



Global Environment Facility

Summary of Document GEF/C.31/6

Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies

Recommended Council Decision

The Council, having reviewed document GEF/C.31/6, *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies*, takes note of the minimum fiduciary standards recommended by Trustee and requests the Agencies to implement them.

Within one year, to be eligible for further GEF funding each Agency must have implemented the recommended minimum fiduciary standards, or have in place a monitorable program that includes a specific target date for implementation.

Recognizing that international practices will evolve over time, it is recommended that the Council review the standards periodically, such as every four years.

Executive Summary

1. In August 2005, with its endorsement of the Policy Recommendations for the Fourth Replenishment of the GEF Trust Fund, the Council requested that the Trustee develop – in consultation with the Agencies – policy proposals on strengthened accountability for Implementing and Executing Agencies eligible for implementing GEF assistance, with due attention to issues of economy and efficiency. Such proposals should specify minimum fiduciary standards consistent with international best practice including, for example, the following areas: independent oversight, audit and evaluation and investigation functions; external financial audit; financial management and control frameworks; project appraisal standards, including environmental assessments and other safeguards measures, as appropriate; monitoring and project-at-risk systems; procurement; financial disclosure; hotline and whistleblower protection, and codes of ethics.
2. This document accordingly presents the Trustee’s policy proposals for minimum fiduciary standards to strengthen accountability of the GEF Implementing and Executing Agencies. The proposed standards were developed with the assistance of a major international public accounting firm and in consultation with the Implementing and Executing Agencies. The standards are based, where possible, on recognized international practice in each of the areas. In addition, they are founded on a set of core principles: professional standards; independence; transparency; monitoring and response; and value-for-money provisions.

3. The proposal also includes a recommended sequence of actions be taken if the Council decides to approve the recommended fiduciary standards. These include a FY08 review, in consultation with the agency, of each agency's standards; an assessment as to whether each agency meets the standards; and if needed, development of a monitorable plan with a specific target date for implementation. The proposal takes into account the fact that, if agencies do not specifically meet all of the standards, there may be equivalent or otherwise relevant procedures or policies in place that mitigate the risk of non-compliance.

4. Recognizing that international practices will evolve over time, it is recommended that the Council review the standards periodically to ensure that they remain consistent with current standards and practices.