



# **Climate Resilient Green Economy (CRGE)**

## **Project/program Appraisal Guideline and Templates (*First Revised Version*)**

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**Addis Ababa**

**Latest Version**

## 1. BACKGROUND

The CRGE Facility mobilizes and manages funds and resources on behalf of the Government of Ethiopia. The CRGE Facility seeks to investment resource under management efficiently and strategically to support the implementation of the CRGE-GTP<sup>1</sup>.

At the macro and sector levels proposed investments should be aligned with GTP/CRGE targets and demonstrate that proposed investments have:

- **Relevance:** to the GTP/CRGE plans and targets at macro, sector and regional or woreda levels
- **Impact:** Effective, efficient and have short and longer term impacts, and;
- **Deliverability:** within resource and time constraints.

It also assesses the risk of the proposed investments, including:

<b>Financial risk:</b>
Credibility and depth of economic and financial analysis
Exchange rate risk (if procurement, borrowing or performance of investment is materially affected by changes in exchange rates on ETB and international currencies in use by the Facility or the EE)
Interest rate risk (if borrowing or performance of investment is materially affected by changes in interest rates on ETB or international currencies in use by the Facility or the EE)
Clarity and reasonableness of pathway of financial flow and reporting
Credibility of EE in terms of financial management to manage funds and regularly report
Performance risk (failure to adhere to terms)
Risks of non-performance to the Facility portfolio
<b>Non-Financial risk: Delivery and implementation</b>
Meeting strategic objectives and investment criteria
Non-delivery and underperformance
Reputational risk (adverse effect on credibility)
Operational risk (staffing risks and other business disruption risk).

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<sup>1</sup> The specific goals and targets of the CRGE Facility are outline in the Facility M&E manual.

Proposed investments submitted to the CRGE Facility are appraised by the Secretariat. This manual outlines the investment appraisal process used by the CRGE Facility.

## 2. APPRAISAL PURPOSE:

The Investment Appraisal process has been designed to:

- Provide additional guidance and information to improve Investment proposals
- Demonstrate impacts within the investment timeframe
- Prevent or minimize the risks
- Reduce or eliminate duplication and overlap
- Provide constructive and informative feedback to investment proponents (IEs and EEs)

This evaluation template contains guidance explanations and evaluation template forms for the review and appraisal of proposed investment for the CRGE Facility. The aim is to assist evaluators in carry out a comprehensive evaluation of proposals submitted to the CRGE Facility.

As the evaluators work through the proposals, they should respond to evaluation questions, making comments and recommendations and scoring and grading the proposals. Evaluators should provide constructive criticism to project proponents as part of the goal of strengthening proposals.

### 2.1 APPRAISAL PROCESS:

1. Request for proposals from the CRGE Facility
2. Preparation of Investment proposals by IE and EEs
3. Submission of concepts to the CRGE Facility - Optional depending on RFP
4. Pre-appraisal check <sup>2</sup>
5. First appraisal
6. Decision to develop concepts to full investments
7. Submission of draft full investment
8. Appraisal and feedback to sectors and support for revisions (iterative)
9. Final submission and appraisal
10. Investment decision by CRGE Facility Management Committee (CRGE-F-MC)
11. Legal and funding arrangements

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<sup>2</sup> Description of The Pre-appraisal check including a template is presented as annex 1

Steps 4 and 7 and where this appraisal process is used.

As and when investments are approved, the Facility will transfer funds through the relevant channels to begin implementation as soon as possible. The following steps will be taken:

- Fund transfer
- Monitoring and reporting
- Evaluation and learning

These are explained in detail in the operational manual.

## 2.2 STRUCTURE AND CONTENT OF INVESTMENT PROPOSALS

Investment proposals should follow the government of Ethiopia “Guidelines for public sector projects” (MOFED 2004). This is comprehensive guide to structuring and appraising public investments and should be used as the primary and foundational tools for appraising investments in Ethiopia. The appraisal process outlined in this document is in addition to the “Guidelines for public sector projects” and does not replace or duplicate it.

The public sector project appraisal guideline covers economic, financial, technical, environmental, social, and legal appraisal of proposed project. However, it is to be noted that this appraisal criterion are to be applied in line with the nature and characteristics of climate/environment finance and to extent that it provides relevant decision support information.

Technical Appraisal is concerned with ascertaining technical feasibility. It is about assessing project’s ability to meet its objectives using a technology and standards which are appropriate to the circumstances of the country. Technical feasibility study forms the basis of technical appraisal. Issues captured include, but not limited to, size (e.g. future demand and supply of goods and services provided by the project; scale of recurrent cost etc.); location ( availability of suitable site for the project ; government priorities); timing (is the demand for the good and services produced by the project is currently sufficient); and technology package ( ability to utilize local resource e.g labor; can be operated under the existing circumstance; is O&M easy?)

Environmental and social safeguard appraisal is conserved with the identification, analysis and management of the potential impact of the project on environment and community, including gender dimensions. This assessment will be undertaken in accordance with the ESSF approved by the Government of the Federal Democratic Republic of Ethiopia, which is also aligned with the accepted international practice.

Financial appraisal for public sector projects is concerned with determining long term budgetary implication and provide adequate financing plan; profitability and provide management information such as the cost of O&M.

Economic appraisal on the other hand is concerned with the assessment of project’s costs and benefits from the national point of views, in other words it is about analyzing the impact of the project on the national economy. The guideline also suggests that some projects, because of the nature, scale, and if anticipated not to have negative externalities, may not need to undergo economic analysis.

Legal/ institutional analysis is concerned with understanding the institution and the environment it operates. Two focus areas are the organizational structure and its suitability for the purpose and if the body’s management is

adequate to discharge the function of the project management. Consequently, the assessment include the legal framework and institutional settings, including the mandate, existing legal system, constitutional obligations, the interest and consent of other stakeholders and perception of other interest group.

Note that private sector investments, through the private sector window of the Facility, will follow the specific guidelines of the Specialist Financial Intermediary through which funding will flow and will be tailored to the conditions of the finance available.

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## CONTENT:

All investment proposals should contain the following sections:

1. Executive summary (with log frame)
2. Background
  - a. Problem analysis
  - b. Demand assessment
  - c. Stakeholder analysis
  - d. Policy context and implications
3. Objectives and rationale for the proposed investment
4. Implementation plan
5. Activities to be implemented (including technical designs)
6. Inputs and costs
7. Management, Organisational and Institutional context
8. Benefits and Justification
9. Environmental and Social Impacts
10. Financial plan (including all sources of programme/project finance)
11. Sustainability (including arrangement for handover, operations, maintenance or termination)
12. Assumptions, Risks and Risk Management

## GUIDANCE AND EVALUATION TEMPLATES

### OVERALL GUIDANCE

- Each proposal should be independently evaluated by a team of at least two evaluators.
- The evaluators should fill in provided template pages, qualitatively assessing the proposals against each criterion, noting evidence, examples and justifications and recording critical and constructive feedback.
- Each evaluator should award the appropriate score for each eligibility criterion, following the guidance provided to provide a quantitative assessment of each criterion.
- Evaluators will present their scores to the rest of the evaluation team, who will then collectively discuss and agree final scoring and recommendations before filling in the summary sheet, which allows the evaluators to compile their comments, agree the scores, and give a final recommendation for the proposal.
- Recommendations will go to the Facility Management Committee for consideration for funding allocation.

### ENVIRONMENTAL AND SOCIAL SAFEGUARDS

All CRGE investment will undergo an analysis of Environment and Social risk. This will follow the government of Ethiopia Environment and Social Safeguards Framework (ESSG).

Initial high level screening of ESSG will be conducted to assess whether a project proposal may potentially trigger a safeguard. This is done in two stages:

1. Self-screening by programme proponents and IEs and;
2. High level screening by the CRGE Facility consistent with the ESSG framework.

Projects that trigger safeguards will be subject to a rigorous process as outlined in the ESSG. Priority will be given to proposals that do not trigger safeguards.

### CRITERIA FOR APRAISAL:

**Criteria 1: Relevance:** An assessment of how relevant this proposal is to the CRGE vision. Proposals should be already prioritised in the GTP, the Green Economy Strategy or the relevant Climate Resilience

Strategy. In any case, proposals must clearly demonstrate how they respond to the CRGE agenda. Preference will be given to projects that demonstrate relevance in multiple dimensions.

**Criteria 2: Impact** An evaluation of the impacts (short-term, medium-term and long-term) of the project within and beyond its funding period from the CRGE Facility. Preference will be given to projects that can demonstrate an impact beyond the lifetime of the project. For example:

- If it has a catalytic impact i.e. if the actions of the project positively contribute for instance to decreasing risk or by removing regulatory or other barriers. Or if it leverages additional resources.
- If it results in a step-change in progress rather than an incremental change — for example, if it leads to a significant increase in progress towards a relevant GTP/CRGE target.

**Criteria 3: Deliverability** An assessment of whether the project is well designed and can be delivered within the timeframe, and whether sufficient detail has been given to the implementation mechanism.

**Criteria 4: Risk – Financial and non-financial.** An assessment of multiple risk dimensions using risk management framework and interpretation of likelihood, impact and management strategies

Proposals that score strongly on all criteria should be recommended for funding. Preference will be given to projects that score highly in multiple dimensions. Technical support will be provided to improve proposals against all three criteria.

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## A. CRITERIA 1: RELEVANCE

The evaluator should consider the relevance of the project to the GTP and CRGE objectives.

For the FTI evaluation, the following guiding questions should be considered:

- Has the project already been justified elsewhere i.e. is it a relevant GTP target? Is it a priority area in the GE Strategy? Is it a priority in a CR Strategy or other existing sectoral strategies, which contribute to vulnerability reduction?
  - If the project is a contribution to GTP then it should state the relevant GTP targets, progress to date and how much the project contributes to progress towards the target.
  - If the project is a priority area in the Green Economy strategy, then the proposal should quantify the contribution of the project
  - If the project is a priority in a Climate Resilience strategy, then the proposal should clearly articulate the impact on climate resilience.
- If the project has not already been justified elsewhere (e.g. in the GTP), then the proposal should explain why this project approach is the right solution to an identified problem (see annex 1 for barrier analysis methods).
- Has the impact been clearly explained? There should be a clear evidence base to justify this impact, and where relevant, robust quantitative analysis should be used.
- Have the assumptions underpinning the analysis been clearly defined and have references to existing analysis been clearly laid out and explained.
- Review the proposal and summarise your comments as clearly and constructively as possible. The tables below identify key issues and information that the evaluator needs to review.

## 1. RELEVANCE

Criterion	Justification and evidence	Score	Recommendation for Improvement
The project is relevant to GTP, particularly economic development and poverty reduction			
The project is priority in the GE strategy in terms of emissions reduction potential			
The project is priority in terms of adaptation, as outlined in the CR strategy (if it exists)			
The problems to be addressed described clearly and in detail			
Justification of proposed solutions: does the proposal clearly explain why this is the most appropriate solution (comparing and contrasting with alternatives and providing evidence)			
The project duplicates existing activities			
The project is related to other proposals or existing programs			
<b>SCORE FOR RELEVANCE</b>			

*1-3= Unclear justification for the project and the problem context. Limited or poor quality evidence and explanations; duplication of activities and not related to existing programmes/targets.*

*4-6= Clear explanation of relevance to either GTP and the GE/CR strategies with justification for the project, problem is well outlined, potential for duplication is limited and it is related to existing programmes*

*7-10= the project has clear justification for need and has impacts in multiple dimensions (GTP/CRGE). Good use of evidence, well-referenced and clear analysis with solid assumptions and assessment methods.*

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## B. CRITERIA 2: IMPACT

The evaluator should consider the impact of the project. This should include short to medium-term impacts within the funding timeframe.

There should be qualitative arguments and discussion and a clear evidence base to justify impacts. Where relevant, robust quantitative analysis should be used.

Assumptions and analysis should be clear and relevant indicators provided.

For example:

- Clear references to more detailed analysis conducted elsewhere
- A cost-benefit analysis, quantifying the impacts and assessing their value for money
- Economic and Financial Analysis
- The proposal should clearly explain and justify the projects contribution to at least one of:
  - Emissions reduction – this should be quantified with assumptions clearly laid out. This should be in line with the UNFCCC greenhouse gas guidance or equivalent standards:
    - TCo2e reduced as a result of projects/programmes
    - Cost per tCO2eq decreased for mitigation projects/programmes
  - Volume of finance leveraged (disaggregated by source)
  - Vulnerability to climate change – this is much harder to quantify, but this should focus on how the project will reduce the negative impact of climate change on either economic growth or poverty reduction efforts.
    - Total number of direct and indirect beneficiaries (disaggregated by gender)
  - Co-benefits – the impacts of the project on wider economic, social or environmental vulnerability. For example, on poverty reduction, accelerating growth, or improving the status of women

Assumptions underpinning the analysis and references to existing analysis should be clearly laid out and explained. The evaluation should also assess the impact beyond the funding timeframe, in particular to assess how the relatively limited funding available can have additional impact beyond the funding timeframe. Preference will be given to projects that can show how fast-track investment can leverage further change. For example:

- Can it be replicated on a larger scale? If more funds were available, could it continue to scale up its impact?
- Does it have a potential to catalyse change – does it trigger spontaneous replication, for instance by decreasing risk or by removing regulatory or other barriers?
- Does it leverage additional funding or finance? If so, how much more and from what sources?
- Does it result in a step-change in progress? For example, does it lead to a significant increase in the rate of progress towards a GTP target?
- Will it lead to a large shift in behaviour or the market share of a product?

## 2. IMPACT

Question	Justification	Recommendation for Improvement
The proposal clearly define the expected short and medium term results (1-2 year)	▪	▪
the project has clear quantified impacts on greenhouse gas emissions	▪	▪
The project has articulated impacts on climate vulnerability	▪	▪
The project has other impacts related to development and growth including jobs, tax revenues and gender equality	▪	▪
Cost benefit analysis conducted in line with guidance on public sector investments (benchmark to be determined)	▪	▪
Appropriate use economic valuation tools used (as outlined in the appraisal guidelines for public sector projects) (benchmark to be determined)	▪	▪
Financial evaluation tools used	▪	▪
Justification provided for project	▪	▪

acceptance by beneficiaries		
The investment cost justifies the expected benefit (\$ invested for benefit/impact achieved)	▪	▪
The proposal explains how the benefits will be sustained over the long term once Facility finance has finished, and clear and logical flow between short term outcomes/impacts and long terms outcomes/impacts	▪	▪
The project can be replicated on a larger scale	▪	▪
The project will lead to a large shift in behavior of beneficiaries and institutions	▪	▪
<b>Total SCORE FOR IMPACT</b>	▪	▪

*1-3= Limited or poor quality evidence of impacts, costs are not justified by the proposals benefits, no logical flow between short term impacts and longer term outcomes/impacts, analysis is unclear and not referenced, proposals shows limited potential for scale up and does not discuss the risks of un-sustainable intervention.*

*4-6= Clear identification of impacts, with good evidence and clear analysis to demonstrate the impacts. Impact could well be sustainable beyond the 2 year timeframe, but is unlikely to leverage further change. Logical flow between short term and long term outcomes exists*

*7-10= Project has clear short to medium term impacts and clear logical flow to sustained impacts beyond the 2 year funding timeframe, leverages further finance and change. Good use of evidence, well-referenced and clear analysis of benefits and costs.*

### **C. Criteria 3: Deliverability**

The evaluator should consider if the project can be delivered within the timeframe specified. One of the aims of the FTI process is to demonstrate that the CRGE Facility can deliver tangible results. Therefore, projects must be able to be delivered within the time period. If projects require the establishment of new institutions or processes, then this may negatively affect the ability to deliver within the time period as a lot of time will be consumed with setting up the project.

There should be a clear and logical implementation plan, detailing activities, roles and responsibilities. Preference will be given to projects that involve partnerships between e.g. Federal ministries, Regional governments, private sector, NGOs and academia.

Preference will be given to projects that use existing proven project management, financial disbursement and delivery systems.

- Do the implementation systems already exist? If so, are they effective? This should include
  - Staffing
  - Procurement
  - Financial reporting
  - Monitoring of quality and timeliness of delivery
- If not, what other systems can be used? Preference will be given to the use of existing financial and management systems as far as possible.
- Does the proposal include the following specific tools and information, to a sufficient standard:
  - Results to be delivered
  - Budget
  - Procurement plan (linked to budget)

### 3. DELIVERABILITY

Question	Justification	Score	Recommendation for improvement
The project results and high level indicators have been quantified and are reasonable (e.g. number of technology units delivered, number of persons provided with a service, the number of job created)	▪	▪	▪
The assumption underpinning the investment are clearly defined, reasonable and justified	▪	▪	▪
The implementation methodologies and delivery mechanisms are reasonable and valid	▪	▪	▪
The project use existing implementation systems	▪	▪	▪
The project management roles and responsibilities are strong and clearly outlined	▪	▪	▪
The implementing entities are fully setup and capable to deliver the project objectives	▪	▪	▪
The executing entities are fully setup and capable to deliver the project objectives	▪	▪	▪
Capacity gaps are identified and plans are in place to fill those gaps as far as possible	▪	▪	▪
The project activities are detailed and execution process is clear	▪	▪	▪
The timeframe for the activities realistic and in a logical sequence	▪	▪	▪
Clear and realistic cost estimates have been made and there is a detailed budget	▪	▪	▪
There is a procurement plan, linked to the budget	▪	▪	▪
Risks are identified and actions in place to manage them	▪	▪	▪
Partnership with CRGE enabling entities (MOFED, MEF, National Planning Commission), Executing entities and other stakeholder is clearly defined	▪	▪	▪
<b>Total SCORE FOR DELIVERABILITY</b>			

*1-3=Unclear implementation arrangements. Unrealistic costs and delivery timeframes. Institutions lack the capacity to deliver. Activities not clearly defined, time frames are unclear and delivery processes unlikely to play out as proposed.*

*4-6=Clear implementation arrangement with clear roles and responsibilities. Evidence of the capacity of institutions or processes to deliver. Achievable timeframes and cost estimates.*

*7-10=Uses existing implementation systems, evidence that fiduciary risk has been assessed as acceptable. Realistic and logical timeframes, with delivery realistic within the time frame. Detailed cost estimates. Good use of Monitoring and Evaluation Approaches and diverse partnerships.*

## RISK ASSESSMENT:

Risks should be assessed for each investment proposal. A section on risk and risk management for each investment should be carefully reviewed by evaluators. Project or programme specific risks should be assessed within the proposals and evaluators must make a judgment as to the magnitude, likelihood and potential impact of those risks. This risk assessment will be undertaken by specialist within the CRGE Facility and where relevant external experts.

The below risk framework should be used for each investment. Each risk should be interrogated to determine how. Note that some risks may not be relevant to all proposed investments, for example exchange rate where business is conducted only in one currency.

**Table: General Risk Identification and Rating Template**

	Likelihood H/M/L	Impact H/M/L	Performance measures/trigger for corrective action
Credibility and depth of economic and financial analysis			
Exchange rate risk (if procurement, borrowing or performance of investment is materially affected by changes in exchange rates on ETB and international currencies in use by the Facility or the EE, or if affected by access to and availability foreign currency)			
Interest rate risk (if borrowing or performance of investment is materially affected by changes in interest rates on ETB or international currencies in use by the Facility or the EE)			
Clarity and reasonableness of pathway for financial flow and reporting			
Credibility of EE in terms of financial management to manage funds and regularly report (systems in place for financial management, consistency with Ethiopian public financial management procedures)			
Performance risk (failure to adhere to terms)			
Risks of non-performance to the Facility portfolio			
Meeting strategic objectives and investment criteria			
Non-delivery and underperformance			
Reputational risk (adverse effect on credibility)			
Operational risk (staffing risks and other business disruption risk).			

**Table: Analysis of project developers risk assessment**

#	Description of the risk	Potential consequence	Risk mitigation options	Type (Risk category)	Probability & Impact (1-5)	Evaluator risk rating	Evaluator's rating of mitigation options	Remark
				Political	P=? I=?			
				Stakeholder engagement				
				organizational	P=? I=?			
				strategic	P=? I=?			
				financial	P=? I=?			
				ESS	P = ? I = ?			
				Natural disaster	P=? I=?			
				Manmade disaster	P=? I=?			

**Summary sheet (evaluators should complete this jointly)**

**Proposal name:**

**Implementing Entity:**

**Does the proposal trigger any safeguards? YES / NO**

<b>Evaluation Criteria</b>	<b>Evaluator 1 score</b>	<b>Evaluator 2 score</b>	<b>AGREED SCORE</b>
1. RELEVANCE			
2. LONG TERM IMPACT			
3. DELIVERABILITY			
<b>Total Score</b>			

**Overall summary of the key comments and recommendations from the full proposal evaluation you have just completed.**

<b>Criteria 1 (RELEVANCE): Comments and Recommendations</b>	
<b>Criteria 2 (LONG-TERM IMPACT): Comments and Recommendations</b>	
<b>Criteria 3 (DELIVERABILITY): Comments and Recommendations</b>	
<b>Final Recommendations -</b>	
Recommend to fund immediately.	Recommend to fund with additional development work.
<b>Name and Signature of Evaluators</b>	
<b>1.</b>	
<b>2.</b>	
<b>Date</b>	

## **Annex-1: CRGE Facility Program/Project Proposal Pre-Appraisal Review**

All Program/Project, which are prepared by FIEs in line with the program/project proposal preparation format (Template B) and submitted to the CRGE Facility for funding should undergo pre-appraisal completeness and compliance check by the Facility Secretariat. To this end, the secretariat will quickly review the following key features of the proposal. Once these are confirmed, the secretariat will embark on the fledged appraisal. If the pre-appraisal check confirms otherwise; the CRGE Facility Secretariat will request the proponent (i.e. the FIE) to address the outstanding issues and resubmit a revised and complete version.

### **1. Background to the Program/Project**

Under this section, the proponent should provide an overview of the planning process that led to the formulation of the project idea. During the pre-appraisal check, the CRGE Facility Secretariat should check whether the following aspects are clearly described in the proposal.

- a. **Problem Analysis** – Cause-effect relationship between factors acting on a variety of levels, which contribute towards the core problem.
- b. **Stakeholder Analysis** –identification of project/program stakeholders and assessment of the influence, which these interests will have in terms of project risk and viability.
- c. **Policy context and Implications** – the contribution of the project or program to the overarching development plan of the country and to the CRGE Strategy.

### **2. Project Benefits and Justification**

This section of the appraisal document should provide the justification for the proposals' acceptance. If the benefits expected to be produced by the program/project are insignificant then it should be rejected, regardless of the quality of its preparation, management structure and budgeting. *[Refer to the Appraisal Guidelines for Public Sector Projects, MOFED 2006 Sections 9.3, 9.4 and 9.5 on how to measure benefits].*

### **3. Objective and Rationale**

The degree to which the proposal clearly describes the overall and specific objectives of the project/program, including link with the key performance indicators as outlined in the logical framework.

### **4. Project Implementation Plan (Including progress Monitoring system)**

The pre-appraisal check should review the following procedures;

- a. Clear description of activities with specific start and end dates, resource requirements and authority responsible for each activity
- b. The relevance and adequacy of activities to achieve the desired results
- c. Order of individual activities to be into a logical sequence
- d. Representation of the activity in a budget sheet



## **5. Project Activities (Activity Schedule) and Inputs**

Under this section, the proponent should illustrate individual activities, with corresponding budget, delivery timeline. The Facility Secretariat should check the completeness of the above stated issues including inputs before proceeding into the comprehensive appraisal stage.

## **6. Project Management, organization and institutional context (including capacity building and beneficiary participation where relevant)**

The proposal document should identify the composition of the management system responsible for project implementation. The management and organizational structure chosen for implementation purposes should be done so with the specific requirement of individual program/project activities born in mind. The logical framework and accompanying activity description sheets therefore have an important role to play in determining a projects organizational structure and management system.

## **7. Assessment of Environmental and Social Impacts**

Under this section, the Secretariat should check whether the proposal was prepared in line with the CRGE Environmental and Social Safeguards Framework (ESSF).

## **8. Arrangements for Project Handover, Operations and Maintenance (O&M) or Termination**

Arrangements concerning project handover should attempt to ensure that the transition between projects implementation and operations phasing out/termination is smooth and sustainable. Institutional and financial arrangements for project operations should be clearly outlined.

- Assess the Organizational Capacity Assessment to ensure that it will be able to sustain operations, (*Refer to Appraisal Guidelines for Public Sector Projects, MOFED 2006 Section 7.2*)
- Financial arrangements for future operations, a provision for maintenance needs which may arise during operations, (*Refer to Appraisal Guidelines for Public Sector Projects, MOFED 2006 Sections 10.2 and 10.4*)
- Technical arrangements utilizes technology which is easy to maintain within the environment in which it will operate, (*Refer to Appraisal Guidelines for Public Sector Projects, MOFED 2006 Section 4.2.1*)
- For programs/projects, which may have negative environmental impacts, termination arrangements need to be spelled out and need to be considered as per the CRGE Facility ESSF.

## **9. Assumptions, Risks and Risk Management Strategies**

Check whether the assumptions are realistic and the program/project has identified potential risks and appropriate management strategies

## **10. Logical Framework**

The Logical Framework must attempt to strike a balance between two factors;

- a. Must be short and easily understandable

- b. Must contain enough information to provide an accurate representation of the project

The Facility secretariat should check whether the proponent has completed the logical framework adequately ensured the hierarchy of results.

**PROGRAM/PROJECT PROPOSAL PRE-APPRAISAL TEMPLATE**

<b>Project Title</b>		
<b>Appraised by</b>		
<b>Quality and Completeness</b>	<b>Remarks</b>	
<b>1. Overview of the Planning process</b>		
	a. Problem Analysis	
	c. Stakeholder Analysis	
	d. Policy context and Implications	
<b>2. Objectives</b>		
<b>3. Project Benefits and Justification</b>		
	Measure benefits and Justify	
<b>4. Implementation Plan</b>		
	a. Activities are clearly articulated	
	c. Individual activities are ordered into logical sequence	
	d. Activity is budgeted	
<b>5. Break down of individual activity is available</b>		
<b>6. Project Management, Organization and institutional context</b>		
	a. Implementation and management arrangements	
	b. Roles and responsibilities of all stakeholders have been defined	
<b>7. Assessment of Environmental and Social Impacts</b>		
	a. Proposal is prepared as per the CRGE ESSF	
	b. Risk have been categorized according to the CRGE ESSF	
<b>8. Project Handover, O &amp; M / Termination</b>		
	a. Appropriate Organizational Capacity Assessment has been placed	

	b. Financial arrangements has been provided	
	c. Technical arrangements are appropriate	
	d. Potential Environmental impacts have been identified and quantified as per the CRGE ESSF	
<b>9. Assumptions, Risks and Risk Management Strategies</b>		
	a. Assumptions are realistic	
	b. Potential risks identified and appropriate management strategies delineated	
<b>10. Logical Framework</b>		
	a. Short and Easily Understandable	
	b. Enough and accurate information has been provided	

## **Annex 2 Tool for The CRGE Facility- Pre-funding IE/EE Capacity Assessment**

### **INSTRUCTIONS FOR USE**

#### **Background**

The process of advance assessment of Implementing Entity and Executing Entity should ensure that the candidate Implementing Entity and Executing Entity has the technical, financial, managerial, administrative capabilities needed to produce the project outputs and the risks associated with the project implementation as well as operation and management for post implementation.

#### **Purpose.**

This capacity assessment checklist is intended to be used as a screening tool for the preliminary assessment of prospective Implementing Entity and Executing Entity. The checklist should be used to quickly assess each proposed candidate's appropriateness and capacity to implement a proposed project. The checklist is also designed to satisfy the Government of Ethiopia's (Facility's) Financial Regulation on the determination of whose financial procedures would apply if the candidate organization is approved to be the IE/EE.

#### **Methodology.**

Methodology for conducting this assessment should include interviews with key personnel of the candidate organization and desk study of relevant documents. The assessment checklist reviews capacities in four functional areas: 1) project management; 2) the technical skills and resources; 3) financial management; and 4) administrative skills particularly in the areas of procurement and recruitment. Note: If the organization has been recently assessed, formulators may rely on those findings in lieu of a new assessment, if those findings remain relevant.

#### **Who Carries Out the Assessment?**

Facility's programme manager/officers and the project formulators are responsible for carrying out this capacity assessment.

#### **Assessment Report.**

The assessors will prepare a report of findings and recommendations in regard to the selection of the candidate organization including a recommendation in regard to whose financial procedures will apply if the candidate organization is selected as the IE/EE.

#### **Use of Findings.**

The findings of the assessment are project-specific and should not be used to support a conclusion about capacity to implement any other project. The final decision on selection of the IE/EE will be recommended to the Fund Management Committee.

**Follow-up Assessments.**

After the preliminary selection of the IE/EE, the Facility can carry out additional assessments, as needed or required, of financial management (HACT micro-assessment), procurement and recruitment capacities to identify specific problem areas. Where deficiencies are noted, the assessment reports should recommend inputs and activities for inclusion in project formulation and implementation.

Name of the IE/EE: \_\_\_\_\_

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
<b>PART I. BACKGROUND INFORMATION</b>		
1. History	1.1. Date of establishment of the organization:	
2. Mandate and constituency	2.1. What is the current mandate or purpose of the organization? 2.2. Who is the organization’s primary constituency?	
3. Legal status	3.1. What is the organization’s legal status? 3.2. Has it met the legal requirements for operation in the country?	
4. Funding	4.1. What is the organization’s main source (s) of funds? 4.2. Donor is historical:	
5. Certification	5.1. Is the organization certified in accordance with any international/National standards or certification procedure?	
6. Proscribed organizations	6.1. Is the organization listed in any reference list of proscribed organizations?	
<b>PART II. PROJECT MANAGEMENT CAPACITY</b>		
<b>2.1 Managerial Capacity</b>		

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
1. Leadership Commitment	1.1. Are leaders of the organization ready and willing to implement the proposed project?	
2. Management experience and qualifications	2.1. Which managers in the organization would be concerned with the proposed project? 2.2. What are their credentials and experience that relate to the proposed project? Do these managers have experience implementing donor-funded projects?	
3. Planning and budgeting	3.1. Does the organization apply a results-based management methodology? 3.2. Are there measurable outputs or deliverables in the strategies, programmes and work plans? 3.3. Are budgets commensurate with intended results? 3.4. How do planners identify and accommodate risks?	
4. Supervision, review, and reporting	4.1. How do managers supervise the implementation of work plans? 4.2. How do they measure progress against targets? 4.3. How does the organization document its performance, e.g., in annual or periodic reports? 4.4. How are the organization's plans and achievements presented to stakeholders? 4.5. Does the organization hold regular programme or project review meetings? Are such meetings open to all stakeholders? 4.6. Are the organization's activities subject to external evaluation? 4.7. How does the organization learn and adapt from its experience?	
5. Networking	5.1. What other organizations are critical for the successful functioning of this organization? 5.2. How does the organization conduct relations with these organizations? 5.3. Is the organization a party to knowledge networks, coordinating bodies, and other fora?	

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
<b>2.2 Technical Capacity</b>		
1. Technical knowledge and skills	<p>1.1. Do the skills and experience of the organization’s technical professionals match those required for the project?</p> <p>1.2. Would these professionals be available to the project?</p> <p>1.3. Does the organization have the necessary technical infrastructure (e.g, laboratories, equipment, software, technical data bases, etc.) to support the implementation of the project?</p> <p>1.4. How do staff members of the organization keep informed about the latest techniques and trends in their areas of expertise?</p> <p>1.5. What external technical contacts and networks does the organization utilize?</p> <p>1.6. What professional associations does the organization and/or its professional staff belong to?</p>	
<b>PART III. ADMINISTRATIVE AND FINANCIAL MANAGEMENT CAPACITIES</b>		
<b>3.1 Administrative capacity. Note: Answer only questions that are relevant to the proposed project.</b>		
1. Facilities, infrastructure and equipment	<p>1.1. Does the organization possess sufficient administrative facilities, infrastructure, equipment and budget to carry out its activities, particularly in relation to the requirements of the project?</p> <p>1.2. Can the organization manage and maintain the administrative and technical equipment and infrastructure?</p>	
2. Procurement	2.1. Does the organization have the legal authority to	

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
and contracting	<p>enter into contracts and agreements with other organizations?</p> <p>2.2. Does the organization have access to legal counsel to ensure that contracts are enforceable, meet performance standards, and protect the interests of the organization and the CRGE Facility?</p> <p>2.3. Does the organization have dedicated procurement capacity? Do procurement personnel have skills and experience that are appropriate to the requirements of the project?</p> <p>2.4. Does the organization have written procurement procedures?</p> <p>2.5. Is there evidence that the organization conducts procurement on the basis of best value for money, transparency, and effective international competition?</p> <p>2.6. Does the organization have a system and procedures for asset management and inventory control?</p>	
3. Recruitment and personnel management	<p>3.1. Does the organization have the legal authority to enter into employment contracts with individuals?</p> <p>3.2. Does the organization have dedicated personnel capacity?</p> <p>3.3. Do recruitment personnel have skills and experience that are appropriate to the requirements of the project?</p> <p>3.4. Does the organization have written recruitment procedures?</p> <p>3.5. Is there evidence that the organization conducts recruitment objectively on the basis of competition, fairness, and transparency?</p> <p>3.6. Does the organization have a salary scale that would</p>	

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
	<p>apply to project personnel?</p> <p>3.7. Would that scale inhibit the hiring of the best candidates?</p>	
<b>3.2 Financial Management Capacity</b>		
1. Financial management organization and personnel	<p>1.1. Does the organization have written rules and regulations for financial management that are consistent with international/national standards?</p> <p>1.2. Does the organization have a dedicated finance unit?</p> <p>1.3. Do finance managers and personnel have skills and experience that are appropriate to the requirements of the project?</p> <p>1.4. Is the existing financial management capacity adequate to meets the additional requirements of the project?</p> <p>1.5. Do finance personnel have experience in managing donor resources?</p>	
2. Financial position	<p>2.1. Does the organization have a sustainable financial position?</p> <p>2.2. What is the maximum amount of money the organization has ever managed?</p> <p>2.3. If the proposed project is implemented by this organization, what percentage of the organization's total funding would the project comprise?</p>	
3. Internal control	<p>3.1. Does the organization maintain a bank account?</p> <p>3.2. Does the organization have written rules and procedures on segregation of duties for receipt, handling and custody of funds?</p> <p>3.3. How does the organization ensure physical security of</p>	Finance manual

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
	<p>advances, cash and records?</p> <p>3.4. Does the organization have clear written procedures and internal controls governing payments?</p> <p>3.5. How does the organization ensure that expenditures conform to their intended uses?</p> <p>3.6. Does the organization have a policy requiring two signatures for payments over a defined limit?</p> <p>3.7. Is there any evidence of non-compliance with financial rules and procedures?</p>	
4. Accounting and financial reporting	<p>4.1. Are accounts established and maintained in accordance with national standards or requirements?</p> <p>4.2. When and to whom does the organization provide its financial statements?</p> <p>4.3. Can the organization track and report separately on the receipt and use of funds from individual donor organizations?</p> <p>4.4. Is there any evidence of deficiencies in accounting or financial reporting?</p>	
5. Audit	<p>5.1. Is the organization subject regularly to external audit?</p> <p>5.2. Is audit conducted in accordance with international audit standards?</p> <p>5.3. Are audit findings public? If so, have the organization's financial audits produced any significant recommendations for strengthening of financial systems and procedures?</p> <p>5.4. Have audits identified instances non-compliance with rules and procedures or misuse of financial resources?</p> <p>5.6. What has been done to carry out audit</p>	

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	REFERENCE DOCUMENTS AND INFORMATION SOURCES
	recommendations?	

### Note to Facility Programme Officer

Unsatisfactory answers to the following questions should result in disqualification of the organization from further consideration for the role of IE/EE:

Topic	Question	Unsatisfactory Response
Legal Status	What is the organization's legal status? Has it met the legal requirements for operation in the country?	Organization's legal status is unclear. Legal requirements for operation in the country have not been met.
Proscribed Organizations	Is the organization listed in any reference list of proscribed organizations?	Organization appears on a reference list of xxxx of proscribed organizations.
Leadership Commitment	Are leaders of the organization ready and willing to implement the proposed project?	Leadership is not ready and willing to implement the proposed project.
Management Experience and Qualifications	Which managers in the organization would be concerned with the proposed project? What are their credentials and experience that relate to the proposed project? Do these managers have experience implementing donor-funded projects?	Managers lack qualifications and experience related to the proposed project.
Technical Knowledge and Skills	Do the skills and experience of the organization's technical professionals match those required for the project? Would these professionals be available to the project?	Technical personnel lack skills and experience related to the proposed project. Technical personnel with required skills would not be available to the proposed project.

Procurement	Does the organization have the legal authority to enter into contracts and agreements with other organizations? Does the organization have access to legal counsel to ensure that contracts are enforceable, meet performance standards, and protect the interests of the organization and UNDP?	Organization lacks legal authority to contract or access to legal counsel. (if relevant to the proposed project)
Recruitment	Does the organization have the legal authority to enter into employment contracts with individuals?	Organization lacks legal authority to contract or access to legal counsel. (if relevant to the proposed project)
Financial Management	<p>Does the organization maintain a bank account?</p> <p>Does the organization have written rules and regulations for financial management that are consistent with international standards?</p> <p>What is the maximum amount of money the organization has ever managed? If the proposed project will be implemented by this organization, what percentage of the organization's total funding would the project comprise?</p> <p>Can the organization track and report separately on the receipt and use of funds from individual donor organizations?</p> <p>Is the organization subject regularly to external audit?</p>	<p>Organization does not have a bank account.</p> <p>No written financial procedures or procedures inconsistent with national/international standards.</p> <p>Proposed project budget amounts to over 80% of organization's total funding.</p> <p>Organization cannot provide separate accounts for donor funds.</p> <p>Organization is not regularly audited.</p>