PROGRESS REPORT ON
GEF AGENCIES’ COMPLIANCE WITH
THE GEF MINIMUM FIDUCIARY STANDARDS
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I. INTRODUCTION

1. This document presents a progress report on the limited reassessment of GEF Agency policy alignment undertaken as a result of the recently updated GEF Minimum Fiduciary Standards (GMFS). Agency policy compliance with the updated standards was last reported to the Council at C.60 in June 2021. The Agencies that self-assessed as not yet in full compliance as of December 2020 were requested by Council to present action plans to address identified gaps, following review and consultations with an expert external reviewer contracted by the Secretariat. Agencies were also requested to report on progress with their action plans at each subsequent Council meeting. This report therefore provides a summary of the additional information received from Agencies and reviewed by the expert, using the same methodology and approach detailed in the previous reports, along with a summary of the status of Agency policy compliance.

2. The limited self-assessment of policy alignment is distinct from the self-assessments of implementation compliance and independent external Third Party Review required in accordance with the Policy on Monitoring Agency Compliance with GEF Policies once per replenishment cycle. In accordance with GEF policy, the first such regular compliance review of GMFS is to start in the final year of the 7th replenishment period, i.e. before July 2022. The review process for the policy compliance self-assessments, coupled with the accelerated independent external Third Party Review of UNDP have generated some lessons learned for the process that may be applied to the other Agencies; these are summarized in Section V below:

II. BACKGROUND: FINDINGS OF THE AGENCIES’ COMPLIANCE ASSESSMENT AND PLANS OF ACTIONS

3. Of the seventeen Agencies that submitted final self-assessments of their policy frameworks prior to C.59, six Agencies were rated as fully compliant, eleven Agencies as partially compliant and one (AfDB) required an extension to continue its self-assessment process. Where partial or non-compliance was reported, those Agencies prepared action plans to respond to the gaps identified. As reported to C.60, AFDB submitted its self-assessment and action plan, and FUNBIO completed actions under its plan.

4. Since the previous report submitted to C.60, EBRD confirmed it would submit its Action Plan prior to the end of 2021 as previously reported, UNEP and UNIDO have completed Action Plans and moved to full compliance and the other Agencies have reported continued progress on their action plans. In accordance with the Council decision at C.59 to accelerate the Independent Risk-Based Third Party Review of UNDP, this Review has been completed and submitted to Council separately. All Agencies continue to engage constructively in this process and provide the required information per decisions of Council. Table 1 summarizes the current status of Agency compliance.

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1 GEFC.60/Inf.07
2 GEF.C.59.05.Rev.02; GEF.C.60.Inf.07
3 https://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_0.pdf
4 GEF/C.61/4
Table 1: Summary of Agency Status

<table>
<thead>
<tr>
<th>Status</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Compliant, no action plan required:</td>
<td>ADB, CI, FAO, IFAD, World Bank</td>
</tr>
<tr>
<td>Fully Compliant, action plans fully implemented:</td>
<td>FUNBIO, UNEP, UNIDO</td>
</tr>
<tr>
<td>Partially Compliant, Action Plans under implementation:</td>
<td>AfDB, BOAD, CAF, DBSA, FECO, IDB, IUCN, WWF</td>
</tr>
<tr>
<td>Partially Compliant, Action Plan pending:</td>
<td>EBRD</td>
</tr>
<tr>
<td>External Third Party Review Completed (on accelerated timeframe).</td>
<td>UNDP</td>
</tr>
</tbody>
</table>

5. The Secretariat has retained the expert reviewer throughout the process, continuing the initial phase of this process which began in 2020. The expert has reviewed the self-assessments and action plans submitted by Agencies to date. Except where Agency notes and clarifications were considered complete and contained specific references to the supporting documents provided, the expert compiled review notes for each Standard to support the self-assessments and assist with the formulation of each action plan where partial or non-compliance was confirmed. Interim and final notes were shared with each Agency for transparency and completeness. This process is also expected to assist the Agencies with the upcoming self-assessment and third-party compliance exercise that will cover both policy and implementation capacity.

III. SUMMARY OF OUTSTANDING ISSUES

6. The current status of the assessments, outstanding review issues and Action Plans for each Agency is presented in Table 2. Several Agencies are expected to provide additional updates and reporting by December 31, 2021, i.e. subsequent to the Council document posting date of November 8, 2021 and December Council meeting. The green shading indicates that the Agency has fully completed the policy compliance process as of November 8, 2021.
# Table 2. Status of Agency Self-assessments, Secretariat and Expert Review, Action Plans

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>AGREED SELF-ASSESSMENT (December 2020)</th>
<th>STATUS OF REVIEW (Agencies with Actions due in 2021)</th>
<th>UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS</th>
<th>PENDING FROM AGENCIES (where review continues in 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Development Bank (AfDB)</td>
<td>PARTIAL SUBMISSION – covers I.1, II.2, II.4, II.5, II.6</td>
<td>COMPLETE</td>
<td>COMPLIANT except II.8 (f)</td>
<td>Report on completion of action plan due end 2021</td>
</tr>
<tr>
<td>Asian Development Bank (ADB)</td>
<td>FULLY COMPLIANT NO ACTION PLAN Signed certificate provided</td>
<td>COMPLETE</td>
<td>FULLY COMPLIANT ACTION PLAN IMPLEMENTED</td>
<td></td>
</tr>
<tr>
<td>Brazilian Biodiversity Fund (FUNBIO)</td>
<td>COMPLIANT except I.2 (d), (e), (g) and (j), I.4, II.4 (c), II.7 (b), (c) and (d) and II.8 (d). Signed certificate and action plan provided</td>
<td>COMPLETE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation International (CI)</td>
<td>FULLY COMPLIANT NO ACTION PLAN Signed certificate provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Bank of Latin America (CAF)</td>
<td>COMPLIANT except I.1 (b) bullet 2, I.2 (d) and (h), I.3 (a-e), I.5 (b), II.1 (d) and (e), II.3 (a) and (b) Signed certificate and action plan provided</td>
<td>NOT STARTED. Action plan items due to complete end 2021</td>
<td></td>
<td>Report on completion of action plan due end 2021</td>
</tr>
<tr>
<td>Development Bank of Southern Africa (DBSA)</td>
<td>COMPLIANT except I.2 (f) and (g), II.3 (b) and II.7 (a) and (f). Signed certificate and action plan provided</td>
<td>IN PROGRESS. Action plan implementation dates extended for four standards</td>
<td>COMPLIANT except I.2 (g)</td>
<td>Report on completion of action plan for 1.2(g) pending</td>
</tr>
<tr>
<td>European Bank for Reconstruction and</td>
<td>COMPLIANT except I.3 (b), I.4 (b), II.2 (h) and II.3 (a)</td>
<td>COMPLETE</td>
<td>COMPLIANT except I.3 (b), II.2 (h)</td>
<td>Action plan pending</td>
</tr>
<tr>
<td>AGENCY</td>
<td>AGREED SELF-ASSESSMENT (December 2020)</td>
<td>STATUS OF REVIEW (Agencies with Actions due in 2021)</td>
<td>UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS</td>
<td>PENDING FROM AGENCIES (where review continues in 2021)</td>
</tr>
<tr>
<td>---------------------------------------------</td>
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<td>------------------------------------------------------</td>
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<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Development (EBRD)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Environmental Cooperation Center, Ministry of Ecology and Environment of China (FECO)</td>
<td>COMPLIANT except 1.2 (f), II.1 (f), II.6 (e) and (i), II.8 (d) and (f)</td>
<td>NOT STARTED. Action plan items due to complete December 2021</td>
<td></td>
<td>Report on completion of action plan due December 2021</td>
</tr>
<tr>
<td>Food and Agriculture Organization of the United Nations (FAO)</td>
<td>FULLY COMPLIANT NO ACTION PLAN Signed certificate provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-American Development Bank (IDB)</td>
<td>COMPLIANT except II.1 (e) Signed certificate with action plan provided</td>
<td>NOT STARTED. Action plan items due to complete June 2022</td>
<td></td>
<td>Report on completion of action plan due June 2022</td>
</tr>
<tr>
<td>International Fund for Agricultural Development (IFAD)</td>
<td>FULLY COMPLIANT NO ACTION PLAN Signed certificate provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Union for Conservation of Nature (IUCN)</td>
<td>COMPLIANT EXCEPT II.8 (d) Signed certificate with action plan provided</td>
<td>NOT STARTED. Action plan items due to complete December 2021</td>
<td></td>
<td>Report on completion of action plan due December 2021</td>
</tr>
</tbody>
</table>

5 Subject of separate report to C.61
<table>
<thead>
<tr>
<th>AGENCY</th>
<th>AGREED SELF-ASSESSMENT (December 2020)</th>
<th>STATUS OF REVIEW (Agencies with Actions due in 2021)</th>
<th>UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS</th>
<th>PENDING FROM AGENCIES (where review continues in 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Nations Environment (UNEP)</td>
<td>COMPLIANT except for II.2(b) Signed certificate and action plan provided</td>
<td>COMPLETE. Action plan item completed</td>
<td>COMPLIANT</td>
<td>NONE – complete</td>
</tr>
<tr>
<td>United Nations Industrial Organization (UNIDO)</td>
<td>COMPLIANT except for I.2 (f), Signed certificate with action plan provided</td>
<td>COMPLETE. Action plan item completed</td>
<td></td>
<td>NONE – complete</td>
</tr>
<tr>
<td>West African Development Bank (BOAD)</td>
<td>MOSTLY COMPLIANT except for I.2 (a) – (g), (i), (j); I.3 (a), (c), (d); I.4 (a), (b); II.1 (d), (e); II.3 (b) Signed certificate with action plan provided</td>
<td>IN PROGRESS One action plan item completed; other actions due to complete end 2021</td>
<td>COMPLIANT except I.2 (a) – (g) and (i); I.3 (a), (c), (d); I.4 (a), (b); II.1 (d), (e); II.3 (b)</td>
<td>Report on completion of action plan due December 2021</td>
</tr>
<tr>
<td>World Bank (WB)</td>
<td>FULLY COMPLIANT NO ACTION PLAN Signed certificate provided</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World Wildlife Fund (WWF-US)</td>
<td>COMPLIANT except for I.2 (c), (d), (e), (f), (h) and (j); II.2 (d), II.4 (e); II.7 (a), (c), (d) and (e); II.8 (f) Signed certificate with action plan provided</td>
<td>IN PROGRESS. action plan items completed; other actions for Standards II.4(e) and II.8(f) due to complete June 2022</td>
<td>COMPLIANT Except for 11.4(e) and II.8(f). Review of other actions under I.2 and II.7 ongoing</td>
<td>Interim Report on action plan progress provided.</td>
</tr>
</tbody>
</table>
IV. **ACTION PLAN UPDATES**

**African Development Bank (AfDB)**

*Summary Findings*

7. AfDB submitted its full self-assessment and it has been reviewed by the external expert. A signed letter of compliance and action plan for Standard II.8 (f) has been provided.

8. AfDB’s Whistle Blower and Complaints Handling Policy is undergoing review by AfDB, expected to provide for an annual review of the handling of the hotline and whistle blower mechanism.

**Development Bank of Latin America (CAF)**

*Summary Findings*

9. CAF initially self-assessed as fully compliant against many of the Standards. It assessed itself as non-compliant against II.1 (d) and partially compliant against I.1 (a), I.1 (b) bullet 2, I.2 (d) and (h), I.3, I.5, II.1 (e), II.3 (a) and (b). The Secretariat concurred with this self-assessment with exception of I.1 (a), I.5 (a), (c) and (d) which are rated compliant (vs partially compliant), and I.1 (d) rated partially compliant (vs. non-compliant).

10. CAF has submitted an action plan to address the gaps identified by the end of 2021 and is the process of implementing it.

**Development Bank of Southern Africa (DBSA)**

*Summary Findings*

11. In the 2020 self-assessment of policy alignment, DBSA was found to be partially compliant for five of the standards. In its 26 November 2020 certification to the GEF Council, the Bank committed to addressing the identified gaps and update the relevant documents by March 2021. As indicated in the report to Council at C.60, the actions on four standards were in progress; these are now reported as completed.

12. **Standard 1.2 (g) – Procurement of goods guidelines encourage consideration of sustainability concepts.** At the conclusion of the 2020 review of its self-assessment, DBSA confirmed it will include these considerations in its procurement guidelines, with a timeframe proposed of 28 February 2021. This was postponed first to 30 September 2021 and is now expected in January 2022.

13. **Standard II.3 (b) - Information regarding funding agreements is made publicly available.** At the conclusion of the 2020 review of its self-assessment, DBSA confirmed that it will make agreements on GEF-funded projects publicly available and in October 2021 confirmed that this has been implemented.
14. **Standard II.7 (a) – Making the TORs of the investigation function publicly available.** At the conclusion of the 2020 review of its self-assessment, DBSA undertook to update its Fraud Prevention Plan and Response Plan for public availability through an EXCO approval process. The DBSA Fraud & Corruption Prevention Plan, which now includes clauses that require that TORs be publicly available via DBSA website has been approved.

15. **Standard 11.7 (f) – Meeting the requirements for reporting to GEF relating to misuse of GEF Funds, opening investigations and statistical information on cases.** At the conclusion of the 2020 review of its self-assessment, DBSA undertook to amend its Fraud Response Plan, through an EXCO approval process, to specifically include the GEF reporting requirements in the Standard, with a target date of 31 March 2021 for conclusion. The DBSA Fraud & Corruption Prevention Plan has been approved.

**European Bank for Reconstruction and Development (EBRD)**

**Summary Findings**

16. As reported to C.60, after a further assessment, partially compliant standards to be subject to an action plan were reduced to I.3 (b) and II.2 (h) (i) and (ii).

17. **Standard I.3 (b) refers to the roles and responsibilities of the monitoring function. Standard II.2 (h) refers to the segregation of project implementing and executing roles.** An EBRD internal review indicated the need for a clearer separation of duties and responsibilities within EBRD across its multilateral climate donors, as EBRD acts, in majority of the cases, as both the Implementing and Executing Agency of a GEF funded project/program.

18. The EBRD advised the Secretariat that it was undertaking an internal review of its donor funded operations, including its operations with the GEF. Based on the findings of this analysis, a time-bound roadmap will be developed, which will inform the action plan to address the gaps identified in the two standards as part of self-assessment. EBRD has confirmed this process is underway.

**Foreign Environmental Cooperation Center, Ministry of Environmental Protection of China (FECO)**

19. FECO has confirmed that actions on those standards not rated fully compliant will be completed by the end of 2021 as previously reported.

**Inter-American Development Bank (IDB)**

20. IDB’s action plan specifies that the gap on standard II.7 (f) would be closed by June 30, 2022. No issues of concern have been identified.
International Union for Conservation of Nature (IUCN)

21. IUCN indicated in its certification that it will take steps to achieve full compliance in relation to the standard on the whistleblower protection policy by end of December 2021; action plan implementation is proceeding.

United Nations Development Programme (UNDP)

22. UNDP initially self-assessed as fully compliant against the revised Standards. Subsequently, findings of UNDP’s Office of Audit and Investigation (OAI) prompted UNDP to revisit its self-assessment and undertake a comprehensive internal review. The Third Party Review has been completed on an accelerated schedule and is the subject of a separate document presented to C.61.

United Nations Environment (UNEP)

23. UNEP has confirmed that the one remaining standard (II.2.b) has been met via adoption in July 2021 of the UNEP Enterprise Risk Management Framework and Guidelines.

United Nations Industrial Development Organization (UNIDO)

24. UNIDO self-assessed as fully compliant against all but one Standard – I.2 (f) General Procurement Conditions of Contract. UNIDO confirmed this has now been met through update of its procurement General Conditions of Contract (GCC) Template to reflect clauses on anti-fraud, anti-money laundering (AML) and on combating the financing of terrorism (CFT).

West African Development Bank (BOAD)

25. As reported to C.59, BOAD agreed with the Secretariat to rate Standards I.2 (a) - (g), (i) and (j), II.3 (a), (c) and (d); I.4 (a) and (b); I.5 (a) and (b), II.1 (d) and (e) and II.3 (b) as partially compliant.

26. BOAD has committed in its certification and action plan to address all identified gaps and to come into full compliance by the end of 2021. As reported to C.60 one action (Standard I.2 (j)) was completed.

World Wildlife Fund (WWF-US)

27. WWF-US submitted an action plan to address the identified gaps in policy framework alignment, for Standards I.1.2 (c), (d), (e), (f) and (h); II.2 (d); II.4 (e); II.7 (a), (c) – (e); and II.8 (f) by June 30, 2021. WWF-US submitted updated information and actions on I.2 (h) and II.2(d) have been assessed by the expert reviewer as having been completed and other actions are in final stages of completion as of posting date November 8, 2021.

28. There are actions on two standards for which WWF-US has submitted a revised timetable for completion by June 2022. For standard II.4 (e), WWF-US’s processes for administration and review of financial disclosures is to be fully documented in either a revised Conflict of Interest policy
or supplementary guidelines. For standard II.8 (f), WWF will formalize the periodic review of handling of hotline, whistleblower, and other reported information.

V. **Lessons of Experience Applicable to the Independent External Third Party Reviews**

29. Agencies have now largely completed a comprehensive policy assessment process that began over two years ago. Throughout the process, the Secretariat has retained the services of an external expert who has reviewed policy compliance and action plan fulfillment, in close communication and collaboration with Agency contacts. The Secretariat has devoted resources to coordination and facilitating the reporting process and preparation of reports to Council. In tandem, Agencies have undergone a similar process to confirm compliance with recently approved and upgraded policies on Environmental and Social Safeguards, Gender Equality, and Stakeholder Engagement.

30. This is the first time the GEF Partnership has undertaken a comprehensive review of Agency policy compliance since the initial assessment following introduction of the Minimum Fiduciary Standards in 2008. At that time, the GEF, through the Trustee, engaged an established international accounting firm to undertake the Standards and Practices Review of all Agencies.\(^6\) The accelerated UNDP independent Third Party Review constituted the first time such risk-based external compliance review of implementation capacity and experience of a GEF Agency has been undertaken as required by the subsequently approved 2018 Policy on Monitoring Agency Compliance with GEF Policy. These exercises have generated some early lessons applicable to the next phase in this process: i.e. the independent external Third Party Reviews (TPRs) of implementation capacity of all remaining seventeen Agencies for all four above-cited policies, **to be started in the final year of each Replenishment.** These initial lessons are summarized as follows:

   i. The TPRs rely fundamentally on self-assessments by the Agencies, and the supporting information made available by them. GEF Agencies of varying size and capacity have differing capacities to respond to this requirement.

   ii. Preparation of the self-assessments by the Agencies and review by external parties can be a time, labour and resource intensive process. Agencies typically require coordination and reporting from multiple reporting and administrative units within their organizations. Some Agencies have contracted additional support to meet the GEF reporting requirements.

   iii. The already-established requirement to deploy a risk-based approach to the Third Party Reviews is important and a key feature of the GEF’s approach to compliance. This reaffirms that the GEF does not employ an investigative or audit-type approach to determine whether GEF Agencies meet minimum standards; but rather an approach that relies on strong Agency policy and capacity and concentrates on identifying potential areas of risk of non-compliance.

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iv. Gaps in policy compliance can be addressed more readily by Agencies than those related to demonstrated implementation capacity. New or upgraded policies may nevertheless require extensive internal and external consultation processes and high-level approval within Agencies, often at the level of governing bodies. Gaps in capacity require development of plans to address them, investment of additional resources, and sometimes shifts in corporate norms and culture that are often the most difficult to implement.

v. In light of the shared interests of stakeholders in the GEF and other multilateral partnerships such as the GCF, Adaptation Fund and others that make use of the same implementing partners, there may be benefits to greater coordination among fund secretariats and governing bodies in the certification and review of these implementing partners in the future.