

GEF Council meeting

June 5 – 7, 2012

Washington, D.C.

Agency Progress on Meeting the GEF Fiduciary Standards

Background

1. In June 2007, the GEF Council approved a set of minimum fiduciary standards recommended by the Trustee, as presented in Council document GEF/C.31/6, *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies*.¹ Following initial self assessment reports by the Agencies, the Council requested the Secretariat in April 2008 to contract a Consultant (“the Consultant”) to draft a comparative analysis and assess whether the Agencies met the minimum fiduciary standards. Those Agencies not meeting the standards were also obligated to develop time-bound action plans to meet the standards.

2. Based on the Consultant’s analysis and recommendations, in June 2009 the Council requested each GEF Agency that had not fully met the minimum fiduciary standards to implement its agreed action plan to meet the standards. The Council also asked these agencies to provide information annually on the progress made in implementing the plans. (See Council document GEF/C35.5, *Compliance of the GEF Agencies on the Implementation of Minimum Fiduciary Standards*).²

3. As reported in Council document GEF/C.38./10, *Agency Progress on Meeting GEF’s Minimum Fiduciary Standards* and Council document GEF/C.39/Inf.4, *Agency Progress on Meeting GEF’s Minimum Fiduciary Standards*, the Secretariat had assessed six agencies as meeting or having come into full compliance with all of the GEF’s fiduciary standards. They are: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IADB) and the International Fund for Agricultural Development (IFAD), and the World Bank.

4. As reported in Council document GEF/C.40/Inf.10, *Agency Progress on Meeting GEF’s Minimum Fiduciary Standards*, four Agencies still had outstanding actions that they needed to undertake in order to come into full compliance with the GEF Fiduciary Standards. They are: the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the United Nations Industrial Development Programme (UNIDO). This paper updates Council on the status of Agencies in implementing their action plans for coming into compliance the GEF Fiduciary Standards. Based on evidence presented, the Secretariat believes that UNDP has come into compliance with all fiduciary standards. The other three Agencies continue to make progress in meeting the fiduciary standards according to their action plans.

¹ <http://www.thegef.org/council-meeting-documents/recommended-minimum-fiduciary-standards-gef-implementing-and-executing>

² <http://www.thegef.org/council-meeting-documents/status-gef-agencies-respect-minimum-fiduciary-standards>

I. Agency Progress on Meeting the GEF Fiduciary Standards

Food and Agriculture Organization

5. FAO reports that steady progress is being made on compliance with the minimum fiduciary standards on external financial audit, its internal control framework, and financial disclosure.

6. External Financial Audit: FAO is following a synergistic program to implement International Public Sector Accounting Standards (IPSAS) and upgrade systems and processes at its decentralized offices in parallel with an upgrade of the Organization's Oracle based Enterprise Resource Planning system (ERP) to Release 12. This program has made significant progress. The timetable to implement the updated Release 12 system to HQ and the Regional Offices by November 2012 and replace the legacy accounting system at other decentralized offices with the new Oracle standard functionality by mid-2013 is on track. The plan remains on schedule therefore to have fully IPSAS compliant systems and processes operating in all FAO locations by the end of 2013.

7. As a significant number of transitional solutions and manual workarounds would be required to produce IPSAS opening balances at 1 January 2013 and convert the legacy system accounting transactions pending deployment of the new IPSAS compliant field system and processes during 2013, implementation and deployment of the new system and processes at all locations is being prioritized, with the first IPSAS compliant financial statements now scheduled to be prepared for the calendar year 2014. In this way, the major benefits of IPSAS compliance – the recording, monitoring and control of IPSAS compliant transactions – will be delivered in 2013 with the preparation of formal IPSAS compliant financial statements being deferred by one year to permit IPSAS compliant opening balances and transactions to be fully generated from the new processes, thereby reducing audit risk. The strengthening of internal control systems and improved fiduciary accountability connected to the implementation of IPSAS will be achieved as planned in 2013. Audits of the FAO-GEF fund statement will be annual starting from 2012, as foreseen in the FPA.

8. Financial Management & Control Framework: With respect to this standard, FAO's plan to introduce an internally-led organization-wide approach to enterprise risk management is advancing well. Pilots for the inclusion of ERM in the Results Based Management Strategic Framework have been completed, and a generic ERM risk assessment process has been established for internal strategic and operational planning. Procedures for a generic ERM model, ERM in field projects and ERM in business improvement projects are well advanced. The field program manual has been revised and is being issued, inter alia, to integrate risk management in extra-budgetary funded projects. The ERM project is now scheduled to be completed by end 2013.

9. Financial Disclosure: A pilot phase to obtain financial disclosures from senior staff and from staff in sensitive positions was implemented in the second half of 2011. On the basis of the lessons obtained from the pilot phase, the Organization will have in place, by 1 June 2012, a financial disclosure policy covering 1) all staff of D-1 and above; 2) staff involved in procurement, evaluation, investments and auditing, and 3) FAO Representatives. By the end of June 2012, the Organization will publish an Administrative Circular to put the formal policy and

its procedures into effect. The policy will provide definitions of ‘conflict of interest’, and will involve the review, by an external party, of financial disclosure statements, which are submitted by the target group on an annual basis.

United Nations Development Programme

10. The UNDP reports that as of January 2012, it had met the goal of full implementation of the GEF standard on external financial audit through the full adoption of IPSAS.

United Nations Environment Programme

11. UNEP prepares its financial statements in accordance with United Nations System Accounting Standards (UNSAS), which are internationally recognized, but the GEF standard requires that Agency financial statements be prepared according to Generally Accepted Accounting Principles (GAAP), such as IPSAS, that are accepted in major capital markets for listed companies. As agreed, UNEP has put in place a plan for meeting the intent of IPSAS accounting standards by 2012 for UNEP/GEF operations and has made considerable progress.

12. An inter-agency task team was established in 2011 between UNON, UNEP and UN-Habitat and has been working closely with the UN HQ IPSAS Implementation Team towards full IPSAS compliance by the UN Secretariat, of which UNEP is a department, commencing with the financial statements for the year ending 31 December 2014, in accordance with the decision taken by the UN General Assembly. Until 2014, the audited financial statements of UN Secretariat entities, including annual audits, are required to be prepared in accordance with United Nations System Accounting Standards (UNSAS). In regards to UNEP/GEF operations, substantial progress has been made in correctly interpreting the UN IPSAS policy framework for IPSAS 9 and IPSAS 23 on exchange and non-exchange revenues that will be applied to GEF project grants and fees, IPSAS 17 on property plant and equipment, and the accounting requirements for contracts with external project executing partners under IPSAS 1 on presentation of financial statements. As preparation for adoption of these standards, considerable progress has already been made on data collection, reconciliation, and analysis.

13. In accordance with the UN HQ IPSAS Implementation Team’s roadmap, UNEP will prepare a model/trial financial statement as at 30 September 2012 which incorporates the various trust funds that UNEP operates to manage GEF finances.

United Nations Industrial Development Organization

14. Financial Management & Control Framework: UNIDO has continued efforts towards institutionalizing risk management at all levels under its ongoing Programme for Change and Organizational Renewal (PCOR). Following the identification of top risks and opportunities in late 2009, and the identification of risks for each stage of the project cycle during the business process reengineering exercise in 2010, risk management is now systematically embedded in the ongoing implementation of an SAP system (SAP is a world leading provider of business management and enterprise resource planning software solutions, based in Germany).

15. In 2011, workshops were held at the strategic and operational/project management level to re-define the top risks for UNIDO at various levels. Furthermore, risk management functionalities are included in the different modules of the SAP system. As such, the portfolio and project management (PPM) module of the SAP system for technical cooperation activities, which was rolled out in January 2012, allows for the systematic capturing, assessment, and management of risks during all stages of the project management cycle. Risk management requirements will continue to be included in the other modules (such as human capital management, procurement, finance, travel, etc.) to ensure organization-wide risk management at all levels. In addition, the new system will provide a number of tailored monitoring and reporting tools, including specific dashboards for managers at various levels, which will enable managers to better monitor risks and take mitigating actions.

16. More details on the ongoing Programme for Change and Organizational Renewal (PCOR) can be obtained from www.unido.org/changemanagement , as well as from attached official document ref: GC.14/CRP.5 of 25 November 2011.

Annex A: Implementation Tracker – GEF Fiduciary Standards (May 11, 2012)

Agency	Core Area	#	Standard	Outstanding Items	Management Response - 2008 Comments	Implementation steps undertaken as 1 May 2012	Timeline
FAO	External Financial Audit	A.1c.	Financial statements are prepared in accordance with recognized accounting standards such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.	The Agency has adopted the United Nations System Accounting Standards which are partially based on International Accounting Standards (IAS); however, these accounting standards are not accepted in major capital markets for listed companies. In an effort to adopt recognized accounting standards, the United Nations which includes FAO will transition to the IPSAS effective 1 January 2010 and will fully implement the IPSAS accounting standards by January 2012. Therefore, it appears that the agency has a monitorable action plan in place to become fully compliant with the standard.	With respect to the requirement for annual, audited financial statements prepared in accordance with internationally recognised accounting standards, as noted in the analysis, FAO is planning for full implementation of IPSAS by January 2012. This will fully satisfy these two standards.	FAO is making progress in implementing International Public Sector Accounting Standards (IPSAS) and upgrade systems and processes at its decentralized offices in parallel with an upgrade of the Organization's Oracle based Enterprise Resource Planning system (ERP) to Release 12. The timetable to replace the legacy accounting system at other decentralized offices with the new Oracle standard functionality by mid-2013 is on track. The plan remains on schedule therefore to have fully IPSAS compliant systems and processes operating in all FAO locations by the end of 2013. Implementation and deployment of new systems and processes at all locations is being prioritized. The first IPSAS compliant financial statements are now scheduled to be prepared for calendar year 2014. The major benefits of IPSAS compliance will be delivered in 2013 with the preparation of formal IPSAS compliant financial statements being deferred by one year to permit IPSAS compliant opening balances and transactions to be fully generated from the new processes, thereby reducing audit risk.	Dec-13

FAO	External Financial Audit	A.1d.	The internal controls over financial reporting cover the use of GEF funds, and Management asserts to the agency governing body that these internal controls are adequate.	FAO's Basic Texts and Self Assessment indicate that the Director General is responsible for maintaining internal financial controls and current standard processes. As such, it appears that internal controls over financial reporting are in place and cover GEF funds. However, management assertions over financial controls are not conducted.	A.1.d, A.2.b and A.2.c. The review has concluded that FAO is partially compliant with the standards related to an all-encompassing formal internal control framework, such as COSO, including annual risk assessment and management assertion on adequacy of internal controls. The assessment notes that while FAO has procedures in place which indicate the existence of a control environment, internal control activities and monitoring procedures, and has processes in place for risk assessment, there is no consolidated internal control framework. In this regard, it should be noted that the implementation of a formal internal control framework such as COSO is a costly exercise, which would require additional funding and approval from the Governing Bodies.	The strengthening of internal control systems and improved fiduciary accountability connected to the implementation of IPSAS will be achieved as planned in 2013. FAO further confirms that audits of the FAO GEF fund statement will be annual starting from 2012, as foreseen in the FPA.	Dec-13
FAO	External Financial Audit	A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.	It appears that there is an audit opinion on the financial statements issued by the Board of Auditors (external auditor) and made public. However, the audit opinion is done on a biennium basis rather than on an annual basis as prescribed in the standard. Based on information provided, it does appear that with the adoption of the International Public Sector Accounting Standards	With respect to the requirement for annual, audited financial statements prepared in accordance with internationally recognised accounting standards, as noted in the analysis, FAO is planning for full implementation of IPSAS by January 2012. This will fully satisfy these two standards.	See update under A.1.c	Dec-13

				(IPSAS) effective 1 January 2010 and fully implemented by January 2012 that the Agency's external auditor would issue an annual audit opinion. Therefore, it appears that the agency has a monitorable action plan in place to meet the standard.			
FAO	Financial Management & Control Frameworks	A.2b.	The control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing.	<p>It appears that the Agency has procedures in place indicating that a control environment and monitoring procedures exist. Additionally, policies and systems exist that facilitate information sharing and other discreet internal control activities. Further, a process is in place for strengthening their risk assessment approach.</p> <p>However, the Self Assessment notes that the Agency does not currently have a consolidated control framework which addresses all required elements.</p>	<p>A.1.d, A.2.b and A.2.c. The review has concluded that FAO is partially compliant with the standards related to an all-encompassing formal internal control framework, such as COSO, including annual risk assessment and management assertion on adequacy of internal controls.</p> <p>The assessment notes that while FAO has procedures in place which indicate the existence of a control environment, internal control activities and monitoring procedures, and has processes in place for risk assessment, there is no consolidated internal control framework. In this regard, it should be noted that the implementation of a formal internal control framework such as COSO is a costly exercise, which would require additional funding and approval from the Governing Bodies.</p>	<p>With respect to an internal control framework, FAO’s plan to introduce an internally-led organization-wide approach to enterprise risk management is advancing well. Pilots for the inclusion of ERM in the Results Based Management Strategic Framework have been completed, and a generic ERM risk assessment process has been established for the internal strategic and operational planning. Procedures for a generic ERM model, ERM in field projects and ERM in business improvement projects are well advanced. The field program manual has been revised and is being issued to integrate risk in extra-budgetary funded projects. The ERM project is now scheduled to be completed by end 2013.</p>	Dec-13

FAO	Financial Management & Control Frameworks	A.2d.	At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent.	While ad hoc processes exist, it appears that the Agency does not have a formal risk assessment process. However, the Agency is in the process of developing and conducting a risk assessment with the assistance of a third party. It appears that the Agency is currently not in compliance with the standard but has an action plan in place to achieve compliance.	A.1.d, A.2.b and A.2.c. The review has concluded that FAO is partially compliant with the standards related to an all-encompassing formal internal control framework, such as COSO, including annual risk assessment and management assertion on adequacy of internal controls. The assessment notes that while FAO has procedures in place which indicate the existence of a control environment, internal control activities and monitoring procedures, and has processes in place for risk assessment, there is no consolidated internal control framework. In this regard, it should be noted that the implementation of a formal internal control framework such as COSO is a costly exercise, which would require additional funding and approval from the Governing Bodies.	See update under A.2.b	Dec-13
FAO	Financial Disclosure	A.3a.	A documented financial disclosure policy covering identified parties defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.	The FAO Council approved an amendment to the FAO Staff Regulations regarding the disclosure of financial interests. However, the approved updates to the Staff Regulations do not contain specific definitions of conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts as outlined within the standard.	The assessment flags the absence of specific definitions of conflicts of interest. FAO notes that the implementation of Staff Regulations 301.1.10 and 11 will be among the primary tasks of the Ethics Officer who is expected to be appointed by July 2009. This would include the refinement of definitions that may be required for the full implementation of the staff regulations in reference, as well as measures and requirements to resolve conflicts of interests that have	A pilot phase to obtain financial disclosures from senior staff and from staff in sensitive positions was implemented in the second half of 2011. On the basis of the lessons obtained from the pilot phase, the Organization will have in place, by 1 June 2012, a financial disclosure policy covering 1) all staff of D-1 and above; 2) staff involved in procurement, evaluation, investments and auditing, and 3) FAO Representatives. By the end of June 2012, the Organization will publish an Administrative Circular to put the formal policy and its procedures into effect. The policy will provide definitions of 'conflict of interest', and will involve the review, by an external party, of financial disclosure statements, which are	Jun-12

					been established. In addition, the Ethics Officer may consider applying existing definitions contained in the Standards of Conduct for the International Civil Service (paras 21 and 22).	submitted by the target group on an annual basis.	
FAO	Financial Disclosure	A.3b.	<p>The policy specifies who is required to adhere to the standards, including employees, employee family members, consultants, or independent experts at a management decision making level with the following responsibilities:</p> <ul style="list-style-type: none"> • Contracting or procurement; • Developing, administering, managing, or monitoring loans, grants, programs, projects, subsidies, or other financial or operational benefits provided by the bank; and • Evaluating or auditing any project, program or entity. 	<p>The FAO Council approved an amendment to the FAO Staff Rules regarding the disclosure of financial interests. However, the approved updates to the Staff Regulations do not contain specific information concerning consultants or independent experts at a management decision making level with the responsibilities listed in the standard. Additionally, it appears that disclosure of financial interest is not extended to all employees.</p>	<p>As noted, disclosure requirements are not limited to staff members of D-1 and above. Staff Regulation 301.1.11 is specific in stating that: "The Director-General may require other staff to file financial disclosure statements as he deems necessary in the interest of the Organization." Indeed, it is fully intended that the financial disclosure requirement be applied to any staff member or consultant who operate in sensitive positions, including procurement and the investment of assets of the Organization. It is true that not all staff members will be required to disclose financial interest; this is what the FAO Council referred to as "a pragmatic approach", and is, in fact, not necessary as not all staff members are in a position to unduly influence decisions of the Organization.</p> <p>FAO further notes that the disclosure requirement can be applied at any time to consultants if deemed necessary and in accordance with</p>	See update under A.3.a	Jun-12

					applicable policies. This may include a disclosure requirement for consultants in potentially sensitive positions.		
FAO	Financial Disclosure	A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.	The FAO Council approved an amendment to the FAO Staff Rules regarding the disclosure of financial interests. The amendment indicates that staff members above D-1 may be required to file financial disclosure statements on appointment and at intervals thereafter. However, the Staff Regulations do not indicate the methods by which employees will be able to file financial disclosure statements.	Please see under A.3 a; the methods to disclose financial interests will be addressed on a priority basis in the context of the implementation of the relevant Staff Regulations by the Ethics Officer. The Ethics Officer is expected to commence duties in July 2009.	See update under A.3.a	Jun-12
FAO	Financial Disclosure	A.3f.	The policy establishes processes for the administration and review of financial disclosure interests of the defined parties, as well as resolution of identified conflicts of interests, under an independent monitoring/administratio n function.	The FAO Council approved an amendment to the FAO Staff Regulations regarding the disclosure of financial interests. However, the Staff Regulations do not establish processes for the administration and review of financial disclosure interests of the defined parties, as well as resolution of identified conflicts of interests, under an independent monitoring/administration function as outlined in the standard.	The administration and review of financial disclosures, as well as the resolution of established conflicts of interests will be addressed in the context of the implementation of the relevant Staff Regulations by the Ethics Officer. In addition to the appointment of an Ethics Officer, the Immediate Plan of Action for FAO Renewal (IPA) approved by the 35th (special) Session of the FAO Conference in November of 2008 foresees the establishment of an Ethics Committee during 2009, which will report directly to the Director-General and the Governing Bodies from 2010 onwards. As such, the ethics	See update under A.3.a	Jun-12

					framework of the Organization enjoys the autonomy that is required by the standard.		
UNDP	External Financial Audit	A.1c.	Financial statements are prepared in accordance with recognized accounting standards such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.	The Agency has adopted the United Nations System Accounting Standards which are partially based on International Accounting Standards (IAS); however, these accounting standards are not accepted in major capital markets for listed companies. In an effort to adopt recognized accounting standards, the United Nations, which includes UNDP, will transition to the IPSAS effective 1 January 2010 and will fully implement the IPSAS accounting standards by January 2012. It appears that the agency has a monitorable action plan in place to become fully compliant with the standard.	<p>UNDP, like the other UN system Organizations adopts the United Nations Accounting Standards (UNSAS). As clarified in the UNSAS document (a copy could be made available as required), primary objective of the standards [UNSAS] is to provide a framework for accounting and financial reporting in the United Nations system which reflects generally accepted accounting principles, while taking account of the specific characteristics and needs of the system.</p> <p>In response to General Assembly Resolution 60/283, UNDP has started the process of preparing the organization for the full adoption of the International Public Sector Accounting Standards (IPSAS) by 2012. This included the review and harmonization of accounting standards across the UN systems, a UNDP wide impact assessment exercise to identify staffing and competency gaps, the development of</p>	UNDP reports that it has fully implemented IPSAS as of January 2012.	Completed

					<p>communication plan to prepare all stakeholders, donors, management, managers, staff on the changes that IPSAS would bring. The underlying ERP system is being prepared to support the roll out of IPSAS.</p>		
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UNDP	External Financial Audit	A.1.e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.	<p>It appears that there is an audit opinion on the financial statements issued by the Board of Auditors (external auditor) and made public. Furthermore, per the Agency's response to the Exit Meeting, the Agency's management "reports annually to the Executive Board on the status of the audit implementation." However, the audit opinion is issued and made public on a biennium basis rather than on an annual basis as prescribed by the standard. Based on information provided, it appears that with the adoption of the International Public Sector Accounting Standards (IPSAS) effective 1 January 2010, and fully implemented by January 2012, the Agency's external auditor would issue an annual audit opinion. It appears that the agency has a monitorable action plan in place to meet the standard.</p>	<p>UNDP wishes to clarify that our external auditors (United Nations Board of Auditors) conducts annual audit of the GEF financial statements and issues audit opinion annually. The audit report and its audit opinion are available to the Council. As a practice, the results of the GEF audit are also included in the Biennium Audit Report issued by the UNBOA. A copy of the recent GEF audit opinion is attached for ease of reference. At the UNDP level, the United Nations Board of Auditors issues its audit opinion of the financial statement on a biennia basis. Their report and audit opinions are General Assembly documents and are accessible by the public on the GA website. These documents including the management response are also available on the website of the UNDP Executive Board Secretariat. When International Public Sector Accounting Standards (IPSAS) is fully adopted by 2012, audit opinion is expected to be issued by the UN Board of Auditors on an annual basis together with the annual financial statements.</p>	See update under A.1.c	Completed
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UNEP	External Financial Audit	A.1c.	Financial statements are prepared in accordance with recognized accounting standards such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.	The Agency has adopted the United Nations System Accounting Standards which are partially based on International Accounting Standards (IAS); however, these accounting standards are not accepted in major capital markets for listed companies. In an effort to adopt recognized accounting standards, the United Nations, which includes UNEP, will transition to the IPSAS effective 1 January 2010 and will fully implement the IPSAS accounting standards by January 2012. It appears that the agency has a monitorable action plan in place to become fully compliant with the standard.	As noted by the consultants, UNEP's financial statements are presently prepared in accordance with United Nations System Accounting Standards. The United Nations, including UNEP, is in the process of adopting International Public Sector Accounting Standards (IPSAS) with compliance expected by 2012 according to the UN Secretariat timetable	<p>UNEP has put in place a plan for implementing IPSAS accounting standards for UNEP GEF operations. An inter-agency task team was established in 2011 between UNON, UNEP and UN-Habitat and has been working closely with the UN HQ IPSAS Implementation Team towards full IPSAS compliance by the UN Secretariat, of which UNEP is a department, commencing with the financial statements for the year ending 31 December 2014, in accordance with the decision taken by the UN General Assembly. Until 2014, the audited financial statements of the UN Secretariat entities, including annual audits, are required to be prepared in accordance with United Nations System Accounting Standards (UNSAS). In regards to the UNEP/GEF operations, substantial progress has been made in correctly interpreting the UN IPSAS policy framework for IPSAS 9 and IPSAS 23 on exchange and non-exchange revenues that will be applied to GEF project grants and fees, IPSAS 17 on property plant and equipment, and the accounting requirements for contracts with external project executing partners under IPSAS 1 on presentation of financial statements. As preparation for adoption of these standards, considerable progress has already been made on data collection, reconciliation and analysis.</p> <p>In accordance with the UN HQ IPSAS Implementation Team's roadmap, UNEP will prepare a model/trial financial statement as at 30 September 2012 which incorporates the various trust funds that UNEP operates to manage GEF finances.</p>	Dec – 12 for UNEP – GEF operations
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UNIDO	Financial Management & Control Frameworks	A.2b.	The control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing.		These standards requiring process changes are currently being reviewed and discussed under the initiative of Change Management. The UNIDO Director-General is leading this exercise and the progress will be dependent on available resources in the coming biennium for which the Governing Body (Programme and Budget Committee) has been approached	<p>UNIDO continues efforts towards institutionalizing risk management at all levels under its ongoing Programme for Change and Organizational Renewal (PCOR). Risk management is now systematically embedded in the ongoing implementation of an SAP system.</p> <p>In 2011, workshops were held at the strategic and operational/project management level to re-define the top risks for UNIDO at various levels. Furthermore, risk management functionalities are included in the different modules of the SAP system. As such, the portfolio and project management (PPM) module of the SAP system for technical cooperation activities, which was rolled out in January 2012, allows for the systematic capturing, assessment and management of risks during all stages of the project management cycle. Risk management requirements will continue to be included in the other modules (such as human capital management, procurement, finance, travel, etc.) to ensure organization-wide risk management at all levels. In addition, the new system will provide a number of tailored monitoring and reporting tools, including specific dashboards for managers at various levels, which will enable managers to better monitor risks and take mitigating actions.</p>	Jan-13
UNIDO	Financial Management & Control Frameworks	A.2d.	At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of	It appears that UNIDO does not currently have a formalized institutional level risk assessment process in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. However, a monitorable action plan has	These standards requiring process changes are currently being reviewed and discussed under the initiative of Change Management. The UNIDO Director-General is leading this exercise and the progress will be dependent on available resources in the coming biennium for which the	See update under A.2.b	Jan-13

			action are in place for addressing risks that are deemed significant or frequent.	been established to achieve compliance.	Governing Body (Programme and Budget Committee) has been approached		
UNIDO	Project Appraisal	B.1a.	An independent project and/or activity appraisal process is in place with the purpose of examining whether proposed projects and/or activities meet appropriate technical, economic, financial, environmental, social, institutional and/or other relevant criteria, including GEF-mandated criteria, and whether they are reasonably likely to meet stated objectives and outcomes. The process ensures an appropriate degree of institutional checks and balances at the stage of project design.	It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard.	As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with	See update under A.2.b	Jan-13

					Standards B.1 and B.3 is being finalized and will be finalized by June 2009 for endorsement. It is expected that a streamlined TC programme and project cycle, including measures to ensure compliance with GEF Standards, will be introduced by the end of the year.		
UNIDO	Project Appraisal	B.1b.	Project and/or activity development objectives and outcomes are clearly stated and key performance indicators with baseline and targets are incorporated into the project/activity design.	It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard.	As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working	See update under A.2.b	Jan-13

					<p>Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with Standards B.1 and B.3 is being finalized and will be finalized by June 2009 for endorsement. It is expected that a streamlined TC programme and project cycle, including measures to ensure compliance with GEF Standards, will be introduced by the end of the year.</p>		
UNIDO	Project Appraisal	B.1c.	<p>Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.</p>	<p>It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring.</p>	See update under A.2.b	Jan-13

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UNIDO	Project Appraisal	B.1d.	<p>Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.</p>	<p>It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGA No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch</p>	<p>See update under A.2.b</p>	<p>Jan-13</p>

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UNIDO	Monitoring and Project-At-Risk-Systems	B.3a.	Monitoring functions, policies and procedures consistent with the requirements of the GEF monitoring and evaluation policy have been established.	It appears that UNIDO has a planned implementation in 2009 for Rules Based management which should address the requirements of the GED monitoring and evaluation policy. However, currently policies and procedures addressing the requirement the projects include SMART indicators, a requirement of the GEF monitoring and evaluation policy, or that they be fully budgeted at the time of work program entry, are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance.	As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGA No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring.	See update under A.2.b	Jan-13

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UNIDO	Monitoring and Project-At-Risk-Systems	B.3.b	<p>The roles and responsibilities of the monitoring function are clearly articulated at both the project/activity and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project and/or activity origination and supervision functions.</p>	<p>It appears that UNIDO has a planned implementation in 2009 for Rules Based management which should address the requirements of the GED monitoring and evaluation policy. However, currently policies and procedures addressing the roles and responsibilities of the monitoring function at both the project/activity and entity/portfolio levels are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGA No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring.</p>	See update under A.2.b	Jan-13

					<p>The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with Standards B.1 and B.3 is being finalized and will be finalized by June 2009 for endorsement. It is expected that a streamlined TC programme and project cycle, including measures to ensure compliance with GEF Standards, will be introduced by the end of the year.</p>		
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.c	<p>Monitoring reports at the project/activity level are provided to project/activity manager as well as to an appropriately higher level of managerial oversight within the organization so that mid-course corrections can be made, if necessary. Monitoring reports at the entity/portfolio level are provided to both project/activity managers and to an appropriately higher level of oversight within the organization so that broader portfolio trends are identified, and corresponding policy changes can be considered.</p>	<p>While UNIDO has a planned implementation in 2009 for RBM, currently policies and procedures addressing the reporting of the monitoring function at both the project/activity and entity/portfolio levels are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and</p>	See update under A.2.b	Jan-13

					<p>monitoring.</p> <p>The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with Standards B.1 and B.3 is being finalized and will be finalized by June 2009 for endorsement. It is expected that a streamlined TC programme and project cycle, including measures to ensure compliance with GEF Standards, will be introduced by the end of the year.</p>		
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.d	<p>A process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.</p>	<p>While UNIDO has a planned implementation in 2009 for RBM, currently policies and procedures addressing flagging and remedy of projects at risk are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of</p>	See update under A.2.b	Jan-13

					<p>detailed appraisal and monitoring.</p> <p>The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with Standards B.1 and B.3 is being finalized and will be finalized by June 2009 for endorsement. It is expected that a streamlined TC programme and project cycle, including measures to ensure compliance with GEF Standards, will be introduced by the end of the year.</p>		
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.e	<p>Adequate fiduciary oversight procedures are in place to guide the project risk assessment process and to ensure its quality and monitoring of follow-up actions during implementation. This process or system is subject to independent oversight.</p>	<p>While UNIDO has a planned implementation in 2009 for RBM, currently policies and procedures addressing adequate fiduciary oversight for risk assessment are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	<p>As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not</p>	See update under A.2.b	Jan-13

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