<p>Lack of capacity to plan and implement high quality plans and proposals amongst implementing and executing entities</p>	<p>Results not delivered, to insufficient quality or not on time.</p> <p>Maladaptation or failure to reach the most vulnerable groups</p> <p>Risk of unspent finance, resources not used efficiently, hampering the Facility's ability to raise further funds</p>	<p>Provide quality guidance and package of support to implementing and executing entities for development of proposals, and for monitoring and evaluation. Ensure strong technical support is provided by Ministry of Environment, Forest and Climate Changes.</p> <p>Commission independent monitoring and evaluation to assess and monitor progress</p> <p>Use lessons from monitoring and evaluation, and latest research and evidence, to continuously learn and improve Facility oversight, and support implementing and executing entities.</p> <p>Promote and coordinate (where appropriate), complementary investment in capacity amongst Ministries, Regions, Woredas and non-state actors by Government and other partners.</p>

Identified Risk	Potential Impact	Mitigating actions by the Ministry of Finance and Economic Cooperation through the CRGE Facility Secretariat
Inability to monitor results, review progress or measure and demonstrate results achieved, due to capacity gaps at all levels including implementing or executing entities	<p>Risk of poor implementation and M&E or failure to learn and share lessons for continual improvement</p> <p>Weaken reputation of the Facility and dampen ability of Facility to raise funds</p>	<p>Develop, test and challenge a robust Monitoring and Evaluation framework and strategy</p> <p>Conduct regular independent reviews</p> <p>Dedicated Monitoring and Evaluation position in CRGE Facility Secretariat to build, support and oversee comprehensive monitoring and evaluation systems</p> <p>Promote investment in monitoring and evaluation capacity at all levels</p>
External risks to delivery could include major climate extremes (drought or flood)	Programmes derailed, and inflexibility to respond	<p>Ensure risk management strategies are built into every investment plan and proposal, with adequate risk mitigation measures</p> <p>Investment in resilience through CRGE should gradually build resilience to such events at all levels</p>
Lack of capacity to use and implement robust safeguards in design and implementation of CRGE investment	<p>Negative environmental or social impacts</p> <p>Undermine development and climate resilience objectives</p> <p>Reputational risk and inability to attract further financing</p>	<p>Safeguards policy agreed; commitment to use World Bank safeguards adjusted to Ethiopian context (see Section 10) and commitment to develop robust, tailored safeguards, with expert support and in consultation with key stakeholders. Any revisions to safeguards policy will be agreed with contributors.</p> <p>Provision of guidance and support to implementing and executing entities to understand and implement effective safeguards</p>
Fiduciary Risks		
Inability to account for utilisation of funds	Misappropriation of funds, failure to deliver	<p>Financial Management systems in place</p> <p>Recruitment of expert financial analyst and additional finance staff as</p>

Identified Risk	Potential Impact	Mitigating actions by the Ministry of Finance and Economic Cooperation through the CRGE Facility Secretariat
	<p>Reputational risk to Facility</p> <p>Hamper efforts to mobilise resources</p> <p>Potential requirement to return any funds unaccounted for to contributors.</p>	<p>needed in CRGE Facility Secretariat</p> <p>Quarterly financial reporting from implementing entities to CRGE Facility</p>
Misappropriation of funds	<p>Loss of funds to invest in delivery</p> <p>Serious reputational risk to Government and contributors</p> <p>Potential requirement to return any funds unaccounted for or misappropriated to contributors.</p>	<p>Financial Management systems in place</p> <p>Recruitment of expert financial analyst and additional finance staff as needed in CRGE Facility Secretariat</p> <p>Quarterly financial reporting from implementing entities to CRGE Facility</p>
Funds not utilised in accordance with agreed conditions	<p>Loss of funds to invest in delivery</p> <p>Serious reputational risk to Government and contributors</p> <p>Potential requirement to return any misspent funds to contributors</p>	<p>Financial Management systems in place</p> <p>Recruitment of expert financial analyst and additional finance staff as needed in CRGE Facility Secretariat</p> <p>Quarterly financial and narrative reporting from implementing entities to CRGE Facility</p> <p>Robust programme monitoring and evaluation, including independent reviews</p>



**MEMORANDUM OF AGREEMENT
FOR
MANAGEMENT AND OTHER SUPPORT SERVICES
RELATED TO
THE ETHIOPIA CLIMATE RESILIENT GREEN ECONOMY FACILITY**

**MEMORANDUM OF AGREEMENT
between
the Government of the Federal Democratic Republic of Ethiopia
and
the United Nations Development Programme
for
Management and Other Support Services
Related to the Ethiopia Climate Resilient Green Economy Facility**

WHEREAS, the Government of the Federal Democratic Republic of Ethiopia (hereinafter the “Government”) has developed the ETHIOPIA CLIMATE RESILIENT GREEN ECONOMY FACILITY (hereinafter the “Facility”);

WHEREAS, the Government has requested the United Nations Development Programme (UNDP) to serve as the provisional Trustee and provide fund administration, management and other support services related to the establishment and management of the Facility for funding that will be channelled through the Facility’s International Account (as further referred in Article 3 paragraph 13);

WHEREAS, UNDP agrees to serve as the provisional Trustee and provide the fund administration, through its Multi-Partner Trust Fund Office (MPTF Office) (hereinafter “Administrative Agent”), as well as management and other support services for the Facility, pursuant to its Financial Regulations and Rules, and the terms and conditions set out in the Facility Terms of Reference, August 2012, (hereinafter “Facility TOR” or “TOR”), annexed hereto as Annex 1;

WHEREAS, the Government has designated the Ministry of Finance and Economic Cooperation(MOFEC) to coordinate the development and implementation of the Facility’s activities on behalf of the Government and assume full financial and programmatic accountability for the funds disbursed by the Administrative Agent to the government entities through MOFEC National Account, that shall implement the activities funded by the Facility (hereinafter the “National Entities”) , and shall have such other responsibilities as set forth herein;

WHEREAS, the CRGE Facility Contributors will release their commitments for both the Strategic and Responsive Windows of the CRGE Facility directly to the CRGE National Account or to the CRGE Facility Account provisionally administered by the UNDP MPTF Office;

WHEREAS, UNDP as the Administrative Agent of the Facility will conclude on behalf of the Government Standard Administrative Arrangements(hereinafter “Standard Administrative Arrangements” or “SAAs”),a template of which is annexed hereto as Annex 2, with the Contributors that are unable to channel contribution directly through MOFEC (hereinafter “Contributors”);

WHEREAS, the Government may decide and request to utilize technical cooperation provided by organizations of the United Nations system(hereinafter “Participating United Nations Organizations” or “PUNOs”) and Multilateral Development Banks as deemed necessary (hereinafter “MDBs”),hereinafter jointly referred to as the “International Participating Organizations”, for the provision of capacity building and technical support to be funded by the Facility, and towards that end, the relationship between the PUNOs and the Administrative Agent will be governed by the Memorandum of Understanding for Multi-Partner Trust Funds Using Pass-Through Fund Management relating to the Ethiopia CRGE Facility (annexed hereto as Annex 3);and the relationship between the MDBs and the Administrative Agent will be governed by the MDB Memorandum of Understanding for Multi-Partner Trust Funds Using Pass-Through Fund Management relating to the Ethiopia CRGE Facility (annexed hereto as Annex 4); and

WHEREAS, this Memorandum of Agreement governs the relationship between UNDP and the Government, including MOFEC as well as the related Agreements with the Contributors and International Participating Organizations (Annexes 2 through 4);

NOW, THEREFORE, the Government and the Administrative Agent (hereinafter “the Parties”) agree as follows:

Article 1

Establishment of the Ethiopia CRGE Facility

1. The signature of this Memorandum of Agreement (hereinafter the “MOA”) is an additional

step in the full commencement of the Facility. The establishment of the Facility shall facilitate the effective and efficient collaboration between the Government, Contributors, the Administrative Agent, and other stakeholders for the implementation of the Facility, as set out in the TOR. All terms defined in the TOR are used in this MOA in the same manner as though set out and defined in full herein

2. The Facility shall be governed by the **CRGE Ministerial Steering Committee**, chaired by the Prime Minister's Office, that will set the criteria and scope for approving investment plans, and determine the overarching priorities for the CRGE Facility.

3. The Ministry of Environment, Forest and Climate Change (MEFCC) will coordinate, house and supervise the activities of the **CRGE Technical team**, which will include MOFEC, the National Planning Commission (NPC), relevant experts from line ministries and other development partners as necessary. The CRGE Technical team will assess and approve investment plans submitted to both the Strategic and Responsive Windows by line ministries and regional governments. It will appraise investment plans against both climate and development criteria.

4. MOFEC will chair, house and supervise the activities of the **CRGE Management Committee**. The Management Committee will serve as the primary coordination and governance mechanism, as described in the TOR. The Management Committee will include representatives of the EPA and relevant line ministries, as appropriate. The Management Committee will carry out the functions stated in the TOR, including prioritizing the investment plans approved by the Technical team, making final fund allocation decisions for both the Strategic and Responsive Windows and overseeing the effective monitoring and evaluation of the Facility's financed activities.

5. Facility-financed activities undertaken by the National Entities and funded through contributions administered by the UNDP MPTF Office, shall be carried out on the basis of the National Regulatory Framework, provided the laws, regulations and procedures do not contravene the principles set out in UNDP's regulations and rules, policies and procedures, while the Facility-financed activities undertaken by the International Participating Organizations shall be carried out on the basis of their own regulations rules, policies and procedures in accordance with Annexes 3 and 4.

6. The Government and UNDP shall consult closely with respect to the management and other support services provided under this MOA. The Government shall ensure that all necessary support is given by the relevant Ethiopian authorities to UNDP to facilitate the activities to be carried out by UNDP further to the Facility. The Management Committee will establish its Rules of Procedure through the Operational Manual, consistent with the TOR.

7. Resources from the Facility, including interest accrued to the Facility Account, will be utilized for the purpose of meeting the direct and indirect costs of programmes undertaken by the National Entities and International Participating Organizations, as well as meet the direct costs related to its administration, technical review tasks of the Technical team and Facility Secretariat and required Facility-wide evaluations. Details of such proposals, including respective budgets and description of the National Entities and International Participating Organizations will be set out in the relevant programme documents and/or proposals, approved by the Management Committee.

Article 2

The Administrative Agent

8. The Government hereby engages UNDP, through its MPTF Office, to provisionally administer the Facility on its behalf, in accordance with the TOR. UNDP shall use its multi-donor trust fund management mechanism adapted for the management support services arrangements described herein.

9. Upon signature of this MOA, UNDP will conclude on behalf of the Government a Standard Administrative Arrangement (SAA) with the Contributors for receipt of funds and the Memoranda of Understanding (MOU) with the International Participating Organizations when requested by the Government to provide technical cooperation for Facility-financed activities.

10. UNDP as Administrative Agent, through its MPTF Office, will carry out the following functions:

- (a) Receive financial contributions from Contributors and deposit those in the Facility Account;
- (b) Administer the funds received, in accordance with UNDP regulations, rules, policies and procedures and the TOR;
- (c) In accordance with the decisions of the Management Committee, and subject to availability of funds disburse the funds to (i) National Entities through MOFEC National CRGE account upon instruction from MOFEC, and (ii) International Participating Organizations upon instruction from MOFEC as a chair of the Management Committee, in both cases taking into account the budget set out in the approved programmatic document⁵⁸, as amended in writing from time to time by the Management Committee;
- (d) Consolidate statements and reports, based on submissions provided to the Administrative Agent by MOFEC, based on the submissions of each National Participating Organization, and by the International Participating Organizations, as set forth in Article 5, and provide these to MOFEC, the Management Committee and Contributors through the Facility Secretariat;
- (e) As applicable, provide final reporting; and
- (f) Disburse funds to MOFEC, EPA and to any National Entity through MOFEC National Account or International Participating Organization for any additional costs of the non-fund administration tasks that the Management Committee may decide to allocate to any of the aforementioned in accordance with the TOR.

11. The Administrative Agent will conclude the Standard Administrative Arrangement with each Contributor that wishes to provide financial support to the Facility through the Administrative Agent. The Administrative Agent will not agree with the Contributor to amend the terms of Annex 2 without prior written agreement of MOFEC. The Administrative Agent and MOFEC will ensure the posting of a copy of the Standard Administrative Arrangement, as well as information on contributions, on the website of the Administrative Agent (<http://mptf.undp.org>), as well as the website of the Facility (<http://www.MoFEC.gov.et>), as appropriate.

⁵⁸ As used in this document, an approved programmatic document refers to projects or programmes which are approved by the Steering Committee for fund allocation purposes.

12. The Administrative Agent will be entitled to allocate an administrative fee of one percent (1%) of the amount contributed by each Contributor signing a Standard Administrative Arrangement, to meet its costs of performing the functions described in this Memorandum of Agreement.

Article 3

Financial Matters

The Administrative Agent

13. UNDP, as the Administrative Agent of the Facility, will establish a separate ledger account (hereinafter, the "Facility International Account") under its financial regulations and rules for the receipt and administration of the funds received pursuant to a Standard Administrative Arrangement. The Facility Account will be administered by the UNDP, in accordance with the UNDP's applicable regulations, rules, policies and procedures, including those relating to interest. The Facility Account will be subject exclusively to the internal and external auditing procedures laid down in the applicable UNDP financial regulations, rules, policies and procedures.

14. The Administrative Agent will not absorb gains or losses on currency exchanges which will increase or decrease the funds available for disbursements to MOFEC, EPA, to the National Entities and International Participating Organizations.

15. Subject to the availability of funds, the Administrative Agent will make disbursements from the Facility Account based on decisions from the Management Committee and instruction from MOFEC, in line with the budget set forth in the programmatic document, as amended from time to time by the Management Committee.

16. The Administrative Agent will normally make each disbursement to the CRGE National Account within MOFEC within three (3) to five (5) business days after receipt of the relevant approved programmatic document and instruction from MOFEC, in accordance with the decisions of the Management Committee and in line with the Facility TOR, along with a copy of the relevant approved programmatic document. The Administrative Agent will transfer funds through wire transfer. MOFEC will advise the Administrative Agent in writing of the bank account for transfers pursuant to this MOA. When making a transfer, the Administrative Agent will notify MOFEC, of the following: (a) the amount transferred, (b) the value date of the transfer, and (c) that the transfer is from the UNDP in respect of the Facility pursuant to this MOA.

17. The Administrative Agent will make disbursement to International Participating Organizations based on the decision of the Management Committee and instruction from MOFEC. The detail will be described in the respective Memoranda of Understanding signed between them and the Administrative Agent (Annexes 3 and 4).

18. Where the balance in the Facility Account on the date of a scheduled disbursement is insufficient to make that disbursement, the Administrative Agent will consult with the Management Committee and make a disbursement, if any, in accordance with the Management Committee's instructions through MOFEC.

Ministry of Finance and Economic Cooperation (MOFEC)

19. The Government has designated MOFEC to serve as the primary interlocutor on all aspects

of the Facility including with respect to the Administrative Agent. MOFEC assumes full programmatic and financial accountability for the funds disbursed to the MOFEC's CRGE Facility National Account by the Administrative Agent.

20. In order to carry out activities funded by the Facility, National Entities shall be proposed by EPA, in consultation with MOFEC, and approved by the Management Committee, following assessments of financial, managerial and technical capacity by the Technical team. The Management Committee, chaired by MOFEC shall review and approve the proposals recommended for funding. It is understood that National Entities will receive funds and carry out activities on the basis of the National Regulatory Framework, in accordance with Article 1, Paragraph 2.

21. MOFEC will establish, and have each National Entity establish, a separate ledger account under its financial regulations and rules for the receipt and administration of the funds disbursed to it by the Administrative Agent from the Facility Account.

22. MOFEC will use, and have the National Entities, including EPA, use, the funds disbursed from the Administrative Agent to carry out the activities for which they are responsible as set out in the approved programmatic document. MOFEC, and through it the National Entities, including EPA, will commence and continue to conduct operations for the programmatic activities only upon receipt of disbursements as instructed by the Management Committee. MOFEC, and through it the National Entities, will not make any commitments above the approved budget in the approved programmatic document, as amended from time to time by the Management Committee. If there is a need to exceed the budgeted amount, MOFEC will submit a supplementary budget request to the Management Committee.

The International Participating Organizations

23. Utilization of funding by International Participating Organizations will be in accordance with the provisions of the respective Memoranda of Understanding signed between the International Participating Organizations and the Administrative Agent (Annexes 3 and 4).

Contributors

24. The Contributors will make their contributions in accordance with the provisions of the Standard Administrative Arrangements.

Article 4 **Activities of the Facility**

The Role of MOFEC

25. Before the Administrative Agent will disburse funds to a National Entity through CRGE Facility National Account within MOFEC, MOFEC will reach an agreement with each concerned National Entity setting out the terms and conditions regarding receipt of funds from the Facility, consistent with this MOA and the TOR. MOFEC will ensure that each National Entity is responsible for the activities specified in its proposal, in accordance with the decisions of the Management Committee and the National Regulatory Framework.

26. After approval by the Management Committee of a National Entity's proposal, MOFEC will instruct the Administrative Agent to disburse the approved amount to the CRGE National Account within MOFEC.

27. MOFEC through the Management Committee will take the necessary steps to ensure that National Entities have the required capacities to accomplish their commitments in accordance the National Regulatory Framework.

28. Any modifications to the scope of the approved programmatic document, including as to its nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between MOFEC, the relevant National Entity and the Management Committee. MOFEC will promptly notify the Administrative Agent of any change in the budget approved by the Management Committee, as set out in the programmatic document of any National Entity. For Facility funded activities undertaken by the National Entities, on the termination or expiration of this MOA, the ownership of equipment, supplies and other property financed from the Facility shall vest in the Government.

29. MOFEC will ensure that where a National Entity wishes to carry out its activities through or in collaboration with third parties, it will be responsible for discharging all commitments and obligations with such third parties, and the Administrative Agent will not be responsible for doing so.

30. In carrying out their activities, neither MOFEC nor the National Entity will be considered as an agent of the Administrative Agent, nor will the personnel of one be considered as staff members, personnel or agents of the other. Without restricting the generality of the preceding sentence, the Administrative Agent will not be liable for the acts or omissions of MOFEC, the National Entities, or their personnel, or of persons performing services on their behalf.

31. MOFEC will advise the Administrative Agent in writing when all activities for which the National Entities are responsible under the respective approved programmatic document have been completed.

32. MOFEC recognizes that the Contributors reserve the right to discontinue future contributions if reporting obligations are not met as set forth in the Standard Administrative Arrangement or if there are substantial deviations from agreed plans and budgets. If it is agreed among the Management Committee, MOFEC, Contributors and the Administrative Agent that there is evidence of improper use of funds by National Entities, MOFEC will use its best efforts, through the appropriate government body, consistent with its regulations, rules, policies and procedures to recover any funds misused. MOFEC in consultation with the Management Committee will credit any funds so recovered to the Facility Account or agree with the Management Committee to use these funds for a purpose mutually agreed upon. Before withholding future contributions or requesting recovery of funds and credit to the Facility Account, the Administrative Agent, MOFEC and the Contributor will consult with a view to promptly resolving the matter.

33. MOFEC recognizes that it is important to take all necessary precautions to avoid inappropriate practices. To this end, it will guarantee the application of the National Regulatory Framework for the use of public funds by National Entities. In the event that MOFEC determines that an allegation in relation to the implementation of activities – including corrupt, fraudulent, collusive or coercive practices that may have taken place - is credible enough to warrant an investigation, it will promptly notify the Management Committee and the Administrative Agent and the appropriate

Ethiopian regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate entity of the Government in charge of such investigations. Upon completion of the investigation, MOFEC will inform the Management Committee and the Administrative Agent about the results of the investigation which will handle in accordance with the National Regulatory Framework.

The Role of International Participating Organizations

34. Activities of the International Participating Organizations will be carried out in accordance with the provisions contained in the respective Memoranda of Understanding signed between the International Participating Organizations and the Administrative Agent (Annexes 3 and 4).

The Contributors

35. The Contributors will participate in the Facility in accordance with the TOR.

Article 5

Reporting

36. The National Entities through MOFEC, and the International Participating Organizations in accordance with the respective Memoranda of Understanding (Annexes 3 and 4), will provide the Administrative Agent with the following statements and reports for funds received from the Facility International Account, as set forth in the Facility TOR:

- (a) Quarterly financial and narrative progress reports, at the initial stage of the Facility within 45 days after the end of the quarter;
- (b) Annual financial statements and reports as well as narrative progress reports as of 31 December with respect to the funds disbursed to it from the Facility Account and activities preformed and results achieved, to be provided no later than four months (30 April) for the financial statement and three months (31 March) for the narrative report, after the end of the calendar year;
- (c) Final narrative reports, after the completion of the activities in the approved programmatic document, to be provided no later than four months (30 April) of the year following the financial closing of the programme. The final report will give a summary of results and achievements compared to the goals and objectives specified in the programmatic document;
- (d) Certified final financial statements and final financial reports after the completion of the activities in the approved programmatic document to be provided no later than six months (30 June) of the year following the financial closing of the related programmes.

37. The Administrative Agent will prepare consolidated narrative progress and financial reports, based on the reports referred to in Paragraph 36 (a) to (d) above, and will provide those consolidated reports to MOFEC, the Management Committee, and each Contributor to the Facility Account, through the Facility Secretariat, by 31 May of each year.

38. The Administrative Agent will also provide MOFEC, Management Committee and Contributors through the Facility Secretariat with the following statements on its activities:

- (a) Certified annual financial statement (“Source and Use of Funds”) to be provided no later than five months (31 May) after the end of the calendar year; and
- (b) As applicable, certified final financial statement (“Source and Use of Funds”) to be provided no later than seven months (31 July) of the year following the financial closing of the Facility.

39. Consolidated reports and related documents will be posted on the websites of the Facility (<http://www.MoFEC.gov.et>) and the Administrative Agent (<http://mptf.undp.org>).

Article 6

Monitoring and Evaluation

40. Monitoring and evaluation of the Facility including, as necessary and appropriate, joint evaluation by the Government, MOFEC, the Contributors, the Administrative Agent, and other partners, will be undertaken in accordance with the provisions contained in the Facility TOR.

41. MOFEC, the Facility Secretariat, EPA together with the National Entities and International Participating Organizations, Contributors, and the Administrative Agent, through the Management Committee, will hold annual consultations, as appropriate, to review the status of the Facility.

Article 7

Audit

42. MOFEC, and through it the National Entities, will be audited in accordance with the Ethiopian national audit framework. The International Participating Organizations and the Administrative Agent will be audited in accordance with their own Financial Regulations and Rules further to Annexed 3 and 4.

Article 8

Joint Communication

43. MOFEC will take appropriate measures to publicize the Facility and to give due credit to the other stakeholders. Information given to the press, to the beneficiaries of the Facility, all related publicity material, official notices, reports and publications, will acknowledge the leading role of the Government, the Contributors, MOFEC, the Administrative Agent and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of the Government, MOFEC, national partners, National Entities and International Participating Organizations and Contributors in all external communications relating to the Facility.

44. The Administrative Agent in consultation with MOFEC will ensure that decisions regarding the review and approval of the Facility, periodic reports on the progress of Facility-financed activities and associated external evaluation are posted, where appropriate, for public information on the websites of the Facility (<http://www.MoFEC.gov.et>) and the Administrative Agent (<http://mptf.undp.org>). Such reports and documents may include Management Committee approved programmes and programmes awaiting approval, fund level annual financial and progress reports and external evaluations, as appropriate.

Article 9

Entry into Force, Expiration, Modification

45. This MOA will come into effect upon signature by authorized representatives of the Parties and will continue in full force and effect until it is terminated.

46. The Facility has a termination date of **31 December 2030**. However, UNDP's role as the Facility's Administrative Agent shall be limited to such time that a successor to fulfill the services ascribed to UNDP in this MOA is selected by the Management Committee in consultation with the Contributors.

47. This MOA will expire upon the winding up of the Facility, upon its termination by the Government, or upon selection of a successor to UNDP in accordance with paragraph 46 above, subject to the continuance in force of paragraph 48 below for the purposes therein stated. In addition, the MOA may be terminated upon 180 days notice, upon mutual agreement of the Parties, subject to the continuance in force of paragraph 48 below for the purposes therein stated.

48. This MOA may be modified only by written agreement between the Parties.

49. Commitments assumed by the Parties under this MOA will survive the expiration or termination of this MOA to the extent necessary to permit the orderly conclusion of the activities and the completion of final reports, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers. Any balance remaining in the Facility Account, in MOFEC, or in individual National or International Participating Organization's separate ledger accounts upon winding up of the Facility will be used for a purpose as decided by the Management Committee and Contributors or returned to the Contributor(s) in proportion to their contribution to the Facility as decided upon by the Contributor and Management Committee.

Article 10

Notices

50. Any action required or permitted to be taken under this MOA may be taken on behalf of the Government, by the State Minister of Finance and Economic Development, or his designated representative, and on behalf of the Administrative Agent, by the Executive Coordinator of the UNDP MPTF Office, or his designated representative.

51. Any notice or request required or permitted to be given or made in this MOA will be in writing. Such notice or request will be deemed to be duly given or made when it will have been delivered by hand, mail or any other agreed means of communication to the party to

which it is required to be given or made, at such party's address specified below or at such other address as the party will have specified in writing to the party giving such notice or making such request.

For the Government:

Name: Ahmed Shide

Title: State Minister, Ministry of Finance and Economic Cooperation

Address: Ministry of Finance and Economic Cooperation, P.O.Box 1037, Addis Ababa, Ethiopia

Telephone: +2510111579143

Facsimile:

Electronic mail: ahmedshide@yahoo.com

For the Administrative Agent:

Name: BisratAklilu

Title: Executive Coordinator, MPTF Office, UNDP

Address: 730 Third Avenue, 20th Floor, New York, NY 10017, USA

Telephone: +1 212 906 6880

Facsimile: +1 212 906 6990

Electronic mail: bisrat.aklilu@undp.org

Article 11 **General Provisions**

52. In the event of any controversy, claim or dispute between the Parties arising out of this MOA or the breach thereof, the Parties shall seek an amicable resolution thereof through good faith direct negotiations.

53. The Government agrees that the provisions of the Agreement between UNDP and the Government, relating to UNDP's assistance to the country signed on 26 February 1981 (SBAA) shall apply to UNDP and its personnel carrying out the management and other support services provided hereunder, except that the funds contributed shall be deemed resources of the Government.

54. In accordance with the SBAA, the Government shall bear all risks of operations arising under this Agreement and shall be responsible for dealing with claims which may be brought by third parties against UNDP, its officials or other persons performing services on its behalf, and shall hold them and UNDP harmless in respect of claims or liabilities arising from operations under this Agreement. The foregoing provision shall not apply where the Government and UNDP agree that claims or liabilities arise from the gross negligence or willful misconduct of the above-mentioned persons.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the respective Parties, have signed this MOA in English, in two copies.

On behalf of the Government of Ethiopia:

On behalf of UNDP:

Signature: _____

Signature: _____

Name: **Ahmed Shide**

Name: **Bisrat Aklilu**

Title: **State Minister, MOFEC**

Title: **Executive Coordinator, MDTF**

Office

Place: **Addis Ababa**

Place: **Addis Ababa**

Date: **December 19,2012**

Date: **December 19,2012**

ANNEX 1 – The Ethiopia Climate Resilient Green Economy (CRGE) Facility Terms of Reference

ANNEX 2 – Standard Administrative Arrangement(SAA) between a Contributor and the Administrative Agent

ANNEX 3 – Memorandum of Understanding (MOU) between Participating UN Organizations and the Administrative Agent

ANNEX 4 – Memorandum of Understanding (MOU) between a Multilateral Development Bank (MDB) and the Administrative Agent

Annex 6(1): Copy of the CRGE Facility's Chart of Accounts

Government chart of Accounts for CRGE	
Account Codes by Account Category	Account No
TRANSFERS	4000-4099
Cash Transfers	4000-4049
Recurrent salary and allowances	4001
Recurrent operating expenditure	4002
Capital salary and allowances	4003
Capital expenditure	4004
Staff Advances	4005
CHANNEL 1 funds	4006
Grace period payables	4007
Between BI and/or region	4008
Other cash transfers	4009
Within BI or MOFEC	4010
Transfers between BoFED and D/OFED (non subsidy transfers)	4011
Transfer to and from zero balance bank account	4017
Non-Cash Transfers	4050-4099
Recurrent salary and allowances: non-cash	4051
Recurrent operating expenditure: non-cash	4052
Capital salary and allowances: non-cash	4053
Capital expenditure: non-cash	4054
Other non-cash transfers	4055
ASSETS	4100-4199
Cash and Cash Equivalentents	4100-4199
Cash on hand	4101
Cash at bank in foreign currency	4102
Cash at bank	4103
Cash at bank in central treasury	4105
General budget support from loan	4106
General budget support from assistance	4107
Commodity credit grant	4108
Grant deposit account	4109
Channel 1 - Loan	4110
Channel 1 - Assistance	4112
Sinking fund	4113

Deposit in transit	4114
Receivables	4200-4299
Suspense	4201
Cash shortage	4202
Advances	4203-4249
Advance to staff from salary	4203
Advance to BI for Channel 1	4204
Advance to BI for staff from next year's budget	4205
Advance to BI for recurrent expenditures from next year's budget	4206
Advance to BI for capital expenditures from next year's budget	4207
Advance to regions	4208
Other advances to BI	4209
Other advances within government	4210
Other advances to staff – Purchases	4211
Prepayments	4250-4269
Advance to contractors	4251
Advance to consultant	4252
Advance to supplier	4253
Other advances outside government	4254
Other Receivables	4270-4299
Peasant associations	4271
Cooperatives	4272
Individuals and private organizations	4273
Other	4274
Goods in Transit	4300-4399
Stocks	4301
Fixed assets	4302
Stocks	4400-4499
Uniforms, clothing, bedding	4401
Office supplies	4402
Printed materials	4403
Medical supplies	4404
Educational supplies	4405
Food	4406
Fuel and lubricants	4407
Miscellaneous equipment	4408

Agriculture, forestry and marine inputs	4409
Veterinary supplies and drugs	4410
Research and development supplies	4411
Ammunition and ordinance	4412
Building and construction materials	4413
Spare parts	4414
Factory raw materials	4415
Factory work-in-progress	4416
Factory finished goods	4417
Other materials and supplies	4418
Fixed Assets	4500-4599
Construction in Progress	4500-4519
Construction of buildings – residential	4501
Construction of buildings – non-residential	4502
Construction of infrastructure	4503
Construction for military purpose	4504
Property and Equipment	4520-4599
Vehicles and other vehicular transport	4521
Aircraft, boats, etc.	4522
Plant machinery and equipment	4523
Military equipment	4524
Buildings – residential	4525
Buildings – non-residential	4526
Infrastructure	4527
Military purpose buildings	4528
Furnishings and fixtures	4529
Livestock and transport animals	4530
Long Term Loans	4700-4799
Long Term Loans to Public Enterprises	4700-4719
Food sector	4701
Beverage	4702
Textile leather	4703
Trade and industry	4704
Chemical	4705
Printing	4706
Trade	4707

Metal	4708
Agriculture	4709
Financial institutions	4710
Hotel and tourism	4711
Transport and communication	4712
Construction	4713
Mining and energy	4714
Others	4715
Investments	4800-4899
Public Enterprises	4800-4819
Food sector	4801
Beverage	4802
Textile leather	4803
Chemical	4804
Printing	4805
Trade	4806
Metal	4807
Agriculture	4808
Financial institutions	4809
Hotel and tourism	4810
Transport and communication	4811
Construction	4812
Mining and energy	4813
Others	4814
Private Organizations	4820-4899
MOENCO	4821
LIABILITIES	5000-5499
Payables	5000-5099
Accounts Payable	5000-5019
Grace period payables	5001
Sundry creditors	5002
Pension contribution payable	5003
Salary payable	5004
Other payroll deductions	5005
Withholding tax payable	5006
Cost Sharing	5007

Payables within Government	5020-5039
Due to staff	5021
Due to MOFEC for Channel 1	5022
Due to MOFEC for staff from next year's budget	5023
Due to MOFEC for recurrent expenditures from next year's budget	5024
Due to MOFEC for capital expenditures from next year's budget	5025
Due to regions	5026
Other payables to MOFEC	5027
Other payables within government	5028
Family pay	5029
Repatriation	5030
Internally displaced persons	5031
Demobilization	5032
War Veterans	5033
Due to MOFEC revolving Fund	5035
Domestic Borrowings – Short-term	5040-5049
Direct advances	5041
28 day treasury bill	5042
91 day treasury bill	5043
182 day treasury bill	5044
Deposits	5050-5059
Custom deposits	5051
Court deposits	5052
Hospital deposits	5053
Other deposits	5054
Bid bond deposit	5055
Counterpart fund deposits for commodity credit grant	5056
Counterpart fund deposits for grant deposit account	5057
VAT Retention Payable	5058
VAT payable	5059
Retentions	5060-5069
Retention	5061
Long-Term Debt	5100-5399
Local Loans	5100-5149
Bonds	5101
Special bonds	5102

Foreign Loans	5150-5399
Special Purpose Loans	5150-5179
Private Loans	5180-5199
Multilateral	5200-5299
Bilateral	5300 -5399
NET ASSETS/EQUITY	5600-5699
Net Assets/Equity	5601
Capital and Reserve Funds	5610-5699
Sinking Fund	5611
Capital in Public Enterprises	5612
Capital in Private Organizations	5613
Fuel Stabilization Fund	5616
Expenditure	6000-6999
Salaries to permanent staff	6111
Wages to contract staff	6113
Wages to casual staff	6114
Wages to external contract staff	6115
Miscellaneous payments to staff	6116
Allowances to permanent staff	6121
Allowances to contract staff	6123
Allowances to external contract staff	6124
Government contribution to permanent staff pension	6131
Uniforms, clothing, bedding	6211
Office supplies	6212
Printing	6213
Medical supplies	6214
Educational supplies	6215
Food	6216
Fuel and lubricants	6217
Other material and supplies	6218
Miscellaneous equipment	6219
Agriculture, forestry and marine inputs	6221
'Veterinary supplies and drugs	6222
'Research and development supplies	6223
Per diem	6231
Transport fees	6232

Official entertainment	6233
Maintenance and repair of vehicles and other transport	6241
Maintenance and repair of aircraft and boats	6242
Maintenance and repair of plant, and machinery, and equipment	6243
Maintenance and repair of buildings, furnishings and fixtures	6244
Maintenance and repair of infrastructure	6245
Contracted professional services	6251
Rent	6252
Advertising	6253
Insurance	6254
Freight	6255
Fees and charges	6256
Electric charges	6257
Telecommunication charges	6258
Water and other utilities	6259
Local training	6271
External training	6272
Stocks of food	6281
Stocks of fuel	6282
Other stocks	6283
Purchase of vehicles and other vehicular transport	6311
Purchase of aircraft, boats, etc.	6312
Purchase of plant, machinery and equipment	6313
Purchase of buildings, furnishings and fixtures	6314
Purchase of livestock and transport animals	6315
Pre-construction activities	6321
Construction of buildings-residential	6322
Construction of buildings-non-residential	6323
Construction of infrastructure	6324
Construction Supervisor	6326
Grants, contributions and subsidies to institutions and enterprises	6412
Government investment	6413
Contributions to international organizations	6414
Compensation to individuals and institutions	6416
Grants and gratuities to individuals	6417
Miscellaneous payments	6419

Annex 6(2): List of Potential Specialist Financial Intermediaries

	Bank Name	Web Site	Year Est	No of Branches	SWIFT
1	Abay Bank S.C.	http://www.abaybank.com.et	2010	51	ABAYETAA
2	Addis International Bank	http://www.addisbanksc.com	2011	9	ABSCETAA
3	Awash International Bank	http://www.awash-international-bank.com	1994	114	AWINETAA
4	Bank of Abyssinia	http://www.bankofabyssinia.com	1996	78	ABYSETAA
5	Berhan International Bank	http://berhanbanksc.com	2010	20	BERHETAA
6	Bunna International Bank	http://www.bunnabanksc.com	2009	32	BUNAETAA
7	Commercial Bank of Ethiopia	http://www.combanketh.et	1963	741	CBETETAA
8	Construction and Business Bank	http://www.cbb.com.et	1983	79	COUUETAA
9	Cooperative Bank of Oromia	http://www.coopbankoromia.com	2011	67	CBORETA
10	Dashen Bank	http://www.dashenbanksc.com	2003	98	DASHETAA
11	Debub Global Bank	http://www.debubglobalbank.com	2012	15	DEGAETAA
12	Development Bank of Ethiopia	http://www.dbe.com.et	1909	33	BEETETAA
13	Enat Bank	http://www.enatbanksc.com	2013	3	ENATETAA
14	Lion International Bank	http://www.anbesabank.com	2006	39	LIBSETAA
15	Nib International Bank	http://www.nibbank-et.com	1999	66	NIBIETTA
16	Oromia International Bank	http://www.oroitbank.com	2008	61	ORIRETAA
17	United Bank	http://www.unitedbank.com.et	1998	72	UNTDETAA
18	Wegagaen Bank	http://www.wegagenbanksc.com	1997	64	WEGAETAA
19	Zemen Bank	http://www.zemenbank.com	2009	1	ZEMEETAA

Annex 6(3): Standard Government Financial Reporting Format

Capital Expenditure Report

Month

Name of Public Body: _____

Code _____

Name of Program: _____

Code _____

Name of Sub Agency:

Code _____

Name of Sub Program: _____

Code _____

Name of Project: _____

Code _____

Source of Finance: _____

Code _____

Bank Account Number: _____

Account Code	Account Description	YTD Expenditure	
		Debit	Credit
6111	Salaries to permanent staff		
6113	Wages to contract staff		
6114	Wages to casual staff		
6115	Wages to external contract staff		
6116	Miscellaneous payments to staff		
6121	Allowances to permanent staff		
6123	Allowances to contract staff		
6124	Allowances to external contract staff		
6131	Government contribution to permanent staff pension		
6211	Uniforms, clothing, bedding		
6212	Office supplies		
6213	Printing		
6214	Medical supplies		
6215	Educational supplies		
6216	Food		
6217	Fuel and lubricants		
6218	Other material and supplies		
6219	Miscellaneous equipment		
6221	Agriculture, forestry and marine inputs		
6222	'Veterinary supplies and drugs		
6223	'Research and development supplies		
6231	Per diem		
6232	Transport fees		
6233	Official entertainment		
6241	Maintenance and repair of vehicles and other transport		
6242	Maintenance and repair of aircraft and boats		

6243	Maintenance and repair of plant, and machinery, and equipment		
6244	Maintenance and repair of buildings, furnishings and fixtures		
6245	Maintenance and repair of infrastructure		
6251	Contracted professional services		
6252	Rent		
6253	Advertising		
6254	Insurance		
6255	Freight		
6256	Fees and charges		
6257	Electric charges		
6258	Telecommunication charges		
6259	Water and other utilities		
6271	Local training		
6272	External training		
6281	Stocks of food		
6282	Stocks of fuel		
6283	Other stocks		
6311	Purchase of vehicles and other vehicular transport		
6312	Purchase of aircraft, boats, etc.		
6313	Purchase of plant, machinery and equipment		
6314	Purchase of buildings, furnishings and fixtures		
6315	Purchase of livestock and transport animals		
6321	Pre-construction activities		
6322	Construction of buildings-residential		
6323	Construction of buildings-non-residential		
6324	Construction of infrastructure		
6326	Construction Supervisor		
6412	Grants, contributions and subsidies to institutions and enterprises		
6413	Government investment		
6414	Contributions to international organizations		
6416	Compensation to individuals and institutions		
6417	Grants and gratuities to individuals		
6419	Miscellaneous payments		
	Total (To Trial Balance)		

Revenue /Assistance/ Loan Report

Name of Public Body:

Code

Month_____

Name of Program: _____

-

Code _____

Name of Sub Agency: _____

Code _____

Name of Sub Program: _____

Code _____

Name of Project: _____

Code _____

Source of Finance: _____

Code _____

Bank Account Number: _____

Account Code	Account Description	YTD Revenue			
		Debit		Credit	
1101	Tax on wages and salaries				
1465	Interest on loans to government employees				
1485	Other miscellaneous revenue				
Total /To Trial Balance/					

Receivables

Name of Public Body: _____

Code _____

Month _____

Name of Program: _____

Code _____

Name of Sub Agency: _____

Code _____

Name of Sub Program: _____

Code _____

Name of Project: _____

Code _____

Source of Finance: _____

Code _____

Bank Account Number: _____

Account Code	Account Description	Debit	Credit
4201	Suspense		
4202	Cash Shortage		
4203	Advance to Staff		
4204	Advance for SSDP		
4205	Advance for Staff from next year's budget		
4206	Advance for recurrent expenditures from next year's budget		
4207	Advance for Capital expenditures from next year's budget		
4208	Advance to regions		
4209	Other advance to BI		
4210	Other advances within government		
4251	Advance to contractors		
4252	Advance to Consultants		
4253	Advance to suppliers		
4254	Other advances outside government		
4271	Peasant associations		
4272	Cooperatives		
4273	Individuals and private organization		
4274	Others		
	Total (To Trial Blanca)		

Payables Report

Name of Public Body:	Code _____	Month _____

Name of Program:	Code _____	

Name of Sub Agency:	Code _____	

Name of Sub Program:	Code _____	

Name of Project:	Code _____	

Source of Finance:	Code _____	

Bank Account Number:	_____	

Account Code	Account Description	Debit	Credit
5001	Grace period payables		
5002	Sundry Creditors		
5003	Pension Contribution Payable		
5004	Salary Payable		
5021	Due to Staff		
5022	Due to MoFEC for SSDP		
5023	Due to MoFEC for Staff from next year's budget		
5024	Due to MoFEC for recurrent expenditures from next year's budget		
5025	Due to MoFEC for Capital expenditures from next year's budget		
5026	Due to regions		
5027	Other payables to MoFEC		
5028	Other Payables within government		
5051	Custom deposits		
5052	Court deposits		
5053	Hospital deposits		
5054	Other deposits		
5061	Retention on counteract		
	Total (To Trial Blanca)		

Fund Transfer Report

Code

Name of Reporting Unit: _____

Month/Year

Bank Account Number: _____

Account Code	Account Description	YTD Balance	
		Debit	Credit
4001	Recurrent Salary and allowances		
4002	Recurrent Operating Expenditure		
4003	Capital Salary and allowances		
4004	Capital Expenditure		
4005	Staff Advances		
4006	SSDP funds		
4007	Grace Period Payables		
4008	Between BI and/or region		
4009	Other cash transfers		
4010	Within BI or MOFEC		
4011	Transfers between MOFEC and BOFED		
4017	Transfer to and from zero balance bank account		
4051	Recurrent Salary and allowances : non-cash		
4052	Recurrent Operating Expenditure : non-cash		
4053	Capital Salary and allowances: non-cash		
4054	Capital expenditure: non-cash		
4055	Other non-cash transfer		
Total to Trial Balance			

Trial Balance

Name of Public Body: _____	Code _____	Month _____
Name of Program: _____	Code _____	
Name of Sub Agency: _____	Code _____	
Name of Sub Program: _____	Code _____	
Name of Project: _____	Code _____	
Source of Finance: _____	Code _____	
Bank Account Number: _____		

Account Code	Account Description	Debit	Credit
	Revenues/Assistance/Loan: (From Revenue/Assistance/Loan Report)		
	Expenditures:		
	Recurrent expenditure (Total of Recurrent Expenditure Reports)		
	Capital expenditure (Total of Capital Expenditure Reports)		
	Transfers: (from Transfer Report)		
	Receivables: (from Receivables Report)		
	Payables: (from payables Report)		
	Letters of Credit: (by account code-from General Ledger)		
5601	Net Assets/Equity (form General Ledger)		
	Cash & Cash Equivalents (by account code-from General Ledger)		
4101	Cash on hand		
4102	Cash at bank in foreign currency		
4103	Cash at bank		
	Total		

Annex 6(4): Standard Format of 'Report on Sources and Uses of Funds'

SOURCES AND USES OF FUNDS BY -----

FOR THE QUARTER ENDED -----

Description	Brought forward (previous cumulative)	Quarter	Current Cumulative	Forecast : Next Six months		
				1 st Quarter	2 nd Quarter	Total
Sources:						
Donor's						
Government						
TOTAL (1)						
Uses:						
Actual expenditure incurred						
Operating Costs						
Civil Works						
Consultancy						
Supervision						
Goods						
TOTAL (2)						
Sources less Uses (1-2)						
Add: Opening Cash Balance						
CRGE Account						
Net Cash available						
Closing balance						
Net Facility Account						

Interim Financial Report for CRGE Project

For the Quarter From ----- to -----

Description	Current Quarter			Cumulative			Forecast		
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance
<u>Sources of Funds</u>									
Government Fund									
Donors Fund									
Others									
Total sources									
<u>Expenditures</u>									
Consultancy									
Goods									
Operating costs									
Training									
Others									
Total									
Excess of sources/Receipts									
over expenditures/payments									
Prepared By: -----	Checked By:----			Approved By: -----					

Annex 7(1): Standard Format of the Audit Terms of Reference

TERMS OF REFERENCE FOR AUDIT OF CRGE PROJECTS

1. BACKGROUND

When preparing audit terms of reference for CRGE projects, provide the following information on the project:

- Development objectives
- Size and implementation arrangements
- Recipient(s) of the CRGE financing
- Co-financiers: the entity engaging the auditor, if acting on behalf of the recipient, implementing agency and
- The accounting period to be covered by the audit

2. OBJECTIVE OF THE PROJECT AUDIT

The objective of the audit of the CRGE financial statements is to enable the auditor to express professional opinions on the financial position of the project at the end of each fiscal year, and on funds received and expenditures incurred for the relevant accounting period. The project books of accounts provide the basis for preparation of the CRGE financial statements by the project implementing agency and are established to reflect the financial transactions in respect of the project. The implementing agency maintains adequate internal controls and supporting documentation for transactions.

3. SCOPE OF THE AUDIT

The audit of the project will be carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the audit as to whether the:

- a) All external financings have been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided
- b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency and only for the purposes for which the financing was provided
- c) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the donors
- d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using statements of expenditures (SOE) or interim unaudited financial statements methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of accounts
- e) Designated accounts (if used) have been maintained in accordance with the provisions of the relevant financing agreement and funds disbursed out of the accounts were used only for the purpose intended in the financing agreement

- f) National laws and regulations have been compiled with, and that the financial and accounting procedures approved for the project (E.g. operational manual, financial procedure manual etc) were followed and used
- g) Financial performance of the project is satisfactory
- h) Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement
- i) Ineligible expenditures included in quarterly financial reports are identified and reimbursed to the designated accounts. These should be separately noted in the audit report

In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

- a) **Fraud and Corruption:** Consider the risk of material misstatements in the financial statements due to fraud as required by ISA 240: The Auditor's responsibility to consider fraud in an audit of financial statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud
- b) **Laws and Regulations :** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required by ISA 250: Consideration of laws and regulations in an audit of financial statements
- c) **Governance :** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance
- d) **Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level and design and perform further audit procedures to respond to assessed risks at the assertion level as required by International Standards on Auditing 330: The auditor's Procedures in Response to Assessed Risks

4. PROJECT FINANCIAL STATEMENTS

The auditor should verify that the CRGE financial statements have been prepared in accordance with the agreed accounting standards and give a true and fair view of the financial position of the facilities at the relevant date and of resources and expenditures for the financial year ended on that date

The facilities financial statements should include:

- a) Statement of funds received, showing funds from donors and counterpart funds separately, and of the expenditures incurred
- b) Summary of the activities in the designated account
- c) Balance sheet (if deemed necessary)
- d) Summary of the principal accounting policies that have been adopted and other explanatory notes
- e) List of material assets acquired or procured to date with facility funds

As an annex to the project financial statements, the auditor should prepare a reconciliation of the amounts as “received by the project from the donors”, with those shown as being disbursed by the donors

5. STATEMENT OF EXPENDITURES (SOEs)/ UNAUDITED INTERIM FINANCIAL REPORTS (IFRs)

In addition to the audit of the project financial statements, the auditor is required to verify all SOEs or IFRs used as a basis for the submission of loan withdrawal applications to the donors. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances. Annexed to the project financial statements should be a schedule listing individual SOE or IFR withdrawal applications by specific reference number and amount. The total withdrawals under the SOE or IFR procedures should be part of the overall reconciliation of bank disbursements described above

6. DESIGNATED ACCOUNT

In conjunction with the audit of the project financial statements, the auditor is also required to review the activities of the designated account associated with the project. The designated account usually comprises:

- Advance deposits received from the donors
- Replenishments substantiated by withdrawal applications
- Interest that may have been earned on the accounts, and which belong to the recipient
- Withdrawals related to project expenditures

The auditor should pay particular attention as to the compliance with the bank’s procedures and balances of the designated accounts at the end of the fiscal year (or period). The auditor should examine the eligibility of financial transactions during the period under examination and balances at the end of such a period, the operation and use of the designated accounts in accordance with the relevant general conditions, relevant financing agreements and disbursement letter, and the adequacy of internal controls for the type of disbursement mechanism

7. AUDIT REPORT

The auditor will issue an opinion on the project financial statements. The annual audit report of the project accounts should include a separate paragraph highlighting key internal control weaknesses and non-compliance with the financing agreement terms

OPTIONAL OPINIONS (to be included as appropriate, i.e. based on project financial management risk, complexities, governance issues, etc as identified during the financial management assessment) Special Opinion	Possible rationale
--	---------------------------

Provision and usage of counterpart funds	Past poor compliance with financing agreement terms relating to the provision and usage of counterpart funds or abuse of counterpart funds in the country or sector or Inadequate provision or inappropriate usage of counterpart funds could affect the successful implementation of the project
Entities that received funds meet eligibility criteria	A component/s of the project involves transferring/releasing of funds to only entities that meet certain eligibility criteria or Where aide memoire, FM supervision, technical audit reports or previous experience in sector points to non-compliance with financing agreement terms relating to eligibility criteria or If entities receiving funds do not meet eligibility criteria, project implementation will be impacted adversely
Use of funds by communities and decentralized entities	Where funds are transferred to communities and decentralized entities under the project, and the assessed risk for this activity is high or substantiated
Use of funds by NGOs	Where significant amount of fund are transferred to NGOs and the assessed risk for this activity is high or substantial
Use of funds by line Ministries	Where significant amount of fund are transferred to several line Ministries and the assessed risk for this activity is high or substantial
Delivery of specified/agreed output/services	Where a project is designed around a series of verifiable output/service levels to be achieved and disbursements are at least in part, related to these output/services (e.g. a power company that is expected to increase power generation to certain specific levels in each quarter, year or specified date)

8. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a management letter in which the auditor will;

- a) Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit
- b) Identify specific deficiencies or areas of weaknesses in systems and controls and make recommendations for their improvement
- c) Report on the degree of compliance of each of the financial covenants in the financing agreement and give comments, if any, on internal and external matters affecting such compliance
- d) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the project
- e) Give comments on the extent to which outstanding issues/qualifications have been addressed

- f) Give comments on previous audits' recommendations that have not been satisfactorily implemented
- g) Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures

Ideally, the management letter should also include responses from the implementing agency to the issues highlighted by the auditor

9. AVAILABLE INFORMATION

The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at the bank. Available information should include copies of the relevant project appraisal document, financing agreement, financial management assessment reports, supervision mission reports and implementation status reports

10. GENERAL

The financial statements, including the audit report, management letter and management responses should be received by the bank not later than ---- months after the end of the accounting year to which the audit relates.

The auditor should submit the report to the recipient's designated agent rather than to any staff member of the project entity. The agent should then promptly forward two copies of the audit report and accompanying statements to the donors together with the management letter and management responses

It is highly desirable that the auditor become familiar with the donors' guidelines on annual financial reporting for donor financed activities which summarizes the donors' financial reporting and auditing requirements. The auditor should be familiar with donors' procurement guidelines which can be obtained from the project implementing agency. The auditor should also be familiar with the donors' disbursement guidelines for projects.

Annex 7(2) Internal Control Procedures

Internal control is an integral process that is carried out by an entity's management and personnel and is designed to address risks and to provide reasonable assurance to the achievement of the entities mission and general objectives.

1. General Objective

The general objectives of an internal control are:

- Executing orderly, ethical, economical, efficient and effective Operations;
- Fulfilling accountability obligations;
- Complying with applicable laws and regulations;
- Safeguarding resources against loss, misuse and damage.

2. Limitations on Internal Control Effectiveness

Internal control cannot by itself ensure the achievement of the general objectives defined above.

An effective internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management about the achievement of an entity's objectives or its survival. It can give management information about the entity's progress, or lack of it, toward achievement of the objectives. But internal control cannot change an inherently poor manager into a good one.

3. Types of Internal Control

Internal Controls are organized into two categories based on the role of public bodies. These are:

1. **Financial Controls:** Financial control is a series of actions which is considered to be part of the total internal control system concerned with realizing the financial objectives of the public body. The main areas of financial control include:
 - **Budgetary Control:** The public body should plan and control its expenditure and income to meet its predetermined objectives
 - **Legitimacy of Income Expenditure:** All income and expenditures should be in accordance with the policies of the public body, should be properly authorized and should be within the law
 - **Security of Assets:** Assets of the public body should be kept in proper custody and not wrongly applied, either by error or intent
 - **Accounting Controls:** All transaction should be recorded and accurately processed and control accounts maintained \
2. **Management Control:** is a series of actions, concerned with administrative procedures needed to make managerial decisions in order to achieve, possible economic and administrative efficiency and ensure the implementation of administrative policies. These are discussed further in section 5 below. (MoFEC, Internal Audit Standards 1996 E.C)

4. Components of Internal Control

Internal control consists of five interrelated components:

- 4.1. Control environment
- 4.2. Risk assessment
- 4.3. Control activities
- 4.4. Information and communication and
- 4.5. Monitoring

A brief description of each is presented below

1.1. Control Environment

The control environment is the foundation for all other components of internal control, providing discipline and structure. Elements of the control environment are:

1. The personal and professional integrity and ethical values of management and staff
2. Commitment to competence
3. Management's philosophy and operating style
4. Organizational structure
5. Human resource policies and practices

1. The personal and professional integrity and ethical values of management and staff

The personal and professional integrity and ethical values of management and staff determine their preferences and value judgments, which are translated into standards of behavior. They should exhibit a supportive attitude toward internal control at all times throughout the organization.

Every person involved in the organization has to maintain and demonstrate personal and professional integrity and ethical values and has to comply with the applicable codes of conduct at all times. Public organizations have to maintain and demonstrate integrity and ethical values, and they should make those visible to the public in their mission and core values. In addition, their operations have to be ethical, orderly, economical, efficient and effective.

2. Commitment to competence

Commitment to competence includes the level of knowledge and skill needed to help ensure orderly, ethical, economical, efficient and effective performance, as well as a good understanding of individual responsibilities with respect to internal control.

Managers and employees have to maintain a level of competence that allows them to understand the importance of developing, implementing, and maintaining good internal control and to perform their duties in order to accomplish the general internal control objectives and the entity's mission.

Managers and their staffs must therefore maintain and demonstrate a level of skill necessary to assess risk and help ensure effective and efficient performance, and an understanding of internal control sufficient to effectively discharge their responsibilities.

3. Management's philosophy and operating style reflects:

- a supportive attitude toward internal control at all times, independence, competence and leading by example;
- a code of conduct set out by management, and counseling and performance appraisals that support the internal control objectives and, in particular, that of ethical operations.

The attitude established by top management is reflected in all aspects of management's actions. The commitment, the involvement and support of top government officials and legislators in setting "the tone at the top" foster a positive attitude and are critical to maintaining a positive and supportive attitude towards internal control in an organization.

If top management believes that internal control is important, others in the organization will sense that and will respond by conscientiously observing the controls established. For example, the creation of an internal audit unit as part of the internal control system is a strong signal by management that internal control is important.

4. Organizational structure

The organizational structure of an entity provides:

- Assignment of authority and responsibility;
- Empowerment and accountability;
- Appropriate lines of reporting.

The organizational structure defines the entity's key areas of authority and responsibility. Empowerment and accountability relate to the manner in which this authority and responsibility are delegated throughout the organization. There can be no empowerment or accountability without a form of reporting.

5. Human resource policies and practices

Human resource policies and practices include hiring and staffing, orientation, training and education, evaluating and counseling, promoting and compensating, and remedial actions. An important aspect of internal control is personnel. Competent, trustworthy personnel are necessary to provide effective control. Therefore, the methods by which persons are hired, trained, evaluated, compensated, and promoted, are an important part of the control environment. Managers and employees who have a good understanding of internal control and are willing to take responsibility, are vital to effective internal control.

5.2. Risk Assessment

Risk assessment is the process of identifying and analyzing relevant risks to the achievement of the entity's objectives and determining the appropriate response. This includes:

1. Risk identification
2. Risk evaluation
3. Assessment of the risk appetite of the organization
4. Development of responses:
 - Four types of responses to risk must be considered: transfer, tolerance, treatment or termination; of these, risk treatment is the most relevant to these guidelines because effective internal controls the major mechanism to treat risk;
 - The appropriate controls involved can be either detective or preventive. As governmental, economic, industry, regulatory and operating conditions are in constant change, risk assessment should be an ongoing iterative process. It implies identifying and analyzing altered conditions and opportunities and risks (risk assessment cycle) and modifying internal control to address changing risk.

5.3. Control Activities

Control activities are the policies and procedures established to address risks and to achieve the public body's objectives.

To be effective, control activities must be appropriate, function consistently according to plan throughout the period, and be cost effective, comprehensive, reasonable and directly relate to the control objectives.

Control activities occur throughout the organization, at all levels and in all functions. They include a range of detective and preventive control activities as diverse, for example, as:

1. Authorization and approval procedures
2. Segregation of duties (authorizing, processing, recording, reviewing)
3. Controls over access to resources and records
4. Verifications
5. Reconciliations
6. Reviews of operating performance
7. Reviews of operations, processes and activities
8. Supervision (assigning, reviewing and approving, guidance and training)

1. Authorization and approval procedures

Authorizing and executing transactions and events are only done by persons acting within the scope of their authority. Authorization is the principal means of ensuring that only valid transactions and events are initiated as intended by management. Authorization procedures, which should be documented and clearly communicated to managers and employees, should include the specific conditions and terms under which authorizations are to be made. Conforming to the terms of an authorization means that employees act in accordance with directives and within the limitations established by management or legislation.

2. Segregation of duties (authorizing, processing, recording, reviewing)

To reduce the risk of error, waste, or wrongful acts and the risk of not detecting such problems, no single individual or team should control all key stages of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of individuals to ensure that effective checks and balances exist. Key duties include authorizing and recording transactions, processing, and reviewing or auditing transactions. Collusion, however, can reduce or destroy the effectiveness of this internal control activity. A small organization may have too few employees to fully implement this control. In such cases, management must be aware of the risks and compensate with other controls. Rotation of employees may help ensure that one person does not deal with all the key aspects of transactions or events for an undue length of time. Also, encouraging or requiring annual holidays may help reduce risk by bringing about a temporary rotation of duties.

3. Controls over access to resources and records

Access to resources and records is limited to authorized individuals who are accountable for the custody and/or use of the resources. Accountability for custody is evidenced by the existence of receipts, inventories, or other records assigning custody and recording the transfer of custody. Restricting access to resources reduces the risk of unauthorized use or loss to the government and helps achieve management directives. The degree of restriction depends on the vulnerability of the resource and the perceived risk of loss or improper use, and should be periodically assessed. When determining an asset's vulnerability, its cost, portability and exchangeability should be considered.

4. Verifications

Transactions and significant events are verified before and after processing, e.g. when goods are delivered, the number of goods supplied is verified with the number of goods ordered. Afterwards, the number of goods invoiced is verified with the number of goods received. The inventory is verified as well by performing stock-takes.

5. Reconciliations

Records are reconciled with the appropriate documents on a regular basis, e.g. the accounting records relating to bank accounts are reconciled with the corresponding bank statements.

6. Reviews of operating performance

Operating performance is reviewed against a set of standards on a regular basis, assessing effectiveness and efficiency. If performance reviews determine that actual accomplishments do not meet established objectives or standards, the processes and activities established to achieve the objectives should be reviewed to determine if improvements are needed.

7. Reviews of operations, processes and activities

Operations, processes and activities should be periodically reviewed to ensure that they are in compliance with current regulations, policies, procedures, or other requirements. This type of review of the actual operations of an organization should be clearly distinguished from the monitoring of internal control which is discussed separately under the monitoring section below.

8. supervision (assigning, reviewing and approving, guidance and training)

Competent supervision helps to ensure that internal control objectives are achieved. Assigning, reviewing, and approving an employee's work encompasses:

- Clearly communicating the duties, responsibilities, and accountabilities assigned each staff member;
- Systematically reviewing each member's work to the extent necessary;
- Approving work at critical points to ensure that it flows as intended.

The abovementioned list is not exhaustive but enumerates the most common preventive and detective control activities. Control activities 1– 3 are preventive, 4 – 6 are more detective while 7 – 8 are both preventive and detective. Entities should reach an adequate balance between detective and preventive control activities, whereby often a mix of controls is used to compensate for the particular disadvantages of individual controls.

5.3.1. Information Technology Control Activities

Information systems imply specific types of control activities. Therefore information technology controls consist of two broad groupings:

General controls

General controls are the structure, policies and procedures that apply to all or a large segment of an entity's information systems - such as mainframe, minicomputer, network, and end-user environments - and help ensure their proper operation. They create the environment in which application systems and controls operate.

Application controls

Application controls are the structure, policies, and procedures that apply to separate, individual application systems - such as accounts payable, inventory, payroll, grants, or loans - and are

designed to cover the processing of data within specific applications software. Application controls are the structure, policies, and procedures that apply to separate, individual application systems - such as accounts payable, inventory, payroll, grants, or loans - and are designed to cover

the processing of data within specific applications software.

5.4. Information and Communication

Information and communication are essential to realising all internal control objectives.

Information

A precondition for reliable and relevant information is the prompt recording and proper classification of transactions and events. Pertinent information should be identified, captured and communicated in a form and time frame that enables staff to carry out their internal control and other responsibilities (timely communication to the right people). Therefore, the internal control system as such and all transactions and significant events should be fully documented.

Communication

Effective communication should flow down, across, and up the organization, throughout all components and the entire structure. All personnel should receive a clear message from top management that control responsibilities should be taken seriously. They should understand their own role in the internal control system, as well as how their individual activities relate to the work of others. There also needs to be effective communication with external parties.

5.5. Monitoring

Internal control systems should be monitored to assess the quality of the system's performance over time. Monitoring is accomplished through routine activities, separate evaluations or a combination of both.

1. Ongoing monitoring

Ongoing monitoring of internal control shall be built into the normal, recurring operating activities of an entity. It includes regular management and supervisory activities, and other actions personnel take in performing their duties ongoing monitoring activities cover each of the internal control components and involve action against irregular, unethical, uneconomical, inefficient and ineffective internal control systems.

2. Separate evaluations

The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Specific separate evaluations cover the evaluation of the effectiveness of the internal control system and ensure that internal control achieves the desired results based on predefined methods and procedures. Internal control deficiencies should be reported to the appropriate level of management.

Monitoring should ensure that audit findings and recommendations are adequately and promptly resolved.

6. Duties and Responsibilities

Everyone in an organization has some responsibility for internal control:

Managers: Are directly responsible for all activities of an organization, including designing, implementing, supervising proper functioning of, maintaining and documenting the internal control

system. Their responsibilities vary depending on their function in the organization and the organization's characteristics.

Internal auditors: Examine and contribute to the ongoing effectiveness of the internal control system through their evaluations and recommendations and therefore play a significant role in effective internal control. However, they do not have management's primary responsibility for designing, implementing, maintaining and documenting internal control.

Staff members: Contribute to internal control as well. Internal control is an explicit or implicit part of everyone's duties. All staff members play a role in effecting control and should be responsible for reporting problems of operations, non-compliance with the code of conduct, or violations of policy.

External auditors: Audit certain government organizations in some countries. They and their professional bodies should provide advice and recommendations on internal control.

Legislators and regulators: Establish rules and directives regarding internal control. They should contribute to a common understanding of internal control.

Annex 7(3) ToR for Internal Audit Units to Audit CRGE Facility Projects

The Internal Audit Standards and code of Ethics for Internal Auditors and Internal Audit Procedural Manual issued by MoFEC, outlines internal audit practices in general and specifically presents the following in detail:

- Internal Audit Standards and code of ethics
- Basic Concepts and Principles of Internal Audit Procedural Guidance on Financial and Special Audits

On the other hand the OM has only a very brief section on internal auditing. The following Terms of Reference (ToR) is, therefore developed for the internal audit units to audit the CRGE Projects.

1. Introduction

This ToR is developed to provide a scope of work and deliverables for the Internal Audit Directorates/Departments to audit CRGE Facility projects in their respective Ministries/Agencies

2. Objective

The objective of the internal audit units of public bodies which implement CRGE Facility projects is to add value by assisting the managements in effectively discharging their responsibilities including the promotion of effective internal controls as well as compliance with rules, regulations and directives etc...

3. Scope of the Audit

The internal audit of the projects should be carried out in accordance with the International Standards on Auditing (ISA) published by the International Federation of Accountants. The Internal Audit Standards and code of Ethics for Internal Auditors and Internal Audit Procedural Manual issued by MoFEC has also to be referred to.

The specific areas of the audit should include the following:

1. Develop a detailed annual plan including the scope of each activity of the audit of the CRGE Facility Projects and discuss the coverage with management
2. Assess the adequacy of the program's financial management system including internal controls. This includes aspects such as adequacy and effectiveness of accounting, financial and operational controls exercised by the public body.
3. Perform compliance audit to verify whether funds have been used in accordance with the relevant financial laws, regulations and directives with due attention to economy and efficiency, and for the purpose for which the financing has been provided.
4. Ascertain adequate and proper supporting documents, namely, invoices, vouchers, receipts etc are maintained and linked to the transactions
5. Assess whether goods, works and services financed have been procured in accordance with relevant provisions for procurements made under domestic procurement or donor procurement procedures as the case may be

6. Ascertain the completeness, existence, recording, safeguarding and utilization of the purpose intended including physical verification of sample assets.
7. Ensure the adequacy of financial and administrative delegation and segregation of duties and controls; ascertain expenditures incurred and or advances provided are duly authorized as per the financial and administrative delegation approved by management.
8. Verify the correctness of transactions, withdrawals from the designated accounts and the use of funds are in accordance with the financing agreement (MoUS). This should include the administration of the reconciliation of the dedicated bank account balance at the year-end with project records and MoFEC's disbursement record
9. Report on audit findings to management
10. Work closely with the Office of the Federal Auditor General (OFAG) or other external auditors to ensure synergy of approach, with a view to minimal duplication of effort and to obtain reliance on work performed.
11. Monitor implementation of the external auditor's findings and recommendations.
12. Follow-up on the remedial actions taken by management in response to previous audit findings and recommendation.
13. Ensure whether the following reports required as per the OM are provided to MoFEC on time
 1. Quarterly financial reports
 2. Quarterly narrative progress reports
 3. Annual Audited financial statements and reports
 4. Annual narrative progress reports including environmental and Social Safeguards, policies and procedures, implementation and monitoring
14. Perform any other additional investigation or assurance services with respect to CRGE Facility projects requested by management.

Table 6: Internal Audit Checklist Format

Internal Audit Checklist			
No.	Assessment Parameters/Internal Checks/Controls	Observation	
A.	Payments and Receipts	Major	Minor
1.	Are payments for expenditures in line with approved quarterly plan		
2.	Are payments properly approved in line with the financial delegation		
3.	Are supporting documents filed properly and easily accessible		
4.	Is there a serial control over payment, receipt and journal vouchers		
5.	Are the expenditure/payments charged to the correct account code		
6.	Is the system generated voucher used as the basis for approval of payments		
B.	Fund Flow		
1.	Are there any delays in receiving funds from the CRGE Facility Secretariat and transferring funds to regions		

C. Overall Monitoring of advances

1. Is the system for monitoring and control of advances adequate
2. Are there a large number of advances overdue
3. Is there an ageing report generated for review by the project director on a periodic basis

D. Operation of bank account

1. Are bank reconciliation carried out on a monthly basis?
2. Are there any un-reconciled or un-accounted for balances
3. Are payments made by crossed cheque/draft
4. Is there adequate physical control over cash, receipt book and balance cheque books

E. Procurement

1. Have the procurement procedures prescribed in the Procurement Manual followed
2. Are these supported by adequate and valid supporting documents

F. Fixed Assets

1. Are the assets procured documented in the fixed assets register giving its location etc
2. Carry out a sample verification of fixed assets
3. Has the purchased material been entered in the stock register? Is it up to date and physical stock in arrangement with book balances?

G. Reporting

1. Have the financial and narrative reports for the previous quarter sent to MOFEC in a timely Manner

H. Other issues

1. Any other issues that the office may like to address

Annex 10(1): Standard Proposal Form

CONCEPT NOTE SUBMISSOIN TEMPLATE: TEMPLATE A

Fast Track Investment: CONCEPT NOTE FORM		
SECTION 1: INFORMATION ABOUT THE ORGANISATION APPLYING		
1.1	Organization name	
1.2	Office address	
1.3	Website address (<i>If applicable</i>)	
1.4	Main contact person	Name: Position: Email: Tel:
1.5	List the on-going projects that are being implemented by your institution and are CRGE related.	
SECTION 2: BASIC INFORMATION ABOUT THE PROPOSED PROJECT		
2.1	Project title (<i>State your project title in a clear statement that shows what you are intending to achieve</i>).	
2.2	Where will the project be implemented? <i>(Federal / Region level/woreda/Kebele) Please briefly describe the geographical location, Socio-Economic description and the description of the biological and physical Environment.</i>	

2.3	Estimated project duration <i>(in number of months: please also show as, dd/mm/yy to dd/mm/yy)</i>	
2.4	What is the likely total cost of the project? (In US Dollars)	\$
2.5	ACRONYMS <i>(Please list all acronyms used in your application, spelling out each one in full:)</i> <i>Eg: MEFCC: Ministry of Environment, Forest and Climate Change</i> <i>MoA: Ministry of Agriculture</i>	
SECTION 3: FURTHER INFORMATION ABOUT THE PROPOSED PROJECT <i>(Maximum 3 pages for the whole of Section 3)</i>		
3.1	PURPOSE, OBJECTIVE, SPECIFIC OBJECTIVES, APPROACH	
3.1.1	Project Background: <i>(Outline the overall aim of the project, the expected impact, outcome and outputs of the project. Describe clearly what change it intends to achieve, and who will benefit). (Please don't exceed 150)</i>	
3.1.2	Why is this project needed at this time (Problem Statement)? <i>(Clearly state evidence based justification of why the implementation of this project is necessary in terms of climate change adaptation and/or mitigation/ what type of environmental, social and economic problems will be addressed because of this intervention. Define the problem observed in relation to the targeted group, targeted beneficiaries and give concrete examples on the problems)</i>	
3.1.3	What specific change is this project intended to achieve? <i>(In this case write the 'General Objective' and then "Specific Objectives" ensure your objectives are set in a Specific, Measurable, Achievable, Realistic and Time bound (SMART) in such a way that they address specific climate change adaptation and/or mitigation objectives and expected results.)</i>	

3.1.4	What are the activities to be implemented by the project to achieve the specific objectives described? <i>(Describe briefly the main activities planned to be implemented in this project in a clear statement in logical and sequential order in number or bullets. Be sure that the activities are aligned with the objective stated in section 3.1.2)</i>
3.1.5	How will project monitoring and evaluation (M&E) and lesson learning be undertaken? <i>(please indicate who will be responsible for evaluation, how the project will be monitored and evaluated (methodologies such as field work, desk review, interview, etc should be outlined). You need to describe how you are going to monitor the project to ensure that it stays on track and it is delivering the expected impact)</i>
3.2.	FULFILMENT OF ELIGIBILITY CRITERIA
3.2.1	What will be the strategic benefit of your project in terms of contributing to Ethiopia's climate resilient green economy? <i>(Please indicate the options that you have identified from the CR and/or GE options?)</i>
3.2.2	Where relevant, identify with which existing programme will this activity be complemented? <i>(please show how the activities in this project complement but not overlap with existing programmes)</i>
3.2.3	How will your proposed activities contribute to poverty reduction? <i>(Please show how the implementation of the activities planned would contribute to the improvement of household income, creation of women and youth employment while enhancing the ecosystem/environment service giving capacity in a sustainable way)</i>
3.2.4	What are the expected benefits towards gender equality and equity from your proposed activities? <i>(please show how the project ensures women's meaningful participation and equity, child welfare? please also show the means of verification of this participation and equity.)</i>
3.2.5	Who are the direct beneficiaries and who are partners working in the project and what roles do they have? <i>(please clearly show the direct beneficiaries of the project, parties who take part in the implementation of activities as it helps to show who is going to benefit, who is responsible or be partner for which type of</i>

	task/activity?)
3.2.7	How will the project activities be sustainable in the long term and what is the potential for scaling up? <i>(Please show what type of approaches are designed to ensure that project activities under implementation will be carried over even after the termination of the project. Please also show that how the results of the project can be scaled up to other wider communities, geographical scope or other entities).</i>
3.2.8	What is the expected negative social and environmental impacts <i>(Please refer to FDRE Proclamation 299/2002 and Regulation No. 1/2007 for the national environmental and safeguards requirements when responding)</i> ? How do the expected negative social and environmental impacts due to the implementation of the project be tackled?
3.2.9	How will the projects take into account occupational health and safety aspects in line with Ethiopia's has a specific Proclamation on occupational health and safety (Proc. No. 377/2002)? <i>(As appropriate, please indicate what type of occupational health and safety practice will be considered during the implementation of the project)</i>
SECTION 4. YOUR SUPPORT NEEDS	
4.1	What information, training and support does your organisation need to develop a high quality proposal and implement high impact activities, if the concept note is approved? What is the best way to deliver this support? <i>(please indicate the technical support needed in brief)</i>

7.2 Fast Track Proposal Template: Template B

Fast Track Investment

PROJECT PROPOSAL FORM

Please note the following page limits:

Sections 1-2 : 3 sides of A4

Sections 3-4 : 3 sides of A4

Sections 5-7 : 3 sides of A4

Please complete all sections even if some responses are the same as those submitted at the Concept note stage.

This proposal should include the following annexes:

1. Annex A. Project log frame and activities log
2. Annex B. Project work plan
3. Annex C. Detailed project budget
4. Annex D. environmental and social impact checklist
5. Annex E. Project Risk matrix

SECTION 1: SUMMARY OF THE PROJECT DATA

1.1	Project title <i>(State your project title in a clear statement that shows what you are intending to do)</i>	
1.2	Project summary <i>(The summary paragraph should provide an overview of the proposed project, useful for potential donor or parties interested in gaining a better understanding of the projects in a word limit of 150 words. The executive summary should include:</i> ➤ <i>the problem statement;</i>	

	<ul style="list-style-type: none"> ➤ the project's objectives; ➤ implementing organizations; ➤ key project activities; and ➤ the total project budget) 	
1.3	Lead organisation (indicate the organization by which the execution of the project will be conducted)	
1.5	Anticipated start date (DD/MM/YYYY)	
1.6	Project duration (in number of months: please also show as, dd/mm/yy to dd/mm/yy)	
1.7	Total funding requested (in USD) (You are expected to provide budget details in Activity Schedule and budget Section 7)	
1.8	Please list all acronyms used in your application (Please list all acronyms used in your application, spelling out each one in full:) <i>Eg: MEFCC: Ministry of Environment, Forest and Climate Change</i>	
SECTION 2: INFORMATION ABOUT THE APPLICANT		
2.1	Organisation name	
2.2	Office address (please write Region, Woreda, city, KifleKetema, Tel No. (cell and fixed) Fax, E-mail)	
2.3	Website address (if applicable)	

2.5	Contact person/ Project Lead <i>(the person who has ultimate responsibility for delivering this project who is the CRGE focal person. Write his/her Tel No, (cell and fixed) Fax, E-mail).</i>	
SECTION 3: INFORMATION ABOUT THE PROJECT		
3.1	Project Background: <i>(Outline the overall aim of the project, the expected impact, outcome and outputs of the project. Describe clearly what change it intends to achieve, and who will benefit).</i>	
3.1.1	Why is this project needed (Problem Statement)? <i>(Clearly state evidence based justification of why the implementation of this project is necessary in terms of climate change adaptation and/or mitigation/ what type of environmental, social and economic problems will be solved because of the implementation of the project. Define the problem observed in relation to the targeted group, targeted institutions and give concrete examples on the problems)</i>	
3.1.2	Who are the beneficiaries of this project and what expected impact will this have on their present circumstance? <i>(Clearly state the direct beneficiaries of the project as well as the indirect beneficiaries. It is also necessary to clearly state what type of change and impact will the implementation of the project will bring on their current situation of those direct and indirect beneficiaries).</i>	
3.1.3	What change is this project intended to achieve? State project impact, outcome and outputs on the environment, biodiversity condition, land degradation, pollution, etc as appropriate) <i>(these should be taken from the project logframe/result matrix in section 9).</i>	
3.2	APPROACH AND METHODOLOGY	
3.2.1	How will the project impact, outcome and outputs be achieved? Clearly describe the approach and methodology to be followed and list out activities planned in logical sequence. <i>(you will include a work plan and activity log in section 7 and 8)</i>	

3.3	PROJECT MANAGEMENT AND IMPLEMENTATION
3.3.1	Who will be carrying out the different project activities? (Describe the project implementation and management arrangements, including a clear description of the roles and responsibilities of each of the partners and the coordination role. <i>(make sure that this will be consistent with the description you showed in the log frame/result matrix. You may wish also to present this as an appendix in the form of an organogram of how partners relate to each other).</i>
SECTION 4: MONITORING, EVALUATION, LESSON LEARNING	
4.1	How will the performance of the project be monitored and evaluated? <i>(Describe the responsible bodies and actors who will involve in the M&E, lessons learning as consistent with the log frame. Please also describe how the logframe will be used as a key monitoring tool).</i>
4.2	In brief, outline how this project will contribute towards providing the information required for national climate resilience and mitigation agenda. <i>(please describe how the project contributes to the initiatives of the Ethiopian Climate Resilient Green Economy Strategy agenda).</i>
4.3	How will you involve beneficiaries in monitoring and evaluation? <i>(Clearly show how the beneficiaries themselves will be involved in the day to day and/or timely project monitoring and evaluation. Please note that M&E plans that are more inclusive will be favoured).</i>
4.4	How will you monitor organizational capacity building and change over the life of the project? <i>(Please describe the monitoring mechanism of capacity built and change obtained during the project life).</i>
4.5	Lesson learning: <i>(Please list the learning activities and lesson sharing strategy of the project).</i>

4.6	Develop MRV plan: Please show what the MRV will look like
SECTION 5: PROJECT RISKS AND MITIGATION	
5.1	Please outline the main risks to successful delivery of this project indicating whether they are high, medium or low. How will these risks be mitigated? If the risks are outside your direct control, how will the project design address them? <i>(Please complete the risk matrix in Section 10)</i>
5.2	What risks, if any, does this project pose to the environment, people or institutions affected by the project and how will these be managed and/or mitigated? Please complete Annex D environmental and social impact checklist and consider safeguard policy measures
SECTION 6: STANDARDS FOR APPLICATION	
6.1	Scale up: How do you insure that the project results can be scaled up?
6.2	Impacts and benefits to the poor: How will the proposed project activities contribute to poverty reduction?
6.3	Impacts and benefits on gender: <u>What</u> are the expected benefits towards gender equality and equity from your proposed activities?
6.4	Partnership: How will the project foster greater partnership between climate actors in Ethiopia, and/or between Ethiopian climate actors and international counterparts?

6.5	Results based: What results will the project deliver?		
6.6	Sustainability: How will the benefits delivered by the project be sustained after FTI funding comes to an end?		
6.7	Safeguard measures: What is the expected negative social and environmental impacts (FDRE Proclamation 299/2002 and Regulation No. 1/2007 for the national environmental and safeguards requirements when responding)		
6.8	Occupational Health: How will the projects take into account occupational health and safety aspects in line with Ethiopia's has a specific Proclamation on occupational health and safety (Proc. No. 377/2002)? <i>(As appropriate, please indicate what type of occupational health and safety practice will be considered during the implementation of the project)</i>		
SECTION 7. BUDGET AND SUPPORT NEEDS			
7.1	Total cost of the Project (USD)	\$	
7.2	Indicate if there is similar imitative/s which this project would complement (Its name and remaining budget)		
7.3	What information, training and technical support does your organization need for the proposed project activities to have a high impact? How will this support be obtained (E.g. onsite support, training, workshop, etc)? What is the best way to deliver this training and technical support?		

8. Activity schedule and budget (with Example)

Component and output	Outputs	Activity Description	Total	2014				Budget description in GB Pound Sterling	Amount in GB	Implementing organization
				Q1	Q2	Q3	Q4			
I.	Output 1:	1.1								
		1.2								
II.	Output 2:	2.1								
		2.2								

9. Result/Logical Framework

Intended Results	Indicators	Activities	Means of Verification	Responsible Parties	Inputs
Outcomes: <ul style="list-style-type: none"> CRGE outcomes (mitigation and adaptation) : GTP outcomes: 					
Output 1					
Output 2					
Output 3					

10. **Risk Matrix:** (Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design.

Risk	Level of Risk (High/Medium or low)	Mitigation Action

Annex 10(2): CRGE Technical and Financial Appraisal Methodology

A comprehensive CRGE technical and financial appraisal methodology is under development by ME FCC, and will be completed in 2014. Among other things, it will consider the following;

Desired Outcomes

- The Facility shall finance high quality 'bankable' investment proposals, which can be implemented at the community, regional, national or transboundary level. A concrete investment proposal is defined as a statement of a set of activities aimed at reducing the cost of countering vulnerability and/or reducing the quantified greenhouse gas emissions whilst contributing to economic development objectives.
- The provision of funding from the Facility will be in accordance with the CRGE's strategic priorities as well as those of the relevant Implementing Entity. Therefore, the proponent is required to provide to the CRGE Facility through the relevant Implementing Entity justification of the extent to which the proposal contributes to reduction results.
- The Facility should finance investments that are of strategic scale/minimum size to drive transformative impact and reduce transaction costs.

Validation Requirements

- Investment proposals should be validated if they have incremental and transformative impacts on GTP, low emission growth and vulnerability reduction with realistic support from the facility. An investment proposal should rather have the potential to achieve a substantial reduction in the need for financial backing after the initial support provided. Therefore, the concerned Implementing Entity in consultation with the concerned Executing Entity is required to ensure the achievability of the outcome of the investment proposal once the support of the Facility is used up.
- Because each eligible Executing Entity may face barriers, financing from The Facility will be tailored to address the specific barriers identified in each investment proposal. Therefore, the financial support of The Facility should be used to enable an investment in reducing the rising cost of vulnerability and the specified quantity of emissions from the business-as-usual reference level.

Types of Reduction Actions

Reduction actions spans from unsupported, supported, rewarded to credited actions.

- Unsupported reduction actions will be encouraged, but will not be obligated, to fulfil strict measurement, reporting and verification requirements. However, they may be recorded and recognised as Ethiopia's contribution to the global good.
- Supported, rewarded and credited reduction actions have to comply with strict measurement, reporting and verification requirements.

Sectoral and Thematic Reduction Action Plans

Implementing Entities shall aim to maximise both climate and development benefits at the lowest possible cost by adopting sectoral reduction actions.

The adoption and implementation of sectoral reduction actions for poverty eradication and sustainable development shall be guided, inter alia, by the following key principles:

1. **Regional dimension.** The SRAPs need to consolidate and harmonise a federal and regional vision for each sector or thematic issue. For example, the Energy SRAP will need to incorporate both federal level priorities (large scale hydro), with regional level priorities (Tigray's plans for rural electrification). Both sets of priorities need to be reflected in the SRAP while eliminating duplication between federal and regional level instruments. The Federal Line Ministries will lead in developing the SRAPs but they will need to take into proactively engage with the Regional Governments. The Regional Governments in turn will need to solicit and consolidate views from their zonal and woreda level authorities.
2. **Stocktaking.** SRAPs make a detailed review of all current interventions, plans and policies of the sector (at the regional and federal level). This is used to set baselines, targets and to inform the selection of and prioritisation of interventions to reduce emissions and vulnerability.
3. **Baselines.** SRAPs identify the current level of economic development, emissions and project this out into the future— this is known as the baseline and/or Business as Usual Scenario.
4. **Targets.** SRAPs set out targets for tackling vulnerability and emissions in the sector over spatial and temporal scales. These targets must be measurable and be validated to ensure that the targets are (1) stretching (2) realistic/achievable and (3) consistent with the overall strategy of the CRGE.
5. **Interventions.** The SRAP will spell out the proposed interventions for each sector and quantify the investment needed in the following areas:
 - a) Mainstreaming. The SRAP will identify opportunities to mainstream climate change into existing policies and programmes. This involves improving the development programmes of the sector to improve their impact on vulnerability and emissions related outcomes.
 - b) Enabling. The SRAP investigate the current sector environment (policies, rules, regulations, information gaps) and suggest interventions and investments that will enable the sector meet its CRGE targets. This may include fiscal and tax incentives (and disincentives), information provision, regulation and other levels. Addressing existing policy, institutional, technological, behavioural and technical skill barriers is critical. Removal of these barriers complements the impact of finance. SRAPs/TRAPs therefore undertake a barrier analysis and draw up solutions for addressing each these barriers at federal and regional levels. Moreover, SRAPs/TRAPs will analyse the trade-offs inherent each approach, particularly

- surrounding the drivers of economic growth, social inclusion, emissions mitigation and increasing resilience to shocks. Ideally all policies and interventions would create ‘triple wins’: growth, emissions reduction and contribution to resilient economies and households. However, interventions will often bring about benefits in only one of the three areas — or strong benefits in one but only weak benefits in the others. This type of ‘three-way analysis’ helps to assess where policies or programmes might fit. This in turn helps determine the appropriate policy approach and level of policy-making. It also helps policymakers to recognise that there may be trade-offs between agendas and possible extra costs.
- c) New. The SRAPs will assess the scope and scale of additional investment proposals required, on top of the mainstreaming and policy reforms, for the sector to meet its CRGE targets.
6. **Delivery mechanisms and funding window.** The SRAP will:
- a) Outline details about the proposed delivery mechanism for the interventions, such as federal government policy reforms or programme planning adjustments; and
 - b) Detail the type and amount of finance required. The SRAP/TRAP explains how interventions will be delivered. Specifically, it explains how the funds will be spent (on policy reforms, mainstreaming or additional activities) and provides an overview of these activities.
7. **Monitoring & evaluation.** SRAP defines the monitoring and evaluating approach to be taken. The SRAP will clearly set out the M&E framework with expected outputs, outcomes and indicators. It will also establish safeguard measures and tools for assessing value for money and effectiveness. This framework will need to be aligned with the overarching CRGE M&E framework and the requirements of measuring, reporting and verification (MRV) procedures.
8. **Risk management.** The SRAP will identify implementation risks and potential conflicts or trade-offs with CRGE/GTP objectives. This risk assessment will provide a ranking of risks and mitigating actions.

Determining Sectoral Boundary

The scope of a reduction action shall be specified and the specification shall determine the geographical and sectoral boundaries, describe the relevant activities and their respective executing entities, the sources of vulnerability and emissions, and impacts of climate change and greenhouse gases.

The determination of a sectoral boundary shall ensure that:

- Leakage is avoided to the extent practicable,
- The malfunctioning of adaptation activities are avoided,
- Data can be collected within the delimited sectoral boundary,
- All executing entities, their respective activities and responsibilities are defined, and
- All the activities that fall in a given category are bundled together for management.

Double counting of reduction actions shall be avoided. Towards this end, the sectoral boundary of a proposed reduction action shall not overlap with other actions or, in the event of overlap, the corresponding reduction results shall be subtracted in determining ex-post the relevant baseline target.

Estimation of the Business-as-Usual Target

The business-as-usual target denotes what would happen by 2025 if the drivers of vulnerability to the adverse impacts of climate change and the emissions of greenhouse gases that shaped the base year situation should continue without any reduction actions being taken.

The base year situation denotes the capacity at the start of the action to reduce the cost of countering vulnerability and/or reduce the quantity of emissions in the boundary of the sector. The base year of the first planning period is 2010. Other base years will be determined for the subsequent planning periods.

The business-as-usual drivers may comprise human, technological, financial, and environmental and/or policy barriers that have inhibited or are likely to inhibit the ability of Implementing and Executing Entities to participate in reduction actions.

The **business-as-usual scenario** shall be projected based on as complete as possible historical data of a minimum of five years on the drivers of vulnerability and emissions, as the case may be.

Setting Baseline Target for Rewarding Results

- A planned baseline target for rewarding results shall be set at the planned business-as-usual level in the form of an absolute, indexed or technology penetration target.
- **A planned baseline target is a reference point against which the actual reduction of vulnerability and/or emissions resulting from supported, rewarded and credited actions which have to be measured, reported and verified.**
- A planned baseline target shall be proposed by relating the estimated cost of countering vulnerability and the quantity of emission reduced because of activities included in the sector boundary.
- A baseline target for rewarding results shall be determined ex-post for each calendar year or for each of the planning period.
- Consistency shall be ensured in the use of data sources and methodological approaches for monitoring and verification of the actual reduction results.

Financing Modalities

In deciding on the provision of financial support pursuant to this Mechanism, The Facility will systematically examine the proposal to identify what barriers the sought financial support aims to remove. Accordingly, if the support is for:

- Reducing cost volatility or technology performance risks, then a risk mitigation instrument rather than direct financing might be the appropriate financing modality.

- Decreasing costs, increasing revenues, or reducing revenue volatility, then some form of direct financing or payment for verified results might be the appropriate financing instrument.

Generating revenue then funding from the Facility could be provided in the form of concessional loans.

If the proposed action does not generate sufficient revenue because significant resources need to be allocated to overcoming barriers (for example, capacity building, or targeted at consumers with low ability to pay) then the resource of The Facility may be deployed as a grant.

Annex 10(3): Current Appraisal Criteria

Note that the guidance for SRAP/TRAP development and its appraisal criteria will be completed in 2014. SRAP development is a crucial part of the process that will take considerable time and effort to draft, pilot and adjust over time. Below is a list of general criteria that will be used to evaluate SRAPs.

Category #	Description
1	Compliance with technical standards ⁵⁹ , with those not complying being sent back to IEs with recommendations for improvement
2	Fit with current strategic priorities, and which should be considered for immediate funding. Proposals that are technically sound but not fully aligned with current strategic priorities and which should therefore be considered for deferred funding
3	Technical validity: (1) contribution of SRAP/TRAP to green growth - framed as a broad objective incorporating a range of growth indicators (jobs, income distribution etc.) as well as emissions; (2) contribution of SRAP/TRAP to reducing vulnerability (and building climate resilience – again framed using a practical set of indicators; (3) the ability of the SRAP/TRAP to promote a range of cross-cutting issues including women and girls and social inclusion. Compliance with these requirements should be verified using a safeguards mechanism and (4) the technical practicality/feasibility of the proposed interventions.
5	Financial validity: (1) sustainability of interventions at the end of requested Facility funding; (2) financial leverage, if any, provided by the investment (with specific metrics); (3) financing modalities requested in terms of a) relevance, b) potential for results based elements within funding requests; (4) availability of funds
4	Implementation validity: (1) the feasibility from a program management and delivery perspective of the proposed activities; (2) the role of non-state actors (private sector and civil society) in the delivery of the proposed activities – when only state actors are proposed this needs to be justified with an explanation as to why this is the best delivery mechanism.
5	Monitoring and evaluation: (1) plans for proposed investments, focused on a) data availability, b) alignment with SRM M&E requirements; and (2) results framework of investments against three headline indicators: a) GHG mitigation or avoidance, b) reduction of vulnerability, c) contribution to economic development.
6	Compliance with social and Environmental safeguards of the Facility/CRGE and social inclusion

The SRAP process will also include other elements that will be determined during the development of guidance and evaluation criteria. This may include:

⁵⁹Through rigorous application of the policies and procedures described in this Manual, the expectation is that any proposal that is passed for technical evaluation would have the potential to receive funding. Therefore a category for proposal rejection has not been included.

Needs assessment (drawing on Green Economy and Climate Resilience analysis at a sector level)
Evidence for proposed action effectiveness in dealing with priority needs
Benefit sharing of finance at different levels
Social inclusion
Environmental impact assessment if required
Social impact assessment if required
Additional management information including project plans, staffing and procurement

Annex 10(4): Policy on Environmental and Social Safeguards

The implementation of the CRGE initiatives may generate adverse environmental and social impacts. Thus, the GoE is committed to avoid, minimize, and mitigate adverse environmental and social impacts, if any, in the design and implementation of CRGE investments as per its policies and legal frameworks, including the Constitution. To this effect, a specific ESSF has been prepared to guide the formulations and implementations of the CRGE initiatives in an environmentally sound and socially acceptable manner to help end poverty and sustain growth. Thus, as a responsible nation, Ethiopia will manage all sectoral and cross-sectoral CRGE investments using the ESSF to ensure sustainable development.

In light of the above, the GoE, through the CRGE coordinating and implementing entities, integrates environmental protection and social development into CRGE investments in a proactive manner to contribute towards sustainable development. To achieve a balance between developmental initiatives, and environmental sustainability and social well-being in its operations, the GoE gives due importance to environmental and social considerations in appraising and financing CRGE investments to avoid, minimize, and/or mitigate environmental and social adverse impacts and risks, if any; and is committed to comply with all relevant environmental and social policies and legal frameworks of the country as well.

Therefore, the ESSF provides an enabling mechanism to GoE to meet environmental and social safeguard requirements associated with investments that it finances through the CRGE Facility. It defines roles, responsibilities/institutional framework, and provides procedures to avoid, minimize, and mitigate any direct, indirect and potential environmental and social risks and impacts which may arise from the among others implementation of CRGE investments. It also addresses mechanisms for public consultation and disclosure of project documents as well as redress of possible grievances in case this is needed during project implementation.

Objectives and Principles of the ESSF

The overall purpose of the ESSF is to contribute to the achievement of the CRGE objectives by guiding the CRGE coordinating and implementing entities to adequately address environmental and social considerations at all stages of CRGE investment.

The specific objectives of the ESSF are to:

- customize a set of internationally recognized standards and frameworks in environmental and social safeguards to the CRGE investment;
- avoid, minimize or mitigate any direct, indirect, and potential adverse environmental and social impacts of CRGE investments;
- define and set in place the roles and responsibilities of all relevant stakeholders/institutions in executing safeguards of CRGE investment initiatives throughout their life cycles; and

- ensure that effective mechanisms are in place for safeguard compliance during CRGE investment implementations.

General Principles

To achieve the objectives of the ESSF and ensure due diligence in managing potential environmental and social impact/ risks, the ESSF anticipates that the CRGE investments would be implemented based on the following fundamental principles:

- **Early application of environmental and social safeguards:** Safeguards instruments should be applied proactively in the CRGE investments to contribute towards sustainable development.
- **Participation of stakeholders:** All concerned stakeholders and affected people should be given the opportunity to participate meaningfully at all stages of CRGE investment.
- **Information Dissemination:** Sufficient information should be provided in accessible and culturally appropriate ways. Providing information about the project at an early stage of the ESF/SSF process enables the public to understand the trade-offs, contribute meaningfully to project design and implementation, and to have greater trust with the coordinating and implementing entities of the CRGE projects.
- **Prevention and mitigation of adverse impacts:** one of the key principles is to prevent and/or mitigate any harm to the environment and to people by incorporating environmental and social concerns as an intrinsic part of CRGE investment cycle management. Environmental and social issues will be tracked during all stages of the CRGE investment cycle to ensure that supported investments comply with the procedures and guidelines laid out in the ESSF.
- **Accountability and Transparency:** Both CRGE implementing and executing entities are accountable for providing sufficient information on their CRGE investment proposals to the CRGE coordinating entities, and for managing the potential impacts of their CRGE investments. The CRGE coordinating entities are accountable for the decisions that are taken in line with the CRGE investments. By doing so, the ESSF would enable all entities involved in the CRGE implementation to be accountable and transparent in all their undertakings.

Scope of the ESSF

The ESSF applies to investment all projects financed through the CRGE Facility and other national financing mechanism. The main ones are the initiatives identified in the Green Economy Strategy, Ethiopia's Programme of Adaptation to Climate Change (EPACC) and the Climate Resilient Strategy, among others.

All CRGE implementing entities that seek finance from the CRGE Facility should prepare their investment proposals in compliance with the requirements of the ESSF. The ESSF will apply right from the conceptual stage of any major development initiatives of the CRGE Facility: and both the CRGE coordinating and implementing entities are required to fulfil their responsibilities as described in the ESSF.

The full ESSF document is available as a separate document and fully complements this manual.



Memorandum of Understanding between the Ethiopian Climate Resilient Green Economy Facility (CRGE-F) and the Implementing Entities

WHEREAS, the Government has designated the Ministry of Finance and Economic Cooperation(MOFEC) to coordinate the development and implementation of the Ethiopian Climate Resilient Green Economy Facility (hereafter the “Facility”) on behalf of the Government.

WHEREAS, MOFEC assumes full financial and programmatic accountability for the funds disbursed by the Facility to Implementing Entity (Hereafter “IE”) from the CRGE Facility National Account;

WHEREAS, the CRGE Facility will release funds for both the Program and Responsive Windows supported initiatives directly to the IE’s authorized account;

WHEREAS, the IE can conclude implementation agreement with Executive Entity (hereafter “EE”) that will implement the CRGE initiatives in accordance with the mutually agreed on standard, quality and time frame;

WHEREAS, the IE can release funds to EE through an appropriate financial intermediary;

WHEREAS, this Memorandum of Understanding governs the relationship between the Facility and the IE;

NOW, THEREFORE, the Facility and the IEs (hereinafter “the participants”) agree as follows:

1. Following the appraisal and prioritization of the SRAPs/ project proposal by the Facility Technical Team and allocation of funds from the Facility by the Facility Management Committee, the Facility Will make available a sum not exceeding Birr ----- to support the implementation of the project entitled “-----”. The amount will be paid in the following tranches:

Tranche one: 30% of the total value

Tranche two: 50% of the total value

Tranche three: 20% of the total value

2. The first tranche will be disbursed after the signing of this Memorandum of Agreement between the Facility and the beneficiary IE and when the latter provides official bank account information.
3. Subsequent tranches will be released on receipt of quarterly financial and progress reporting for the previous quarter and on evidence of need. The above schedule can be amended at any time, on agreement between the Participants.
4. The IE will submit financial and progress reports as per the Operational Manual, when requesting each subsequent tranche. Disbursement of the tranches will be subject to satisfactory performance of the previous tranche, as evaluated by the Facility in full consultation with the IE, against the mutually agreed on result framework and deliverables in the SRAPs and/or the project proposal, timely disbursement of finance, and taking into account any concerns from the Facility or other partners regarding quality of delivery or maintenance of appropriate standards and safeguards.
5. As per the Facility Operations Manual and the agreed up on SRAP or project proposal, the IE shall prepare and provide to the Facility the following statements and reports:
 - Quarterly financial reports
 - Quarterly narrative progress reports
 - Annual audited financial statements and reports
 - Annual narrative progress reports including environmental and social safeguards policies and procedures implementation and monitoring
 - Final narrative reports, after the completion of the activities in each approved investment plan (or project/initiative under the Responsive Window)
6. The Facility will prepare consolidated narrative progress and financial reports, based on the reports referred above, and will provide those consolidated reports to the Management Committee, and each Contributor to the Facility Account.
7. When requesting payment, the IE should complete the standard fund request form annexed to this MOU and provide official bank account details.
8. The fund will start on -----and will end on -----.

9. Procurement activities of both goods and services should be conducted in accordance with the public procurement policy and the procurement process set out in the CRGE Facility operational manual.
10. The Facility reserves the right to assess the procurement capacity and capability of the relevant IEs at any time. In the event of concerns regarding procurement capacity arising from the Facility or the IE, both Participants reserve the right to request review and the introduction of additional procurement safeguards.
11. The IE will within 6 months of the end of each financial year provide The Facility with Annual Audited Statements from its Auditor General confirming that support from the Facility has been used for the intended purposes.
12. Unless otherwise accepted by the Participants, the IEs will ensure that all goods and services financed from the Facility will continue to be used for the original purpose, as long as this remains feasible.
13. Whenever required and practicable, the IEs will permit the authorised personnel from the Facility Secretariat to visit projects and/or programs financed from the Facility and/or examine documents and records relating to the support.
14. The Facility and the IEs conduct periodic joint reviews as appropriate, to assess progress. The timing of reviews will where possible be aligned with existing national processes and in a coordinated manner.
15. Except in extreme circumstances, if the Facility is concerned that the provisions of this MOU, or commitments made under this Arrangement may not have been fulfilled by the IE or if any changes are made without mutual consent and in contradiction of this MOU or the Operational Manual, and which could impair significantly the development value of the project /programme, the Facility will discuss with the IE and where appropriate undertake assessment.
16. As per the Operations Manual, the IE will respect and implement the Social and Environmental Safeguards Policies and Procedures.
17. This Arrangement including this MOU can be terminated by three months' written notice by either Party. It is accepted nonetheless that any decision of either Party regarding termination of this Arrangement will first be subject to discussion.
18. Where an IE wishes to carry out its activities through or in collaboration with third parties (the executing entities), the IE will be responsible for discharging all commitments and obligations with such third parties.
19. Any modifications to the scope of the approved programmatic document, including as to its nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between the Facility and the IE.

20. The Facility recognizes that it is important to take all necessary precautions to avoid inappropriate practices. In the event that The Facility determines that an allegation in relation to the implementation of activities by the IE – including corrupt, fraudulent, collusive or coercive practices that may have taken place - is credible enough to warrant an investigation, it will promptly notify the Management Committee and the appropriate regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate entity of the Government in charge of such investigations. Upon completion of the investigation, The Facility will inform the Management Committee about the results of the investigation which will handle in accordance with the National Regulatory Framework.
21. This MOU will come into effect upon signature by authorized representatives of the Parties and will continue in full force and effect until it is terminated.
22. This MOU may be modified only by written agreement between the Parties.
23. Commitments assumed by the Parties under this MOU will survive the expiration or termination of this MOU to the extent necessary to permit the orderly conclusion of the activities and the completion of final reports, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers.

For The Facility:

Name:

Position:

Address/Contact Details:

Date:

For the IE:

Name:

Position:

Address/Contact Details:

Date:

Memorandum of Understanding between The Implementing Entities and Executing Entities

WHEREAS, the Government has designated the Ministry of Finance and Economic Cooperation(MOFEC) to coordinate the development and implementation of the Ethiopian Climate Resilient Green Economy Facility (hereafter the “Facility”) on behalf of the Government.

WHEREAS, MOFEC assumes full financial and programmatic accountability for the funds disbursed by the Facility to Implementing Entity (Hereafter “IE”) from the CRGE Facility National Account;

WHEREAS, the CRGE Facility will release funds for both the Program and Responsive Windows supported initiatives directly to the IE’s authorized account;

WHEREAS, the IE can conclude implementation agreement with Executive Entity (hereafter “EE”) that will implement the CRGE initiatives in accordance with the mutually agreed on standard, quality and time frame;

WHEREAS, the IE can release funds to EE through an appropriate financial intermediary;

WHEREAS, this Memorandum of Understanding governs the relationship between the IE and EE(s);

NOW, THEREFORE, the IEs and the EEs (hereinafter “the participants”) agree as follows:

24. Following the appraisal and prioritization of the project proposal by the CRGE team of the IE and approval by the responsible IE body, the IE will make available a sum not exceeding Birr ----- to support the implementation of the project entitled "-----" by the EE. The amount will be paid in the following tranches:

Tranche one: 30% of the total value

Tranche two: 50% of the total value

Tranche three: 20% of the total value

25. The first tranche will be disbursed after the signing of this Memorandum of Agreement between the IE and the EE when the two agree on the appropriate financial intermediary and the latter provides official bank account information.

26. Subsequent tranches will be released on receipt of quarterly financial and progress reporting for the previous quarter and on evidence of need. The above schedule can be amended at any time, on agreement between the Participants.

27. The EE will submit financial and progress reports as per the Operational Manual, when requesting each subsequent tranche. Disbursement of the tranches will be subject to satisfactory performance of the previous tranche, as evaluated by the IE in full consultation with the Facility against the mutually agreed on result framework and deliverables in the project proposal, timely disbursement of finance, and taking into account any concerns from the IE, the Facility or other partners regarding quality of delivery or maintenance of appropriate standards and safeguards.

28. As per the Facility Operations Manual and the agreed up on project proposal, the EE shall prepare and provide to the IE the following statements and reports:

- Quarterly financial reports
- Quarterly narrative progress reports
- Annual audited financial statements and reports
- Annual narrative progress reports including environmental and social safeguards policies and procedures implementation and monitoring
- Final narrative reports, after the completion of the activities in each approved investment plan (or project/initiative under the Responsive Window)

29. The IE will prepare consolidated narrative progress and financial reports, based on the reports referred above, and will provide those consolidated reports to the Facility,

30. When requesting payment, the EE should complete the standard fund request form annexed to this MOU and provide official bank account details.

31. The fund will start on -----and will end on -----.

32. Procurement activities of both goods and services should be conducted in accordance with the public procurement policy and the procurement process set out in the CRGE Facility operational manual.
33. The IE reserves the right to assess the procurement capacity and capability of the relevant EEs at any time. In the event of concerns regarding procurement capacity arising from the IE or the EE, both Participants reserve the right to request review and the introduction of additional procurement safeguards.
34. The EE will within 3 months of the end of each financial year provide The IE with Annual Audited Statements from its Auditor General confirming that support from the Facility has been used for the intended purposes.
35. Unless otherwise accepted by the Participants, the EEs will ensure that all goods and services financed from the Facility will continue to be used for the original purpose, as long as this remains feasible.
36. Whenever required and practicable, the EEs will permit the authorised personnel from the Facility Secretariat and/or the IE to visit projects and/or programs financed from the Facility and/or examine documents and records relating to the support.
37. The IE and EEs conduct periodic joint reviews as appropriate, to assess progress. The timing of reviews will where possible be aligned with existing national processes and in a coordinated manner.
38. Except in extreme circumstances, if the Facility and/or the IE are concerned that the provisions of this MOU, or commitments made under this Arrangement may not have been fulfilled by the EE or if any changes are made without mutual consent and in contradiction of this MOU or the Operational Manual, and which could impair significantly the development value of the project, the IE will discuss with the EE and where appropriate undertake assessment.
39. As per the Operations Manual, the EE will respect and implement the Social and Environmental Safeguards Policies and Procedures.
40. This Arrangement including this MOU can be terminated by three months' written notice by either Party. It is accepted nonetheless that any decision of either Party regarding termination of this Arrangement will first be subject to discussion.
41. Any modifications to the scope of the approved programmatic document, including as to its nature, content, sequencing or the duration thereof will be subject to mutual agreement in writing between the Facility, the IE and the EE.
42. The IE recognizes that it is important to take all necessary precautions to avoid inappropriate practices. In the event that The IE determines that an allegation in relation to the implementation of activities by the EE – including corrupt, fraudulent, collusive or coercive practices that may have taken place - is credible enough to warrant an investigation, the CRGE unit of the IE will promptly

notify the IE decision making body and the appropriate regulatory and control bodies, to the extent that such notification does not jeopardize the conduct of the investigation. The allegation will be dealt with by the appropriate entity of the Government in charge of such investigations. Upon completion of the investigation, The IE will inform the CRGE Facility Management Committee about the results of the investigation which will handle in accordance with the National Regulatory Framework.

43. This MOU will come into effect upon signature by authorized representatives of the Parties and will continue in full force and effect until it is terminated.
44. This MOU may be modified only by written agreement between the Parties.
45. Commitments assumed by the Parties under this MOU will survive the expiration or termination of this MOU to the extent necessary to permit the orderly conclusion of the activities and the completion of final reports, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers.

For The IE:

Name:

Position:

Address/Contact Details:

Date:

For the EE:

Name:

Position:

Address/Contact Details:

Date:

11 (5) Procurement Methods and Procedures

The share of procurement (goods, works and services) in government aggregate expenditure is significant. Unless a well-functioning procurement system is in place, it is difficult to ensure that finance is used effectively and efficiently. Open competition in the awards of contracts are the best alternatives for achieving efficiency in acquiring input for and value for, money in the delivery of programs and services by the government. The different methods of procurement, the conditions to be met to use anyone of the methods, (including thresholds) and the procedures to be followed, have to be clearly specified in a proclamation regulation, directives/ manuals. In the following section, the CRGE facility procurement procedures are reviewed in order to incorporate applicable procurement methods and procedures including thresholds.

1. CRGE Procurement Management

According to the OM, CRGE Facility follows the national and World Bank procurement procedures. Regions and federal public bodies have procurement units which are responsible for procurement using the regional and federal procurement systems respectively. When procurements are made through the National Competitive Bidding (NCB) procedures the National Standard Bidding Documents (SBDs) issued by the Federal Public Procurement Agency (PPA) have to be used.

All procurement requirements should be indicated in the investment package and expenditure plan attached to the Standard MoU for the Approved Action. Economy, efficiency, transparency and competitiveness should be given due consideration. Procurement of goods and services should be based on value for money principle and guided by competitive bidding. Price, quality, delivery time and procurement feasibility shall determine the procurement source modality and delivery mode of the equipment and supply.

For bulk Procurement of goods and services the IE/EE can request the services of the Federal PPA and the PPA will procure using agency specific rules and regulations.

Procurement of specialized services

The OM briefly touches on the recruitment of consulting in firms and individual consultants for highly specialized Technical Assistance. Accordingly to the OM requirement and remuneration for national consulting firms should be set based on results expected, complexity of the assignment and the quality of the work and the competencies, qualifications and years of experience required to discharge the duties.

As pointed out above the procurement section in the OM is so brief and incomplete as it does not explain: Procurement methods, thresholds, contents of bidding documents, examination and evaluation of bids to mention a few.

The Federal Government's Procurement methods and procedures are briefly presented below:

The Ethiopian Federal Government Procurement and Property Administration proclamation No. 649/2009.

Methods of Procurement and their Application

According to the Ethiopian Federal Government Procurement and Property Administration Proclamation of September 2009, presently, the following methods of procurement are used at the Federal and Regional Levels:

1. Open Bidding
2. Request for Proposals
3. Two-Stage Bidding
4. Restricted Bidding
5. Request for Quotations; and
6. Direct Procurement

1. Open Bidding

Unless provided in the Public Proclamation and Directive, Open bidding is the preferred method of procurement for goods, works and services (consultancy and non-consultancy). The open bidding method may be used for National and International Competitive Biddings.

1.1. National Competitive Bidding

Procedure for national Competitive Bidding: When applying National Competitive bidding, the following conditions should be met:

- It has to be ascertained that the procurement has to be effected from local suppliers, if the value of the procurement is below the threshold established for international competitive bidding i.e.
 1. For works belowBirr 50,000,000
 2. For goods belowBirr 10,000,000
 3. For Consultancy service belowBirr 2,500,000
 4. For other services belowBirr7,000,000
- The object of procurement is only available locally

The steps listed below have to be followed while applying national competitive bidding

Figure 3: Major Steps in National Competitive Bidding

Advertisements



Invitation to Bid



Bidding Documents



Bid Security



Opening of Bids



Evaluation of Bids



Notification of Award and Signing of Contract



Contract Security



Advance Payment

1.2. International Competitive Bidding

Open international bidding shall be used whenever an effective competition cannot be obtained in national competitive bidding unless foreign firms are invited to bid or for procurements above a threshold level for national bidding

The provision of the national competitive bidding applies to international competitive bidding including the following procedures:

- a. Technical specifications of the goods, works and services shall be compatible with national requirements, and confirm as far as possible with international standards or standards widely used in international trade
- b. This bid advertisement shall be published in a newspaper that has wide circulation and accessible to foreign bidders

The threshold for international competitive bidding is shown below.

1. For works aboveBirr 50,000,000
2. For goods aboveBirr 10,000,000
3. For Consultancy service aboveBirr 2,500,000
4. For other services aboveBirr 7,000,000

2. Restricted Bidding

2.1. Conditions for use of Restricted Tendering

Restricted tendering is used as a method of procurement only when the following conditions are met:

- a. When it is ascertained that the required procurement is available only with limited suppliers
- b. The cost of procurement does not exceed the threshold stated below:

- I. for worksBirr 2,000,000
- II. for goods.....Birr 500,000
- III. for consultancy services.....Birr 300,000
- IV. for other services.....Birr 400,000

- c. Where a repeated advertisement of the invitation to bid fails to attract bidders in respect of a required type of procurement.

2.2. Procedures for Restricted Tendering

Procedures for restricted tendering are the same as those applied in open tendering except mainly for the following:

- a. If restricted tendering is used fulfilling the conditions stated above, the invitation to bid shall as far as possible be sent to limited suppliers chosen from among those registered in the suppliers list on the basis of the following considerations:
 - Any selection shall allow opportunities for suppliers on the list
 - The number of suppliers to whom the invitation to bid is sent shall be such that it is sufficient to ensure effective competition and shall not as far possible be less than 5 competitors.

3. Request for Proposal (RFP)

3.1. Conditions for use of Request for Proposal (RFP)

Procurement by means of RFP, may be used when consultancy services are required or for contracts for which the components of consultancy services represents more than 50% of the amount of the contract and the estimated value of such procurement is above Birr 300,000.

3.2. Procedure for Request for Proposal

- a. When consultancy service is to be procured by means of Request for Proposal and the estimated value of such procurement is above Birr 300,000, invitation for expression of interest shall be issued
- b. The number of consultants to be invited to submit proposal shall, as far as possible, not be less than 3 and not more than 7.
- c. A request for proposals shall contain at least the following major information:
 - Description of the services required through terms of reference
 - The criteria for evaluating the proposals, the relative weight to be given to price and other criteria
 - Place and deadline for the submission of proposals.
- d. Award by the public body shall be made to the candidate whose proposal is most advantageous, determined in accordance with the criteria and procedures for evaluating proposals set forth in the request for proposals

4. Direct procurement

4.1. Conditions for use of Direct Procurement

Direct Procurement may be used only where the following major conditions are satisfied:

- a. When in absence of competitions for technical reasons the goods, works, consultancy or other required services can be supplied or provided by one candidate
- b. For additional deliveries of goods by the original supplier which are in terms of either as part of replacement or existing supplies, services or installations or as extension of existing supplies, services or installation where a change of supplies would compel the public body to procure equipment or services not meeting requirements of interchangeability with already existing equipment or services.
- c. The volume of the additional requirements of goods, works or consultancy assignment may not exceed 25% of the volume of such goods, works or consultancy assignment under the initial contract.
- d. Procurement of goods and services may be carried out directly from any supplier even though not included in the procurement plan as to solve problems encountered during travel the value of which doesn't exceed Birr 1500. However, the value of such small procurement within a fiscal year shall not exceed Birr 30,000. Using the direct procurement method, however, shall under no circumstances be used as a means of avoiding competition as favoring any one particular bidder/ consultant.

4.2. Procedure for Direct Procurement

When direct procurement is engaged fulfilling the conditions stated above, a description of needs and any special requirements as to the quality, quantity, terms and time of delivery shall be prepared and price and conditions of offer can be freely negotiated with the sole suppliers.

5. Request for Quotation

5.1 Conditions for use of request for Quotation

Procurement by means of Request for Quotation may be carried out to procure goods, works, or services the requirements of which cannot be foreseen, or which cannot be included in the bulk purchase of needed items, or which are needed for immediate use while the estimated value of which falls within the threshold for each type of procurement set forth below:

- a. For works.....Birr 250,000
- b. For goods.....Birr 100,000
- c. For Consultancy.....Birr 60,000
- d. For service.....Birr 75,000

5.2 Procedure for Request of Quotation

- a. Quotation shall be requested from as many candidates as possible, but from at least three, if possible from among suppliers registered in the suppliers list.
- b. The request shall contain a clear statement of requirements as to quality, quantity terms and time of delivery of the goods, works, consultancy or other services.
- c. A purchase order shall be placed with the supplier who meets the requirements stated in (b) above.

5.3 Two-Stage Tendering

5.1. Conditions for use of Two-Stage Tendering

Procurement by means of two-stage tendering may be carried out for national or international competitive bidding.

- 1. When it is not feasible to formulate detailed specifications for the goods, or works and in the case of services to identify their characteristics and, in order to obtain the most satisfactory solution to the required procurement.
- 2. When contracts for the purpose to research, experiment, study or development, except where the contract includes the production of goods in quantities sufficient to establish their commercial viability or to recover research and development costs.

Annex 11(6): Prevailing Approved Rates for the supply of Consultancy Services, Salary for project Staff and Daily Subsistence Allowance (DSA)

1. Remuneration and Allowances

- I. Salaries of the Technical Assistants at national and international levels working for the CRGE-Facility shall be paid in accordance with the approved salary structure in this CRGE Operational Manual.
- II. National Technical personnel working for the CRGE-Facility are not exempted from paying taxes. It shall be a joint responsibility of the CRGE-Facility Director/Coordinator and the Finance Officer/Accountant to ensure that taxes are properly and promptly deducted from salary of each staff of the CRGE Facility and remitted to the Ethiopian Revenue and Customs Authority (ERCA) or to the relevant tax collecting body as per Government rules and procedures.
- III. For staffs who work in areas identified as remote by the government, the corresponding government rate of Hardship Allowance will be applied.
- IV. CRGE-Facility Technical Advisors and staff of Implementing Entities working on CRGE-Facility Supported programs/projects shall be paid only salaries. No top-ups, over-time and part-time payments shall be made to civil servants for performing tasks under CRGE-Facility financed programs/projects.

1.1. Salary Scales for CRGE-Facility Supported Project Staff (TAs)

Title of the Post	Qualification & Experience	Duration of Assignment	Base salary Birr	Salary Ceiling Birr
Assistant National Program Coordinator (Federal Level)	Bachelor degree and 8 or 7 or 6 or 5 or 4 years of experience with varying salary scale depending on their experience and a person with 8 years of experience will obtain the maximum salary scale OR Master's degree and 3 or 4 or 5 or 6 years of experience with varying salary scale depending on their experience and persons with 6 years of experience will be getting the maximum salary scale out of which at least half of the experience should be in project/program management.	One year with Possibility of extension	6,000.00	8,000

Finance Officer/ Accountant (Federal Level)	BA degree in accounting and 8 or 7 or 6 or 5 or 4 years of experience with varying salary scale depending on their experience and a person with 8 years of experience will be getting the maximum salary scale OR Master's degree and 3 or 4 or 5 or 6 years of experience with varying salary scale depending on their experience and persons with 6 years of experience will be getting the maximum salary scale, of which at least half of the experience should be in project finance administration. Computer skill is essential.	One year with Possibility of extension	6,000	8,000
Accountant (Regional level)	Bachelor degree and 8 or 7 or 6 or 5 or 4 years of experience with varying salary scale depending on their experience and a person with 8 years of experience will be getting the maximum salary scale OR Master's degree and 3 or 4 or 5 or 6 years of experience with varying salary scale depending on their experience and persons with 6 years of experience will be getting the maximum salary scale, of which at least half of the experience should be in project accounting.	One year with Possibility of extension	6,000	8,000
Accountant (Zonal level)	Bachelor degree 4 or 2 years of experience with varying salary scale depending on their experience and a person with 4 years of experience will be getting the maximum salary scale.	One year with Possibility of extension	3,500	5,000
Secretary- Cashier (Federal Level)	College Diploma in Secretarial Sciences from recognized College with three years of experience and computer skills in office applications.	One year with Possibility of extension	2,500	3,500
Driver/ Messenger (Federal Level)	12th grade completes with a third grade driving license	One year with Possibility of extension	2,000	3,500

1.2. Placement and Remuneration of Special Local Technical Assistance

The Financial and Technical Units in MOFEC and MEFCC require support from highly specialized Technical Specialists and Advisor for coordination of the CRGE-Facility Portfolio and provision of high standard guidance and support to CRGE Implementing Entities at Federal and Regional Levels. The Implementing Entities may also require specialist services in the early stages of CRGE initiatives implementation for a defined period of time. Such level of expertise could be provided through program/project support:-

- By carefully looking into the real needs of MOFEC, MEFCC and the implementing Entities,
- The CRGE-Facility/MOFEC will be informed when such need arises and will be considered on a case by case basis,
- Remuneration of such highly qualified national expertise will be very competitive depending on the existing market price and expertise required. Thus under this CRGE operational manual with varying rate depending on the level of expertise required, the remuneration rate could go up to the maximum level of \$2,500.00 (two thousand five hundred USD) per month,
- All Technical Assistance needs should be reflected in the CRGE-Facility Strategic Plan and the investment plan of implementing entities,
- For TAs who is going to be deployed to the implementing entities, the latter will be directly responsible for their effective and efficient utilization and will submit the performance evaluation report to the CRGE-Facility.

1.3. REMUNERATION SCALE FOR NATIONAL CONSULTANTS

The recruitment and remuneration rate for national consulting firms should be set based on results expected, complexity of the assignment and the quality of the work and the competencies, qualifications and years of experience required to discharge the duties in the TOR. In addition to what has been listed under section 11.9.2 of this operational manual, the following issues shall be given due attention when negotiating the rate with the national consultants/experts:

- The remuneration rate for national individual consultants/resource persons from other areas will be payable by the Implementing,
- Partner/Responsible party shall range up to Birr 2500-3500/day including taxes.
- If the resource persons are employees of a government institution they should provide evidence that they are on leave.

- All other costs of the consultancy work other than the remuneration shall be borne by the Contractor or reimbursed to the consultant up on prior agreement by the contractor and provision of original receipts.
- Remuneration for International Consultants/Experts (consultancy fee) to be paid to International Consultants/ Experts will depend on his/her experience, technical competence, field of expertise, TOR, etc.
- International travel costs, daily subsistence allowance and terminal allowances for Programme Management staff, other experts, and consultants will be paid according to national project rates, rules and procedures.

1.4. Daily Subsistence Allowances (DSA)

The initial rate of Daily Subsistence Allowance for travel within Ethiopia for national professional and support staff of the program and national consultant will be given as per the following. However, these rates shall be subject to periodic reviews.

Option One

- a) Professional and non-professional staff shall be paid per-diem of Birr **290** per day for activities carried out side of their region, and birr **210** per day for activities carried out within their region. However, when training/meeting is organized by the Federal Implementing Entities, similar DSA payment rate will be used regardless of where the training will be conducted.(E.g. If the MOFEC or MEFCO organizes training in Adama, similar DSA rate will be used for participants from Oromia region and for participants from other regions),
- b) Payment for others (farmers, community members, community workers, etc.) shall be birr 100 per person per day within their duty station. This does not include Government employees and other employed staff.
- c) Hardship allowance on DSA shall be paid for places identified by government as remote and hardship places equal to the hardship allowance percentage of the government.
- d) When a meeting/training activity is conducted at a location other than the participant's duty station, the participant is normally entitled to daily subsistence allowance (DSA) in accordance with DSA rates specified in this manual. No DSA will be paid if the training is arranged at the participants' duty station. But if the training is provided outside of their premises, transport allowance of 100 birr will be paid.

- e) In cases where training is arranged with full boarding and lodging outside of the duty station of the trainees, then trainees are entitled only 20% of the DSA rate for incidental expenses.

Option Two

- a) For professional and non-professional staffs when a training/meeting is organized outside of their duty station the following can be also applied as an alternative option:-
- If the training/meeting is organized in regional capitals, a hotel room rate of up to 350 birr can be paid upon submission of a receipt and 60% of the DSA applicable under option one (a) will be paid in cash.
 - Similar payment arrangement should be adopted when effecting DSA payment for all participants. Therefore the training/meeting organizers should use either **Option one OR Option two** for all trainees/participants.

Annex 12(1): CRGE Result Matrix

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
IMPACT – Macroeconomic level								
For Ethiopia to become a middle-income country by 2025, through economic growth that is resilient to climate change and results in no increase in carbon emissions		Total national GHG emissions (MT) – disaggregated by sector	150 (2010)	150 (2030)	National GHG inventory	Bi-annually	MEFCC (National GHG Inventory)	Assumes the national GHG inventory and accounting protocol have been developed and are operational, and that sectors are accurately calculating their GHG emissions in line with internationally accepted methodologies
			Ag = 75					
			Forestry = 55					
			Power = 5					
			Transport = 5					
			Industry = 5					
			Other = 5					
Additional Notes / Comments:								
								1. Second National Communication (SNC) recently completed. Although Ethiopia is not required to report regularly to the UNFCCC (as a non-Annex 1 country), their current goal is to report on national GHG emissions bi-annually (Source: MEFCC)
								2. Alternatively, if the bi-annual GHG reporting system is not operational before 2020, consider completing the Third National Communication in line with the end of GTPII (2010).
		Total national GHG emission savings (MT) – disaggregated by		255 (2030)	Sectoral MRV systems	Bi-annually	All CRGE priority sectors (MoA, MEFCC, MOWIE, MOI, MOT,	Sectoral MRV systems have been developed and are operational

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		sector		Ag = 90 Forestry = 130 Transport = 10 Industry = 20 Buildings = 5			MUHCo,	
Additional Notes / Comments:								
		3. Targets from GE Strategy (2011). See Figure 8 for total national abatement potential.						
		CO2-e emissions per US dollar of GDP (kg / USD)			National GHG inventory	Bi-annually	MoFEC (GDP) & MEFCC (GHG)	See above.
					MoFEC Annual Reports			
Additional Notes / Comments:								
		4. See above.						
		CRGE to choose one based on existing data systems & availability			To be confirmed with DRMFSS	Annually	Disaster Risk Management and Food Security Sector (DRMFSS)	

Objective	Outcome/ Output	Indicator (<i>unit</i>)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		Economic losses as a result of climate sensitive events (USD)						
		...or...						
		Number of people affected by climate-related disasters (disaggregated by vulnerable group) – GCF strategic- level indicator						
Additional Notes / Comments:								
								<ul style="list-style-type: none"> 5. Economic losses cannot include those as a result of human loss or injury nor loss of ecosystem services (cannot quantify); 6. Agricultural losses (from pests, flood, birds, etc) are reported as part of the annual HH Agricultural Sampling Survey, however loss numbers may be significantly underreported (Source: CSA). 7. Although available for other countries, neither indicator is currently reported to EMDAT-CRED (http://www.emdat.be/). Adoption of either indicator would enable reporting to EMDAT. 8. For “number of people affected...” may consider disaggregation by vulnerable groups, including children, youth or elderly.
		FOR CRGE CONSIDERATION: Local Resilience			National census data	Every 5 years	CRGE Secretary with support from CSA	Index could be developed using mostly secondary (CSA) data, complemented by additional data collection where necessary.

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		Index			Household surveys (to complement secondary data sources)			Would require additional investment to develop index and to establish baseline.
		** Interim indicator could be used while Index is being developed (e.g. Percentage of food secure households, as collected by the Food Security Coordination Directorate, FSCD)						
Additional Notes / Comments:								
9. ACCRA has been doing work to assess “local adaptive capacity”; the Global Adaptation Index (GAIN) would be another sample index to tailor to Ethiopia (Rwanda is developing a similar metric for FONERWA, using GAIN)								
10. 5-year frequency proposed to align with national development planning cycles (e.g. 2015/16 – 2019/2020 for GTPII)								
OUTCOMES								
1 Agricultural systems strengthened using low carbon, climate resilient	1.1 Climate smart crop production practices adopted and productivity	1.1.1 (Change in) Rainfed crop area under sustainable, climate smart land management practices (ha) – by crop type (private			(revised) Agricultural Sampling Survey	Annually	MoA and CSA	Revisions to the current Agricultural Sampling Survey required to ‘tag’ farmer practices as ‘climate smart’ or not.

Objective	Outcome/ Output	Indicator (<i>unit</i>)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
practices	increased	holders only) ⁶⁰						

Additional Notes / Comments:

11. Indicator represents a modification to the current indicator “Applied area (ha) of improved seed, irrigation, pesticide, and fertilizer, by crop type, for private holders” (CSA Ag. Sample Survey)
12. For private holders tagged as applying irrigation, see indicators 1.2.1 and 1.2.2.
13. Private holders not tagged as applying irrigation automatically tagged as practicing “*rainfed*” agriculture.
14. “*crop area*” refers to the CSA classification of productive land, or land that is currently under cultivation.
15. For definitions of “*sustainable, climate smart land management practices*”, including minimum number of practices that must be applied in order to be considered – see SLMP II project documentation (including M&E system) or FAO’s [Climate Smart Agriculture Sourcebook](#)

1.1.2 (Change in)
Rainfed crop land
productivity for
major food crops
(quintal per
hectare)

(*revised*)
Agricultural
Sampling
Survey

Annually

MoA and CSA

See above.

- Conventional practices
- Climate smart practices

Additional Notes / Comments:

16. Indicator represents an improvement to current indicator “Area under cultivation, yield and production of major crops” and includes

⁶⁰ Similar to GCF proposed indicator: Area of agricultural land made more resilient to CC through changed agricultural practices.

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		improvements adopted from both PBS and SLMPH projects						
		17. See Comment 9 above.						
		For private holders tagged as practicing “rainfed” and “sustainable, climate smart land management practices” (see Indicator 1.1.1 above), changes in crop productivity will be tracked separately from those private holders practicing rainfed agriculture but not yet having adopted climate smart practices.						
		18. Major food crops include cereals, pulses and oil seeds						
	1.2 Increased coverage of climate smart irrigation systems	1.2.1 (Change in) Total crop land under modern, climate smart irrigation systems (ha and %)			(revised) Agricultural Sampling Survey	Annually	MOWIE (medium and large-scale)	See above.
		<ul style="list-style-type: none"> Medium and large-scale Small-scale 			MoWIE Annual Reports		MoA (small-scale)	Climate data and analytical capacity exists in-country to assess future irrigation potential under climate change scenarios
							CSA	
		Additional Notes / Comments:						
		19. Indicator represents an improvement to current indicator “Area of land developed with medium and large scale irrigation” (GTP1; also proposed for GTPH)						
		20. “modern, climate smart irrigation systems” to be defined by the Responsible Agencies but at minimum should require that climate information has been used to assess future irrigation potential of the region						
		1.2.2 Small-scale irrigation: (Change in) crop land productivity where modern, climate smart and small-scale irrigation applied (quintal per hectare)			(revised) Agricultural Sampling Survey	Annually	MoA and CSA	Revisions to the current Agricultural Sampling Survey required to ‘tag’ farmer practices as ‘climate smart’ or not.
		<ul style="list-style-type: none"> Major food 						

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		crops ▪ High value crops						
		Additional Notes / Comments:						
		21. TWG advised specifically tracking productivity gains associated with improvements / expansion of small-scale irrigation given its significance to rural livelihoods – including for both food security (major food crops) and rural incomes (high value crops) Major food crops include cereals, pulses and oil seeds.						
		22. High value crops include fruit and vegetable crops.						
	1.3 Increased productivity and resource efficiency of livestock sector	1.3.1 Emissions of CO ₂ -e per litre milk produced			MoA system (revised) Agricultural Sampling Survey Livestock and Livestock Characteristics Survey	MRV Bi-annually	MoA and CSA	Assumes the national GHG inventory and accounting protocols have been developed and are operational, and that sectors are accurately calculating their GHG emissions in line with internationally accepted methodologies (indicator requires quantification of GHG emissions from livestock sector – disaggregated by type of livestock)
		Additional Notes / Comments:						
		23. Significance of indicator: CR Strategy for Agriculture emphasizes improved efficiency of cattle production. Looking for increased milk production but reduced GHG emissions per head of livestock. Alternative indicator could be emissions CO ₂ -e per head of livestock but this says nothing about improvements in milk production.						
		24. Milk production not tracked under GTPI, however indicator represents an improvement to current indicators proposed for GTPII: Quantity of milk produced (l); and Average daily milk obtained during lactation from an animal (l). (No baseline data currently provided for either in draft GTPII).						

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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		1.3.2 Productivity of communal pasture and rangeland (tons/ha) – feed / forage			Field surveys	Bi-annually	MoA and Regional counterparts	Ha of communal and pasture rangeland is known (woreda-level)
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Additional Notes / Comments:

25. Indicator represents an improvement to current indicator proposed for GTPII “Communal pasture and rangeland developed (Ha)” (no baseline currently identified)

1.3.3 Livestock diversification: (Change in) Number of cattle to number of poultry (ratio)	1:0.93 (2013/14)	Agricultural Sample Survey	Annually	MoA and CSA
Source: 2013/14 Agricultural Statistical Abstract	Annual Agricultural Statistical Abstract	Livestock and Livestock Characteristics Survey		

Additional Notes / Comments:

26. CR Strategy for Agriculture emphasizes transformation from beef to poultry production

27. Raw data for baseline calculation comes from the 2013/14 Agricultural Statistical Abstract (No. of cattle: 55,027,280; No. of poultry: 51,350,738)

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
2 Forests and other natural resources protected and sustainably managed for their social, economic and ecosystem services	2.1 Forest management practices improved	2.1.1 Cumulative area of land covered with forest (ha) <ul style="list-style-type: none"> Protected (%) Under improved forest management systems and reduced carbon emissions practices (%)⁶¹ 	15.9 million ha	Source: GTP Annual Progress Report, 2012/13	MEFCC Annual Reports State of the Environment Report (MEFCC)	Bi-annually	MEFCC & regional counterparts	'forest' to be defined by MEFCC (e.g. to include high forest area, woodland, shrubland, forest plantations, farm forests, etc) Tracking changes in total forested area will require improved investment and monitoring technology. See program documentation for REDD+ in Oromia for examples.

Additional Notes / Comments:

28. Current GTP indicators (also proposed under GTPII).
 29. See also SOE Report 2008 and reference to a 2004 Woody Biomass Inventory and Strategic Planning Project (WBISPP) for definitions of 'forest' and calculation methods. More recently, see also the Draft Technical Report for Developing a Reference Level and Designing a MRV System for a REDD+ program in Oromia Regional State (DNV-GL, January 2015).
 30. "improved forest management systems and reduced carbon emissions practices" may include community-based plans, catchment area plans, REDD+ systems, and other.
 31. Tracking total forested area over time will provide indication of reforestation and deforestation trends nationally. Tracking % protected or actively managed provides an indication of the state of these forested areas.
 32. In line with GCF indicator: Forest area under improved management and reduced carbon emissions practices (ha).
- | | | | | |
|---|---|---------------|-------------------|---|
| 2.1.3 Change in household fuelwood consumption (kg) | Household Income and Consumption Expenditure Survey (CSA) | Every 4 years | MoWIE, MEFCC, CSA | Improved efficiency cookstoves, alternative fuels or technologies available and accessible. |
|---|---|---------------|-------------------|---|

⁶¹ In line with GCF indicator: Forest area under improved management and reduced carbon emissions practices (ha).

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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Household
energy
consumption
surveys

Additional Notes / Comments:

33. A 2002 MoA study (below) found that the average annual per capita household consumption of fuel wood in the Bonga Natural forest area was 1300 kg (SOE 2008)

34. MoA. (2002). Study on the Contribution of Forestry to Food Security in Ethiopia. Ministry of Agriculture. Addis Ababa. Ethiopia.

2.2 Land and water resources management practices strengthened	2.2.1 Total area (individual & communal) of land under sustainable, climate smart, land management plans	SLMP2 documentation	Annually	MoA, MEFCC, CSA	National adoption of SLMP2 definition of 'sustainable, climate smart, land management plans'
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Additional Notes / Comments:

35. For definitions of “*sustainable, climate smart, land management plans*”, see SLMP2 project documentation (including M&E system). May include community-based plans, catchment area or watershed plans, REDD+ systems, and other.

36. Forest land and productive land under sustainable, climate smart, land management plans captured under Indicators 1.1.1 and 2.1.1.

2.2.2 Number and type of sustainable water management practice introduced	MoA / MEFCC / MoWIE Program / project documentation	Annually	MoA, MEFCC, MoWIE, CSA
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Annual reports

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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Additional Notes / Comments:

3	Energy systems improved and modernized	3.1 Renewable energy generation capacity scaled-up and diversified	3.1.1 Installed capacity renewable energy, including from solar, wind, geothermal and/or biomass (type, GWh)	Proposed GTPII targets (2020):	MoWIE Program/project documentation	Annually	MOWIE	
				Solar: 525 GWh	MoWIE Annual Reports			
				Geothermal: 9,461 GWh				
				Biofuel: 2,410 GWh				
				Wind: 1,971 GWh				

Additional Notes / Comments:

				37. Targets in MoWIE CR Strategy related to share of total electricity mix (e.g. 20% wind/solar and 10% geothermal)				
				38. No baseline values could be found.				
	3.2 Energy saving technologies adopted and national energy demand reduced	3.2.1 (Change in) Total power wastage (%)	21 % (2011)		MoWIE Program/project documentation	Annually	MOWIE, Ethiopian Electric Power Corporation	
					MoWIE Annual			

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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Reports

Additional Notes / Comments:

39. Indicator identical to that proposed under GTPII (no baseline or target data provided to date)

40. Includes wastage from both sub-stations and transmission lines.

3.2.3	Annual				Program/ project documentation	Annually	MOWIE, MOI, MOT and MUHCo	Assumes strong baseline data from robust MRV system available (e.g. that sectors can calculate the energy requirements under a “business-as-usual” effort vs. an energy-saving initiative)
	energy savings – disaggregated by type of energy saving measure (e.g. light bulb campaign, building design, cook stove initiatives, green fuels, efficient motors, etc) ⁶²				Annual Reports from MOWIE, MOI, MOT and MUHCo		Ethiopian Energy Authority (EEA)	

Additional Notes / Comments:

41. Calculated as an aggregation of energy savings across energy efficiency projects (from all relevant sectors)

42. MoWIE CR Strategy suggests that the implementation of improved efficiency lighting (in residential, commercial and industrial settings) and motors (for industrial and irrigation usage) could reduce energy demand by 7,930 GWh by 2030, a reduction of 12%.

43. Indicator in line with proposed GCF indicator, and CIF CTF results framework.

4 Green cities, buildings, transportation and industrial systems developed and safeguarded	4.1 Green, climate resilient housing and urban areas developed	4.1.1 Total advanced waste disposal (volume/year): ▪ Solid waste ▪ Liquid waste			MUHCo Annual Reports	Annually	MUHCo	
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⁶² Indicator in line with proposed GCF indicator, and CIF CTF results framework.

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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against
climate risks

Additional Notes / Comments:

- 44. From Cities Prosperity Report – Ethiopia (UN-Habitat)
- 45. Green, climate resilient urban areas refers to improved urban planning and infrastructure. This includes improved codes, standards and policies for urban assets and services such as drainage systems, waste and wastewater management systems, urban renewal plans, and urban green space.
- 46. ‘Advanced waste disposal’ refers to waste that has been collected, sorted, treated and disposed of using methods that are environmentally safe and socially acceptable.

4.1.2 Urban green area per capita (m²/urban habitant) MoUDC Annual Reports Annually MoUDC

Additional Notes / Comments:

4.2 Green, resilient industries strengthened for domestic & regional markets 4.2.1 Proportion of industrial facilities reported to be non-compliant with national EIA regulations 47. Indicator from Cities Prosperity Report – Ethiopia (UN-Habitat) MOI Annual Reports Annually MOI EIA regulations are enforced and mechanisms are in place for compliance ‘spot checks’ / site visits from MOI, and/or citizen reporting of environmental concerns

Additional Notes / Comments:

4.2.2 Population exposure to air pollution (%), gender 48. MOI to ensure kebeles, woredas and regions are reporting non-compliance, as well as citizen grievances against industries. MOI Annual Reports Annually MOI and MECC

Objective	Outcome/ Output	Indicator (<i>unit</i>)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		disaggregated			State of Environment Reports (SOEs)			
		Additional Notes / Comments:						
		49. OECD GG indicators include “Human exposure to air pollution”, including PM2.5, PM10. Ozone 50. Ethiopia currently has limited data on air quality (SOE, 2008)						
	4.3 Low carbon climate resilient transportation modes expanded and adopted	4.3.1 Total length of low carbon transit network built (kms) – disaggregated by type: <ul style="list-style-type: none"> ▪ Bike lanes ▪ Rail ▪ Light rail ▪ Public transport systems ▪ Pedestrian sidewalks Additional Notes / Comments:			MoT Annual Reports Program/ project documentation	Annually	MOT with data from the Transport Authority	
		4.3.2 Household modal share (by			Transportation surveys	Every 5 years	MOT with data from the	

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		transportation type) ⁶³					Transport Authority	
		<ul style="list-style-type: none"> ▪ Walking ▪ Bicycle ▪ Bus ▪ Rail 						

Additional Notes / Comments:

51. In line with GCF indicator

CO-BENEFITS (* all CRGE-relevant initiatives should report on a minimum of 1 co-benefit indicator under Pillar 5)

5	Climate resilient and green economic growth is socially equitable and inclusive , addressing the underlying drivers of vulnerability to climate risks.	5.1 Security	Food	5.1.1 Average net number of months of HH food insecurity (no.) – disaggregated by female & male- headed households	PSNP documentation and data collection methods	Bi-annually	Food Security Coordination Directorate (FSCD) – MoA	
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Additional Notes / Comments:

52. PSNP indicator defined as “Months of household food insecurity when PSNP transfers are excluded. See FSCD (MoA), or PSNP documentation, for further details.

⁶³ In line with GCF indicator.

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
	5.2 Rural incomes & green jobs	5.2.1 Average value of household assets (%) – disaggregated by female & male- headed households			PSNP documentation and data collection methods	Bi-annually	Food Security Coordination Directorate (FSCD) – MoA	

Additional Notes / Comments:

53. PSNP indicator to measure the value, in monetary terms, of household assets. See FSCD (MoA), or PSNP documentation, for further details.

5.2.2 Proportion of
employment in
environmental
goods and services
sectors (%)

National
Labour Force
Survey

Every 5 years

CSA

Urban
employment /
unemployment
survey

Employment
Survey of Addis
Abeba

Additional Notes / Comments:

54. OECD GG indicator. Expressed as % of total employment, includes water supply, sewerage, waste management and remediation activities

Objective	Outcome/ Output	Indicator (<i>unit</i>)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		5.2.3 Number of households reporting a wider variety of livelihood strategies (disaggregated by male and female-headed)			National Labour Force Survey Household Income, Consumption and Expenditure Survey (HICES) Welfare Monitoring Survey	Every 5 years	CRGE Secretariat (MoFEC and ME FCC) and CSA	
Additional Notes / Comments:								
		55. Variation of GCF (including AF, GEF & PPCR)						
5.3 Health & well-being	5.3.1 Incidence of climate related disease (# of reported cases per 1,000 population)				District Health Surveys Welfare Monitoring Survey	Annually	MoH and Regional Counterparts	

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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MoH Annual
Reports

Additional Notes / Comments:

56. “climate induced disease” includes malaria, cholera, dengue and others. See Climate Resilience Strategy for the Ministry of Health (currently under development at the time of writing) for more information.

5.4 Access to basic services	5.4.1 Number of women and men with improved access to basic services (%)				PBS Program Documentation	Annually	MoFEC (as IE for PBS) together with MoE, MoH, MoWIE, MoA / CSA, Ethiopian Roads Authority (MoT)	
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*** See High Level
Results Indicators
from PBS for
specific indicators
to align with*

Additional Notes / Comments:

57. “access to basic services” defined as access to services including education, health, agriculture, water supply and sanitation, as well as access to rural roads (** does not include currently include indicators related to access and connectivity to electricity. See indicators 5.2.2)

58. Proposed refinement to PBS Water and Sanitation indicators (MoWIE) to capture the following: No. of households with year-round access to adequate potable water (quality & quantity) [GCF indicator 2.2]

5.4.2 Number of women and men accessing low emission or					Program/ project documentation	Annually	MOWIE, MoT	
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Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		improved efficiency energy technologies			Annual Reports – MoWIE and MoT			
		<ul style="list-style-type: none"> ▪ Rural (W/M) ▪ Urban (W/M) 						
Additional Notes / Comments:								
		59. An aggregation / elaboration of what MoWIE is currently collecting on in their FTI: Number of people with access to improved cooking technologies (FTI); Number of beneficiaries of solar energy technologies (FTI)						
		60. “low emission” energy technologies include renewable energy options, both on and off-grid systems (e.g. solar power generating stations and household mini-solar technologies)						
		61. “improved efficiency” energy technologies may include improved cookstoves, energy efficient lightbulbs.						
	5.4.3	Number of people using low emission transport – disaggregated by women and men			Transportation surveys	Every 5 years	MOT / Ethiopian Roads Authority (ERA)	
Additional Notes / Comments:								
		62. “low emission transport” includes walking, cycling, taking public transit (including light rail), or train.						
		63. Consider limiting this indicator to only women and men in urban environments given limited availability of low emission transport modes for rural populations currently.						
	5.5 Gender and differential vulnerability	5.5.1 Gender sensitivity of CRGE policies, plans, regulations and sector strategies			Gender sensitive analysis	Every 5 years	Ministry of Children, Youth and Women	

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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Additional Notes / Comments:

64. In an effort to ensure gender and differential vulnerability considerations have built into the CRGE, key performance indicators of the CRGE results matrix have been designed to be gender-sensitive. To monitor the gender sensitivity of the CRGE, a gender sensitive analysis of CRGE achievements will be completed every 5-years, in line with the national development planning cycles.

CRGE ENABLERS (* all sectors – starting with all CRGE priority sectors – should be required to annually report on each of the CRGE enabler indicators, showing evidence of a supportive, enabling environment for progress towards CRGE Outcomes)

A. Data and information for decision support:	A.1 Evidence of strengthened government capacity to collect, analyse and apply climate information to decision-making	CRGE scorecards (see Sample in Annex of draft M&E System Manual)	Annually	CRGE Secretariat and all CRGE priority Ministries; National Met Agency (NMA)
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Additional Notes / Comments:

65. Variation on GCF core indicator 6.1

66. CRGE Secretariat will coordinate sectoral and national scoring using CRGE scorecards.

A.2 Perception of men, women, vulnerable populations, and emergency response agencies of the timeliness, content and reach of early warning	Household survey	Every 5 years	Disaster Risk Management and Food Security Sector
	Survey of managers of emergency response agencies with data		

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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systems
disaggregated
by sex.

Additional Notes / Comments:

67. GEF, GCF Core Indicator (6.2)

68. Consider developing an opportunistic monitoring tool to elicit community members input into timeliness, content and reach of EWS following an advisory (e.g. a HH questionnaire or community “town-hall” style meeting)

A.3 Number and value of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (e.g. to heat, humidity, wind velocity, floods) ⁶⁴ – disaggregated by type	Asset management plans	Annually	CRGE Secretariat and all CRGE priority Ministries
	Annual reports from: MoT, MoI, MoWIE, MoA, MoUDC		

Additional Notes / Comments:

69. Types of “physical assets” may include roads, bridges, power facilities, wastewater treatments plants, irrigation systems, buildings (residential or commercial)

70. “strengthened or constructed to withstand conditions resulting from climate variability and change” means that current and/or future climate information related to changes in heat, humidity, floods, wind) has been used to inform asset design (e.g. engineering plans)

⁶⁴ In line with GCF and AF indicators

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
		71. Assumption here is that if physical assets have been strengthened or constructed to withstand CV/CC, some form of climate information has been used.						
		72. In line with GCF and AF indicators [GCF Indicator 3.1]						
	B. Greenhouse gas inventory and measurement, reporting and verification (MRV) systems: Strengthened government systems to measure, report and verify GHG emissions and reductions	B.1 Number of sectoral MRV systems designed and operational			Annual sector reports	Annually	CRGE Secretariat and all CRGE priority Ministries	
	Additional Notes / Comments:							
		73. “designed and operational” requires that MRV systems are contributing to regular reporting on sector or project-based GHG emissions and/or emissions savings						
	C. Policies, plans and regulations: Strengthened government institutional and regulatory systems for green, climate resilient	C.1 Degree of integration/mainstreaming of climate change in national and sector planning and coordination			CRGE scorecards (see Sample in Annex of draft M&E System Manual)	Annually	CRGE Secretariat and all CRGE priority Ministries	

Objective	Outcome/ Output	Indicator (unit)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
	development planning							
		Additional Notes / Comments:						
		74. Variation on GCF, CIFs PPCR & AF						
		75. CRGE Secretariat will coordinate sectoral and national scoring using CRGE scorecards.						
	D. Knowledge, skills and capacities: Strengthened government capacities to plan, resource and deliver green, climate resilient development results	D.1 Extent to which sectors use improved tools, instruments, strategies and activities to respond to climate variability and climate change			CRGE scorecards (see Sample in Annex of draft M&E System Manual)		CRGE Secretariat and all CRGE priority Ministries	
					Project / programme documentation (HHs, communities & businesses)			
		Additional Notes / Comments:						
		76. GCF (PPCR and GEF)						
		77. CRGE Secretariat will coordinate sectoral and national scoring using CRGE scorecards.						
		D.2 National CRGE Capacity Assessment Score			CRGE Capacity Assessment Tool	Annually	CRGE Secretariat and all CRGE priority Ministries (using self-reported methods)	

Objective	Outcome/ Output	Indicator (<i>unit</i>)	Baseline (year)	Target (2020)	Data Sources and Collection Methods	Frequency	Responsible Agency	Assumptions
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outlined in the
NCDF)

Additional Notes / Comments:

78. Currently, from the draft Capacity Assessment Tool reviewed, modal scores are given for each of the 4 capacity areas.

Annex 12(2) Operational Effectiveness of the CRGE Facility

The following represents the results matrix for tracking the **CRGE Facility's Operational Effectiveness**. The matrix includes 13 key performance indicators across four (4) different areas of operational effectiveness: (i) Resource Mobilization & Management; (ii) Capacity Development and Quality-at-Entry; (iii) Delivery and Implementation; and (iv) Core Process and Systems Development. Important notes – including definitions – to operationalize the indicator have been included in the last column.

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
Resource Mobilization & Management	1	Resource Mobilization: Total resources mobilized, disaggregated by:					Source: bilateral donor, international climate fund, private sector (allows Facility to track when new sources have been accessed)
					Written commitments from donors; signed MOU/SAA; Facility disbursement records	Quarterly / Annual	Type: grant, loan, other
							Sector: CRGE priority sectors
							Amount: total amount committed
	1a	▪ Committed (source, type sector, and amount)					Written commitments, but no MOU/SAA yet signed.
	1b	▪ Approved (source, type and amount)					As evidenced by signed MOU/SAA
	1c	▪ Dispersed (source, type and amount)					Funds spent

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
Capacity Development and Quality at Entry	2	Costs: Total operating costs as a proportion of total resources mobilized (%), disaggregated by:			Financial records	Quarterly Annual	/ Operating costs: administration (staffing/HR costs including for project management, office space, equipment) + Consultancy costs
	3	Timeliness: Average number of days between proposal submission and first disbursement			Facility Tracker; CRGE Registry	Quarterly Annual	/ Proposal submission date: the date the proposal is received into the CRGE Registry First disbursement: the date the project receives its first payment
	4	Resource Availability: Project proposals funded as a proportion of project proposals received (Number and value)			Facility Tracker	Quarterly Annual	/ Indicates how well the Facility is able to meet, and respond to, demand;
	5	Capacity Development (Process): Number of people / organizations participating in CRGE capacity development events			Attendance sheets from capacity development records	Quarterly Annual	/ Assumption that by participating in CRGE capacity development events, awareness, knowledge and skills related to CRGE will be created

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
Delivery and Implementation	6	Quality at Entry (Outcome): Proportion of first-time proposals submitted proposals rated “satisfactory”			Proposal Appraisals; Facility Tracker	Quarterly Annual	/ Satisfactory must be defined in line with proposal appraisal guidelines / criteria and indicates all basic criteria met.
	7	Monitoring: Proportion of financed operations formally monitored once a year		100 %	Facility Tracker; CRGE Monitoring Mission Reports	Quarterly Annual	/ Formally monitored: includes joint monitoring and supervision visits completed by CRGE staff.
	8	Reporting: Proportion of financed operations submitting timely reports			Facility Tracker; CRGE Registry; Quarterly & Annual Reports from IEs	Quarterly Annual	/ Timely reports: within (1-month/3-months for quarterly/annual reports) of the end of the reporting period Reports: include both financial and narrative
	9	Evaluation: Proportion of independent terminal evaluations rated satisfactory			Evaluation reports; Evaluation	Quarterly Annual	/ Independent terminal evaluations include here only those evaluations completed by an independent third party for projects running more than

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
					appraisals		2 years.
							Facility must develop evaluation guidelines and templates, and ensure an such resources are included as part of the Terms of Reference issued for independent evaluators.
	10	Financial management: Proportion of projects without major audit findings			Audit reports	Quarterly Annual	/ AfDB has a general indicator on “problem projects” – this could be financial mismanagement, safeguard grievance lodged or non-compliance concern or something else.
	11a	Problem projects: Average duration (number of days) to respond to problem			Audit reports; Safeguard system; Facility Tracker;	Quarterly Annual	/ Problem projects include those with major audit problems, safeguard grievances, or some other non-compliance concern. Calculated as the number of days between when problem is first identified and reported, and when the Facility issues a management response with plan of action.
					Quarterly & Annual Reports		

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
					from IEs		
	11b	Problem projects: Average number of days to close-out problem			Audit reports; Safeguard system; Facility Tracker; Quarterly & Annual Reports from IEs	Quarterly Annual	/ Problem projects include those with major audit problems, safeguard grievances, or some other non-compliance concern. Calculated as the number of days between when problem is first identified and reported, and when the Facility issues a statement of satisfaction that the problem has been sufficiently addressed.
Core Process and Systems Development	12	Core process and systems: CRGE operational management systems developed and operational			System design documents/ reports, Terms of Reference (TORs) for Consultants; Quarterly/Annual CRGE Facility Progress Reports	Quarterly Annual	/ Developed and operational: system has been both designed and evidence of its successful use/application exists.
	12a	▪ Integrated Resource Management System			System design documents/ reports, Terms of Reference (TORs) for Consultants;	Quarterly Annual	/ See Notes on Indicator 12.

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
					Quarterly/Annual CRGE Facility Progress Reports		
	12b	▪ Financial management guidelines (status)			System design documents/ reports, Terms of Reference (TORs) for Consultants; Quarterly/Annual CRGE Facility Progress Reports	Quarterly Annual	/ See Notes on Indicator 12.
	12c	▪ Environmental and social safeguard framework and system (status)			System design documents/ reports, Terms of Reference (TORs) for Consultants; Quarterly/Annual CRGE Facility Progress Reports	Quarterly Annual	/ See Notes on Indicator 12.
	12d	▪ Monitoring and evaluation system (status)			System design documents/ reports, Terms of Reference (TORs) for Consultants; Quarterly/Annual CRGE Facility Progress Reports	Quarterly Annual	/ See Notes on Indicator 12.
	12e	▪ National Capacity Building Programme on			System design documents/	Quarterly	/ See Notes on Indicator 12.

Type	No.	Indicator	Baseline (year)	Targets (2020)	Data Sources and Collection Methods	Frequency	Assumptions / Notes for CRGE Secretariat Team
		CRGE (status)			reports, Terms of Reference (TORs) for Consultants; Quarterly/Annual CRGE Facility Progress Reports	Annual	
	13	Learning: Evidence of integration of lessons and recommendations from CRGE Annual Reviews into operations			Quarterly/Annual CRGE Facility Progress Reports; stakeholder consultations	Annual	<p>CRGE Annual Reviews should be programmed to include a session on learning. Key learnings should be documented as part of the CRGE Facility Annual Report and should comment on how learning from the previous years' Review has been adopted.</p> <p>Evidence may include changes in systems or procedures, new TORs drafted, system document revisions.</p>

ⁱ The components align with MoFEC's Guidelines for Monitoring and Evaluation of Public Sector Projects (June 2008), page 22, section 2.2.3.

ⁱⁱ The CRGE Secretariat needs to decide on their continued role. In the interest of promoting consistency in M&E practices across sectors, we recommend keeping CRGE units but they need to be empowered to perform their coordination function well.