

Partner Capacity Assessment Tool - Introduction & Overview		
<p><b>Background:</b> This Partner Capacity Assessment Tool (PCAT) is designed to streamline UNDP's approach to capacity assessments of project Implementing Partners (IPs) and Responsible Parties (RPs). It does this by consolidating all of the existing partner capacity assessment checklists, and eliminating duplicative questions and questions that don't add value. The PCAT also saves time by: (i) providing rapid guidance on which capacity assessments will ensure project risks are identified; and (ii) generating a summary report of the resulting risk assessments, risk mitigation actions and associated budgets for inclusion in the Project Document. The PCAT also includes capacity assessments for new programming instruments, including On-Granting and Performance-Based Payment Agreements.</p> <p><b>Purpose:</b> The UNDP Enterprise Risk Management (ERM) Policy identifies 'Capacities of the Partners' as a key Strategic Risk to be managed for the success of UNDP's work. The PCAT is designed to assess the level of risk that is present when UNDP works with Partners to implement programmes and projects. The level of risk is identified by analyzing partner capacity and matching project management and oversight with the level of risk assessed. By identifying areas for capacity improvement, the PCAT should also help to reduce future Partner risk levels if the capacity building actions are implemented and sustained.</p> <p><b>Applicability:</b> The PCAT is applicable to all Partners, including IPs and RPs, in all contexts, including crisis contexts. It also applies to Grantees for determining eligibility to receive a grant. The PCAT outlines the minimum requirements for capacity assessments based on UNDP thresholds (such as USD 300,000 for HACT). This does not preclude offices doing additional capacity assessments for Partners that fall below the thresholds should they consider this to be beneficial for their office.</p> <p><b>Responsibility and Timing:</b> The PCAT should be completed by the Project Developer as soon as possible during the Project Design phase, with HACT Micro-Assessment inputs from the Third-Party Service Provider where required. The PCAT generates a summary of the results of the Partner capacity assessments that can be attached to the Project Document, eliminating the need to write long-form/narrative reports on capacity assessment results.</p>		
How to Use the PCAT: Follow these 4 steps:		
<b>Step 1: Review Pre-Requisites for Partnering:</b>	Start the PCAT with 'Pre-Requisites for Partnering.' Here you will enter background information about your office and the Partner, and then review 5 questions to assess whether the Partner meets certain basic criteria for partnering with UNDP (such as not being on UN Sanctions, UNDP Vendor Sanctions or UN Global Marketplace Ineligibility Lists). If the Partner meets the 'Pre-Requisites for Partnering,' you will then move to the next section 'Capacity Assessment Scoping.' If the Partner does not meet the 'Pre-Requisites for Partnering,' you will be advised to do no further assessments as the Partner cannot work with UNDP.	<a href="#">Go to Pre-Requisites for Partnering</a>
<b>Step 2: Complete Capacity Assessment Scoping</b>	The PCAT is a dynamic tool that will display only the capacity assessments you need based on the answers you provide to 9 'assessment scoping' questions. These questions include: (i) whether or not this is a humanitarian project for which a rapid capacity assessment is needed; (ii) what role the Partner will fulfill on the project (IP vs RP vs Other); (iii) what type of organization the Partner is (Govt, CSO/NGO, Private Sector etc); (iv) whether the Partner will receive more than USD 300,000 during the Programme Period; (v) whether a HACT Micro-Assessment has been done; (vi) whether the Partner will be <u>managing</u> construction activities; (vii) whether the Partner will undertake grant-making activities on behalf of UNDP (on-granting); (viii) in the case of RPs, whether a Performance-Based Payment Agreement (PBPA) will be used for the project; and (ix) whether the PBPA will exceed USD300,000. Your answers to these questions will determine which capacity assessments are displayed for completion. You will be provided with a link that will take you straight to the assessment(s) to be completed. Also, all of the background information you entered above for your office and the Partner will automatically	<a href="#">Go to Capacity Assessment Scoping</a>
<b>Step 3: Complete the Capacity Assessment(s)</b>	Complete the capacity assessment(s) as needed. Based on the results of the capacity assessment and the level of assessed risk, you will be asked to identify risk mitigation strategies (such as capacity building actions and/or enhanced monitoring & assurance activities) and the associated budget required to implement those strategies.	Follow the links provided on the Capacity Assessment Scoping page
<b>Step 4: Conclude on the Capacity Assessment(s)</b>	The PCAT will automatically summarize the results of the completed capacity assessments, providing you with a concise document to attach to your Project Document.	<a href="#">Go to Conclude on Capacity Assessment</a>
<b>Optional: Additional Guidance Resources</b>	If you need additional guidance, review the IP and/or RP decision trees, which provide step-by-step overviews of the capacity assessments needed; or try the POPP Points to Remember for important points on HACT and on specific programme/project instruments, such as On-granting or Performance-Based Payment Agreements (PBPA)s.	<a href="#">IP Decision Tree</a>
		<a href="#">RP Decision Tree</a>
		<a href="#">HACT - POPP Points to Remember</a>
		<a href="#">On-Granting - POPP Points to Remember</a>
		<a href="#">PBPA's - POPP Points to Remember</a>

Partner Capacity Assessment Tool - Step 1: Pre-Requisites for Partnering - applicable to all Partners						
<a href="#">Return to PCAT Overview page</a>						
<b>Applicability:</b> This 'Pre-requisites for Partnering' section should be completed for all UNDP partners, regardless of whether they are IPs, RPs, Other Partners or grant recipients.						
<b>Responsibility &amp; Timing:</b> The Project Developer should complete this 'Pre-requisites for Partnering' as early as possible in the Project Design phase to ensure that the proposed partner is not a prohibited organization and does not engage in practices that are inconsistent with UNDP's social & environmental standards and code of ethics.						
Background Information (Enter this information here and it will be carried throughout the PCAT - no need to enter it again)						
Region	Asia Pacific	Comments: (Optional) XXX				
Office	Cambodia					
Programme Start	01-Jan-18					
Programme End	31-Dec-22					
Partner Name	ABC					
Partner budget for this Project (USD)	\$ 250,000					
ERM Risk Category	Risk being addressed	Q. #	Pre-requisites for Partnering Questions	What to review to determine your response	Response	Action Needed
Regulatory (6.3, FRR)	Violation of UN sanctions	1	Is the organization listed on the Consolidated United Nations Security Council Sanctions List, the UNDP vendor sanctions list or the UN Global Marketplace Ineligibility List ?	<a href="#">UN Sanctions List</a>	Select	
				<a href="#">UNDP Vendor Sanctions List</a>		
				<a href="#">UN Global Marketplace Ineligibility List (accessible to UNDP Buyer Roles)</a>		
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	2	Is there any credible evidence that the organization persistently commits acts that violate: (i) UNDP's social and environmental standards (human rights, gender equality, labor conditions, environmental sustainability standards); or (ii) code of conduct/ethics standards to such an extent that UNDP's association with the organization cannot be adequately managed or justified?	* Internet/press search * Donor evaluations, assessments * Significant criticism from donors/CSOs/ media/social media or other significant partners of UNDP locally or globally * Significant criticism from governmental agencies / political parties that makes UNDP's partnering politically sensitive	Select	Comments
Strategic (7.6 Public opinion & media)	Damage to UNDP's reputation	3	Has an internet/donor evaluation report search revealed any credible and significant adverse publicity or controversy about the organization that could damage UNDP's reputation by association to such an extent that the association cannot be adequately managed or justified?	* Recurring local or global public events against the organization (e.g. local demonstrations, online protests, etc) * Relevant legal case in progress/in court etc.	Select	
Regulatory (6.3, FRR)	Absence of neutrality	4	If the Partner is a CSO/NGO or private sector organization, is there any credible evidence that the organization has political affiliations that could compromise UNDP's neutrality, perceived or actual, in a way that cannot be adequately managed and justified?		Select	
Financial (2.3 Corruption & Fraud); Strategic (7.5 Code of Conduct & Ethics)	Fraud, corruption and potential damage to UNDP's reputation	5	If there is a history of fraud and/or any potential Conflicts of Interest (Col) in relation to this organization, have they been reviewed and satisfactorily resolved or if not, can they be adequately managed or justified in the context of this specific project? (Consider such as issues as the organization employing any individual/s who is/are currently holding any position in UNDP or the UN <u>OR</u> any individual/s who is/are related by blood or affinity to any UNDP or UN staff member.)	* Internet/press search on fraud issues * Donor evaluations or assessments for fraud issues * Discussions and/or documents and/or written confirmation from the Partner disclosing conflicts of interest or such relationships	Select	
Conclusion on 'Pre-Requisites for Partnering' & Next Steps				Please answer all questions before proceeding		

Partner Capacity Assessment Tool - Step 2: Capacity Assessment Scoping - applicable to all Partners	
<b>Purpose:</b> This 'Capacity Assessment Scoping' tool is designed to assist you in identifying the Partner capacity assessments that will help manage risks stemming from UNDP's engagement with IPs, RPs or Other partners. It will lead you through a series of questions and based on your responses, indicate for you the capacity assessments that should be completed, including HACT Micro-Assessments.	
<b>Applicability:</b> This 'Capacity Assessment Scoping' should be completed for all UNDP partners, regardless of whether they are IPs or RPs or Private Sector partners fulfilling other roles.	
<b>Responsibility &amp; Timing:</b> The Project Developer should complete this 'Capacity Assessment Scoping' as early as possible in the Project Design phase to ensure that the Capacity Assessments needed are identified early and arrangements made for their timely completion.	

Background Information (carried forward from 'Partner Pre-requisites' worksheet)		
Region	Asia Pacific	Comments: (Optional) XXX
Office	Cambodia	
Programme Start	01-Jan-18	
Programme End	31-Dec-22	
Partner Name	ABC	
Partner budget for this Project (USD)	\$ 250,000	

Capacity Assessment Scope Questions	Select Responses from the Dropdown menus
1. Is this a humanitarian project for which a rapid CSO/NGO Partner capacity assessment is needed?	No
2. What role will this organization fulfil on this project?	IP
3. What is the nature of this organization? (Govt, CSO etc)	Government
4. Will this organization receive more than US \$300,000 during the Programme Period?	Yes
5. Has a Partner Capacity Assessment (including HACT Micro-Assessment) already been performed during the Programme Period?	No
6. Will the Partner being implementing construction activities?	No
7. Will the Partner undertake grant-making activities on behalf of UNDP?	No

*If you don't see the assessments you expect, please refresh your answers to the questions above starting with Q1.*

Capacity Assessments needed for this IP:	Links to these Capacity Assessments
Programmatic & HACT Micro-Assessment needed	- <a href="#">Programmatic Assessment</a> - <a href="#">HACT Micro-Assessment</a> - -

[Return to PCAT Overview page](#)

Partner Capacity Assessment Tool: Programme & Project Management Assessment	
<b>Purpose:</b> This worksheet is designed to assess the Partner's Programme & Project Management capacity. It covers topics that are not included in the HACT Micro-Assessment.	
<b>Responsibility &amp; Timing:</b> The Programme & Project Management capacity assessment should be completed by the Project Developer as soon as possible in the Project Design Phase.	

Background Information (carried forward from 'Partner Pre-requisites' worksheet)			
Region	Asia Pacific	Comments: (Optional) XXX	<b>Guide for determining the relative importance to this project of each capacity assessed below<sup>1</sup>:</b>
Office	Cambodia		The risk categories below should be used to assess the relative importance of each capacity to this specific project:
Programme Start	01-Jan-18		<b>High Risk:</b> This capacity is <b>critical</b> for the success of the project. Without this capacity there is a <b>high likelihood</b> that the IP will not fulfil the project goals.
Programme End	31-Dec-22		<b>Substantial Risk:</b> This capacity is <b>very important</b> for the success of the project. Without this capacity there is a <b>substantial likelihood</b> that the IP will not fulfil the project goals.
Partner Name	ABC		<b>Moderate Risk:</b> This capacity is <b>important</b> for the success of the project. Without this capacity there is a <b>moderate likelihood</b> that the IP will not fulfil the project goals.
Partner budget for this Project (USD)	\$ 250,000		<b>Low Risk:</b> This capacity is <b>not important</b> for the success of this project. Without this capacity there is a <b>low likelihood</b> that the IP will not fulfil the project goals.

Programme & Project Management Assessment							
ERM Risk Category	Risk Being Addressed	Q.#	Questions	Response (Yes, No or N/A)	Relative Importance of Each Capacity to this Project? <sup>1</sup>	Risk Score based on Response	Remarks/ comments
Political (5.2 Political Will)	Absence of political commitment	1	Is the organization's leadership willing to implement this project?	Select	Select	0	
Political (5.3 Political instability; 5.4 Change/turnover in govt; 5.5 Armed conflict and instability)	Difficult Programmatic Context	2	Is there a stable enabling environment for the Partner to operate within, in terms of political changes or social unrest, ongoing conflicts, poor physical infrastructure, natural disasters, humanitarian crises?	Select	Select	0	
Strategic (7.3 Partner capacities)	Misalignment of programmatic focus; Inadequate experience	3	Are the project outputs proposed to be delivered by this Partner aligned with its mandate, constituency base, and experience? (Consider scale of project, geographic spread, complexity of results to be achieved).	Select	Select	0	
Strategic (7.3 Partner capacities)	Inadequate Programmatic Reporting	4	Does the Partner provide its stakeholders and beneficiaries with an annual or periodic programme performance report and do they have an opportunity to provide feedback on the IP's programme performance, either through public meetings or other grievance mechanisms?	Select	Select	0	
Strategic (7.3 Partner capacities)	Poor Communications	5	Does the Partner have established protocols and appropriate infrastructure to communicate internally (including sub-offices and to sub-recipients) and to external stakeholders (donors, partners, other implementers, government, etc.)?	Select	Select	0	
Strategic (7.3 Partner capacities)	Absence of Critical Networks	6	If the Partner depends on any upstream organization(s) for its successful performance, is there any evidence that this dependent relationship will cease or be impaired during the duration of this project? (Consider: (i) type of relationship - local or international network, association, affiliated group, municipal or provincial government drawing on central government support; and (ii) nature of dependency - financial, programmatic, administrative)	Select	Select	0	

ERM Risk Category	Risk Being Addressed	Q.#	Questions	Response (Yes, No or N/A)	Relative Importance of Each Capacity to this Project? <sup>1</sup>	Risk Score based on Response	Remarks/ comments
Strategic (7.3 Partner capacities)	Absence of/weaknesses in Critical Networks	7	Has the Partner assessed the capacity of any downstream partners it will rely upon for the success of the project, and if capacity gaps were found, has it developed a suitable plan to address them (such as capacity building and/or increased monitoring)?	Select	Select	0	
Strategic (7.3 Partner capacities)	Absence of Critical Networks	8	Is the Partner party to knowledge networks, coordinating bodies, and other fora that are essential for the successful implementation of this project?	Select	Select	0	
Strategic (7.3 Partner capacities)	Inadequate Technical Capacities	9	Do the skills and experience of the Partner's technical professionals match those required for the project and will they be available for the duration of the project (particularly if the project is implemented in remote or challenging geographical areas)?	Select	Select	0	
Strategic (7.3 Partner capacities)	Inadequate Technical Infrastructure	10	Does the Partner have the necessary technical and administrative infrastructure (e.g., offices, laboratories, equipment, software, technical data bases, etc.) to support the implementation of the project), including in remote areas or regions if required?	Select	Select	0	
Strategic (7.3 Partner capacities)	Poor Absorption Capacity	11	If the existing programmatic and financial management capacities (staffing, systems, etc) are not adequate to meet the additional requirements of the project, does the Partner have the ability to strengthen the capacities within a reasonable timeframe so that the project is not significantly delayed? (i.e. can it recruit staff and/or implement a suitable system promptly?)	Select	Select	0	
Strategic (7.3 Partner capacities)	Personnel Limitations	12	If the organization has a salary scale that would apply to project personnel, would that scale inhibit hiring the best candidates?	Select	Select	0	
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	13	Does the Partner have an internal policy and a training programme for personnel on the prevention of and response to sexual harassment (SH) and sexual exploitation and abuse (SEA)? ?	Select	Select	0	
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	14	Does the Partner screen their personnel, and/or partners they engage with, for previous involvement or alleged involvement in SH or SEA?	Select	Select	0	
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	15	Does the Partner have a mechanism in place to report and monitor response to allegations of SH and SEA by and against their personnel? <i>(Consider available reporting mechanisms such as emails, hotlines, phone numbers, contact person etc.)</i>	Select	Select	0	
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	16	Does the Partner have the capacity - internal or external - to investigate allegations of SH and SEA, and the ability to refer victims to appropriate victim assistance services (e.g. medical, legal or psychosocial)? <i>(Consider information on available capacity (such as trained investigators or access to external investigation services) and mechanisms (such as identified victim assistance providers) in a written statement.)</i>	Select	Select	0	
Strategic (7.3 Partner capacities)	Inadequate Safety & Security	17	Does the Partner have protocols and safeguards in place to minimize the risk of harm to project-affiliated people, the environment and assets? (e.g. sexual exploitation and abuse, physical safety & security, social & environmental safeguards, etc)	Select	Select	0	

ERM Risk Category	Risk Being Addressed	Q.#	Questions	Response (Yes, No or N/A)	Relative Importance of Each Capacity to this Project? <sup>1</sup>	Risk Score based on Response	Remarks/ comments
Strategic (7.5 Code of conduct & ethics), Social & Environmental (1.1-1.12)	Violation of programming principles and ethical standards	18	Has the Partner advised employees, beneficiaries and other recipients to whom they should report sexual misconduct or where to they may report fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Select	Select	0	
				<b>Overall Risk Score for this Section</b>		<b>0</b>	
				<b>Overall Risk Assessment for this Section</b>		<b>Low Risk</b>	
<b>Conclusion on Programme &amp; Project Management Assessment</b>							
Overall Risk Assessment					<b>Low Risk</b>		
Select the risk mitigation strategies that will be employed (i.e. capacity building actions and/or enhanced monitoring and assurance activities)					Select		
Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document					PST		
Provide the estimated budget required for these activities (to be included in the Project Budget) (\$US)					\$ -		
Comments on Overall Programme & Project Management Assessment: (Optional)							
LMN							
<a href="#">Return to Capacity Assessment Scoping</a>							

## Partner Capacity Assessment Tool: Step 4: Capacity Assessment Conclusions

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[Return to Capacity Assessment Scoping](#)

**Purpose:** This worksheet is designed to capture the results of the Capacity Assessments completed and the resulting mitigation strategies for the risk levels identified. Risk mitigation strategies can include capacity building and/or enhanced monitoring and assurance activities. These activities should be included in the Project Document and the associated Project Budget. When completed, attach this worksheet to the Project Document.

**Responsibility & Timing:** This Capacity Assessment Conclusion page is automatically generated based on the results of the assessments completed in the PCAT. It should be reviewed by the Project Developer for completeness and accuracy and attached to the Project Document. If changes need to be made to this Conclusion page, they should be done on the relevant Capacity Assessment Worksheet (i.e., Programme-Project Mgt, Construction Assess, On-Granting Assess, PBPA Proposal Due Diligence, Private Sector Due Diligence, etc) so that the corrections will be captured in the relevant assessments and automatically displayed here.

### Background Information (carried forward from 'Partner Pre-requisites' worksheet)

Region	Asia Pacific	Comments: (Optional)
Office	Cambodia	XXX
Programme Start	01-Jan-18	
Programme End	31-Dec-22	
Partner Name	ABC	
Partner budget for this Project (USD)	\$ 250,000	

### Capacity Assessment Conclusions for this IP

#### Automatically Generated

Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
Conclusion on Programmatic Assessment	Low Risk	Select	PST	\$ -	LMN
Conclusion on HACT Micro-Assessment (manually enter here based on results of HACT Micro-Assessment completed by independent Third-Party Service Provider)	Manually Enter	Manually Enter	Manually Enter	Manually Enter	Manually Enter
			Total	\$ -	

Capacity Assessment Component	Overall Risk Assessment for this Component	Risk Mitigation Strategies (i.e. capacity building actions and/or enhanced monitoring and assurance activities)	Describe the capacity building actions and/or enhanced monitoring and assurance activities that will be included in the Project Document	Estimated budget required for these activities (include in the Project Budget) (\$US)	Comments (Optional)
Comments on Overall Capacity Assessments for this IP: (Optional)					



## Partner Capacity Assessment Tool: Additional Resources

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### Implementing Partner Decision Tree

#### 1. Eligibility

1.2 Does the IP meet UNDP's 'Pre-requisites for Partnering?'

No

Organization cannot be an IP - stop here.

Yes

Organization can be an IP.

#### 2. Selection

2.1 Is the IP a government entity or an Inter-Governmental Organization (IGO)?

Yes

Will the IP receive more than US \$300,000 during the Programme Period?

Yes

Has a HACT Micro-Assessment already been done within the Programme Period (or its equivalent)?<sup>1</sup>

No

Yes

4. Complete Partner Capacity Assessments?

Complete Programmatic Capacity Assessment and HACT Micro-Assessment

No further partner capacity assessment is required.

No

2.2 Is the IP UNDP or another UN Agency?

Yes

For UNDP, capacity is assessed as part of programme appraisal. No other capacity assessment is required.

No

2.3 Is the IP a CSO/NGO?

Yes

Has the CSO/NGO worked with UNDP before?

No

Complete the risk-based pre-screen to identify and assess the risks of working with this partner.

Will the IP receive more than US \$300,000 during the Programme Period?

Yes

No

No

There are no other entity types that can be IPs. Return to Step 2.1.

Yes

Will the IP receive more than US \$300,000 during the Programme Period?

Yes

No

No further partner capacity assessment is required.

Has a HACT Micro-Assessment already been done within the Programme Period (or its equivalent)?<sup>1</sup>

Yes

No

Complete Programmatic Capacity Assessment and HACT Micro-Assessment

#### 3. Other Considerations

3.1 Will this project involve on-granting activities, whereby an IP implements a grant-making programme on behalf of UNDP?

Yes

Follow UNDP's On-Granting policies, including completion of the On-Granting Assessment to review the Partner's grant management capacities.

No

No On-granting actions required.

Complete On-Granting Assessment. If grantmaking programme is >\$300K, also complete HACT Micro-Assessment

3.2 Will this project involve an IP implementing large-scale construction activities?

Yes

Follow UNDP's Construction Management policies issued by the BMS Procurement Support Office, and complete the Construction Management Assessment to ensure the IP has the necessary capacity to manage construction activities.

No

No construction activity actions required.

Complete Construction Management Assessment

Note 1: If a HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the 'equivalent of a Programme Period,' notwithstanding that a new Programme has started. For example, if the Programme Period is typically five years and the HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the first 4 years of the new Programme Period.

## Responsible Party Decision Tree

### 1. Eligibility

1.1 Does the RP meet UNDP's 'Pre-requisites for Partnering'?

No

Organization cannot be an RP - stop here.

Yes

Organization may be able to be an RP.

1.2 Is the RP legally constituted and duly registered?

No

Organization cannot be an RP. Stop here OR Consider use of Low-Value Grant if applicable.

Yes

Organization may be able to be an RP.

### 2. Selection

2.1 Does the funding partner require that a specific RP be used as a pre-condition of the funding?

Yes

Partner may be selected as long as adequate capacity is in place and the national government agrees. Requires prior authorization of Chief Procurement Officer as part of project formulation. Private sector entities must be directly awarded a professional services contract by UNDP.

No

2.2 Is the RP a government agency, UN agency or Inter-Governmental Organization?

Yes

Competitive procurement process not required. RP can be selected under programming modalities.

No

Competitive procurement may be required.

2.3 Is the RP a CSO (including NGO or foundation), an academic institution<sup>1</sup> or a state-sponsored actor?

Yes

Is the RP uniquely positioned in terms of its value, legitimacy, and/or access to particular groups of beneficiaries or geographic areas; OR is the RP delivering project outputs or a component of the project as opposed to well-defined inputs/activities?

Yes

Use Collaborative Advantage approach (only use if project is DIM or Direct Country Office Support to NIM). (See Managing Agent exceptions)

No

Competitive selection is required. This could be done using one of three methods: (i) a quality-based fixed budget selection (QB-FBS) (only use if project is DIM or Direct Country Office Support to NIM); (ii) competitive procurement; or (iii) direct contracting. (See Managing Agent exceptions).

2.4 Is the RP a corporate foundation, state-owned enterprise or other private sector entity?

Yes

Follow Guidelines on Cooperation between the United Nations and the Business Sector; Complete Private Sector Due Diligence and use a competitive procurement process [or a challenge prize undertaken by an Implementing Partner per the Open Innovation Policy, if applicable]

No

There are no other entity types that can be RPs. Return to Step 2.2.

### 3. Other Considerations

3.1 Will a Performance-Based Payment Agreement be used for the RP, whereby funding is provided after verified achievement of an agreed measurable development result?

Yes

Follow Performance-Based Payment Agreement policies, including on PBPA Proposal Due Diligence & HACT Micro-Assessment, and appoint an independent assessor where required.

No

No PBPA actions required.

### 4. Complete Partner Capacity Assessments?

Complete HACT Micro-Assess<sup>2</sup> if more than US\$300K. Also see step 2.4 below for private sector entities.

For Govt or IGO, complete HACT Micro-Assess if more than US\$300K


Complete HACT Micro-Assess if more than US\$300K


Complete Private Sector Due Diligence. Also complete HACT Micro-Assess if more than US\$300K

Complete PBPA Proposal Due Diligence (all \$ amounts) & HACT Micro-Assess if more than US \$300K

Note 1: Academic institutions, notwithstanding their form of ownership (i.e. public or private) are considered CSOs and are treated as such in UNDP policies.

Note 2: If a HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the 'equivalent of a Programme Period', notwithstanding that a new Programme has started. For example, if the Programme Period is typically five years and the HACT Micro-Assessment was done in the last year of the previous Programme Period, it remains valid for the first 4 years of the new Programme Period.

HACT Micro-Assessments		
For full POPP guidance on HACT, refer to this link:	<a href="#">POPP Guidance on HACT</a>	<a href="#">HACT Performance Dashboard</a>
Note: The HACT Micro-Assessment Questionnaire approved by UNDG must be used for all HACT Micro-Assessments:	<a href="#">UNDG-approved Micro-Assessment Questionnaire (June 2016 version)</a>	
 POPP Points to Remember		
<p><b>Purpose:</b> The purpose of the Micro-Assessment is to assess the IP’s financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) to determine the overall risk rating and assurance activities. The risk rating, along with other available information, is also taken into consideration when selecting the appropriate cash transfer modality for an IP, based on each agency’s business model. This assessment applies to both governmental and non-governmental IPs. The Micro-Assessment results in an overall risk assessment, which is a key input to determining the Adjusted Risk Rating for the IP and guides the types and frequency of assurance</p>		
<p><b>Applicability:</b> The HACT framework is applicable in every country and in all situations, including emergency, crisis and post-conflict countries. The prescribed procedures apply to all UNDP offices (headquarters, regional offices and country offices) that transfer cash to implementing partners in every country and operational context.</p>		
<p><b>Completion by a third-party service provider:</b> The Micro-Assessment is performed by a third party service provider and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire.</p>		
<p><b>Use of HACT framework for IP capacity development activities:</b> HACT is a risk-based approach, and the Framework identifies developing the IP’s capacity, with assistance from UNDP and other development partners, as core to managing risk. Identification of and planning to address IP capacity gaps (either through direct assistance by the country team or through other development partners) is an important element of the Framework. Country Offices should use HACT assessment results to help focus future capacity development activities in key thematic and mandated areas of development, and on developing the financial management capacity necessary for any IP. However capacity development activities do not negate the results of the micro-assessment in determining the Cash Transfer Modality (CTM).</p>		
<p><b>Overall Risk Ratings:</b> The Micro-Assessment questionnaire provides an overall risk rating based on responses provided:</p> <ul style="list-style-type: none"><li>- <b>Low risk</b> – Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP’s ability to execute the programme in accordance with the work plan.</li><li>- <b>Moderate/Medium Risk</b> – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP’s ability to execute the programme in accordance with the work plan.</li><li>- <b>Significant Risk</b> – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP’s ability to execute the programme in accordance with the work plan.</li><li>- <b>High Risk</b> – Indicates an underdeveloped financial management system and control framework with a high likelihood of potential negative impact on the IP’s ability to execute the programme in accordance with the work plan.</li></ul>		

On-Granting Activities		
For full POPP guidance on On-Granting activities, refer to this link:	<a href="#">POPP Grantees (includes On-Granting)</a>	also see the 'Low-Value Grants Operational Guide'
<a href="#">Return to PCAT Overview Page</a>		
 <b>POPP Points to Remember</b>		
<p><b>Applicability:</b> The On-Granting Assessment should be used for low-value grants that are awarded indirectly via 'on-granting,' an arrangement where UNDP provides funds to a grant-making institution serving as an implementing partner (under national implementation) or responsible party (under direct implementation or direct country office support services). The institution then awards grants to recipient(s) following certain specified guidelines and appropriate due diligence. The 'grant recipient' in both cases is defined as an entity that is the final beneficiary of the grant. In the case of 'on-granting', UNDP and the grant-making institution must sign an agreement that defines the terms and conditions under which UNDP will provide funding to the grant-making institution to perform the grant-making function. Such an agreement defines the implementing partner/responsible party as an entity assessed by UNDP as possessing sufficient financial and grant management skills to bear responsibility for on-granting funds to Grant Recipient(s). UNDP is responsible for assessing the grant-making institution to ensure it has the programmatic, financial and management capacities and systems to effectively undertake its roles. This is achieved through completion of the standard programmatic and financial assessments applied to UNDP's implementing partners, including HACT, <u>AND</u> the completion of the on-granting assessment.</p>		
<p><b>Key Principles:</b> UNDP defines low-value grants as cash awards - selected via programmatic decisions - to civil society and non-governmental partners to generate and solicit development solutions for which no repayment is typically required. If UNDP provides funds to a grant-making institution serving as either an implementing partner (under national implementation) or responsible party (under direct implementation or direct country office support services to NIM), this is called "on-granting." The institution then awards grants to recipient(s) following certain specified guidelines and appropriate due diligence, including being qualified to perform that role after an assessment of their capacity for on-granting by UNDP. The on-granting capacity assessment is based on the following 8 good grantmaking principles:</p> <ol style="list-style-type: none"> <li>1. Outcomes are clearly defined</li> <li>2. Program structure is tailored to its circumstances, target group/s and purpose</li> <li>3. Governance is clear and strong</li> <li>4. Risks are identified and managed</li> <li>5. Decision-making is transparent and criteria-based</li> <li>6. Information is available and accessible</li> <li>7. Financial and grant performance are both monitored and reported on; and</li> <li>8. A contribution is made to the knowledge base of the broader community.</li> </ol>		
<p><b>Key Thresholds to Remember:</b> Funding provided to each grant recipient cannot exceed \$150,000 per grant and \$300,000 on a cumulative basis within the same programme period. To receive multiple grants, the grant recipient must have produced the results agreed to in the prior grant agreement, and a new grant agreement must be approved by the project board or selection committee. The same entity could receive separate grants under different projects with a cumulative ceiling of \$300,000 in the programme period. The UNDP business unit is responsible for reviewing proposed grant awards under UNDP projects and confirming that the amount falls under the grant threshold amounts allowable per programme period. If a responsible party oversees implementation of the grant project on behalf of the implementing partner originally selected by UNDP under on-granting, funding provided by it to any individual grant recipient shall not exceed \$60,000 per individual grant and \$120,000 on a cumulative basis within the same programme period.</p>		

<p><b>Non-exclusivity:</b> The award of grants is not exclusive. Several entities can be awarded separate grants for the same development challenge, or a consortium can be awarded a single grant to foster collaboration. Moreover, LVGs can be used in parallel to other engagement types; for instance the same NGO can concurrently be a grant recipient to develop a new local income-generation scheme and hold a procurement contract to provide logistical services for a workshop (provided there is no conflict of interest; see section below on difference between grants and procurement). All resources provided to the entity by UNDP during the programme period are considered when assessing what, if any, capacity assessments should be done. For example, if the value of a LVG plus procurement contract or responsible party agreement exceeds \$300,000 total during the programme period, the relevant capacity assessment must be done for that partner.</p>	
<p><b>Eligibility:</b> Grants can be awarded to civil society and (national or international) non-governmental organizations, including non-governmental academic or educational institutions. Private sector and commercial entities, and governmental organizations (e.g. regional governments, municipalities, etc.) are currently not eligible to receive LVGs. Under exceptional circumstances an individual can be a grantee when legislation prevents excluded and marginalized groups (e.g. LGBTQ people, sex workers, people affected by certain illnesses, etc.) from organizing and attaining legal status. The understanding would be that the individual signing the grant agreement represents the group barred from attaining legal status. If the country office's senior management has determined that the engagement is critical to delivery of results and is in the best interests of UNDP, the head of the Business Unit may authorize the use of the IC modality with one or more of the principals. The value of each individual contract shall be capped at the established threshold for micro purchasing (USD 10,000). Grants <b>must not</b> be awarded to any organization or individual appearing on prohibited entity lists, such as the UN Sanctions List, UNDP Vendor Sanctions List, or other barred lists (such as the World Bank Barred List).</p>	
<p><b>Granting is not a substitution for Procurement:</b> a grant cannot be used in lieu of a procurement process to provide commercial goods and services to a project since grants are intended to generate or solicit development solutions. So even in the case of a strategically important non-government entity, if its role is limited to the provision of goods and services, then a procurement process is necessary.</p>	
<p><b>Technical Clearance on Micro-finance Grants:</b> Low-value grants may be made for credit activities, and can be used by the recipient organization to cover the costs of its operations, purchase equipment, hire new staff or capitalize credit funds within the financial limits set out below. On all requests related to credit or microfinance, technical clearance from UNCDF is required. The policies for microfinance, credit and/or loan programmes administered by UNDP and/or UNCDF are covered by the UNDP/UNCDF Microfinance Policy.</p>	

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Performance-Based Payment Agreements	
For full POPP guidance on Performance-Based Payment Arrangements, refer to this link:	<a href="#">Performance-Based Payment Agreements</a>
<a href="#">Return to PCAT Overview Page</a>	
🔍 POPP Points to Remember	
<p><b>Programmatic Use:</b> Circumstances that might warrant the use of performance-based payments include, but are not limited to: (a) the desire of a donor to use a this approach to ensure results are achieved and mitigate financial risk; (b) particularly volatile development situations that cannot be effectively addressed by standard agreements; (c) specific sectors where performance-based payments are established practice, such as the use of results-based payment schemes by countries for reducing deforestation as supported in various UN Framework Convention on Climate Change decisions; (d) implementation capacities and arrangements exist and can be leveraged; and (e) development approaches and best practices to address the development challenge are readily available.</p>	
<p><b>Project Types:</b> Performance-based payments may be used under a project implemented by UNDP, where a responsible party is selected to take programmatic and financial responsibility for delivering specified results. They may also be used under a nationally implemented project, where UNDP provides direct country office support services to the implementing partner, and those services include engaging a responsible partner using a performance-based payment arrangement.</p>	
<p><b>Types of PBPA:</b> There are three types of PBPA, which vary according to funding amount and use of working capital reimbursements. They have different conditions which are summarized at the link shown.</p>	<a href="#">Summary of PBPA Types &amp; Conditions</a>

**Key Thresholds to Remember:** For PBPA's greater than US\$300,000, the achievement of specific, pre-agreed results (outputs and/or activities) must be validated through performance measures and quality certified by an independent assessor. Given the cost associated with engaging an independent assessor, it is recommended to use PBPA's of at least US\$1,000,000 or more per annum. The project board may verify results for PBPA's of US\$300,000 or less.

**Eligibility:** The selection of a responsible party for a PBPA is a programmatic decision. RPs can include government entities, NGOs/community-based organizations, academic institutions, the private sector and non-UN intergovernmental organizations. PBPA's **must not** be awarded to any organization or individual appearing on prohibited entity lists, such as the UN Sanctions List, UNDP Vendor Sanctions List or the UN Global Marketplace Ineligibility List.