



Global Environment Facility

GEF/C.35/5
May 27, 2009

GEF Council Meeting
June 22-24, 2009

Agenda Item 11

STATUS OF THE GEF AGENCIES WITH RESPECT TO MINIMUM FIDUCIARY STANDARDS

Recommended Council Decision:

The Council, having reviewed document GEF/C35.5, *Compliance of the GEF Agencies on the Implementation of Minimum Fiduciary Standards*, requests:

- a) Each GEF Agency that has not fully met the minimum fiduciary standards to provide to Council, on an annual basis, information on progress made towards fulfilling their action plan based on the timeframes and details outlined in the Action Plan Tracker in Annex C.
- b) The Secretariat to manage a third party process to review minimum fiduciary standards in 2013, and every four years thereafter.

COVER NOTE

1. In June 2007, the GEF Council approved a set of minimum fiduciary standards recommended by Trustee as presented in document GEF/C.31/6:

[http://thegef.org/uploadedFiles/Documents/Council_Documents_\(PDF_DOC\)/GEF_31/C.31.6%20Fiduciary%20Standards.pdf](http://thegef.org/uploadedFiles/Documents/Council_Documents_(PDF_DOC)/GEF_31/C.31.6%20Fiduciary%20Standards.pdf).

2. The Council requested that each GEF Agency, within one year of the Council decision date, implement the approved minimum fiduciary standards, or otherwise equivalent relevant procedures or policies, or to have in place a monitorable program that includes a specific target date for implementation. The Council requested each Agency to present a self assessment to the GEF Secretariat on its compliance with the fiduciary standards and, as necessary, plans to remedy any shortfall. The GEF Agencies subsequently prepared compliance reports based on a template developed by the GEF Trustee in consultation with the agencies.

3. The specific objectives of the review as stated in the TOR were: a) to review agencies' compliance reports, to prepare a summary report on status of compliance with fiduciary standards by the GEF agencies; and b) to propose a reporting tool or template to be used by the Secretariat for annual monitoring that covers all of the approved minimum fiduciary standards.

4. The TOR stipulated that the report would identify, for each Agency:

- areas where the approved standards are met;
- areas where standards have not been met, but a monitorable program has been put in place to meet the standards; and
- areas where standards have not been met and a monitorable program has NOT been put in place to meet the standards.

5. The Secretariat contracted an external Consultant to undertake the review. The Consultant analyzed documentation provided by the Agencies as well as any publically available information. The Consultant also conducted conference calls with each Agency to discuss initial findings. The Consultant's review report is attached to this cover note. Comparative charts of results by agency and by standard, Agency management responses, an action plan for tracking standards, and the specific minimum fiduciary standards adopted by Council are attached as Annexes A-D.

6. The Consultant provided a summary report, recommendations and an action plan for tracking progress towards fulfilling Agency action plan as outlined in the Action Plan Tracker in Annex C.

**COMPLIANCE OF THE GEF AGENCIES ON THE IMPLEMENTATION OF
MINIMUM FIDUCIARY STANDARDS**

(Prepared by Pricewaterhousecoopers LLP)



Global Environment Facility (GEF) Council

Summary Report Compliance of the GEF Agencies on the Implementation of Minimum Fiduciary Standards

May 22, 2009

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This information has been prepared solely for the use and benefit of the GEF Council and GEF Agencies and is not intending for reliance by any other person.

I. Introduction and Background

In June 2007, the GEF Council approved a set of minimum fiduciary standards recommended by Trustee as defined in document GEF/C.31/6¹. The Council requested that each GEF agency, within one year of the Council decision date, implement the approved minimum fiduciary standards, or otherwise equivalent relevant procedures or policies, or to have in place a monitorable program that includes a specific target date for implementation. The Trustee engaged PwC to assist in developing a baseline set of standards and practices and to provide advice on fiduciary standards. The Trustee established and approved the set of minimum fiduciary standards.

The Council requested that each agency submit a self assessment to the GEF Secretariat on its compliance with the fiduciary standards and, as necessary, plans to remedy any shortfall. The GEF agencies subsequently prepared compliance reports based on a template developed by the GEF Trustee in consultation with the agencies. The GEF Secretariat compiled the ten agency reports as a single information document presented to the Council at its meeting in April 2008. Council, noting the sheer volume and technical complexity of the information conveyed in the document, requested the Secretariat to contract a consultant to undertake a comparative analysis, in consultation with Agencies to summarize, based on Self Assessments, whether the Agencies have met the approved minimum fiduciary standards. It was determined that the consultant should also assess whether the Agencies appear to be meeting the approved minimum fiduciary standards enumerated in GEF/C.31/6 based on the supporting documents submitted.

The approved fiduciary standards fall into three major categories (refer to Annex D for a complete description of each standard):

- Audit, Financial management and Control framework, including: external audit, financial management and control framework, financial disclosure, code of ethics, and internal audit.
- Project Activity Processes and Oversight, including: Project Appraisal Standards including Safeguard Measures; Procurement Processes; Monitoring and Project-at-risk systems; and Evaluation function.
- Investigations, including Hotline and Whistleblower protection.

PricewaterhouseCoopers LLP was hired by the GEF Council to prepare a single summary report which will be presented to the GEF Council in its June 2009 meeting. The summary report provides an overview of the compliance of the GEF Agencies with regard to the approved fiduciary standards as well as considerations moving forward for the GEF Council.

After initial coordination with the Secretariat and designated contacts from each agency to obtain supporting documents, the African Development Bank ('AfDB') was unable to provide timely submission of documentation citing resource turnover for the delay. For many standards, PwC was unable to determine the status based only on publically available information. Because results are still in draft, the results for this agency are not included. At the time of this report issuance, a replacement contact has been identified and supporting documentation is in the process of being submitted and confirmed.

Section II of this report summarizes considerations moving forward for the periodic assessment of agency adherence to the standards over time. Section III provides enhanced analysis of trends across each of the standards. Section IV contains the approach and methodologies used to conduct this assessment. Annex A encompasses comparative charts of results by agency and by standard. Annex B includes each GEF Agency Report and Management Response. Annex C contains the Action Plan tracking document and Annex D contains the specific minimum fiduciary standards adopted by the GEF Council.

¹ GEF Council Report (GEF/C.31/6) -

[http://thegef.org/uploadedFiles/Documents/Council_Documents_\(PDF_DOC\)/GEF_31/C.31.6%20Fiduciary%20Standards.pdf](http://thegef.org/uploadedFiles/Documents/Council_Documents_(PDF_DOC)/GEF_31/C.31.6%20Fiduciary%20Standards.pdf)

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II. Executive Summary

The GEF Council has established a set of minimum fiduciary standards based on leading international practices. PricewaterhouseCoopers LLP (PwC) assessed each of the GEF Agencies' with respect to having in place rules, regulations, and policies that address these standards. For one of the agencies, this assessment could not be completed because all necessary documentation was not provided. The agency cited turnover of the GEF coordination representative for the delay.

Overall, each of the nine GEF Agencies reviewed have either met the requirements of the standard through the establishment of required practices or have demonstrated progress towards meeting these requirements. Monitorable action plans to meet these standards have been established or are being developed. Of the standards reviewed, approximately ten percent require action plans to achieve full compliance. These results demonstrate the agencies' focus and intent to meet the spirit of the standards and do not appear to represent a pervasive set of gaps in any of the core areas. Comparative graphs of results across agency and core area are included in Annex A and detailed reports by Agency are included in Annex B.

We understand that the GEF Council expects that GEF Agencies will meet this set of standards or provide a monitorable action plan in place. As this assessment process was the first for all participants, we have identified some additional considerations which include the following and are explained in more detail in the body of this report.

- We noted variances in the interpretation from agency to agency on what should be required to meet these standards.
- Some of the GEF Agencies questioned whether some of these standards should in practice be minimum requirements or rather leading practices, particularly in light of the size and nature of certain agencies
- Certain standards included multiple components and some of the GEF Agencies commented that the standard should be broken into components for the purposes of this evaluation.
- By design, some standards specifically cite the applicability to processes related strictly to GEF funds while others apply more broadly to the organization. Some agencies were questioned the relevance of these requirements beyond those processes which impact GEF funds.

Based on these considerations, we recommended that the GEF Council revisit the set of established minimum fiduciary standards by no later than 2010 to provide further clarity, guidance or refinement, without comprising the intent of sound fiduciary management practices.

Considerations Moving Forward

As outlined within the initial GEF Council Report (GEF/C.31/6), the responsibility for monitoring and implementing the approved minimum fiduciary standards primarily rests with the GEF Agencies.

The concept of monitoring is a process that assesses the quality and/or progress of performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of both. In application going forward, the GEF Council should consider a combination of both ongoing monitoring and separate reviews to assess the status of implementation of the recommended minimum fiduciary standards.

Ongoing Monitoring Activities

The GEF Council should consider monitoring GEF Agency progress over time. The ongoing monitoring process will require participation from GEF Council, Secretariat and Agencies.

Periodic Self Reporting Mechanism

The GEF Council should consider implementing a periodic self reporting mechanism, such as on a semi-annual or annual basis, for which GEF Agencies would have a mechanism to provide updated information based on changes to processes that support these standards. At a minimum, agencies could be required to annually convey changes and confirm implementation status. Further, agencies could adopt the heat map version of disclosure using workpapers provided as a result of this review. In this way, agencies can update existing information and highlight changes, leveraging current documentation and ensure reporting to the Council on a standard-by-standard basis.

By doing so, it will allow the Council and each GEF Agencies a mechanism and/or tool to address and track progress towards implementation of the approved minimum fiduciary standards.

Progress Monitoring toward Implementation

For standards identified in this summary report for which it does not appear the standard was met, the GEF Council should delegate collection and monitoring of the progress towards implementation based on timeframes and details outlined in the GEF Agency Reports section of this summary report (refer to Annex B for individual reports). This process is currently managed by the Secretariat. An external consulting firm(s) should assess and validate the action plans and report through the Secretariat to the Council.

Initially, the action plan should address steps to be taken to amend and/or institute set policies, functions and/or procedures to address the requirements outlined within the respective standard as well as identify monitorable target dates for implementation of the plan. Once implemented, the GEF Council should also assess the results of the GEF Agency's actions to determine if these actions, such as implementation of a set policy, function or procedure, address the requirements outlined within the respective standard.

Separate Reviews

While this summary report was intended to analyze the self-reported existence and design of processes to address the fiduciary standards, the GEF Council should consider evaluating the effectiveness of implemented procedures.

Effectiveness Analysis

This effectiveness analysis as outlined within the GEF Council Report (GEF/C.31/6), would consider whether the fiduciary management policies and functions are operating as intended and reasonably effective in achieving their intended purposes.

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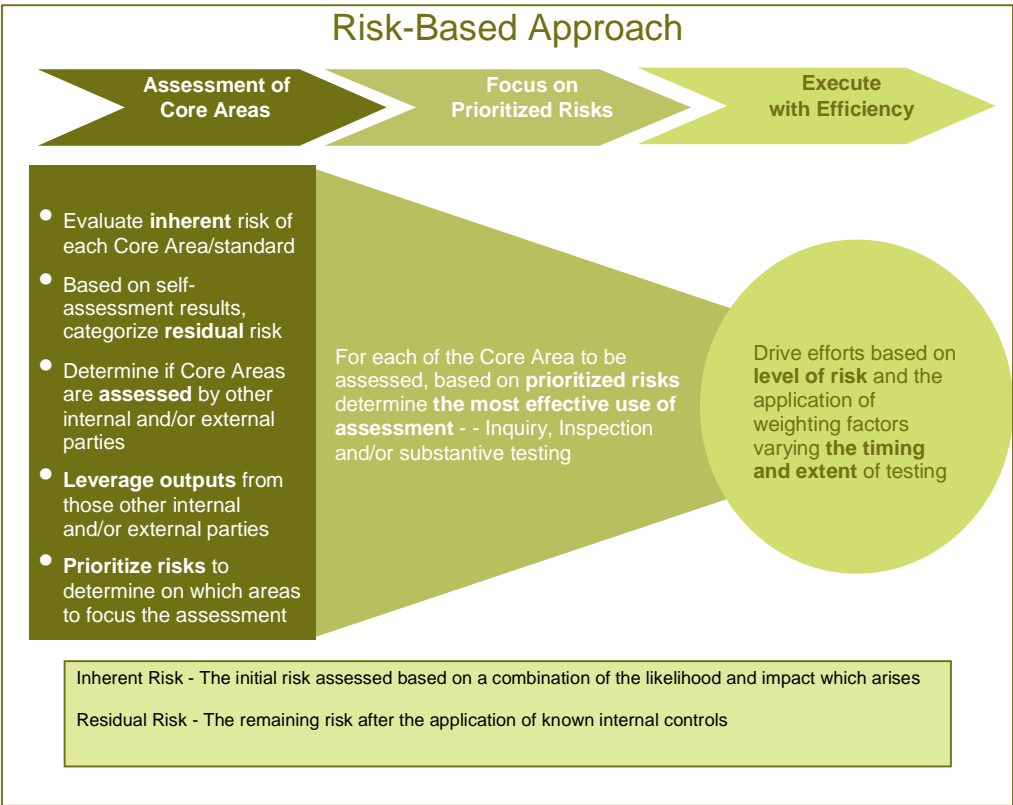
This analysis would be conducted by a third party and provide a measure of implementation status beyond self-reporting. The effectiveness analysis should consider a risk-based approach for determining the level of assessment required for each core standard area.

External Group of Consulting Firm(s)

The Council should consider identifying a group of external consulting firm(s) to conduct these reviews as the needs arise. Consultants should be evaluated to ensure they are a third party separate from the Council, the Secretariat or the GEF Agency as well as posses the appropriate level of skills and experience.

Given the desire for the addition of new agencies and new funds coupled with the need to evaluate the existing portfolio of agencies, this alternative would offer the option to utilize qualified personnel within whatever required geography on a continual basis.

The table below provides an example of a risk-based approach that could be applied.



III. Analysis by Core Areas

External Audit

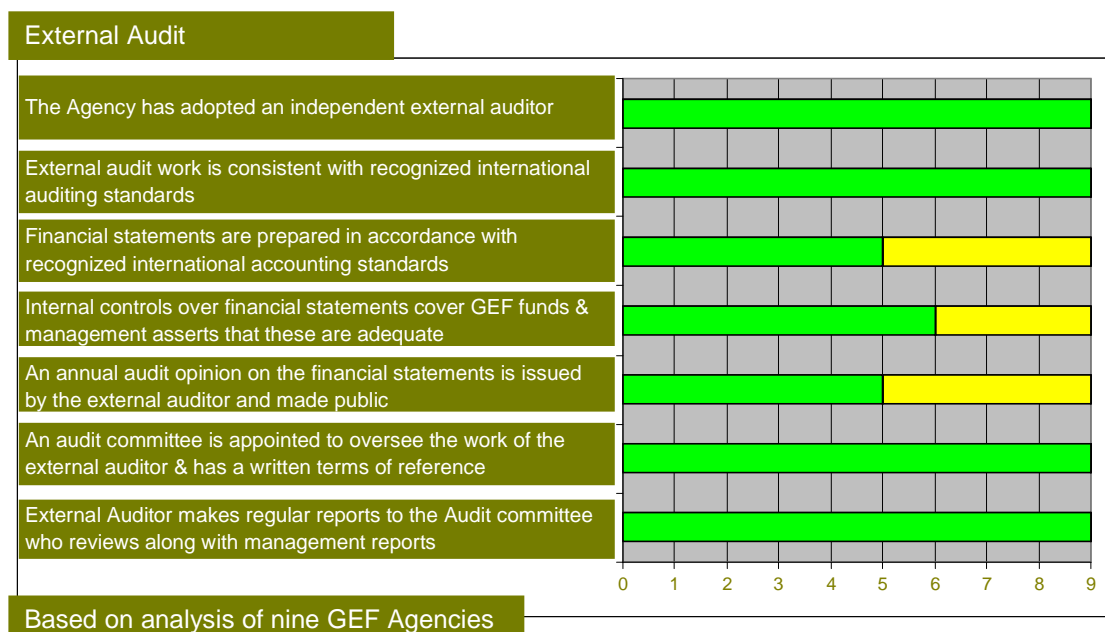
By design, the external financial audit function is intended to ensure an independent review of financial statements and internal controls.

Based on the analysis, each of the GEF Agencies have appointed an independent external audit firm or entity and the external audit work is consistent with recognized international auditing standards as noted in the publically available audit reports.

In practice the recognized international auditing standard for which the external audit work is consistent with include the International Standards on Auditing (ISA), the Public Company Accounting Oversight Board of the United States, or auditing standards generally accepted in the United States of America.

In addition, a majority of the GEF Agencies' 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. It also appears that most of the GEF Agencies have processes in place for an annual audit opinion on the financial statements to be issued by the external auditor and made public. The standards go beyond the requirement for annual opinions on GEF funds, seeking an annual opinion on the entity as a whole. Some agencies viewed this as restrictive.

However, for the UN GEF Agencies, the financial statements are prepared in accordance with United Nations System Accounting Standards which are partially based on International Accounting Standards (IAS) and require biennial audit opinions. These Agencies are in the process of transitioning to International Public Sector Accounting Standards (IPSAS) with the intent to fully adopt by 2012.



Further, most of the GEF Agencies either are in the process of implementing controls or have internal controls over financial statements which cover GEF funds. It also appears that the GEF

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Agencies who have these internal controls in place have also adopted processes for the periodic review and assessment of these controls by either management and/or the external auditor. However, some of the GEF Agencies do not have processes in place for management to assert to their governing body to adequacy of these controls as required by the standard. Uncertainty exists across the agencies as to the spirit of the standard and whether or not testing controls, versus a comprehensive, formal assertion by management, should be sufficient.

A majority of the GEF Agencies have an independent audit committee, or comparable body that has terms of reference (charter). The terms of reference (charter) includes within it the following:

- Descriptions of membership requirements, duties, authority, accountability and regularity of meetings.
- Specific responsibilities to appoint and oversee the work of the external audit firm as it relates to the audit of the financial statements.
- Specific responsibilities for annual review of auditor and management progress reports.

Finally, a majority of the GEF Agencies have a process for the external auditor to make regular reports on observations with respect to accounting systems, internal financial controls, and administration and management of the organization to the audit committee or comparable body.

Financial Management and Control Frameworks

An internal control framework, as defined by internationally recognized frameworks such as Committee for the Sponsoring Organizations of the Treadway Commission (COSO), Cadbury and Criteria of Control (COCO), is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting and financial management frameworks, and;
- Compliance with applicable policies and procedures.

Each of the GEF Agencies have documented in their rules, regulations, charters and/or policies clearly defined roles for management, internal audit, the board of directors and other personnel.

With respect to financial management, each of the GEF Agencies have documented their respective controls either in a consolidated fashion in a single framework or throughout different policies charters, rules and regulations. These documents provide governing procedures for receipt, custody, utilization, disbursement and accounting of funds. In addition, these documents also include defined roles for fiduciary trustees and/or fiscal agents acting on behalf of the agency, although this was not applicable for one GEF agency as this agency manages all funds internally through its Treasury function.

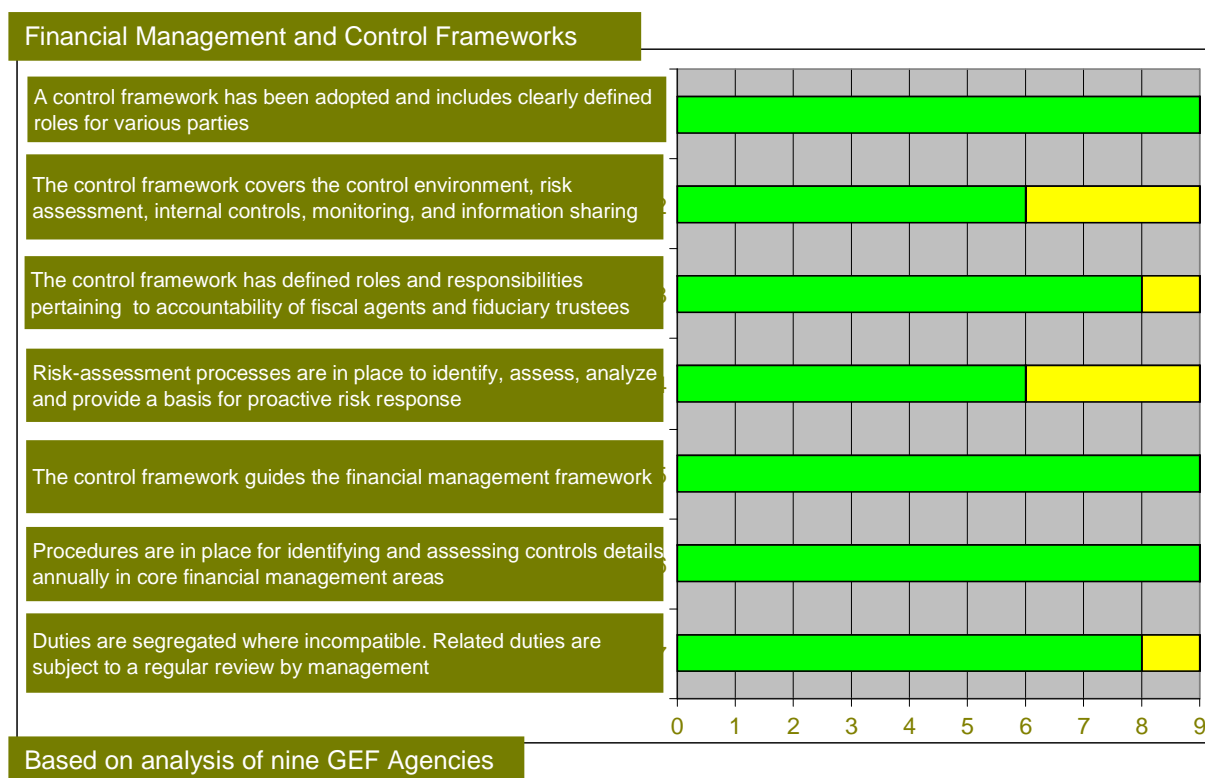
In addition, each of the GEF Agencies either have adopted a consolidated control framework which covers the control environment, risk assessment processes, internal control activities, monitoring and procedures for information sharing or have a monitorable action plan in place implement such a framework. Across all agencies, varying methods of implementation existed based on what the entity viewed as a "framework". How agencies defined the components of their framework and its linkage to their policies was achieved through vastly different degrees of specificity.

For the GEF Agencies in which a consolidated internal control framework has not been adopted, aspects of such a framework are contained within their adopted regulations, rules and policies. These aspects include accountability, authority, segregation of duties and responsibilities which are components of a control environment.

In regards to the establishment of procedures for identifying and assessing internal controls, each of the GEF Agencies have documented such procedures. In practice, the responsibility to review,

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evaluate and report on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls is typically that of the internal audit function at each of the GEF Agencies.



Finally, each of the GEF Agencies either have adopted a risk management framework which covers a formal institutional risk assessment process for the identification, assessment, analysis and monitoring of risks deemed significant or frequent or have a monitorable action plan in place implement such a framework.

Financial Disclosure

The financial disclosure policy delineates the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.

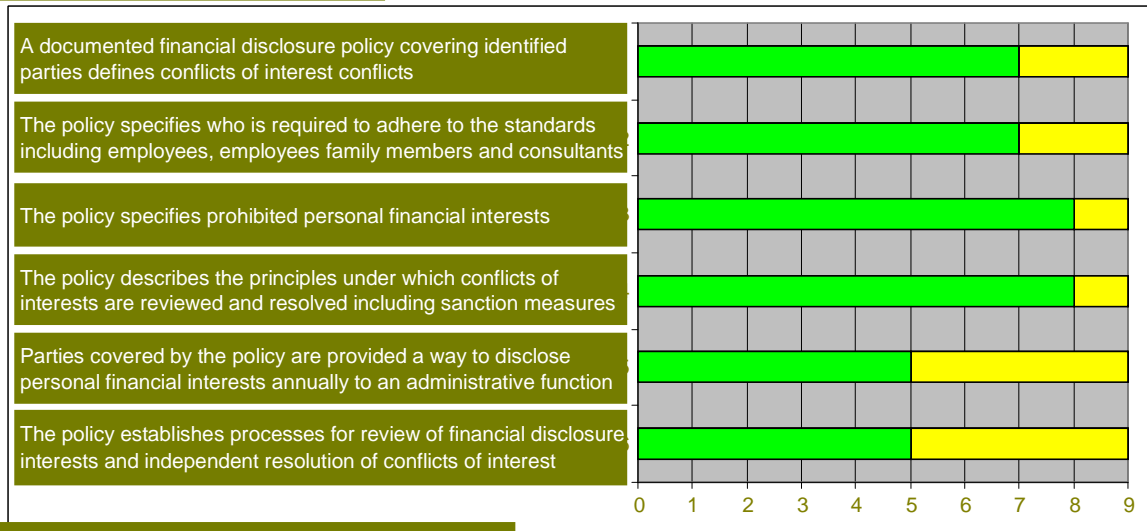
Based on the analysis, most of the GEF Agencies have a documented financial disclosure policy or contain such a policy within other comparable documents such as Code of Ethics and Staff Rules and Regulation. These respective policies include the following:

- Definitions of conflicts of interest arising from personal financial interest that require disclosure (including actual, perceived and potential conflicts).
- Specification of 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.
- Specification of prohibited personal financial interests.
- Description of the principles under which conflicts of interests are reviewed and resolved by the agency.
- Description of sanction measures for parties that do not self disclose where a conflict of interest is identified.
- References to other related internal policies, such as outside employment policies.

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However, some of the GEF Agencies that have not fully adopted a financial disclosure policy with all the required elements but have a monitorable action plan to analyze their policies on financial disclosure. To the extent these policies are still under development, supporting administrative units are still being designed.

Financial Disclosure



Based on analysis of nine GEF Agencies

In addition, most of the GEF Agencies provide mechanisms (such as disclosure forms, statement or affidavits) for parties covered by the financial disclosure a way to disclose personal financial interests to an administrative function. However, for some of the GEF Agencies, this mechanism is not an annual requirement as prescribed by the minimum fiduciary standard. In instances where an annual requirement has not been introduced, these GEF Agencies have a monitorable action plan in place to introduce such a mechanism. Some agencies challenged the notion that annual disclosure was a minimum standard, citing their view of this requirement as a leading practice.

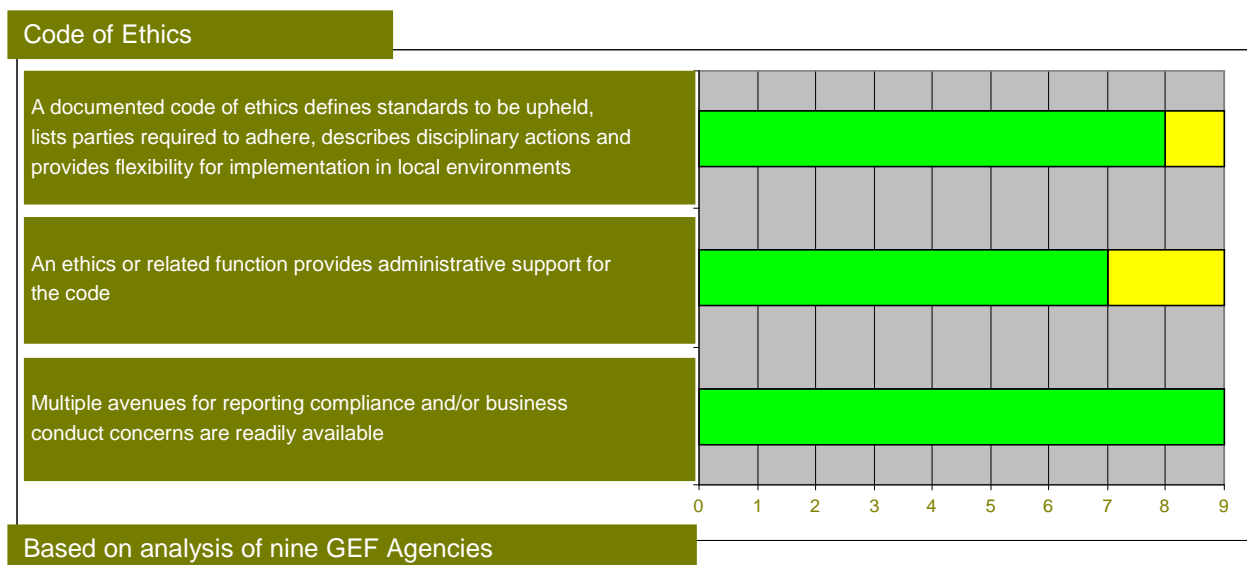
Finally, it appears that the GEF Agencies either have or are in the process of implementing an independent administrative function that is responsible to analyze financial disclosure interests and resolution of identified conflicts of interests. In practice, it appears that these administrative functions are either an ethics office (committee) or human resources and report directly to the head of the agency.

Code of Ethics

A code of ethics for agency staff promotes responsible governance and ethical behavior. Each of the GEF Agencies has a documented code of ethics, or comparable named document, which defines ethical standards to be upheld including protecting agency and trust fund assets. These documented codes of ethics include the following:

- A list of parties required to adhere to the standards outlined within it including employees;
- A description of disciplinary and enforcement actions for violations (or contains references to other related policies that address these descriptions), and;
- A description for appropriate flexibility in application and implementation in local environments.

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One GEF Agency is in the process of updating its code of ethics to include the minimum standard's requirement for inclusion of consultants and independent experts to adhere to the standards outlined.

In addition, a majority of the GEF Agencies have an ethics or related function(s) that provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations. The ethics or related functions at each agency provide administrative support for the code range from office of compliance/ethics, investigations function, human resources or the office of ombudsman.

However, a few of the GEF Agencies are in the process of formulating a specific office of ethics to oversee the administrative support for the code of ethics.

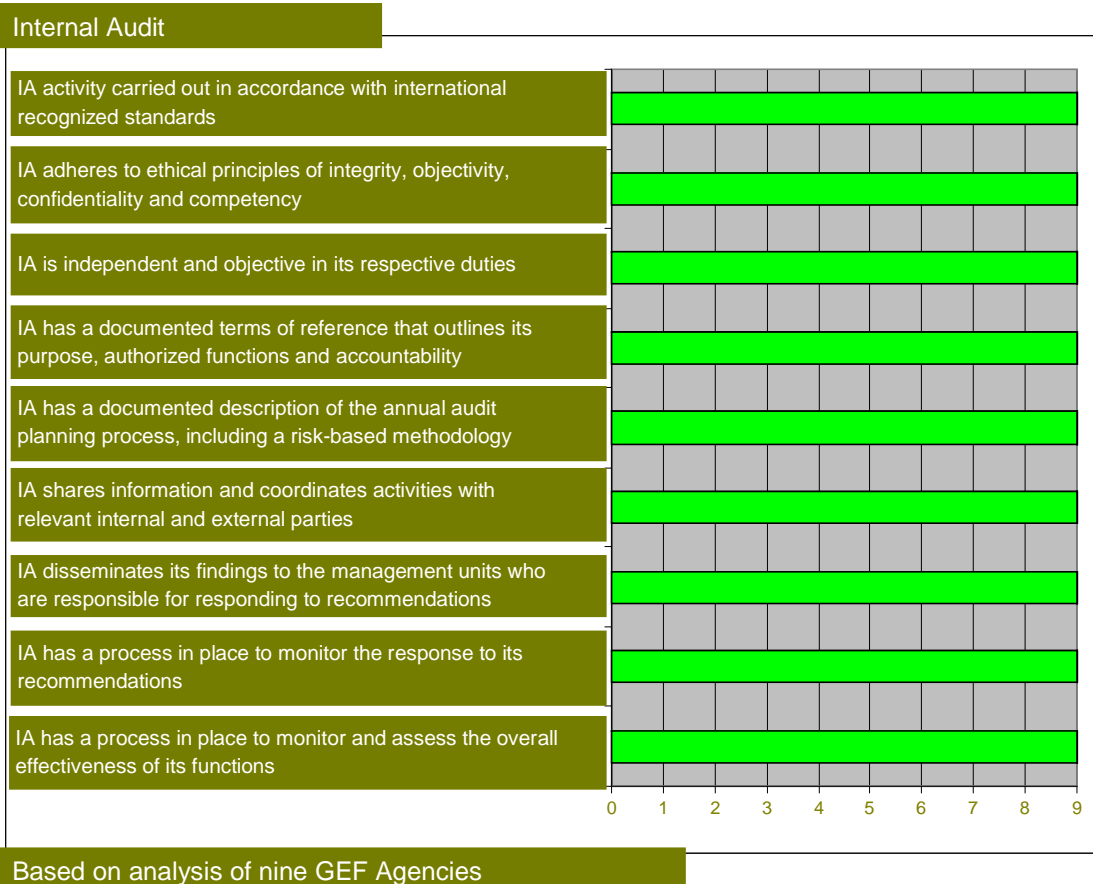
Finally, each of the GEF Agencies have multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for respective functions (e.g. human resources and internal audit) are readily available on the agency's intranet, external website and/or documented within the code of ethics.

Internal Audit

Internal Auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Based on the analysis, each of the GEF Agencies have implemented an independent function with a designated officer to head the function as well as have documented terms of reference (charter) which outline the purpose, authorized functions and accountability of the function. For review purposes, the charter was the primary document evaluated to determine if requirements existed that required adherence to the standards.

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In addition, each of the internal audit functions within the GEF Agencies carry out their internal audit activities in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors. For the United Nations GEF Agencies, these agencies also receive direction from the United Nations' Office of Internal Oversight Services and are representatives of Internal Audit Services of the United Nations.

Each of the GEF Agencies' internal audit functions include within documented terms of reference (charter) responsibilities for the following:

- Having a documented description of an annual planning process which is consistent with agency goals and includes risk-based methodology for preparing an audit plan;
- Sharing and coordinating information and activities with relevant internal and external parties (including external financial statement auditors) in an effort to ensure proper coverage and minimize duplication of efforts;
- Disseminating its findings to corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations;
- Monitoring the response to its recommendations, and;
- Establishing a process to monitor and assess the overall effectiveness of the internal audit function which includes periodic internal and external quality assessments.

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Project Appraisal

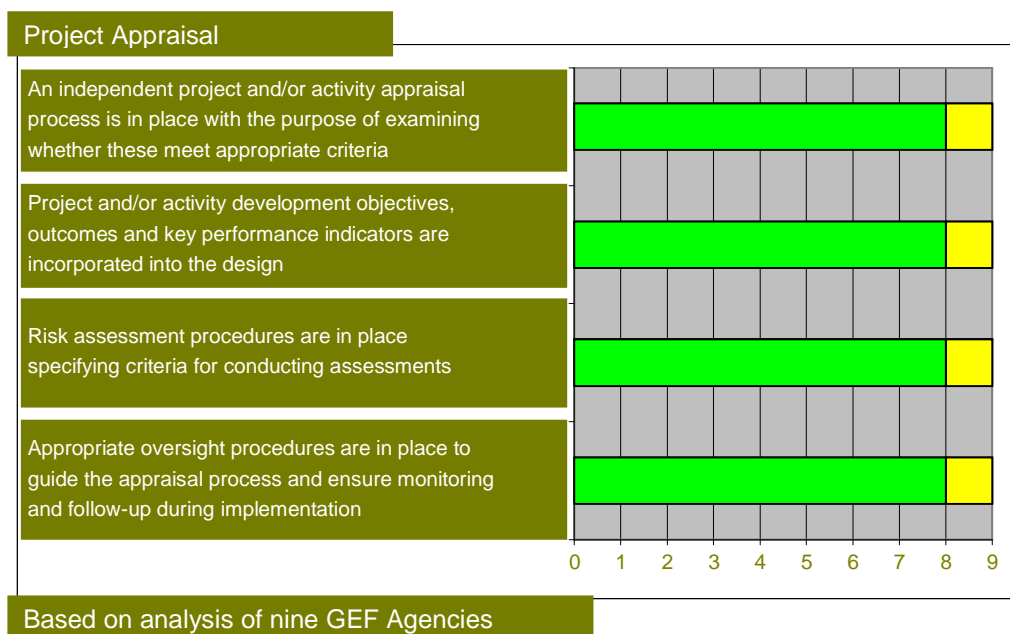
Project appraisal functions include the establishment of standards and appropriate safeguards that are used to evaluate whether projects and activities will meet their development goals before funds are dispersed.

A majority of the GEF Agencies have established policies that outline requirements for an independent project appraisal process with the purpose of examining proposed projects. The policies or applicable documentation include criteria for examining proposed projects which include technical, economic, financial, environmental, social, institutional and GEF-mandated criteria as well as criteria to determine whether proposed projects are reasonably likely to meet stated objectives and outcomes.

In addition, the project appraisal procedures also outline oversight mechanisms for ensuring appraisal quality and requirements for further monitoring during project implementation. Some of the agencies have performed or are in the process of performing a thorough review of their appraisal process to further align it with the minimum approved fiduciary standards.

In practice, the GEF Agencies will typically assign a group of technical advisors to carry out the project appraisal process. Generally, the group of technical advisors will report results first to an established project appraisal oversight committee for approval then to the executive board or comparable body for final approval. In addition, some of the GEF Agencies have established an executive coordinator function that reviews project appraisals specific to GEF projects

In addition, each of the GEF Agencies have or are in the process of incorporating within their policies or applicable documentation guidelines to clearly state objectives, outcomes and key performance indicators with baseline and targets during the project design phase. In some instances, the design of a project is being prepared by a borrowing country and its implementing agencies. However, in these instances, the GEF Agencies include within their policies or applicable documents guidance to perform a quality review of third party's project design documents to ensure these include clearly stated objectives, outcomes and key performance indicators.



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Finally, a majority of the GEF Agencies have documented risk-assessment procedures which specify the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted. In application, these risk-assessment procedures span the various phases of the project life cycle including formulation, design, appraisal and implementation.

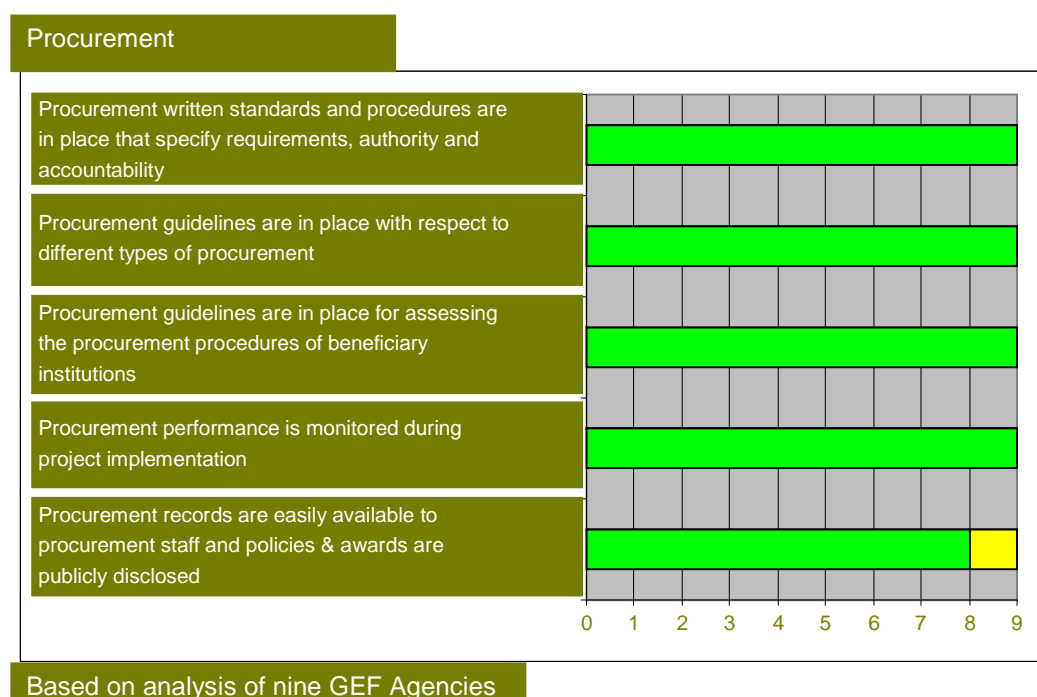
Procurement

Agency procurement processes covering both internal/administrative procurement and procurement by recipients of funds include written standards based on widely recognized processes and an internal control framework to protect against fraud, corruption and waste.

Based on the analysis, each of the GEF Agencies have specific directives to promote economy and efficiency in procurement through written procedures that specify procurement requirements, accountability and authority to take procurement actions as well as monitoring procurement performance during project implementation.

However, one of the GEF Agencies is in the process of reviewing and updating its procurement policy to include monitoring of procurement performance during the implementation phase of a project as well as training its staff on this monitoring process.

In addition, each of the GEF Agencies include within their procurement procedures guidelines and methodologies for assessing the procurement procedures of beneficiary institutions. Further, it appears that each of the GEF Agencies also include within their procurement procedures guidelines with respect to different types of procurement such as consultants, contractors, service providers and goods.



In practice, these procurement procedures are made available via each of the GEF Agencies' external websites. In addition, the majority of the GEF Agencies also include on their external websites procurement records and awards. However, for one of the GEF Agencies, procurement

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awards are not publicly disclosed as required by the fiduciary standard but rather maintained internally.

Monitoring and Project-at-Risk Systems

The GEF monitoring and evaluation policy, adopted by the Council in February 2006, establishes minimum requirements based on widely recognized, good practice norms and standards for monitoring in the GEF. From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to projects and/or activities, particularly those deemed to be at risk.

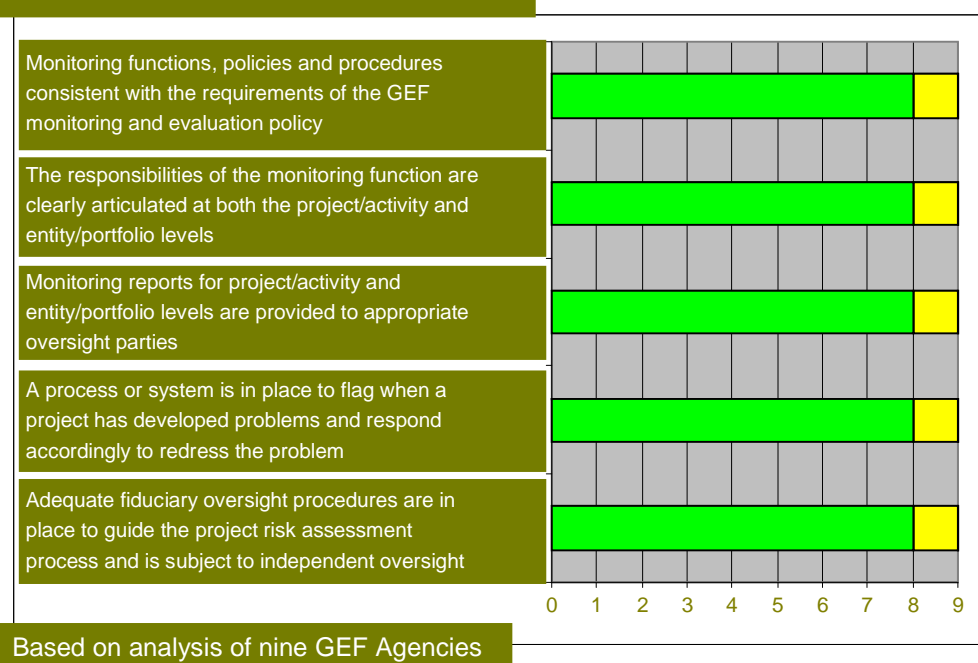
The majority of the GEF Agencies' monitoring policies are consistent with the requirements of the GEF monitoring and evaluation policy². However, one of the GEF Agencies is currently undergoing a review of its entire monitoring process to further align it with the GEF monitoring and evaluation policy.

In addition, most of the GEF Agencies have established within their policies the respective roles and responsibilities for the monitoring functions at both the project and at the entity/portfolio levels. Some of the GEF Agencies have established an executive coordinator function that performs monitoring specific to GEF projects.

Also, these policies further outline the reporting requirements for the functions at both the project and at the entity/portfolio levels. The reporting requirements within these policies outline reports are to be provided to the appropriate higher level of managerial oversight within the organization as well as the managers that carry out the projects in an effort to allow for appropriate actions to be taken.

² The GEF Monitoring and Evaluation Policy are published on the GEF external website.
http://www.thegef.org/uploadedFiles/Policies_and_Guidelines-me_policy-english.pdf.

Monitoring and Project-At-Risk Systems



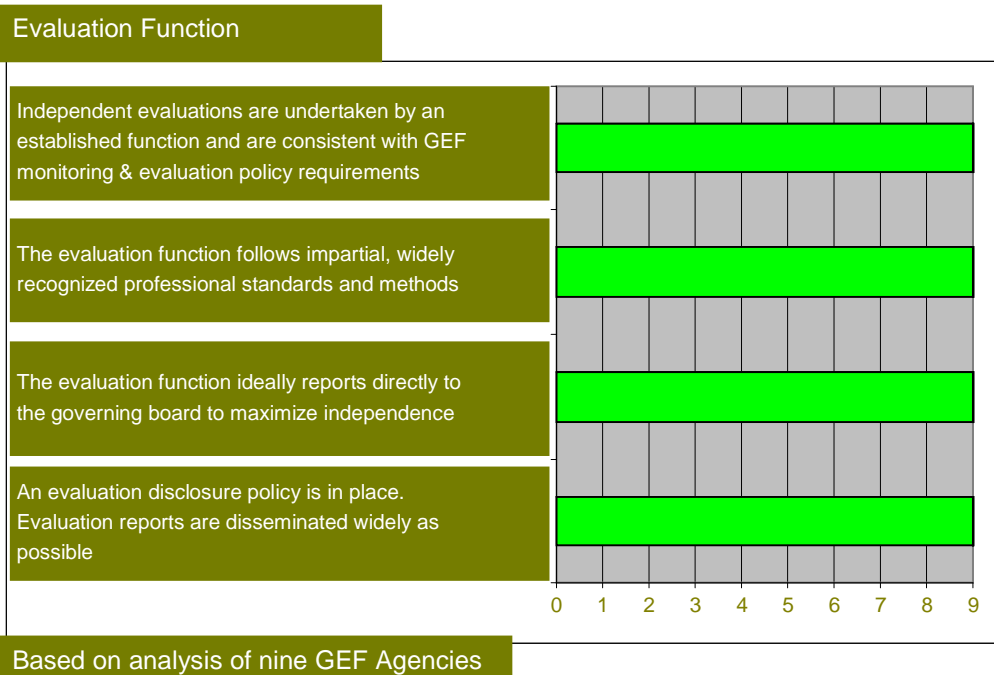
Finally, a majority of the GEF Agencies have policies that outline their respective processes in regards to monitoring projects at risk. These policies include the criteria used for identifying such projects as well as outline the additional oversight processes. In addition, these policies further outline that the project risk assessment process is subject to independent oversight. In practice, the independent oversight typically will be carried out by the evaluation function at the agency.

Evaluation Function

The evaluation function assesses the extent to which projects, programs, strategies, policies, sectors, focal areas, or other activities achieve their objectives. The goals of evaluation are to provide an objective basis for assessing results, to provide accountability in the achievement of agency objectives, and to learn from experience. The GEF monitoring and evaluation policy, adopted by the Council in February 2006, establishes minimum requirements based on widely recognized, good practice norms and standards for evaluations in the GEF, including impartiality, professionalism, and a high degree of independence.

Based on the analysis, each of the GEF Agencies either already had in place independent functions to perform evaluations or have taken steps in the past few years to realign their evaluation functions to meet the minimum fiduciary requirements put in place by the GEF Council. In practice, these evaluation functions within the GEF Agencies report directly to the respective governing board and/or the head of the agency as well as are independent from the agencies' operations.

In addition, each of the GEF Agencies' evaluation policies, or respective documents, are consistent with the requirements of the GEF monitoring and evaluation policy².



It also appears that a majority of the GEF Agencies' evaluation functions are network members of the Organization for Economic Co-Operation and Development (OECD) Development Assistance Committee (DAC) which is a forum for major bilateral donors in regards to sustainable development³. For the United Nations GEF Agencies, these agencies also receive direction from the United Nations' Evaluation Group (UNEG) through the UNEG Norms and Standards for Evaluation in the UN System⁴.

Finally, each of the GEF Agencies includes within their evaluation policy and/or a respective disclosure policy requirements for the dissemination of evaluation reports. In practice, a majority of the GEF include on their public website an evaluation portal with access to evaluation reports, policies, work programmes and progress reports.

Investigation Function

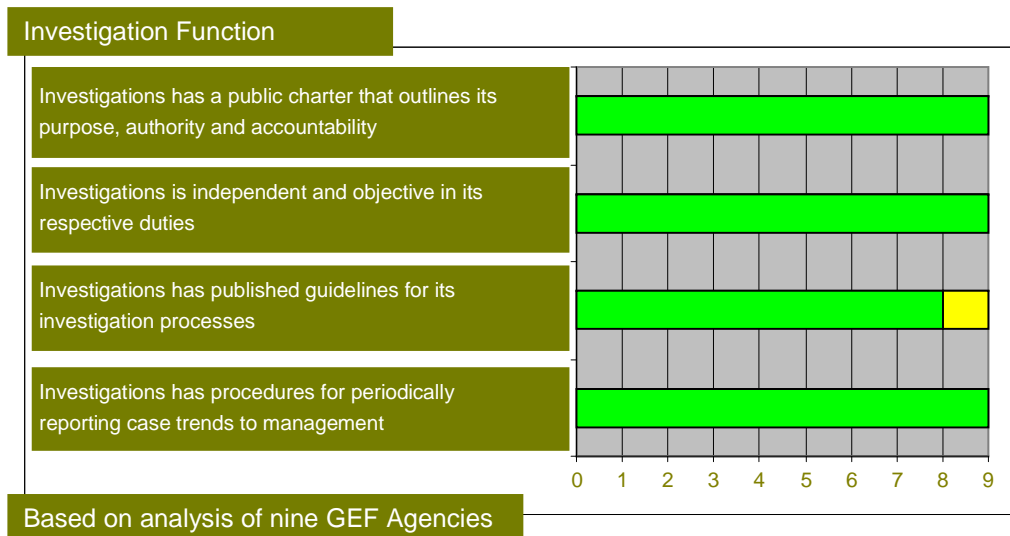
The investigation function provides for independent, objective investigation of allegations of fraud and corruption in agency operations, and of allegations of possible agency staff misconduct.

Based on the analysis, each of the GEF Agencies have an independent investigation function with a designated officer to head the function. As prescribed within the standard, to promote independence, the designated officer reports to the head of the agency and/or an oversight body. In practice, the head officer of the investigations functions within the GEF Agencies generally will report to either the president and/or the audit committee. More often than not, the investigation functions will also be a division within each GEF Agencies' respective internal audit function.

Investigation functions within each GEF Agencies have publically available terms of reference outlining the purpose, authority and accountability of the function.

³ DAC also publishes guiding principles for development practitioners including evaluation of these projects. <http://www.oecd.org.dac>

⁴ The UNEG norms and standards are published on the United Nations external website and take into consideration the OECD DAC published guidelines. http://www.uneval.org/normsandstandards/index.jsp?doc_cat_source_id=4



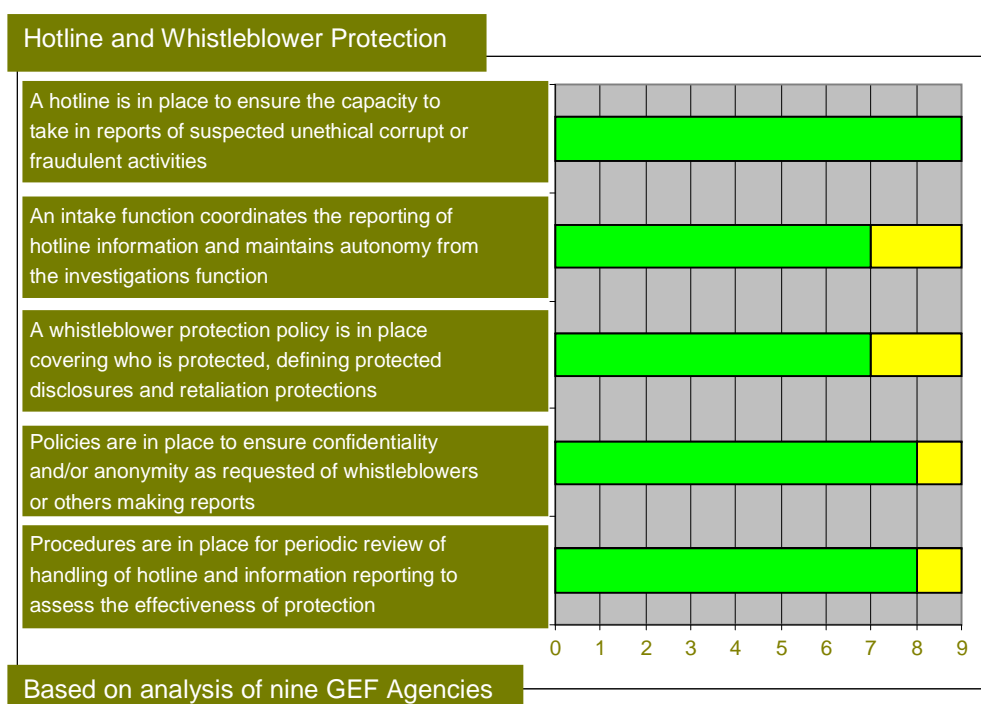
In addition, the majority of GEF Agencies have published investigations guidelines and the GEF Agencies, who do not have published investigations guidelines, have a monitorable action plan to draft such guidelines. It should be further noted that some of the GEF Agencies have jointly formed an International Financial Institutions Anti-Corruption Task Force. In doing so, these GEF Agencies have jointly endorsed common principles and guidelines for conducting investigations based on internationally identified good practices.

Finally, each of the GEF Agencies' investigations functions have defined processes for periodically reporting case trends, made available to the public via the GEF Agencies' external websites and are provided to senior management for review.

Hotline & Whistleblower Protection

The GEF Agency policies provide avenues for reporting suspected ethics violations and protections for individuals reporting such violations.

Each of the GEF Agencies have mechanism(s) to provide individuals a way to report suspected unethical, corrupt, fraudulent or similar activity as required by the standard. In practice, each of the GEF Agencies have made information regarding this reporting mechanism(s) available on their external websites and typically provide instructions for reporting as well as different means for doing so such as by hotline, fax, mail, and/or online reporting.



In addition, it appears that the GEF Agencies have assigned a function within to coordinate the proper handling of such reported information.

In practice, the intake function for a majority of the GEF Agencies is included within the investigations function. However, in these instances, some of these GEF Agencies have segregated roles for the individuals (e.g. administrator) performing the intake and the individuals performing the investigation. Some agencies cited the challenge to segregate intake from investigation given limitations in budgets, relative size of the agency or volume of investigations undertaken.

The majority of the GEF Agencies have a whistleblower protection policy, and/or maintain within other references policies or written documents information pertaining to prescribed GEF minimum fiduciary standard requirements for whistleblower protection. However, some of the GEF Agencies' whistleblower protection policies, or related documents, do not contain definitions of protected disclosures and/or protections for retaliation as prescribed by the standard.

Also, a majority of the GEF Agencies have documented mechanisms to facilitate confidentiality and/or anonymity, as requested, of whistleblowers or others making reports. In practice, for most, these mechanisms are outlined on the GEF Agencies' external websites. In addition, the investigations functions of the GEF Agencies also include within their policies and/or procedures mechanisms to maintain confidentiality and/or anonymity in the conduct of their investigations.

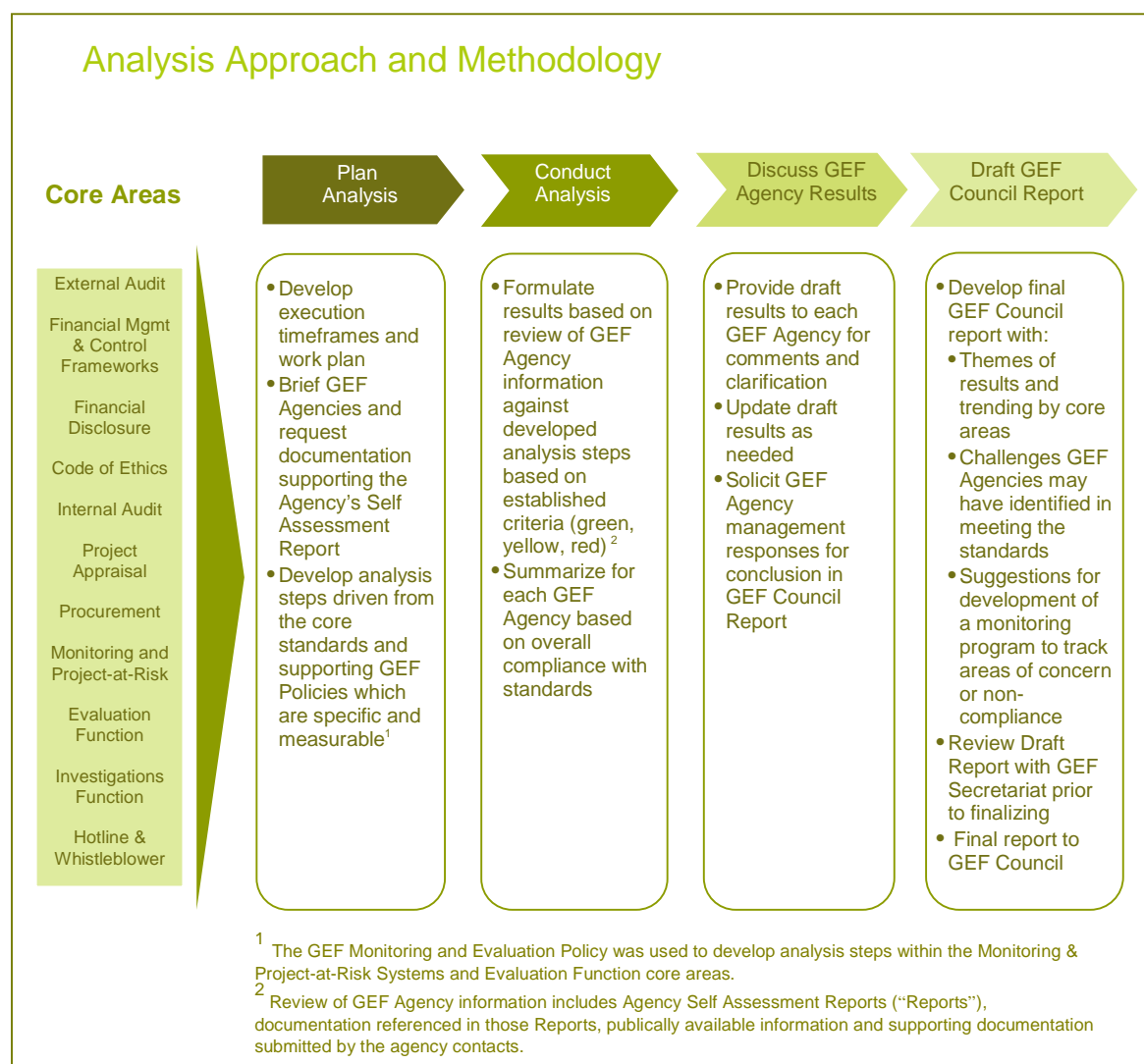
Finally, a majority of the GEF Agencies have documented procedures in place for periodic analyze of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.

IV. Analysis Methodology and Approach

The information contained within this summary report was based solely on the information provided in the agency self assessment reports submitted by the GEF Agencies, publicly available information and supporting documentation provided by the agency contacts.

The summary report information was vetted with the GEF Agencies by way of teleconference meetings. Each GEF Agency was also provided the opportunity to submit an Overall Agency Management Response (Refer to Annex B).

For our preparation of the summary report, we utilized the approach and methodology depicted in the table below.



This information has been prepared solely for the use and benefit of the GEF Council and GEF Agencies and is not intending for reliance by any other person.

As we conducted our analysis, we utilized the following criteria to prepare the results for this summary report. By doing so, the GEF Council will be able to measure results across GEF Agencies and standards.

Analysis Buckets	Mapping
<i>Areas where the approved fiduciary standards ("standards") appear to be met.</i>	
<i>Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.</i>	
<i>Areas where standards do not appear to be met and a monitorable action plan has not been established.</i>	

Confidentiality Mechanisms

Given the nature of the information needed to perform this analysis and at the request of the Project Sponsors, we adopted the following protocol for our engagement team:

- The GEF Agencies provided requested documents directly to PwC. These documents consisted of those referenced in the self assessments submitted or required by the applicable minimum fiduciary standard.
- PwC kept and will keep private the Confidential Information provided by the GEF Agencies. The documents provided will be deemed Confidential Information and were only provided only to PwC employees who needed to know such information and not to the GEF Secretariat, the GEF Council or the other agencies. The term "Confidential Information" means information that is either identified by the GEF agencies as confidential at the time of disclosure or should be understood by a reasonable person under the circumstances in nature. Confidential Information would not include information that was made publically available such as on the agency's external website.
- Upon GEF Agency written request, PwC has offered to return to the GEF Agency any Confidential Information provided in hardcopy, or at the GEF Agency's option, clarified in writing to the GEF Agency that any such Confidential Information (including any copies thereof) are confidential.
- While we do not currently anticipate the need for such disclosure, PwC may disclose Confidential Information if required by applicable law, regulation or professional standard, including any subpoena or other similar form of process. Should this occur, PwC will provide the GEF Agency with prompt notice of any request that PwC disclose Confidential Information so that the GEF Agency may object to the request and/or seek an appropriate protective order.
- As disclosed to the GEF Secretariat during the contracting process, PwC has served as the appointed auditor for one or more of the GEF Agencies presently or historically.

This information has been prepared solely for the use and benefit of the GEF Council and GEF Agencies and is not intending for reliance by any other person.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

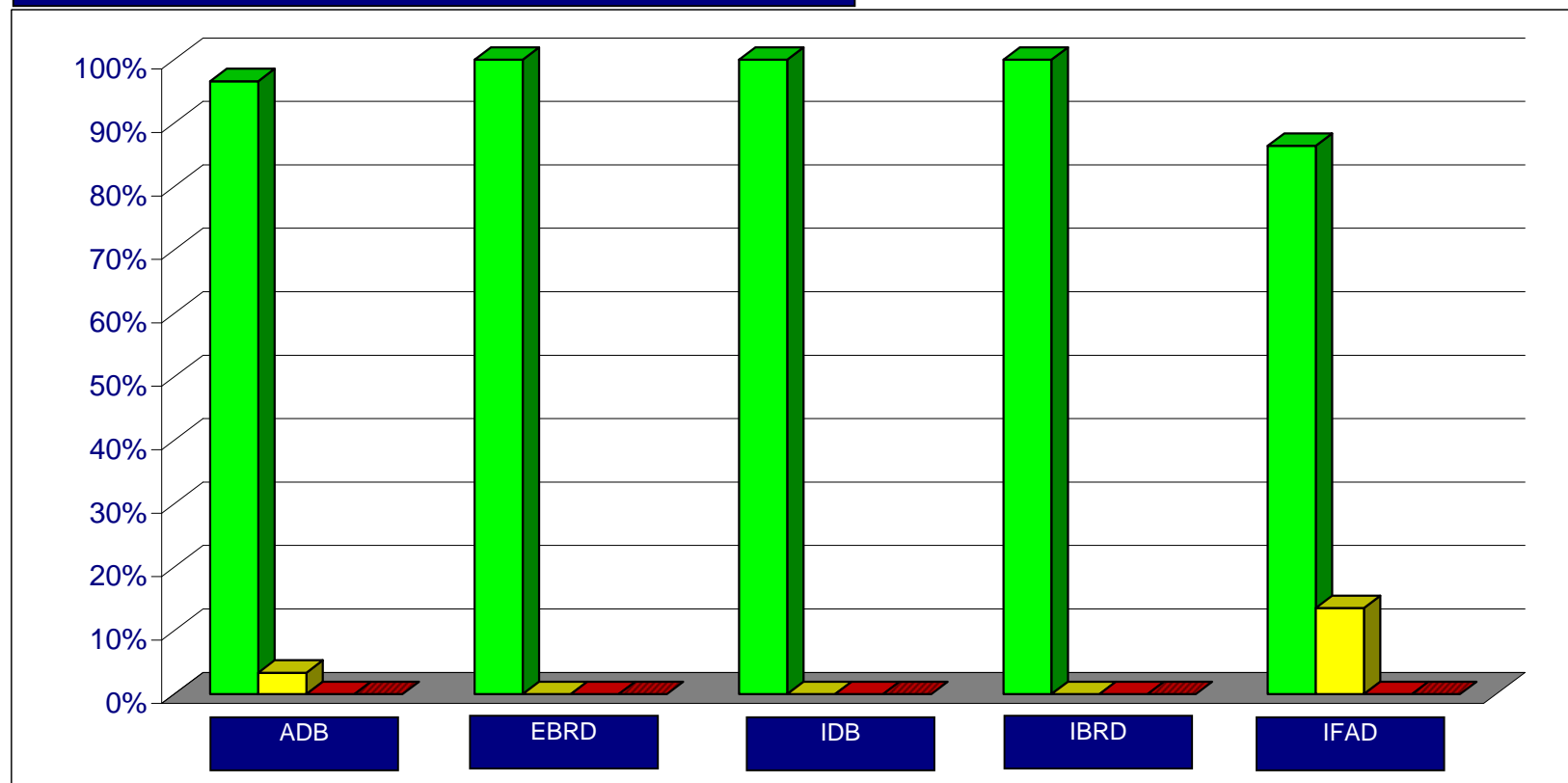
The information contained within this summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies, publicly available information, and supporting documents provided by each agency. Our work was limited to the specific procedures described herein and was based only on the information made available through May 15th, 2009. Accordingly, changes in circumstances after this date could affect the accuracy of data outlined in this summary report.

Annex A – Comparative Charts of GEF Agency Assessment Results



Standards Implementation Analysis - GEF Agencies

Implementation Progress by Multi-Lateral Agency



Legend:

Areas where the approved fiduciary standards ("standards") appear to be met.
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.
Areas where standards do not appear to be met and a monitorable action plan has not been established.
Areas where assessment of standard cannot readily be determined based on all available information presented.

Green

Yellow

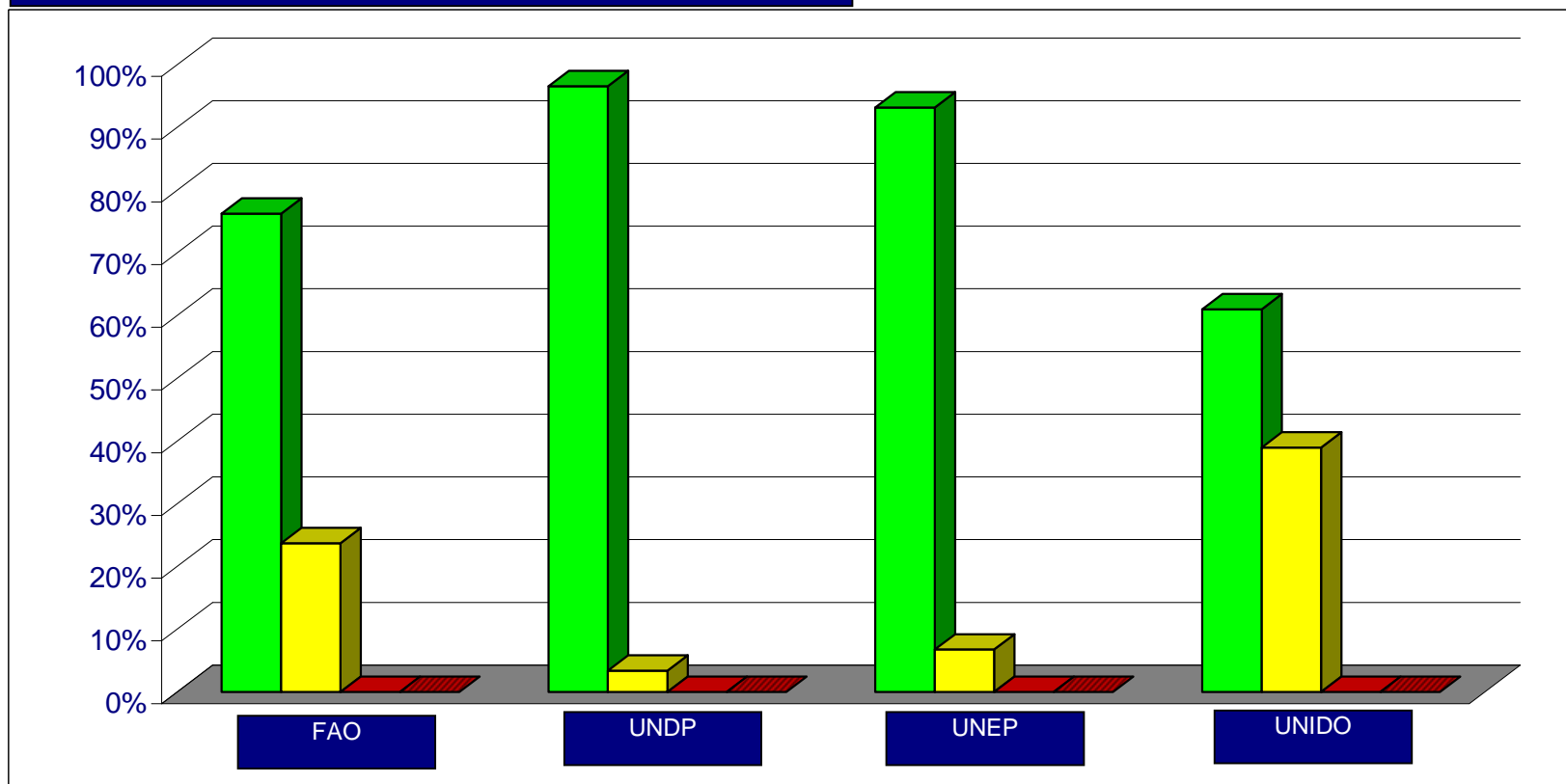
Red

Red

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Standards Implementation Analysis - GEF Agencies

Implementation Progress by UN Agency



Legend:

Areas where the approved fiduciary standards ("standards") appear to be met.

Green

Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.

Yellow

Areas where standards do not appear to be met and a monitorable action plan has not been established.

Red

Areas where assessment of standard cannot readily be determined based on all available information presented.

Red

Standards Implementation Analysis - GEF Agencies

Legend:	
Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNDO
A.1 External Financial Audit										
A.1a.	The Agency has appointed an independent external audit firm or organization.									
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).									
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.									
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.									
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.1f	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.									
A.1g	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.2 Financial Management & Control Frameworks										
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.									
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.									
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.									
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.									
A.2e.	The control framework guides the financial management framework.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements.									
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.3 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.									
A.3b.	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: • 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.									
A.3c.	The policy specifies prohibited personal financial interests.									
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.									
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
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/administration function.	Yellow	Green	Yellow	Green	Green	Yellow	Green	Green	Yellow

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.4 Code of Ethics										
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.									
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.									
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.5 Internal Audit										
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).									
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.									
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.									
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.									
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.									
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IASB	IBRD	IFAD	UNDP	UNEP	UNIDO
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.									
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.									
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
B.1 Project Appraisal Standards, including safeguards measures, as appropriate										
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.									
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.									
B.1c	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.									
B.1d	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
B.2 Procurement Processes										
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.									
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.									
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.									
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.									
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
B.3 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.									
B.3b.	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.									
B.3c.	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.									
B.3d.	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.									
B.3e.	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.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
B.4 Evaluation Function										
B.4a:	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.									
B.4b:	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.									
B.4c:	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.									
B.4d:	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
C.1 Investigations Function										
C.1a	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.									
C.1b	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.									
C.1c	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.									
C.1d	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.									

Standards Implementation Analysis - GEF Agencies

Areas where the approved fiduciary standards ("standards") appear to be met.	Green
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow
Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

		ADB	EBRD	FAO	IADB	IBRD	IFAD	UNDP	UNEP	UNIDO
C.2 Hotline & Whistleblower Protection										
C.2a:	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.									
C.2b:	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.									
C.2c:	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).									
C.2d:	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).									
C.2e:	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.									

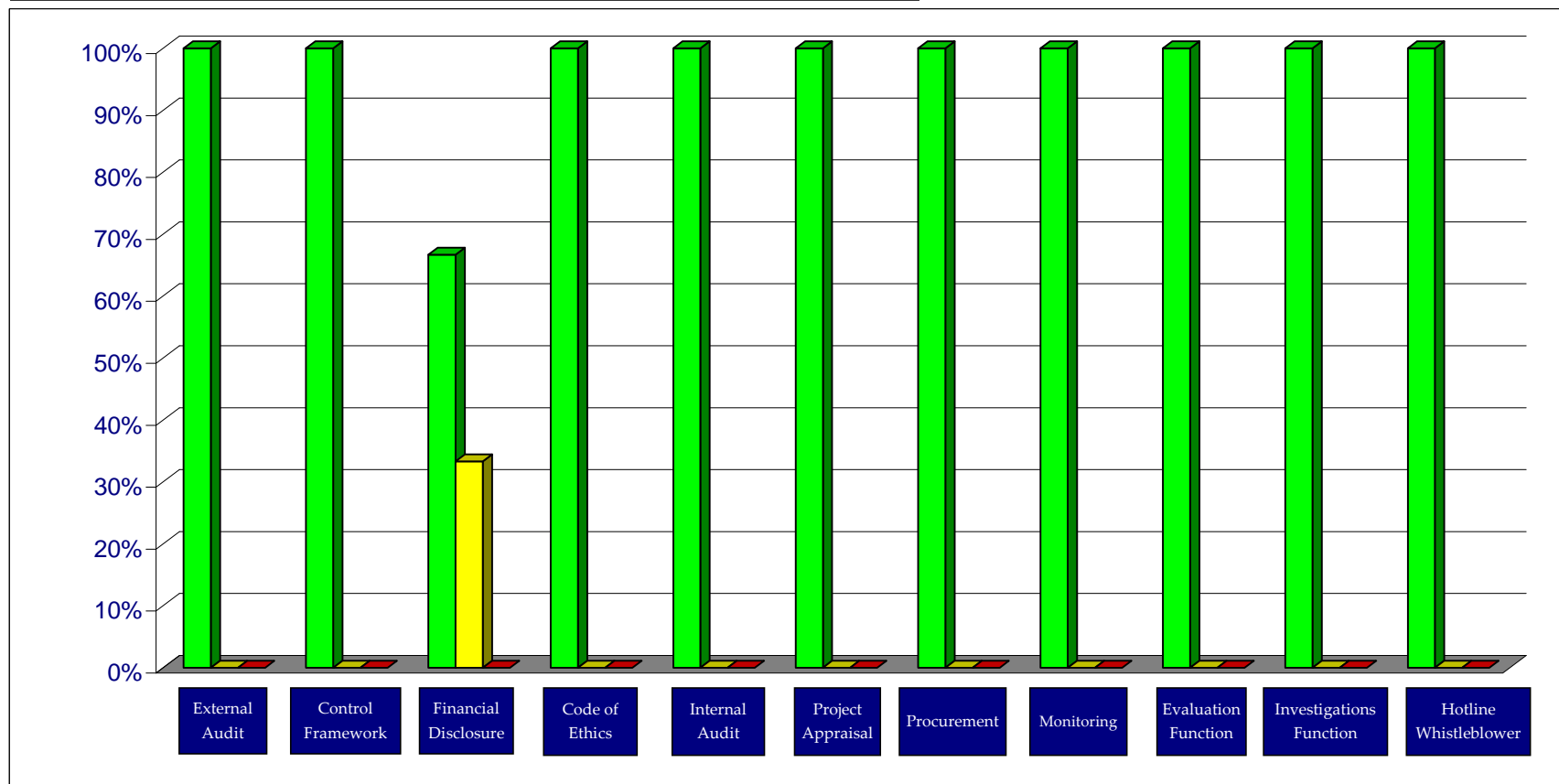
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – ADB



Implementation Progress - ADB



Legend:

Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
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Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		
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.		
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		
A.2 Financial Management & Control Frameworks			

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.		
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.		
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.		
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.		
A.3 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.		
A.3b.	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: <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. 		
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		<p>ADB maintains within its Code of Conduct and Anticorruption and Integrity Policy information pertaining to financial disclosures (Section 4.10 Disclosure of Financial and Business Interests).</p> <p>The ADB "Code of Conduct" indicates the following in regards to disclosure of financial and business interests:</p> <p>* "All staff shall promptly disclose to the staff member's Director or Head of Department/Office, any financial or business interest of such staff member or of an immediate family member which might reflect unfavorably on ADB or which might be in actual or apparent conflict with the staff member's duties.</p>
e. continued cont.			<p>* In the event ADB has reason to believe that a staff member or an immediate family member has engaged in conduct or entered into a transaction prohibited under this section, such staff members may be required to provide to ADB a certified statement of relevant financial and business interests and to use best efforts to provide comparable statement in respect of relevant immediate family members."</p> <p>The ADB Code of Conduct notes that "Disclosure should be made directly in writing to the staff member's Director, Head of Department/Office, or immediate superior (if more senior)."</p> <p>Outstanding Item: The Code of Conduct appears to require disclosure of restricted financial interests as well as indication of preferred method of disclosure. However, the Code of Conduct does not appear to indicate that required parties must disclose personal financial interests annually and does not provide an administrative function within the agency for monitoring of disclosure. It appears that the Agency is partially compliant with the standard.</p>
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/administration function.		<p>The Agency notes the following in response to the Exit Conference:</p> <p>"ADB does not require periodic disclosure of personal financial interests, and correspondingly there is no monitoring of compliance with such periodic disclosure. However, in the breach, failure to disclose any interests as required by A.O. 2.02 may be investigated by Budget, Personnel and Management Systems Department (BPMSD), and conflicts of interest, and the failure to disclose such conflicts, may be investigated by the Office of the Auditor General, Integrity Division.</p>

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
f. continued cont.			<p>The initial review and resolution of defined interested parties or conflicts of interests is the responsibility of the concerned staff member's Director or Head of Department/Office.</p> <p>Upon disclosure of defined financial or business interests to such Director or Head, any instruction by the latter to proceed with, modify or abstain from the exercise of responsibility shall be in writing, and copies shall be furnished to the staff member's Director or Head of Department/Office, as appropriate, and to the Director General, Budget, Personnel and Management Systems Department (BPMSD). If the staff member disagrees with such instruction, the staff member may request a review of the decision by the Director General, BPMSD."</p> <p>Outstanding Item: The ADB does not have a function in place to monitor financial disclosure compliance on a periodic basis. However, the ADB does maintain a function which will investigate situations brought to their attention in which employees failed to disclose prohibited financial interests. It appears that the Agency is partially compliant with the standard.</p>
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			

Standards Implementation Analysis - Asian Development Bank (ADB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		ADB's audit charter states that "It is the policy of the Office of the Auditor General ('OAG') to adhere to the Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors, Inc. (IIA) and any revisions and amendments thereto." Note: The ADB audit charter is an internally maintained document that cannot be provided to external parties. The ADB noted compliance with this standard during the Exit Conference and provided the above language via email in support of their compliance assertion. We were unable to independently verify the contents of the audit charter.
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		

Standards Implementation Analysis - Asian Development Bank (ADB)

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Standard		Analysis Comments	
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		

Standards Implementation Analysis - Asian Development Bank (ADB)

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Standard		Analysis Comments	
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		
B.3c.	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.		
B.3d.	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.		

Standards Implementation Analysis - Asian Development Bank (ADB)

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Standard		Analysis Comments	
B.3e.	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		
B.4 Evaluation Function			
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		

Standards Implementation Analysis - Asian Development Bank (ADB)

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Standard		Analysis Comments	
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		

Standards Implementation Analysis - Asian Development Bank (ADB)

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Areas where the approved fiduciary standards ("standards") appear to be met.

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Areas where standards do not appear to be met and a monitorable action plan has not been established.

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Areas where assessment of standard cannot readily be determined based on all available information presented.

Red



Standard		Analysis Comments	
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - ADB

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

ADB acknowledges the evaluation, noting that we are in full compliance with 10 of 11 fiduciary standards adopted by the GEF Council.

With respect to the issue of financial disclosure and consequent monitoring of financial disclosure of defined parties, we acknowledge the partial compliance. We will discuss the overall report and the issues identified internally. At this stage however, as discussed in earlier communication with the Evaluation Team, ADB is confident that our overall control framework, administrative procedures and processes, are sufficient and appropriately designed given the nature of our operations.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

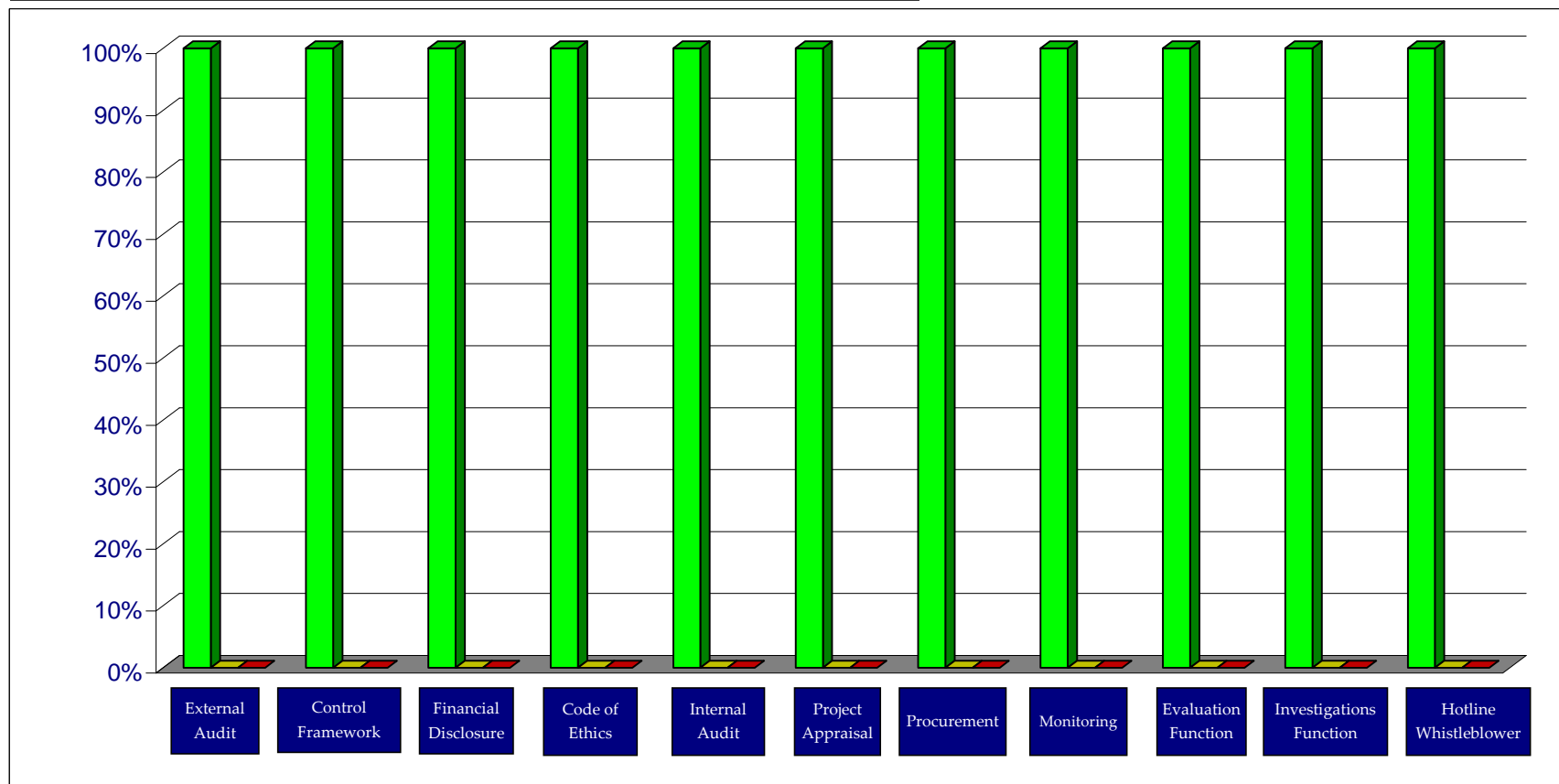
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – EBRD



Implementation Progress - EBRD



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Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		
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.		
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		
A.2 Financial Management & Control Frameworks			

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.		
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.		
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.		
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

Legend:			
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Standard		Analysis Comments	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	Green	
A.3 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.	Green	
A.3b.	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: <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. 	Green	
A.3c.	The policy specifies prohibited personal financial interests.	Green	
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.	Green	
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.	Green	

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

Legend:			
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Standard		Analysis Comments	
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/administration function.		
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

Legend:

Areas where the approved fiduciary standards ("standards") appear to be met.

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Areas where standards do not appear to be met and a monitorable action plan has not been established.

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Yellow

Areas where assessment of standard cannot readily be determined based on all available information presented.

Red



Standard		Analysis Comments	
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

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Standard		Analysis Comments	
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		
B.3c.	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.		
B.3d.	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.		
B.3e.	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		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

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Standard		Analysis Comments	
B.4 Evaluation Function			
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

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Standard		Analysis Comments	
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		

Standards Implementation Analysis - European Bank for Reconstruction and Development (EBRD)

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Standard		Analysis Comments	
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - *EBRD*

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

EBRD did not receive a rating other than green in any core standard area.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

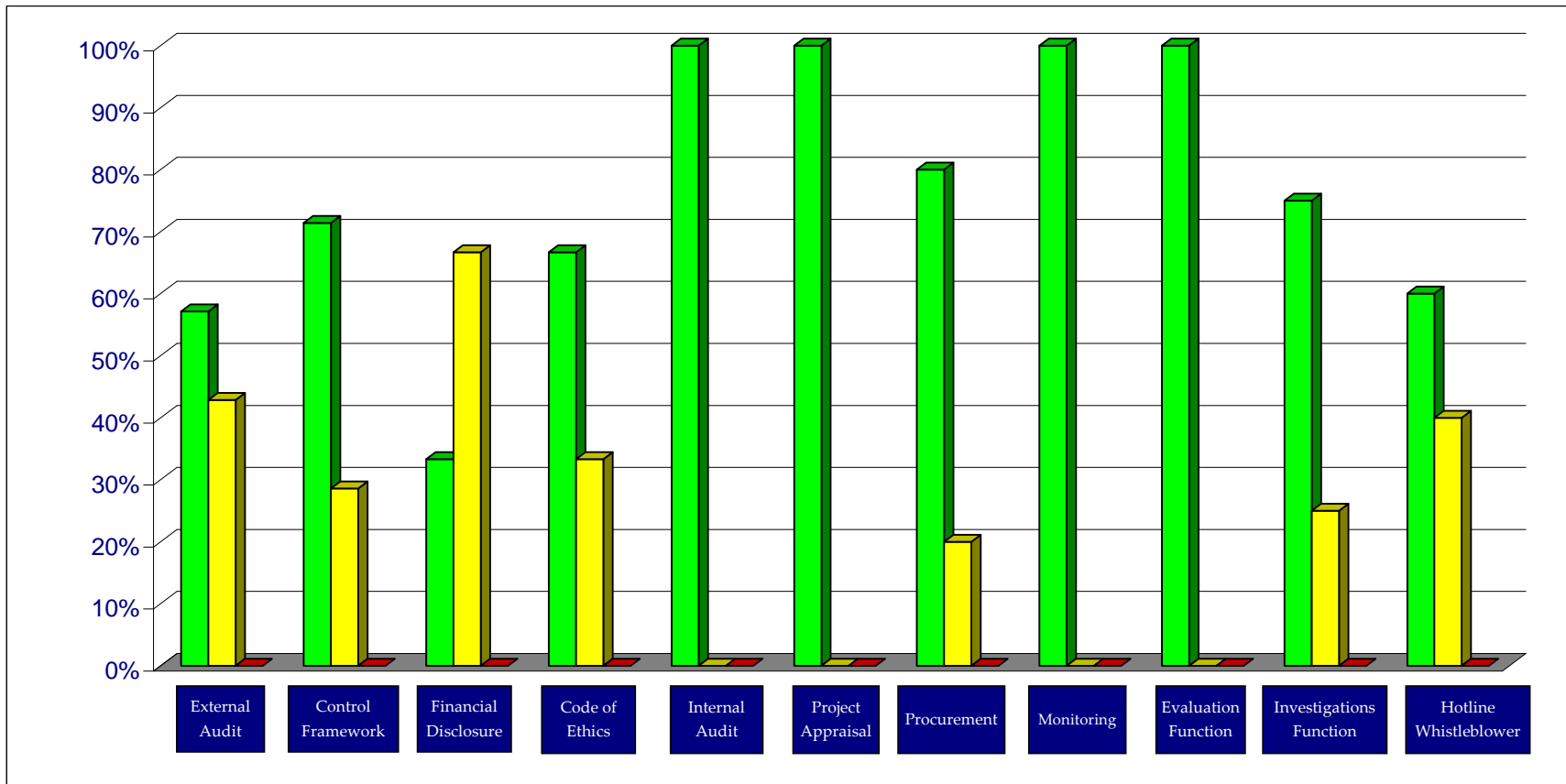
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – FAO



Implementation Progress - FAO



Legend:

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Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		<p>The Agency's Self Assessment notes that "the Financial Statements have been prepared in accordance with the United Nations System Accounting Standards which are based to a large extent on relevant international accounting standards issued by the International Accounting Standards Committee."</p> <p>Outstanding Item: 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.</p>
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.		<p>The FAO Self Assessment notes that "several GEF funded projects will have a slightly different project implementation modality compared to most of FAO's projects which are generally executed directly by FAO."</p> <p>The current standard processes and internal control framework require adaptation in order to fully cover certain aspects of some GEF projects, which will be executed through implementing partners. In the meantime, where not already covered by the current internal control framework, ad hoc controls and monitoring are put in place for these projects."</p> <p>Additionally, FAO's "Basic Texts" (specifically Financial Regulation X) notes that the Director General is responsible for maintaining "an internal financial control and internal audit which shall provide an effective current examination and/or review of financial transactions."</p>

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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FAO

Standard		Analysis Comments	
d. continued cont.			<p>The Self Assessment notes the following in regards to management's assertions over financial controls: "FAO does not currently have formal internal control reporting. The possibility of implementing such reporting has been discussed by the Finance Committee but a decision was postponed awaiting UN wide developments in the area."</p> <p>Outstanding Item: 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. It appears that the Agency is partially compliant with the standard.</p>
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		<p>The Agency's Self Assessment notes that the external auditor's reports and opinions are published biennium covering both Regular Programme and extra-budgetary resources and are available on the United Nations and FAO external website.</p> <p>Outstanding Item: It appears that there is an audit opinion on the financial statements issued by the Board of Auditors (external auditor) and made public.</p> <p>However, the audit opinion is done on an 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 (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.</p>
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
A.1g	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.	Green	
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.	Green	
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.	Yellow	The Agency's Self Assessment notes the FAO has not adopted a formal internal control framework. However, the Self Assessment notes that comparable processes are in place for required control framework components.

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
b, continued cont.			<p>Control Environment</p> <p>The Agency's Self Assessment notes that "the Director-General is responsible for the maintenance of a sound system of internal control. The control environment is strengthened through:</p> <ul style="list-style-type: none"> * An organizational structure with clear delegation of authority and clear statements of responsibility and accountability which are understood by all staff. * Staff with requisite skill levels dedicated to the administrative and finance functions. * Rigorous staff selection process (including Professional Staff Selection Committee and General Service Staff Selection Committee) and adequate staff training. * Appropriate disciplinary action in relation to serious departures from approved policies and procedures and/or violations of organizational rules. The Organization has a formal zero tolerance policy for fraud." <p>FAO's "Basic Texts" (specifically Financial Regulation X - Roman Numeral 10) supports the contention that the Director General is responsible for maintaining an internal financial control.</p>
b, continued cont.			<p>Risk Assessments</p> <p>The Agency's Self Assessment notes that "risks are routinely assessed as part of the design of processes and procedures and in management decision-making. The Organization does, however, currently not have a formal organization-wide risk assessment process or a risk management committee."</p> <p>The Agency's Self Assessment further notes that "AUD (Office of the Inspector General) has commissioned Deloitte, a leading risk management consulting firm, to undertake an Enterprise Risk Assessment (ERA) of FAO's current approach to risk management.</p> <p>The ERA will attempt to identify and prioritize the organization's risks and provide quality inputs for purposes of formulating effective risk responses, including information about the current state of capabilities around managing priority risks.</p> <p>This is the first step to implementing an organizational-wide Enterprise Risk Management and will lay the foundation for the successful introduction of ERM in the future, which is included in FAO's Immediate Plan of Action (IPA). The ERA is scheduled to be completed by December 2009."</p>

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

Legend:			
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Standard		Analysis Comments	
b, continued cont.		Yellow	Internal Control Activities The Agency's Self Assessment notes that "FAO's control activities are for the main part reflected in comprehensive administrative and financial policy and procedures manuals and guidance published on relevant Intranet pages. A system, or hierarchy, of policy and procedures documentation exists, as follows: * Financial Regulations * Manual Sections * Detailed procedures * How-to guides"
b, continued cont.		Yellow	Monitoring The Agency's Self Assessment indicates that "ongoing monitoring is carried out in all areas of administrative and financial operations and is defined in individual procedures. Management and supervisory activities include review of exception reports and reconciliations and follow up and resolution of issues arising."
b, continued cont.		Yellow	Information Sharing The Agency's Self Assessment notes that "the Organization has integrated ERP systems covering all areas of financial transaction processing and reporting as well as HR and payroll applications. Access to the systems is controlled centrally and privileges are provided based on job requirements. Statements of policy and related procedures are communicated effectively to relevant staff through publication on the FAO Intranet."
b, continued cont.		Yellow	Outstanding Items: It appears that the Agency has procedures in place indicating that a control environment and monitoring procedures exist. Additionally, policies and systems exist which facilitate information sharing and other discreet internal control activities. Further, a process is in place for strengthening their risk assessment approach. However, the Self Assessment notes that the Agency does not currently have a consolidated control framework which addresses all required elements. As such, it appears that the Agency is partially compliant with the standard.
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.	Green	

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
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.		<p>The Agency's Self Assessment notes that "risks are routinely assessed as part of the design of processes and procedures and in management decision-making. The Organization does, however, currently not have a formal organization-wide risk assessment process or a risk management committee."</p> <p>The Agency's Self Assessment further notes that "AUD (Office of the Inspector General) has commissioned Deloitte, a leading risk management consulting firm, to undertake an Enterprise Risk Assessment (ERA) of FAO's current approach to risk management.</p> <p>The ERA will attempt to identify and prioritize the organization's risks and provide quality inputs for purposes of formulating effective risk responses, including information about the current state of capabilities around managing priority risks.</p> <p>This is the first step to implementing an organizational-wide Enterprise Risk Management and will lay the foundation for the successful introduction of ERM in the future, which is included in FAO's Immediate Plan of Action (IPA). The ERA is scheduled to be completed by July 2009."</p>
d. continued cont.			<p>Outstanding Items: 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.</p>
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	Green	
A.3 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.	Yellow	<p>The FAO Staff Regulations note that "Staff members shall not be actively associated with the management of, or hold a financial interest in, any profit making, business or other concern, if it were possible for the staff member or the profit-making, business or other concern to benefit from such association or financial interest by reason of his or her position with FAO."</p> <p>However, the aforementioned document does 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.</p>
a. continued cont.		Yellow	<p>Additionally, the Self Assessment notes that "In adopting the above amendment to the FAO Staff Regulations, the FAO Council observed that the immediate implementation of the system would imply the review of over 200 statements yearly under conditions of strict confidentiality, concerning staff members in grades D-1 and above and other designated staff members.</p> <p>The Council endorsed the proposal that, in view of the workload involved in this process, as well as cost considerations, the Organization should take a pragmatic approach towards the matter under the Staff Rules which take a pragmatic approach towards the matter under the Staff Rules which allowed it already to implement a simpler system of declaration of interest, as was done in other organizations of the system.</p> <p>Staff members in grade D-1 and above would be required to submit the declarations upon recruitment and at regular intervals as prescribed."</p>

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
a. continued cont.			<p>Per review of the Staff Regulations, it appears that the Director General has the authority to extend disclosure requirements to staff members other than Staff Grade D-1.</p> <p>Outstanding Items: 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. It appears that the Agency is partially compliant with the standard.</p>
A.3b.	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: <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 Staff Regulations indicate that "staff members shall not be actively associated with the management of, or hold a financial interest in, any profit making, business or other concern" and that "all staff members at the D-1 or above level may be required to file financial disclosure statements on appointment" that include financial information concerning the "staff members, their spouses and their dependent children."</p>
b. continued cont.			<p>Outstanding Items: 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. It appears that the Agency is partially compliant with the standard.</p>
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
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 Staff Regulations indicate that "All staff members at the D-1 or above level may be required to file financial disclosure statements on appointment and at intervals thereafter as prescribed by the Director-General, in respect of themselves, their spouses and their dependent children, and to assist the Director-General in verifying the accuracy of the information submitted when so requested."
e. continued			Outstanding Items: 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. It appears that the Agency is partially compliant with the standard.
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/administration function.		The FAO Staff Regulations note that "Staff members shall not be actively associated with the management of, or hold a financial interest in, any profit making, business or other concern, if it were possible for the staff member or the profit-making, business or other concern to benefit from such association or financial interest by reason of his or her position with FAO." However, the Staff Regulations do not appear to 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.
f. continued			Outstanding Items: 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. It appears that the Agency is partially compliant with the standard.
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.	Yellow	<p>Outstanding Item: The Agency's Self Assessment notes that "Currently, FAO does not have a specific Code of Ethics framework nor has the Organization dedicated Ethics Officer post or institutional entity to which staff could turn for advice on ethical standards. This situation will be partly rectified by the appointment of an Ethics Officer, and by the appointment and start-up of an Ethics Committee, scheduled in 2009 pursuant to the Immediate Plan of Action (IPA) which resulted from the IEE and from the ensuing process."</p> <p>It appears that the Agency is currently not in compliance with the standard but that a monitorable action plan is in place to achieve compliance.</p>
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).	Green	
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).	Green	
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.	Green	
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.	Green	
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.	Green	

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

Legend:			
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Standard		Analysis Comments	
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.	Green	
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.	Green	
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.	Green	
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.	Green	
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.	Green	
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.	Green	
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.	Yellow	<p>The Agency's Self Assessment notes that "procurement records are made easily accessible to procurement staff as well as to internal and external auditors. "</p> <p>Outstanding Item: The Agency's Self Assessment notes that procurement policies and awards are not publicly disclosed, as the standard prescribes, because procurement of specialized and regulated goods, works and services (i.e. vaccines, seeds, pesticides, fishing equipment which is greater than 75% of FAO procurement) is done using the restricted tendering method with pre-selection of registered and pre-qualified vendors. Given the accessibility of records by internal staff, it appears that the Agency is partially compliant with the standard.</p>
B.3 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.	Green	

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FAO

Standard		Analysis Comments	
B.3b.	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.		
B.3c.	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>Project Level: The Field Programme Reporting Manual notes that "Regardless of funding source, all non-emergency projects require a quarterly project implementation report to be prepared every three months.</p> <p>The budget holder prepares the QPIR, but may require the project team to prepare the first draft. He/she then submits it to the Chief of the regional operations branch (if applicable) and to the project task force established by the budget holder.</p> <p>Portfolio Level: The Policy Assistance Division (TCA) notes that, in carrying out its function, the Field Programme Development Service (TCAP):</p> <ul style="list-style-type: none"> * "In co-ordination with TCDS, organizes annual and ad-hoc meetings with multilateral and bilateral donors on matters related to the FAO Field Programme * Prepares regularly updated donor briefs, including on Unilateral Trust Fund (UTFs)"
c. continued cont.			<p>Furthermore, FAO noted that the TCAP service is responsible for holding annual meetings with donors, at which portfolio level reporting is provided. Meeting minutes with donors such as the Governments of Japan and France were provided to support this contention.</p> <p>Review of the Field Programme Manual indicates that FAO has monitoring mechanisms (and reports) at the project level. FAO noted that "any issues that arise on individual projects or the whole portfolio - aka programme with that donor - are flagged and discussed with the donors, along with evolving priorities and other issues [during annual donor meetings]."</p>

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
c. continued cont.			<p>Additionally, FAO noted that the "Annual Field Programme Delivery report is submitted to Senior Management (Field Programme Committee), and upon endorsement made available to the entire organization through Field Programme Management Information System ('FPMIS') site." Field Programme Circular 2004/03, 'FPMIS Automatically Generated Measures,' notes that FPMIS is the primary system utilized for project monitoring by the TCA. FPMIS screenshots indicate that the system has portfolio level reporting functionality.</p> <p>Note: We did not explicitly review a consolidated policy or procedural document outlining the standard required portfolio level reporting or the required level of internal review. However, the above points and FAO response to the Exit Conference indicate that portfolio level monitoring is performed by the TCAP service and reported to the donors at annual meetings.</p>
B.3d.	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.		
B.3e.	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		
B.4 Evaluation Function			
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		<p>Outstanding Item: The Agency's Self Assessment notes that "the investigations function has not yet published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process."</p> <p>The Agency noted that "The Investigations Guidelines can't be shared as they still have not been endorsed by the Director General and as such are not an official document."</p> <p>The Agency indicated that the Investigations Guidelines are expected to be endorsed by the Director General as of August, 2009. It appears that the Agency is currently not in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		

Standards Implementation Analysis - Food and Agriculture Organization (FAO)

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Standard		Analysis Comments	
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		<p>The publically available FAO "Policy on Fraud and Improper Use of the Organization's Resources" indicates that "confidentiality will be respected by the Office of the Inspector-General."</p> <p>Furthermore, the Charter of the Office of the Inspector General notes that "Investigations shall be conducted in accordance with the applicable FAO regulations, rules, and other administrative provisions, as well as the internationally accepted guidelines for Investigations endorsed by the investigative offices of international organizations and multilateral financial institutions."</p> <p>The Agency noted that "The Investigations Guidelines can't be shared as they still have not been endorsed by the Director General and as such are not an official document." The Agency indicated that the Investigations Guidelines are expected to be endorsed by the Director General as of August, 2009.</p>
d. continued			<p>Outstanding Item: It appears that the Agency is committed to ensuring the confidentiality of whistleblowers. However, the Agency does not have published guidelines with regards to standard policies and procedures for handling hotline complaints, etc.</p> <p>The Agency does have draft Investigations Guidelines, which will satisfy the standard. Those guidelines are expected to be finalized by August, 2009 (as they are currently in review by the Director General). The Agency is not in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		<p>Outstanding Items: The Agency's Self Assessment notes that "procedures are not yet in place for the periodic review of the handling of hotline, whistleblower and other reporting information to determine whether the process to protect these parties is in place and is effective.</p> <p>AUD (Office of the Inspector General) plans to develop a system in the course of 2009, in consultation with the Legal Office, the Human Resources Management Division and the External Auditors, as necessary."</p> <p>The Agency's response to the Exit Conference noted "The Inspector General receives a monthly report on the reception and status of all allegations. In addition, the Office reports to each session of the Audit Committee, which meets at least three times a year, on the status of investigations and allegations received. The report contains sections on investigation reports issued, summary of cases under investigation as well as statistics about disposition of complaints, sources of complaints etc."</p>

Agency's Management Response - FAO

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

Control Framework

A.1.c and A.1.e. 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.

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 FAO Finance Committee has discussed the implementation of an internal control framework and internal control reporting several times, noting that this would be onerous and that a careful evaluation of the costs and benefits would have to be performed before a decision could be taken and concluding that this important matter needed to be considered at UN system level. FAO believes that this requirement relates to "best practice", rather than representing a reasonable minimum standard for the UN.

Financial Disclosure

A.3 a. 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 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).

A.3 b. 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.

FAO further notes that the disclosure requirement can be applied at any time to consultants if deemed necessary and in accordance with applicable policies. This may include a disclosure requirement for consultants in potentially sensitive positions.

A.3.e. 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.

A.3.f. Please see under A.3 a; 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 framework of the Organization enjoys the autonomy that is required by the standard.

Ethics Function

A.4.b. Please see above. The Ethics Officer is expected to commence duties in July 2009, and the Ethics Committee should be in place by December 2009.

Procurement

B.2.e. FAO uses a restricted tendering method with pre-selection of registered and pre-qualified vendors and is partially compliant with this standard. While FAO does not publicly disclose awards, FAO would be willing to disclose procurement awards for GEF projects if it were deemed necessary by the GEF Council. If this approach is acceptable, publication could be initiated in the short term, as soon as agreement is reached on content and methods of publication.

Investigation Function/Hotline and Whistleblower Protection

C.1.c. The issuance of the Investigations Guidelines are pending final endorsement by the Director-General and are expected to be issued by August 2009.

Hotline and Whistleblower Protection

C.2.e. The issuance of the Investigations Guidelines are pending final endorsement by the Director General and are expected to be issued by August 2009. Pending the issuance of these Guidelines, the Uniform Guidelines are being implemented in practice.

C.2.d. Procedures in place expected by December 2009. FAO is committed to ensure confidentiality to those who disclose information about something they have reasons to believe is in breach of its regulations and rules, including its policies. This is clearly set out in the Organization's Policy on Fraud and Policy on Prevention of Harassment. Any person who would contravene the principle of confidentiality would be considered liable and subject to an administrative action, including a disciplinary measure. The Office of the Inspector General accepts anonymous allegations, and anonymity of those who disclose instances of misconduct can be maintained during the investigative process. However, it cannot be guaranteed throughout the disciplinary proceedings. It should be noted that the Organization applies the general legal principle that anonymity can be preserved, however, only to the extent that the allegations made can be fully substantiated by other independent evidence. This is particularly relevant at the moment the "accused" is given the opportunity to test the evidence and when charges are made against the "accused". The foregoing approach to anonymity is also reflected in the abundant jurisprudence of the ILO Administrative Tribunal which FAO must follow when dealing with these very sensitive principles of due process. And the Tribunal has made it clear that these principles apply even so in absence of an explicit text thereto in the rules and policies of an organization.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

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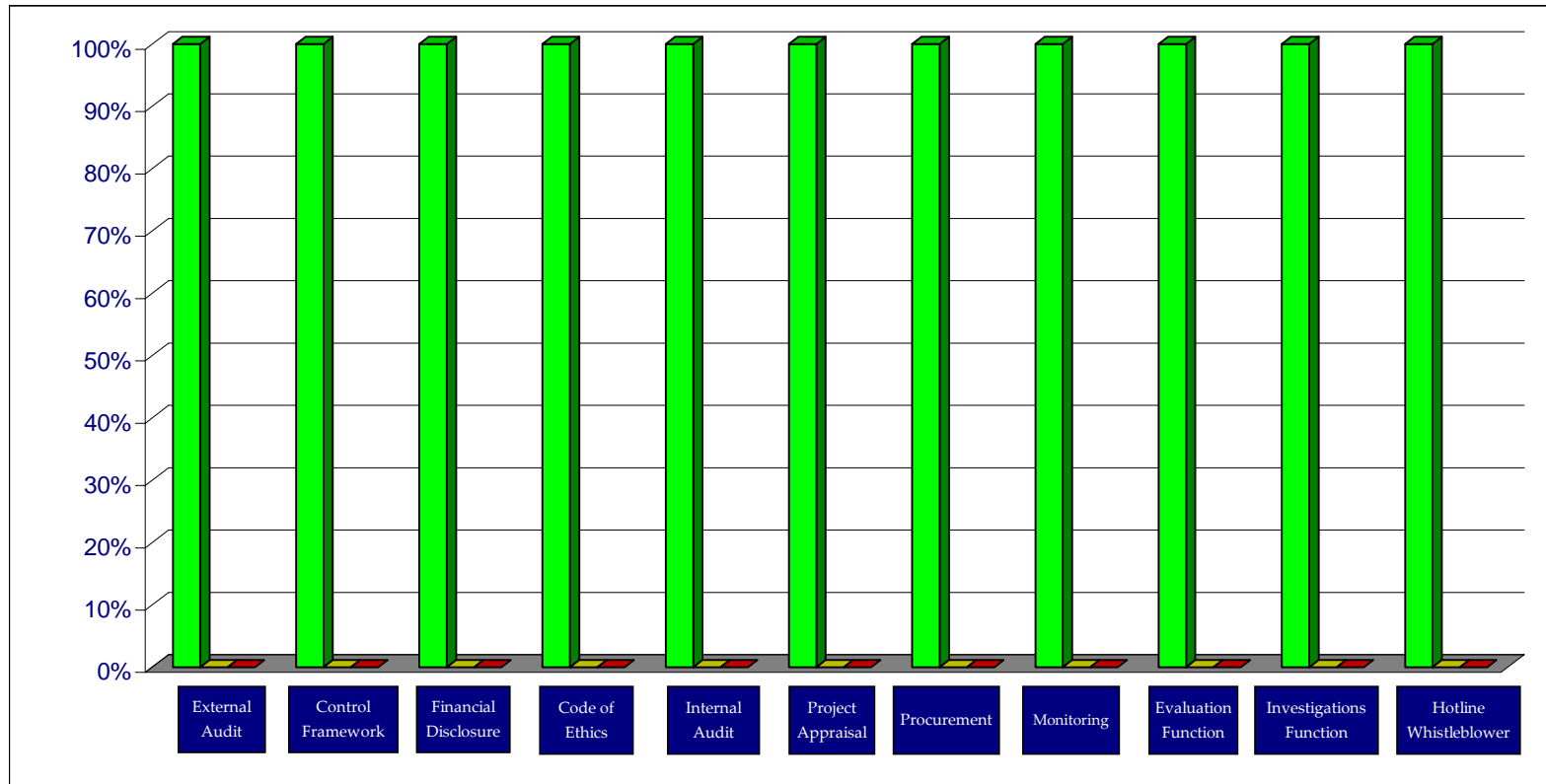
Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – IBRD



Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Implementation Progress - IBRD



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Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		
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.		
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

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Standard		Analysis Comments	
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.		
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.		
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.		
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		

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International Bank for Reconstruction and Development
(IBRD)

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Standard		Analysis Comments	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.		
A.3 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.		
A.3b.	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: <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. 		
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		
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/administration function.		
A.4 Code of Ethics			

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

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Standard		Analysis Comments	
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		
B.3c.	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.		
B.3d.	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.		
B.3e.	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		
B.4 Evaluation Function			

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			

Standards Implementation Analysis -
International Bank for Reconstruction and Development
(IBRD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
C.2a	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		
C.2e	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - *IBRD*

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

The World Bank Group appreciates the opportunity to assure the GEF Council of full compliance with the GEF minimum fiduciary standards in accordance with Council expectations.

We are grateful to the GEF Secretariat, with Price Waterhouse Cooper, for undertaking this exercise in an independent, unbiased and rigorous manner, in order to ensure that understanding of the standards and their assessment is consistently applied across the GEF Agencies.

In our interaction with the team undertaking the independent assessment, it was apparent that the documentation provided was subject to analysis and follow-up queries.

We would recommend that the generic methodology applied to this analysis be made available to the GEF, so as to make certain that the standards and assessment are uniformly and equitably applied also in the future. We recall that the Council agreed to review the standards every four years, recognizing that international practices will evolve over time.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

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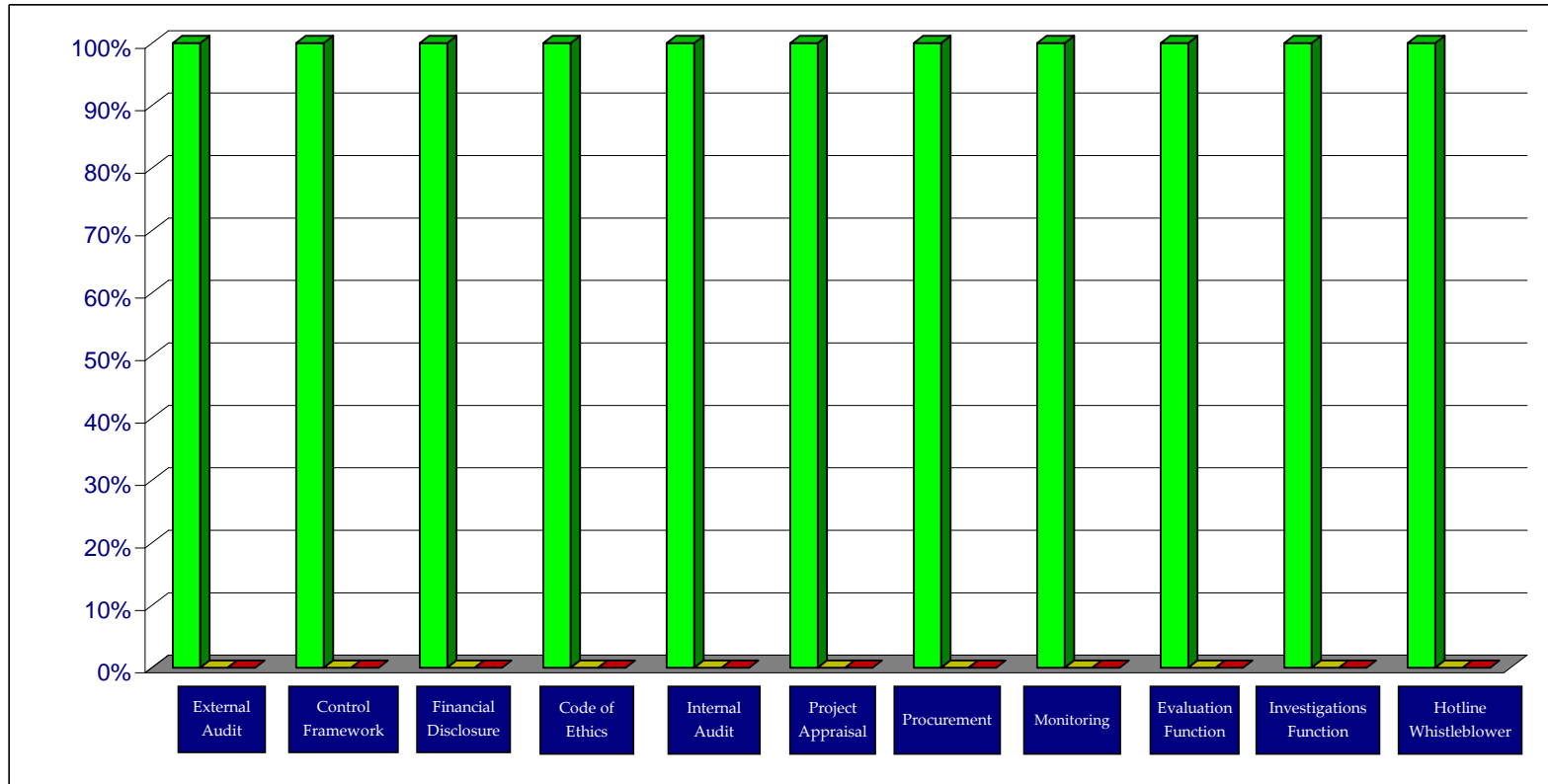
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – IDB



Implementation Progress - IDB



Legend:

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Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		
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.		
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		

Standards Implementation Analysis - Inter-American Development Bank (IDB)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.		
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.		
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.		
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.		
A.3 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.		

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.3b.	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: <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. 		
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		
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/administration function.		
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Standard		Analysis Comments	
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/chapter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Standard		Analysis Comments	
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Standard		Analysis Comments	
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		
B.3c.	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.		
B.3d.	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.		
B.3e.	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		
B.4 Evaluation Function			

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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IDB

Standard		Analysis Comments	
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			

Standards Implementation Analysis - Inter-American Development Bank (IDB)

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Standard		Analysis Comments	
C.2a	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		
C.2e	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - IDB

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

IDB did not receive a rating other than green in any core standard area.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

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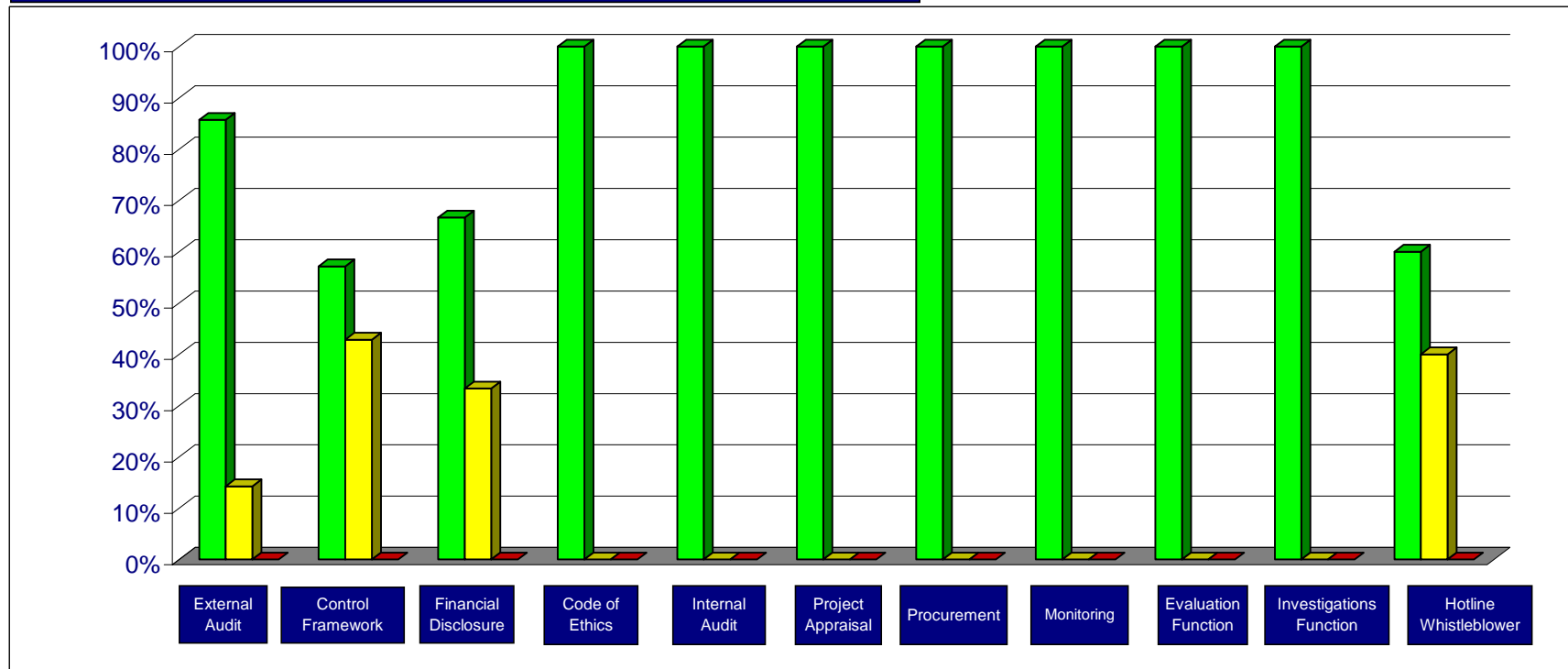
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – IFAD



Implementation Progress - IFAD



Legend:

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Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		
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.		The Agency's Self Assessment notes that the "IFAD has a GEF Focal Point. Internal Controls are defined and applied to the management of IFAD regular resources, complementary resources and supplementary funds which includes GEF funds. GEF funds are part of IFAD consolidated financial statements and are included in the scope of work of IFAD's External Auditor on at least a yearly basis. Within the scope of its work on the financial statements, the External Auditors provide assurance to the governing bodies on the internal controls in place. IFAD is in the process of implementing a full Enterprise Risk Management, framing in a systematic and documented manner the controls in place for the overall management."
d. cont.	continued		IFAD currently has a draft control framework - IFAD's Internal Control Framework for Effective Management (4/3/2009) which includes a section on Assessment of Internal Control Systems. It notes that it will be a requirement that "Management assesses the effectiveness of the Division's key internal control systems, including the processes carried out by implementing bodies at least annually." Outstanding Item: The agency has internal controls over financial reporting that cover the use of GEF funds and the Board of Auditors (External Auditor) tests internal controls considered necessary to form an opinion on the financial statements. However, it appears that the Agency's management does not assert to the agency's governing body that these internal controls are adequate (as prescribed in the standard). Therefore, it appears that the agency has partially met the standard.
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.	Green	
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.	Green	
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.	Green	
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.	Yellow	<p>The Agency's Self Assessment indicates that, as of June 2008, IFAD did not have an internal control framework. Documentation suggests that IFAD is currently developing said framework. However, at the time of review, "IFAD's Internal Control Standards for Effective Management" is still in draft status and, therefore, has not been implemented.</p> <p>The first draft of the "IFAD's Internal Control Standards for Effective Management" currently addresses Ethical and Organizational Values (the Control Environment), the Risk Management Process, Management Supervision, Information and Communication, and Internal Audit. The document provides a definition, requirements, and tips for assessing control effectiveness for each area.</p> <p>Outstanding Item: It appears that has not yet formalized an overall internal control framework which would cover the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing. However, it appears a monitorable action plan is in place to achieve the requirements prescribed by the standard.</p>

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.	Yellow	<p>The Agency's Self Assessment notes that "the Internal Control framework under development will encompass in a consistent and systematic manner all governance aspects.</p> <p>It should be clear that IFAD is an IFI operating through loans and grants. In this respect, it provides resources as defined by the donors, ensuring proper supervision and implementation support to the projects.</p> <p>In July 2007, in the context of direct supervision implementation, IFAD has set up a Supervision Support Unit in its Programme Management Department which acts as an oversight unit for the disbursement of funds and for implementing internal controls particularly for disbursements.</p> <p>It also provides reviews for Procurement and checks compliance and adequacy of financial reporting systems."</p>
c. cont.	continued	Yellow	<p>Outstanding Item: At this time, it does not appear that the draft "IFAD's Internal Control Standards for Effective Management" defines roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees. However, the Self Assessment indicates that required elements will be included upon finalization. As such, it appears that the agency is not currently in compliance with the standard but a monitorable action plan is in place to achieve the requirements prescribed by the standard.</p>
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.	Green	
A.2e.	The control framework guides the financial management framework.	Green	

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

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Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 	Green	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	Yellow	<p>The Agency's Self Assessment indicates that, as of June 2008, IFAD did not have an internal control framework. Documentation suggests that IFAD is currently developing said framework. However, at the time of review, "IFAD's Internal Control Standards for Effective Management" is still in draft status and, therefore, has not been fully implemented.</p> <p>The first draft of the "IFAD's Internal Control Standards for Effective Management" indicates in ICS 8 that it is a requirement for "The Division's processes and procedures ensure appropriate segregation of duties (including for non financial activities)."</p> <p>In addition, the Agency's Self Assessment notes that "Segregation of duties is applied. Procedures specify the role of actors. Staff members have a detailed job description. Organization charts are in place."</p>
g. cont.	continued	Yellow	<p>In addition, the Agency's Self Assessment notes that a "New Quality Assurance Function under the Office of Vice President is in the process of being developed and will perform checks and uphold quality and independence of processes."</p> <p>Outstanding Items: It appears that the process for regular review by management of related duties is being developed through the New Quality Assurance Function. As such, it appears that the agency is currently not in compliance with the standard but an action plan is in place to achieve compliance.</p>
A.3 Financial Disclosure			

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
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.	Green	
A.3b.	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: <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. 	Green	
A.3c.	The policy specifies prohibited personal financial interests.	Green	
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.	Green	
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.	Yellow	<p>IFAD maintains within its Code of Conduct information pertaining to financial disclosures.</p> <p>The "Human Resources Procedures Manual - Chapter 8 (Code of Conduct)" includes "Staff members should voluntarily disclose to their supervisor or the President in advance or as soon as they become aware of a possible conflict of interests that arise in the course of carrying out their duties."</p> <p>In addition, the Agency's Self-Assessment indicates that "IFAD's procedures and legal instruments are currently under review and will be updated to adequately reflect IFAD's core values which include Integrity and Respect." The Self-Assessment indicates that the procedures will be updated by December, 2009.</p>

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
e. cont.	continued		<p>Outstanding Items: The agency notes within its policy that protected parties should voluntarily disclose to their supervisor or the President in advance or as soon as they become aware of a possible conflict of interests that arise in the course of carrying out their duties. However, it does not appear that the policy addresses the concept of annual disclosure (ie a mechanism to disclose prohibited financial interests on an annual basis).</p> <p>The Self-Assessment indicates that the procedures will be updated by December, 2009. As such, it appears that the agency is currently not in compliance with the standard, but a monitorable action plan is in place to achieve compliance.</p>
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/administration function.		<p>The IFAD Agency's Self Assessment indicates that it does not yet have specifications for review of financial disclosure interests of the defined parties, as well as resolution of identified conflicts of interests within its HR policies.</p> <p>The IFAD Self-Assessment indicates that "IFAD's procedures and legal instruments are currently under review and will be updated to adequately reflect IFAD's core values which include Integrity and Respect." The Self-Assessment indicates that the procedures will be updated by December, 2009.</p> <p>Outstanding Items: It does not appear that 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/administration function. However, it appears a monitorable action plan is in place to achieve the requirements prescribed in the standard.</p>
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
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Standard		Analysis Comments	
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/departments options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

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IFAD

Standard		Analysis Comments	
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

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Standard		Analysis Comments	
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

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Standard		Analysis Comments	
B.3c.	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.		
B.3d.	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.		
B.3e.	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		
B.4 Evaluation Function			
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		<p>The IFAD "Charter of the IFAD Office of Audit and Oversight" notes that it is the responsibility of the OA to operate "secure and confidential channels for receiving reports of alleged or suspected irregular practices in IFAD activities and operations."</p> <p>The charter further notes that the OA is not permitted to "Participate in any investigation in the subject of which they may have a direct or indirect personal involvement or interest."</p> <p>However, the Charter indicates that the OA has responsibility for "Conducting and/or monitoring investigations into allegations of irregular practices in IFAD activities and operations and reporting to the President in a prompt manner the investigative findings."</p>
b. cont.	continued		<p>Outstanding Items: It appears that the Agency has an intake function which coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources.</p> <p>However, it appears that this intake function does not maintain an appropriate level of autonomy from investigations as both functions are performed by the Office of Audit and Oversight. As such, it appears that IFAD is partially compliant with the standard.</p>
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		<p>The publically available IFAD "Policy on Preventing Fraud and Corruption in its Activities and Operations" states that a whistleblower is "an IFAD employee or any third party who reveals corruption in an IFAD-funded activity by contacting either anonymously or openly the Fund".</p> <p>The policy notes that "measures will be taken to ensure that anyone who reveals fraud and corruption in IFAD operations is protected from reprisals."</p>
c. cont.	continued		<p>Outstanding Items: It appears that IFAD has a policy that identifies protected disclosures and defines the standard of protection from retaliation as the prescribed requirement of the standard.</p> <p>However, it appears that this policy does not contain defined protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). As such, it appears that the agency is partially compliant with the standard.</p>

Standards Implementation Analysis - International Fund for Agricultural Development (IFAD)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - IFAD

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

Standard A.1.D - IFAD does not assert that internal controls over financial reporting are adequate

IFAD's Financial Services Division started in 2008 a pilot roll-out of a financial reporting internal control framework. The forward programme includes a management assertion letter to be produced in connection with the audit of the annual financial statements starting with the financial year ending December 2009.

Standard A.2.B - An overall internal control framework is not yet formalized

Whilst the draft internal control framework will be finalised in 2009, IFAD has a policy on Enterprise Risk Management (ERM), reviewed by the Executive Board of IFAD in 2008, that is underpinned by procedures for implementing risk management across the organisation. These elements contribute significantly to setting the tone at the top with respect to risk management - including risk assessment, and internal controls related to risks identified at divisional, departmental or institutional levels.

Standard A.2.C - The DRAFT "IFAD's Internal Control Standards for Effective Management" does not define roles and responsibilities of fiscal agents and fiduciary trustees

The final "Internal Control Standards for Effective Management" shall define roles and responsibilities of fiscal agents and fiduciary trustees.

Standard A.2.G - A process for regular review by management of segregation of duties is being developed

The final "Internal Control Standards for Effective Management" shall include a process for regular review of segregation of duties by management.

Standard A.3.E - Financial disclosures; a mechanism to disclose prohibited financial interest on an annual basis is not yet operational

The ERM Committee workplan includes the establishment of a Financial Disclosure Policy. Work on developing the policy started at the end of 2008. The policy will require those staff with key roles in finance, investments, procurement and external resource management to provide, every year, a signed, confidential statement reporting their significant outside activities and interests. The publication of a Financial Disclosure Policy is planned for year 2009.

Standard A.3.F - Financial disclosures; a mechanism for the administration and review of financial disclosures is not yet operational

The Financial Disclosure Policy shall include a mechanism for the administration and review of financial disclosures.

Standard C.2.B - Hotline & whistleblower protection; intake function does not maintain an appropriate level of autonomy from investigations

At present, there is no independent section handling the intake of allegations as there is not sufficient volume to justify such a division of labour (30 new allegations received in 2008). However, all complaints are acknowledged and logged, including the date of receipt. Additionally, to avoid conflicts of interest, where staff or others wish to make allegations about investigative staff, they have the right under President's Bulletin 2007/02 to go directly to the President, after which there will be an independent investigation.

Standard C.2.C - Hotline & whistleblower protection; the policy that identifies protected disclosures does not contain defined protected disclosures

While the anticorruption policy refers only to protection of whistleblowers in relation to fraud and corruption, President's Bulletin 2007/02 (which specifies the procedures for investigations and sanctions) makes it clear that whistleblower protection is much broader than this. It stipulates that corrective or disciplinary measures shall be imposed on a staff member if it is determined that he/she has retaliated against anyone who submitted suggestions or reports to IFAD or otherwise cooperated with an investigation. Further, it goes on to state that no action shall be taken against anyone who reports, in good faith, information on perceived irregular practices that subsequently proves to be unfounded. The term "irregular practices" extends beyond fraud and corruption to include staff misconduct, under which would fall violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety.

CONCLUSION

Overall, IFAD is compliant with the majority (90%) of minimum fiduciary management standards developed by PricewaterHouse (PWC) Washington D.C.

For the standards which, as per the analysis of PWC, IFAD is not yet compliant, IFAD has a monitorable action plan for implementation.

It is to be noted that IFAD fiduciary management standards are aligned to internationally recognised best practices; IFAD is compliant with International Financial Reporting Standards (IFRS), has a rigorous business cycle management and efficient and independent offices of Evaluation and Internal Audit.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

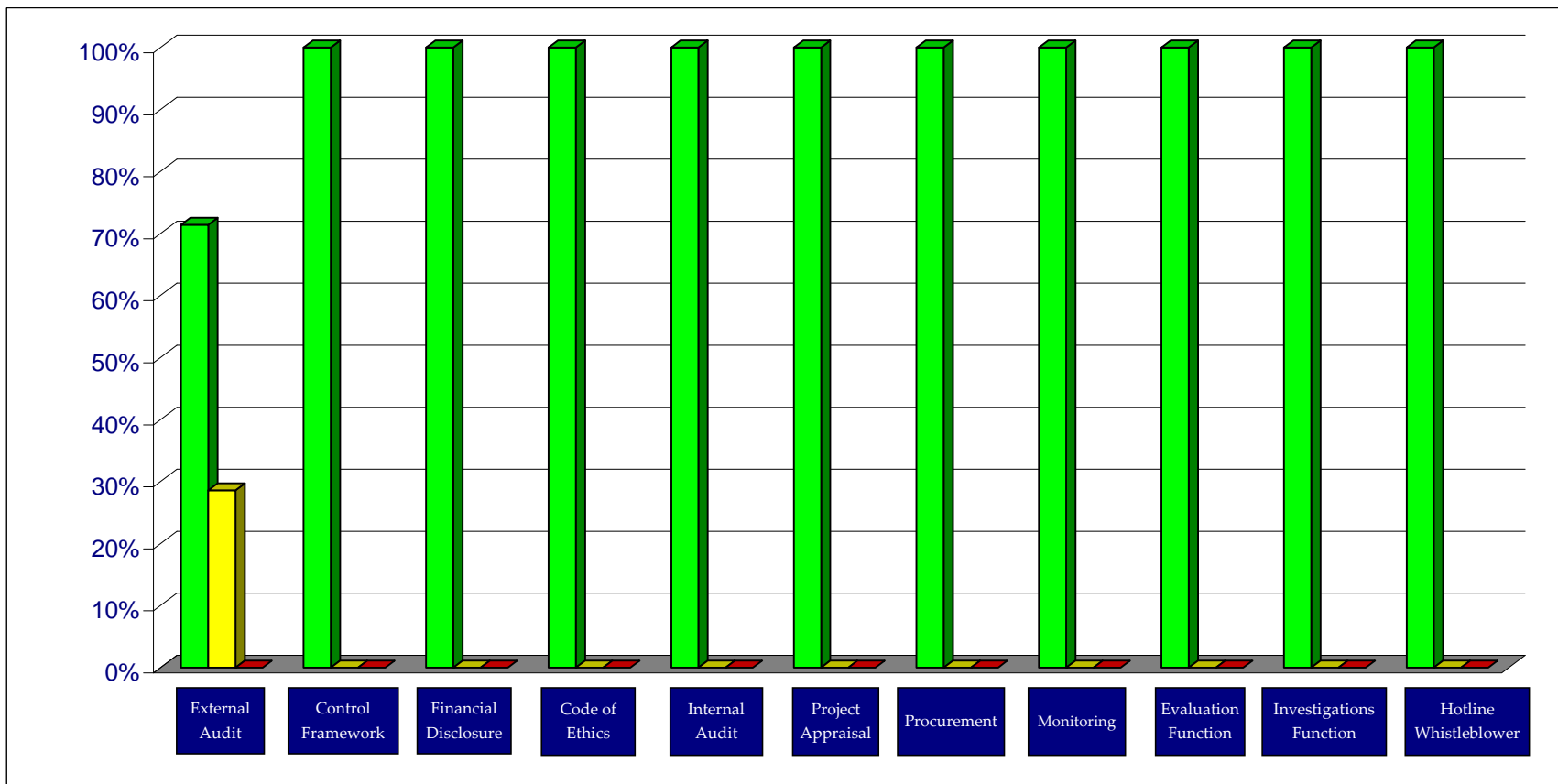
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – UNDP



Implementation Progress - UNDP



Legend:

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Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		<p>The Agency's Self Assessment notes that "the Financial Statements have been prepared in accordance with the United Nations System Accounting Standards" which are based to a large extent on relevant international accounting standards issued by the International Accounting Standards Committee.</p> <p>Outstanding Item: 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>
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.		
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.		<p>The Agency's Self Assessment notes that the external auditor's reports and opinions are published biennium and available on the United Nations and UNDP external website.</p> <p>In addition, the Agency's Self Assessment notes that "an annual audit opinion on the annual financial statements of the GEF Trust Fund is issued by BOA and provided to the GEF Trust for review.</p>

Standards Implementation Analysis - United Nations Development Bank (UNDP)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
e. continued cont.			<p>The Agency's Response to the Exit Meeting noted that "UNDP is currently audited externally by the UN Board of Auditors as appointed by the General Assembly, specifically UNDP is audited by the Audit General Office of the South Africa which is part of the UNBOA. As per current practice, the external auditors of the UNBOA publish their biennium audit as a General Assembly document that is available publicly (A/63/5.Add.1).</p> <p>Management reports to the Executive Board annually on the status of the audit implementation at the first Annual session in January of each year. Also as part of current practice, UNBOA conducts annual audits of UNDP offices and HQ and issues an interim audit report for the mid biennium audit. Although these are currently not published by UNBOA as a GA document, they are available upon request."</p>
e. continued cont.			<p>Outstanding Items: It appears that there is an audit opinion on the financial statements issued by the Board of Auditors (external auditor) and made public.</p> <p>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 an 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>
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
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Standard		Analysis Comments	
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.		
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.		
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.		
A.2e.	The control framework guides the financial management framework.		
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none">• Budgeting;• Accounting;• Internal control;• Funds flow (including disbursements, cash management, unused fund close-out);• Financial reporting; and• Auditing arrangements.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

Legend:			
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Standard		Analysis Comments	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.		
A.3 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.		
A.3b.	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: <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. 		
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

Legend:			
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Standard		Analysis Comments	
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/administration function.		
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		
B.3c.	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.		
B.3d.	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.		
B.3e.	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		
B.4 Evaluation Function			

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		

Standards Implementation Analysis - United Nations Development Bank (UNDP)

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Standard		Analysis Comments	
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - UNDP

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

UNDP is not a listed company that seeks capital in the major capital markets, and in this regard the accounting standards developed for such Organizations are not totally relevant for UNDP's purpose.

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."

"The accounting standards agreed for application in organizations of the United Nations system are, to a large extent, based on relevant International Accounting Standards promulgated by the International Accounting Standards Committee, to which appreciation is expressed for its permission to draw upon its texts, as listed in appendix I. Where differences from the International Accounting Standards exist, it is mainly because of the essentially non-commercial nature of the organizations' activities. Further important factors are the primacy of the regulations, and the central place of approved budgets in the organizations' operations, which make it necessary to focus the accounting within the framework of these mechanisms."

Notwithstanding the above, UNDP has (in response to General Assembly Resolution 60/283) started the process of preparing the organization for the eventual 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 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.

It is necessary to note that the Financial Statements of UNDP are externally and independently audited by the United Nations Board of Auditors (which is appointed by the General Assembly) in conformity with the International Standards on Auditing.

Management response to A.1 External Financial section (e) that no annual audit opinion was issued by the external auditors and made public

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.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

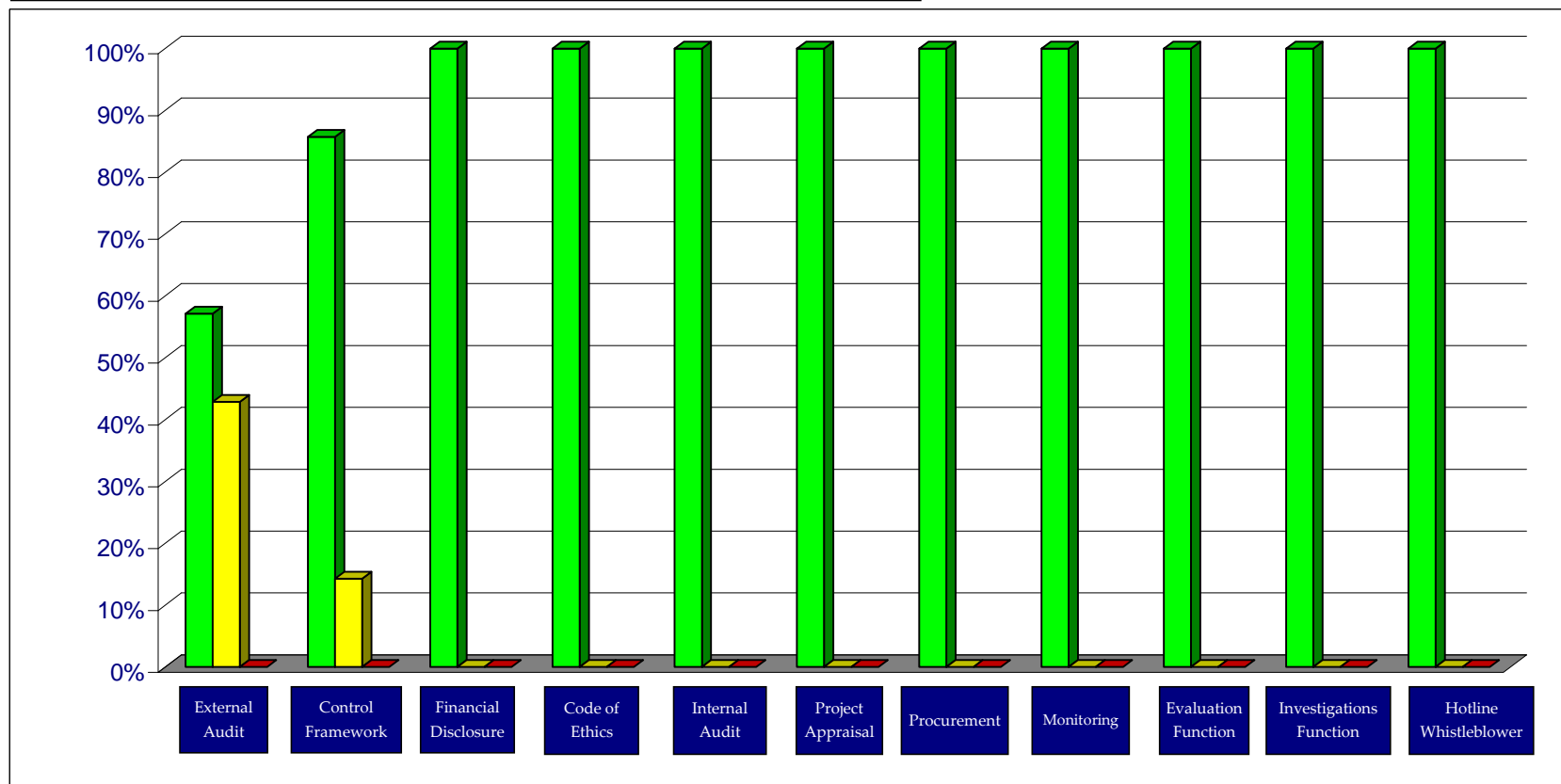
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – UNEP



Implementation Progress - UNEP

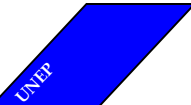


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Standards Implementation Analysis - United Nations Environment Program (UNEP)

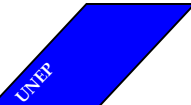
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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		<p>The Agency's Self Assessment notes that "the Financial Statements have been prepared in accordance with the United Nations System Accounting Standards" which are based to a large extent on relevant international accounting standards issued by the International Accounting Standards Committee.</p> <p>Outstanding Item: 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.</p>
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.		<p>The Agency's Self Assessment notes that "UNEP has procedures in place for the identification and assessment of internal controls which would include GEF Funds.</p> <p>The Report of the Board of Auditors within the Financial Audited Report 2007 notes that "the audit encompassed a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.</p> <p>In addition, the Board carried out reviews of UNEP operations which required the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNEP operations."</p>

Standards Implementation Analysis - United Nations Environment Program (UNEP)

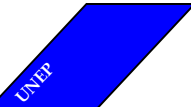
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Standard		Analysis Comments	
d cont.	continued		<p>The Agency included the following in their response to the Exit Conference:</p> <p>"Please note that copies of all of the UN Board of Auditors' annual management letters on UNEP including the 'interim audit' management letter are given to the UN's Advisory Committee on Administrative and Budgetary Questions (ACABQ) which is a subsidiary organ of the General Assembly. Also that these management letters are first issued in draft. UNEP management then provide a response noting the recommendations that they agree and actions they are taking to implement the recommendations, and the recommendations that they disagree with and the reason for disagreement. UNEP management's response is incorporated in the final management letter."</p>
d cont.	continued		<p>Outstanding Item: The agency has internal controls over financial reporting that cover the use of GEF funds and the Board of Auditors (External Auditor) tests internal controls considered necessary to form an opinion on the financial statements. However, the standard requires that the Agency assert to the governing body that their controls are accurate. It is noted that the Agency provides audit recommendations, response to recommendations, and status of implementation to their governing body. However, it appears that the Agency's management does not assert to the agency's governing body that these internal controls are adequate (as prescribed by the standard). Therefore, it appears that the agency has partially met the standard.</p>
A.1e	An annual audit opinion on the financial statements is issued by the external auditor and made public.		<p>The Agency's Self Assessment notes that "in accordance with the decision of the UN General Assembly at its 29th session, an external audit report is issued on the UNEP financial statements for each biennium which is made public on the United Nations and UNEP external websites. In addition, UNEP has a special agreement with the UN Board of Auditors to conduct an annual audit on UNEP's GEF Trust Funds. The final audit opinion report is provided to the GEF Trustee.</p> <p>Outstanding Item: 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 an biennium basis rather than on an annual basis as prescribed by the standard. It does appear that with the adoption of the International Public Sector Accounting Standards (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.</p>

Standards Implementation Analysis - United Nations Environment Program (UNEP)

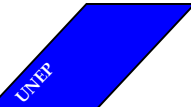
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Standard		Analysis Comments	
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.		
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.		
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		

Standards Implementation Analysis - United Nations Environment Program (UNEP)

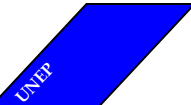
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Standard		Analysis Comments	
A.2b.	The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.	Green	
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.	Green	
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.	Yellow	<p>A/RES/61/245, "Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies," notes that the Secretary General was requested to submit reports over the following areas to the General Assembly:</p> <ul style="list-style-type: none"> * Enterprise risk management and internal control framework; * Results-based management; * Accountability framework. <p>The Self Assessment further indicates that "the UN Department of Management has undertaken an exercise to develop and implement a policy and framework of enterprise-wide risk management, and a comprehensive internal control framework focused on performance and improvement."</p>

Standards Implementation Analysis - United Nations Environment Program (UNEP)

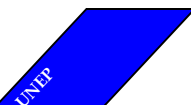
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Standard		Analysis Comments	
d cont.	continued	Yellow	UNEP as a UN Fund and Programme is part of the United Nations and as such the accountability framework, enterprise risk management and internal control framework of the United Nations is applicable to UNEP. The United Nations General Assembly Reports of the Secretary General (February 19th, 2008 and September 29th, 2008) on "Accountability framework, enterprise risk management and internal control framework and results based management framework," support the Self Assessment's assertion that the United Nations has been performing analysis steps over the past few years and will continue to do so in an effort to fully implement a control framework for the United Nations and its funds and programmes.
d cont.	continued	Yellow	Outstanding Item: It appears that the Agency is still in the process of adopting and implementing an enterprise risk management framework as depicted in United Nations General Assembly Reports of the Secretary General (February 19th, 2008 and September 29th, 2008). Therefore, it appears that the agency has a monitorable action plan in place to meet the standard.
A.2e.	The control framework guides the financial management framework.	Green	

Standards Implementation Analysis - United Nations Environment Program (UNEP)

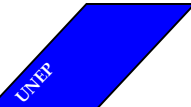
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Standard		Analysis Comments	
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 		
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.		
A.3 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.		
A.3b.	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: <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. 		

Standards Implementation Analysis - United Nations Environment Program (UNEP)

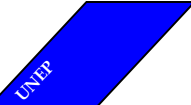
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Standard		Analysis Comments	
A.3c.	The policy specifies prohibited personal financial interests.		
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		
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/administration function.		
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		

Standards Implementation Analysis - United Nations Environment Program (UNEP)

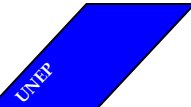
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Standard		Analysis Comments	
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		

Standards Implementation Analysis - United Nations Environment Program (UNEP)

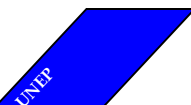
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Standard		Analysis Comments	
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			
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.		
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.		
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		
B.2 Procurement Processes			

Standards Implementation Analysis - United Nations Environment Program (UNEP)

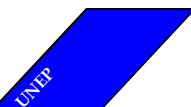
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Standard		Analysis Comments	
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		
B.3b.	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.		

Standards Implementation Analysis - United Nations Environment Program (UNEP)

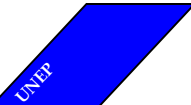
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Standard		Analysis Comments	
B.3c.	Monitoring reports at the project/activity level are provided to project/activity manager as well as to an appropriately higher level of managerial oversight within the organization so that mid-course corrections 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.	Green	
B.3d.	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.	Green	
B.3e.	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	Green	
B.4 Evaluation Function			
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.	Green	
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.	Green	

Standards Implementation Analysis - United Nations Environment Program (UNEP)

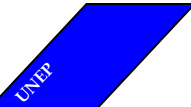
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Standard		Analysis Comments	
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.		
C.2 Hotline & Whistleblower Protection			

Standards Implementation Analysis - United Nations Environment Program (UNEP)

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Standard		Analysis Comments	
C.2a	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.		
C.2b	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.		
C.2c	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		
C.2d	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).		
C.2e	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.		

Agency's Management Response - UNEP

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

UNEP wish to note their appreciation for the professional manner in which the review was conducted and to confirm their agreement with the assessment, subject to the comments below on the standards rated as not fully met but where a monitorable action plan has been established

External Financial Audit

Standard A.1 c

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.

Standard A.1 d

UNEP believes that it meets the intent of this standard. Although the UN's audited financial statements are prepared on a biennial basis, UNEP is subject to an annual external audit by the UN Board of Auditors including a specific annual audit of UNEP/GEF. The annual audits, inter alia, cover internal controls over financial reporting. The auditors are required to report annually on any material issues to the UN's Advisory Committee on Administrative and Budgetary Questions (ACABQ) which is a subsidiary organ of the UN General Assembly. The annual management report incorporates UNEP management's response to the auditor's observations and recommendations as well as addressing the status regarding issues raised in previous years.

Standard A.1.e

It is expected that with the introduction of IPSAS, the UN will move to preparing financial statements on an annual rather than biennial basis and that UNEP's external auditors will issue an annual audit opinion on the financial statements which will be made public.

For the financial statements of the trust funds that UNEP operate to manage GEF funds, an annual external audit opinion is already issued by the UN Board of Auditors and a copy is sent to the GEF.

Financial Management and Control Frameworks

Standard A.2. d

A new United Nations 'Accountability Framework, Enterprise Risk Management and Internal Control Framework, and Results-based Management Framework' has been prepared for presentation to the General Assembly in 2009.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

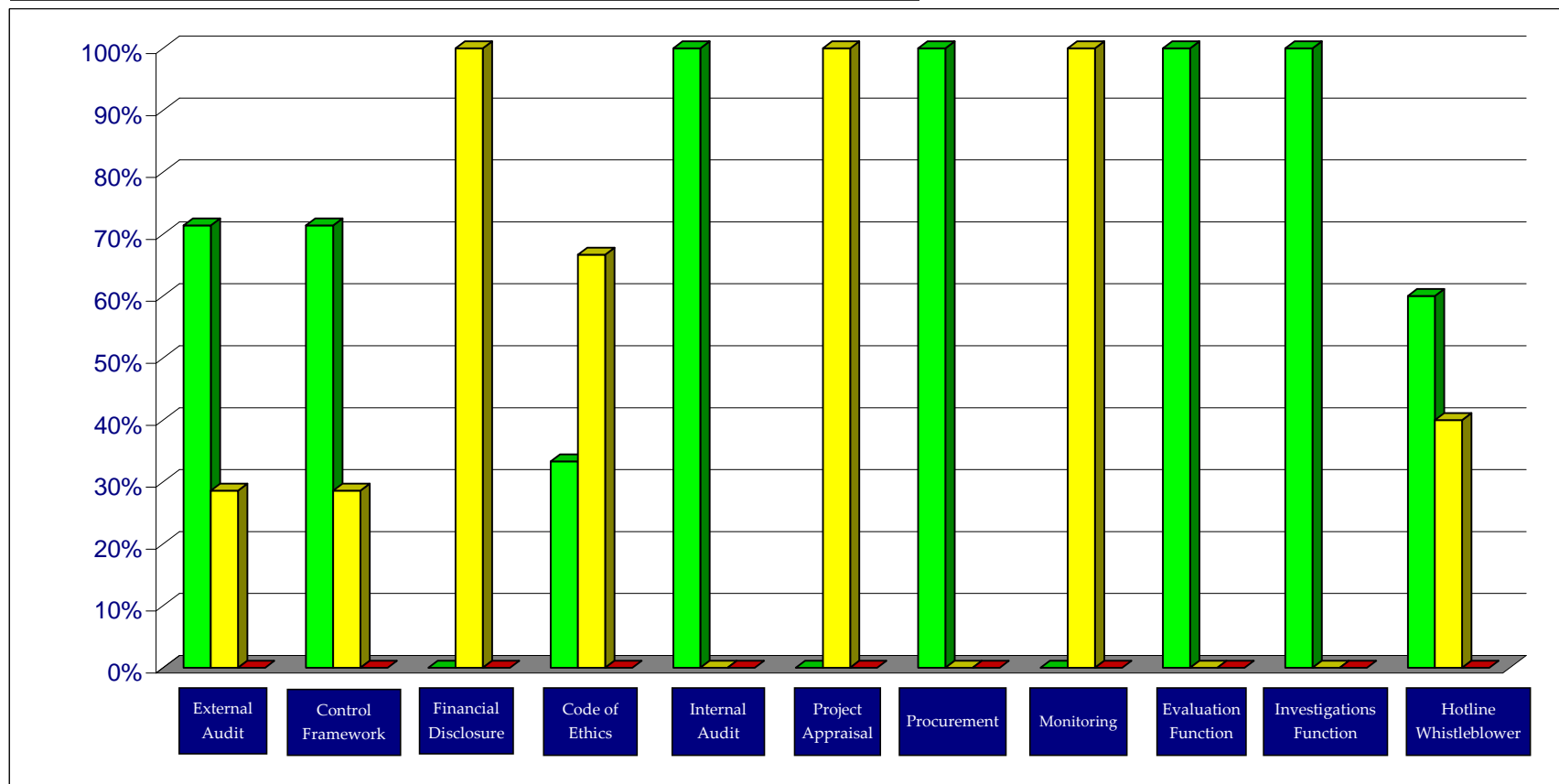
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Global Environment Facility (GEF)

Annex B - Minimum Fiduciary Standards Implementation Analysis – UNIDO



Implementation Progress - UNIDO



Legend:

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Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

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Standard		Analysis Comments	
A.1 External Financial Audit			
A.1a.	The Agency has appointed an independent external audit firm or organization.		
A.1b.	The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).		
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.		<p>The Management's Certification of the Financial Statements indicates that "the Financial Statements have been prepared in accordance with the United Nations System Accounting Standards which are based to a large extent on relevant international accounting standards issued by the International Accounting Standards Committee."</p> <p>Outstanding Item: It appears that 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.</p> <p>However, in an effort to adopt recognized accounting standards accepted in major capital markets, the United Nations, which includes UNIDO, 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 meet the standard.</p>
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.		

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

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UNIDO

Standard		Analysis Comments	
A.1e.	An annual audit opinion on the financial statements is issued by the external auditor and made public.	Yellow	<p>The External Auditor, Auditor General of the Republic of South Africa, issued an opinion on the 2006/2007 UNIDO Financial Statements on April 7th, 2008. The External Auditor's Opinion within the Financial Statements is made public via UNIDO's external website.</p> <p>The Agency's Self Assessment notes that the external auditor's reports and opinions are published biennium and available on the United Nations and UNIDO external website.</p> <p>Outstanding Items: It appears that there is an audit opinion on the financial statements issued by the Board of Auditors (external auditor) and made public.</p> <p>However, the audit opinion is completed on an biennium basis rather than on an annual basis as prescribed in the standard. It does appear that with the adoption of the International Public Sector Accounting Standards (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.</p>
A.1f.	An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.	Green	
A.1g.	The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.	Green	

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

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Standard		Analysis Comments	
A.2 Financial Management & Control Frameworks			
A.2a.	A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.		
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>The Agency's Self Assessment notes that UNIDO currently operates under a framework of "various regulations, rules, procedures and instructions as issued from time to time." The Agency's Self-Assessment notes that in 2009 the Agency will "systemize and consolidate where appropriate the existing regulations, rules using the COSO terminology."</p> <p>Control Environment ("Tone at the Top")</p> <p>The Agency's Response to the Exit Meeting (Clarifications) notes that "though UNIDO is not yet using the COSO terminology mentioned in this standard, elements are in place for the tone at the top e.g. Regular Executive Board, Board of Directors' meetings, for which minutes are maintained and disseminated. The DG's regular Retreats for senior management and staff meetings set the tone. Submission of regular prescribed reports on technical co-operation and financial health of the Organization (Informal Operations Committee reports, Quarterly Expenditure Plans etc) provide the necessary controls by the DG."</p>
b cont.	continued		<p>Internal Control Activities</p> <p>The Financial Regulations and Rules indicate that "The Director General shall maintain an internal financial control and internal audit, which shall provide for an effective current examination and/or review of financial transactions."</p> <p>Additionally, the Financial Regulations and Rules specifically address authority for expenditure, certifying officers, certification and approval of obligations and expenditures, approval of payments, property management authority and responsibility, property records, receipt of supplies and equipment and supporting documents, property issued to individuals, physical inventories, property survey board, sale of property, sales on a cash basis, etc.</p>

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

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Standard		Analysis Comments	
b cont.	continued	Yellow	<p>Information Sharing</p> <p>The Agency's Response to the Exit Meeting (Clarifications) notes that "with regards to information sharing, the Organization maintains the Intranet and Extranet (accessible by Member States) for sharing the Regulations, Rules, Manuals, Guidelines and information of the Technical Cooperation programmes and projects. The Intranet also shows regular updates and the activities/events in which the Organization is participating."</p> <p>Monitoring</p> <p>The Interim Audit Report for the Year 2008 contains observations and recommendations made by the Audit General on the internal control systems as well as management's responses to these observations. In addition, the Office of Internal Oversight Services ("IOS") Charter indicates that the IOS also conduct audits on internal controls and advise management on key measures to improve the internal control framework.</p>
b cont.	continued	Yellow	<p>Risk Assessment</p> <p>The Agency's Response to the Exit Meeting (Clarifications) notes that "the one element with most development need is risk assessment." The Agency's Response to the Exit Meeting (Clarifications) notes that "there is a number of risk management activities taking place throughout the Organization, some more developed and long included in operations (e.g. in finance) than others. However, there is at present no holistic entity-wide mechanism i.e. an ERM, to manage risks holistically across the Organization, including their interdependencies." It further notes that the "Director General is launching a change management initiative of which risk management is a facet."</p>
b cont.	continued	Yellow	<p>Outstanding Items: It appears that UNIDO has incorporated within its various regulations, rules, procedures and instructions elements of the control framework (control environment, internal control activities, monitoring, risk assessment and procedures for information sharing).</p> <p>However, UNIDO has not adopted a control framework that covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing. While the Agency is currently not in compliance with the standard, a monitorable action plan in place to achieve compliance.</p>
A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.	Green	

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

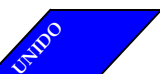
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UNIDO

Standard		Analysis Comments	
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.	Yellow	<p>The Agency's Response to the Exit Meeting (Clarifications) notes that "there is a number of risk management activities taking place throughout the Organization, some more developed and long included in operations (e.g. in finance) than others. However, there is at present no holistic entity-wide mechanism i.e. an ERM, to manage risks holistically across the Organization, including their interdependencies." It further notes that the "Director General is launching a change management initiative of which risk management is a facet."</p> <p>Outstanding Items: 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 been established to achieve compliance.</p>
A.2e.	The control framework guides the financial management framework.	Green	
A.2f.	Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Internal control; • Funds flow (including disbursements, cash management, unused fund close-out); • Financial reporting; and • Auditing arrangements. 	Green	
A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	Green	
A.3 Financial Disclosure			

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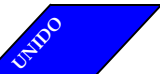
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Standard		Analysis Comments	
A.3a.	A documented financial disclosure policy covering identified parties defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.	Yellow	<p>The Staff Regulations and Rules and/or the Administrative Instructions of UNIDO do not contain a specific provision for the disclosure of the staff member's financial situation.</p> <p>The principles and values of the 'Standards of Conduct for the International Civil Service 2001' apply to all staff members of UNIDO. Paragraphs 21 and 22 of the above Standards deal with conflict of interest. Failure by staff members to adhere to their obligations will result in disciplinary measures.</p> <p>The Standards of Conduct for the International Civil Service states that at times, international civil servants may be required to disclose certain personal assets if this is necessary to enable their organizations to make sure that there is no conflict. They should also voluntarily disclose in advance possible conflicts of interest that arise in the course of carrying out their duties.</p>
a. cont.	continued	Yellow	<p>Staff Rules 101.01 notes the following in regards to outside activities and interests:</p> <p>* Staff members shall not engage in any continuous or recurring outside occupation or employment without prior approval of the Director-General.</p> <p>* No staff member may be actively associated with the management of any business concern, nor may he or she hold a financial interest in any business concern, if there is a possibility that the staff member will benefit.</p> <p>* A staff member who has occasion to deal in his or her official capacity with any matter involving a business concern in which he or she holds a financial interest shall disclose the measure of that interest to the Director-General.</p>

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Standard		Analysis Comments	
a. cont.	continued		<p>Outstanding Items: It appears that UNIDO's Staff Rules identify prohibited financial interests. However, it appears that the Rules <u>prohibit</u> said interests, rather than requiring disclosure. Per review of the documentation, international civil servants may be required to disclose certain financial interests. However, that is noted in a separate "Standards of Conduct for the International Civil Service" and does not appear to be applicable to all personnel but only to staff members, namely personnel holding regular appointments and who are therefore considered officials of UNIDO for the purposes of the Convention on Privileges and Immunities of the United Nations and Convention on Privileges and Immunities of the Specialised Agencies.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>
A.3b.	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: <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>Outstanding Item: The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>
A.3c.	The policy specifies prohibited personal financial interests.		<p>Outstanding Item: The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>

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Standard		Analysis Comments	
A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.		<p>Outstanding Item: The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>
A.3e.	Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.		<p>Outstanding Item: The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>
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/administration function.		<p>Outstanding Item: The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>
A.4 Code of Ethics			
A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.		<p>The Self Assessment notes that UNIDO is committed to the highest standards of integrity and conduct of its staff, which are regulated by the provisions of the Standards of Conduct for the International Civil Service promulgated by the International Civil Service Commission</p> <p>The Standards of Conduct for the International Civil Service contains examples of guiding principles and professional standards to be upheld and examples of misconduct.</p>

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UNIDO

Standard		Analysis Comments	
a. cont.	continued		<p>Staff Regulation 11.2 states that the Director-General may take disciplinary measures against staff members who do not meet the highest standards of integrity required by article 11.5 of the Constitution or whose conduct is otherwise unsatisfactory. He or she may summarily dismiss a staff member for such lack of integrity or other serious misconduct.</p> <p>The Agency's Response to the Exit Meeting (Clarifications) notes that "existing standard contractual agreement for national consultants already include a clause on expected standard of conduct. Generally, and besides the Code of Ethics, the Organization is in the process of reviewing and modifying model contracts to include standard clauses on expected standard of conduct, disclosure of outside activities and disclosure requirements, with planned completion 1H 2009 as documented in the OCC meeting September 2008 – Matrix of near-term activities to address gaps in the internal control framework."</p>
a. cont.	continued		<p>Outstanding Items: It appears that the Agency has a Standard of Conduct containing examples of guiding principles and professional standards to be upheld and examples of misconduct. However, the Self Assessment notes that "Consultants and independent experts are not yet covered by a code similar to that of staff" as required by the standard. Additionally, the Agency's Self Assessment notes that an updated code of ethics is undergoing staff management consultations which are in the final stages and to be completed in 2009.</p> <p>As such, it appears that the Agency does not have a documented Code of Ethics which includes all required elements of the standard, but has established an action plan for achieving compliance with standard a.</p>
A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.		<p>The Agency's Self Assessment notes that there is no ethics function at UNIDO. However, the Office of Internal Oversight Services ('IOS' - within UNIDO) is involved with allegations and/or investigations. In addition, the creation of an ethics office is in process.</p> <p>The Self Assessment notes that the provisions of the UNIDO's Constitution refer staff code of conduct. The Staff Regulations along with the Staff Rules state that staff members are guided by International Civil Servant standards of conduct. Upon hiring, each staff member takes an oral oath which includes the disclosure of conflicts of interest.</p> <p>The Self Assessment notes that HR is the custodian of the Staff Regulations and Rules.</p>

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UNIDO

Standard		Analysis Comments	
b. cont.	continued		<p>Outstanding Items: The Self Assessment indicates that the Human Resources department is responsible for overseeing the Rules and Regulations.</p> <p>However, the Agency's response to documentation request indicates that while some of the standards of conduct from the ICSC Standards of Conduct for the International Civil Service have been incorporated into the Agency's Staff Regulations and Staff Rules (e.g. regulations 1.1 to 1.9 under Article I of the Agency's Staff Regulations), the Agency does not appear to have a separate stand alone policy document called Code of Ethics applicable to all personnel, including consultants and experts.</p>
b. cont.	continued		<p>The Agency is however in the process of defining such a policy document. The Human Resources department is in place to provide administrative support for the Rules and Regulations, including those related to the standards of conduct. At the same time, the Agency is in the process of considering options for establishing a separate function to provide support to both Code of Ethics and Financial Disclosure programme."</p> <p>It appears that the Agency does not have a documented Code of Ethics but has established an action plan for achieving compliance with the standard.</p>
A.4c.	Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).		
A.5 Internal Audit			
A.5a.	Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).		
A.5b.	Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.		

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Standard		Analysis Comments	
A.5c.	The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.		
A.5d.	The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.		
A.5e.	The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.		
A.5f.	The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.		
A.5g.	The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.		
A.5h.	The internal audit function has a process in place to monitor the response to its recommendations.		
A.5i.	A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.		
B.1 Project Appraisal Standards, including safeguards measures, as appropriate			

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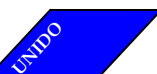
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UNIDO

Standard		Analysis Comments	
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.		<p>The Agency's Self Assessment identifies standard (a) as an area of weakness. However, the Self Assessment also notes that UNIDO is undertaking a thorough review of the existing technical cooperation appraisal process under the RBM (Risk Based Management) Implementation Plan. The RBM Implementation Plan for 2008 notes that an expected outcome of updating the Technical Cooperation (TC) appraisal guidelines is to ensure alignment with GEF Fiduciary Standards.</p> <p>The RBM Implementation Plan for 2008 maintains as an attachment the Terms of Reference for the Inter-Branch Working Group on "Quality Assurance System for Technical Cooperation Activities." The Terms of Reference outline that the working group is mandated to conduct an in-depth review of UNIDO TC Programme and Project Cycle with the purpose of "developing criteria for facilitating the appraisal of specific project design aspects (technical, economic, financial, environmental, social and institutional)."</p>
a. cont.			<p>However, it should be noted that, per the Agency's Self Assessment, "An appraisal system is in place and is mandatory for all UNIDO Technical Cooperation activities." The Agency's Self Assessment further notes that the appraisal system provides for screening of concepts and subsequent review of full fledged proposals before approval. In addition, all proposals are reviewed against a set of predefined quality criteria (relevance, effectiveness, efficiency, sustainability and impact).</p> <p>Outstanding Items: 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>
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.		<p>The Agency's Self Assessment identifies standard (b) as an area of weakness. However, the Self Assessment also notes that UNIDO is undertaking a thorough review of the existing technical cooperation appraisal process under the RBM (Risk Based Management) Implementation Plan. The RBM Implementation Plan for 2008 notes that an expected outcome of updating the Technical Cooperation (TC) appraisal guidelines is to ensure alignment with GEF Fiduciary Standards.</p> <p>The Agency's Self Assessment notes that as part of the Inter-Branch Working Group on "Quality Assurance System for Technical Cooperation Activities" mandate to conduct an in-depth review of UNIDO TC Programme and Project Cycle with the purpose of ensuring performance indicators comply with SMART requirements and baseline data is incorporated in the project design (ie in an attempt to achieve compliance with the standard).</p>

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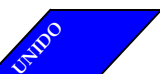
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Standard		Analysis Comments	
b. cont.			Outstanding Items: It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard.
B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.		<p>The Agency's Self Assessment identifies standard (c) as an area of weakness. However, the Self Assessment also notes that UNIDO is undertaking a thorough review of the existing technical cooperation appraisal process under the RBM (Risk Based Management) Implementation Plan. The RBM Implementation Plan for 2008 notes that an expected outcome of updating the Technical Cooperation (TC) appraisal guidelines is to ensure alignment with GEF Fiduciary Standards.</p> <p>The Agency's Self Assessment notes that as part of the Inter-Branch Working Group on "Quality Assurance System for Technical Cooperation Activities" mandate to conduct an in-depth review of UNIDO TC Programme and Project Cycle with the purpose of development of holistic policies and risk assessment procedures with reference to the criteria and circumstances under which detailed environmental, social, institutional assessments must be conducted (ie in an attempt to achieve compliance with the standard).</p>
c. cont.			Outstanding Items: 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.
B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.		<p>The Agency's Self Assessment identifies standard (d) as an area of weakness. However, the Self Assessment also notes that UNIDO is undertaking a thorough review of the existing technical cooperation appraisal process under the RBM (Risk Based Management) Implementation Plan. The RBM Implementation Plan for 2008 notes that an expected outcome of updating the Technical Cooperation (TC) appraisal guidelines is to ensure alignment with GEF Fiduciary Standards.</p> <p>The Agency's Self Assessment notes that as part of the Inter-Branch Working Group on "Quality Assurance System for Technical Cooperation Activities" mandate to conduct an in-depth review of UNIDO TC Programme and Project Cycle with the purpose of putting in place a holistic mechanism for monitoring and coordination of the project appraisal process. (ie in an attempt to achieve compliance with standard d).</p>
d. cont.	continued		Outstanding Items: 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.

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Standard		Analysis Comments	
B.2 Procurement Processes			
B.2a.	Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.		
B.2b.	Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.		
B.2c.	Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.		
B.2d.	Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.		
B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.		
B.3 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.		<p>UNIDO is currently implementing Results Based Management and this stage is scheduled for transition in 2009. This is an undertaking to bring the technical cooperation monitoring process in line with GEF requirements. However, the Agency's Self Assessment does note that a monitoring system and tools are in place and is mandatory for all UNIDO technical cooperation activities.</p> <p>Specifically, the UNIDO "RBM Implementation Plan for 2008" indicates that, as part of the Technical Cooperation (TC) quality assurance system, there will be "consultant support for:</p> <ul style="list-style-type: none">* developing detailed criteria / modalities / checklists for appraising specific project aspects (economic, institutional etc.) and for conducting pre-approval assessments* developing SMART performance indicators and baseline requirements"

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Standard		Analysis Comments	
a. cont.			Outstanding Items: 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.
B.3b.	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.		It appears that UNIDO is currently implementing Results Based Management and this stage is scheduled for transition in 2009. This is an undertaking to bring the technical cooperation monitoring process in line with GEF requirements. However, the Agency's Self Assessment does note that a monitoring system and tools are in place and is mandatory for all UNIDO technical cooperation activities. The UNIDO "RBM Implementation Plan for 2008" indicates that as part of an in-depth review of the UNIDO Technical Cooperation ("TC") programme and project cycle, mechanisms will be defined "for introducing monitoring at portfolio level and streamlining monitoring/ reporting at project level (including a further improvement of the 'Results Reporting System')"
b. cont.			Outstanding Items: 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.
B.3c.	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.		UNIDO is currently implementing Results Based Management and this stage is scheduled for transition in 2009 which is an undertaking to bring the technical cooperation monitoring process in line with GEF requirements. The UNIDO "RBM Implementation Plan for 2008" notes that "Project monitoring is quite advanced in some parts of the Organization but often poor (not compulsory) in others; project self-evaluations often not done; project reporting depending on donor pressure. The Director General has set targets for piloting the Results Reporting System (RRS) on a sample of pilot projects in 2007." Outstanding Items: 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.

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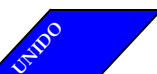
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Standard		Analysis Comments	
B.3d.	A process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.		<p>UNIDO is currently implementing Results Based Management and this stage is scheduled for transition in 2009 which is an undertaking to bring the technical cooperation monitoring process in line with GEF requirements. The UNIDO "RBM Implementation Plan for 2008" notes that "Project monitoring is quite advanced in some parts of the Organization but often poor (not compulsory) in others; project self-evaluations often not done; project reporting depending on donor pressure. The Director General has set targets for piloting the Results Reporting System (RRS) on a sample of pilot projects in 2007."</p> <p>Outstanding Items: 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>
B.3e.	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>UNIDO is currently implementing Results Based Management and this stage is scheduled for transition in 2009 which is an undertaking to bring the technical cooperation monitoring process in line with GEF requirements. The UNIDO "RBM Implementation Plan for 2008" notes that "Project monitoring is quite advanced in some parts of the Organization but often poor (not compulsory) in others; project self-evaluations often not done; project reporting depending on donor pressure. The Director General has set targets for piloting the Results Reporting System (RRS) on a sample of pilot projects in 2007."</p> <p>Further, it is noted that currently "Management response sheets are used as a tool for monitoring the implementation of recommendations."</p>
e. cont.	continued		<p>The RBM Implementation Plan indicates that "The MDs of PTC and PCF prepare, jointly with OSL/EVA, an annual report to the Executive Board providing feedback on the usefulness of evaluations and the implementation of recommendations thereof."</p> <p>Outstanding Items: 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>
B.4 Evaluation Function			

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Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
B.4a.	Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.		
B.4b.	The evaluation function follows impartial, widely recognized, documented and professional standards and methods.		
B.4c.	The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.		
B.4d.	An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.		
C.1 Investigations Function			
C.1a.	The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.		
C.1b.	To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.		
C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.		

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red



Standard		Analysis Comments	
C.1d.	The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.	Green	
C.2 Hotline & Whistleblower Protection			
C.2a.	A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.	Green	
C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.	Yellow	<p>The IOS Charter indicates that the IOS "may receive directly from individual staff members, other personnel and third parties, complaints or information concerning the possible existence of fraud, waste, abuse of authority or other irregular activities."</p> <p>The "How to Report Wrongdoing" document also indicates that the IOS will receive and investigate whistleblowing claims.</p> <p>Additionally, the Charter notes that IOS will "conduct fact-finding and investigative activities with regard to specific allegations, fraud, misconduct, undue behavior and possible violations of regulations, rules and administrative instructions, as detailed in Policy on Fraud Awareness and Prevention, with a view to safeguarding the Organization's interests and ensuring accountability."</p>

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

UNIDO

Standard		Analysis Comments	
b. cont.	continued		<p>The Agency's Response to the Exit Meeting (Clarifications) notes that "the Standard calls for the intake function to maintain an appropriate level of autonomy from the investigative function. It should be noted that similar segregation should also apply between the investigative function and those involved in the disciplinary machinery, e.g. those drawing charges (where appropriate).</p> <p>However, separating intake from investigation (and investigation from disciplinary machinery) is also influenced by the financial resources at the disposal of the Organization.</p> <p>At present and for the foreseeable future (budget 2010-2011), IOS is not in a position to internally segregate between intake and investigation which, in view of available resources, are conducted by the same (few) individuals – except for sexual and work harassment where the intake is with IOS and investigation with HRM.</p> <p>The IOS resources issue has been raised on several occasions by the External Auditor (see interim and final reports for the biennium 2006-2007 and interim report for the biennium 2008-2009). There is no foreseen change expected."</p>
b. cont.	continued		<p>Outstanding Items: It appears that the UNIDO has an intake function which coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. However, the IOS receives claims and conducts investigations, which is not in accordance with the prescribed standard (i.e. the Intake function maintains an appropriate level of autonomy from the investigations function). As such, it appears that UNIDO is partially compliant with standard b.</p>
C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).		<p>The Agency's Response to the Exit Meeting (Clarifications) notes that "the whistleblower policy is in advanced stages of staff-management consultation. It should be completed in Fall 2009. The existing policy on fraud awareness and prevention, which already contains protection provisions (which are also included in the IOS Charter) will be revised and aligned with the whistleblower policy."</p> <p>The UNIDO "Policy on Fraud and Awareness and Prevention" does note that "no retaliatory action is permitted against a staff member, or a 'whistleblower', for submitting in good faith a report on presumptive fraud or for cooperating with fact-finding or investigation work subsequent to such a report."</p>

Standards Implementation Analysis - United Nations Industrial Development Organizations (UNIDO)

Legend:			
Areas where the approved fiduciary standards ("standards") appear to be met.	Green	Areas where standards do not appear to be met and a monitorable action plan has not been established.	Red
Areas where standards do not appear to be met but a monitorable action plan has been established and/or standard has been partially met.	Yellow	Areas where assessment of standard cannot readily be determined based on all available information presented.	Red

UNIDO

Standard		Analysis Comments	
c cont.	continued	Yellow	Outstanding Items: It appears that a formal whistleblowing policy defining covered persons, protected disclosures, etc. is not currently in place. However, the UNIDO "Policy on Fraud and Awareness and Prevention" partially satisfies the standard, as the policy indicates that retaliatory action taken against whistleblowers will not be permitted. Both the definition of protected disclosures (ie circumstances) and the standard of protection from retaliation should be defined in the draft policy prior to finalization. As such, it appears that UNIDO is partially compliant with the standard.
C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).	Green	
C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.	Green	

Agency's Management Response - UNIDO

Please populate this template with comments on the implementation of the GEF minimum fiduciary approved standards. Up to **two pages** of response will be included in each agency report for the GEF Council Meeting.

Each GEF Agency is required to provide **target dates** for bringing each standard into full compliance (i.e. Green) where review results were either Yellow or Red.

UNIDO wishes to express its appreciation for the assessment work completed, the sharing thereof and affording us the opportunity to make comments. We welcome the analysis made and would like to provide the following considerations on issues raised.

The exercise conducted is the first of its kind against the Fiduciary Standards endorsed by the Council. It is therefore to be expected that some discrepancy may exist in determining what would correspond to full, partial and no compliance (i.e. green, yellow and red ratings) and in interpreting the language of the Standards – or at least for some of them. The interaction with the assessor clearly demonstrated such differences, which led in some cases to ratings given by the assessor being more or less favorable than those of our self-assessment.

An important outcome of this exercise could therefore be to develop and make available a detailed interpretation of the Fiduciary Standards, wherever necessary.

As has been explained through this extensive exercise, the Organization has well developed financial and management systems embedded in its Regulations, Rules, Director-General's instructions, Technical Guidelines, Manual, procedures and controls (system-based and otherwise), already made available. These may not always follow the terminologies expected in the GEF Fiduciary Standards. Regular internal and external audit as prescribed provide the necessary assurances or indicate areas of weakness taken up by the Organization for compliance.

It may also be noted here that compliance of all standards as determined under these standards which have received “yellow” ratings is also dependent of the availability of resources as well as the risk appetite of the Organization. These will however be further examined in light of the comments below.

Standard A.1 (c) and (e)

These standards will be brought into compliance in line with the IPSAS implementation beginning 01 January 2010, and as determined by UNIDO's Governing Bodies.

Standard A.2 (b) and (d)

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.

Standard A.3 (a) to (f)

Compliance on these standards is foreseen to be achieved by the end of the year 2009.

Standard A.4 (a) and (b) - *Compliance on these standards is foreseen to be achieved latest by the end of the year 2009.*

Standard B.1 Project Appraisal and B.3 Monitoring and Project-at- Risk Systems

The assessment of these standards needs to be further qualified, since the simple rating scale used in the implementation analysis does not always appear to capture the actual compliance level of the Organization.

The broad definition used for the “yellow” rating may be applicable to a wide spectrum of quite different situations, ranging from practical non-compliance to almost full compliance (the only common denominator being the availability of a monitorable action plan to address whatever gaps have been identified).

Against this background, a more nuanced assessment, encompassing not only the Organization’s weaknesses but also its strengths, would facilitate a better understanding of where UNIDO stands in respect of Standards B.1 and B.3.

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.

A case in point may be represented by Section (a) of Standard B.1, that refers to “meet[ing] appropriate technical, economic, financial, fiduciary, environmental, social, institutional and/or other relevant criteria”. Depending on the type and nature of the project, these aspects are analyzed during the present appraisal process (including through the use of checklists), but there is currently no provision for a specific assessment of each and every aspect in all projects since this would be neither justified nor cost-effective in many cases. More complex projects (not only GEF-funded) however require the introduction of detailed criteria for conducting an in-depth appraisal of such aspects.

The same applies to some other areas of shortfall identified during the self-assessment; in most cases these aspects are already addressed by the existing system, but require further systemized applications as requested by Standards B.1 and B.3.

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.

Standard C.2 (b) and (c)

It may be noted that there is segregation between the investigative function and the disciplinary machinery. Compliance on these standards is foreseen to be achieved by the end of the year.

UNIDO remains committed to fulfilling the Standards- to the extent allowed by its resources, and welcomes the continuous dialogue with the GEF Secretariat and the GEF Council.

Our Services were performed and this summary report was developed in accordance with the terms of reference dated January 26th, 2009 and are subject to the terms and conditions included therein.

Our Services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

The information contained within this agency summary report was based solely on the information provided in the Agency Self Assessment Reports submitted by the GEF Agencies and publicly available information. Our work was limited to the specific procedures and described herein and was based solely on the information made available through April 15, 2009. Accordingly, changes in circumstances after this date could affect the data outlined in this summary report.

This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with, GEF Secretariat and/or Council. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than GEF Secretariat and/or Council.

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Annex C – GEF Agency Implementation Tracker



Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
ADB	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 Code of Conduct appears to require disclosure of restricted financial interests as well as indication of preferred method of disclosure. However, the Code of Conduct does not appear to indicate that required parties must disclose personal financial interests annually and does not provide an administrative function within the agency for monitoring of disclosure.	With respect to the issue of financial disclosure and consequent monitoring of financial disclosure of defined parties, we acknowledge the partial compliance. We will discuss the overall report and the issues identified internally. At this stage however, as discussed in earlier communication with the Evaluation Team, ADB is confident that our overall control framework, administrative procedures and processes, are sufficient and appropriately designed given the nature of our operations	TBD
ADB	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/administration function.	The ADB does not have a function in place to monitor financial disclosure compliance on a periodic basis. However, the ADB does maintain a function which will investigate situations brought to their attention in which employees failed to disclose prohibited financial interests.	With respect to the issue of financial disclosure and consequent monitoring of financial disclosure of defined parties, we acknowledge the partial compliance. We will discuss the overall report and the issues identified internally. At this stage however, as discussed in earlier communication with the Evaluation Team, ADB is confident that our overall control framework, administrative procedures and processes, are sufficient and appropriately designed given the nature of our operations	TBD
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.	Jan-2012
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.	N/A

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
FAO	External Financial Audit	A.1e.	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.</p> <p>However, the audit opinion is done on an 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 (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.</p>	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.	Jan-2012
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 which 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>	N/A
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.	<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>	N/A

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
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 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).	Jul-2009
FAO	Financial Disclosure	A.3b.	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: <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. 	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.	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. FAO further notes that the disclosure requirement can be applied at any time to consultants if deemed necessary and in accordance with applicable policies. This may include a disclosure requirement for consultants in potentially sensitive positions.	TBD
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.	Jul-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
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/administration 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 framework of the Organization enjoys the autonomy that is required by the standard.	Jul-2009
FAO	Code of Ethics	A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.	The Agency's Self Assessment notes that "Currently, FAO does not have a specific Code of Ethics framework nor has the Organization dedicated Ethics Officer post or institutional entity to which staff could turn for advice on ethical standards. This situation will be partly rectified by the appointment of an Ethics Officer, and by the appointment and start-up of an Ethics Committee, scheduled in 2009 pursuant to the Immediate Plan of Action (IPA) which resulted from the IEE and from the ensuing process."	The Ethics Officer is expected to commence duties in July 2009, and the Ethics Committee should be in place by December 2009.	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
FAO	Procurement Processes	B.2e.	Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.	The Agency's Self Assessment notes that procurement policies and awards are not publicly disclosed, as the standard prescribes, because procurement of specialized and regulated goods, works and services (i.e. vaccines, seeds, pesticides, fishing equipment which is greater than 75% of FAO procurement) is done using the restricted tendering method with pre-selection of registered and pre-qualified vendors.	FAO uses a restricted tendering method with pre-selection of registered and pre-qualified vendors and is partially compliant with this standard. While FAO does not publicly disclose awards, FAO would be willing to disclose procurement awards for GEF projects if it were deemed necessary by the GEF Council. If this approach is acceptable, publication could be initiated in the short term, as soon as agreement is reached on content and methods of publication.	TBD
FAO	Investigations Function	C.1c.	The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.	<p>The Agency's Self Assessment notes that "the investigations function has not yet published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process."</p> <p>The Agency noted that "The Investigations Guidelines can't be shared as they still have not been endorsed by the Director General and as such are not an official document."</p> <p>The Agency indicated that the Investigations Guidelines are expected to be endorsed by the Director General as of August, 2009. It appears that the Agency is currently not in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	C.1.c. The issuance of the Investigations Guidelines are pending final endorsement by the Director-General and are expected to be issued by August 2009.	Aug-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
FAO	Hotline & Whistleblower Protection	C.2d.	Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).	<p>It appears that the Agency is committed to ensuring the confidentiality of whistleblowers. However, the Agency does not have published guidelines with regards to standard policies and procedures for handling hotline complaints, etc.</p> <p>The Agency does have draft Investigations Guidelines, which will satisfy the standard. Those guidelines are expected to be finalized by August, 2009 (as they are currently in review by the Director General). The Agency is not in compliance with the standard but has a monitorable action plan in place to achieve compliance.</p>	Procedures in place expected by December 2009. FAO is committed to ensure confidentiality to those who disclose information about something they have reasons to believe is in breach of its regulations and rules, including its policies. This is clearly set out in the Organization's Policy on Fraud and Policy on Prevention of Harassment. Any person who would contravene the principle of confidentiality would be considered liable and subject to an administrative action, including a disciplinary measure. The Office of the Inspector General accepts anonymous allegations, and anonymity of those who disclose instances of misconduct can be maintained during the investigative process. However, it cannot be guaranteed throughout the disciplinary proceedings. It should be noted that the Organization applies the general legal principle that anonymity can be preserved, however, only to the extent that the allegations made can be fully substantiated by other independent evidence. This is particularly relevant at the moment the "accused" is given the opportunity to test the evidence and when charges are made. The foregoing approach to anonymity is also reflected in the abundant jurisprudence of the ILO Administrative Tribunal which FAO must follow when dealing with these very sensitive principles of due process. And the Tribunal has made it clear that these principles apply even so in absence of an explicit text thereto in the rules and policies of an organization.	Dec-2009
FAO	Hotline & Whistleblower Protection	C.2e.	Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.	<p>The Agency's Self Assessment notes that "procedures are not yet in place for the periodic review of the handling of hotline, whistleblower and other reporting information to determine whether the process to protect these parties is in place and is effective.</p> <p>AUD (Office of the Inspector General) plans to develop a system in the course of 2009, in consultation with the Legal Office, the Human Resources Management Division and the External Auditors, as necessary."</p> <p>The Agency's response to the Exit Conference noted "The Inspector General receives a monthly report on the reception and status of all allegations. In addition, the Office reports to each session of the Audit Committee, which meets at least three times a year, on the status of investigations and allegations received. The report contains sections on investigation reports issued, summary of cases under investigation as well as statistics about disposition of complaints, sources of complaints etc."</p>	The issuance of the Investigations Guidelines are pending final endorsement by the Director General and are expected to be issued by August 2009. Pending the issuance of these Guidelines, the Uniform Guidelines are being implemented in practice.	Aug-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
IFAD	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.	The agency has internal controls over financial reporting that cover the use of GEF funds and the Board of Auditors (External Auditor) tests internal controls considered necessary to form an opinion on the financial statements. However, it appears that the Agency's management does not assert to the agency's governing body that these internal controls are adequate (as prescribed in the standard). Therefore, it appears that the agency has partially met the standard.	IFAD's Financial Services Division started in 2008 a pilot roll-out of a financial reporting internal control framework. The forward programme includes a management assertion letter to be produced in connection with the audit of the annual financial statements starting with the financial year ending December 2009	Dec-2009
IFAD	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.	It appears that has not yet formalized an overall internal control framework which would cover the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing. However, it appears a monitorable action plan is in place to achieve the requirements prescribed by the standard.	Whilst the draft internal control framework will be finalised in 2009, IFAD has a policy on Enterprise Risk Management (ERM), reviewed by the Executive Board of IFAD in 2008, that is underpinned by procedures for implementing risk management across the organisation. These elements contribute significantly to setting the tone at the top with respect to risk management - including risk assessment, and internal controls related to risks identified at divisional, departmental or institutional levels	Dec-2009
IFAD	Financial Management & Control Frameworks	A.2c.	The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.	At this time, it does not appear that the draft "IFAD's Internal Control Standards for Effective Management" defines roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees. However, the Self Assessment indicates that required elements will be included upon finalization. As such, it appears that the agency is not currently in compliance with the standard but a monitorable action plan is in place to achieve the requirements prescribed by the standard.	The final "Internal Control Standards for Effective Management" shall define roles and responsibilities of fiscal agents and fiduciary trustees.	Dec-2009
IFAD	Financial Management & Control Frameworks	A.2g.	Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	It appears that the process for regular review by management of related duties is being developed through the New Quality Assurance Function. As such, it appears that the agency is currently not in compliance with the standard but an action plan is in place to achieve compliance.	The final "Internal Control Standards for Effective Management" shall include a process for regular review of segregation of duties by management.	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
IFAD	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.	<p>The agency notes within its policy that protected parties should voluntarily disclose to their supervisor or the President in advance or as soon as they become aware of a possible conflict of interests that arise in the course of carrying out their duties. However, it does not appear that the policy addresses the concept of annual disclosure (ie a mechanism to disclose prohibited financial interests on an annual basis).</p> <p>The Self-Assessment indicates that the procedures will be updated by December, 2009. As such, it appears that the agency is currently not in compliance with the standard, but a monitorable action plan is in place to achieve compliance.</p>	The ERM Committee workplan includes the establishment of a Financial Disclosure Policy. Work on developing the policy started at the end of 2008. The policy will require those staff with key roles in finance, investments, procurement and external resource management to provide, every year, a signed, confidential statement reporting their significant outside activities and interests. The publication of a Financial Disclosure Policy is planned for year 2009.	Dec-2009
IFAD	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/administration function.	It does not appear that 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/administration function. However, it appears a monitorable action plan is in place to achieve the requirements prescribed in the standard.	The Financial Disclosure Policy shall include a mechanism for the administration and review of financial disclosures	Dec-2009
IFAD	Hotline & Whistleblower Protection	C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.	<p>It appears that the Agency has an intake function which coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources.</p> <p>However, it appears that this intake function does not maintain an appropriate level of autonomy from investigations as both functions are performed by the Office of Audit and Oversight. As such, it appears that IFAD is partially compliant with the standard.</p>	At present, there is no independent section handling the intake of allegations as there is not sufficient volume to justify such a division of labour (30 new allegations received in 2008). However, all complaints are acknowledged and logged, including the date of receipt. Additionally, to avoid conflicts of interest, where staff or others wish to make allegations about investigative staff, they have the right under President's Bulletin 2007/02 to go directly to the President, after which there will be an independent investigation	N/A

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
IFAD	Hotline & Whistleblower Protection	C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).	<p>It appears that IFAD has a policy that identifies protected disclosures and defines the standard of protection from retaliation as the prescribed requirement of the standard.</p> <p>However, it appears that this policy does not contain defined protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety).</p>	<p>While the anticorruption policy refers only to protection of whistleblowers in relation to fraud and corruption, President's Bulletin 2007/02 (which specifies the procedures for investigations and sanctions) makes it clear that whistleblower protection is much broader than this.</p> <p>It stipulates that corrective or disciplinary measures shall be imposed on a staff member if it is determined that he/she has retaliated against anyone who submitted suggestions or reports to IFAD or otherwise cooperated with an investigation.</p> <p>Further, it goes on to state that no action shall be taken against anyone who reports, in good faith, information on perceived irregular practices that subsequently proves to be unfounded. The term "irregular practices" extends beyond fraud and corruption to include staff misconduct, under which would fall violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety.</p>	N/A
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	Jan-2012

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNEP	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.	The agency has internal controls over financial reporting that cover the use of GEF funds and the Board of Auditors (External Auditor) tests internal controls considered necessary to form an opinion on the financial statements. However, the standard requires that the Agency assert to the governing body that their controls are accurate. It is noted that the Agency provides audit recommendations, response to recommendations, and status of implementation to their governing body. However, it appears that the Agency's management does not assert to the agency's governing body that these internal controls are adequate (as prescribed by the standard). Therefore, it appears that the agency has partially met the standard.	UNEP believes that it meets the intent of this standard. Although the UN's audited financial statements are prepared on a biennial basis, UNEP is subject to an annual external audit by the UN Board of Auditors including a specific annual audit of UNEP/GEF. The annual audits, inter alia, cover internal controls over financial reporting. The auditors are required to report annually on any material issues to the UN's Advisory Committee on Administrative and Budgetary Questions (ACABQ) which is a subsidiary organ of the UN General Assembly. The annual management report incorporates UNEP management's response to the auditor's observations and recommendations as well as addressing the status regarding issues raised in previous years.	N/A
UNEP	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 an biennium basis rather than on an annual basis as prescribed by the standard. It does appear that with the adoption of the International Public Sector Accounting Standards (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.	It is expected that with the introduction of IPSAS, the UN will move to preparing financial statements on an annual rather than biennial basis and that UNEP's external auditors will issue an annual audit opinion on the financial statements which will be made public. For the financial statements of the trust funds that UNEP operate to manage GEF funds, an annual external audit opinion is already issued by the UN Board of Auditors and a copy is sent to the GEF.	Jan-2012
UNEP	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.	It appears that the Agency is still in the process of adopting and implementing an enterprise risk management framework as depicted in United Nations General Assembly Reports of the Secretary General (February 19th, 2008 and September 29th, 2008). Therefore, it appears that the agency has a monitorable action plan in place to meet the standard.	A new United Nations 'Accountability Framework, Enterprise Risk Management and Internal Control Framework, and Results-based Management Framework' has been prepared for presentation to the General Assembly in 2009.	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	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.	<p>It appears that 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.</p> <p>However, in an effort to adopt recognized accounting standards accepted in major capital markets, the United Nations, which includes UNIDO, 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 meet the standard.</p>	These standards will be brought into compliance in line with the IPSAS implementation beginning 01 January 2010, and as determined by UNIDO's Governing Bodies	Jan-2010
UNIDO	External Financial Audit	A.1e.	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.</p> <p>However, the audit opinion is completed on an biennium basis rather than on an annual basis as prescribed in the standard. It does appear that with the adoption of the International Public Sector Accounting Standards (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.</p>	These standards will be brought into compliance in line with the IPSAS implementation beginning 01 January 2010, and as determined by UNIDO's Governing Bodies	Jan-2010
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.	<p>It appears that UNIDO has incorporated within its various regulations, rules, procedures and instructions elements of the control framework (control environment, internal control activities, monitoring, risk assessment and procedures for information sharing).</p> <p>However, UNIDO has not adopted a control framework that covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing. While the Agency is currently not in compliance with the standard, a monitorable action plan in place to achieve compliance.</p>	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	TBD

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
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 action are in place for addressing risks that are deemed significant or frequent.	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 been established to achieve compliance.	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	TBD
UNIDO	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.	It appears that UNIDO's Staff Rules identify prohibited financial interests. However, it appears that the Rules prohibit said interests, rather than requiring disclosure. Per review of the documentation, international civil servants may be required to disclose certain financial interests. However, that is noted in a separate "Standards of Conduct for the International Civil Service" and does not appear to be applicable to all personnel but only to staff members, namely personnel holding regular appointments and who are therefore considered officials of UNIDO for the purposes of the Convention on Privileges and Immunities of the United Nations and Convention on Privileges and Immunities of the Specialised Agencies. It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Financial Disclosure	A.3b.	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: <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. 	The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy. It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009
UNIDO	Financial Disclosure	A.3c.	The policy specifies prohibited personal financial interests.	The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy. It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009
UNIDO	Financial Disclosure	A.3d.	The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.	The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy. It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	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.	<p>The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009
UNIDO	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/administration function.	<p>The Agency's Self Assessment appears to indicate that the Agency does not have a financial disclosure policy.</p> <p>It appears that UNIDO is currently reviewing developments in the United Nations Common System on financial disclosure and declaration of interest statements, with a view to adopting a similar policy for the Organization in 2009 as well as creating an ethics function to administer the annual financial disclosures. As such, it appears that UNIDO is partially compliant with the standard and has a monitorable action plan in place to achieve full compliance.</p>	Compliance on these standards is foreseen to be achieved by the end of the year 2009	Dec-2009
UNIDO	Code of Ethics	A.4a.	A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.	<p>It appears that the Agency has a Standard of Conduct containing examples of guiding principles and professional standards to be upheld and examples of misconduct. However, the Self Assessment notes that "Consultants and independent experts are not yet covered by a code similar to that of staff" as required by the standard. Additionally, the Agency's Self Assessment notes that an updated code of ethics is undergoing staff management consultations which are in the final stages and to be completed in 2009.</p> <p>As such, it appears that the Agency does not have a documented Code of Ethics which includes all required elements of the standard, but has established an action plan for achieving compliance with standard a.</p>	Compliance on these standards is foreseen to be achieved latest by the end of the year 2009	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Code of Ethics	A.4b.	An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.	<p>The Agency's response to documentation request indicates that while some of the standards of conduct from the ICSC Standards of Conduct for the International Civil Service have been incorporated into the Agency's Staff Regulations and Staff Rules (e.g. regulations 1.1 to 1.9 under Article I of the Agency's Staff Regulations), the Agency does not appear to have a separate stand alone policy document called Code of Ethics applicable to all personnel, including consultants and experts.</p> <p>The Agency is however in the process of defining such a policy document. The Human Resources department is in place to provide administrative support for the Rules and Regulations, including those related to the standards of conduct. At the same time, the Agency is in the process of considering options for establishing a separate function to provide support to both Code of Ethics and Financial Disclosure programme."</p>	Compliance on these standards is foreseen to be achieved latest by the end of the year 2009	Dec-2009
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.	<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> <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>	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
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.	<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> <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>	Dec-2009
UNIDO	Project Appraisal	B.1c.	Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.	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>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> <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>	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Project Appraisal	B.1d.	Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.	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>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> <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>	Dec-2009
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.	<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> <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>	Dec-2009

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Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.b	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.	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>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> <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>	Dec-2009
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.c	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.	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>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> <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>	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.d	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.	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>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> <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>	Dec-2009
UNIDO	Monitoring and Project-At-Risk-Systems	B.3.e	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.	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>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> <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>	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
UNIDO	Hotline & Whistleblower Protection	C.2b.	An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.	It appears that the UNIDO has an intake function which coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. However, the IOS receives claims and conducts investigations, which is not in accordance with the prescribed standard (i.e. the Intake function maintains an appropriate level of autonomy from the investigations function). As such, it appears that UNIDO is partially compliant with standard b.	It may be noted that there is segregation between the investigative function and the disciplinary machinery. Compliance on these standards is foreseen to be achieved by the end of the year	Dec-2009
UNIDO	Hotline & Whistleblower Protection	C.2c.	A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).	It appears that a formal whistleblowing policy defining covered persons, protected disclosures, etc. is not currently in place. However, the UNIDO "Policy on Fraud and Awareness and Prevention" partially satisfies the standard, as the policy indicates that retaliatory action taken against whistleblowers will not be permitted. Both the definition of protected disclosures (ie circumstances) and the standard of protection from retaliation should be defined in the draft policy prior to finalization. As such, it appears that UNIDO is partially compliant with the standard.	It may be noted that there is segregation between the investigative function and the disciplinary machinery. Compliance on these standards is foreseen to be achieved by the end of the year	Dec-2009

Implementation Tracker - GEF Fiduciary Standards

Agency	Core Area	#	Standard	Outstanding Items	Management Response Comments	Timeline
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 is not a listed company that seeks capital in the major capital markets, and in this regard the accounting standards developed for such Organizations are not totally relevant for UNDP's purpose.</p> <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>"The accounting standards agreed for application in organizations of the United Nations system are, to a large extent, based on relevant International Accounting Standards promulgated by the International Accounting Standards Committee, to which appreciation is expressed for its permission to draw upon its texts, as listed in appendix I. Where differences from the International Accounting Standards exist, it is mainly because of the essentially non-commercial nature of the organizations' activities. Further important factors are the primacy of the system."</p> <p>Notwithstanding the above, UNDP has (in response to General Assembly Resolution 60/283) started the process of preparing the organization for the eventual 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 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> <p>It is necessary to note that the Financial Statements of UNDP are externally and independently audited by the United Nations Board of Auditors (which is appointed by the General Assembly) in conformity with the International Standards on Auditing.</p>	Jan-2012
UNDP	External Financial Audit	A.1e.	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.</p> <p>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 an 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</p> <p>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.</p> <p>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>	Jan-2012

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Annex D – Minimum Recommended Fiduciary Standards



Minimum Fiduciary Standards

This annex specifies the recommended minimum fiduciary standards proposed by the Trustee. The first subsection comprises overarching audit, financial management and controls areas: (1) external financial audit, (2) financial management and control frameworks, (3) financial disclosure, (4) code of ethics, and (5) internal audit.

The second subsection covers the project/activity cycle: (1) project appraisal standards, including safeguards, (2) procurement processes, (3) project monitoring and project-at-risk systems, and (4) evaluation.

The final subsection comprises the investigation function, including hotline and whistleblower protection.

Audit, Financial Management and Control Framework

1. External Financial Audit - *The external financial audit function ensures an independent (as defined by the International Federation of Accountants (IFAC)) review of financial statements and internal controls.*

- a. The Agency has appointed an independent external audit firm or organization.
- b. The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).
- c. 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.
- d. 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.
- e. An annual audit opinion on the financial statements is issued by the external auditor and made public.
- f. An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.

g. The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.

2. Financial Management and Control Frameworks - *An internal control framework, as defined by internationally recognized frameworks such as COSO, Cadbury and CoCo, is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in the following categories:*

- *Effectiveness and efficiency of operations*
- *Reliability of financial reporting and financial management frameworks*
- *Compliance with applicable policies and procedures.*

a. A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.

b. The control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing.

c. The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.

d. 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.

e. The control framework guides the financial management framework.

f. Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including:

- Budgeting;
- Accounting;
- Internal control;
- Funds flow (including disbursements, cash management, unused fund close-out);
- Financial reporting; and
- Auditing arrangements.

g. Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.

3. Financial Disclosure - *The financial disclosure policy delineates the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.*

a. 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.

b. 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:

- 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.

c. The policy specifies prohibited personal financial interests.

d. The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains references to other related internal policies, such as outside employment policies.

e. Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.

f. 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/administration function.

4. Code of Ethics - *A code of ethics for agency staff promotes responsible governance and ethical behavior.*

- a. A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.
- b. An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.
- c. Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).

5. Internal Audit - *Internal auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

- a. Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).
- b. Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.
- c. The internal audit function is independent and objective in the execution of its respective duties. There is an officer designated to head the internal audit function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.
- d. The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.
- e. The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.
- f. The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.

- g. The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.
- h. The internal audit function has a process in place to monitor the response to its recommendations.
- i. A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.

Project/Activity Processes and Oversight

1. Project Appraisal Standards - *Project appraisal functions include the establishment of standards and appropriate safeguards that are used to determine whether projects and activities will meet their development goals before funds are dispersed.*

- a. 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.
- b. 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.
- c. Risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted.
- d. Appropriate oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.

2. Procurement Processes - *Agency procurement processes covering both internal/administrative procurement and procurement by recipients of funds include written standards based on widely recognized processes and an internal control framework to protect against fraud, corruption and waste.*

- a. Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.

- b. Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.
- c. Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.
- d. Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.
- e. Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.

3. Monitoring and Project-at-Risk Systems - *The GEF monitoring and evaluation policy, adopted by the Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF. From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to projects and/or activities, particularly those deemed to be at risk.*

- a. Monitoring functions, policies and procedures consistent with the requirements of the GEF monitoring and evaluation policy have been established.
- b. 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.
- c. 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.
- d. 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.
- e. 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.

4. Evaluation Function - *The evaluation function assesses the extent to which projects, programs, strategies, policies, sectors, focal areas, or other activities achieve their objectives. The goals of evaluation are to provide an objective basis for assessing results, to provide accountability in the achievement of agency objectives, and to learn from experience. The GEF monitoring and evaluation policy, adopted by*

the Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF, including impartiality, professionalism, and a high degree of independence.

- a. Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.
- b. The evaluation function follows impartial, widely recognized, documented and professional standards and methods.
- c. The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.
- d. An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.

Investigations

1. Investigation Function - *The investigation function provides for independent, objective investigation of allegations of fraud and corruption in agency operations, and of allegations of possible agency staff misconduct.*

- a. The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.
- b. To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.
- c. The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.
- d. The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.

2. Hotline & Whistleblower Protection - *Agency policies provide avenues for reporting suspected ethics violations and protections for individuals reporting such violations.*

- a. A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity.
- b. An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.
- c. A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).
- d. Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).
- e. Procedures are in place for the periodic review of handling of hotline, whistleblower and other reported information to determine whether the process to protect parties is in place and is effective.

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