



REQUEST FOR PROPOSAL (RFP)

United Nations Development Programme Project Name: P/00104103 “Ecuador REDD+ Results Based Payments for results period 2014”	DATE: March 11, 2021
	REFERENCE: UNDP-ECU-RFP-ADQ-130673

Dear Sir / Madam:

We kindly request you to submit your Proposal for **UNDP-ECU-RFP-ADQ-130673 “Independent Assessor for conducting independent assessment of the GCF REDD+ Results-Based Payments project in Ecuador”**.

Please be guided by the form attached hereto as Annex 4, in preparing your Technical Proposal. The Economic Proposal by the form attached hereto as Annex 5 must be submitted in a separate file from the technical proposal.

Proposals may be submitted on or before **17h00 (UTC-05:00 Quito) Monday, April 05, 2021**.

This procurement process is conducted through the UNDP eTendering online system (<https://etendering.partneragencies.org>) **Business Unit: ECU10 Event ID: 8744**

Interested applicants must register in the system in order to access the additional documents. Detailed instruction on how to register as a first-time user, how to submit and manage bids, as well as the complete.

User guide for bidders, and FAQ document for bidders, can be found at the link below:
<https://www.undp.org/content/undp/en/home/procurement/business/resources-for-bidders.html>

Your Proposal must be expressed in the English, and valid for a minimum period of **90 days**.

In the course of preparing your Proposal, it shall remain your responsibility to ensure that it reaches the address above on or before the deadline. Proposals that are received by UNDP after the deadline indicated above, for whatever reason, shall not be considered for evaluation. If you are submitting your Proposal by email, kindly ensure that they are signed and in the .pdf format, and free from any virus or corrupted files.

Services proposed shall be reviewed and evaluated based on completeness and compliance of the Proposal and responsiveness with the requirements of the RFP and all other annexes providing details of UNDP requirements.

The Proposal that complies with all of the requirements, meets all the evaluation criteria and offers the best value for money shall be selected and awarded the contract. Any offer that does not meet the requirements shall be rejected.

Any discrepancy between the unit price and the total price shall be re-computed by UNDP, and the unit price shall prevail, and the total price shall be corrected. If the Service Provider does not accept the final price based on UNDP's re-computation and correction of errors, its Proposal will be rejected.

No price variation due to escalation, inflation, fluctuation in exchange rates, or any other market factors shall be accepted by UNDP after it has received the Proposal. At the time of Award of Contract or Purchase Order, UNDP reserves the right to vary (increase or decrease) the quantity of services and/or goods, by up to a maximum twenty-five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

Any Contract or Purchase Order that will be issued as a result of this RFP shall be subject to the General Terms and Conditions attached hereto. The mere act of submission of a Proposal implies that the Service Provider accepts without question the General Terms and Conditions of UNDP, herein attached as Annex 3.

Please be advised that UNDP is not bound to accept any Proposal, nor award a contract or Purchase Order, nor be responsible for any costs associated with a Service Providers preparation and submission of a Proposal, regardless of the outcome or the manner of conducting the selection process.

UNDP's vendor protest procedure is intended to afford an opportunity to appeal for persons or firms not awarded a Purchase Order or Contract in a competitive procurement process. In the event that you believe you have not been fairly treated, you can find detailed information about vendor protest procedures in the following link:

<http://www.undp.org/content/undp/en/home/operations/procurement/business/protest-and-sanctions.html>

UNDP encourages every prospective Service Provider to prevent and avoid conflicts of interest, by disclosing to UNDP if you, or any of your affiliates or personnel, were involved in the preparation of the requirements, design, cost estimates, and other information used in this RFP.

UNDP implements a zero tolerance on fraud and other proscribed practices, and is committed to preventing, identifying and addressing all such acts and practices against UNDP, as well as third parties involved in UNDP activities. UNDP expects its Service Providers to adhere to the UN Supplier Code of Conduct found in this link :

https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/unscc/conduct_english.pdf

Thank you and we look forward to receiving your Proposal.

Sincerely yours,

*Procurement Unit
UNDP Ecuador*

Description of Requirements

Context of the Requirement	Independent Assessor for conducting independent assessment of the GCF REDD+ Results-Based Payments project in Ecuador
Implementing Partner of UNDP	Ministry of Environment and Water (MAAE)
Brief Description of the Required Services ¹	Detail in the Terms of Reference-TOR, numerals 1 and 2
List and Description of Expected Outputs to be Delivered	Detail in the Terms of Reference-TOR, numeral 3
Person to Supervise the Work/Performance of the Service Provider	The Independent Assessor will be under the administrative supervision of the project team in coordination with the UNDP Country Office. It will coordinate technical aspects with the responsible party, the Sustainable Environmental Investment Fund (FIAS), the project team, UNDP Country Office and UNDP Climate & Forests team.
Frequency of Reporting	Detail in the Terms of Reference-TOR
Progress Reporting Requirements	Detail in the Terms of Reference-TOR, numerals 4 and 5 UNDP Country Office
Location of work	Detail in the Terms of Reference-TOR, numeral 6
Expected duration of work	A Long-Term Agreement for the Provision of Services will be signed with a validity of two (2) years, which may be extended after evaluation of satisfactory performance for a total duration of four (4) years.
Target start date	As soon as possible
Latest completion date	The LTA has a duration of four (4) years, which may be concluded early, depending on how the planning of the Performance Based Payment Agreement process progresses, under the scenario that there are no setbacks with the three (3) selected local government and that the evaluations to be performed by the Independent Evaluation Company regarding the compliance of the performance indicators established in the methodology by the GADs are performed every 12 months for three consecutive years.

¹ A detailed TOR may be attached if the information listed in this Annex is not sufficient to fully describe the nature of the work and other details of the requirements.

Travels Expected	Detail in the Terms of Reference-TOR
Special Security Requirements	Completion of UN's Basic and Advanced Security Training
Facilities to be Provided by UNDP (i.e., must be excluded from Price Proposal)	Detail in the Terms of Reference-TOR
Implementation Schedule indicating breakdown and timing of activities/sub-activities	Required
Names and curriculum vitae of individuals who will be involved in completing the services	Required
Currency of Proposal	United States Dollars
Value Added Tax on Price Proposal ²	must be inclusive of VAT and other applicable indirect taxes
Validity Period of Proposals (Counting for the last day of submission of quotes)	90 days
Partial Quotes	Not permitted
Payment Terms ³	Configuration of the Long Term Agreement (LTA)

² VAT exemption status varies from one country to another. Pls. check whatever is applicable to the UNDP CO/BU requiring the service.

³ UNDP preference is not to pay any amount in advance upon signing of contract. If the Service Provider strictly requires payment in advance, it will be limited only up to 20% of the total price quoted. For any higher percentage, or any amount advanced exceeding \$30,000, UNDP shall require the Service Provider to submit a bank guarantee or bank cheque payable to UNDP, in the same amount as the payment advanced by UNDP to the Service Provider.

	<p>-Single Proposer LTA - One vendor supplying the total requirements for a given type services</p> <p>UNDP will issue call-off contract are purchase orders against the LTA only upon a specific requirement with clear and measurable deliverables. Schedule of Payments will be determined at the time of the call-off contract.</p> <p>Call-off contracts are purchase orders that fall under the framework agreement of the LTA.</p>
Person(s) to review/inspect/ approve outputs/complete d services and authorize the disbursement of payment	<p>UNDP Country Office</p> <p>The LTA will be supervised by the Policy and Institutional Technical Specialist of Project.</p>
Type of Contract to be Signed	<p>Long Term Agreement (LTA)</p> <p>A long-term agreement (LTA) is a mutual arrangement with a firm to provide services as required, over a specific period of time, with the quantity or services to be determined at prescribed prices.</p> <p>The Contractor will provide the types of services and products, set forth in the attached Terms of Reference. UNDP does not guarantee the purchase of a specific amount of Services during the term of the Contract. Each time the service is required, a specific Purchase Order/Contract of Professional Services will be issued for that Service.</p> <p>LTA format available in the following link:</p> <p>http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html Model Reimbursable Loan Agreement – ENG</p> <p>Contract of Professional Services format available in the following link:</p> <p>http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html Contract Face Sheet (Goods and-or Services) UNDP</p>
Criteria for Contract Award	<p><input checked="" type="checkbox"/> Highest Combined Score (based on the 70% technical offer and 30% price weight distribution)</p> <p><input checked="" type="checkbox"/> Full acceptance of the UNDP Contract General Terms and Conditions (GTC). This is a mandatory criterion and cannot be deleted regardless of the nature of</p>

	services required. Non-acceptance of the GTC may be grounds for the rejection of the Proposal.
Criteria for the Assessment of Proposal	<p>Technical Proposal (70%)</p> <ul style="list-style-type: none"> ☒ Expertise of the Firm 10% ☒ Methodology, Its Appropriateness to the Condition and Timeliness of the Implementation Plan 40% ☒ Management Structure and Qualification of Key Personnel 20% <p><i>Only offers that meet a 70% qualification (49/70) of the technical offer (company profile, work team and methodological proposal) will go to the next phase of review of the economic offer.</i></p> <p>Financial Proposal (30%)</p> <p>To be computed as a ratio of the Proposal's offer to the lowest price among the proposals received by UNDP.</p> <p>More detail in the TOR, numeral 8</p>
UNDP will award the contract to:	One and only one Service Provider
Contract General Terms and Conditions ⁴	<ul style="list-style-type: none"> ☒ General Terms and Conditions for contracts (goods and/or services) <p>Applicable Terms and Conditions are available at: http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html</p>
Annexes to this RFP ⁵	<ul style="list-style-type: none"> ☒ Guide "Long Term Agreement" (Annex 2) ☒ Detailed TOR (Annex 3) ☒ Form for Submission of Technical Proposal (Annex 4) ☒ Form for Submission of Economical Proposal (Annex 5)

⁴ Service Providers are alerted that non-acceptance of the terms of the General Terms and Conditions (GTC) may be grounds for disqualification from this procurement process.

⁵ Where the information is available in the web, a URL for the information may simply be provided.

Contact Person for Inquiries (Written inquiries only) ⁶	<p>Procurement Unit, UNDP Ecuador Email address: licitaciones.ec@undp.org</p> <p>Inquiries must be received by March 22, 2021.</p> <p>Any delay in UNDP's response shall be not used as a reason for extending the deadline for submission, unless UNDP determines that such an extension is necessary and communicates a new deadline to the Proposers.</p>
Other Information <i>[pls. specify]</i>	N/A

Evaluation Criteria

CRITERIA	PERCENTAGE
Consulting company profile	10%
Team profiles	20%
Technical proposal	40%
Total	70%
Economic proposal	30%
Total Combined Score	100%

Qualification of consulting company	Maximum Score	Score
<p>Expertise and relevant experience in relation with evaluation of projects and verification of project activities</p> <p>7 years of experience (3 point) 8 or more years of experience (4 points).</p>	4	
<p>Relevant contract to the objective of this tender, for a minimum value of USD 20,000 usd. each one, over the last 5 years.</p> <p>3 contracts (3 point) 4 or more contracts (4 point)</p>	4	

⁶ This contact person and address is officially designated by UNDP. If inquiries are sent to other person/s or address/es, even if they are UNDP staff, UNDP shall have no obligation to respond nor can UNDP confirm that the query was received.

Accreditation by an International Accreditation Forum (IAF) member body for the ISO norm(s) or other international standard(s) most relevant to the specific PBP agreement validation methodology or International Quality Assurance Certification (e.g. ISO 9000 or Equivalent) and/or an accreditation related to the specific field in which the PBP Agreement is operating (e.g. ISO 14001 related to the environment or equivalent) and be required to provide a Copy of the valid Certificate.	2	
Total score	10	

Qualification of key personnel	Maximum Score	Obtained Score
Professional 1: Forester	7	
At least a MSc in forestry or natural resources management or similar or related scope to the services.	Compliant / not Compliant	
Experience in forestry and/or forest conservation 7 years of experience (1 point) 8 or more years of experience (2 points)	2	
Experience evaluating forestry projects 4 years of experience (1 point) 5 or more years of experience (2 points)	2	
Experience on forest management and/or forest conservation in the tropics 1 to 2 experiences (1 point) 3 or more experiences (2 point)	2	
Fluent spoken and written Spanish and English.	1	
Professional 2: Social safeguards specialist	7	
At least a MSc in social science, community development or community-based natural resources management	Compliant / not Compliant	
Experience in social and environmental safeguards in the context of development or conservation projects 5 years of experience (1 point) 6 or more years of experience (2 points)	2	
Experience in grievance redress mechanisms related to natural resource management 3 years of experience (1 point) 4 or more years of experience (2 points)	2	

knowledge in social safeguards particularly in the forestry sector 1 year of experience (1) 2 or more years of experience (2)	2	
Fluent spoken and written Spanish and English.	1	
Professional 3: GIS & remote sensing specialist	6	
At least a MSc in Geographic Information System (GIS) and remote sensing	Compliant / not Compliant	
Experience in GIS and remote sensing for natural resources management 3 years of experience (3 points) 4 or more years of experience (4 points)	4	
Fluent spoken and written Spanish and English	2	
Total score	20	

Qualification of technical proposal	Maximum Score	Obtained Score
Does the offeror understand the work and meets the objectives of the consultancy with respect to providing an independent evaluation?	10	
Does the proposed methodology for validating the Performance-Based Payment Agreement (PBPA) consider monitoring and reporting arrangements?	10	
The technical proposal considers the collection of primary data, validation of existing data and/or methods of analysis on the performance of the responsible party in meeting the milestones and targets established in relation to the indicators agreed upon in the results framework?	10	
Is the planning and sequence of activities in accordance with the established timeframe in TORs of each phase?	10	
Total score	40	

Qualification of economical proposal

The highest score (30%) will be given to the low-priced offer and the inverse proportional to the other offers. Only technical compliant offers that meet the required minimum score of 70% (49/70) will pass to the economic evaluation.

Guide "Long Term Agreement"
for the presentation of services between the United Nations Development Programme, within the framework of P/00104103 PROAMAZONIA - Payment by Results

I. Explanation of the type of Long-Term Agreement (LTA)

1. A long-term agreement (LTA) is a mutual arrangement with a firm to provide services as required, over a specific period of time, with the quantity or services to be determined at prescribed prices.
2. A Long-Term Agreement for the Provision of Services will be signed with a validity of two (2) years, which may be extended after evaluation of satisfactory performance for a total duration of four (4) years.
3. Estimated volume of services required for the four (4) year term of the Long-Term Agreement has a value of USD\$ 90,000.00 (Ninety Thousand United States Dollars). This estimate includes the projection of services that are currently required, and an estimate for future services that may be required by the project during the life of the LTA.
4. This estimate includes the projection of services that are currently required, and an estimate for future services that may be required by the project during the life of the LTA.
5. The long-term agreement (LTA) is made up of three (3) annexes:

Annex 1: Terms of Reference

This document details the scope of services that apply to the LTA.

Annex 2: Cost detail

This document details the unit prices to be considered in the Agreement.

Annex 3: General conditions of contract

Applicable to the LTA Agreement and subsequent UNDP contracts.

6. The LTA will be supervised by the Policy and Institutional Technical Specialist, who must establish control and management mechanisms to facilitate the administration of the LTA, as well as performance evaluation to assess the firm's services in terms of quality, availability and compliance with deadlines upon completion of deliveries.

Therefore, reports will be received annually from:

- (i) subsequent contracts issued under the LTA by the UNDP
- (ii) Availability of resources in the LTA
- (iii) Invoicing status: done, pending

7. Financial commitments will be established on a case-by-case basis, each time qualifying services are requested under the LTA, for this purpose UNDP will issue specific authorizations in accordance with the available contractual templates and in each subsequent contract will issue clear billing instructions.
8. Oversight and monitoring of each subsequent contract will be specified in each one
9. Company responsibilities

- Comply with UNDP LTA eligibility provisions
- To provide services to UNDP in an efficient and responsible way, guaranteeing the best quality-price ratio.
- Maintain permanent contact with the LTA supervisor and submit annual reports of:
 - a. subsequent contracts issued under the LTA by the UNDP
 - b. Availability of resources in the LTA
 - c. Invoicing status: done, pending
- Maintain permanent contact with UNDP focal points to monitor the level of services and establish mechanisms for improvement.

Mechanisms for ordering

1. Informally via email UNDP should consult with the Purchasing and Administration Assistant of PROAmazonia on the feasibility of using the LTA.
2. The UNDP procurement unit will request quotation for the services to be contracted by UNDP.
3. The Company will submit quotations based on the technical and economic conditions of the LTA, which will be evaluated by UNDP and the Program.
4. Services will be ordered through the UNDP contracting modalities according to the terms of the contract.
5. All services will be ordered on the basis of available resources.

The procedure for requesting and performing services will be carried out in the following way

Responsible	Activity	Deadline
PROAmazonia / UNDP	Request to the Company to quote the required service through terms of reference.	According to internal requirements
Company	Submission of technical and financial proposal	Maximum 10 working days after receipt of the application.
PROAmazonia / UNDP	Sending email approval of the technical and financial proposals	Maximum eight working days after receipt of offer.
PROAmazonia / UNDP	Formulation of the contract with the Company	Maximum 15 working days for the signature of the contract between UNDP and the Company.
Company	Official start of service upon signature of the contract	
Company	Delivery of the first version of the required service/product	maximum 15 working days for issuance of observations
Company	Submission of the second version	10 working days after receipt of comments
PROAmazonia / UNDP	Product pre-approval	Maximum 10 working days to process the pre-approval.
Company	Sending of final product for approval via email	Maximum 10 working days to process the pre-approval.
PROAmazonia / UNDP	Sending approval via e-mail	
Company	Delivery of products on time and under established conditions	
PROAmazonia / UNDP	Product reception and payment management	

Terms of Reference

Terms of Reference – Independent Assessor for conducting independent assessment of the GCF REDD+ Results-Based Payments project in Ecuador

1. Context

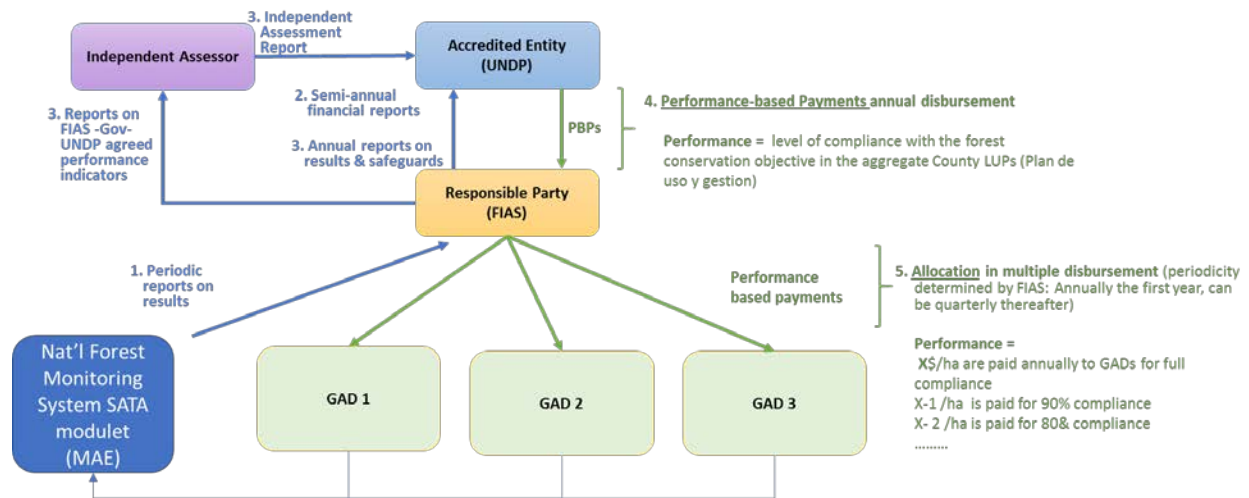
UNDP is supporting Ecuador with the implementation of a USD 18.5M Green Climate Fund project called: “REDD+ Result-Based Payment for 2014”. In the context of this project there is a specific activity 1.1 which focuses on the implementation of land use plans at the local level.

With the support of the Ministry of Environment and Water (MAAE), through the PROAmazonía Program, the Technical Secretariat of Planning of Ecuador incorporated climate change criteria and actions in land use planning guidelines. Thus, it is expected that, by December 2020, which is the deadline for updating and presenting the land use plans (PDOT for its acronym in Spanish), local governments will incorporate these action measures into their plans. In this context, through this result, the Project will support the implementation of mitigation and / or adaptation actions to climate change incorporated in PDOT or land use and management plans (PUGS for its acronym in Spanish) by local governments at their different levels (provincial, cantonal and / or parish) or commonwealths.

The mechanism with which this activity will be financed will be a UNDP tool called: “Performance-Based Payment Agreement”, which consists of making payments once the decentralized autonomous governments (GAD for its acronym in Spanish) have reached a specific deliverable established in the agreement (for more detail on this mechanism, see section XIV). This mechanism will encourage local governments to implement REDD+ actions and monitor their progress. Proper implementation of these activities will increase natural resource conservation, forest restoration, sustainable forest management, protect watersheds, or increase climate change resilience.

The mechanism will be implemented through the Sustainable Environmental Investment Fund (FIAS) as the responsible party for the implementation of this activity. Figure 1.1 illustrates how this modality is implemented in a general way.

Figure 1.1 Performance Payout Operation Scheme



This activity will be carried out through the following sub-activities: (1) the signing of an agreement between UNDP and FIAS as responsible party, and the signing of sub agreements between FIAS and GADs, (2) execution and reporting, (3) external verification and payment conditional on achievement of results ; (4) supervision, information management, analysis and dissemination.

UNDP Performance-Based Payments (PBPs) modality⁷

UNDP operational guidance note for PBPs mentions that “the PBP agreement describes at a minimum:

- the desired development result expressed in an indicator that can be measured and verified;
- a mechanism or method how its achievement can be verified; and
- a corresponding payment [...] paid after the result has been achieved”.

As defined in UNDP’s Programme and Operations Policies and Procedures (POPP):

- “Performance-based payments (PBPs) are a type of agreement between UNDP and a [responsible party] to provide funding upon the verified achievement of an agreed measurable development result. No advances are provided, rather payments are made only upon the verified achievement of agreed results. [...]”

⁷ The Full POPP for Performance-Based Payments is available publicly through the following weblink:

https://popp.undp.org/UNDP_POPP_DOCUMENT_LIBRARY/Public/PPM_Design_Performance-Based%20Payments.docx

The PBPA template is available through the following weblink:

https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PPM_Design_Performance%20Based%20Payment%20Agreement%20_Final%20for%20Oct%20OPG.docx&action=default&DefaultItemOpen=1

2. [...] *“For PBPs, the achievement of specific, pre-agreed results (outputs and/or activities) must be validated through performance measures and quality certified by an independent assessor [...]”*
16. *“The assessor provides a neutral, impartial and independent assessment of whether the agreed development result has been achieved prior to issuing the agreed payment. The selection of the assessor must be competitive and agreed between UNDP and the responsible party benefitting from a performance-based payment. The process is guided by the following criteria:*
 - *The independent assessor must be an internationally recognized institution of repute, with no commercial relationship with any of the other parties that may impair its objectivity, impartiality or independence.*
 - *The institution should have no affiliation to UNDP or the responsible party. [...]”*
17. *“UNDP engages the independent assessor through a separate agreement once consensus has been reached on the choice of an institution. The independent assessor must acknowledge its role in the performance-based payment agreement as a non-party to the agreement.”*
20. *“Before a project document containing a performance-based payment can be signed, the project appraisal committee or project board must review: (i) The choice of the proposed responsible party and the independent assessor; (ii) The formulation of the result, validation method and payment-linked performance indicators submitted by the independent assessor; and (iii) The draft performance-based payment agreement based on the relevant template”.*
21. *“The independent assessor, prior to the signature of the performance-based payment agreement, validates key aspects, including: (a) the theory of change explaining how the result(s) are expected to be achieved; (b) the definition of the result(s); (c) objectively verifiable indicators to measure the achievement of the result(s) as well as performance targets against these indicators that will trigger payments; (d) the adequacy of risk management measures, including for compliance with social and environmental standards; and (e) the payment terms linked to the validation of the result(s), which can include: (i) Financial incentives in case the result(s) are achieved early or are surpassed; (ii) Provisions for reduced or graded payments in case the result(s) are partially achieved or incomplete (i.e., ‘near miss’); and (iii) Any other incentives and payment conditions related to the quality and sustainability of the result(s)”.*
22. *“The independent assessor, in consultation with UNDP and the responsible party, will develop a validation methodology attached to the performance-based payment agreement as an annex. It will help verify the achievement of milestones and targets reported by the responsible party to validate that agreed levels of quantity, quality and sustainability were delivered. Result(s) validation must be based on independent data collection or validation of existing data on the specified indicators”.*

The goal of the present assignment is to undertake assurance activities (e.g., random assignment, data collection), and to verify the achievement of the results required to make performance payments. The Independent Assessor will be responsible for proposing its detailed Validation Methodology that will be agreed/adopted by the contracting organization (UNDP), and validate the terms of the Performance-Based Payment Agreement. In this context, UNDP is looking for a firm⁸ to act as Independent Assessor, referred to in this document as “Independent Assessor” or “IA”, for activity 1.1 of the GCF project. The “responsible party” is the Sustainable Environmental Investment Fund (FIAS).

2. Objective of the assignment

The objective for this assignment is to:

⁸ The firm may be constituted as a private company, a NGO, a University or other similar institutions

- **Phase 1 (product 1):** Support the preparation of methodologies and that contribute to improve the Performance Based Payment Agreement (PBPA) to be signed between UNDP and the responsible party for Activity 1.1 of the GCF REDD+ RBPs project.
- **Phase 2 (product 2, 3, 4 and 5):** Provide a “neutral, impartial and independent” annual assessment of whether the agreed results have been achieved, and related recommendations to UNDP, prior to UNDP issuing the performance-based payments to the Responsible party.

3. Detailed tasks

The objective described above requires at least the following tasks to be carried out.

Phase 1 (product 1):

- 1.1 Review, discuss with UNDP, Ministry of Environment and Water, and the responsible party the propositions made related to key aspects of the PBPA, and further elaborate as required, and then validate prior to the signature of the PBPA.
- 1.2 Assess whether the existing M&E system(s) address(es) the information needs for the efficient verification of results and performance thresholds by the Independent Assessor (IA), and provide recommendation as to how it could be strengthened in a cost-effective manner, in order to keep the costs of the Independent Assessment as low as possible.
- 1.3 Agree with the responsible party and Ministry of Environment and Water, on monitoring and reporting arrangements, including responsibilities of the responsible party, the Independent Assessor and UNDP, requirements, format, data sources and frequency.
- 1.4 Develop, in collaboration with UNDP, Ministry of Environment and Water, and the responsible party, a validation methodology document and the approach to providing the necessary assurance for the achievement of established results. This aims to certify that the result has been delivered to the agreed level of quality and sustainability, including any primary data collection, validation of existing data, and/or analysis methods on the performance of the responsible party in meeting the milestones and targets set against the agreed indicators in the Results Framework. Quality will be determined by clear measures of efficient delivery of outputs, effective achievement of intended result, sustainability of result and equity through application of UNDP’s social and environmental standards. This should include a random sample with statistical significance among the reported results for conducting verification;
- 1.5 Formulate a submission to the project appraisal committee or project board for its review of:
 - (i) The formulation of the result, validation method and payment-linked performance indicators

Phase 2 (product 2, 3, 4 and 5)

- 1.6 Each product will consider the review the annual progress report of results that includes the evaluation of three selected local governments, submitted by the responsible party (includes Annex H Reporting on Minimum Progress Thresholds and Annex F Results Reporting Format of the PBPA);

- 1.7 Collect additional data, if required, on the reported achievements and other related indicators from secondary sources, and carry out fieldwork and/or other complementary measures according to the validation method defined, to obtain the evidence necessary to be able to provide assurance that the responsible party has met the criteria established under the PBPA, including the extent to which results reported have been achieved and are of adequate quality (incl. safeguards requirements). The Independent Assessor must triangulate the reporting from the responsible party and collect primary and secondary data used to report on performance. This may include (but is not limited to) random sample surveys, beneficiary feedback, georeferenced photographs, interviews, and 3rd party stakeholders, as appropriate. The method of data collection should provide assurance to UNDP and GCF that the results have been achieved as per the agreed indicator. The assessment must provide evidence-based information that is credible, reliable and useful;
- 1.8 Prepare and present to UNDP and the responsible party an Independent Assessor's report on results achieved and reported by the responsible party and GADs. This report should include at least (i) a quantification of the results achieved, (ii) an assurance opinion as to whether the assessment criteria have been met, (iii) a quantification of the extent to which criteria have not been met, should this be necessary, (iv) a recommendation to UNDP regarding the level of payment deemed relevant according to results confirmed, taking into account the minimum progress threshold and the payment terms defined, and [(v) additional recommendations regarding potential areas of improvement for the responsible party in terms of implementation of the activities for results to qualify or in the way to document them more adequately];
- 1.9 If necessary, engage in the dispute settlement process as defined in UNDP's PBP policy, would there be a disagreement with the responsible party over the recommendation from the IA to UNDP and related decision by UNDP on actual payments.

The IA should propose additional important tasks considered left out, if any.

The Independent Assessor is expected to follow a participatory and gender-responsive approach ensuring close engagement with counterparts, in particular UNDP Country Office, the project team, UNDP Climate & Forests team and key stakeholders.

4. Overall roll-out of the assignment

UNDP envisages the implementation of the contract in two phases, whereby at this stage the firm will be only contracted for phase 1. Upon (i) availability of funds (project approved by the GCF), (ii) signature of the PBPA between UNDP and the responsible party, and (iii) satisfactory performance of the IA under phase 1, the company will be called upon through the LTA for Phase 2.

However, UNDP will select only one firm for the two phases.

- 1) ***Phase 1 (Product 1)***: aimed at supporting the preparation of the key aspects of the Performance-Based Payment Agreement (PBPA) as defined in section 3 of the terms of reference. This phase will start with the signature of the contract between UNDP and the IA, and end when the second version of the PBPA is signed between UNDP and the responsible party;

- 2) ***Phase 2 (Products 2 to 5)***: aimed at periodically verifying the achievement of milestones and targets reported by the responsible party to validate that agreed levels of quantity, quality and sustainability were delivered. This phase will start once the first version of the PBPA is signed between UNDP and the responsible party.

It is envisaged that, as a general rule, the annual verification should be carried over a period that is no longer than one (1) month. Each time the LTA for independent assessment process will be activated (i.e. when the responsible party communicates to UNDP its intention to submit a payment request, which is expected to be each calendar year), the terms of reference will specify the time period as well as an indicative amount of results and geographical extent, so that the IA may adjust its technical and financial proposal adequately to ensure it can deliver in the specified time.

5. Expected deliverables when the call-off contract is activated

Deliverables are expected to include at least:

Phase 1 (Product 1): Supporting the preparation of methodologies and that will contribute to improving the key aspects of the Performance-Based Payment Agreement (PBPA). This phase will start with the signature of the contract between UNDP and the IA, and end when the PBPA is signed between UNDP and the responsible party.

1.1 Develop the Validation Methodology of the Performance-Based Payment Agreement (PBPA) using Annex A and the approach to providing the necessary assurance, which must include monitoring and reporting arrangements, as well as standard language on data security, data ownership and the destruction of data. (*Annex A - Validation Methodology*)

1.2 Annexes of the Performance-Based Payment Agreement (PBPA) adjusted following the validation process based on the UNDP proposals, including:

- Annex A-1 - Results Framework: Including objectively verifiable indicators (*with fully populated baselines and targets, and data sources that will be used to measure the achievement of results by the responsible party*), to measure the achievement of the result(s) as well as performance targets against these indicators that will trigger payments
- Annex A-2 - Results/Performance Threshold Validation Format: (first column, the others being filled in each annual assessment in phase 2);
- Annex A-3 (Deliverable(s) and Performance-Based Payment Terms); Linked to the Independent Assessor's certification of results, it will detail the minimum progress performance that is needed to issue payment (as well as for any bonuses or partial payments), the trigger(s) for validation and the methodology for performance payment calculations, including risk adjustment factors, as well as details on the Early Termination Process. The payment terms linked to the validation of the result(s), which can include:
 - The monetary value attached to a unit of result, as captured through the performance indicators
 - Financial incentives in case the result(s) are achieved early or are surpassed.

- Provisions for reduced or graded payments in case the result(s) are partially achieved or incomplete (i.e., 'near miss'); and
 - Any other incentives and payment conditions related to the quality and sustainability of the result(s).
- Annex D (Nature and Schedule of Assurance Activities) - if not included in Annex A;
 - Annex F - Results Reporting Format: (first column, the others being filled by the responsible party when reporting results in phase 2);
 - Annex G - Request for Payment Format.
 - Annex H - Reporting on Minimum Progress Thresholds: (second column, the others being filled by the responsible party when reporting results in phase 2)
 - Annex I: Indicators
 - Theory of Change; change explaining how the result(s) are expected to be achieved.
 - Social and Environmental Risk Screening Checklist.

1.3 Inception report containing baseline information reported by the local governments go and the responsible party

Phase 2 (Products 2 to 5): aimed at periodically verifying the achievement of milestones and targets reported by the responsible party to validate that agreed levels of quantity, quality and sustainability were delivered. This phase will start once the PBPA is signed between UNDP and the responsible party.

2.1 Annual verification report* (in English and Spanish)

Which include (i) the mission(s) report(s) (one per GADs) and (ii) the results assessment report (one per GAD). Total annual verification reports are expected during the contract period (one for each calendar year of the four-year project considering the three GADs assessed). The scope of work and applicable fees may vary depending on the quantity of assessment missions during the contract year, which include:

- i) Mission(s) report(s)
- ii) Results assessment report, with the various annexes/templates that must be filled by the IA. A template for Results Validation is included in the PBPA (Annex A-2 Results/Performance Thresholds Validation Format) and is completed by the IA during implementation to certify the achievement of results eligible for payment. The assessment report must include a chapter providing a set of conclusions, recommendations and lessons.

Outputs/Deliverables	Percentage of fees	Tentative Timeframe
YEAR 1		
Phase 1 – product 1 Inception report (Methodology Validation)	10%	Within 45 days of signing the contract
Phase 2 – Product 2 Annual verification report, including the 3 Mission(s) report(s) and 3 Results assessment reports (one per GAD)	90%	Within 15 days after the annual verification report is received and approved
YEAR 2		
Phase 2 – Product 3 Annual verification report, including the 3 Mission(s) report(s) and 3 Results assessment reports (one per GAD)	100%	Within 15 days after the annual verification report is received and approved
YEAR 3		
Phase 2 – Product 4 Annual verification report, including the 3 Mission(s) report(s) and 3 Results assessment reports (one per GAD)	100%	Within 15 days after the annual verification report is received and approved
YEAR 4		
Phase 2 – Product 5 Annual verification report, including the 3 Mission(s) report(s) and 3 Results assessment reports (one per GAD)	100%	Within 15 days after the annual verification report is received and approved

** A minimum of three (3) and up to five (5) verification reports in total are expected during the contract period (one for each calendar year of the four-year project). The scope of work and applicable fees may vary depending on the quantity of assessment missions and the places to be visited during the contract year.*

6. Duration and location of the assignment

The duration of the assignment will be:

Phase 1 (product 1):

- Duration: a maximum of 45 man-days spread over a period of 2 months from contract signing.

- Location: Home based

Phase 2 (Products 2 to 5):

- Duration: Expected up to 1 month every calendar year, for the duration of the four-year project
- Location: Home based, with field missions in Ecuador (International and domestic transportation costs will be set up according to the location of selected GAD assess each time when the call-off contract is activated)

7. Qualifications required

Eligibility criteria for the firm

- The independent assessor must be an *“institution of repute, with no commercial relationship with any of the other parties that may impair its objectivity, impartiality or independence”*⁹ (UNDP POPP).
- The institution should have no affiliation to UNDP or the responsible party

Expected qualifications for the firm

- Demonstrate a robust expertise and relevant experience in relation with evaluation of projects and verification of project activities for at least 7 years;
- 3 contracts relevant to the objective of this tender, for a minimum value of USD 20,000 each one, over the last 5 years.
- Accreditation by an International Accreditation Forum (IAF) member body for the ISO norm(s) or other international standard(s) most relevant to the specific PBP agreement validation methodology or international Quality Assurance Certification (e.g. ISO 9000 or Equivalent) and/or an accreditation related to the specific field in which the PBP Agreement is operating (e.g. ISO 14001 related to the environment or equivalent) and be required to provide a Copy of the valid Certificate.

Qualifications of key personnel

Though the firm may also mobilize additional human resources internally in the conduct of the assignment as required, as well as propose a bigger number of team members to respond to the requirements presented in these TORs, as deemed necessary, the team proposed should include at the very least the following profiles (which may however be combined):

⁹ A specific question on impartiality and independence will be incorporated in the due diligence process

Phase 1 (Product 1):

1. Forester (team leader)

Educational:	<ul style="list-style-type: none">• At least a MSc in forestry or natural resources management or similar or related scope to the services.
Experience:	<ul style="list-style-type: none">• 7 years' experience in forestry and/or forest conservation• 4 years' experience evaluating forestry projects• Demonstrated knowledge and experience on forest conservation in the tropics
Language:	Fluent spoken and written Spanish and English (<i>This will be verified through the certificates sent or in the resume, publications, or papers</i>).

2. GIS & remote sensing

Education:	<ul style="list-style-type: none">• At least a MSc in Geographic Information System (GIS) and remote sensing
Experience:	<ul style="list-style-type: none">• 3 years' experience in GIS and remote sensing for natural resources management
Language:	Fluent spoken and written Spanish and English (<i>This will be verified through the certificates sent or in the resume, publications, or papers</i>).

Phase 2 (Products 2 to 5):

The team leader should have a proven experience of at least 7 years supervising similar projects and be fluent in spoken and written Spanish and English. It is envisaged that the team leader would be the forester, but the candidate may propose and justify additional dispositions.

1. Forester (Team Leader)

Education:	<ul style="list-style-type: none">• At least a MSc in forestry or natural resources management or similar or related scope to the services.
Experience:	<ul style="list-style-type: none">• 7 years' experience in forestry and/or forest conservation• 4 years' experience evaluating forestry projects• Demonstrated knowledge and experience on forest management and/or forest conservation in the tropics

Language:	Fluent spoken and written Spanish and English. English <i>(This will be verified through the certificates sent or in the resume, publications, or papers).</i>
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2. Social safeguards specialist

Education:	<ul style="list-style-type: none"> • At least a MSc in social science, community development or community-based natural resources management
Experience:	<ul style="list-style-type: none"> • 5 years' experience in social and environmental safeguards in the context of development or conservation projects • 3 years' experience in grievance redress mechanisms related to natural resource management • Demonstrated knowledge in social safeguards particularly in the forestry sector
Language:	Fluent spoken and written Spanish and English. English <i>(This will be verified through the certificates sent or in the resume, publications, or papers).</i>

3. GIS & remote sensing expert

Education:	<ul style="list-style-type: none"> • At least a MSc in Geographic Information System (GIS) and remote sensing
Experience:	<ul style="list-style-type: none"> • 3 years' experience in GIS and remote sensing for natural resources management
Language:	Fluent spoken and written Spanish and English English <i>(This will be verified through the certificates sent or in the resume, publications, or papers).</i>

8. CRITERIA FOR THE SELECTION OF THE BEST OFFER

CRITERIA	PERCENTAGE
Consulting company profile	10%
Team profiles	20%
Technical proposal	40%
Total	70%
Economic proposal	30%
Total Combined Score	100%

8.1 Consulting company profile

Qualification of consulting company	Maximum Score	Score
Expertise and relevant experience in relation with evaluation of projects and verification of project activities 7 years of experience (3 point) 8 or more years of experience (4 points).	4	
Relevant contract to the objective of this tender, for a minimum value of USD 20,000 usd. each one, over the last 5 years. 3 contracts (3 point) 4 or more contracts (4 point)	4	
Accreditation by an International Accreditation Forum (IAF) member body for the ISO norm(s) or other international standard(s) most relevant to the specific PBP agreement validation methodology or International Quality Assurance Certification (e.g. ISO 9000 or Equivalent) and/or an accreditation related to the specific field in which the PBP Agreement is operating (e.g. ISO 14001 related to the environment or equivalent) and be required to provide a Copy of the valid Certificate.	2	
Total score	10	

8.2 Team Profile

Qualification of key personnel	Maximum Score	Obtained Score
Professional 1: Forester	7	
At least a MSc in forestry or natural resources management or similar or related scope to the services.	Compliant / not Compliant	
Experience in forestry and/or forest conservation 7 years of experience (1 point) 8 or more years of experience (2 points)	2	
Experience evaluating forestry projects 4 years of experience (1 point) 5 or more years of experience (2 points)	2	
Experience on forest management and/or forest conservation in the tropics 1 to 2 experiences (1 point) 3 or more experiences (2 point)	2	
Fluent spoken and written Spanish and English.	1	
Professional 2: Social safeguards specialist	7	
At least a MSc in social science, community development or community-based natural resources management	Compliant / not Compliant	
Experience in social and environmental safeguards in the context of development or conservation projects 5 years of experience (1 point) 6 or more years of experience (2 points)	2	
Experience in grievance redress mechanisms related to natural resource management 3 years of experience (1 point) 4 or more years of experience (2 points)	2	
knowledge in social safeguards particularly in the forestry sector 1 year of experience (1) 2 or more years of experience (2)	2	
Fluent spoken and written Spanish and English.	1	
Professional 3: GIS & remote sensing specialist	6	
At least a MSc in Geographic Information System (GIS) and remote sensing	Compliant / not Compliant	
Experience in GIS and remote sensing for natural resources management 3 years of experience (3 points)	4	

4 or more years of experience (4 points)		
Fluent spoken and written Spanish and English	2	
Total score	20	

8.3 Technical proposal

Qualification of technical proposal	Maximum Score	Obtained Score
Does the offeror understand the work and meets the objectives of the consultancy with respect to providing an independent evaluation?	10	
Does the proposed methodology for validating the Performance-Based Payment Agreement (PBPA) consider monitoring and reporting arrangements?	10	
The technical proposal considers the collection of primary data, validation of existing data and/or methods of analysis on the performance of the responsible party in meeting the milestones and targets established in relation to the indicators agreed upon in the results framework?	10	
Is the planning and sequence of activities in accordance with the established timeframe in TORs of each phase?	10	
Total score	40	

Annex 1 of TORs: Glossary of key terms

Extract of key terms from the UNDP Guidance note on PBPs:

<i>Term</i>	<i>Definition</i>
Independent Assessor	An independent third-party responsible for validating if indicator targets have been met as well as for providing the documentation to trigger release of funds for payment to the Responsible Party under a Performance-Based Payment agreement.
Intervention	Specific activity or set of activities intended to bring about change in some aspects(s) of the status of the target population.
Minimum Progress Thresholds	A set of quantitative and/or qualitative measures that provide a simple and reliable basis for assessing progress (or lack thereof) towards achievement of the intended results. It is a means of measuring whether progress is taking place at an acceptable pace, and what actually happens against what has been planned in terms of quantity, quality and timeliness. These measures may seek to assess progress towards arranging critical project inputs required, completing key project activities that drive results, or assessing lead result indicators. Minimum progress thresholds help provide early warning signs about whether a project is on track and if it should be terminated early if it appears unlikely that the agreed results will be achieved.
Result(s)	The Result(s) is/are a specific project performance results which the RP agrees to deliver to UNDP subject to pre-agreed validation methodology and within the agreed time-frame. The Result(s) may include: (1) Milestone Result(s) and/or (2) Target Result, both terms as defined in this glossary. PBP results must be at the Output or Outcome-level.
Results Validation Methodology	Determination of whether the Result(s) delivered by the RP is achieved per the requirements of this Agreement

From UNDP POPP on PBPs:

- Clarity of the result: A clear definition is essential since an achieved result is at the core of any performance-based payment.
- Payment-linked indicator(s): The achievement of a result is established based on agreed indicators that serve as a trigger for payment. Indicator(s) must measure the exact intended result. This ensures that UNDP disburses funds only when the responsible party has delivered results that are achieved through principled performance¹⁰.
- Efficient resource use: Since performance-based payments are intended to optimize the achievement of results, the amount to be paid must be commensurate with that result. Agreeing on targets and amount paid for attaining them will require detailed negotiations between UNDP and the [responsible party] in most instances.

¹⁰ i.e. performance that is in line with the principles of UNDP's regulatory framework and Code of Ethics, and is in adherence with UNDP's Social and Environmental Standards.

- Provision for non-results: The non-achievement of results will result in the [*responsible party*] receiving no payment or only partial payment, depending on the terms of the contribution agreement with the funding partner(s). Funding that is not released may be returned to the funding partner(s) or alternatively allocated to another [*responsible party*].
- Early termination: Every performance-based payment agreement must contain a clear early termination provision for scenarios where it is determined that continuing the project will not achieve the required results. A monitoring schedule should indicate minimum progress thresholds. Where performance indicates that the [*responsible party*] cannot deliver the required level of results within the identified time frame, UNDP would terminate the agreement. Minimum progress thresholds must be defined for each year of the agreement. Early termination may also be triggered through lack of adherence to UNDP's Social and Environmental Standards.

Annex 2: Summary of Output 2 covered by this PBPA (from GCF Funding Proposal)

Activity 1.1 Implementation of land use plans at the local level.

24. With the support of the MAE, through PROAmazonía, the Technical Secretariat of Planning of Ecuador incorporated climate change criteria and actions in the PDOT preparation guides. Thus, it is expected that, by May 2020, the maximum date for updating and presenting the PDOTs, local governments will incorporate these action measures into their plans. In this context, through this result, the Project will support the implementation of mitigation and / or adaptation to climate change actions incorporated in PDOT or PUGS by local governments at their different levels (provincial, cantonal and / or parish) or commonwealths or consortia.
25. The mechanism with which this activity will be financed will be a UNDP tool called: “Performance-Based Payment Agreement”, which consists of making payments once the GADs have reached a specific achievement or deliverable established in the agreement (for more detail on this mechanism, see section XIV). This mechanism will allow local governments to be incentivized to implement REDD+ actions and monitor their progress. Proper implementation of these activities will increase natural resource conservation, forest restoration, sustainable forest management, protect watersheds, or increase resilience.
26. The mechanism will be implemented through the Sustainable Environmental Investment Fund (FIAS) as the responsible party for the implementation of this activity. Figure 1.1 illustrates how this modality is implemented in a general way.

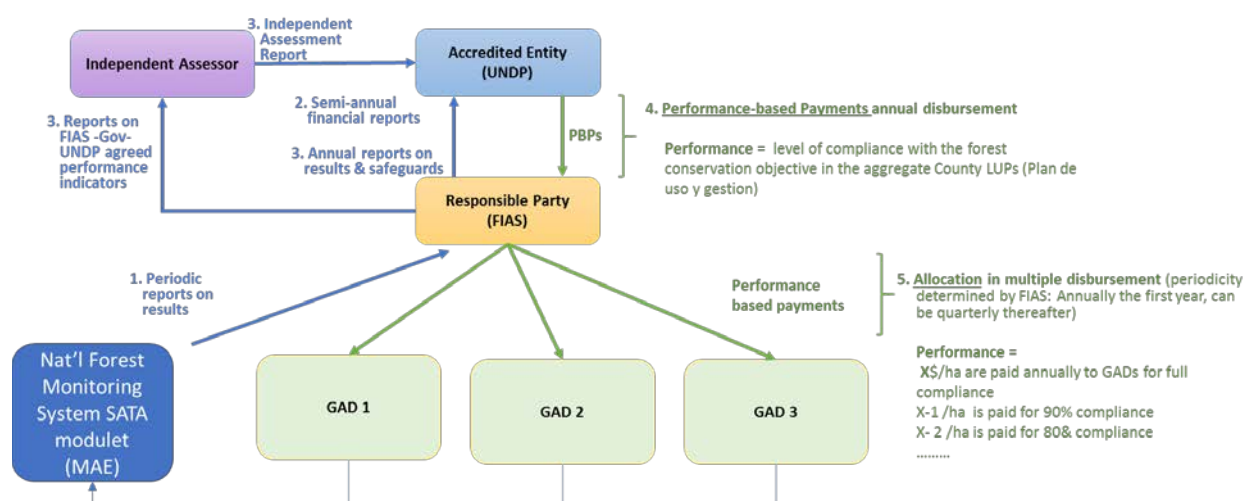


Figure 2.1 Performance Payout Operation Scheme

27. This activity will be carried out through the sub-activities of: (1) planning of Performance Pay, which includes the signing of an agreement between UNDP and FIAS as responsible party, and FIAS with GADs, (2) execution and reporting, (3) external verification and payment conditional on performance; (4) supervision, information management, analysis and dissemination. These sub-activities are detailed below.

Sub-Activity 1.1.1: Performance Pay Planning.

28. UNDP and FIAS will sign an Agreement for the execution of the Payment for Performance Responsible Parties based on the draft.
29. Before signing this Agreement, UNDP will enter into a separate agreement with an Independent Advisor (IA) that will set out the tasks to be performed by the IA.
30. In turn, FIAS will sign agreements, established under the pay-for-performance agreement, with GAD, GAD Commonwealths, or GAD consortia, creating an innovative mechanism to incentivize GADs in establishing conservation and sustainable use areas (ACUS) or other protection figures¹¹, within priority areas for REDD+, in remnants of forest cover of importance for conservation, ecological connectivity, areas of water importance, among other ecosystem services of local, regional or national importance.
31. In order to avoid any risk of cross-subsidization, the ACUS included under Activity 1.1 cannot receive financing under any other activity of this same project.
32. The guidelines to be followed for the establishment of the ACUS will be that set forth in the Ministerial Agreement (AM) No. 83 published in the Official Register Supplement No. 829 of August 30, 2016, by which the Ministry of Environment issued the "Procedures for the Declaration and Management of Protected Areas of the Autonomous Decentralized, Private and Community Subsystems of the National System of Protected Areas (SNAP)" and the technical document of the MAE entitled: "Guidelines for the creation and management of Conservation Areas

¹¹ Mentioned throughout the document simply as ACUS.

and Autonomous Decentralized, Community and Private Sustainable Use "of 2017 that contains the methodological aspects for the creation of the areas. Both documents are included in annex T.

33. Pursuant to the third paragraph of Article 6 of AM 083 mentioned above, the ACUS that are formed may remain under this category, without the need to choose to become a protected area declared within the National System of Protected Areas (SNAP) by the National Environmental Authority.
34. Performance will be measured according to compliance with the following milestones determined in AM 083 for the formation of ACUS:
 - a) Study of management alternatives.
 - b) Management plan.
 - c) Systematization of the participatory declaration process.
 - d) Financial sustainability plan.
 - e) Report on the land tenure regime, and
 - f) Creation of ACUS by Ordinance or Resolution, according to the level of government in question.
35. To which an additional one will be added, referring to the verification of the vegetal cover of the area under conservation, through a monitoring of the vegetal cover, after a period of time (one or two years) after the ACUS was created.
36. Verification of compliance with the performance indicators associated with payment will be carried out externally by the independent advisor against the presentation of the aforementioned documents in accordance with the agreements signed with the GAD and once the ACUS of the conservation verification have been created. of the areas through the National Forest Monitoring System (NFMS) of the MAE or a global system of free access such as Glad Alerts.
37. FIAS will carry out the necessary actions for the management, analysis and dissemination of the information generated from this activity, which will be disseminated through a virtual platform that the Project will finance its design and implementation for the REDD+ mechanism, an envisaged activity. in component 4, activity 4.3.
38. For the identification of the GADs who will be invited to apply for this activity, the FIAS will apply the following selection criteria:
 - a) Being located in the Sierra or Costa region, this given a policy decision of the MAE that seeks to direct resources to these regions of the country, considering that PROAmazonía has allocated significant resources to the Amazon region, so it is desired to balance the investments.
 - b) Be located in areas with high deforestation rates, prioritized in the REDD+ AP, according to the most updated information available in the MAE.
 - c) Will and capacity of the GAD to be part of this initiative
39. FIAS will draw up a list of GADs that meet the criteria outlined above, so that they are invited to apply alone or in association with GADs. This invitation should clearly state what the tool's logic consists of: "Performance-Based Payment Agreement", as well as the commitments and potential benefits of participating. With this list of pre-qualified, a call will be made to present ACUS proposals.

40. For the final selection of the three GADs, associations or consortiums that participate in the Project, those interested in participating must send a nomination of their ACUS proposals that must contain at least the following:
 - a) Location and number of potential hectares for ACUS.
 - b) Justified description of the importance of the area for biodiversity, ecological connectivity, water importance, among other ecosystem services of local regional or national importance.
 - c) Certification of the counterpart co-financing that the GAD has committed for the creation of ACUS.
 - d) Description of the social benefits that the area will have to vulnerable populations, women, youth and / or indigenous peoples.
41. FIAS will carry out an analysis of the proposals received and, in coordination with the PMU, will present the results at a meeting of the REDD+ Table with delegates from the Ministry of the Environment (MAE), in order to socialize and receive recommendations from civil society. However, the selection of the three proposals will be the responsibility of MAE.
42. In addition to the three selected proposals, three additional proposals will be identified that could replace the selected ones, in the event that any of them abandons or is disqualified during the following steps of the process.
43. The three selected GADs or associations or consortiums will go through a phase of negotiation and signing of the agreements with the Sustainable Environmental Investment Fund (FIAS), for which they must previously define with the PMU and the MAE: (1) the final characteristics of the ACUS proposal to establish, (2) a schedule of the performance milestones to be met and the payment to be received for compliance, (3) the commitment of the GAD and the description of the use of the funds that the GAD undertakes to carry out additional, complementary actions or investments for the benefit of ACUS and / or its areas of influence; among other aspects deemed necessary to establish during the execution of the Project.

Procurement Processes

44. No procurement process is foreseen for the creation of the ACUS methodology, since it is a current public policy regulation. As well as for the definition of the monitoring and reporting methodology, which will be carried out internally in the PMU with the support of the MAE.
45. Neither is a contract envisaged for the development of the ACUS vegetation cover monitoring system, as this action will be carried out by the SNE of the MAE, which is currently carrying out similar work by monitoring the areas under conservation through hundreds of Socio Bosque conservation agreements.

Tender Review and selection of third-party verifier / auditor.

46. In this sub-activity, an Independent Advisor will be hired to validate the methodology proposed in the pay-for-performance agreement. Then in the verification and payment phase, this same independent advisor will carry out the semi-annual / annual verification report, as described in sub-activity 1.1.3.

Sub-Activity 1.1.2: Execution, Monitoring and Reporting

47. The selected GADs will carry out the activities necessary to comply with the milestones established in the previous section, and which are set out below, as well as compliance with social and environmental safeguards, in accordance with the guidelines set out by the PMU.
 - a) Study of management alternatives.
 - b) Management plan.

- c) Systematization of the participatory declaration process.
 - d) Financial sustainability plan.
 - e) Report on the land tenure regime, and
 - f) Creation of the autonomous decentralized area by Ordinance or Resolution, according to the level of government in question.
 - g) Report on compliance with the project's social and environmental management plan (ESMP) and its mitigation measures.
48. The GADs report to FIAS on the implementation of the milestones described above. FIAS will consolidate this information and report this information by uploading it to the virtual platform for information management, analysis and dissemination. A diagram summarizing this process is presented in Figure 1.2.

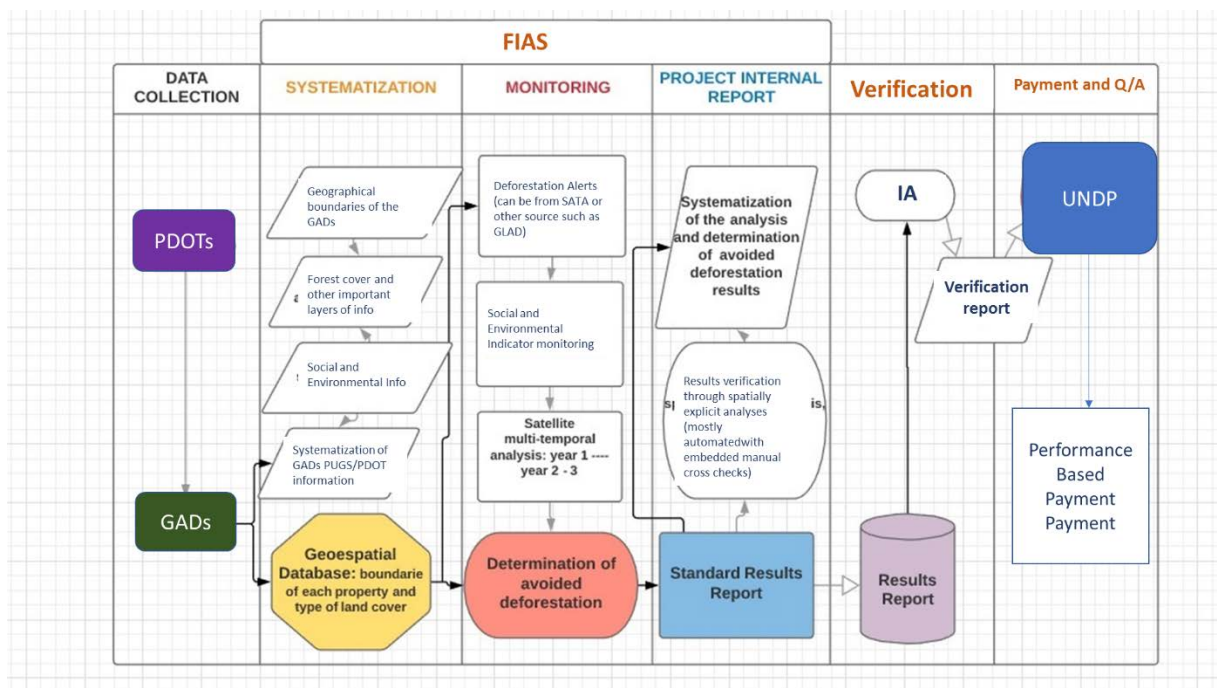


Figure 1.2 Information management process for the execution of activity 1.1.

Procurement process: none

Result of the sub-activity: Implementation of the activities for the creation and operation of the ACUS according to the schedule defined in the agreements.

Sub-Activity 1.1.3 Verification and Payment for Performance

49. The independent advisor performs the verification of the milestones established in the payment for performance agreement signed between UNDP and FIAS (See Annex V) in annual or semi-annual periods, considering for this purpose AM No. 83, cited above, and the MAE technical document entitled: "Guidelines for the creation and

management of Decentralized, Community and Private Autonomous Conservation and Sustainable Use Areas” of 2017 that contains the methodological aspects for the creation of the areas. Both documents in annex T.

50. The independent advisor submits his report to UNDP who proceeds, as established in the pay-for-performance agreement, to transfer to FIAS. The amount of the transfer will depend on the level of coverage of the indicator associated with the payment as established in the methodology validated by the independent advisor in the planning stage. In turn, the FIAS proceeds to the payment to the GAD or commonwealth as established in the subcontracts between FIAS and the GAD.
51. In the event that the independent advisor's report concludes that no results were achieved, UNDP will not disburse to FIAS and consequently no disbursements will be made to this GAD. The FIAS will proceed to inform the GAD / commonwealth / consortium of the reasons why the conditions for payment have not been met, so that the GAD may file the actions planned in accordance with the principles of due process; and / or failing that, make the necessary adjustments or corrections to meet the corresponding milestones. However, payment will not proceed until a new visit by the independent advisor and obtaining a positive report.
52. In the event that a GAD or commonwealth again obtain a negative report by an independent advisor at the same payment milestone, FIAS will terminate the agreement. For this, it will be necessary at the time of preparing the FIAS agreements to guarantee that they have all the clauses that regulate these related aspects.
53. In the cases that an agreement with a GAD or commonwealth is terminated, and if there is still sufficient time and remaining budget for the execution of the Project, FIAS will convene the GAD or commonwealth that has positioned itself as the fourth finalist (and thus subsequent form) whom will be invited to sign an agreement for the execution of this activity.

Procurement Process

- Payments based on the outcome level verified by the independent advisor in the annual or semi-annual verification reports under the Performance Payment Agreement.

Result of the sub-activity: Payments to FIAS by UNDP are supported by satisfactory independent verification reports.

Sub-Activity 1.1.4 Supervision, Information Management, Analysis and Dissemination

54. The virtual platform exposed in sub activity 1.1.1 will store and have the ability to present all the information generated during the operation of the pay-for-performance scheme. This will detect irregularities in the process and take the appropriate measures to ensure the success of the agreements. The UNDP in its supervisory functions will have access to a “read only” version of this platform and will be able to rely on it to report the GCF.

Annex 3: Draft Performance-Based Payment Agreement



*Empowered lives.
Resilient nations.*

Draft Performance- Based Payment Agreement

*“Towards Greater Accountability and Effectiveness for Development
Results”*

United Nations Development Programme

October 2017

HOW TO USE THIS PERFORMANCE-BASED PAYMENT AGREEMENT

- Performance-Based Payment agreements tie disbursements to a Responsible Party (RP) to the achievement of measurable results (“Result(s)”) and related deliverables (“Deliverable(s)”). Performance-Based Payment agreements (PBPAs) provide greater incentives to Responsible Parties in exchange for greater accountability for achieving results. This Agreement is for use for specific components within the Project Document that will use Performance-Based Payments (PBPs) to compensate Responsible Parties. A project that uses PBPs to deliver select results may also use additional types of agreements and methods to deliver other results within the project. The overall goal of this Agreement is to drive accountability for achieving sustainable and measurable development results as set forth in the Project Document.
- This Agreement may be used under a DIM project, where a Programme Government, private sector firm, non-UN IGO, NGO, or CSO is selected as a Responsible Party (RP) that takes full programmatic and financial accountability for delivering results through their activities within the project. This Agreement may also be used under a NIM project, where UNDP is providing direct country office support services to the Implementing Partner and those services include engaging an RP using a Performance-Based Payment arrangement.
- This agreement should be used only when all payments to be made to an RP are contingent upon the RP’s achievement of specific Result(s) and completion of Deliverable(s) established in the Agreement (which may include milestone or target results, depending on how each Deliverable(s) is defined in Annex A-3 of this Agreement), and which will be validated by an Independent Assessor (the “IA”) using the Validation Methodology described in Annex A. Prior to signing this Agreement, UNDP will engage and enter into a separate agreement with an IA (the Independent Assessor Agreement or “IAA”) which will set out the tasks to be performed by the IA in connection with this Agreement. The Project Document (Prodoc) and the IAA will be appended to this Agreement as Annex I and Annex B respectively.
- This Agreement represents a significant shift from financing instruments that reward delivery of inputs to results-based financing instruments that reward the achievement of Result(s). Result(s) and related results indicators are a more appropriate measure of project effectiveness, better assessing the success of a project than only financial delivery. This type of agreement aims at reducing UNDP’s risk of funding projects that are not effective by only paying for the achievement of measurable Result(s).
- In designing the project, formulating how the results are defined and measured, and establishing payments for specified Result(s), UNDP must be able to demonstrate to the satisfaction of stakeholders (including the IA and internal/external auditors) that:

1. The value of the results to be achieved is at least equal to the value of the maximum PBPs to be paid.
 2. The results to be achieved are sustainable and of demonstrable quality. In this respect, post agreement covenants may be necessary when the results exceed the duration of the project activities, in order to ensure the continuation of the activities and results following the conclusion of the agreements. Part of the payment is then payable upon confirmation of delivery of sustained results after a pre-agreed period has elapsed from project completion. This will require continued monitoring of results by the IA for the pre-agreed duration after project completion; and
 3. Risks are adequately identified, monitored and mitigated.
- The RP under this Agreement shall self-finance all or a significant portion of its activities until the Result(s) are achieved and validated by the IA through application of the Validation Methodology. **No ‘advances’ or ‘pre-payments’ are provided to RPs under PBPA**s, although limited working capital *reimbursements* of expenses incurred may be provided for in select PBPA's, and in such cases, reimbursement will only be made after the achievement of pre-defined minimum progress thresholds (as such term is defined in the Agreement) that are also validated by the IA (see below).
 - The Agreement may provide for additional financial incentives or rewards upon the full achievement of or the over-achievement of the Result(s) and completion of Deliverable(s). This may include financial incentives for: the early achievement of the Result(s); over-achievement of the Deliverable(s) within the specified time-frame; or the identification of innovative and scalable approaches to delivering the Deliverable(s) that reduces the expected costs of achieving the Deliverable(s), all as validated by the IA. Similarly, reduced payments could be envisaged for near-misses or partial achievement of the Deliverable(s). Such incentives or reduced payments must be stipulated in the Agreement and must have been pre-agreed with the Funding Partner(s) in the respective contribution agreement.
 - The nature of PBPA's requires that UNDP contract an IA before signing this Agreement. The IA will acknowledge its role in this PBPA as a non-party to this Agreement. This IA must be an internationally recognized institution of repute, with no commercial relationship with any of the other project parties that may impair its objectivity, impartiality or independence. Prior to the finalization of this PBPA with the RP, the IA is required to validate: a) the theory of change explaining how the results are expected to be achieved, b) the definition of the Result(s) to be achieved and the Deliverable(s) to be completed by the RP; c) the objectively verifiable indicators to measure the achievement of Result(s); d) the setting of suitably ambitious but realistic milestone results and target results for each indicator; e) that adequate risk management measures in place, including an Environmental and Social Assessment and Management Plan when needed; and f) the Deliverable(s) and Performance-Based Payment Terms (Annex A-3) linked to the IA's validation of the Result(s)

achieved by the RP.

- The RP will report on its progress in achieving all agreed objectively verifiable indicators and minimum progress thresholds in accordance with the reporting schedule and format specified in the Results Reporting Format (**Annex F**) and Reporting on Minimum Progress Thresholds (**Annex H**) respectively.
- The IA, in consultation with the UNDP and the RP, will develop a Validation Methodology which, when finalized, will be attached to this PBPA as Annex A. The Validation Methodology must include the objectively verifiable indicators that help validate that the Result(s) have been delivered to the agreed level of quantity, quality and sustainability. The result(s) validation must be based on independent data collection or validation of existing data on the specified indicators. PBPs made to the RP will be contingent upon the IA's validation and certification of the achievement of the Deliverable(s). Indicators and the Validation Methodology must be clearly defined to avoid any disagreements over the Deliverable(s) measurement methods, data sources and the interpretation of whether the Deliverable(s) have been completed.
- Every PBPA must contain a clear early termination provision for scenarios where, at an early stage, it is determined that continuing the project will not achieve the required results. To facilitate this, the PBPA must also contain a monitoring schedule that provides for the assessment of “**minimum progress thresholds**” that indicate the ability of the project to achieve the required results. Where the performance towards achieving the minimum progress, thresholds indicates that the project cannot deliver the required level of results within the identified time-frame, this would trigger UNDP's **early termination** of this Agreement. Minimum progress thresholds to be achieved must be defined for each year of the Agreement period at a minimum. In addition, early termination of the agreement may be triggered in cases where UNDP's Social and Environmental Standards are not adhered to, potentially or actually resulting in adverse impacts on people or the environment.
- The non-achievement of results by the RP will result in the RP receiving no payment or only partial payment, depending on the terms of the contribution agreement (i.e., agreement with the Funding Partner(s)). Funding that is not released may be returned to the Funding Partner(s) that provided the funds or alternatively allocated to another RP to achieve the required results.
- Given the nature of this Agreement, including the need to engage an IA, PBPAs are costly to arrange, therefore as a guide, the minimum threshold amount for the use of this PBPA is \$10 million+, and not less than \$1 million per annum, while working capital reimbursements are not recommended for PBPAs where PBPA activities are less than \$5 million. [Note: A Low Value PBPA template is also available]. In all cases involving Funding Partner(s), the Funding Partner(s) must agree to the use of PBPAs, as they must bear the additional costs related to

their use.

- For larger projects (with PBPs of \$5 million or more) that exceed one year in duration, and where the financial position of the RP limits its ability to fund the entire working capital, this Agreement may provide for a *partial reimbursement of working capital* for pre-agreed activities necessary to achieve the required results for the project, subsequent to the achievement of the minimum progress thresholds. No working capital reimbursement payments may be made until the defined **minimum progress thresholds** for the year have been achieved by the RP, validated by the IA and approved by the Project Board. The total value of working capital reimbursement payments cannot exceed 50% of any one budget line item or 50% of the total value of the Agreement.
- The existing criteria for selecting an RP, including performing the required capacity/HACT assessments, apply to the use of this Agreement. Reflecting the reduced financial risk to UNDP in agreements *where there are no working capital reimbursements*, the HACT assurance, monitoring and reporting processes are streamlined as follows:
 - UNDP is under no obligation to monitor the RP's expenditures or to verify the RP's use of its own funds (including financial spot checks). A monitoring regime would be necessary to track the progress in achieving the results and/or Deliverable(s) specified in the Agreement.
 - Financial reporting to UNDP is also streamlined and will follow a summary expenses reporting approach similar to that presently applied to micro-capital grants (i.e., expenses are not categorized). The frequency of reporting need not follow the regular quarterly cycle but will instead be six-monthly.
- Agreements that provide for working capital reimbursement must follow the existing HACT Framework, requiring the regular HACT assurance activities (including spot-checks) and reporting through the FACE form to help manage the risk of reimbursements.
- With all payments being contingent on the achievement of related Deliverable(s), no expenses can be recorded in UNDP's books until:
 - The Deliverable(s) have been validated by the IA through the established Validation Methodology and approved by the Project Board; and
 - All PBPs, incentives and working capital reimbursements (where applicable) have been paid.
- For PBPAs that have met or exceeded the minimum progress thresholds at the year-end, an assessment of progress made may be required in order to incorporate the financial value of delivery within UNDP's accounts.

- PBPA's come with a variety of potential reputational and financial risks, and therefore all stakeholders must be aware of the possible risks inherent in this type of financial instrument. Since PBPA's require an RP to commit upfront a financial stake in the arrangement, the UNDP Office or Bureau (as well as the RP) entering into this agreement should fully understand the risks and develop strategies to mitigate them.
- The success of a project for which this Agreement will be used, will ultimately depend on several Key Success Factors, including:
 - An organizational culture focused on achieving results with commitment to value for money (including delivering results with efficiency, effectiveness, sustainability and equity).
 - The project's potential to be sustainable, scalable and replicable.
 - A quality Results Framework that identifies clear objectively verifiable indicators that measure progress towards achieving results, and fair milestone and target results on which payments can depend.
 - A well-developed data and analytics infrastructure to collect, track and document results. The collected data should be used to drive project activities towards achievement of desired results by refining and tailoring course correction actions in a timely manner.
 - An RP's demonstration of robust and stable financial infrastructure with technical systems in place for monitoring and risk management activities.
 - RP's ability to manage cash flow needs and demonstration of ability to continue operating in the absence of performance-based agreement payments.
 - RP's track record of success in setting and achieving challenging results targets and ability to track meaningful data on an ongoing basis.

The Project Board

- The Project Board ensures that all the decisions taken are duly recorded and promptly communicated to all parties to this Agreement, the host country government and funding partner(s), as appropriate.
- Role and Responsibilities of the Project Board with respect to Performance-Based Payment Agreements:
 - (i) To review if the implementation of the project activities is in accordance with the framework of the project documents and within the regulatory requirements of this Agreement, to be complied with by all parties to this Agreement.

- (ii) To determine whether a material breach of the provisions of this Agreement have occurred, and determine, approve or reject the sufficiency of any cure to the material breach.
- (iii) To approve any amendments that may be needed to this Agreement as a consequence of the direct changes in the arrangements or changes to the project document which is appended to this Agreement.
- (iv) To review and approve any amendments to the Deliverable(s) and Performance-Based Payment Terms (as set out in Article 5), the Validation Method and/or the Independent Assessor's Agreement (Annexes A and B).
- (v) To review and approve (a) the progress reports submitted by the RP (b) results-based reporting and impact assessments submitted by IA and (c) any other monitoring reports as may be relevant for the successful achievement of Result(s) by the RP.
- (vi) To certify that the minimum progress thresholds have been achieved and approve of any corrections or rectifications related thereto have been achieved by the RP thereby ensuring that the project is making progress towards intended Result(s).
- (vii) To assess the continuing relevance of the project activities and review progress made within the annual work plans and agreed tolerances.
- (viii) To determine whether a "Termination Event" exists, as defined under Section 7.03; and approve the sufficiency of any cure related thereto, by the RP.
- (ix) To facilitate an open and transparent process for resolving disputes among parties on performance measures and performance payments.
- (x) To provide guidance on new project risks identified and recommend possible counter measures and management actions to address the risks.

ANNEX 1: GLOSSARY OF TERMS

This glossary includes terms typically used in Performance-Based Payment Agreements and is not intended to be an exhaustive list.

Term	Definition
Baseline	Information gathered at the beginning of a project or programme against which variations that occur in the project or programme are measured.
Deliverable	Payments are triggered by the achievement of Deliverable(s). Deliverable(s) are defined Project performance results which the RP agrees to deliver to UNDP subject to pre-agreed validation methodology and within the agreed time-frame. Deliverable(s) may include one or more milestone results and/or target results evidenced by one or more objectively verifiable indicators as set forth in the Results Framework (Annex 1 of the PBPA.)
Funding Partner	An institution or person who provides money or support to a project under Performance-Based Payment agreement.
Independent Assessor	An independent third-party responsible for validating if indicator targets have been met as well as for providing the documentation to trigger release of funds for payment to the Responsible Party under a Performance-Based Payment agreement.
Inputs	The financial, human, material, technological and informational resources used for the development interventions.
Milestone Result	A measurement of success that occurs during the service delivery phase that contributes towards the achievement of the final targeted result.
Intervention	Specific activity or set of activities intended to bring about change in some aspects(s) of the status of the target population.
Minimum Progress Thresholds	A set of quantitative and/or qualitative measures that provide a simple and reliable basis for assessing progress (or lack thereof) towards intended results. It is a means of measuring whether progress is taking place at an acceptable pace, and what actually happens against what has been planned in terms of quantity, quality and timeliness. These measures may seek to assess progress towards arranging critical project inputs required, completing key project activities that drive results, or assessing lead result indicators. Minimum progress thresholds help provide early warning signs about whether a project is on track and if it should be terminated early if it appears unlikely that the agreed results will be achieved.
Indicator	A unit of measurement that specifies what is to be measured along a scale or dimension but does not indicate the direction or change.

Term	Definition
	Indicators are a qualitative or quantitative means of measuring a result, with the intention of gauging the performance of a programme or investment.
Responsible Party	An entity that has been selected to purchase goods or provide services using the project budget. In addition, the responsible party may manage the use of these goods and services to carry out project activities and produce outputs.
Result(s)	<p>The Result(s) is/are a specific Project performance results which the RP agrees to deliver to UNDP subject to pre-agreed validation methodology and within the agreed time-frame.</p> <p>The Result(s) may include: (1) Milestone Result(s) and/or (2) Target Result, both terms as defined in this glossary.</p>
Results Validation Methodology	Determination of whether the Result(s) delivered by the RP is achieved per the requirements of this Agreement
Target Result	Specifies a particular value for an indicator to be achieved by the end of the Deliverable Implementation Period.
Working Capital	The capital/money used by an organization to fund its day-to-day operations, which in the context of PBPA will include project specific activities.
Working Capital Reimbursements	The reimbursement (i.e. payment in arrear) of actual expenditure incurred related to pre-agreed activities/budget lines required to achieve the required result(s) for the project.

PERFORMANCE-BASED PAYMENT AGREEMENT

[Reference No. *insert reference number, if any; if none, delete bracketed text*]

Atlas Award ID:

Atlas Project/Output ID:

UNDP- PIMS ID number:

GCF Project ID number:

1.	Country: Ecuador
2.	Responsible Party: Sustainable Environmental Investment Fund (FIAS by its Spanish acronym) incorporated under the laws of Ecuador with address at [enter the full address of the Responsible Party]
3.	Project Number and Title to which the Agreement relates: Award ID: 00101841- RESULTS BASED PAYMENT TO ECUADOR FOR REDUCTION OF DEFORESTATION 2014
4.	<p>Project Objectives: [In this section, provide a context and linkage to the Prodoc. Incorporate a brief overview or summary of the project objectives, the Results being sought and the role of RP in the delivery of the activities and services that would achieve the Results/complete the Deliverable(s).]</p> <p><u>Context</u></p> <p>Ecuador's first Biennial Update Report (BUR) presented to the United Nations Framework Convention on Climate Change (UNFCCC) in September 2016, indicates that 30% of Greenhouse Gas (GHG) emissions come from the land use, land use change, and forestry (USCUSS) sector, so reducing emissions in this sector will contribute substantially to mitigating Ecuador's GHG emissions. To face a this problem, Ecuador's Ministry of the Environment (MAE) began work on REDD+ in 2009 and officially issued the REDD+ Action Plan¹² (REDD+ AP) in November 2016. This Plan outlines the measures and actions (MyAs) prioritized by Ecuador to address the causes of deforestation, forest degradation, and overcome barriers to sustainable forest management, conservation and increase of carbon deposits. Furthermore, it details the institutional arrangements and responds to the requirements of the UNFCCC in relation to REDD+ National Strategies.</p> <p>The Green Climate Fund (GCF) is a new global fund created to support the efforts of developing countries to respond to the challenge of climate change. GCF helps developing countries limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change. It seeks to promote a paradigm shift to low-emission and climate-resilient development. It was set up by the 194 countries who are parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2010, as part of the Convention's financial mechanism. It aims to deliver equal amounts of funding to mitigation and adaptation, while being guided by the Convention's principles and provisions. When the Paris Agreement was reached in 2015, the Green Climate Fund was given an important role in serving the agreement and supporting the goal of keeping climate change well below 2 degrees Celsius.</p> <p>GCF invests in adaptation and mitigation activities in developing countries through its partner organisations, known as Accredited Entities. GCF invests in the following Strategic Impact Areas: Energy access and power generation; Low emission transport; Buildings, cities, industries and appliances; Forestry and land use; Most vulnerable people and communities; Health and well-being, and food and water security; Infrastructure and built environment; and Ecosystems and ecosystem services. Additionally, in October 2017, the GCF has launched a Pilot Programme for REDD+ results-based payments (GCF/B.18/23) to pilot REDD+ results-based payments, consistent with the Warsaw Framework for REDD+ and other REDD+ decisions under the United</p>

¹² <http://suia.ambiente.gob.ec/web/suia/redd>

Nations Framework Convention on Climate Change (UNFCCC). The five-year pilot marks a major milestone for the Fund's support of REDD+.

UNDP is deeply involved in the implementation of the REDD+ Action plan in Ecuador.

First, UNDP acts as accredited entity for proposal to the Forest and Land-Use mitigation impact area in line with the Green Climate Fund support for the early phases of REDD-plus (GCF/B.17/16). **UNDP is currently overseeing the implementation of the following Forest and Land-Use projects:** [Priming Financial and Land-Use Planning Instruments to Reduce Emissions from Deforestation](#), a USD 41M GCF grant in to support the implementation of the Ecuador REDD+ Action Plan. This was the very first project approved in support of REDD+ by the GCF.

Second, UNDP acts as accredited entity for REDD+ results-based payments proposals submit to the GCF pilot programme. UNDP is currently [REDD+ results-based payments for results achieved by Ecuador in 2014](#), approved by the GCF Board in June 2019 for USD 18.5M.

Objectives

This Performance-Based Payment Agreement (PBPA) is implemented in the context of the larger [REDD+ results-based payments for results achieved by Ecuador in 2014](#) project “to support the articulation of intersectoral and governmental policies and the mainstreaming of climate change and REDD+ in public policies and in the main territorial planning instruments at the level of Decentralized Autonomous Governments (GAD) and communities, towns and nationalities”. More specifically the PBPA will support the implementation of mitigation and / or adaptation to climate change actions incorporated in PDOT or PUGS by local governments at their different levels (provincial, cantonal and / or parish) or commonwealths or consortia.

The main objective of the PBPA is to create a mechanism to incentivize local governments (GADs) to implement REDD+ actions and monitor their progress. Proper implementation of these activities will increase natural resource conservation, forest restoration, sustainable forest management, protect watersheds, or increase resilience.

The PBPA will allow local governments to be incentivized to implement REDD+ actions and monitor their progress. Proper implementation of these activities will increase natural resource conservation, forest restoration, sustainable forest management, protect watersheds, or increase resilience.

The mechanism will be implemented through the Sustainable Environmental Investment Fund (FIAS) as the responsible party for the implementation of this activity. Figure 1. illustrates how this modality is implemented in a general way.

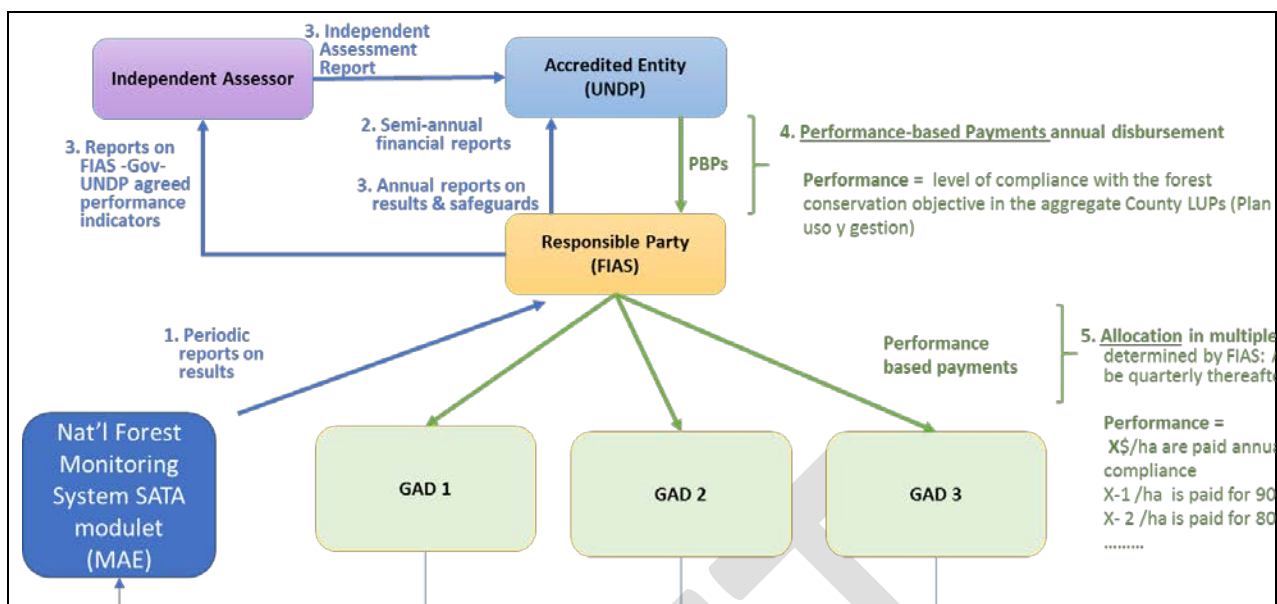


Figure 3. Performance Payout Operation Scheme

This activity will be carried out through the sub-activities of: (1) planning of Performance Pay, which includes the signing of an agreement between UNDP and FIAS as responsible party, and FIAS with GADs, (2) execution and reporting, (3) external verification and payment conditional on performance; (4) supervision, information management, analysis and dissemination. These sub-activities are detailed in the PRODOC.

UNDP and FIAS will sign an Agreement for the execution of the Payment for Performance Responsible Parties based on the draft presented in Annex V. In turn, FIAS will sign agreements, established under the pay-for-performance agreement, with GAD, GAD Commonwealths, or GAD consortia, creating an innovative mechanism to incentivize GADs in establishing conservation and sustainable use areas (ACUS) or other protection figures¹³, within priority areas for REDD+, in remnants of forest cover of importance for conservation, ecological connectivity, areas of water importance, among other ecosystem services of local, regional or national importance.

5. Deliverable(s) Implementation Period: From the Effective Date (as defined in the Agreement) to the end of the project (February 26, 2026)

6. Maximum Payment under this Agreement: Up to the amount of US\$ \$1,459,760.00
One million four hundred and fifty-nine thousand seven hundred and sixty United States Dollars

7. Performance-Based Payments (PBPs) only [X]

PBPs with Working Capital Reimbursement []

8. Information for Responsible Party Bank Account into Which Payment Will Be Disbursed:
 Account Name: [Click **here** and enter Owner of Bank Account]
 Account Title: [Click **here** and enter Account Title]
 Account Number: [Click **here** and enter Account Number]
 Bank Name: [Click **here** and enter Bank name]
 Bank Address: [Click **here** and enter Bank Address]
 Bank SWIFT Code: [Click **here** and enter Bank SWIFT Code]

¹³ Mentioned throughout the document simply as ACUS.

Bank Code: [Click here and enter Bank Code] Routing instructions for disbursements: [Click here and enter any additional instructions]	
9. Number of Deliverable(s) [] Deliverable(s) are fully described in Annex A-3.	
10. Notices to Responsible Parties: Name: Address: Tel: Fax: Email:	11. Notices to UNDP: Name: Address: Tel: Fax: Email:
11. Signed for [Click here and enter the name of the Responsible Party] by its Authorized Representative <div style="display: flex; justify-content: space-between;"> Date: _____ Signature: _____ </div>	
12. Signed for the United Nations Development Programme by its Authorized Representative <div style="display: flex; justify-content: space-between;"> Date: _____ Signature: _____ </div>	
13. Name of the Independent Assessor (IA): Name: Address: Tel: Fax: Email: The Independent Assessor indicated above acknowledges its role as set forth in this Agreement, and as more fully detailed in the IAA it has signed with UNDP: <div style="display: flex; justify-content: space-between;"> Date: _____ Signature: _____ </div>	

The following documents constitute the entire Agreement between the Parties and supersedes all prior agreements, understandings, communications and representations concerning the subject matter:

This face sheet ("Face Sheet")

General Terms and Conditions

Annex A – Validation Methodology (NB: this draft PBPA only includes the Theory of Change. The detailed methodology will be developed by the independent Assessor in line with PBP Guidance).

Annex A-1 – Results Framework

Annex A-2 – Results/Performance Threshold Validation Format

Annex A-3 – Deliverable(s) and Performance-Based Payment Terms

Annex B – Independent Assessor Agreement

Annex C – Budget (will be attached only if the Agreement provides for working capital reimbursements)

Annex D – Nature and Schedule of Assurance Activities

Annex E – RP's Financial Reporting Format

Annex F – Results Reporting Format

Annex G – Request for Payment Format

Annex H – Reporting on Minimum Progress Thresholds

Annex I – Project Document

If there is inconsistency between any of the documents forming part of this Agreement, those documents will be interpreted in the above order of priority.

Performance-Based Payment Agreement

This Performance-Based Payment Agreement (**PBPA**), herein referred to as the "Agreement", is entered into on xxxxx (**Execution date**), by and between United Nations Development Programme (UNDP), and the Sustainable Environmental Investment Fund (FIAS by its Spanish acronym) as the **Responsible Party (RP)**, each a "Party" and jointly referred to herein as the "Parties."

WHEREAS, the Sustainable Environmental Investment Fund (FIAS by its Spanish acronym) has been selected as the Responsible Party to carry out substantive development activities to achieve results (hereinafter referred to as "Result(s)") as set out in Annex A-1, and complete the deliverables (hereinafter referred to as "Deliverable(s)") as set forth in Annex A-3 of this Agreement;

WHEREAS, UNDP has determined that a Performance-based Payment Agreement creates incentives for the RP to provide innovative service delivery methods and quality performance with the goal of achieving the Result(s);

WHEREAS, UNDP has agreed to make **performance-based payments (“PBPs”)** to the RP, upon the completion of the Deliverable(s) within the related time-frame specified in Annex A-3, that will contribute to achieving the development outcomes set forth in the Project Document (**“Prodoc”**), attached as Annex I;

WHEREAS, PBPs by UNDP to the RP, pursuant to this Agreement, will be contingent upon the completion of the Deliverable(s) as specified in this Agreement, verified by the Independent Assessor (“IA”) through the Validation Methodology, described in the Annex A (entitled **“Validation Methodology”**) of this Agreement, that includes a monitoring schedule to assess the minimum progress thresholds that need to be achieved in order for this Agreement to continue;

WHEREAS, UNDP has engaged and entered into an agreement with the IA specified in Block 13 of the Face Sheet through an **Independent Assessor Agreement (IAA)** attached hereto as Annex B), and with whom the RP is already acquainted through the development of this Agreement, to perform the tasks assigned to the IA as described in this Agreement;

WHEREAS, prior to signing this Agreement the IA has performed a scope of work as set forth in the Validation Methodology including a) verification of the theory of change and the definition of the specific Result(s) to be delivered by the Responsible Party, b) [validation/development] of objectively verifiable indicators to measure the achievement of Result(s) with a clear definition of data sources and validation techniques, and setting of suitably ambitious but realistic milestone and target results for each indicator, and c) [validation/development of] a Deliverables and Performance-Based Payment Terms as set forth in **Annex A-3** (hereinafter referred to as **“Payment Terms”**) linked to the validation and certification of Deliverable(s) achieved by the RP;

WHEREAS the Deliverable(s) are part of a Project indicated in Block 3 of the Face Sheet for which the Project Document establishes the Project Board as a governance mechanism. As the achievement of Result(s) and completion of Deliverable(s) are closely intertwined with the overall success of the Project, the Project Board makes recommendations as specified in this Agreement and in the Project, Document attached hereto as Annex I;

WHEREAS, the Parties agree to be bound by the Validation Methodology and the decision-making process regarding the Deliverable(s) (including with respect to the PBPs and the working capital reimbursements as set forth in this Agreement.

WHEREAS, to the extent that the Agreement provides for working capital reimbursements, the Project Budget set forth in Annex C will contain the terms and

conditions related to such reimbursements to be made by UNDP to the RP;

NOW, THEREFORE, the Parties are entering into this Agreement to set forth the terms and conditions upon which the RP will complete the Deliverable(s) and the conditions for the receipt of Performance-Based Payments (PBPs).

ARTICLE 1

1.01 This Agreement including its Annexes, shall form the entire Agreement between UNDP and the RP with respect to the subject matter of this Agreement, and supersedes the contents of any other negotiations and/or agreements between the Parties, whether oral or in writing, pertaining to the subject matter of this Agreement.

1.02 The Parties shall on a regular basis keep each other informed of and consult on matters pertaining to the implementation of the Agreement and achievement of the Results under this Agreement.

1.03 For any matters not specifically covered by this Agreement, the Parties shall ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof.

ARTICLE 2

EXECUTION DATE AND EFFECTIVE DATE

2.01 Upon signature of this Agreement (“Execution Date”), the RP shall commence preparations for undertaking its obligations under the terms of this Agreement in preparation for the Effective Date.

2.02 Once the RP has completed its preparatory activities and has commenced performance of its obligations under this Agreement, the RP will notify UNDP and the Project Board. The date of such notification to UNDP and the Project Board shall be the Effective Date and the beginning of the Deliverable(s) Implementation Period indicated in Block 5 of the Face Sheet.

2.03 If this Agreement does not come into effect in accordance with Article 2.02 within 6 months after the Execution Date, this Agreement along with the responsibilities of the Parties hereunder shall terminate, and no payments or reimbursement, if applicable, will be due.

ARTICLE 3

TERM OF THIS AGREEMENT

3.01 The term of this Agreement shall commence on the Effective Date and, unless terminated earlier in accordance with Article 7, shall continue in full force and effect until the last PBP and reimbursement, if applicable, is paid or resolved in accordance with the terms of this Agreement.

ARTICLE 4

RP'S RESPONSIBILITIES AND OBLIGATIONS

4.01 The RP agrees to achieve the milestone results and target result(s) as specified in Annex A-1 ("Results Framework"), collectively referred to as the "Result(s)", and for which the RP will be paid for the completion of the related deliverable(s) specified in Block 9 of the Face Sheet, as fully described in Annex A-3 ("Deliverable(s) and Performance-Based Payment Terms"), referred to as the "Deliverable(s)", in accordance with the terms and conditions of this Agreement.

4.02 The RP accepts full programmatic and financial responsibility for achieving the Results and completing the Deliverable(s) with due diligence and efficiency.

4.03 Where the RP is eligible for PBPs only (as indicated in Block 7 of the Face Sheet), the RP's operations in completing the Deliverable(s) will be undertaken in accordance with its own Financial Regulations and Rules. Where in addition to PBPs, the RP is also eligible to receive working capital reimbursements (as indicated in Block 7 of the Face Sheet), the RP will follow its own Financial Regulations and Rules only to the extent they are consistent with UNDP's Financial Regulations and Rules.

4.04 Without prejudice to Article 4.02, the Parties will, throughout the Term of the Agreement, communicate and collaborate to enable the successful achievement of the Result(s) by the RP for which it shall be solely responsible.

ARTICLE 5

PAYMENT AND REIMBURSEMENT TERMS

5.01 Annex A-3 sets forth the PBPs that will be made against the completion of the Deliverable(s) by the RP after validation by the IA through the application of the Validation Methodology.

5.02 If all final targets are met or exceeded on time, then the RP may be eligible for a bonus payment, as set forth in Annex A-3.

5.03 If all milestone and/or target results that are part of a Deliverable are not achieved, the IA may recommend that a reduced payment be made in accordance with Annex A-3.

5.04 If this Agreement provides for working capital reimbursements, the maximum amount of reimbursement shall not exceed 50 % of the amount specified in Block 6 of the Face Sheet. Moreover, the working capital reimbursements shall not exceed 50% of individual budgeted line items as specified in Annex C ("Budget"). The schedule of possible working capital reimbursements, as well as the conditions for the RP to receive such reimbursements, are set forth in Annex C.

5.05 The total amount payable to the RP under this Agreement (including all PBPs, incentives and working capital reimbursement, if applicable) shall not exceed the amount indicated in Block 6 of the Face Sheet, subject to the terms of this Agreement

5.06 Annex A-3 may be amended from time to time during the Deliverable(s) Implementation Period, upon the recommendation of the Project Board (as defined in Project Document), and upon agreement of the Parties. Any such revision shall be reflected in a written amendment signed by the Parties.

5.07 Upon completion of the Deliverable(s) within the related time-frame specified with Annex A-3, the RP may request a PBP by submitting the following:

- a. a completed Request for Payment form in the format set forth in Annex G;
- b. a completed Results Reporting form as set forth in Annex F; and
- c. all relevant evidence available to the RP as may be necessary to support such request, such as survey reports, photographs, copies of reports, etc.

5.08 When the RP is eligible for working capital reimbursements as indicated in Block 7 of the Face Sheet, the RP may request a working capital reimbursement by submitting the following in accordance with the timeline set forth in Annex C:

- a. a completed Request for Payment form in the format set forth in Annex G, and specifying the actual costs incurred for the relevant budget line;
- b. a completed Report on Minimum Progress Thresholds as set forth in Annex H;

- c. all relevant evidence available to the RP as may be necessary to support such request, such as financial statements, survey reports, photographs, copies of reports, etc.

5.09 The IA will consider and evaluate all of the foregoing in applying the Validation Methodology with respect to the payment request for the relevant Deliverable(s), and if relevant, the working capital reimbursement.

5.10 Once the application of the Validation Methodology by the IA is complete, the IA will notify the Parties whether the relevant Deliverable(s) (and, in the case of working capital reimbursement, the relevant minimum progress thresholds) have been completed (either fully or partially, and indicating the percentage of completion). The IA shall make a recommendation to UNDP accordingly regarding the amount of the PBP and the working capital reimbursement, if applicable.

5.11 UNDP will take into consideration the recommendation of the IA, and within 15 days of receiving the IA's recommendation will inform the RP and the Project Board of its decision with respect to the PBP and, if applicable, the working capital reimbursement.

5.11 (a) If the RP agrees with UNDP's decision, UNDP will issue payment within 10 days.

5.11 (b) If the RP contests the recommendation of the IA which has been confirmed by UNDP's decision, the RP must notify the IA within 15 days that it is disputing the recommendation of the IA to UNDP. The IA will then have 15 days to review the dispute, make corrections to its calculations (if any), and submit its decision to the RP. The RP must respond within an additional 15 days whether it agrees with the revised calculations/recommendations of the IA. If the RP still rejects the revised calculations/recommendation of the IA, the mediation process in Article 5.12 will be followed.

5.11 (c) If the RP contests the decision of UNDP which did not adopt the recommendation of the IA, the RP may pursue the resolution of dispute mechanism set forth in Article 8.12.

5.12 In the event that after the process set out in Article 5.11(b), the calculations/recommendation of the IA are still disputed by the RP, within fifteen (15) working days of the second notification of dispute, UNDP will appoint an Independent

Mediator with expertise in such matters, acceptable to all Parties, with the costs to be borne by the disputing Party. The Mediator shall re-perform the calculations, using the same data and the original Validation Methodology. The Mediator shall negotiate in good faith to resolve the dispute in an expeditious manner. The determination of the Mediator shall be final and binding. The Parties waive the right to further recourse on the issue of the payment resolved by the Mediator. UNDP undertakes to abide by decisions of the Mediator and pay promptly to the RP, any differences arising out of such mediation process.

5.13 All PBPs will be made by UNDP to the RP via an Electronic Fund Transfer (EFT) into the RP's bank account as specified in Block 8 of the Face Sheet.

ARTICLE: 6

AUDITS AND INVESTIGATIONS

6.01 All payments made by UNDP under this Agreement shall be subject to a post-payment audit by auditors, whether internal or external, of UNDP or by other authorized and qualified agents of UNDP at any time during the term of this Agreement and for a period of three (3) years following the expiration or early termination of this Agreement.

6.02 The RP acknowledges and agrees that, from time to time, UNDP may conduct investigations relating to any aspect of this Agreement or its selection as RP, the obligations performed under this Agreement, compliance with social and environmental commitments, and the operations of the RP generally relating to the performance of this Agreement. The right of UNDP to conduct an investigation and the RP's obligation to cooperate with such an investigation shall not lapse upon the expiration or the early termination of this Agreement, whichever is earlier.

6.03 The RP shall provide its full and timely cooperation with any post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the RP's obligation to make available the RP personnel (including officers, officials, employees, consultants, contractors, advisors and agents, hereinafter "RP Personnel") and any relevant documentation for such purposes at reasonable times and on reasonable conditions, and to grant to UNDP access to the RP's premises at reasonable times and on reasonable conditions. The RP shall ensure that its personnel cooperate with any post-payment audits or investigations carried out by UNDP hereunder.

6.04 UNDP shall be entitled to a refund from the RP for any amounts shown by audits or investigations to have been paid by UNDP other than in accordance with the terms and conditions of this Agreement.

6.05 UNDP shall be entitled to a refund from the RP for any funds provided that have been used inappropriately, including fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Agreement. Such amounts may be offset by UNDP from any payment due to the RP under this or any other agreement. Recovery of such amounts by UNDP shall not diminish or curtail the RP's obligations under this Agreement.

6.06 Without prejudice or limitation to the foregoing, the RP agrees that, where applicable, UNDP's Funding Partner(s) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of this Agreement, shall have direct recourse to the RP for the recovery of any funds determined by UNDP to have been used inappropriately, including fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Agreement. However, there shall be no double recovery of funds under this and the preceding provision.

6.07 Each contract issued by the RP in connection with its activities toward the achievement of the Result(s) under this Agreement, shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other ex gratia payments have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the RP shall cooperate with any and all investigations and post-payment audits.

6.08 If the findings or circumstances of a post-payment audit or investigation so warrant, UNDP may, in its sole discretion, take any measures that may be appropriate or necessary, including, but not limited to, suspension of this Agreement with no liability whatsoever to UNDP.

ARTICLE 7

EARLY TERMINATION

7.01 UNDP may terminate this Agreement, following consultation with the Project Board as indicated in the Project Document, prior to the end of the Deliverable(s) Implementation Period upon the occurrence of any of the following "**Termination Events**":

- (a) Any of the RP's actions are not in compliance with UNDP's Social and Environmental Standards.
- (b) The RP is in material breach of any of the provisions, obligations and responsibilities under this Agreement, that would either (i) reasonably be

expected to materially adversely affect the RP's ability to achieve the Result(s) and complete the Deliverable(s); or (ii) be a material violation of any local laws applicable to the RP, or the financial regulations and rules applicable to the RP under this Agreement.

- (c) The IA finds, through its application of the Validation Methodology, that the RP has failed to achieve any of the 'minimum progress thresholds' as described in Annex H that may jeopardize the overall success and achievement of the Result(s).
- (d) Upon the occurrence of any force majeure event which is outside the reasonable control of either Party and is not attributable to any act or failure to take preventive action by that Party, including force majeure or any other disaster natural or man-made, acts of terrorism or similar cause beyond the reasonable control of the Party affected thereby, and political developments which prevent the Parties' access to data or any event which prevents a Party from performing its obligations under this Agreement for a period in excess of three (3) months from the due date of meeting their respective obligation(s).
- (e) Termination of the IAA by UNDP or the IA, and the Parties are unable to agree on the options for the continuation of this Agreement, including the contracting of another IA.

7.02 Notwithstanding Article 7.01, this Agreement will terminate automatically in the event that this Agreement fails to become Effective in accordance with Article 2 above.

7.03 The Parties may terminate this Agreement upon their mutual written consent.

7.04 In the event of early termination of this Agreement, any payments remaining that may have been due in the future, shall cease irrespective of the stage of completion of the Deliverable(s) at such time.

ARTICLE 8

OTHER RESPONSIBILITIES, OBLIGATIONS AND LIABILITIES

8.01 The RP shall be solely liable for claims by third parties arising from the RP's acts or omissions in the course of performing this Agreement and under no circumstances shall UNDP or the Funding Partner(s) be held liable for such claims by third parties.

8.02 The RP shall ensure that the RP Personnel engaged by it in connection with its implementation of this Agreement (i) meet the highest standards of professional qualifications and competence necessary for the implementation of its activities in achieving the Result(s) and completion of the Deliverable(s) under this Agreement; (ii) are free from any conflicts of interest related to the RPs activities in achieving the Result(s); (iii) respect the local laws and customs, and conform to the highest standards of moral and ethical conduct; (iv) shall refrain from any conduct that would adversely reflect on UNDP or the United Nations, and shall not engage in any activity that is incompatible with the aims, objectives or mandate of UNDP or the United Nations; and (v) shall not use information that is considered confidential without the prior written authorization of UNDP.

8.03 The RP shall be fully responsible and liable for all RP Personnel engaged by it in connection with its activities in achieving the Result(s); the RP Personnel shall not be considered in any respect as being officials, personnel, employees, staff or agents of UNDP or the United Nations.

8.04 RP shall not assign, transfer, pledge or make other disposition of this Agreement or any part thereof, or any of the RP's rights, claims or obligations under this Agreement except with the prior written consent of UNDP.

8.05 The RP shall keep accurate and up-to-date records and documents, including original invoices, bills, and receipts pertinent to its activities in achieving the Result(s) under this Agreement. Upon achievement of the Results, or upon expiration or the early termination of this Agreement, the RP shall maintain its records for a period of at least five (5) years, unless otherwise agreed by the Parties.

8.06 Information and data that is considered proprietary by either Party and that is delivered or disclosed by one Party to the other Party during the term of this Agreement, shall be considered confidential and shall be handled pursuant to the UNDP Information Disclosure Policy, not attached hereto but known to and in the possession of the Parties; the RP may disclose information to the extent required by law, provided that and without any waiver of the privileges and immunities of the United Nations, the RP will give UNDP sufficient prior notice of a request for the disclosure of information in order to allow UNDP to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made; UNDP may disclose information to the extent required pursuant to the Charter of the United Nations, resolutions or regulations of the General Assembly, or rules promulgated by the Secretary-General of the United Nations. These obligations shall not lapse upon achievement of the Results or expiration or early termination of this Agreement, whichever is earlier.

8.07 RP shall maintain insurance (or self-insure) against all risks in respect of its property and any equipment used in connection with the achievement of Result(s) under this Agreement. The RP shall maintain all appropriate workmen's compensation insurance, or the equivalent, with respect to the RP's Personnel to cover claims for personal injury

or death in connection with this Agreement.

8.08 The RP agrees to indemnify, hold and save harmless, and defend, at its own expense, UNDP, its officials and persons performing services for UNDP from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) or relating to acts or omissions of the RP, including the RP Personnel, under this Agreement. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, damage to property or other hazards that may be suffered by the RP's personnel as a result of their services pertaining to its activities in achieving the Results, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the RP or the RP Personnel.

8.09

(a) Article II, Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations' exemption from such taxes, duties or charges, the RP shall immediately consult with UNDP to determine a mutually acceptable solution.

(b) Accordingly, the RP authorizes UNDP to deduct from the PBPs (and if relevant, any working capital reimbursement) payable to the RP, any amounts representing such taxes, duties or charges, unless the RP has consulted with UNDP before the payment thereof and UNDP has, in each instance, specifically provided written authorization to the RP to pay such taxes, duties or charges under protest. In that event, the RP shall provide UNDP with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

8.10

(a) The responsibility for the safety and security of the RP and the RP Personnel and property, as well as of the equipment and other UNDP property in the RP's custody, shall rest with the RP.

(b) UNDP reserves the right to verify whether the necessary security arrangements are in place, and to suggest modifications thereto when necessary.

(c) The RP agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received under this Agreement are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP

hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/sc/committees/1267/1267.htm>. This provision must be included in all contracts or sub-contracts entered into under this Agreement.

8.11 The Parties hereby agree that the execution of and any performance pursuant to this Agreement does not constitute a waiver, each to the other, of any claims, rights, or obligations which shall or have arisen by virtue of any previous agreement among or between the Parties. Any such claims, rights, or obligations are hereby preserved, protected, and reserved.

8.12 Except with respect to the mediation process specified in Article 5.12, the Parties shall try to settle amicably through direct negotiations, any dispute, controversy or claim arising out of or relating to the present Agreement, including breach and termination of the Agreement. If these negotiations are unsuccessful, the matter shall be referred to arbitration in accordance with United Nations Commission on International Trade Law Arbitration Rules. The Parties shall be bound by the arbitration award rendered in accordance with such arbitration, as the final decision on any such dispute, controversy or claim.

8.13: Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards and related Accountability Mechanism as set forth in the Project Document (Annex I). The RP shall: (a) conduct project activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through UNDP's Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

ARTICLE 9

MONITORING FRAMEWORK AND REPORTING

9.01 The RP shall provide regular reporting of its performance and its progress in achieving the Result(s) and completing the Deliverable(s), high level risks, and financial matters in accordance with the reporting schedule and plans included in the Project Document and this Agreement.

9.02 UNDP will monitor the progress made in achieving the Result(s) by the RP, to assess the consistency or discrepancy between planned and actual results and implementation performance as part of its quality assurance role. This may include, but is not limited to: 1) tracking performance through the collection of appropriate and credible data and other evidence; 2) analyzing evidence to inform management decision-making, improve

effectiveness and efficiency, and adjust programming as necessary; and 3) reporting on performance and lessons to facilitate learning and support accountability. Such monitoring may require site visits to the RP. The frequency of monitoring shall be appropriate to decision-making and shall also be aligned with the schedule of Project Board meetings.

9.03 Where this Agreement provides for working capital reimbursements, UNDP shall also undertake various independent assurance activities (such as spot checks, audits or other related exercises) during the Deliverable(s) Implementation Period. In addition, UNDP may conduct “internal control audits” on the RP’s processes, during the Deliverable(s) Implementation Period. The RP consents to the spot checks, audits and related exercises, and shall comply and ensure the compliance of RP Personnel.

9.04 The RP shall facilitate such monitoring and assurance activities in an open and transparent manner, and in the implementation of which maintain and provide documentation and evidence that describes the proper and prudent use of project resources in conformity with this Agreement and in accordance with the applicable regulations and rules as indicated in Article 4.03. This documentation will be made available to UNDP upon its request, its designated monitoring agents, auditors, investigators and the IA.

9.05 The RP shall submit a cumulative financial report every six months (as at 30 June, and 31 December), results reporting in the frequency set forth in the Results Framework (**Annex A-1**), and reporting towards the achievement of minimum progress thresholds in the frequency set forth in **Annex H**. The report will be submitted to UNDP within 30 days following those dates. The reporting will follow the formats provided as **Annex E** (“RP’s Financial Reporting Format”), **Annex F** (“Results Reporting Format”) or **Annex H** (“Reporting on Minimum Progress Thresholds”) respectively. The RP shall also furnish a ‘final financial report’ within 3 months after the end of the Deliverable(s) Implementation Period or expiration or early termination of this Agreement, including all relevant audited or certified financial statements and records related to such achievement of the Result(s), as appropriate, pursuant to the financial regulations and rules as specified in 4.03.

9.06 An Annual Review Report of the RP’s activities towards achieving the Result(s) shall be prepared by the RP and shared with UNDP and the Project Board. The annual review report shall consist of updated information and summary of performance against pre-defined minimum progress thresholds and milestone/target results.

[To be prepared by Independent Assessor in reference to the Performance-Based Payment Agreement and the Project Document]

Validation is a key component of a Performance-Based Payments agreement, as it enables UNDP to assess the effectiveness of the intervention and measure the extent to which performance benchmarks are achieved in order to determine the level of payment(s) to RPs. The theory of change, result definitions, and related performance benchmarks for results must be carefully defined, with performance and validation metrics specified, in advance of the start of the project. In addition, UNDP must be assured that relevant risk management measures are in place prior to signing the agreement, including through an Environmental and Social Management Plan when needed.

To ensure that assessments are conducted rigorously and the determinants of “success” are legitimate, projects must contract an internationally recognized institution of repute to formulate the validation method, to undertake assurance activities (e.g., random assignment, data collection), and to verify the achievement of the results required to make performance payments. These experts are involved with every stage of the project and ultimately examine the validity of the findings as a precondition for approval of performance payments to RPs.

UNDP, the Funding Partner(s) and the RP have to be confident that the measurement tools can demonstrate a direct causal link between the project interventions and contribution to the higher-level outcomes.

A well drafted, detailed Validation Method is fundamental to the success of implementation of Performance-Based Payment Agreements. Clarity on the theory of change underpinning the project results; and the basis, methodology and the timing of the measurement of indicators will ensure that the Responsible Parties direct its activities to achieving what will be measured. Lack of clarity poses risks of overpayments, underpayments and/or disagreements, and will impact the effectiveness of this results-based financing model.

This Validation Method is considered an attachment to the project document and must include:

- a) The IA’s assessment and validation of the project’s **theory of change** underlying the achievement of the expected results and **Definition of the specific results** to be delivered by the Responsible Party as per the project document;
- b) **Results framework** from the project document, including objectively verifiable indicators with fully populated baselines and targets, and data sources that will be used to measure the achievement of results by the Responsible Party;
- c) The method for **Results Validation**, to certify that the result has been delivered to the agreed level of quality and sustainability, including any primary data collection, validation of existing data, and/or analysis methods on the performance of the RP in meeting the milestones and targets set against the agreed indicators in the Results Framework. Quality will be determined by clear

measures of efficient delivery of outputs, effective achievement of intended results, sustainability of results and equity through application of UNDP's social and environmental standards. The Results Validation format is part of the agreement, and is completed by the IA during implementation to certify the achievement of results eligible for payment;

- d) A Deliverable(s) and **Performance-Based Payment Terms** that is linked to the IA's certification of results, which may include payments upon the achievement of agreed milestone results that contribute to the achievement of the final targeted result. The Deliverable(s) and Performance-Based Payment Terms will detail the minimum progress performance that is needed to issue payment (as well as for any bonuses or partial payments), the trigger(s) for validation and the methodology for performance payment calculations, including risk adjustment factors;
- e) **Risk management measures** in place, including through an Environmental and Social Assessment and Management Plan when needed to ensure compliance with UNDP's Social and Environmental Standards;
- f) Agreement on monitoring and reporting arrangements, including responsibilities of the RP, IA and UNDP, requirements, format, data sources and frequency;
- g) Details on the Early Termination Process, including criteria on RP performance (i.e., minimum progress thresholds, performance against agreed milestone and target indicators after a specified time, etc.).
- h) Standard language on data security, data ownership and the destruction of data.

Monitoring and Data collection: The Independent Assessor (IA) must have access to all of the primary and secondary data used by the Responsible Party to report on performance. The Validation Method of the IA must triangulate the reporting from the Responsible Party with additional evidence of achievement of the results, which may include (but is not limited to) random sample surveys, beneficiary feedback, photographs, interviews, and 3rd party stakeholders, as appropriate. The method of data collection should provide assurance to UNDP and the Funding Partner(s) that the results have been achieved as per the agreed indicators.

Reporting: The RP will report on the progress in achieving all objectively verifiable indicators on the milestone and target dates as agreed in the Results Framework. The RP will also report on its progress in meeting all minimum progress thresholds on the dates as agreed in Annex H. The IA will validate the performance reported by the RP using the Validation Method.

Early Termination: If, at any time during the contract period, either party feels that the results will not be achieved as agreed, this contract may be terminated early.

Theory of Change

(to be included in the final validation methodology, or as an additional annex, once reviewed by the independent assessor)

The participation of municipal governments is essential to enable the advancement of the REDD+ Action Plan, especially those components of land use planning and development of sustainable activities, but also that of monitoring and control. This is due to the following:

- The Central Government of Ecuador does not have the structure and presence to conduct all control activities foreseen by the law across the whole national territory.
- The management of much of the land has been transferred Decentralized Autonomous Governments (including Municipalities – also called Cantons in Ecuador). All Municipalities are required by law to develop and enforce Municipal Land-Use plans (PUGS by their Spanish acronym) that define conservation areas or “suelos rurales de protección”.
- Municipalities have an important comparative advantage when it comes to controlling deforestation: the mayor is the public authority closest to the local reality and, as such, is able to know more quickly the local problems and characteristics. Such comparative advantage constitutes the fundamental mark of a decentralized governance system which is fully supported by the Ecuadorian Land Management Law (Ley de tierras).

Despite this, there are important barriers that currently impede the municipalities from fully taking-on their role in the fight against illegal deforestation:

- Firstly, when it comes to enforcement of these PUGS it is necessary to consider that while most activities leading to deforestation are illegal, they often generate income and jobs in local economies, which creates a disincentive for local government to actively enforce land-use planning decisions. When a mayor takes measures to enforce the law that hinder predatory economic activities, he/she directly harms the economic interest of his voters and potential campaign financiers. Or even harms his personal economic interests, if he/she is engaged in economic activity that involves deforestation.
- Secondly, even if the mayor is willing to bear the political burden generated by an action to contain deforestation, he will face the lack of structure and financial resources of municipal supervisory bodies. The municipalities have defined environmental policy objectives in the PUGS and a basic administrative structure in place to implement these policy objectives. However, most of them have little developed administrative capacity, lack of human and financial resources and managerial capacity.

Therefore, it is necessary to create incentives for local public authorities for enforcing land-use plans and controlling deforestation. Indeed by choosing to provide financial incentive to the municipal governments, they will have incentives and resources to assume their strategic roles in the policy of controlling deforestation, offsetting the (electoral and economic) incentives that act in favor of the current leniency of the public power in controlling deforestation.

Regarding the choice of the performance-based agreement as an ideal instrument to achieve policy objectives. It must be considered, as already stated above, that an essential advantage of

administrative decentralization is, precisely, the fact that the local manager has greater knowledge of the singularities of that municipality. Requiring the use of resources in a given package of inputs presupposes that the same mode of action and the same inputs are necessary everywhere. Therefore, the flexibility of each municipal government to act in the most appropriate way given local conditions is lost. Second, such a traditional input-based model does not guarantee that the real objective of the policy, which is to improve the final public policy outcome (effective protection of forest conservation area), is achieved.

In short, the most feasible and potent way to establish a financial incentive mechanism to internalize the externalities generated by the reduction of deforestation seems to be the creation of an incentive system in favor of municipal governments.

Figure 2. Theory of Change



There are important examples of this importance in the literature from other countries. Noteworthy is the example of the local public power is the action of the Paragominas municipality in Brazil reversing the high rate of local deforestation. This Municipality, until recently a focus of intense deforestation, managed to reverse this situation after mobilization led by the municipal government (see Box I).

BOX I – INTERNATIONAL BEST PRACTICE

Brazil's Paragominas Municipality: an example of the importance of action by municipal governments in curbing deforestation

Brito, Souza Jr. and Amaral (2011) describe the reduction of deforestation in the Municipality of Paragominas as a case of success in the action of the municipal government in reversing environmental destruction. This box summarizes the main information contained in that article.

Founded in 1965, the Municipality has gone through several economic cycles based on logging, livestock and agriculture, having lost 45% of its forest area. After being included in the “black list” of municipalities with a high rate of deforestation, the Municipality, under the leadership of its mayor, was able to reverse deforestation rates.

Local civil society groups, producer associations were mobilized by the city and signed a zero-deforestation pact. The pact was supported by the State Government and non-governmental entities (Imazon and The Nature Conservancy). Two lines of action were adopted: monitoring and control of deforestation and implementation of the Rural Environmental Registry (CAR).

For the first line of action, the city relied on information from the DETER System for detecting deforestation, sending environmental agents to the occurrence sites to suppress the action and identify the causes of deforestation. Then, the repression actions applied by the state and federal environmental agencies were requested. It is important to note, here, the relevance of joint work between the three levels of government, as each has comparative advantages that the others lack. While the municipal government has the agility to quickly send agents to the places where deforestation occurs, it does not have legal instruments that allow the immediate repression of the activity. State governments and the Federal Government do not have the agility to reach deforestation sites promptly, but they have strong instruments of punishment and repression.

The second line of action, aimed at registering rural properties, began with the promotion of educational seminars to encourage landowners to register their land. Public prosecutors and state environmental officials participated in the meetings together with experts from non-governmental organizations. As a result, more than 80% of the municipality's territory was included in the CAR.

The fall in deforestation was substantial, going from 107 km² in 2007 to 21 km² in 2009, less than the 40 km² stipulated by the MMA as a target for the exclusion of the Municipality from the “black list”.

The three main causes of the initiative's success were: (a) the pact created among members of local society, under the leadership of the city government; (b) monthly monitoring of deforestation; (c) training and action by local agents to monitor and stop the specific causes of deforestation.

This example demonstrates the importance of municipal governments in controlling deforestation, as they are the institution that has knowledge of local conditions, which has the capacity to act promptly and, above all, because it is the only institution capable of bringing together the relevant actors of local society to propose a pact in favor of forest preservation.

Furthermore, as different states and municipalities present innovative and successful solutions, such as the one developed in Paragominas, the example can be replicated in other cities and states, creating a dynamic system of experimentation and improvement of experiences.

Detailed Description of proposed indicators

Indicator 1.1 Percentage (rate) of natural vegetation cover in ACUS

METHODOLOGICAL FACT SHEET	
INDICATOR NAME	Percentage (rate) of natural vegetation cover in ACUS
Definition	<p>Annual conservation percentage of natural vegetation in the municipal conservation area. Natural vegetation includes the following categories, as defined in the land cover and use map classification (LEVEL II):</p> <ul style="list-style-type: none"> • Native forest • Shrub vegetation • Herbaceous vegetation • Paramo <p>Conservation is defined as the maintenance of the area of natural coverage which was not transformed due to anthropogenic causes.</p>
CALCULATION FORMULA	
$q = 100 \left(\left(\frac{A_2}{A_1} \right)^{1/(t_2-t_1)} \right)$	
Q	Annual conservation rate of natural vegetation (% year)
t ₂	End date of reference period
t ₁	Start date of the reference period
A ₂	Natural vegetation cover area on date t ₂ (ha)
A _{t₁}	Natural vegetation cover area on date t ₁ (ha)
DEFINITION OF RELATED VARIABLES	

Native Forest Area: Category identified at classification level II of the 1:100000 scale usage and coverage map generated by the Ministry of Environment and Water.

Area of shrub vegetation: Category identified at classification level II of the 1:100000 scale usage and coverage map generated by the Ministry of Environment and Water.

Area of herbaceous vegetation: Category identified at classification level II of the 1:100000 scale usage and coverage map generated by the Ministry of Environment and Water.

Paramo Category identified at classification level II of the 1:100000 scale usage and coverage map generated by the Ministry of Environment and Water.

CALCULATION METHODOLOGY

The indicator is based on the following methodology:

Comparison of natural cover in the municipal conservation area based on thematic mapping information of land use and coverage generated annually or every two years by the National Forest Monitoring System at scale 1: 100 000.

TECHNICAL LIMITATIONS

Areas with persistent cloud coverage can prevent generating the mapping needed for analysis.

In certain landscapes and types of ecosystems (e.g. dry forests), identifying conversion events can be complicated by spectral similarity between natural and anthropic land cover.

Currently, MAAE is developing new methodologies using better images (spatial and time resolution) and processing capabilities.

UNIT OF MEASURE OF VARIABLES

Q:	%/year
$t_2 - t_1$	Years
A_2, A_1	Ha

INTERPRETATION OF THE INDICATOR

A value less than 100% **q** implies loss of natural vegetation in the municipal conservation area.

A mechanism of compliance will be established in relation to the conservation of natural coverage in the municipal conservation area. Conservation/loss values will be compared to areas under similar management schemes in the respective provinces in order to determine payment of incentives or not.

Please refer Annex I.1 for a more detailed explanation of the compliance mechanism

Three compliance thresholds will be established for this indicator:

Indicator compliance thresholds	HIGH (less than 25% natural vegetation loss compared to PFV in the province	MEDIUM (between 25% and 75% natural vegetation loss compared to BVP in the province	LOW (between 75% and 99% natural vegetation loss compared to BVP in the province	NON-compliance (100% natural vegetation compared to BVP in the province
Economic assessment of indicator compliance	HIGH Compliance (Area (ha) of coverage remaining over 100% of the agreement objective)	MEDIUM Compliance (Remaining retained coverage area (ha) value valued at 66% of the agreement target)	LOW Compliance (Remaining retained coverage area (ha) value valued at 33% of the agreement objective)	No economic recognition

Once the municipalities and the conservation areas are selected, and the natural cover area is defined, the amount (\$) designated to each one will be established.

DATA SOURCE

1. Land use and coverage map 1:100000

PERIODICITY OF THE INDICATOR AND/OR VARIABLES - AVAILABILITY

Currently, the National Forest Monitoring System of the Ministry of Environment and Water generates national maps of land use and coverage every two years at 1:100 000. There is the possibility that for the implementation of this project, and through the SEPAL platform, annual maps can be generated for the specific areas of the intervention

RESPONSIBLE FOR GENERATING THE INFORMATION	National Forest Monitoring System of the Ministry of Environment and Water	
DATA AVAILABILITY	Annual (MAAE expects to create annual maps for these areas)	
GEO-REFERENCED INFORMATION	SCALE.- At least 1:100 000. Minimum mapping unit 1 ha. REFERENCE SYSTEM.- UTM Z17S, Datum WGS 84. FORMAT OF GEOREFERENCED INFORMATION.- Defined by the competent authority.	
2. Municipal conservation area declared by ordinance		
PERIODICITY OF THE INDICATOR AND/OR VARIABLES Availability	Doesn't apply	
RESPONSIBLE FOR GENERATING THE INFORMATION	Autonomous decentralized government (GAD)	
DATA AVAILABILITY	Ordinance – Legal framework	
GEO-REFERENCED INFORMATION	SCALE.- At least 1:25000 REFERENCE SYSTEM.- UTM Z17S, Datum WGS 84. FORMAT OF GEOREFERENCED INFORMATION.- Defined by the competent authority.	
ROLES/RESPONSIBILITIES		
ACTIVITY/ROL	INDICATOR/DATA	Responsible
Generating information 1	Land use and coverage map 1:100 000 for areas of intervention	National Forest Monitoring System of the Ministry of Environment and Water
Generating information 2	Municipal conservation area declared by ordinance	Autonomous decentralized government (GAD)
Verification	Percentage (rate) of natural vegetation cover in	Independent evaluator

	municipal conservation areas (ACUS)	
RECOMMENDATIONS/OBSERVATIONS		
<ul style="list-style-type: none"> Indicator 1.3 should support investment in activities that promote the conservation of natural coverage in ACUS as: <ul style="list-style-type: none"> Promotion of sustainable agriculture Monitoring, control and surveillance Environmental education and awareness Ecotourism Coordination among different levels of decentralized governments to promote conservation and sustainable production Creation of local laws that benefit ACUS inhabitants and promote sustainable development. 		

Indicator 1.2 Number of hectares reforested by the GAD in the ACUS

METHODOLOGICAL FACT SHEET	
INDICATOR NAME	Number of hectares reforested by the GAD in the ACUS
DEFINITION	<p>The indicator includes restoration and reforestation with native species in degraded areas, reforestation for commercial purposes, especially with native species, to reduce the pressure on native forests. The restoration and natural regeneration of areas is important for the provision of ecosystem services such as of food and water supplies.</p> <p>Reforestation can be framed in the following:</p> <p>Conservation: It is developed under the method of enrichment of herbaceous vegetation and / or shrubs, which helps the land at rest to accelerate their</p>

	<p>transition to more advanced stages and higher productivity.</p> <p>Protection and restoration: This type of reforestation is established with the purpose of protecting and contributing to the stabilization and restoration of lands where there are strong problems of loss of vegetation and soil erosion.</p> <p>Agroforestry: A plantation in which trees are intentionally planted and cultivated on the same unit of land along with agricultural, fruit, vegetable or pasture crops, with the intention of diversifying production and taking advantage of the economic and ecological benefits provided by the trees and crop cover.</p> <p>Productive: Its purpose is to obtain quality products -in large quantities- for the economic activity, whether it is industrial, commercial, artisanal, ornamental, medicinal, energetic or food. In a strict sense, it is an intensive cultivation of trees in which even heavy machinery can be used for the preparation of the soil and the main tasks, using at the same time high quality genetic material that maximizes the production according to the type of product that is expected to be obtained.</p>
CALCULATION FORMULA FOR PAYMENT	
$NHaR = PSPV * NP * HaRt$	

Where:

$NHaR$ = Number of hectares reforested by the GAD in the ACUS

$PSPV$ = Unit value of plant species (in U.S. dollars).

NP = Number of plants to be reforested per hectare according to the species

$HaRt$ = Number of hectares to be reforested in a period of time.

t = year of analysis.

DEFINITION OF VARIABLES

Payment value for the number of reforested hectares by the GAD in the ACUS: hectares reforested in the ACUS considering the value of each plant species, the number of plants per hectare and the number of hectares reforested in a period of time.

CALCULATION METHODOLOGY

The payment value for the number of reforested hectares is calculated by multiplying the value of the plant species to be reforested, the number of plants per hectare (density), and the number of hectares reforested in a period of one year.

Note: The contract to be signed by FIAS with each of the GAD's to be selected must establish a maximum annual payment amount according to the project's existing budget.

TECHNICAL LIMITATIONS

Establish the economic value of each species of plant.

Lack of specialized technical equipment for reforestation processes

UNIT OF MEASURE OF VARIABLES

$NHaR$

\$ /year

		<i>PSPV</i>	\$ Cost of the plant species
		NP	Number of plants per hectare
		<i>HaRt</i>	Number of reforested hectares in a period of time
		t	year of analysis
INTERPRETATION OF THE INDICATOR		Number of reforested hectares by the GAD in a time period <i>t</i>	
DATA SOURCE		GAD	
PERIODICITY OF THE INDICATOR AND/OR VARIABLES - AVAILABILITY		Annual	
RESPONSIBLE FOR GENERATING THE INFORMATION		GAD	
DATA AVAILABILITY		Annual	
LEVEL OF DISAGGREGATION	GEOGRAPHICAL	Parish	
	GENERAL		
	OTHER AREAS		
GEO-REFERENCED INFORMATION		SCALE.- At least 1:100 000. Minimum mapping unit 1 ha. REFERENCE SYSTEM - UTM Z17S, Datum WGS 84. GEOREFERENCED INFORMATION FORMAT - Defined by the competent authority.	
ROLES/RESPONSIBILITIES			
ACTIVITY	INDICATOR		RESPONSABLE
Information generation	Number of hectares reforested by the GAD in the ACUS		GAD
Verification	Number of hectares reforested by the GAD in the ACUS		Independent Evaluator

Indicator 1.3 Budget executed by the GAD for the management of the ACUS

METHODOLOGICAL FACT SHEET				
INDICATOR NAME		Budget executed by the GAD for the management of the ACUS (%)		
ABSTRACT		Measures the budget executed by the GAD for the management of the ACUS in a time period t		
CALCULATION FORMULA				
$PE\ ACUS_t = \frac{PD\ ACUS_t}{PC\ ACUS_t} * 100$				
$PE\ ACUS_t =$	Percentage of budget executed by the GAD for the management of the ACUS in a time period t .			
$PD\ ACUS_t =$	Executed budget for management of the ACUS in a period t .			
$PC\ ACUS_t =$	Planned budget for management of the ACUS in a period t .			
$t =$	Fiscal year			
DEFINITION OF VARIABLES				
<div>1. Executed Budget: Expenditure made by the GAD for the management of the ACUS in time period t</div> <div>2. Planned Budget: Planned budget for the management of the ACUS in period t.</div>				
CALCULATION METHODOLOGY				
Executed budget divided by the planned budget in a fiscal year multiplied by 100 (Percentage).				
TECHNICAL LIMITATIONS				
UNIT OF MEASURE OF VARIABLES		$PE\ ACUS_t$	%/year	
		$PD\ y\ PC\ ACUS_t$	USD	
		T	Fiscal year.	
INTERPRETATION OF THE INDICATOR		In the time period “ t ”, the GAD executed the “ $x\%$ ” of the budget for the management of the ACUS.		

The payment will be made according to the value of indicator 1.3 and the results of indicator 1.1 according to the following table:

		Percentage (rate) of natural coverage preserved in municipal conservation areas			
Payment percentage		HIGH (less than 25% loss of gross natural coverage of the baseline of the immediate period)	MEDIUM (between 25 and 75% gross loss of natural coverage of the baseline of the immediate period)	LOW (between 75% and 100% loss of gross natural coverage of the immediate baseline of the immediate period)	NON-compliance (more than 100% loss of gross natural coverage of the baseline of the immediate period)
Budget executed (%)	100 – 95	100	66	33	0
	94 - 90	66	33	0	0
	89 - 80	33	0	0	0
	Less 80	0	0	0	0

Example:

If the GAD executed 96% of the budget and had a score of Medium in the indicator 1.1, receives 66% of the payment.

DATA SOURCE		
PERIODICITY OF THE INDICATOR / VARIABLE'S AVAILABILITY		<ul style="list-style-type: none"> a) GAD's monthly financial information. b) Annual Work Plan. c) Budget according to the financial account "180301. From Multilateral Organizations". d) Budget according to the financial account of expenditure "750111. Enabling and Protecting Land, Sub-land and Ecological Areas"
RESPONSABLE OF THE INFORMATION		Financial Area of the GAD
DATA AVAILABILITY		Annual
LEVEL OF DISAGGREGATION	GEOGRAPHICAL	Municipal
	GENERAL	
	OTHER AREAS	
SPATIAL INFORMATION		ACUS Coordinates
ROLES/RESPONSIBILITIES		
ACTIVITY	INDICATOR	RESPONSABLE
Information generation	Budget executed by	Autonomous Decentralized Government

	the GAD for the management of the ACUS	
Verification	Percentage of execution	Independent Evaluator
RECOMMENDATIONS / OBSERVATIONS		
<ul style="list-style-type: none"> Indicator 1.3 should support investment in activities that promote the conservation of natural coverage in ACUS It is expected to see larger investment amounts in the first years of the agreement 		

DRAFT

Annex A-1: Results Framework

This annex is finalized prior to the Performance-Based Payment Agreement being signed

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: Outcome 2: By 2022, Ecuador has strengthened its regulatory, political, and institutional frameworks to improve sustainable, participatory, and gender-focused management of natural resources, promoting more responsible production and consumption patterns, in a context of climate change.								
Project title and Atlas Project Number: RESULTS BASED PAYMENT TO ECUADOR FOR REDUCTION OF DEFORESTATION 2014 - Award ID: 00101841Responsible Party: Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)								
AGREED OUTPUTS AND INDICATORS	DATA SOURCE AND FREQUENCY (RP)	BASELINE		RESULTS (by frequency of data collection)				Method of Validation (IA)
		Value	Year	Milestone Result 1 [End of year 2]	Milestone Result 2 [End of year 3]	TARGET (Project Completion) RESULT [End of year 4]	Post Agreement Sustainability TARGET [Date]	
Output 1: Conservation, reforestation and budget management in the ACUS								
Indicator 1.1 Natural cover conservation rate (%) in ACUS	Baseline data source: Natural cover in ACUS (ha) (Source: MAAE Land Cover Map 1:100000 most recent year). Frequency: Annual	Defined when ACUS are selected	Most updated map available	33% reduction of natural cover loss from the base line period	66% reduction of natural cover loss from the base line period	100% reduction of natural cover loss from the base line period (100% of natural cover conservation)	100% of natural cover conservation in the ACUS	MAAE Land Cover Map 1:100000 Official cartography produced by the Ministry of the Environment and Water

<p>Indicator 1.2 Number of hectares reforested by the GAD in the ACUS</p>	<p>Baseline data source: Number of hectares to be reforested in the ACUS by the GAD Frequency: Annual</p>	<p>hectares</p>	<p>December 2021</p>	<p>Number of hectares to be reforested in the ACUS by the GAD</p>	<p>Number of hectares to be reforested in the ACUS by the GAD</p>	<p>Reforest 1.5% of the surface of the ACUS per year</p>	<p>Continue with the reforestation in the ACUS, to generate an increase in the number of reforested hectares in the GAD.</p>	<p>Technical report of hectares reforested in the ACUS by the GAD. Includes:</p> <ul style="list-style-type: none"> - Selection of areas to be reforested in the ACUS. - Selection of forest germplasm. - Production of forest plants. - Protection and maintenance. - Management of activities related to reforestation. - Cartography to determine the total number of reforested areas. - Evaluation of the reforestation process.
<p>Indicator 1.3 Percentage of budget executed by the GAD for the management of the ACUS</p>	<p>Baseline data source: Budget execution of the GAD destined to the management of the ACUS Frequency: Annual</p>	<p>USD</p>	<p>December 2021</p>	<p>100% Budget execution destined for ACUS</p>	<p>100% Budget execution destined for ACUS</p>	<p>100% Budget execution destined for ACUS</p>	<p>Continue with the execution of the financial resources for the management of the ACUS</p>	<ol style="list-style-type: none"> 1. Annual Budget 2. Execution of the annual operative plan. 3. Execution of the management plan.

Annex A-2: Results/Performance Threshold Validation Format

This form will be completed by the Independent Assessor (IA) each time a milestone or target result or a performance threshold needs to be validated, at least [once] per year or more frequently depending on the agreement. Relevant evidence must be attached to the validation form, including survey reports, photographs, copies of reports, etc. These measures must be defined in advance of the work starting. They must include a validation of performance against the objectively verifiable indicators and/or performance thresholds reported by the Responsible Party, in addition to any other measures agreed by the parties, as necessary to validate the results.

Output 1: Conservation, reforestation and budget management in the ACUS				
	Milestone Result / Target Result / Performance Threshold Agreed by [Date]	IA Validated Progress by [Date]	Data/method of validation used	% of Milestone/Target/Performance Threshold Achieved
Indicator 1.1 Natural cover conservation rate (%) in ACUS	Natural cover conservation in the ACUS	Frequency: Annual	MAAE Land Cover Map 1:100000 Official cartography produced by the Ministry of the Environment and Water	100% of natural cover conservation in the ACUS
Indicator 1.2 Number of hectares reforested by the GAD in the ACUS	Hectares (ha) reforested by the GAD in the ACUS.	Frequency: Annual	Technical report of hectares reforested in the ACUS by GAD. Includes: - Selection of areas to be reforested in the ACUS. - Selection of forest germplasm. - Production of forest plants. - Protection and maintenance. - Management of activities related to reforestation.	Reforest 1.5% of the surface of the ACUS per year.

			<ul style="list-style-type: none"> - Cartography to determine the total number of reforested areas. - Evaluation of the reforestation process. 	
Indicator 1.3 Percentage of budget executed by the GAD for the management of the ACUS	Budget execution of the GAD destined to the management of the ACUS	Frequency: Annual	Data of the execution of the Annual Budget	100% Budget execution destined for the ACUS

*Measures for assessing quality should include clear targets on efficient delivery of the outputs, effective delivery of intended results, sustainability of results and equity of the approach using UNDP's Social and Environmental Standards

Certified by: _____

[Name]

[Date]

[Firm Name of Independent Assessor]

Annex A-3: Deliverable(s) and Performance-Based Payment Terms

Deliverable(s)	Expected Date of Achievement	Eligible Cumulative Payment (USD)	Value of Payment	Bonus Penalties*
Deliverable 1: Conservation, reforestation and budget management in the ACUS	DD Month YYYY	Up to % of contract value	\$X/ha reforested in the ACUS, or other protection figure,	Penalties
				No payment is made if the documentation required for the creation of the ACUS as established in regulations is not presented
<i>Indicator 1.2 Number of hectares reforested by the GAD in the ACUS</i>				No payment is made if minimum requirements for Environmental and social management measures are not implemented and monitored

This annex is finalized prior to the Performance-Based Payment Agreement being signed. All milestones and/or target results that are part of a Deliverable must be achieved for a payment to be made.

*[*If all final targets are met or exceeded on time, then the Responsible Party may be eligible for a bonus payment no greater than 10% of the value of the contract. Any eligible bonus payments must be clearly stated in the Performance-Based Payment Agreement.]*

If all milestone/target results are not achieved, a reduced payment will be given. The payment will be reduced by an average percentage by which indicators have underperformed relative to their milestone/targets, as determined by the IA.

Annex B: Independent Assessor Agreement

The xxxxx (Name of the Independent Assessor) agrees to the following responsibilities, obligations, scope of work and other specifics.

Annex C: This page is intentionally left blank¹⁴

¹⁴ Where the Agreement does not provide for any working capital reimbursement payable to the RP, the contents of this Annex C should be deleted and replaced with “ANNEX C: THIS PAGE IS INTENTIONALLY LEFT BLANK”

Annex D: Nature and Schedule of Assurance Activities

Annex E: RP's Financial Reporting Format

Annex F: Results Reporting Format

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Program Results and Resource Framework: Outcome 2: By 2022, Ecuador has strengthened its regulatory, political, and institutional frameworks to improve sustainable, participatory, and gender-focused management of natural resources, promoting more responsible production and consumption patterns, in a context of climate change.									
Project title and Atlas Project Number: RESULTS BASED PAYMENT TO ECUADOR FOR REDUCTION OF DEFORESTATION 2014 - Award ID: 00101841									
Responsible Party: Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)									
AGREED OUTPUTS AND INDICATORS	DATA SOURCE AND FREQUENCY (RP)	BASELINE		RESULTS (by frequency of data collection)					Method of Validation
		Value	Year	Result Type (Planned/ Actual)	Milestone Result 1 [Date]	Milestone Result 2 [Date]	Milestone Result ... [Date]	TARGET RESULT [Date]	
Output 1: Creation of conservation and sustainable use areas (ACUS) or other protection figures created by GAD Commonwealths, or GAD consortia within priority areas for REDD+, in remnants of forest cover of importance for conservation, ecological connectivity, areas of water importance, among other ecosystem services of local, regional or national importance.									
Indicator 1.1 Natural cover conservation rate (%) in ACUS	MAAE Land Cover Map 1:100000 + GIS files			Planned					
				Actual*					
Indicator 1.2 Number of hectares reforested by the GAD in the ACUS	Data source: Number of hectares to be reforested in the ACUS by the GAD.			Planned					
				Actual*					
Indicator 1.3 Percentage of budget executed by the GAD for the management of the ACUS	Supporting documents			Planned					
				Actual*					

To be completed by the Responsible Party when a result (milestone or target) needs to be reported. Relevant evidence must be attached to the results reporting form, including survey reports, photographs, copies of reports, etc.

Annex G: Request for Payment Format

To: UNDP,

Date: xx/xx/20xx

<enter country office

address and Fax No:>

Pursuant to the Performance-Based Payment Agreement dated **DD MONTH YR** (the "Agreement") between **Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)** and United Nations Development Programme, **Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)** hereby requests payment for the achievement of results under **Deliverable [x]**, in the amount of **\$XX**. We certify that:

- 1) The pre-agreed indicators for **Deliverable [x]** have been satisfactorily met and were achieved within the specified timeframe listed in Annex A-3.
- 2) The Actual Results reported herein, are complete and correct as of the date of this letter.
- 3) The amount requested for this payment does not exceed the maximum allowable amount payable under this Deliverable.
- 4) The information for **Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)** bank account into which payment will be disbursed (set forth in Block 8 of the Face Sheet) is still valid.
- 5) **Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)** is in full compliance with all terms, conditions and commitments of the Agreement as of this date.

Deliverable(s)	Planned Result	Actual Result*	Expected Date of Completion	Actual Date of Completion*	Eligible Cumulative Payment (USD)	Value of Payment Requested*
Deliverable 1:			DD Month YYYY	DD Month YYYY	Up to % of contract value	\$XX,XXX
<i>Indicator 1.1 Natural cover conservation rate (%) in ACUS</i>	100% conservation of the natural cover in ACUS					
<i>Indicator 1.2 Payment value for number of hectares reforested by the GAD in the ACUS</i>	Reforestation in the ACUS, to generate an increase in the number of reforested hectares in the GAD.					
<i>Indicator 1.3 Budget executed by the GAD for the management of the ACUS</i>	100% Budget execution					

**To be completed by the Responsible Party when requesting a payment after completion of a Deliverable. Updated Annex F and relevant evidence must be attached to the form, including survey reports, photographs, copies of reports, etc.*

Yours faithfully,

By: [Name]

Date: [Date]

[Designation], [Recipient Party Name]

For the [period] ended [Date]

Annex H: Reporting on Minimum Progress Thresholds

Project title and Atlas Project Number: RESULTS BASED PAYMENT TO ECUADOR FOR REDUCTION OF DEFORESTATION 2014 - Award ID: 00101841										
Responsible Party: Sustainable Environmental Investment Fund (FIAS by its Spanish acronym)										
KEY PROGRESS MEASURES		DATA SOURCE (RP)	PROGRESS MEASURE TYPE (MINIMUM REQUIRED /	PROGRESS MEASURE LEVEL						EXPLANATION ¹⁵
				As of [day/month/year]	As of day/month/year]	As of [day/month/year]	As of [day/month/year].	As of	As of	
Progress Measure 1: Key safeguard elements in place										
1.1	Clearly specify each measure that the Responsible Party has to meet Management Plan for the ACUS developed that includes environment	ESIA report	Minimum Required	0	1 ESIA	0	0	0	0	
			Actual*							

¹⁵ Provide explanation if Actual Level of Progress Measure falls below the Minimum Required

	<i>al and social safeguards for the effective conservation of the ACUS.</i>									
Progress Measure 2: Signed Agreements with County GADs										
2.1	<i>Clearly specify each measure that the Responsible Party has to meet</i>		<i>Minimum Required</i>	<i>1 contract</i>	<i>2 contracts</i>	<i>3 contracts</i>	<i>3 contracts</i>	<i>3 contracts</i>	<i>3 contracts</i>	
			<i>Actual*</i>							
	<i>Number of Signed and/or active agreements with County GADs</i>	<i>Signed agreements with County GAD Authorities</i>								<i>COVID-19 epidemic could slow negotiations</i>
	<i>NB: In the cases that an agreement with a GAD is terminated, and if there</i>									

is still sufficient time and remaining budget for the execution of the Project, FIAS will convene the GAD or commonwealth that has positioned itself as the fourth finalist in the selection process to sign a sub-agreement (see PRODOC for details)										
---	--	--	--	--	--	--	--	--	--	--

Minimum progress thresholds should be established and monitored at least on an annual basis. As such, progress measures and minimum required levels for each measure should be established prior to signing the Agreement. Actual progress levels should be completed by the RP when minimum progress thresholds are due to be reported based on agreed dates specified in the schedule above. Failure to attain specified threshold levels can result in early termination of the project.

FORM FOR SUBMITTING SERVICE PROVIDER'S PROPOSAL¹⁶

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery¹⁷)

[insert: Location]

[insert: Date]

To: [insert: Name and Address of UNDP focal point]

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to UNDP in conformity with the requirements defined in the RFP dated [specify date], and all of its attachments, as well as the provisions of the UNDP General Contract Terms and Conditions :

A. Qualifications of the Service Provider

The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements of UNDP by indicating the following:

- a) *Profile – describing the nature of business, field of expertise, licenses, certifications, accreditations.*
- b) *Business Licenses – Registration Papers, Tax Payment Certification, etc.*
- c) *Latest Audited Financial Statement – income statement and balance sheet to indicate its financial stability, liquidity, credit standing, and market reputation, etc.*
- d) *Track Record – list of clients for similar services as those required by UNDP, indicating description of contract scope, contract duration, contract value, contract references.*
- e) *Certificates and Accreditation – including Quality Certificates, Patent Registrations, Environmental Sustainability Certificates, etc. (Accreditation by an International Accreditation Forum (IAF) member body for the ISO norm(s) or International Quality Assurance Certification.*
- f) *Written Self-Declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List.*

B. Proposed Methodology for the Completion of Services

The Service Provider must describe how it will address/deliver the demands of the RFP; providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work.

¹⁶ This serves as a guide to the Service Provider in preparing the Proposal.

¹⁷ Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes

C. Qualifications of Key Personnel

If required by the RFP, the Service Provider must provide:

- a) Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.*
- b) CVs demonstrating qualifications must be submitted if required by the RFP; and*
- c) Written confirmation from each personnel that they are available for the entire duration of the contract.*

Form A: Bidder Information Form

Legal name of Bidder	[Complete]
Legal address	[Complete]
Year of registration	[Complete]
Bidder's Authorized Representative Information	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Are you a UNGM registered vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, [insert UGNM vendor number]
Are you a UNDP vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, [insert UNDP vendor number]
Countries of operation	[Complete]
No. of full-time employees	[Complete]
Quality Assurance Certification (e.g. ISO 9000 or Equivalent) <i>(If yes, provide a Copy of the valid Certificate):</i>	[Complete]
Does your Company hold any accreditation such as ISO 14001 related to the environment? <i>(If yes, provide a Copy of the valid Certificate):</i>	[Complete]
Does your Company have a written Statement of its Environmental Policy? <i>(If yes, provide a Copy)</i>	[Complete]
Contact person UNDP may contact for requests for clarification during Proposal evaluation	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Please attach the following documents:	<ul style="list-style-type: none"> ▪ Company Profile, which should <u>not</u> exceed fifteen (15) pages, including printed brochures and product catalogues relevant to the goods/services being procured ▪ Copy of Official Registration Certificate ▪ Evidence that the firm is authorized to exercise the corresponding commercial activity ▪ Tax Registration/Payment Certificate issued by the Internal Revenue Authority evidencing that the Bidder is updated with its tax payment obligations, or Certificate of Tax exemption, if any such privilege is enjoyed by the Bidder ▪ Official Letter of Appointment as local representative, if Bidder is submitting a Bid in behalf of an entity located outside the country

Form B: Joint Venture/Consortium/Association Information Form

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

To be completed and returned with your Proposal if the Proposal is submitted as a Joint Venture/Consortium/Association.

No	Name of Partner and contact information (address, telephone numbers, fax numbers, e-mail address)	Proposed proportion of responsibilities (in %) and type of services to be performed
1	[Complete]	[Complete]
2	[Complete]	[Complete]
3	[Complete]	[Complete]

Name of leading partner (with authority to bind the JV, Consortium, Association during the RFP process and, in the event a Contract is awarded, during contract execution)	[Complete]
--	------------

We have attached a copy of the below document signed by every partner, which details the likely legal structure of and the confirmation of joint and severable liability of the members of the said joint venture:

☐ Letter of intent to form a joint venture **OR** ☐ JV/Consortium/Association agreement

We hereby confirm that if the contract is awarded, all parties of the Joint Venture/Consortium/Association shall be jointly and severally liable to UNDP for the fulfillment of the provisions of the Contract.

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

EXPERTISE OF FIRM/ ORGANISATION

Client	References Contact Details (Name, Phone, Email)	Contract Name / Scope	Contract period	Contract Value US\$ (last 3 years)

NAME AND SIGNATURE OF THE LEGAL REPRESENTATIVE

DESCRIPTION OF JOBS SIMILAR

Job title:	Country	
Contracting company (contact, address, phone, e-mail): <i>INCLUDE CERTIFICATION OF THE CONTRACT FROM THE CONTRACTING COMPANY</i>	Start (month / year)	Completion (month / year)
Associated signature (if applicable)	Address, telephone, e-mail	
Company personnel involved in the work (position / responsibility)	Number of week-days / person	
Project description		
Description of the services actually provided		

Note: Submit a sheet for each similar job done.

COMPOSITION AND ORGANIZATION OF THE PERSONAL WORK TEAM ASSIGNED TO THE STUDY

NAME	Responsibility / role in the study	Time dedicated to consulting days / hours

Format for CV of Proposed Key Personnel

Name of Personnel	[Insert]
Position for this assignment	[Insert]
Nationality	[Insert]
Language proficiency	[Insert]
Education/ Qualifications	<i>[Summarize college/university and other specialized education of personnel member, giving names of schools, dates attended, and degrees/qualifications obtained.]</i>
	[Insert]
Professional certifications	<i>[Provide details of professional certifications relevant to the scope of services]</i>
	<ul style="list-style-type: none">▪ Name of institution: [Insert]▪ Date of certification: [Insert]
Employment Record/ Experience	<i>[List all positions held by personnel (starting with present position, list in reverse order), giving dates, names of employing organization, title of position held and location of employment. For experience in last five years, detail the type of activities performed, degree of responsibilities, location of assignments and any other information or professional experience considered pertinent for this assignment.]</i>
	[Insert]
References	<i>[Provide names, addresses, phone and email contact information for two (2) references]</i>
	Reference 1: [Insert] Reference 2: [Insert]

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe my qualifications, my experiences, and other relevant information about myself.

Signature of Personnel

Date (Day/Month/Year)

MODEL OF WORK COMMITMENT LETTER TO BE PRESENTED BY THE PROFESSIONALS THAT THE PROPONENT AGREES TO ASSIGN TO THE PROJECT

Statement:

I confirm my intention to serve in the position of _ (job title according to the TOR) _ and my current availability to serve during the proposed contract period. I also understand that any voluntarily false declaration of the data described above and included in my CV may lead to my disqualification, before or during my entry into office.

Signature of Professional

Date

Signature of the Team Leader

Date

FINANCIAL PROPOSAL FORM

Table 1: Summary of Overall Prices

	Amount(s)
Total Professional Fees for phase 1 and 2 (from Table 2)	
Total Other Costs from phase 1 and 2 (from Table 3)	
IVA if apply	
Total Amount of Financial Proposal	

Table 2: Breakdown of Professional Fees

Phase	Position and name	Daily fee Rate	No. of Days/months/ hours	Total Amount
		A	B	C=AxB
Phase 1 (Product 1)				
	Forester (team leader)			
	GIS & remote sensing expert			
	Support staff (if applicable)			
Subtotal Professional Fees for phase 1 total:				A
Phase 2 (Cost of one of the products from 2 to 5)¹⁸: Provide annual costs per verification that includes the three GADs				
	Forester (team leader)			
	Social safeguards specialist			
	GIS & remote sensing expert			
	Support staff (if applicable)			
Subtotal Professional Fees for phase 2 per year:				B

¹⁸ The offer must be place considering the same prize per product per year.

Total Professional Fees for phase 1 and 2: (A +B)
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Table 3: Breakdown of Other Costs

Description	UOM	Quantity	Unit Price	Total Amount
Phase 1 first validation methodologyⁱ				
Subsistence allowance	Day			
Miscellaneous travel expenses	Trip			
International and domestic transportation costs (air and ground transportation)	This will be set up according to the location of the selected GADs, this will be assessing during the contract implementation period			
Out-of-Pocket Expenses				
Other Costs: (please specify)				
Subtotal Other Costs:				
Total cost phase 1				
Phase 2 annual cost per verification				
Subsistence allowance	Day			
Miscellaneous travel expenses	Trip			
International and domestic transportation costs (air and ground transportation)	This will be set up according to the location of the selected GADs, this will be assessing each time when the call-off contract is activated			
Out-of-Pocket Expenses				
Other Costs: (please specify)				
Subtotal Other Costs phase 2 per year:				
Total cost phase 2 per year/per product				

*[Name and Signature of the Service Provider's
Authorized Person]*
[Designation]
[Date]

KIPs

ⁱ Fill in only if you consider necessary to carry out the mission for this phase