



# Global Environment Facility

GEF/C.33/Inf.6

March 25, 2008

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GEF Council  
April 22-25, 2008

## REPORT ON THE COMPLIANCE OF THE GEF AGENCIES ON THE IMPLEMENTATION OF THE RECOMMENDED MINIMUM FIDUCIARY STANDARDS

## BACKGROUND

1. In August 2005, the Council requested that the Trustee develops in consultation with the GEF Agencies, policy proposals on strengthened accountability of the Agencies, in the implementation of GEF projects, with due attention to issues of economy and efficiency.
2. The proposals were to specify minimum fiduciary standards consistent with international best practice, for, among other things: independent oversight, audit, evaluation and investigation functions; external financial audit; financial management and control frameworks; project appraisal standards; environmental assessments and other safeguard measures; monitoring and project-at-risk systems; procurement; financial disclosure; hotline and whistleblower protection and code of ethics.
3. In June 2007, the Council reviewed a proposal by the Trustee, GEF/C.31/6, *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies*, and requested the GEF Agencies to implement the recommended standards or equivalent procedures or policies, or to have in place a monitorable program that includes a specific target date for implementation, within one year<sup>1</sup>
4. In addition, the Council requested each of the Agencies to present a report to the GEF Secretariat on their compliance with the fiduciary standards and, as necessary, on plans to remedy any shortfalls, for consolidation as an information document for submission at the April 2008 Council meeting.
5. This issue will be an Agenda item in the April 2008 Council meeting. Council will then determine if further action is appropriate.
6. In addition, Council agreed to review the fiduciary standards every four years in recognition of the evolving nature of international practices. In light of this, the next review of the standards will be in April 2012.
7. The Agencies' reports are based on a matrix template that was designed by the Trustee in consultation with the Agencies. This Standards and Practices Review Template has captured all the core areas identified by the Council in August 2005 as outlined below:

### **Audit, Financial management and control framework**

- external audit
- financial management and control framework
- financial disclosure
- code of ethics
- internal audit

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<sup>1</sup> Joint summary of the Chairs June 12-15, 2007 Agenda item 12 – '*Proposed Policy on Fiduciary Standards and Financial Accountability*'.

## **Project Activity Processes and Oversight**

- project appraisal standards, including safeguard measures, as appropriate
- procurement processes
- monitoring and project-at-risk systems
- evaluation function

## **Investigations**

- investigations function
- hotline and whistleblower protection

8. The Standards and Practices reports by the GEF Agencies on their compliance with the recommended minimum fiduciary standards are presented as annexes to this document, and posted on the GEF website.

Annex 1.	Asian Development Bank (ADB)
Annex 2.	African Development Bank (AfDB)
Annex 3.	European Bank for Reconstruction and Development (EBRD)
Annex 4.	Food and Agriculture Organization (FAO)
Annex 5	Inter-American Development Bank (IADB)
Annex 6	International Bank for Reconstruction and Development (IBRD)
Annex 7	International Fund for Agricultural Development (IFAD)
Annex 8	United Nations Development Bank (UNDP)
Annex 9	United Nations Environment Program (UNEP)
Annex 10.	United Nations Industrial Development Organization (UNIDO)