

Risk Assessment Tool

For internal UNCDF use

This template permits the collection of information on potential partner private sector entities, helps to evaluate whether or not UNCDF should pursue a partnership with the private sector entity¹, and determines which cases might need to be escalated to HQ.

This template contains the practical steps to be followed to reach a decision on a given partnership. It should be used in conjunction with the “UNDP Policy on Due Diligence and Partnerships with the Private Sector 2023” and “Risk Assessment Tool Guideline” which explains each of the steps in more detail. **This risk Assessment is a mandatory requirement for any type of partnership between UNCDF and a private sector entity. Special attention should be paid to complete it well in advance of the planned partnership.**

Content of this document:

- Step 1: Collate background information and prepare risk register
- Step 2: Identify the industry sector in which the private sector entity is operating
- Step 3: Assess the Private sector entity against UNCDF Exclusionary Criteria.
- Step 4: Research Potential Controversies.
- Step 5: Assess the Private sector entity Commitment to ESG and the Partnership Risks and Benefits.
- Step 6: Conduct Quality Assurance
- Step 7: Make a Decision.
- Step 8: AML/CFT Self Certification; Monitoring Plan; and Communication Materials

When filling up this form, kindly please use a font of different color or make your inputs in tracked changes for easier distinction on what texts are in the template and what texts are provided by the project team.

Step 1: Collate Background Information and prepare risk register		
Private sector entity information	DOCUMENTARY EVIDENCE ²	LINE ITEM IN THE DOCUMENT ³
Registered Name and Trading Name of the private sector entity:		
Contact details of UNCDF’s main contact(s) at the private sector entity:		

¹ The [UNDP Policy On Due Diligence And Partnerships With The Private Sector](#) defines the private sector as:

- For-profit and commercial enterprises of any size
- corporate foundations (Corporate foundations are independent grant-making organizations that have close ties to the corporation providing funds. Some companies have corporate direct giving programmes instead of foundations; some have both. Examples of such foundations are the Coca-Cola Foundation and the Nike Foundation)
- Business associations, coalitions and alliances (including e.g. chambers of commerce, employers’ associations, cooperatives, industry and cross-industry initiatives where the participants are for-profit enterprises). These organizations will be assessed on their own merits, rather than on the merits of its members. (For example, UNCDF will not exclude working with a chamber of commerce because it may have a company from an excluded sector among its members. However, if the chamber or association itself is involved in promotion of an excluded sector, then UNCDF will not engage with them)
- State owned enterprises.

² Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

³ Provide exactly what line from the document was used to provide the responses

Type of Entity		
Registration Number:		
Private sector entity description / background		
Onwership Interests - Controlling private sector entity and subsidiaries:		
Country of Incorporation/ Registration		
Countries / regions of operation of the private sector entity:		
Date of assessment:		
Annual turnover in US\$:		
Number of employees:		
Information sources:		
Credibility of the information:		
Relationships between UNCDF staff and the private sector entity		
Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i>		
TOTAL VALUE OF THE AGREEMENT :		
TYPE OF AGREEMENT TO BE SIGNED :		

UN partner	
Does UNCDF or any other member of the UN family currently have, or has it previously had, any relationship with the private sector entity?	
<input type="checkbox"/> If yes , please briefly explain in the comment box the nature of the relationship with the private sector entity.	<input type="checkbox"/> No previous partnership
Comments: <i>(Please describe how the information that led to the above response was obtained)</i>	

Level of due diligence
<p>The risk assessment needs to be completed for any potential partnership with a private sector entity. Please refer to the <i>Policy on Due Diligence and Partnerships with the Private Sector (2023)</i> for an overview of the different types of partnership. The level of due diligence applied will be influenced by the type of partnership and the type of entity. For a detailed description about cases when the risk assessment needs to be done, please refer to the Guideline.</p> <p>Select the appropriate level of due diligence to be applied from the table below (several types of partnership may apply, select all that are applicable).</p> <p>NB: Note that for private sector partnerships that involve project funding, the project must <u>also</u> be reviewed to ensure compliance with UNDP's Social and Environmental Standards, including through UNDP's Social and Environmental Screening Procedure.</p>

Risk Register

For all entities, the initiator should prepare a private sector entity risk register (sample [here](#)) which should be populated at the end of each step in this risk assessment tool. Attach the risk register to this document or explain in the comment box below where it can be found.

Comments: *(Please describe how the information leading to the comment provided here was obtained)*

[https://undp.sharepoint.com/:w:/r/sites/deliverableuncdfdrcongoenergyprogram/Shared Documents/I\) Challenge Funds/PBAs & Disbursements/COHORT 4/COOPEC AKIBA YETU/DD + Audited financial report/Offline Risk Log COOPEC AKIBA YETU.doc?d=w3ae99c86049a4129ba948285b2578162&csf=1&web=1&e=LwItyY](https://undp.sharepoint.com/:w:/r/sites/deliverableuncdfdrcongoenergyprogram/Shared%20Documents/I%20Challenge%20Funds/PBAs%20&%20Disbursements/COHORT%204/COOPEC%20AKIBA%20YETU/DD%20+%20Audited%20financial%20report/Offline%20Risk%20Log%20COOPEC%20AKIBA%20YETU.doc?d=w3ae99c86049a4129ba948285b2578162&csf=1&web=1&e=LwItyY)

Type of legal agreement	Type of entity		
	Business associations, coalitions and alliances	For-profit academic institutions.	Corporate foundations / For-profit and commercial enterprises of any size / State owned enterprises.
Non-financial agreement*	Basic	Basic	Enhanced
Financial agreement ≤ US\$150,000	Basic	Basic	Enhanced
Financial agreement > US\$150,000	Standard	Standard	Enhanced

On the basis of the level of due diligence determined by the table above, the following parts of the Risk Assessment Tool must be completed:

Sections of the Risk Assessment Tool	Basic	Standard	Enhanced	REFERENCE DOCUMENT ⁴	LINE ITEM IN THE DOCUMENT ⁵
STEP 1 and 2 – Collate information including on high risk sector					
STEP 3 – Exclusionary criteria					
STEP 4 – Controversies					
STEP 5 – Commitment to ESG and Partnership Risk & Benefits					
STEP 6 – Quality Assurance					
STEP 7 – Make a decision					
STEP 8 – Risk monitoring and communications					

⁴ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

⁵ Provide exactly what line from the document was used to provide the responses

Step 2: Identify the industry sector the private sector entity is operating

Private sector entity information

High-risk sectors include the following, select the one/s that apply: None of the below is applicable

- | | |
|--|--|
| <input type="checkbox"/> Oil and gas
<input type="checkbox"/> Metals and mining
<input type="checkbox"/> Utilities
<input type="checkbox"/> Large infrastructure
<input type="checkbox"/> Agriculture and fishing
<input type="checkbox"/> Timber, pulp and paper | <input type="checkbox"/> Alcohol
<input type="checkbox"/> Chemicals (incl. pharmaceuticals)
<input type="checkbox"/> Clothing, toys and consumer electronics
<input type="checkbox"/> Fast food, high sugar drinks and soda
<p>A full list can be found in the policy.</p> |
|--|--|

Conclusion

● **No high risk sector identified**

⇒ Continue with the risk assessment

● **One or more high risk boxes ticked**

⇒ Log the resultant risks in the risk matrix. Provide information on the mitigating controls to document the residual risk level is within UNCDF's risk appetite, or document justification as to why the residual risk is worth accepting and the partnership worth pursuing in comments box below.

● **Oil and gas, or Metals and mining boxes ticked**

⇒ Log the resultant risks in the risk matrix. Provide information on the mitigating controls to document the residual risk level is within UNCDF's risk appetite, or document justification as to why the residual risk is worth accepting and the partnership worth pursuing in comments box below.

⇒ **All risks relating to extractive industries MUST be scored as LEVEL 5 impact – EXTREME IMPACT and either LEVEL 4 or 5 likelihood.**

⇒ Continue with the risk assessment.

Expected Social and Economic Impact:

Step 3: Assess the Private sector entity against UNDP/UNCDF Exclusionary Criteria

3.1 Exclusionary criteria

UNDP has defined a set of exclusionary criteria outlining those business practices considered unacceptable to the organization. The Policy on Due Diligence and Partnerships with the Private Sector (2023) defines the threshold limits when UNCDF cannot engage with private sector entities involved in the below mentioned exclusionary criteria or whether an exemption may be considered. The thresholds have also been defined for parent companies, subsidiaries and supply chain, remember to also check any potential issues with them. If any evidence⁶ is found, the issue needs to be compared with the exclusionary criteria matrix and defined whether the evidence is within or above the exclusionary criteria threshold.

			REFERENCE DOCUMENT ⁷	LINE ITEM IN THE DOCUMENT ⁸
Manufacture, sale or distribution of controversial weapons or their components, including cluster bombs, anti-personnel mines, biological or chemical weapons or nuclear weapons. ⁹	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence ¹⁰ <input type="checkbox"/> Not known		
Manufacture, sale or distribution of armaments and/or weapons or their components, including military supplies and equipment.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
Replica weapons marketed to children.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
Manufacture, sale or distribution of tobacco or tobacco products.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		

⁶ Evidence comes from different sources and may not be equally credible and therefore useful in the evaluation of subsequent risks to UNCDF. Further guidance on how to consider the type of evidence in your decision making can be found in the 'Managing Risks in Partnerships with the Private Sector Guidance Note'.

⁷ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

⁸ Provide exactly what line from the document was used to provide the responses

⁹ [The Convention on Certain Conventional Weapons](#), [ICRC](#), [Ethical Investment Research Services](#) and [Ethix Sri Advisors Guidance to institutional investors](#) also covers **non-detectable fragments, blinding laser weapons, incendiary weapons, booby traps and depleted uranium ammunition**.

¹⁰ There is no threshold option as UNCDF will not, under any circumstances, partner with a private sector entity that has activities related to controversial weapons.

<p>Violations of UN sanctions and the relevant conventions, treaties, and resolutions, and inclusion in UN ineligibility lists, UNDP vendor sanctions list or UNDP Internal Excluded List ¹¹</p> <p>https://intranet.undp.org/unit/oalts/oso/psu/SitePages/Vendor%20Sanctions.aspx</p> <p>Wider UN : https://www.ungm.org/Admin/IneligibleVendors</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Involvement in the manufacture, sale and distribution of pornography.</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Manufacture, sale or distribution of substances subject to international bans or phase-outs¹², and wildlife or products and derivatives obtained illegally or in contravention of CITES¹³</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Gambling including casinos, betting etc. (excluding lotteries with charitable objectives).</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Involvement or complicity in systemic or egregious of human rights abuses.</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Use or toleration of forced or compulsory labor.</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold <input type="checkbox"/> Not known		
<p>Use or toleration of child labor.</p>	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence above threshold <input type="checkbox"/> Evidence within threshold		

¹¹ And not in the UNDP cleared list, as per the [UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy](#), para 15

¹² Initiatives and activities with private sector entities falling under the auspices of the Montreal Protocol; and the Stockholm and Minamata Conventions on Ozone depleting substances, POPs and Mercury respectively, will not be covered under this policy but under their specific guidelines.

¹³ CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora) is an international agreement between governments. Its aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. <http://www.cites.org>

		<input type="checkbox"/> Not known		
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Comments: *(Please describe how the information leading to the comment provided here was obtained)*

Conclusion

<input type="checkbox"/> ● All “No evidence” boxes ticked and “Basic due diligence” selected above: ⇒ Continue with the risk assessment.	<input checked="" type="checkbox"/> ● All “No evidence” boxes ticked and “Standard due diligence” selected above: ⇒ Continue with the risk assessment.	<input type="checkbox"/> ● One or more “Evidence within threshold” or “Not known” boxes ticked / Exception ⇒ Log the resultant risk(s) in the risk matrix. Provide information on the mitigating controls to demonstrate that the residual risk level is within UNCDF’s risk appetite or document the justification as to why the residual risk is worth accepting and the partnership worth pursuing in comments box below. All risks relating to exclusionary criteria MUST be scored as LEVEL 5 impact – EXTREME IMPACT and either LEVEL 4 or 5 likelihood. ⇒ The complete risk assessment tool, including the risk matrix and your conclusions must be shared with the quality assurance and decision maker.	<input type="checkbox"/> ● Any exclusionary criteria above threshold, or several “Not known” boxes ticked: ⇒ Refrain from engaging
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If the residual risk level is above the risk appetite threshold, even with mitigating measures, explain why the partnership should still be pursued:

Step 4: Research Potential Controversies

4.1 Potential Controversies

Potential partner private sector entities may be exposed to controversies or there may be factors that can cause reputational risks to UNCDF. Annex 2 of the *Risk Assessment Tool Guidelines* contains guidance on how to gather information.

The existence of controversies in relation to connected entities i.e. parent companies, subsidiaries, supply chains, 'host' or 'founder' of a corporate foundation, the wider portfolio of an investment fund, can also impact UNCDF's reputation and so should also be researched and documented here, in order to ensure that they form part of the overall risk evaluation.

List below any controversies and possible reputational risks that are not already covered in step 2.1., i.e. controversies not directly related to exclusionary criteria. Use the comment box to provide details of the criticism, and document any potential risks in the entity risk register. Controversies and reputational risks may relate to issues such as:

Labor <ul style="list-style-type: none"> • Discrimination at work¹⁴ • Freedom of association and the right to collective bargaining • Occupational health and safety • Poor employment conditions 	Governance <ul style="list-style-type: none"> • Corruption • Fraud • Tax evasion • Illicit financial flows, incl money laundering and financing of terrorism
Communities <ul style="list-style-type: none"> • Community health and safety • Impact on livelihoods • Local participation • Social discrimination • Indigenous peoples 	Product-related <ul style="list-style-type: none"> • Product safety • Controversial products or services, e.g. use of conflict minerals in the products • Marketing of breast milk substitutes contrary to the WHO's International Code of Marketing of Breast-Milk Substitutes.¹⁵
Environment <ul style="list-style-type: none"> • Pollution (including climate change) • Impact on ecosystems and landscapes Overuse of resources • Waste management • Mistreatment of animals 	Ownership or management <ul style="list-style-type: none"> • Controversies related to the individuals owning or managing the private sector entity

			REFERENCE DOCUMENT ¹⁶	LINE ITEM IN THE DOCUMENT ¹⁷
Significant criticism from local or global NGOs / media/social media or other significant partners of UNCDF (including CSO advisory committee, marginalized people etc.) locally or globally	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		
Significant criticism from governmental agencies / political parties that makes UNCDF participation politically sensitive	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		
Recurring local public events against the private sector entity (e.g. local demonstrations)	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		

¹⁴ This also includes assessing potential partner's commitment to gender equity. For example, do they have family friendly policies, equal wages for equal jobs, work-life balance policies, etc.

¹⁵ The WHO's International Code of Marketing of Breast-Milk Substitutes is available at [WHO website](#)

¹⁶ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

¹⁷ Provide exactly what line from the document was used to provide the responses

Global public events (e.g. significant demonstrations at several locations, significant online protests)	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		
Relevant legal case in progress/in court etc.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		
Other (specify): Cards include racist, transgender unfriendly and sexist language. Misogyny, child abuse and rape are treated inappropriately for humor.	<input type="checkbox"/> No evidence	<input type="checkbox"/> Evidence <input type="checkbox"/> Not known		
Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i>				

Conclusion	
<input checked="" type="checkbox"/> ● All “No evidence” boxes ticked ⇒ ‘Limited’ or ‘Standard’ due diligence’ - If there was no evidence of exclusionary criteria and no evidence of significant controversies you may skip Step 4 and move directly to the Step 6 “Conduct Quality assurance”.	<input type="checkbox"/> ● One or more “Evidence” or “Not known” boxes ticked ⇒ Research publicly available sources (e.g. search for public statements from the private sector entity), or contact the private sector entity to assess how it addresses the identified significant controversies. ⇒ List these elements in the comment box below. ⇒ Log the resultant risks in the risk matrix. Provide information on the mitigating controls to document the residual risk level is within UNCDF’s risk appetite, or document justification as to why the residual risk is worth accepting and the partnership worth pursuing in comments box below. ⇒ Continue with the risk assessment.
If the residual risk level is above the risk appetite threshold, even with mitigating measures, explain why the partnership should still be pursued	

Step 5: Assess the Private sector entity's Commitment to ESG and the Partnership Risks and Benefits

5 a) Private sector entity's engagements ¹⁸		REFERENCE DOCUMENT ¹⁹	LINE ITEM IN THE DOCUMENT ²⁰
Is the private sector entity a participant in the UN Global Compact?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not known		
If "yes" to the question above: a) Is the private sector entity actively communicating its progress and level of reporting? See: General Communication on Progress (COP)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have any sustainability-related certifications or reporting (e.g. ISO14001, SA8000, AA1000, OHSAS 18001, or GRI Principles)? Provide details in the comment box below.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not known		
Is the private sector entity included in any sustainability or ESG-related indices (e.g. FTSE4Good, Dow Jones Sustainability Indexes, etc.), or similar national/regional initiatives? Does the private sector entity abide by any voluntary sustainability or ethical principles or guidelines ²¹ ? List them in the comment box below.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not known		
Has UNCDF business unit obtained a confirmation from the counterparty, through an AML/CFT Self-Certification , that they have provided complete and accurate information, are not subject to any sanctions, will comply with applicable laws and regulations to fight money laundering and terrorism financing; and that they will promptly inform UNCDF of any breaches to the certification.	<input type="checkbox"/> Yes <input type="checkbox"/> No		
Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i>			

¹⁸ The private sector entity does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented private sector entities may not be engaged in these initiatives.

¹⁹ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

²⁰ Provide exactly what line from the document was used to provide the responses

²¹ Examples of voluntary sustainability or ethical principles include: e.g. Principles for Responsible Investment, Extractive Industries Transparency Initiative, Voluntary Principles on Security and Human Rights, Equator Principles.

5 b) Private sector entity's commitment to ESG issues ²²			REFERENCE DOCUMENT ²³	LINE ITEM IN THE DOCUMENT ²⁴
Human rights:				
Does the private sector entity have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts, especially on the local communities, that are directly linked to its operations ? ²⁵	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and a monitoring system cover occupational health and safety issues , ensuring that workers are afforded safe, suitable and sanitary working conditions? ²⁶	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system cover land or property issues, i.e. does the private sector entity ensure that all affected owners and users of the land or property used by the private sector entity have been adequately consulted and compensated ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system cover the rights of indigenous peoples , and in particular the principles of self-determination and self-governance, the right to lands and natural resources, including issues of resettlement, and the right to free, prior and informed consent?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system cover the private sector entity's security arrangements , i.e. whether or not they comply with international human rights principles for law enforcement and the use of force (e.g. have security personnel received adequate human rights training)? ²⁷	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have an appropriate dispute resolution mechanism that is in line with the human rights norms and principles?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have a policy and a monitoring system that seeks to prevent or mitigate adverse human rights impacts that are directly linked to products and services by its business relationships (business partners, entities in its value chain, other non-State or State entities)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Labor:				
Does the private sector entity have a policy and a monitoring system to ensure fair labor practices ²⁸ at its operations ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system adequately ensure equal opportunity to all employees and applicants regardless of ethnic origin, color, age, gender, sexual orientation, religion, marital status?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		

²² The private sector entity does not have to have a positive answer to all these questions, especially SMEs and even larger domestically oriented private sector entities may not have all the different policies and systems in place.

²³ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

²⁴ Provide exactly what line from the document was used to provide the responses

²⁵ An example of a [framework specifically designed for human rights](#)

²⁶ Useful resources can be found at [ILO website](#)

²⁷ Useful resources can be found at [Global Compact website](#)

²⁸ International Labor Standards provide a framework for fair labor practices. The fundamental conventions include: Freedom of Association and Protection of the Right to Organise Convention, 1948; Right to Organise and Collective Bargaining Convention, 1949; Forced Labour Convention, 1930; Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999; Equal Remuneration Convention, 1951; and Discrimination (Employment and Occupation) Convention, 1958. ([ILO](#))

Does the private sector entity have a policy and a monitoring system that seeks to promote fair labor practices in its interactions with suppliers and business partners ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system ensure freedom of association and the right to collective bargaining ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system ensure the elimination of forced or compulsory labor ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the policy and monitoring system ensure the elimination of child labor ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Environment:				
Does the private sector entity have a policy and a monitoring system to minimize environmental damage at its operations ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have a policy and a monitoring system which it applies to working with suppliers to improve environmental performance, extending responsibility down the supply chain ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have a policy and a monitoring system to reduce emissions (emissions to air, waste and effluents)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have a policy and a monitoring system to ensure that natural resources are used in a sustainable manner?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity take action to reduce energy consumption ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity prevent, minimize and remedy significant impacts on biodiversity ?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Does the private sector entity have emergency procedures in place to prevent and address industrial accidents affecting the environment and human health effectively?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Good governance:				
Does the private sector entity have a policy and a monitoring system stating that it will not engage in corruption at any time or in any form in its interaction with suppliers, intermediaries, governments and business partners?	<input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> Not known		
Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i>				

Conclusion

Is the private sector entity's commitment to ESG appropriate **in relation** to its exposure to risks? In principle, most answers would be expected to be positive for multinationals. For smaller and domestically oriented private sector entities more flexibility can be applied.

<input type="checkbox"/> Yes ⇒ Continue risk assessment.	<input checked="" type="checkbox"/> No or not known / exception ⇒ Log any resultant risks in the risk matrix. Provide information on the mitigating controls (how the private sector entity will address any significant gaps in its ESG commitment) to document that the residual risk level is within UNCDF's risk appetite, or document justification as to why the residual risk is worth accepting and the partnership worth pursuing in comments box below. ⇒ Explain in the comment box below why you believe that the private sector entity is willing and able to address significant gaps. ⇒ Continue risk assessment.	<input type="checkbox"/> No or not known ⇒ Refrain from engaging.
<p>If the residual risk level is above the risk appetite threshold, even with mitigating measures, explain why the partnership should still be pursued.</p>		

5 c) Partnership Risks			REFERENCE DOCUMENT ²⁹	LINE ITEM IN THE DOCUMENT ³⁰
<p>UNCDF must maintain impartiality and accountability to all of its private and public stakeholders. UNCDF's engagement with the private sector must therefore allow UNCDF to remain unbiased, while supporting its overall goals and objectives. Similarly, the agreed partnership must not in any way compromise the integrity and independence of UNCDF or that of the parties involved.</p> <p>Evaluate market risks and select applicable statements below:</p>				
Impartiality UNCDF will not – and will not be perceived to – give any unfair advantage to one or more businesses within an industry, sector or market, neither is it perceived to have endorsed a particular business, product or service.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		
No market distortion The partnership will not have negative unintended consequences by distorting a market by giving one business or group of businesses an unfair advantage and/or by crowding out other economic actors.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		
Non-exclusivity UNCDF will not enter in an exclusive relationship with a private sector entity that would exclude UNCDF from working with another private sector entity from the same sector.	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		

²⁹ Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

³⁰ Provide exactly what line from the document was used to provide the responses

<p>Reasonable benefit</p> <p>The benefit to the private sector entity from the collaboration will not be disproportionately high compared to the public benefits or benefits to UNCDF.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		
<p>Non-dependency in procurement / No conflict of interest</p> <p>The private sector entity has been informed that partnering with UNCDF will not provide preferential treatment in procurement process.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		
<p>Political Risks³¹</p> <p>It is unlikely that any potential political risks would arise during the partnership.</p>	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known		
<p>Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i></p>				

5 d) Partnership Benefits				
<p>The balance between expected risks and expected benefits must be in line with the risk tolerance of UNCDF. UNCDF may generally be willing to bear higher risks if the benefits of the partnership clearly outweigh the risks.</p> <p>Select applicable statements below:</p>				
	REFERENCE DOCUMENT ³²	LINE ITEM IN THE DOCUMENT ³³		
There are significant potential gains in terms of achieving one or more of UNCDF's strategic priorities within the UNCDF Strategic Plan and Private Sector Strategy.			<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The private sector entity is among the most suitable partners available in the country context.			<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
There is considerable potential for long-term engagement with the private sector entity, in which resources are contributed on a significant scale, and there may be a significant outcome in terms of human development.			<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership is likely to create immediate results in the well-being of communities that are facing high rates of poverty and a low human development.			<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership will create wider awareness of, and support for, UNCDF and its causes from positive exposure and publicity surrounding the collaboration.			<input type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known
The partnership allows access to new innovations for development.			<input type="checkbox"/> Correct <input type="checkbox"/> Not relevant	<input type="checkbox"/> Incorrect <input type="checkbox"/> Not known

³¹ Political risks include the consequences and likelihood of changes in government. Special attention should be given to countries under United Nations sanctions. Political risks also include the risk of having the government withdraw support for the partnership or UNCDF engaging in close partnership with an actor that is seen as business arm of the political elite.

³² Pls cite what annex/document title was used to provide the responses, and make sure that they are attached along with this document and properly labelled.

³³ Provide exactly what line from the document was used to provide the responses

Other (specify):	<input type="checkbox"/> Correct	<input type="checkbox"/> Incorrect	<input type="checkbox"/> Not known		
Comments: <i>(Please describe how the information leading to the comment provided here was obtained)</i>					

Conclusion		
<input checked="" type="checkbox"/> ● All “Correct” boxes ticked under Market risks and Political risks. The risk-benefit analysis indicates that the partnership is worth pursuing. ⇒ Go to step 5 “Make a decision”.	<input type="checkbox"/> ● One or more “Incorrect” or “Not known” boxes ticked under step Market risks and Political risks, but they are clearly outweighed by the “Yes” boxes ticked under step Benefits. The risk-benefit analysis indicates that the partnership is worth pursuing. ⇒ Record your reasoning in the comment box below. ⇒ Go to step 6 ‘Conduct Quality Assurance’.	<input type="checkbox"/> ● One or more “Incorrect” or “Not known” boxes ticked under step Market risks and Political risks and they are <i>not</i> sufficiently outweighed by benefits. ⇒ Refrain from engaging.
If the residual risk level is above the risk appetite threshold, even with mitigating measures, explain why the partnership should still be pursued		

Step 6: Conduct Quality Assurance

In order to ensure that due diligence is conducted in a consistent and high-quality manner, and that the risk of entering into unsuitable partnerships is managed in accordance with UNCDF's risk appetite statement, UNCDF operates a quality assurance mechanism over the private sector partnership due diligence process. The table below shows who delivers this advice and performs this quality assurance.

Recommendation by Quality Assurance Body
<input type="checkbox"/> Approve <input type="checkbox"/> without or <input type="checkbox"/> with conditions (see below).
<input type="checkbox"/> Escalate the Risk Assessment Tool, including your conclusions, to the next higher level.
<input type="checkbox"/> Refrain from engaging.
Rationale for the recommendation:
QA actions:

If weaknesses are identified during the review of a due diligence process, a QA plan of action will be designed based on the nature of the weaknesses. This could involve training or further QA activity. The frequency of reviews will be determined by the results of previous assessments.

Step 7: Make a Decision

Make a decision as to whether or not UNCDF should engage in the partnership. Some partnerships may be considered worth pursuing given certain conditions. These conditions should be defined at this stage, and should be communicated to and accepted by the private sector entity. These should be captured in the entity risk register and monitored according to the level of the risk (see Guidance for details on frequency). Any resultant increase in risk arising from non-compliance should be reflected in the risk register. Use the box below to set out your proposal as to whether or not UNCDF should engage in the partnership, including the conditions, if applicable. Remember that it is essential that there is separation between the staff who are directly involved in developing the relationship and making a recommendation as to whether or not to proceed.

Once the suggested decision has been documented by the initiating unit, the Risk Assessment Tool and Risk Register is escalated to the decision maker. The decision-maker is determined by the risk level identified in the entity Risk Register – see below and in the accompanying Guidance to determine who the decision maker should be.

TABLE: Decision making responsibilities

Level of Risk	Explanation of risk level	Level of Decision Making	Explanatory notes
<u>Low risk</u>			
<u>Moderate Risk</u>			
<u>Substantial Risk</u>			
<u>High Risk</u>			

Decision by approving authority (see Guidance for details and above on who the decision maker should be)
Risk level (Low, Moderate, Substantial, High):
Decision maker:
<input type="checkbox"/> Approve <input type="checkbox"/> without or <input type="checkbox"/> with conditions (see below). <input type="checkbox"/> Refrain from engaging.
Rationale for the decision:
Conditions:

Reviewed by :	Cleared by :	Approved by :

Step 8: AML/CFT Self Certification; Monitoring Plan; and Communication Materials

The Entity Relationship Manager should secure the signing of the AML/CFT Self Certification before proceeding with the formalization of the partnership. The [AML/CFT self-certification](#) will be submitted, confirming the entity has provided complete and accurate information, the entity is not subject to any sanctions, will comply with applicable laws and regulations to fight money laundering and terrorism financing; and that they will promptly inform UNCDF of any breaches to the certification.

Has the standard AML/CFT Self Certification template been completed?	
<input type="checkbox"/> Yes ⇒ The standard Self Certification template has been signed and submitted. ⇒ Attach/ upload	<input type="checkbox"/> No ⇒ There is a concern with respect to the submitted self-certification form (concerns may include incomplete self-certification, modifications or omissions made on the form, etc.) or not submitted yet.
Comments:	

The Entity Relationship Manager should conduct quarterly monitoring of the entity specific risk register: This will include:

- scanning publicly available information and informal intelligence systems for new controversies surrounding the private sector entity or its industry.
- reviewing the risks documented in the entity specific risk register to determine if the risk levels remain the same.
- reviewing the risk treatments documented in the risk register to determine if actions have been taken as expected. This will include an assessment of whether or not the private sector entity is meeting the conditions (if any) defined in step 5 above. Any significant new issues or changes to risk levels should be documented in the entity's risk register.

The Project Manager can be supported in the monitoring activities by the Regional Bureau or HQ, especially in difficult cases.

Has a monitoring plan been defined?	
<input type="checkbox"/> Yes ⇒ Attach the monitoring plan to this document or explain in the comment box below where it can be found.	<input type="checkbox"/> No ⇒ Explain in the comment box below why a monitoring plan has not been defined.
Frequency of monitoring (annually, six-monthly, quarterly):	
Comments:	

Have the needed communications materials been drawn up?	
<input type="checkbox"/> Yes ⇒ Attach the communications materials to this document or explain in the comment box below where they can be found.	<input type="checkbox"/> No ⇒ Explain in the comment box below why communications materials have not been drawn up.
Comments:	