



PROJECT DOCUMENT
UNDP North Macedonia

Project Title: "Scaling-up actions to tackle air pollution"

Project Number: 00129099

Implementing Partner: United Nations Development Programme (UNDP)

Start Date: 1 December 2022

End Date: 30 April 2026

PAC Meeting date: 12 October 2022

Brief Description

According to the State of Global Air 2020 report, more than 90 percent of the global population continues to live in areas where the PM2.5 concentration does not meet the WHO guidelines for healthy air. In parallel, WHO research confirms that nine out of ten persons breathe air containing high levels of pollutants. Years of potential life loss due to outdoor air pollution in the South Caucasus, Central Asia, Eastern Europe and Southeast Europe is 20 percent higher than in Western Europe. The Western Balkans Regional Air Quality Management Report estimates that about 1,600 deaths occur every year due to diseases caused by ambient air pollution in North Macedonia.

The project will support the local authorities in five pilot municipalities in North Macedonia to detect and measure sources of air pollution, identify and plan proper measures to address the problems, and implement mitigation activities, along with a horizontal prevention activity of raising public awareness and facilitating behavioral change. The project will be built on the results achieved and lessons learnt from the first project phase and will aim at scaling up and replication of the concept, that was developed and applied, in five other cities in the country that have serious issues with the air pollution: Kavadarci, Gostivar, Kumanovo, Strumica and Struga.

The overall objective of the project is to further strengthen the capacities of the local governments to design, plan, implement and monitor local action plans aimed at improving the air quality, and increase knowledge and awareness about issues related to air pollution. Particular attention shall be put to strengthening local governments' capacities to assess what are the opportunities for and barriers to women's meaningful participation in catalyzing clean air action and how to involve gender perspective in tailoring measures for air quality improvement.

In direct response to the UNDP CPD set Output 3.3.: *Capacities at central and local levels strengthened to prevent and respond to air pollution*, the following intervention is planned: (1.1.) Output 1: Monitoring of air quality in five municipalities and Modelling of air pollution sources; (1.2.) Output 2: Capacity building for air quality management on local level; (1.3.) Output 3: Implementation of priority measures of the Air Quality Plans - Demonstration of priority measures that address the causes of pollution; (1.4.) Output 4: Public awareness and knowledge sharing.

Contributing Outcome (UNSDCF, CPD,):

Outcome 3: By 2025, people in North Macedonia benefit from ambitious climate action, sustainably managed natural resources and well-preserved biodiversity through good environmental governance and disaster-resilient communities.

Indicative Output(s) with gender marker: 2

Output 3.3: Capacities at central and local levels strengthened to prevent and respond to air pollution.

Total resources required:	2,559,309 USD	
	UNDP:	
	Donor (SIDA):	2,284,309 USD (23,220,000 SEK)
	Government:	
	In-Kind:	
Unfunded:	275,000 USD	

United Nations Development Programme
Project Document

Agreed by (signature):

Implementing partner - UNDP
<p>DocuSigned by:  B15A21061277454... Armen Grigoryan Resident Representative, UNDP</p>
Date: 01 December 2022

I. DEVELOPMENT CHALLENGE

According to the State of Global Air 2020 report, more than 90 percent of the global population continues to live in areas where the PM2.5 concentration does not meet the WHO guidelines for healthy air. In parallel, WHO research confirms that nine out of ten persons breathe air containing high levels of pollutants. Years of potential life loss due to outdoor air pollution in the South Caucasus, Central Asia, Eastern Europe and Southeast Europe is 20 percent higher than in Western Europe. The Western Balkans Regional Air Quality Management Report estimates that about 1,600 deaths occur every year due to diseases caused by ambient air pollution in North Macedonia. About 21% of this burden is carried by the capital city, Skopje. An apparent improvement in air quality in 2020 is likely explained by weather patterns and the impact of lockdown measures related to the COVID-19 pandemic. According to the Annual Report on Air Quality from the Ministry of Environment and Physical Planning the key sectors contributing to air pollution at national level are the households and public buildings (for emissions of the suspended particles PM10 and PM2.5 and CO), along with the transport (for NOx emissions) and electricity and heat production sector (for SOx and NOx emissions). UNDP's survey conducted in January 2017 regarding the residential heating practices in all 17 municipalities in the Skopje Valley showed that 45% of the households in the City of Skopje are heated by firewood, 31% by electricity, and only 21% are connected and use the central heating system. The other cities in the country do not have a public heating system in place, so it is assumed that most of the households in these cities are using firewood, electricity or some unappropriated means of heating for their homes.

Pollution affects everyone. But women face heightened risks due to structural and biological factors, including lower wages and lack of decent jobs, motherhood, traditional gender roles and cultural norms. Studies suggest that air pollution may contribute to gender inequality through the gendered-biased distribution of care responsibilities. Moreover, various studies confirm that groups in socially or economically deprived situations are more likely to be exposed to higher levels of air pollution. The WHO finds that “energy poverty presents some of the largest environmental inequalities across a range of cohort types including rural/urban areas, ethnicity and – most especially – income groups” in Eastern European countries (WHO, 2019). Poverty can also worsen the negative health impacts of air pollution by limiting access to information and health care resources vice versa, poverty contributes to air pollution, as poor households are more likely to use cheap and highly polluting fuels for domestic purposes and to run older, highly polluting cars.

On air quality, the Progress Report 2021 (2021 Communication on EU Enlargement Policy), determines that although financial support for investments in reducing the use of fossil fuels was allocated, reports and data reports are submitted to the European Environment Agency, still the limited implementation and resources, weak inter-sectoral cooperation and coordination between central and local authorities limits the impact of measures to reduce air pollution. Air pollution in major cities remains a serious concern.

STRATEGY

The project “Scaling-up actions to tackle air pollution” is part of the PROGRAMME FRAMEWORK FOR COOPERATION WITH SWEDISH INTERNATIONAL DEVELOPMENT AGENCY (Sida), signed by Sida and UNDP in November 2022.

The Programme Framework is based on the hierarchy of strategic development objectives, descending from the national strategic priorities, set by the Government of the Republic of North Macedonia, over the

United Nations' planned strategic outcomes, set by the UNSDCF and the UNDP CPD, to the project-level outcomes and outputs. It is understood that the interventions subject to this Programme Framework shall contribute to the achievement of the strategic objectives listed above, building on the results of already implemented projects, and in close conjunction with ongoing and planned interventions by both parties, as well as other national and international development institutions and organizations, regardless of the sources of funding.

The Programme Framework applies to the UNDP North Macedonia Country Office's interventions organized within two UNDP's outcomes, with related portfolios/programmes:

1. **Democratic Governance and Peacebuilding** contributing to the UNDP CPD Outcome: *By 2025, people in North Macedonia benefit from improved rule of law; evidence-based, anticipatory and gender-responsive policies; greater social cohesion; and effective service delivery by transparent, accountable and responsive institutions; and*
2. **Climate action, natural resources management and disaster risk management** contributing to the UNDP CPD Outcome 3: *By 2025, people in North Macedonia benefit from ambitious climate action, sustainably managed natural resources and well-preserved biodiversity through good environmental governance and disaster-resilient communities.*

The second outcome is relevant for the "Scaling-up actions to tackle air pollution" project.

The Programme, and therefore the project, will apply seven principles and approaches, which are core to the results to be achieved:

- (i) Focus on **local level development** with emphasis on policy coherence, resilience and sustainability;
- (ii) **Transparency and accountability**, for internal working processes and decision-making as well as towards people;
- (iii) Mainstreaming **gender equality and social inclusion** (GESI) to eliminate inequality and discrimination against women and disadvantaged groups (DAGs);
- (iv) **Rights based and participatory** approach to demand-responsive service delivery and engagement with civil society;
- (v) **Adaptive programming** to allow for innovation, structural governance reform and changes based on progress monitoring and learning;
- (vi) **Maximizing social and environmental opportunities** and benefits and strengthen social and environmental sustainability
- (vii) **Green, Resilient and Inclusive Development (GRID)** approach which involves a fundamental shift in managing risk and development: from simple reactive response mode to a deliberate proactive recovery strategy for long-term green growth, climate action, and sustainable development for all.

Furthermore, the UNDP Global Strategic Plan 2022-2025 promotes expanding people's choices for a fairer, sustainable future, where the planet and people are in balance. There is a need to accelerate and scale up development results significantly in line with the 2030 Agenda for Sustainable development and SDG goals, UNDP will support change in three directions:

1. Structural transformation, particularly green, inclusive and digital transitions;
2. Leaving no one behind, a rights-based approach centered on human agency and human development;
3. Building resilience to respond to systemic uncertainty and risk.

The overall objective of the “Scaling-up actions to tackle air pollution” project is to further strengthen the capacities of the local governments to design, plan, implement and monitor local action plans aimed at improving the air quality, and increase knowledge and awareness about issues related to air pollution. Particular attention shall be put to strengthening local governments’ capacities to assess what are the opportunities for and barriers to women’s meaningful participation in catalyzing clean air action and how to involve gender perspective in tailoring measures for air quality improvement. The project is in line with the priority areas for action of the National Programme for Air Pollution Reduction from 2019/2020: Monitoring of air quality; Improving the capacities of environmental inspectorate; Reducing air pollution from household heating; Raising public awareness. Although the National Programme is for the period up to 2020 many of the planned actions and measures under the priority areas are still valid. The project will also support the municipalities to comply with the requirements of the Law on Ambient Air Quality (2012). The Law stipulates that municipalities in which the values of harmful substances are above the maximum allowed concentrations, have to prepare plans for air quality improvement.

The activities planned in the framework of this intervention will contribute to the local authorities in five pilot municipalities to detect and measure sources of air pollution, identify and plan proper measures to address the problems, and implement mitigation activities, along with a horizontal prevention activity of raising public awareness and facilitating behavioral change. Clean air contributes to the ability of a local community to reduce health hazards and related cost of medical treatments, as well as to attract investment and utilize its tourism potentials. All the planned outputs will be documented (including the evaluation) in such a way to allow for replication in the rest of the country and wider, thus strengthening the capacities at central and local levels to prevent and respond to air pollution.

The second phase of the project aimed at reducing the air pollution will build on the results achieved and lessons learnt from the first phase/project and will aim at scaling up and replication of the concept, that was developed and applied, in five other cities in the country that also have serious issues with the air pollution: Kavadarci (Fero-Nikel (FENI) Industry), Gostivar, Kumanovo, Strumica and Struga (use of wood for household heating, unsustainable waste management practices, agriculture, transport, etc.). The selection of the cities shall ensure geographic distribution countrywide, diverse ethnic composition, inclusion of towns of different size and potentially different sources of pollution beside the household heating (e.g., industry, agriculture, unappropriated waste management).

The overarching theory of change proposes that the project will enhance capacities of the central and local level institutions to adopt inclusive and gender responsive strategic planning processes, to strengthen social cohesion including through good environmental governance and disaster risk management. Using evidence to inform policy and decision-making, the project will contribute to more inclusive, equitable and balanced local and regional development and ultimately to improved quality of life.

As per the Programme’s theory of change, the long-term change this project aims to facilitate is that people, especially women and disadvantaged groups, are actively engaged in development processes, and are more informed and aware about environmental issues.

The existing strategic partnership between UNDP and the national institutions, especially with the Ministry of Environment, the line ministries, municipalities and other relevant stakeholders is also a very strong element. At the project level, stakeholder engagement and partnerships are likely to revolve around whole value chains, or institutions, and adaptive learning about progress will be fed directly into other child projects.

The initiatives under this project are structured in three pathways of change as below:

1. Supporting the local level institutions to prevent and respond to development and environmental challenges including through gender sensitive and inclusive development planning.
2. Strengthen capacities for evidence-based decision making at the local level.
3. Increasing transparency and dialogue for greater involvement of the public, academia, media, CSOs etc., in setting the community development pathway and improving the overall quality of life healthy environment.

Local governments capacities will be strengthened to better plan, implement and monitor local action plans to address environmental problems. With the aim of more systemic approach, the project will contribute to improved inspection, by strengthening the capacities of the Environmental Inspectorate.

The Project, will insist on increased transparency and accountability of the local institutions and will empower citizens and civil society organizations to take more active role in development processes as well as in the control of the local government's work. The increased access to information and data will serve as an engine to improved coordination among public/private/civil society sector towards implementing integrated development actions, greater social cohesion and a healthier environment.

The key assumptions that underly the change process include: readiness of the UNDP and previous involvement supporting local and regional sustainable development and environmental protection actions in the country; the actions are designed in partnership the Government and actions are in line with the country reform processes and the EU Accession; national and local institutions show willingness to take forward the integrated, gender sensitive and inclusive development strategic planning processes; civil society organizations show greater commitments to involve with local governments on issues related to transparency and promoting corruption free sustainable development. In addition, municipalities have committed to allocate own funding for the implementation of the project and scaling up the developed solutions.

The everyday decisions and actions of this project will be guided by the principles of the newly adopted UNDP Gender Equality Strategy 2022-2025 that rests on a whole-of-society approach, greater civic space for women to mobilize and lead, quality services for all and opportunities for new social contracts. In addition, the UNDP Country Office is in the process of Gender Equality Seal certification that will contribute further to recognize gender equality as innate to the long-term transformations that this Programme aims to pursue.

GESI and Human Rights Based Approach (HRBA) will be integrated in the overall approach implementation, monitoring, and evaluation. Further, it will follow the dual approach of GESI mainstreaming and targeted interventions with the principle of LNOB (Leave no one behind) The non-discrimination, empowerment of women, historically excluded and marginalized groups, going beyond numbers, addressing the multiple and intersecting forms of discrimination will form an integral part of Programme implementation. Besides, a human rights-based approach will be a key focus in regard to local governments accountability and transparency, and delivery interventions of the project.

Gender awareness and gender mainstreaming in all project components, assessments and mapping exercises will include gender analysis and disaggregated data so as to identify different needs and priorities for women and men. Gender mainstreaming will be effectively considered in all aspects of the implementation of the project including the development of the specific Terms of Reference for each of the foreseen services; implementation and management of particular activities; general operations and financial management; public information activities; and stakeholder coordination.

The project endorses the following cooperation modalities, with related implementation mechanisms:

1. Concrete interventions are aligned with the key national priorities as well as with UNDP's CPD. The Results and resources framework (RRF) describes and ensures alignment between the outcome, results, planned and ongoing interventions and relevant indicators. This RRF will be the basis for the monitoring of the progress towards as well as the evaluation of the interventions subject to this project.
2. The strategic dialogue will further align the ongoing intervention to the strategic objectives of all parties involved, while ensuring that the planned intervention, builds on the results achieved and lessons learnt. The strategic dialogue will take place in the form of a programme-level Steering Committee that will oversee and provide guidance in the implementation of the Programme Framework, as well as facilitate cross project/focus areas collaboration. The exchange of information will not only minimize transactional costs but also facilitate cross-fertilization of ideas and identification of additional linkages and synergies. However, for more detailed discussions on the progress of the project initiative, and the related decision-making, the Project Board format will be applied.
3. In all cases / activities that involve transfer of funds to the end-beneficiaries / project partners, the provisions of the UNDP Financial Regulations and Rules, in particular the Harmonized Approach to Cash Transfers (HACT)¹ shall apply. The HACT framework represents a common operational (harmonized) framework for transferring cash to government and non-governmental Partners. The objective of the HACT framework is to support a closer alignment of development aid with national priorities and to strengthen national capacities for management and accountability, with the ultimate objective of gradually shifting to state institutions. It is intended to serve as a simplified set of procedures on requesting, disbursing, providing assurance, and reporting on funds to effectively manage risks, reduce transaction costs and promote sustainable development in a coordinated manner. Under this project, there will be no transfer of funds from the project to municipalities. However, having the positive experience in the past period with the University "Goce Delcev" Shtip, they will be engaged as a Responsible Party to implement the monitoring programme and the development of source apportionment studies for the selected municipalities.
4. Monitoring and evaluation will be carried out based on the outcome and output indicators in the RRF that allows for a clear linkage between the support provided by UNDP, directly contributing to CPD outcomes.
5. Data for baselines and targets will be disaggregated by sex, and vulnerable groups. The Programme will reinforce innovative tools to manage data collection and analysis at the CPD outcome and output levels.
6. Good practices and lessons learnt from national and international sources will shape policy advice, advocacy, and project implementation. Final Programme Evaluation will take place to validate and evidence results achieved, and document lessons learnt.

The project will, as explained in detail further below, work in partnership, collaboration and close coordination with local governments, national entities and a diversity of other stakeholder, projects, civil society organizations working on gender equality and women's empowerment, excluded and marginalized groups/persons with disabilities, gender and sexual minorities to name some.

¹ <https://unsdg.un.org/sites/default/files/HACT-2014-UNDG-Framework-EN.pdf>

RESULTS AND PARTNERSHIPS

Expected Results

The results of the project will contribute to the achievement of the following SDGs: SDG 5 - Achieve gender equality and empower all women and girls - (v) Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life; SDG 7 – Affordable and clean energy (7.2 By 2030, increase substantially the share of renewable energy in the global energy mix, 7.3 By 2030, double the global rate of improvement in energy efficiency); SDG 9 - Build resilient infrastructure and foster innovation - (i) Develop quality, reliable, sustainable and resilient infrastructure... to support economic development and human well-being; SDG 11 - Make cities and human settlements inclusive, safe, resilient and sustainable - (i) Access for all to adequate, safe and affordable housing and basic services.

At the national level, the project will contribute to Outcome 3: People in North Macedonia benefit from ambitious climate action, sustainably managed natural resources and well-preserved biodiversity through good environmental governance and disaster resilient communities, and the Output 3.3: Capacities at central and local levels strengthened to prevent and respond to air pollution.

The intervention is structured around four main components - Outputs described below:

Output 1: Monitoring of air quality in five municipalities and Modelling of air pollution sources.

Under this component, reliable data on air quality in the pilot municipalities shall be gathered over a period of one year. The monitoring will be done in parallel with the state monitoring stations to have comparable data. In addition, possibilities to engage women and men in the monitoring of the air quality to provide additional crowd-sourced pool of information will be explored, particularly through establishment of collaboration with existing civil initiatives such as "Moj Vozduh". Data obtained from the monitoring stations will be modelled and a source apportionment study will be developed for each municipality. In addition, indoor pollution shall be monitored in selected kindergartens and schools within each municipality.

The monitoring data will help in identifying specific geographic areas and economic sectors in each municipality, in which future investments should concentrate to achieve the greatest impact. Such comprehensive and robust monitoring programme will help in shifting the responses from ad-hoc interventions and quick fixes focused on symptoms, to the long-term transformative process that will enable municipalities to make optimal choices of investments and growth opportunities.

This component will be carried out with the support from the University "Goce Delcev", Stip.

Indicative activities:

- (1.1.)** Carrying out one-year comprehensive air monitoring programme for the pilot municipalities
- (1.2.)** Modelling of air pollution sources for five municipalities in a period of one year/Development of Source Apportionment Studies
- (1.3.)** Public presentation of the results of the air quality monitoring/local sources of pollution at a public event
- (1.4.)** Visual presentation of the results at the existing monitoring and coordination platform (developed in the first stage of the project)
- (1.5.)** Carrying out short-term monitoring of indoor air quality in selected kindergartens and schools in each pilot municipality
- (1.6.)** Citizen's involvement in air quality monitoring and visualization of the results.

Output 2: Capacity building for air quality management on local level

This component shall consist of two sub-components, one related to development of air quality plans for the pilot municipalities, and the second one focused on capacity building of inspection system for implementation of the Law on the Quality of Ambiental Air and other related laws. The aim of the air quality plans is to achieve an integrated approach to protection of the quality of the air, water and soil, as well as protection of the citizens health. The plans shall include a series of measures based on an assessment of air quality and trend forecasts for the future, and analysis of what are the sources of pollution. Understanding the reasons for high levels of air pollution is crucial for decision-making on urban air quality management. The model showed that through a combination of a series of measures aimed only at changing the way of residential heating, significant emission reduction and air quality improvement can be achieved. Also, the very same measures combined with measures in other areas (e.g. construction, small company heating, transportation) will yield even better results in solving the problem. Particular attention during the development of these plans will be put on designing measures that will protect the most vulnerable groups of citizens such as children, elderly, pregnant women, people with chronic diseases, etc. to ensure social inclusion and not to leave anyone behind (LNOB). The plans shall include goals and timeframe for implementation of the actions, sources of financing, responsible entities, and M&E framework. Close collaboration with the local governments and CSO shall ensure that these plans are complementary with other planning documents related to the protection of the environment, energy efficiency, etc.

The supervision of the enforcement of the Law on the quality of the ambiental air and the related regulations is carried out by the state environmental inspectors and authorized environmental inspectors. In additions, communal and other inspectors also have responsibilities for the supervision of other laws aimed at the protection of environment. Therefore, particular effort will be invested to improve their capacities in each of the pilot cities through implementation of capacity building programmes and purchasing of the basic equipment that will improve their efficiency.

Indicative activities:

- (2.1.)** Development of air quality plans for the pilot municipalities
- (2.2.)** Public consultations for the air quality plans and prioritization of the action
- (2.3.)** Identification of needs for capacity building of the public administration and inspectorates
- (2.4.)** Development and implementation of capacity building programme
- (2.5.)** Identification of needs for new basic equipment for the inspectorates and purchasing of equipment

Output 3: Implementation of priority measures of the Air Quality Plans - Demonstration of priority measures that address the causes of pollution.

Each municipality will have a funding envelope for implementation of the measures from their Air Quality Plans. The decision about the measures shall be made by citizens using the model of community forums. Experience from the SDC funded project on "Forums in the community" (implemented in the period of 10 years till 2017) and well as the EU funded project ReLOAD implemented by UNDP, shall be used. The community forums provide a participatory platform for development whose main goal is to promote and improve good governance and democracy on local level through inclusion of citizens in decision-making process from its early stage of planning till the final decision is made about priorities to be addressed on local level. This is done by providing support to the local authorities and the administration through the increase of their transparency and responsibility towards the community, as well as providing active

participation of women and men in the decision-making processes in their municipality. The model of community forums could continue to function beyond the life of the projects as it might be used for any issues that is relevant for the local government and its citizens.

Majority of the funding shall be allocated for implementation of at least one priority measure identified in the Action Plans of participating municipalities. Type of activities which can be supported include but are not limited to: replacement of heating systems in schools or kindergartens (replacement of wood/mazut heaters), energy efficiency measures in public buildings, extension of bicycle trails, expansion of urban green areas, etc. The scope and the volume of the activities will depend on the availability of funding and therefore, it is expected that the pilot municipalities shall provide their own funding on a cost-sharing basis, with the expected ratio of 50:50. Municipalities are anyway obliged to allocate funds in their local budget for the protection and improvement of the air quality. Most of them are using these funds for subsidy programmed for energy efficiency. Cost-Sharing Agreements shall be signed with participating local governments and the funds will be transferred to UNDP which will be responsible for organizing the procurement, contract signing, payment to selected vendors for each municipality.

This phase of the project shall not continue the subsidy programme for most vulnerable categories of citizen for introducing more environmentally friendly means for household heating (e. g. replacement of old, inefficient stoves). The main reason is that this is very time consuming and intense undertaking that requires bigger dedicated teams that will implement the activity, and only limited number of beneficiaries could be reached. Based on the experience from the first phase of the project, it is also confirmed that it is unlikely that the most vulnerable households will be able to contribute with their own resources, especially having in mind the trend of worsened economic situation in the country that severely affects the most vulnerable citizens. The lessons learnt from the first phase of the project is that such activity should be incorporated into the ministries' and municipal programmes to support energy efficiency and energy poverty, and implemented on regular basis by the respective entities. Nevertheless, the study about subsidies aimed at reducing the air pollution that was developed within the first phase of the project, shall be used as a basis to open discussions about respective subsidy models for pilot municipalities to have bigger impact. The study is very comprehensive and includes different models and could be helpful to the municipalities and government entities.

Moreover, synergies with other ongoing UNDP projects and those funded by other development partners shall be sought to increase the available funding for the implementation of concrete measures.

Indicative activities:

(3.1.) Selection of priority measures for implementation through community forums

(3.2.) Implementation of selected measures in each pilot municipality

Output 4: Public awareness and knowledge sharing.

Keeping the public involved and informed would be another factor for success of the project. Moreover, advocacy for behavioral changes will also be very important and will complement to the success of certain components of the project. Therefore, particular attention shall be put on building partnerships and increasing capacities of civil society organization and media.

The Behavior Change Communication Strategy commissioned by UNDP with a purpose of the establishment of the Green Financing Facility, as well as specific material on behavioral change nudges developed in the first phase of the project will be used to model specific targeted activities for public awareness rising. Collaboration with the CSOs created in the first phase of the project shall be expanded in its scope to include other relevant topics related for example to waste management, transport with

included gender perspective, etc. but also to include other interested CSOs, especially one active in the selected municipalities, that promote action that contribute to the decrease of air pollution. Moreover, close collaboration will be established with the network of youth organizations active in the field of climate change and environment protection.

Initial collaboration with the Association of Journalist (ZNM) within the first phase of the project will be extended. Beside the annual journalist award for best articles/videos/documentaries on topics related to air pollution, it will include capacity building/mentoring programme for young journalist. ZNM has recently establish section of young journalist in six regional centers countrywide. They will be participating in the mentoring programme that will provide for interaction with experts in different areas relevant to air quality and environment protection. Upon completion of the programme, they will be given small financing to develop articles/videos/documentaries that will be featured in national and/or local TV or radio stations, and portals.

Indicative activities:

- (4.1.)** Co-design and implementation of behavioral-changing activities for targeted group of stakeholders
- (4.2)** Annual journalist award for best articles/videos/documentaries
- (4.3.)** Capacity building/mentoring programme for young journalist countrywide
- (4.4.)** Development of knowledge products and lessons learnt briefs.
- (4.5.)** Conducting a survey on public awareness on air quality/air pollution at the beginning and at the end of the project

The project will be implemented in the period December 2022 till April 2026.

The project is developed based on needs analysis and lessons learnt from the following ongoing and completed projects in the wider area of mitigating climate change and air pollution:

- i) “Tackling the Air Pollution in the City of Skopje” (completed on 30 September 2022), funded by Sida. The project aims to demonstrate a multi-pronged intervention to tackle air pollution in the City of Skopje linked to the residential sector and enhance the coordination among all the responsible actors to ensure a “whole of government” and “whole of society” response to the air pollution challenge.
- ii) “Green Financing Facility” programme, (ongoing), funded by the Joint UN SDG Fund, with expected co-funding from the EBRD, the Government and private sector. This 46.5 million USD project aims to facilitate transitioning to a more sustainable energy mix through increased production of renewable energy (particularly solar) and energy efficient retrofitting of buildings and homes, by providing access to finance for such activities for SMEs and households. For the later it is specifically targeting the marketable but underserved groups.
- iii) “Resilient Skopje: Scaling-up for Sustainability, Innovation and Climate Change” (completed on 30 September 2022), co-funded by the UNDP and the City of Skopje. The long-term objective of the project is to assist the City of Skopje to reduce its environmental footprint and become more resilient to climate change and other environmental challenges, and to build a public administration that will design and deliver innovative and more efficient services for its citizens. Among other implemented activities, those that are relevant and suitable for (adjusted) replication are:
 - inventorization of “green” infrastructure in cadastre – vegetation cover as “greenhouse gasses” absorbent, and greening of slopes of the Skopje Fortress;

- construction of Green Roofs; and
- designing and implementing public awareness activities for waste burning and using polluting heating sources.

Resources Required to Achieve the Expected Results

The Programme applies cost-efficient approach as it builds upon, and creates substantial leverage of, past investment and experience from Government initiatives and development projects.

Financial resources

The project will mobilize funds and finance its activities through its bilateral agreement with Sida in North Macedonia. In addition, UNDP will also contribute with its own resources to support the implementation. The project will be administered by the UNDP under the Direct Implementation Modality (DIM), in accordance with norms and procedures established by UNDP for this type of implementation and which are expressed in the guide Programme and Operations Policies and Procedures (POPP). The project funds will be used and prioritized in accordance with decisions from the Project Board, which will also be an integral part of the risk management of the project targeting the different stakeholders. The procurement and management of the project's resources will be done through the UNDP Country Office.

The costs of evaluation and audits of the project and Programme Framework, as well as measures needed to guarantee the compliance with the financial rules of UNDP, will be funded by the Project.

Human resources

To ensure the effective and timely implementation of the project, experience and specific knowledge of experts and specialists will be required who will be assigned and/or recruited by UNDP as per its own rules, regulations and policies.

For the mobilization of experts UNDP will make use of its extensive national, and the capacities available at regional centres, country offices and headquarters, using the various rosters available.

The UNDP Country Office will provide programmatic and operations (procurement, IT services, finance, human resources) support in line with the project's needs, as well as quality control during the implementation. The costs related to this support will be included as DPC in the project's budget.

Material resources

For the achievement of results, the project will acquire equipment and materials, which will be defined as inputs to the project team members, the project organization and specific planned activities. The Project will develop a procurement plan which will be updated as needed.

This project will maintain in good order and organization the inventory of all assets purchased for the project, as per UNDPs asset management policy.

In implementing its programmes and projects, UNDP applies the principles of "Green office initiative", by managing resources in such a way to rationalize use of energy and vehicles and promote alternative transport; reduce, sort and recycle waste wherever possible; educate and sensitize its staff on environmental concerns and actively promote environmentally- and climate – friendly solutions.

Partnerships

UNDP has long-standing relationships with a broad range of project partners, which it will seek to deepen and nourish during the second phase project implementation. This includes partnerships at national, local government levels, as well as with donors and development partners. Through adopting a broad-based partnership and collaboration approach, the project will aim to bring-in effort from external parties and therewith increase impact and foster sustainability of project results.

Development partners and relevant networks will be engaged to ensure their knowledge and insights are utilized; the project will maintain strong coordination with all development partners throughout the project implementation.

The project will work in partnership, collaboration and close coordination with local governments, national entities and a diversity of other stakeholder, projects, civil society organizations working on women's empowerment, excluded and marginalized groups, persons with disabilities and gender, to name some.

Inside UNDP, the various portfolio programmed/projects dealing with related topics will be engaged and work coordinated to create synergies and increase individual impact. The advisors, head of units of these projects will be invited in the annual board meeting to ensure that there is no overlapping in the work plan as well as to ensure coordination and complementarity.

The project approach to achieving outcomes and results will focus on forming partnerships for capturing and integrating existing good practice and for enabling scaling of these within local governments' systems and procedures. The partnership or collaboration approach with external projects and organizations also provides an opportunity to gear additional (external) resources towards achieving the project results, especially where results overlap or are complementarity.

UNDP is recognized as a trusted partner of government, giving it access to institutions that other organizations do not have. UNDP is also a trusted partner of civil society and is recognized for its unique integrator role of bridging the gap and convening diverse stakeholders. Through its commitment to decentralization and strengthening state institutions, UNDP has demonstrated that it is able to develop long-standing partnerships and remain committed to issues as long as it is needed to achieve positive results.

Along with building on the experiences, results and inputs from other finalized and ongoing UNDP's programmes, projects and interventions, , UNDP will aim to achieve synergies among themselves. For example, municipalities and the Centers for development of the planning regions will be encouraged to propose the preparation of the technical components of air quality plans and air pollution mitigation measures, developed in the framework of the "Scaling-up actions to tackle air pollution" project to the technical documentation fund calls for proposals. On the other hand, the BMCPI2 project will rely on expert and technical inputs from the "Air pollution" project in upgrading the MDI, to reflect the impact of air pollution on the overall level of local development; and to involve local stakeholders in the processes of local development planning, equipped with more information on potential climate- and environment-related actions. Similar synergies will be sought throughout the implementation period of the planned interventions and the framework programme, discussed and agreed upon at the Programme-level Steering Committee and the individual Project Board meetings.

When it comes to gender equality dimension of the interventions described above, the UN Women "Promoting gender responsive policies and budgets: Towards transparent, inclusive and accountable governance in the Republic of North Macedonia" (GRB) project's lessons learnt and results will be applied

wherever appropriate. This includes, for both planned interventions, the following elements of the GRB project:

- The advancement of the application of GRB tools in municipalities' planning, programming and budgetary decisions;
- Support provided to the central and local governments to design human centered policies that respond to the needs of women and men, ensuring no one is left behind;
- Empowered women to voice their needs and act as agents of change in planning and budgeting processes;
- Strengthened capacities of Civil Society Organizations to formulate evidence-based policy analyses and effectively advocate for gender responsive planning and budgeting;
- Promoted transparency and accountability through engendered participatory processes.

Just as in all other projects implemented by the UNDP in the country, the planned interventions will pay particular attention to the proportional representation of different ethnic groups, in terms of selection of (pilot) municipalities, representation at education and networking events, provision of translated documents and interpretation into official / co-official languages at all project-related events.

Risks and Assumptions

The key assumptions that will underpin the project's success include:

- The Government puts the air pollution issues higher on the development agenda of the country and allocates enough financial resources for implementation of relevant strategies and action plans.
- The country stays committed to the European Integration path, and continues to approximate its legislation with relevant EU Directives;
- The Ministry of Environment and Physical Planning ensures regular monitoring of air quality, makes data and information publicly available, and commits to the expansion of the air monitoring network;
- Public awareness and understanding of sustainable development are increased and CSOs and citizens are more interested to actively contribute by decreasing their ecological footprint.
- Targeted Municipalities demonstrate a strong interest and commitment to take over more responsibilities in the field of environment protection and allocate adequate resources (financial and human).
- CSOs demonstrate a strong interest and commitment to take on more responsibilities in the field of environment protection in close collaboration and partnership with central and local governments.
- National institutions at central and local level are committed to considering and planning development interventions in the areas of environment protection to meet the gender different needs and priorities.
- National and local governments are opened to new ideas, initiatives and partnerships, and to changing the way of planning and implementing air quality actions.
- Private sector is interested to create partnerships with central and local government and with the citizens.

The implementation of this project depends on the appropriate identification and mitigation of potential risks which undermine a successful achievement of the project results. There are no major social and environmental risks that can threaten the achievement of the project results. The main external risk for the project delivery relates to the political situation in the country and extraordinary and/or regular parliamentary elections, which are expected to happen during the lifetime of the project implementation. In order to mitigate this risk, the project team will maintain a non-partisan stance, and its focus on the mission of bringing tangible project results while standing ready to respond to possible shifts in national priorities.

Major risks for project cooperation are: (a) possible early parliamentary elections and political destabilization b) deterioration of public trust in government and disruptions to social cohesion, c) negative impact of the Ukrainian and energy crises leading to possible redirection of public funds at local level; d) possible new COVID outbreak during the project implementation period.

Risk management will involve: (a) intensified cross-sector and cross-governmental coordination and partnerships, (b) intensified policy dialogue, (c) cost-sharing with Government and alternative financing and funding options, (d) regular monitoring of results, and (e) review and updating of contingency plans for disasters and emergencies.

The table below provides a summary of the key risks for this project, as well as the mitigation activities to avoid and manage them.

Risk	Level of criticality	Impact	Explanation and mitigation activity
Possible early parliamentary elections and political destabilization	Medium	Medium	The project shall closely monitor the development of the political situation and will keep acting on impartial way, taking into consideration only the interest of the citizens as the ultimate beneficiaries of the project. The project will take into consideration the election cycle and shall plan the activities having in mind potential impact of the elections, and the most critical activities that require involvement of the central and/or local governments.
Deterioration of public trust in government and disruptions to social cohesion	Medium	Medium	Intensified policy dialogue – the project will engage closely with the Government and municipalities to keep the air pollution issues high at the agenda, by strengthening the local capacities and facilitating partnership among various stakeholder and involving the public into decision-making processes. These activities will be reinforced with public awareness raising about the air pollution issues and health risks they could impose.
Negative impact of the Ukrainian and energy crises leading to possible	Medium	Medium	Cost-sharing with Government and alternative financing and funding options – close coordination with the national and local government and other

redirection of public funds at local level		donors that support the EU agenda, to substitute the potential lack of funds for the air pollution issues to be suitably addressed.
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In order to meet the below risks as well as to handle other developments, the management of the project will be flexible. The project management will be prepared throughout the project implementation to adjust the planning of activities and to reallocate resources. If deemed necessary, the scope will be reduced.

Stakeholder Engagement

The project will be implemented in partnership with the Ministry of Environment and Physical Planning (MoEPP), participating municipalities and Civil Society and Youth Organization. The success of the project will rest on the level of commitment of the main beneficiaries and stakeholders, the local governments, as well the key Ministries, including the MoEPP. They must demonstrate ownership and ensure active participation in day-to-day implementation, and timely completion of their part of the responsibilities as needed.

Close coordination will be established with other UN Agencies, international organizations in the country that are funding projects of similar scope and nature. Moreover, synergies will be sought with other ongoing UNDP projects where pilot local governments are a partner and/or a beneficiary.

	Stakeholder	Role
1.	Ministry of Environment and Physical Planning	<ul style="list-style-type: none"> • air monitoring network maintenance and reporting; • protection of air, waters, soil, flora, fauna, and ozone; • restoration of polluted areas of environment; • proposing measures for solid waste management; • physical planning; • physical informative system; • supervision within its competencies;
2.	Ministry of Economy	<ul style="list-style-type: none"> • securing energy stability and safety; • development of energy policies, including renewables and energy efficiency strategies and plans, and development of respective laws; • providing subsidies for energy efficiency measures and installation of solar panels; • improvement of conditions for development of the industry; • clustering and the involvement of Macedonian companies in the network of global supply chains; • development of entrepreneurial sector, creation and integration of a single market in the EU;
3.	Ministry of Labour and Social Policy	<ul style="list-style-type: none"> • creation of the social policy of the country, with focus on the most vulnerable groups; • provision of financial assistance to the temporary unemployed people; • provision of different types of financial assistance for most vulnerable categories of the population, such are: families with no or very low income, care for persons with disabilities, elderly with illness, etc.; • creation and implementation of policies on mainstreaming gender

		<p>equality;</p> <ul style="list-style-type: none"> • social protection of children, youth, women and the people with disabilities;
4	State Environmental Inspectorate	<ul style="list-style-type: none"> • inspection supervision in accordance with the law and other legal acts that regulate environmental, nature and water issues; • inspection supervision over the application of technical/technological measures for the protection of air, water, land, flora and fauna from degradation and pollution; • protection of geo and biodiversity, special natural wealth (natural parks, park forests, ornithological reserves and other areas protected by law);
5.	Municipalities	<ul style="list-style-type: none"> • protection of the environment, nature and space regulation: measures for protection and prevention of water, atmosphere and land pollution, protection of nature, protection against noise and ionizing radiation; • urban and rural planning: urban planning and issuing of technical documentation for construction and issuing construction permits; regulation and maintenance of construction land; • local economic development: local economic development planning; determining development and structural priorities; running the local economic policy; support for the development of small and medium-sized enterprises and entrepreneurship at local level and in that context participation in the establishment and development of a local network of institutions and agencies; promotion of partnership; • provision of subsidies for replacement of inefficient stoves; • potential direct and/or parallel funding; • complementary projects that will create synergies;
6	CSOs	<ul style="list-style-type: none"> • awareness raising, communication and education activities; • knowledgeable about environment protection issues; • partner in co-design of innovative solutions that will increase resilience and improve environment protection; • participating in experimenting and testing prototype services and solutions; • support the scaling the successful prototype solutions into larger projects;
7	University “Goce Delcev”, Stip	<ul style="list-style-type: none"> • responsible party for the monitoring component of the project • knowledge sharing;
8	Academia	<ul style="list-style-type: none"> • knowledge sharing ;
9	Private sector	<ul style="list-style-type: none"> • potential partner for implementation of measures ;
10	Donors	<ul style="list-style-type: none"> • potential partners for expansion of the programme; • technical knowledge and experience ;

Compliance and response mechanisms

UNDP shall ensure that potentially affected people have access to and are aware of mechanisms to submit concerns about the social and environmental impacts of a project. The key instruments which will be used are UNDP's Social and Environmental Compliance Review and Stakeholder Response Mechanism (<http://www.undp.org/content/undp/en/home/operations/accountability/secu-srm.html>).

UNDP's Social and Environmental Standards (SES) underpin its commitment to mainstream social and environmental sustainability in its Programmes and Projects to support sustainable development. The objectives of the Social and Environmental Standards Procedure are to: (a) integrate the SES Overarching Principles (human rights, gender equality and environmental sustainability); (b) identify potential social and environmental risks and their significance; (c) determine the project's risk category (Low, Moderate, High); and (d) determine the level of social and environmental assessment and management required to address potential risks and impacts. The Social and Environmental Compliance Review is mandatory for all UNDP projects worth more than USD 500,000, and therefore the project must undergo this process.

The Stakeholder Response Mechanism (SRM), on the other hand, provides a supplemental, formal avenue for stakeholders to engage with UNDP. The SRM will be available to project-affected stakeholders, government agencies and other partners to jointly resolve concerns and disputes when they believe that the project may have adverse social or environmental impacts; they have raised their concerns with UNDP through standard channels for stakeholder consultation and engagement; and they have not been satisfied with the response. This mechanism can help the concerned parties to start or restart dialogue, facilitate discussions, mediate disputes, enhance understanding of the facts, and undertake other activities that might help resolve concerns and disputes.

South-South and Triangular Cooperation (SSC/TrC)

The project will continue to promote project activities, as well as the first project phase lessons learnt and achieved results, within the knowledge sharing events organized by the national and international organizations from the region, and in the broader context, and explore the possibilities for cooperation in ensuring further sustainability of the results. More precisely, project will continue the cooperation with other UNDP offices, including UNDP offices from the Western Balkans, active in the area of air pollution. The project will also continue the cooperation with the institutions and organizations from Sweden.

Digital Solutions

The first project phase developed web platform that the team will continue to utilize and promote. The platform will continue to present the real-time data from the air quality monitoring stations, public awareness information and data, and share all produced documents, including the Source Apportionment Studies. Crowded sourcing and data visualisation or behaviour changing initiatives are just an example of the activities envisioned within project document, which is expected to further contribute towards solving the air pollution challenges in the targeted municipalities.

Knowledge

The project intends to synthesize, and if so required conduct, a number of research studies. Knowledge products, research findings and informative project publications will be widely publicized and shared, including with national partners, development partners, CSOs and other relevant stakeholders. The project will also scale good practice through cross-regional learning and scaling support, as well as strengthening of state institutions and policies at local government level.

The project information and documents will be publicly communicated via the web platform www.cistvozduh.mk (developed within the project Tackling Air Pollution in the City of Skopje), UNDP communication tools and other media. The project will publicly communicate project logo, the logos of UNDP, its partners and donor and acknowledge their support.

Sustainability and Scaling Up

The project is built on the results achieved and lessons learnt from the first phase/project and will aim at scaling up and replication of the concept, that was developed and applied in the city of Skopje, in five other cities in the country that also have serious issues with the air pollution: Kavadarci, Gostivar, Kumanovo, Strumica and Struga.

The project will be implemented in partnership with the Ministry of Environment and Physical Planning, participating municipalities and civil society and youth organization. The success of the project will rest on the level of commitment of the main beneficiaries and stakeholders, the local governments, as well the key Ministries. They must demonstrate ownership and ensure active participation in day-to-day implementation, and timely completion of their part of the responsibilities as needed.

Improved capacities of the local administration to develop, implement and monitor the implementation of the air quality plans, as well as of the local inspectors to perform supervision, on a longer term shall ensure that the air quality in the municipality complies with the limit and target values within a specified deadline and/or to maintain compliance once the limit and target values have been met.

Collaboration with media shall ensure that the attention of the public about issues related to air pollution on national and local, as well as the pressure on the decision makers to act and show results on both levels is maintained. Investment in and motivation of young journalist countrywide shall create a pull of journalist well acquainted with the topic thus further ensuring sustainability upon project closure.

The financial sustainability e.g., financing of follow-up activities will depend on the commitment of the participating local governments to allocate dedicated funding in their municipal budget for implementation of the actions and measures from their respective plans for decreasing the air pollution as well as the energy efficiency plans.

Although it is not directly linked to the implementation of this project, in terms of further sustainability of the project interventions, the establishment of an energy efficiency fund which is an obligation of the Law on Energy Efficiency (adopted in February 2020) shall further ensure sustainability on a country level scale. A law on the establishment of the fund has not been drafted yet, but there is an initiative, with the help of funds provided as a loan from the World Bank, to establish the fund. According to the project appraisal document on a proposed loan, it is envisaged 25 mil. EUR to be provided, of which 18 mil. EUR are for energy efficiency investments in the public sector, 1.94 mil. EUR for technical assistance and implementation support and 5 mil. EUR as initial capital for the proposed EE fund. 10 mil. EUR out of 18 million are intended for EE Investments in municipal sector. Municipalities would apply for financing on a rolling basis with proposals for the renovation of building under their management and public lighting systems or other relevant measures from their municipal air quality plans. On a long term, availability of predictable funding for systemic investment in implementation of measures that contribute to the decrease of the air pollution shall result in the improvement of the air quality in urban areas and the wellbeing of the citizens.

Close coordination will be established with other UN Agencies, international organizations in the country that are funding projects of similar scope and nature. Moreover, synergies will be sought with other ongoing UNDP projects where pilot local governments are a partner and/or a beneficiary.

PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The project applies a cost-efficient approach as it builds upon, and creates substantial leverage of, past investment and experience from Government initiatives and development projects.

Project Management

Day-to-day implementation will be carried out by a project team composed of a Project Manager, a Project Assistant, a Monitoring Associate, and a Communication Officer (that will be shared with other projects in the environmental portfolio).

The Project team will be based in UNDP premises. The project office costs will include expenses for rent, electricity, heating, water, utilities, internet, security, cleaning and maintenance, telecommunication services, based on UNDP monthly average expenses for such services. The costs will be pro-rated. The project office costs shall also include IT Equipment (3 workstations, including laptops, docking station, monitors, printer/copier/scanner, based on UNDP estimations for similar assets); costs for office supplies for project duration months for the needs of the project office (printing/copying paper, office stationery); communication costs (mobile telephones, telephone services and e-mail subscription services for the project staff).

The Project Manager's prime responsibility is to ensure that the project produces the results (outputs) specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The Monitoring Associate's prime responsibility is to support the implementation of the project's field activities and reporting on the progress of project implementation, to provide administrative support to the implementation of project activities, support to gender mainstreaming by ensuring gender consideration in all project components and facilitate knowledge sharing within the Project.

The Project Assistant will be responsible for the project administrative support including finance, procurement and general administration. S/he will implement assigned project components, develop project resource profiles and timelines, assess delivery issues and work with national counterparts to build common understanding and coordination on project activities.

The Communication Officer will support the implementation of the public awareness and communication activities and will ensure the proper visibility of the project results. The Communication Officer will also cultivate good working relationships with participating organizations and entities and ensure a regular exchange of information among all project partners. The Communication Officer shall be shared with other UNDP projects and this will be reflected in the % of her/his salary.

UNDP DIRECT PROJECT COSTED STAFF AND ROLES

In addition to the project staff, depending on the nature of the work and complexity a number of technical and administrative roles and services are covered by the UNDP country office and are cost-shared within the office.

The Programme Officer in charge of the Energy, Environment and Disaster Risk Reduction Portfolio will provide strategic guidance, policy advice and technical input essential to deliver development results. She will also create synergies with other complementary interventions which contribute to the achievement of the overall project goal. She will oversee the project implementation, monitor and report to the donor, review and approve the TOR (programmatic aspects), serves as a Chair of the Evaluation Committee, and will facilitate decision making to ensure project implementation proceeds in a flexible but efficient manner. She will be the key focal point for coordination between the Project, UNDP, SIDA and the national partner authorities and other key Project stakeholders.

Programme Associate will support overall implementation of the project activities, including creation of strategic partnerships, administrative and financial oversight, workplan and budget monitoring, knowledge building and knowledge sharing.

The UNDP Operations team will provide administrative support in terms of procurement, operations management, human resources, financial management, and other required administrative support.

The Operations Manager will be directly involved in procurement and HR processes related to project implementation in line with the SOP including but not limited to: providing inputs to TOR, specifications, endorsing procurement processes, recruitments and HR management for project needs, disbursement officer for payments. In addition, he will provide, quality assurance, advises on procurement and HR processes for the need of the project. He will manage external relations related to all operational aspects of the project.

The Procurement Associate will assist project implementation through facilitating quality, transparent, effective and fast procurement processes; reviewing and announcing procurement processes; provide direct advisory support in procurement/tender evaluation processes; support in negotiations with potential contractors (as needed); assistance in the process of contracting, monitoring of contracts.

The Programme Finance Associate will provide support in preparation of the budget, budget revisions, support to overall financial monitoring and reporting for the overall action. He will assist the project team in preparation of financial transactions and appropriate financial reports.

UNDP will make sure that the project staff possess the necessary combination of skills and interdisciplinary expertise in response to the complexity of the project actions. The key staff involved in the project implementation will be compensated for their services in line with UNDP's rules and procedures and their contribution to the implementation of project activities.

Remuneration / indirect costs corresponding to 8% GMS which UNDP is mandated to recover in line with UNDP's Executive Board's and relate to the corporate level costs and embrace e.g. corporate executive management, corporate legal support, corporate legal management, policy guidelines on procurement and logistic support etc.

The purchased equipment, will be transferred to the respective beneficiaries. Matters relating to the transfer of ownership by UNDP to the national partners will be processed in accordance with the relevant policies and procedures of UNDP.

RESULTS FRAMEWORK**Intended Outcome as stated in the UNSDCF/Country [or Regional] Programme Results and Resource Framework:**

Outcome 3: *By 2025, people in North Macedonia benefit from ambitious climate action, sustainably managed natural resources and well-preserved biodiversity through good environmental governance and disaster-resilient communities.*

Outcome indicators as stated in the Country Programme [or Regional] Results and Resources Framework, including baseline and targets:**Applicable Output(s) from the UNDP Strategic Plan:****UNDP CPD planned strategic outcomes:**

Outcome 3: *Climate action and environmental sustainability*

Output 3.3: *Capacities at central and local levels strengthened to prevent and respond to air pollution*

Project Title: Scaling-up actions to tackle air pollution, **Project Number:** 00129099

EXPECTED OUTPUTS	OUTPUT INDICATORS ²	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS		
			Value	Year	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)	Year 4 (2025)	Year 5 (2026)		FINAL	
Output 1 Comprehensive air monitoring programme and modelling of air pollution sources implemented in 5 pilot municipalities (Strumica, Kavadarci, Gostivar, Kumanovo and Struga)	1.1 Number of source apportionment studies on local level	Existence of the source apportionment model/study	2 (Skopje and Bitola)	2022		5					5	Terminal evaluation assessing the outputs, periodic project reports
	1.2 Number of municipalities with gender responsive air quality plans in place	Existence of the air quality plans	1	2022			5					Terminal evaluation assessing the outputs, periodic project reports
	1.3 Number of	Existence of	0	2022			10					Terminal

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Project Document

	facilities participating in the indoor air quality measurements in pilot municipalities	outputs (reports/findings from the measurements)									evaluation assessing the outputs, periodic project reports
Output 2 In 5 pilot municipalities: gender responsive air quality plans developed, capacity development needs analysed, and capacity development programme implemented, basic inspection equipment identified and purchased;	Number of persons on local level trained a) women b) men	Capacity building assessments and programmes	0	2022		At least 25 (at least 50% women)				At least 25 (at least 50% women)	Terminal evaluation assessing the outputs, periodic project reports
Output 3 Priority measures from air quality plans identified through community forums, engaging youth, and implemented in each pilot municipality;	Number of persons directly benefiting from implemented measures to reduce the air pollution in partnering municipalities		0	2022					at least 2,500, TBC after the selection of measures (2025)	at least 2,500, TBC after the selection of measures (2025)	Reporting on grant disbursement
Output 4 Public awareness and knowledge sharing activities implemented	% of population with understanding and knowledge on air pollution issues	Results of the survey	0	2022		TBC			30% increase	30% increase	Perception survey
	Number of trained young journalist a) women b) men	Capacity building assessments and programmes	0	2022			15 (at least 50% women)			15 (at least 50% women)	Terminal evaluation assessing the outputs, periodic project reports

MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analyzed to assess the progress of the Project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by Programme management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by projects management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the Project.	Quarterly	Relevant lessons are captured by the projects team and used to inform management decisions.		
Annual Programme Quality Assurance	The quality of the Project will be assessed against UNDP's quality standards to identify Project strengths and weaknesses and to inform management decision making to improve the Project.	Annually	Areas of strength and weakness will be reviewed by Project management and used to inform decisions to improve project performance.		
Review and Make	Internal review of data and evidence from all	Annually	Performance data, risks, lessons		

Course Corrections	monitoring actions to inform decision making.		and quality will be discussed by the Project Board and used to make course corrections.		
Project and Programme Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual programme quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually and at the end of the project (final report)	Consolidated final individual project and programme report for the two projects being part of the framework agreement now and in future will be submitted		
Simplified Annual Progress Review	A simplified, 2-page annual review of activities in the previous year shall be presented at the Project Board meetings at the beginning of the calendar year.	Annually, at the bigging of the year for the previous year	Progress of the project activities will be reviewed and used to inform decisions to change/adjust the activates if needed		
Project Review (Project Board)	The project governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the projects and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the projects. In the projects' final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

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Project Document

Monitoring Plan

The project will use the following methods and tools in designing and monitoring the specific project activities:

Method	Intervals	Carried out by	Follow up activity
Qualitative and quantitative survey Techniques: interviews, perceptions questionnaires, satisfaction survey, focus groups	Regularly, at each event or during meetings	Project team supported by team of contracted external consultants as needed	The findings of the surveys will be used to propose changes or improvements of the activities focus of type of activities
Collection and analysis of data from internal records and documents (e.g. attendance lists, minutes of meetings; reports of and MoUs signed with employers, etc.)	Monthly	Project team	The findings will be used to propose improvements and/or corrections of the project activities

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Final Evaluation	N/A	Output 3.3: Capacities at central and local levels strengthened to prevent and respond to air pollution.	Outcome 3	March 2026	MoEPP, Municipalities, CSO	USD 20,000 (Air Pollution)

MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year (USD)					RESPONSIBLE PARTY	PLANNED BUDGET (USD)		
		Dec 2022	Jan – Dec 2023	Jan - Dec 2024	Jan - Dec 2025	Jan - Apr 2026		Funding Source	Budget Description	Amount (USD)
OUTPUT 1 Monitoring of air quality in five municipalities and Modelling of air pollution sources <i>Gender marker: 2</i>	1.1. Carrying out one-year comprehensive air monitoring programme for the pilot municipalities.	50,000					UNDP	Sida	Low Value Grants – LVG to CSOs	50,000
		15,000					UNDP	Sida	Contractual services - Individual (National)	15,000
		70,000					UNDP	Sida	Contractual services - Companies (purchasing of out-door and in-door monitoring equipmet)	70,000
	1.2. Modelling of air pollution sources for five municipalities in a period of one year/Development of Source Apportionment Studies.	173,011					UNDP	Sida	Responsible Party Agreements-RPA (GDU)	173,011
	1.3. Presentation of the results of the results of the air quality monitoring/local sources of pollution.		10,000				UNDP	Sida	Contractual services - Companies (Public event)	10,000
	1.4. Visual presentation of the results at the existing monitoring and coordination platform.		10,000				UNDP	Sida	Contractual services - Companies	10,000

	1.5. Carrying out short-term monitoring of indoor air quality in selected kindergartens and schools in each pilot municipality.	10,000					UNDP	Sida	Responsible Party Agreements-RPA (GDU)	10,000
	1.6. Citizen's involvement in air quality monitoring and visualization of the results.	30,000					UNDP	Sida	Low Value Grants – LVG to CSOs	30,000
	Sub-Total for Output 1	348,011	20,000	-	-					368,011
OUTPUT 2										
Capacity building for air quality management on local level	2.1. Development of air quality plans for the pilot municipalities.	70,000					UNDP	Sida	Contractual services - Companies	70,000
	2.1. Development of air quality plans for the pilot municipalities.		5,000				UNDP	Sida	Travel	5,000
Gender marker: 2	2.2. Public consultations for the air quality plans and prioritization of the action.		12,500				UNDP	Sida	Contractual services - Companies	12,500
	2.3. Identification of needs for capacity building of the public administration and inspectorates.		5,000				UNDP	Sida	Contractual services - Companies	5,000
	2.4. Development and implementation of comprehensive capacity building programme.		20,000				UNDP	Sida	Contractual services - Companies	20,000
	2.5. Identification of needs for new basic equipment for the inspectorates and purchasing of equipment.		5,000				UNDP	Sida	Contractual services - Companies	5,000
			75,000				UNDP	Sida	Contractual services - Companies	75,000
	Sub-Total for Output 2	70,000	122,500	-	-					192,500

OUTPUT 3 Implementation of priority measures of the Air Quality Plans - Demonstration of priority measures that address the causes of pollution <i>Gender marker: 2</i>	3.1. Selection of priority measures for implementation through community forums.		5,000				UNDP	Sida	Contractual services Individual (National) -	5,000
	3.2. Implementation of selected measures.			119,050	119,045		UNDP	Municipalities	Contractual services Companies -	238,095
	3.2. Implementation of selected measures.			10,000			UNDP	Sida	Contractual services Individual (National) -	10,000
	3.2. Implementation of selected measures.	11,890	178,303	337,390	365,412		UNDP	Sida	Contractual services Companies -	892,995
	Sub-Total for Output 3	11,890	183,303	466,440	484,457	-				1,146,090
OUTPUT 4 Public awareness and knowledge sharing <i>Gender marker: 2</i>	4.1. Co-design and implementation of behavioral-changing activities for targeted group of stakeholders.	75,000					UNDP	Sida	Low Value Grants - LVG to CSOs -	75,000
	4.1. Co-design and implementation of behavioral-changing activities for targeted group of stakeholders.			23,611			UNDP	Sida	Contractual services Individual (International) -	23,611
	4.2. Annual journalist award for best articles/videos/documentaries.	8,000	8,000	8,000	8,000		UNDP	Sida	Low Value Grants - LVG to CSOs -	32,000
	4.3. Capacity building/mentoring programme for young journalist countrywide.	15,000	15,000	15,000			UNDP	Sida	Contractual services Individual (National) -	45,000

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	4.4. Development of knowledge products and lessons learnt briefs.			15,000		15,000	UNDP	Sida	Contractual services Companies (survey) -	30,000
	4.4. Development of knowledge products and lessons learnt briefs.			40,000		15,000	UNDP	Sida	Contractual services Companies (Public awareness and final public event) -	55,000
	Sub-Total for Output 4	98,000	23,000	101,611	8,000	30,000				260,611
	Project Evaluation					20,000	UNDP	Sida		20,000
PROJECT MANAGEMENT		34,121	102,091	102,091	102,091	25,590	UNDP	Sida	Project Management and Operational costs	365,984
		-	8,000	9,000	8,000		UNDP	UNDP	Project Management and Operational costs	25,000
	Sub-Total for Project Management	34,121	110,091	111,091	110,091	25,590				390,984
GMS Sida (8%)		44,962	36,072	44,087	38,040	6,047	UNDP	Sida	GMS (8%)	169,208
GMS Municipalities (5%)		-	-	5,953	5,952		UNDP	Municipalities	GMS (5%)	11,905
GRAND TOTAL									GRAND TOTAL	2,559,309

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ORGANIZATION	CONTRIBUTION IN USD
Sida	2,284,309
Municipalities	250,000
UNDP	25,000
GRAND TOTAL	2,559,309

- In the Air Pollution project there will be no transfer of funds from the project to municipalities. However, the University “Goce Delcev”, Shtip will be engaged as a Responsible Party to implement the monitoring programme and the development of source apportionment studies for the selected municipalities. The funds will be transferred in accordance with the applicable UNDP rules and regulations.

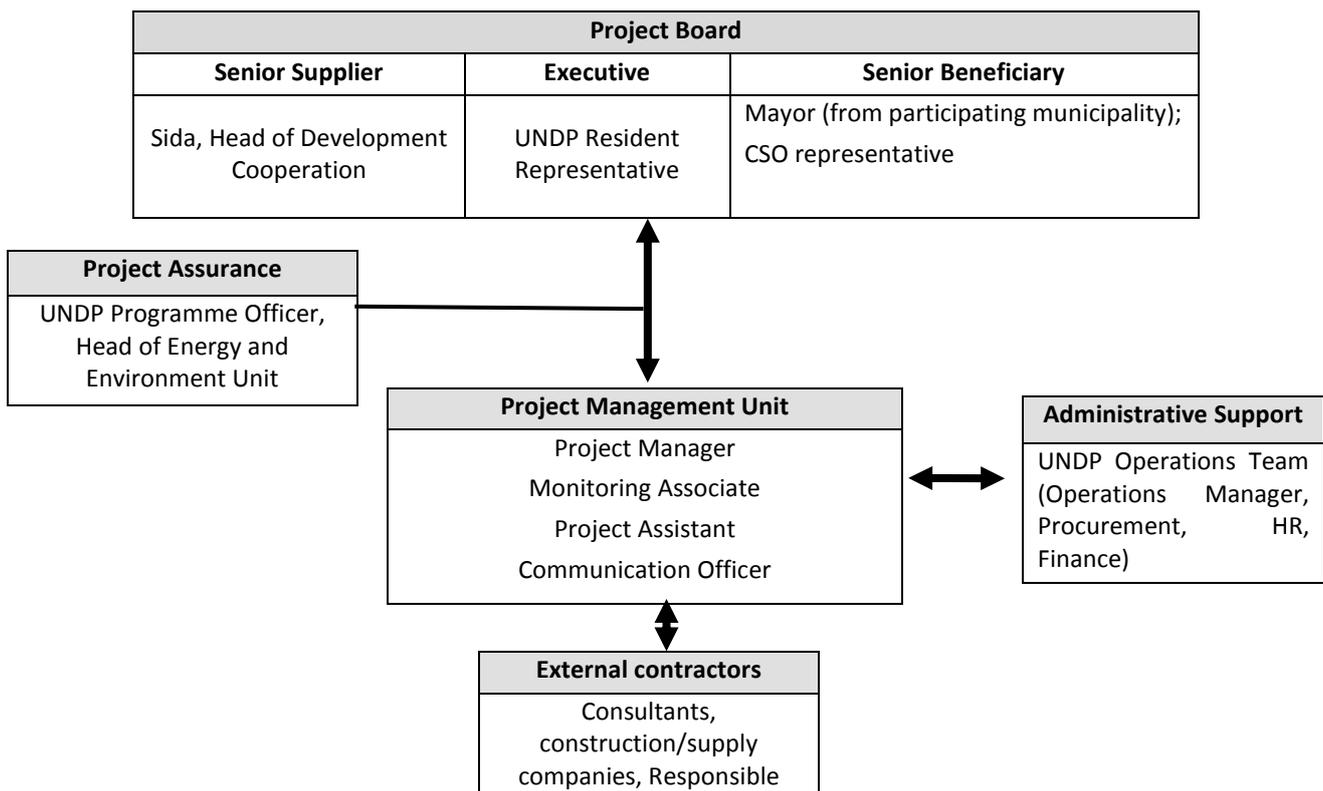
GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The project will be executed by UNDP Country Office under the Direct Implementation Modality (DIM) in line with UNDP's Programme and Operations Policies and Procedures (POPP). UNDP will be responsible for overall management, ensuring Project coherence, the preparation and implementation of work plans and annual audit plans; preparation and operation of budgets and budget revisions; disbursement and administration of funds; recruitment of national and international consultants and personnel; financial and progress reporting; monitoring and evaluation;

DIM implementation modality has been chosen due to the specific scope of the project that will require high level of coordination and collaboration between many relevant stakeholders on national and local level such as: MoEPP, local self-governments, academia and CSOs. UNDP as an independent and neutral entity is well positioned to bring together all partners and to build consensus on such important topic that requires active participations of the national and local governments, civil society organizations and academia.

There will be single Steering Committee for the Programme Framework which will provide an overall strategic guidance and ensure coherence among different projects. It will consist of high-level representatives of UNDP and Sida, representatives from the MoEPP, Ministry of Local Self-Government and Bureau for Regional Development. The Steering Committee shall also be used as a mechanism for leveraging partnerships and mobilizing resources for the expansion of the Programme. It will meet on annual basis.

Each of the projects will have a Project Board. A Project Board is the main decision-making body for the project, responsible for making by consensus management decisions for a project. The Project Board decisions shall be made in accordance with standards that shall ensure best value for money, fairness, integrity transparency and effective national and international competition. In case consensus cannot be reached within the Board, final decision shall rest with the UNDP Programme Manager (the UNDP Resident Representative) in consultation with Sida.



party, etc.

The Project Board is responsible for the following: provides overall guidance and direction to the project, ensuring it remains within any specified constraints, provides guidance and agrees on possible countermeasures/management actions to address specific risks; appraises the Project Annual Review Report and makes recommendations for the next AWP; reviews and approves end project report, make recommendations for follow-on actions; provide ad-hoc direction and advice for exception situations; assesses and decides on project changes through revisions; assures that all Project deliverables have been produced satisfactorily; reviews and approves the Final Project Review Report, including Lessons-learned.

The updated workplans and budget will be submitted to Sida by 31 January every year.

The Annual Progress Reports shall be submitted to Sida by 31 July.

The Framework Programme will have a final evaluation. The TOR for the Programme evaluation shall be shared with Sida for their comments/suggestions.

The Project Board will meet at least once a year and could have ad-hock meetings in the course of the project implementation, if deemed necessary.

The Project Board shall consist of: UNDP, a Mayor of one of the participating municipalities (the mayors will rotate on annual basis) and representative of the CSOs from the participating municipalities. The representative of the CSOs will be selected in a consultative process with the CSOs that are actively involved on awareness raising on the air pollution issues. The CSO representative should particularly ensure that the voice of the citizens is heard and that they influence the decision making for the project. SIDA shall participate at the Project Board as an Observer.

Project Assurance: UNDP provides a three – tier supervision, oversight and quality assurance role. The quality assurance role supports the Project Board and the Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. This project oversight and quality assurance role shall be covered by the Programme Officer, Head of Energy & Environment Unit.

The project team shall consist of a Project Manager, Monitoring Associate, Project Assistant and a part time Communication Officer (shared with other projects in the environment portfolio).

In addition to the projects' staff, depending on the nature of the work and complexity a number of technical and administrative roles and services are covered by the UNDP country office and are cost-shared within the office (Direct Project Costs).

LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Former Yugoslav Republic of Macedonia and UNDP, signed on 30 October 1985. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

RISK MANAGEMENT

UNDP (DIM)

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]³ [UNDP funds received pursuant to the Project Document]⁴ are used to provide support to individuals or entities associated with terrorism, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:
 - a. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:

³ To be used where UNDP is the Implementing Partner

⁴ To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

- i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
- b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
- c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - (a) In the implementation of the activities under this Project Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").
 - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.
- d. In the performance of the activities under this Project Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:
 - (i) Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - (ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place its own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;
 - (iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;
 - (iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
 - (v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

- e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.
- f. Each responsible party, subcontractor and sub-recipient will ensure that any project activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.
- g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.
- h. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption other financial irregularities with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- k. *Choose one of the three following options:*

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Option 2: Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud corruption or other financial irregularities or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- m. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- n. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses. In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government

on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavours to obtain the additional funds required.

7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 6 above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [...] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”