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AGENCY PROGRESS ON MEETING THE GEF FIDUCIARY STANDARDS

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I. BACKGROUND

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

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

3. As reported in Council document GEF/C.38./10, *Agency Progress on Meeting GEF’s Minimum Fiduciary Standards*, four GEF Agencies had met the GEF’s fiduciary standards as of June 2010: the World Bank, the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IADB). As reported in Council document GEF/C.39/Inf.4, *Agency Progress on Meeting GEF’s Minimum Fiduciary Standards*, the Secretariat had assessed two more Agencies as having completed their action plans, thereby complying with all of the GEF fiduciary standards: the Asian Development Bank (ADB) and the International Fund for Agricultural Development (IFAD).

4. This paper reviews the actions taken by each of the remaining four Agencies to comply with GEF’s fiduciary standards: the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the United Nations Industrial Development Programme (UNIDO). It presents the items now deemed to be completed and items still outstanding. Actions taken as of April 15, 2011 are summarized in Annex A: Implementation Tracker – GEF Fiduciary Standards.

5. The World Bank’s Executive Directors have recently stepped up their engagement on Financial Intermediary Funds (FIFs), of which the GEF is the second largest. World Bank management has been asked to examine more closely the Bank’s trustee role in FIFs, including associated reputational and other risks. One important aspect will be the need to review and update the GEF fiduciary standards with regard to the segregation of implementation and

¹ <http://www.thegef.org/gef/sites/thegef.org/files/documents/C.31.6%20Fiduciary%20Standards.pdf>

² [http://www.thegef.org/gef/sites/thegef.org/files/documents/C.35.5 Fiduciary Standards.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/C.35.5%20Fiduciary%20Standards.pdf)

execution responsibilities for Agencies that carry out both functions. The GEF fiduciary standards would benefit from clearer requirements with regard to the segregation of functions between project implementation and execution. Clearer rules on this issue would be in keeping with good practice in ensuring appropriate oversight and accountability in the use of funds. The Trustee and Secretariat recommend that the GEF fiduciary standards be revised to ensure proper segregation between implementation and execution within agencies that perform both functions. The Secretariat and Trustee propose that they work together to revise the GEF fiduciary standards to develop rules in this area, and will present a proposal to update the fiduciary standards at the November 2011 Council Meeting. This update will be narrow in scope and will not take the place of the comprehensive review of the fiduciary standards that the Council asked the Secretariat to manage and present to it in 2013.³

II. GEF AGENCY STATUS IN MEETING THE GEF STANDARDS

Food and Agriculture Organization

6. FAO reports that full compliance has been achieved with respect to the minimum fiduciary standards on procurement, investigations function and hotline and whistleblower protection. Steady progress is being made in other areas.

Items Completed

7. Procurement: In procurement processes, information fields for public disclosure of procurement policies and awards were agreed with the GEF Secretariat. A policy paper on the publication of all procurement actions over US\$100,000, including those undertaken on behalf of GEF projects, has been prepared. Amendments have been made to the Standard Terms and Conditions and to the Invitation to Bid documentation, informing potential vendors/contractors that FAO reserves the right to publish limited data about the procurement action, its total value and the name and nationality of the vendor/contractor.

8. FAO has contacted those vendors that supply goods and services to GEF projects, and with their permission now publishes on its internet site details about procurement actions over US\$100,000 for GEF projects. The information covers the name of the project, title of the grant or procurement contract, the name of the contractor/vendor/supplier, nationality of the contractor/vendor/supplier, and the USD value of the contract. The information will be updated on a six-monthly basis. FAO procurement information can be found on link <http://www.fao.org/unfao/procurement/general-information/en/>. Information on the GEF is under Useful Links.

³ See *Joint Summary of the Chairs*, GEF Council Meeting, June 22-24, 2009; Paragraph 12 (d).

9. Investigations Function and Hotline and Whistleblower Protection: The Director-General approved the Whistleblower Protection Policy and Guidelines for Internal Administrative Investigation in December 2010. The guidelines were issued to all staff in February 2011 as *Administrative Circular 2011/04 Guidelines for Internal Administrative Investigations* by the Office of the Inspector-General on February 9, 2011. The *Whistleblower Protection Policy* was released on the same date as *Administrative Circular 2011/5*. Both are included in Annex B

10. Codes of Ethics: In April 2011, the FAO Council approved the establishment, composition and Terms of Reference of the Ethics Committee. The Committee will be composed of members both internal and external to FAO, and will report directly to the Governing Bodies.

Items on Track

11. External Financial Audit: FAO's IPSAS implementation project is progressing well. As reported in November 2010, FAO is undertaking a synergistic programme to implement International Public Sector Accounting Standards (IPSAS) and upgrade systems and processes at its decentralized offices in parallel with an upgrade of the Organization's Oracle based Enterprise Resource Planning system (ERP) to Release 12. In addition to the significant benefit of running these major administrative projects in an integrated way, such an approach allows the IPSAS Project to exploit the significant new functionality available in Oracle Release 12 while ensuring that the Organization will not be required to rely on an unsupported version of its ERP in 2013. The synergistic introduction of Oracle Release 12 will also permit the Organization to replace the current Field Accounting System with a Field Solution that uses standard Oracle Release 12 functionality for deployment to the Decentralized Offices as an integrated part of the ERP. Under the new synergistic approach, IPSAS compliant systems will be delivered in 2012. The first IPSAS compliant official accounts will be prepared for the calendar year 2013.

12. With respect to an internal control framework, FAO's plan to introduce an internally-led organization-wide approach to enterprise risk management is advancing well. Pilots for the inclusion of ERM in the Results Based Management Strategic Framework have been completed, and a generic ERM risk assessment process has been established. FAO remains on course to complete the ERM implementation project by the end of 2011.

13. Financial Disclosure: FAO established a Working Group to develop detailed financial disclosure procedures, including a financial disclosure questionnaire, for pilot implementation. A pilot phase to obtain financial disclosures from senior staff, and from staff in sensitive positions, will start in June 2011. Disclosures will be made to the Ethics Officer for further assessment to determine whether action to address any situation of conflict of interest is required. Requisite disclosure forms are under development and will be rolled out shortly, i.e. before June 2011.

14. As reported in November 2011, FAO, in addition, has developed with WHO a Disclosure Statement for Panel of Experts (currently used in the meetings of the Codex Alimentarius), which will be used by other divisions that also have panel of experts discussing various policies in the Organization. FAO intends to also implement a Disclosure of Interest form to be used by consultants working in an advisory role and for staff who sit on Tender Evaluation panels.

15. Codes of Ethics: In April 2011, the FAO Council approved the establishment, composition and Terms of Reference of the Ethics Committee. The Committee will be composed of members both internal and external to FAO, and will report directly to the Governing Bodies.

United Nations Development Programme

16. UNDP confirms that it is on target to meet the goal of full implementation through adoption of IPSAS by January 2012.

United Nations Environment Programme

17. The only remaining standard that is not fully complied with is on external audit, but as agreed UNEP has put in place a plan for meeting the intent of IPSAS accounting standards by 2012 for UNEP DGEF. An inter-agency task team has been established between UNON, UNEP and UN-Habitat to work with UN HQ on moving to IPSAS compliance. In regards to the UNEP/GEF operations, further work is being conducted in identifying the pertinent technical issues, including how to state cash advances to GEF project partners, and how to state future liabilities in an IPSAS-compliant manner. These issues are under discussion with UNON and UNHQ, with additional assistance gratefully being received from the UN Board of Auditors (UK). It is expected that a model/trial statement will be developed for the financial year 2011 to test the system. UNEP therefore believes that it is on track to meet the intent of IPSAS accounting standards for its GEF operations for the financial year ending December 2012.

United Nations Industrial Development Organization

18. At the Council Meeting, November 2010, UNIDO provided additional documentation to support its progress toward meeting all GEF's fiduciary standards. UNIDO has complied with all GEF fiduciary standards and is in the process of further refining the implementation of its financial management and control frameworks.

19. UNIDO has made good progress on the institutionalization of risk management in the Organization, since July 2010. This includes the identification of risks for each stage of the project cycle during the business process reengineering exercise, and the inclusion of risk management requirement in the terms of reference for the new enterprise resource planning (ERP) system. Specifically, following an international procurement process, a thorough

evaluation process and extensive negotiations, a contract was signed with SAP on 13 December 2010 for the procurement of an ERP system and provision of implementation services. SAP is a world leading provider of ERP software solutions, based in Germany. The implementation partner is the Austrian subsidiary of SAP. The ERP system is being implemented using the proven Accelerated SAP (ASAP) methodology, which consists of the following five phases: (a) Project preparation; (b) Business blueprint; (c) Realization; (d) Final preparation; (e) Go live and support.

20. Currently, the SAP solution for “Governance, Risk and Compliance” is also being analyzed by UNIDO. This SAP solution will be fully embedded in the ERP system and will allow organization-wide risk management at the strategic, operational and project levels. The ERP system will be fully implemented by early 2013. More details on the ongoing Program for Change and Organizational Renewal (PCOR) covering development since November 2010 in general as well as an update on the ERP implementation and its roadmap in particular, can be obtained from the report of the Director General of UNIDO on the PCOR of March 18, 2011 (Official document IDB.39/9 – PBC.27/9), attached as Annex C.

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|---|--------|---|---|---|---|----------|
| FAO | External Financial Audit | A.1.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. | The Agency has adopted the United Nations System Accounting Standards which are partially based on International Accounting Standards (IAS), however, these accounting standards are not accepted in major capital markets for listed companies. In an effort to adopt recognized accounting standards, the United Nations which includes FAO will transition to the IPSAS effective 1 January 2010 and will fully implement the IPSAS accounting standards by January 2012. Therefore, it appears that the agency has a monitorable action plan in place to become fully compliant with the standard. | With respect to the requirement for annual, audited financial statements prepared in accordance with internationally recognised accounting standards, as noted in the analysis, FAO is planning for full implementation of IPSAS by January 2012. This will fully satisfy these two standards. | FAO's IPSAS implementation project is progressing well. As reported in November 2010, FAO is undertaking a synergistic programme to implement International Public Sector Accounting Standards (IPSAS) and upgrade systems and processes at its decentralized offices in parallel with an upgrade of the Organization's Oracle based Enterprise Resource Planning system (ERP) to Release 12. In addition to the significant benefit of running these major administrative projects in an integrated way, such an approach allows the IPSAS Project to exploit the significant new functionality available in Oracle Release 12 while ensuring that the Organization will not be required to rely on an unsupported version of its ERP in 2013. The synergistic introduction of Oracle Release 12 will also permit the Organization to replace the current Field Accounting System with a Field Solution that uses standard Oracle Release 12 functionality for deployment to the Decentralized Offices as an integrated part of the ERP. Under the new synergistic approach, IPSAS compliant systems will be delivered in 2012. The first IPSAS compliant official accounts will be prepared for the calendar year 2013. | Jan-2012 |
| FAO | External Financial Audit | A.1.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. | 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. | With respect to an internal control framework, FAO's plans to introduce an internally-led organization-wide approach to enterprise risk management is advancing well. Pilots for the inclusion of ERM in the Results Based Management Strategic Framework have been completed, and a generic ERM risk assessment process has been established. FAO remains on course to complete the ERM implementation project by the end of 2011. | Dec-11 |
| FAO | External Financial Audit | A.1.e. | 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 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. | With respect to the requirement for annual, audited financial statements prepared in accordance with internationally recognised accounting standards, as noted in the analysis, FAO is planning for full implementation of IPSAS by January 2012. This will fully satisfy these two standards. | See update under A.1.c | Jan-2012 |
| FAO | Financial Management & Control Frameworks | A.2.b. | 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 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. | A.1.d, A.2.b and A.2.c. The review has concluded that FAO is partially compliant with the standards related to an all-encompassing formal internal control framework, such as COSO, including annual risk assessment and management assertion on adequacy of internal controls. The assessment notes that while FAO has procedures in place which indicate the existence of a control environment, internal control activities and monitoring procedures, and has processes in place for risk assessment, there is no consolidated internal control framework. In this regard, it should be noted that the implementation of a formal internal control framework such as COSO is a costly exercise, which would require additional funding and approval from the Governing Bodies. | See update under A.1.d | Dec-11 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|---|-------|---|---|--|--|----------|
| FAO | Financial Management & Control Frameworks | A.2d. | At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent. | While ad hoc processes exist, it appears that the Agency does not have a formal risk assessment process. However, the Agency is in the process of developing and conducting a risk assessment with the assistance of a third party. It appears that the Agency is currently not in compliance with the standard but has an action plan in place to achieve compliance. | A.1.d, A.2.b and A.2.c. The review has concluded that FAO is partially compliant with the standards related to an all-encompassing formal internal control framework, such as COSO, including annual risk assessment and management assertion on adequacy of internal controls. The assessment notes that while FAO has procedures in place which indicate the existence of a control environment, internal control activities and monitoring procedures, and has processes in place for risk assessment, there is no consolidated internal control framework. In this regard, it should be noted that the implementation of a formal internal control framework such as COSO is a costly exercise, which would require additional funding and approval from the Governing Bodies. | See update under A.1.d | Dec-11 |
| 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). | FAO established a Working Group to develop detailed financial disclosure procedures, including a financial disclosure questionnaire, for pilot implementation. A pilot phase to obtain financial disclosures from senior staff, and from staff in sensitive positions, will start in June 2011. Disclosures will be made to the Ethics Officer for further assessment to determine whether action to address any situation of conflict of interest is required. Requisite disclosure forms are under development and will be rolled out shortly, i.e. before June 2011. As reported in November 2011, FAO, in addition, has developed with WHO a Disclosure Statement for Panel of Experts (currently used in the meetings of the Codex Alimentarius), which will be used by other divisions that also have panel of experts discussing various policies in the Organization. FAO intends to also implement a Disclosure of Interest form to be used by consultants working in an advisory role and for staff who sit on Tender Evaluation panels. | Jun-2011 |
| 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: • 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. | See update under A.3.a | Jun-11 |
| 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 Regulations regarding the disclosure of financial interests. The amendment indicates that staff members above D-1 may be required to file financial disclosure statements on appointment and at intervals thereafter. However, the Staff Regulations do not indicate the methods by which employees will be able to file financial disclosure statements. | Please see under A.3 a; the methods to disclose financial interests will be addressed on a priority basis in the context of the implementation of the relevant Staff Regulations by the Ethics Officer. The Ethics Officer is expected to commence duties in July 2009. | See update under A.3.a | Jun-11 |
| 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. | See update under A.3.a | Jun-11 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|------------------------------------|-------|--|---|--|---|-----------|
| 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. | In April 2011, the FAO Council approved the establishment, composition and Terms of Reference of the Ethics Committee. The Committee will be composed of members both internal and external to FAO, and will report directly to the Governing Bodies. The relevant GEF standard has now been met. | Apr-2011 |
| 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. | FAO reports that the Organization is now fully compliant with the procurement standard. Information fields for public disclosure of procurement policies and awards were agreed with the GEF Secretariat. A policy paper on the publication of all procurement actions over US\$100,000, including those undertaken on behalf of GEF projects, has been prepared. Amendments have been made to the Standard Terms and Conditions and to the Invitation to Bid documentation, informing potential vendors/contractors that FAO reserves the right to publish limited data about the procurement action, its total value and the name and nationality of the vendor/contractor. FAO has contacted those vendors that supply goods and services to GEF projects, and with their permission now publishes on its internet site details about procurement actions over US\$100,000 for GEF projects. The information covers the name of the project, title of the grant or procurement contract, the name of the contractor/vendor/supplier, nationality of the contractor/vendor/supplier, and the USD value of the contract. The information will be updated on a six-monthly basis. FAO procurement information can be found on link http://www.fao.org/unfao/procurement/general-information/en/ . Information on GEF is under Useful Links. | Completed |
| 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. | 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." 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. It appears that the Agency is currently not in compliance with the standard but has a monitorable action plan in place to achieve compliance. | 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. | FAO reports it now fully complies with the Investigations Function and Hotline and Whistleblower Protection standards. The Director-General approved the Whistleblower Protection Policy and Guidelines for Internal Administrative Investigation in December 2010. The guidelines were issued to all staff in February 2011 as Administrative Circular 2011/04 Guidelines for Internal Administrative Investigations by the Office of the Inspector-General and 2011/05 Whistleblower Protection Policy. | Completed |
| 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). | 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. 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. | 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. | See update under C.1.c. | Completed |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|------------------------------------|-------|---|--|---|---|-----------|
| 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. | See update under C.1.c. | Completed |
| 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 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."</p> | The UNDP confirms that it is on target to meet the goal of full implementation through adoption of IPSAS by January 2012. | 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> | See update under A.1.c | Jan-2012 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|---|-------|---|--|---|---|--|
| 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 | 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 now expected by 2014 according to the latest UN Secretariat timetable. The expected date has been postponed pending implementation of a new ERP platform by the United Nations, planned for 2013, which can provide the necessary data required to account and report in accordance with IPSAS | Initial timeline 1/1/2012, updated to 2014 |
| UNIDO | Financial Management & Control Frameworks | A.2b. | The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing. | | These standards requiring process changes are currently being reviewed and discussed under the initiative of Change Management. The UNIDO Director-General is leading this exercise and the progress will be dependent on available resources in the coming biennium for which the Governing Body (Programme and Budget Committee) has been approached | UNIDO has made good progress on the institutionalization of risk management in the Organization, since July 2010. This includes the identification of risks for each stage of the project cycle during the business process reengineering exercise, and the inclusion of risk management requirement in the terms of reference for the new enterprise resource planning (ERP) system. Specifically, following an international procurement process, a thorough evaluation process and extensive negotiations, a contract was signed with SAP on 13 December 2010 for the procurement of an ERP system and provision of implementation services. SAP is a world leading provider of ERP software solutions, based in Germany. The implementation partner is the Austrian subsidiary of SAP. The ERP system is being implemented using the proven Accelerated SAP (ASAP) methodology, which consists of the following five phases: (a) Project preparation; (b) Business blueprint; (c) Realization; (d) Final preparation; (e) Go live and support. Currently, the SAP solution for "Governance, Risk and Compliance" is also being analyzed by UNIDO. This SAP solution will be fully embedded in the ERP system and will allow organization-wide risk management at the strategic, operational and project levels. The ERP system will be fully implemented by early 2013. More details on the ongoing Program for Change and | Jan-13 |
| UNIDO | Financial Management & Control Frameworks | A.2d. | At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of 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 | See update under A.2.b | Jan-13 |
| UNIDO | Project Appraisal | B.1a. | An independent project and/or activity appraisal process is in place with the purpose of examining whether proposed projects and/or activities meet appropriate technical, economic, financial, environmental, social, institutional and/or other relevant criteria, including GEF-mandated criteria, and whether they are reasonably likely to meet stated objectives and outcomes. The process ensures an appropriate degree of institutional checks and balances at the stage of project design. | It appears that the Agency does not currently have an appraisal process adhering to GEF mandated criteria (per the Agency's Self Assessment). However, it appears that the Agency has a monitorable RBM Implementation plan to achieve compliance with the standard. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |
| 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |
| 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | Timeline |
|--------|--|--------|--|---|---|--|----------|
| UNIDO | Monitoring and Project-At-Risk-Systems | B.3.a. | Monitoring functions, policies and procedures consistent with the requirements of the GEF monitoring and evaluation policy have been established. | It appears that UNIDO has a planned implementation in 2009 for Rules Based management which should address the requirements of the GED monitoring and evaluation policy. However, currently policies and procedures addressing the requirement the projects include SMART indicators, a requirement of the GEF monitoring and evaluation policy, or that they be fully budgeted at the time of work program entry, are not available. As such, it appears that UNIDO is not currently in compliance with the standard but has a monitorable action plan in place to achieve compliance. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |
| 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |
| 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGAI No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch Working Group on TC Quality Assurance has completed its review of the current UNIDO programme & project cycle and has specifically examined these areas. A detailed set of recommendations aimed at ensuring compliance with 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. | See update under A.2.b | Jan-13 |

Implementation Tracker - GEF Fiduciary Standards

| Agency | Core Area | # | Standard | Outstanding Items | Management Response - 2008 Comments | Implementation steps undertaken as 15 April 2011 | 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGA No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch 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. | See update under A.2.b | Jan-13 |
| 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. | As indicated in the self-assessment and as documented in its Technical Cooperation Guidelines (DGA No. 17/Rev. 1 of 26 Aug 2006), UNIDO has a fairly comprehensive Appraisal and Monitoring System in place, aligned on UN and international practice, which meets the basic GEF requirements but falls short of complying with certain specific aspects mandated by GEF. This is also due to the fact that the nature, scope and size of the projects and activities implemented by UNIDO are not always comparable to the projects funded by GEF (e.g. almost 38% of UNIDO projects have a budget of less than US\$ 100,000) and therefore may not require the same level of detailed appraisal and monitoring. The Inter-Branch 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. | See update under A.2.b | Jan-13 |



administrative circular

ORIGINATOR: Office of the Inspector-General (AUD)

No. 2011/04

ENQUIRIES TO BE DIRECTED TO: Investigations Unit

Date. 9 February 2011

GUIDELINES FOR INTERNAL ADMINISTRATIVE INVESTIGATIONS BY THE OFFICE OF THE INSPECTOR-GENERAL

This Administrative Circular is intended to inform staff members of the 'Guidelines for Internal Administrative Investigations by the Office of the Inspector-General' (hereinafter the Investigation Guidelines) as endorsed by the Director-General. The Investigation Guidelines provide a practical internal guide reflecting the general principles which the Office of the Inspector-General follows in its investigative process, and which are consistent with the principles laid out in the internationally accepted Uniform Guidelines for Investigations endorsed by the investigative offices of international organizations and multilateral financial institutions.

The Investigation guidelines are attached herewith and are also available at <http://www-data.fao.org/aud/docs/Guidelines-Final.pdf>.

Manoj Juneja
Assistant Director-General
Corporate Services, Human Resources, and Finance Department

DISTRIBUTION: Headquarters, Regions, Subregions and Liaison Offices
FAORs and Project Managers
All field staff

**GUIDELINES FOR INTERNAL ADMINISTRATIVE INVESTIGATIONS BY THE
OFFICE OF THE INSPECTOR-GENERAL**

INTRODUCTION

1. The Organization is dedicated to maintaining a work place that fosters an environment of integrity on the part of its personnel. In support of this goal and pursuant to its Charter, the Office of the Inspector-General (AUD) has been given authority to investigate allegations of unsatisfactory conduct, including fraud and improper use of the Organizations' resources by FAO personnel, or other activity in breach of the Organization's Regulations, Rules, policies or procedures.
2. The object of investigative activity is to examine and determine whether unsatisfactory conduct has occurred and, if AUD determines that unsatisfactory conduct has occurred, to identify the person or persons responsible for such conduct. Investigations are not disciplinary proceedings. They are fact finding activities that are administrative in nature.
3. The aim of these Guidelines is to ensure that allegations of unsatisfactory conduct are investigated thoroughly and impartially, protecting the interests of the Organization and upholding the rights and obligations of FAO personnel. With this in view, the Guidelines reflect the general principles for the investigative process contained in the Uniform Guidelines for Investigation, 2nd edition, endorsed by the Conference of International Investigators¹ at their 10th Conference in June 2009, and present them in a form relevant to FAO.
4. These Guidelines take into account the relevant provisions set out in the Constitution, the Regulations and Rules of the Organisation, the Administrative Manual, any relevant provision which may from time to time be issued through Director-General Bulletins and Administrative Circulars, as well as principles of law as set out in the case law of the Administrative Tribunal of the International Labour Organization (ILOAT).

APPLICABILITY

5. These Guidelines apply to investigations carried out by AUD under its mandate.
6. These Guidelines apply to investigations into the conduct of FAO personnel, as defined in paragraph 16 of these Guidelines. They do not apply to investigations into the conduct of other, external, parties such as suppliers.

¹ This is a professional community of practice comprising the investigation functions of the UN System, multilateral development banks and other public international organizations.

DEFINITIONS

7. An **investigation** is designed to establish facts and circumstances concerning possible unsatisfactory conduct in order to determine whether unsatisfactory conduct has occurred and, if so, the person or persons responsible for such conduct.
8. A **complaint** is any allegation, claim, concern or information known to AUD, indicating possible unsatisfactory conduct by FAO personnel, which AUD may investigate.
9. A **complainant** is a party, person or entity, making a complaint to AUD.
10. **Failure to cooperate** with an investigation means obstructing or deceptively inhibiting an FAO investigation, including but not limited to not responding fully and/or timely to AUD inquiries; not providing complete and/or accurate documentation or other information that AUD requests; intentionally providing misleading information; destroying, altering, or concealing evidence; intimidating, harassing and/or threatening any potential witness to prevent the disclosure of facts relevant to the investigation; or misrepresenting facts.
11. A **witness** is an individual who provides information to AUD relevant to an investigation.
12. The **subject** of an investigation is a person concerning whom AUD has credible and reliable information, which suggests that s/he may have engaged in unsatisfactory conduct and/or wrongdoing.
13. **Retaliation means** any direct or indirect detrimental action recommended, threatened or taken towards an individual who has reported unsatisfactory conducted or provided information concerning the same. When established, retaliation in itself constitutes unsatisfactory conduct, that may lead to administrative or disciplinary action.
14. **Conflict of interest** The Standards of Conduct for the International Civil Service state in paragraph 21 that a conflict of interest “*includes circumstances in which international civil servants, directly or indirectly, would appear to benefit improperly, or allow a third party to benefit improperly, from their association in the management or the holding of a financial interest in an enterprise that engages in any business or transaction with the organization.*” A conflict of interest may arise when a member of FAO personnel’s personal interest(s) potentially or actually conflict with his or her professional interests and responsibilities towards the Organization.
15. **Unsatisfactory conduct** by FAO personnel is conduct which is incompatible with his or her undertaken or implied obligation to the Organization or failure to comply with the requirements of Article I of the Staff Regulations. The Manual paragraph 330.1.52 provides a non-exhaustive list of examples of unsatisfactory conduct.
16. **FAO personnel** means staff members and other persons engaged by the Organization, within the meaning of Staff Regulation 301.13.6. It includes *inter alia* personnel specially engaged for conference and other short-term service, consultants, subscribers to Personnel Services Agreements, volunteers, Associate Professional Officers, part-time personnel, field project personnel, National Professional Officers and personnel locally recruited for services in established offices away from Headquarters.

STANDARD OF PROOF

17. The standard of proof use to determine whether a complaint is substantiated is preponderance of evidence.

RECEIVING COMPLAINTS

18. The Standards of Conduct for the International Civil Service state in paragraph 19, that it is *“the duty of international civil servants to report any breach of the organization’s rules and regulations to a higher level official, whose responsibility it is to take appropriate action”*. If a member of FAO personnel becomes aware of, or receives information regarding suspected fraud or other unsatisfactory conduct, it is his/her duty to report the matter promptly. Unsatisfactory conduct and/or wrongdoing may be reported to AUD directly or to supervisors or FAO Representatives who have an obligation, as recipients of complaints, to report them promptly to AUD. Such complaints need not to include firm evidence of the alleged unsatisfactory conduct and/or wrongdoing, however, they should be grounded in reasonably reliable information.
19. AUD considers all complaints irrespective of source. Complaints may be presented to AUD with attribution or anonymously. Where the complainant identifies him/herself AUD acknowledges receipt of the complaint. AUD may itself establish a complaint based on indicators of fraud or other unsatisfactory conduct that it identifies in the course of its internal audits or other work. AUD registers all complaints received in an AUD complaints database, and AUD reviews them to determine whether they fall within its mandate. Complaints falling within AUD’s mandate are subject to a preliminary review.
20. Complaints concerning any AUD personnel must be reported directly to the Inspector-General. Complaints concerning the Inspector-General must be reported to the Director-General.

PRELIMINARY REVIEW

21. Each complaint that raises issues within the mandate of AUD is subject to a preliminary review to assess the credibility of the allegation and to determine whether a full investigation is warranted. A preliminary review generally includes an interview of the complainant and a review of the documents submitted by the complainant, if any. It will consist of any additional investigative steps identified by AUD to be necessary to determine whether a full investigation is warranted.
22. During the preliminary review, the potential subject of an investigation is not notified of either the decision to initiate a preliminary review or of the allegations involved unless AUD determines that it is necessary under the circumstances.
23. If, as a result of a preliminary review, AUD concludes that a complaint does not warrant an investigation, AUD closes the matter. AUD may nonetheless refer the matter to another office within FAO for a determination as to whether any action by that office would be appropriate. No reference to AUD’s preliminary review is included in the confidential personnel file of the potential subject. Where the potential subject was notified of the preliminary review, s/he is notified promptly in writing of the closure of the case. If the potential subject of an investigation was not notified of the preliminary review, s/he is not notified of the decision to close the matter without an investigation.

24. If AUD closes a case at the completion of the preliminary review, AUD documents the reasons for this decision in its internal files.
25. If, as a result of the preliminary review, AUD determines that the complaint falls within the investigative competence of an external institution, including another organization of the United Nations system, the complaint may be forwarded to the relevant institution. The information forwarded does not disclose the identity of the complainant, unless s/he has agreed to the disclosure.

NOTIFICATION TO SUBJECT OF INVESTIGATION

26. When AUD determines that there is reasonably sufficient evidence to decide that a member of FAO personnel may have engaged in unsatisfactory conduct, it will initiate a full investigation. The Inspector-General notifies the subject of the investigation of the nature of the allegations under investigation in writing, as soon as reasonably practicable but no later than 15 days after AUD has decided to initiate an investigation, or after AUD formally identifies a subject in the course of an ongoing investigation. The Office of the Inspector-General will normally complete its investigation and submit its report to the Director-General within 120 days of the notification to the subject of the investigation.
27. If there is an unavoidable delay in completing the full investigation, the subject will be notified of this in writing and advised as to when the investigation will be completed.
28. The notification includes the specific allegations that are being investigated and a clear reference to the Organization's Regulations, Rules, policies and procedures that are alleged to have been breached. At this notification stage, the subject of the investigation is not entitled to the name of any complainant or other source of information or to a copy of complainant(s)' statement(s), if any. The notification also includes a summary of the subject's rights and obligations. The supervisor of the subject of the investigation may be informed of the initiation of the investigation, on a reasonable need to know basis.

CONDUCT OF INVESTIGATIONS

29. An investigation may include: review of relevant documents, video, audio, photographic and electronic information; interviews of complainants, witnesses, technical experts and subjects of the investigation; as well as personal observations by investigators. It entails the collection, examination and analysis of evidence, both inculpatory and exculpatory.
30. AUD identifies and files evidence in a case file with the designation of the origin of the document or other item of evidence, location, date obtained and the name of the filing investigator.
31. In accordance with the Charter of the Office of the Inspector-General, investigators have full, free and prompt access to all accounts, records, electronic data, property, personnel, operations and functions within the Organization which, in the opinion of the AUD, are relevant to the subject matter under investigation. Access to the Organization's information systems and information and communication technology, including those made available on an individual basis to FAO personnel, will be in accordance with the Policy on the Use of the Organization's Information Technology Resources, Annex 1 (Administrative Circular 2008/26).

32. Any electronic data retrieved in accordance with these Guidelines is retained for a period of no less than three years from the date at which it was obtained or, in case of an appeal related directly or indirectly to an investigation conducted by AUD, until a final decision is issued, including a judgement issued by the ILOAT.
33. To the extent reasonably practicable under the circumstances, all interviews will be conducted by two investigators. Investigators will prepare a written record of interviews in a timely manner. When necessary or advantageous to an investigation, AUD may conduct interviews in the language of the person being interviewed, using an interpreter if needed. AUD will provide the subject of an investigation with a copy of the written record of his/her interview and will invite him/her to review the record for accuracy and consistency with the testimony given and make comments within a stated period of time.
34. Pursuant to Staff Rule 303.0.3, at any time during the course of the investigation, upon assessment of the evidence, AUD may recommend that the subject of the investigation be suspended from duty pending the completion of the investigation, either as a precautionary measure or to safeguard information. Such suspension will be without prejudice to the rights of the subject.
35. AUD does not pay witnesses or subjects for information. Subject to the Organization's applicable rules, AUD may assume responsibility for reasonable expenses incurred by witnesses or other sources of information to meet and/or communicate with investigators.

COMPLETION OF THE INVESTIGATION AND PREPARATION OF REPORT

36. Upon completion of an investigation, AUD prepares a report to the Director-General or Delegated Authority summarizing its findings. The report contains a summary of evidence collected by AUD and the factual conclusions it has reached. It presents relevant inculpatory and exculpatory information identified or collected by AUD during the investigation. Investigative findings in the report are based on facts and related analysis, which may include reasonable inferences. The report also states whether or not AUD has concluded that the evidence meets the applicable standard of proof, and provides an explanation for its conclusion.
37. Where AUD's investigation results in a determination that a complainant knowingly presented false information or that a witness or subject failed to cooperate with the investigative process, this finding is included in the report.
38. AUD includes relevant documentary evidence collected during the course of the investigation and records of interview of relevant witnesses as exhibits to the report of investigative findings.
39. In addition to its investigative report, AUD may issue a Lessons Learned report presenting internal control issues of concern which it identified in the course of its investigation. AUD may disclose these reports, omitting information deemed confidential to the investigation process, to FAO offices and/or managers responsible for managing the related risks.
40. AUD summarizes, in its Annual Reports to the Director-General, statistics and summary results of its investigative activities in the period covered by the report. These reports do not disclose information AUD deems confidential to the investigative process.

41. Where a breach of national laws is believed to have occurred, AUD makes recommendations to the Legal Counsel for an assessment of whether the matter should be forwarded to the relevant national authorities.

RIGHTS AND OBLIGATIONS OF THE SUBJECT DURING THE COURSE OF AN INVESTIGATION

42. At the time of the notification to the subject of investigation s/he is informed of the specific allegations against him/her and of the Organization's Regulations, Rules, policies or procedures that are alleged to have been breached, as well as his or her rights and obligations as established in the applicable provisions and summarized in these Guidelines.
43. Any individual who is the subject of an investigation is entitled to an impartial, objective and thorough investigation into any allegations against him/her.
44. AUD gives the subject of an investigation an opportunity to respond to the allegations and/or evidence against him/her, and to nominate witnesses to provide further information, before the report of the investigation is completed.
45. Pursuant to the Charter of the Office of the Inspector-General, the subject of an investigation must cooperate fully with the investigation, including answering completely and truthfully any questions put by AUD investigators and providing any documents or other information that may be requested by AUD investigators.

RIGHTS AND OBLIGATIONS OF FAO PERSONNEL INVOLVED IN THE INVESTIGATIVE PROCESS, OTHER THAN THE SUBJECT OF THE INVESTIGATION

46. FAO personnel who are involved in the investigative process must cooperate fully with the investigation, including answering any questions from investigators completely and truthfully, and providing any documents or other information requested by investigators.
47. Failure to cooperate with, or knowingly providing false information to, AUD constitutes unsatisfactory conduct, which may be subject to administrative action, including a disciplinary action pursuant to Manual Section 330.
48. FAO personnel involved in an investigation benefit from the confidentiality provisions contained in these Guidelines. In addition, FAO personnel have an obligation to keep information relating to, or arising out of, an investigation confidential, in accordance with these Guidelines and applicable provisions.
49. FAO personnel involved in the investigative process must report any actual or perceived conflicts of interest involving investigators carrying out preliminary reviews and/or investigations directly to the Inspector-General and/or the Organization's Ethics Officer.

DUTIES OF INVESTIGATORS

50. AUD staff perform their functions with the highest personal integrity and conduct investigations in a manner that is fair, transparent, and consistent in the application of relevant Regulations, Rules, policies and procedures of the Organization.

51. AUD staff comply with the rules on confidentiality contained within these Guidelines and in the FAO Whistleblower Protection Policy. Failure to do so is considered unsatisfactory conduct and subject to disciplinary action pursuant to Manual Section 330.
52. AUD applies, through confidentiality agreements, these requirements to any AUD personnel under a non -staff contractual arrangement engaged in investigations.
53. AUD staff disclose any actual or perceived conflicts of interest in carrying out an investigation to the Inspector-General, who takes such action as may be necessary, including to consult the Organization's Ethics Officer, to ensure the objectivity of the investigation.
54. AUD makes every effort to complete both the preliminary review and the full investigation as quickly and efficiently as reasonably practicable under the circumstances, in order to protect the interests of the Organization and all parties concerned.

CONFIDENTIALITY AND PROTECTION AGAINST RETALIATION

55. To protect the rights of all individuals involved in the investigative process, AUD carries out investigations in confidence.
56. The identity of a complainant who submits a complaint to AUD in good faith is confidential.
57. The existence of either a preliminary review or a full investigation and the identity of the subject and witnesses are, as a general rule, only disclosed by AUD to those with a legitimate need to know.
58. AUD discloses in its confidential investigation reports the identity of a witness and will attach records of related witness interviews when these are relevant to the conclusions in the reports.
59. If the complainant and/or witness providing information to AUD have reasonable grounds to believe that the use and/or disclosure of such information may put her/him at a risk of retaliation because this information is directly attributable to him/her, the complainant and/or witness must inform AUD promptly, so that it can consider appropriate protective measures. Complainants and witnesses acting in good faith are protected against retaliation in accordance with the FAO Whistleblower Protection Policy. AUD separately investigates instances brought to its attention of retaliation or attempted retaliation against complainants or witnesses acting in good faith.
60. FAO personnel who are involved in the investigative process do not disclose to anyone outside AUD any information that becomes known to them as a result of the investigative process without prior authorization from AUD, unless such information has become public through other sources.

61. Unauthorized disclosures of the identity of a complainant, a subject of the investigation or a witness, or of any other investigative information, may result in administrative action, including a disciplinary action pursuant to Manual Section 330. Unauthorized disclosure of information which a complainant, a subject, or a witness obtains as a result of the investigation process, unless generally known and/or public through other sources, constitute a breach of confidentiality requirements set out in these Guidelines and may therefore result in an administrative action, including a disciplinary action pursuant to Manual Section 330.
62. Other than AUD's disclosure of reports of investigative findings to the decision-maker for further administrative action, including disciplinary action, such reports are confidential, and AUD discloses neither the report, nor its contents or conclusions, without prejudice to any relevant decisions of the Governing Bodies of the Organization and the outcome of any proceedings initiated by parties concerned. AUD keeps a copy of the final report of investigative findings in its confidential files.
63. The confidentiality of a complainant's or a witness' identity or information is always contingent upon his/her truthfulness throughout the investigative process, and may be revoked or limited if the case is otherwise.
64. Knowingly making false complaints or providing information that is intentionally misleading constitutes unsatisfactory conduct and may result in disciplinary action pursuant to Manual Section 330.
65. Cooperation with an investigation does not exempt a member of FAO personnel from being subject of administrative action, including a disciplinary action as a result of findings made in the investigation that may concern their conduct.



administrative circular

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Date. 9 February 2011

WHISTLEBLOWER PROTECTION POLICY

INTRODUCTION

This Administrative Circular is intended to announce FAO's "Whistleblower Protection Policy". The Policy aims to enhance the protection of FAO personnel (also referred to hereafter as "individuals" or "complainants") against retaliation when reporting cases of unsatisfactory conduct, providing information in good faith on wrongdoing by one or more employees, or cooperating with a duly authorized audit or investigation. The provisions below explain the conduct that is protected, as well as the protective measures which FAO will apply in the event of retaliation against whistleblowers. The Whistleblower Protection Policy mandates the Office of the Inspector-General to receive and investigate complaints of alleged retaliation.

The Guidelines for Internal Administrative Investigations by the Office of the Inspector-General which have been published under AC 2011/04 dated 9 February 2011 are available at <http://www.fao.org/aud/25993-0a0e90621d4a45967ca63ad30b23c98b8.pdf>.

WHISTLEBLOWER PROTECTION POLICY

The purpose of this policy is to enhance protection against retaliation for FAO personnel¹ (also referred to hereafter as "individuals" or "complainants") who report unsatisfactory conduct, provide information in good faith on wrongdoing by one or more employees, or cooperate with a duly authorized audit or investigation.

Background

1. It is the duty of all FAO personnel to report any breach of FAO's Regulations and Rules to officials whose responsibility it is to take appropriate action and to cooperate with the Organization's oversight functions. An individual who makes such a report in good faith has the right to be protected against retaliation.

¹ "FAO personnel" refers to staff members and other persons engaged by the Organization, within the meaning of Staff Regulation 301.13.6. It includes *inter alia* personnel specially engaged for conference and other short-term service, consultants, subscribers to Personnel Services Agreements, Associate Professional Officers, Junior Professionals, Interns, Volunteers, part-time personnel, field project personnel, National Professional Officers, National Project Personnel and other personnel locally recruited for services in established offices away from Headquarters.

DISTRIBUTION: Headquarters, Regions, Subregions and Liaison Offices
FAORs and Project Managers
All field staff

2. It is the duty of FAO personnel to cooperate with duly authorized audits and investigations. An individual who cooperates in good faith with an audit or an investigation has the right to be protected against retaliation.
3. Retaliation against individuals who have reported unsatisfactory conduct or who have cooperated with audits or investigations violates the fundamental obligation of all FAO personnel to uphold the highest standards of efficiency, competence and integrity and to discharge their functions and regulate their conduct in a manner that is in the best interests of the Organization.
4. Retaliation is defined as any direct or indirect detrimental action recommended, threatened or taken towards an individual who has reported unsatisfactory conduct or provided information concerning the same. When established, retaliation in itself constitutes unsatisfactory conduct that may lead to an administrative or disciplinary action.

Scope of application

5. Protection against retaliation applies to any FAO personnel (regardless of the type of appointment, contractual status or duration), who:
 - i. reports the failure of one or more FAO personnel to comply with his or her obligations under Organization's Constitution, General Regulations and Rules, the Organization's Financial Regulations and Rules, Administrative Manual, the Standards of Conduct for the International Civil Service, or other relevant organizational administrative issuances. This includes any request or instruction from any FAO personnel to violate the above-mentioned regulations, rules or standards;
 - ii. provides information in good faith on wrongdoing by one or more FAO personnel; or
 - iii. cooperates in good faith with a duly authorized audit or investigation.
6. In order to receive protection under this policy, the individual must make the report in good faith, and must have a reasonable belief that unsatisfactory conduct has occurred. Reports of retaliation must be made as soon as possible and no later than one year after the alleged acts of retaliation have taken place. The transmission or dissemination of unsubstantiated rumours is not a protected activity. Making a report or providing information that is intentionally false or misleading constitutes unsatisfactory conduct and may result in administrative, disciplinary, or other appropriate action.
7. The present Administrative Circular in no way prejudices the right of a supervisor, initiating body, or similar persons or bodies to apply regulations, rules and administrative procedures, including those governing evaluation of performance and non-extension or termination of appointment. However, in applying such regulations, rules and administrative procedures, FAO management must show by clear and convincing evidence that it would have taken the same action regardless of whether the protected activity referred to in paragraph 6 had been undertaken by the individual concerned.

Reporting unsatisfactory conduct

8. As per the Standards of Conduct for the International Civil Service (MS 304 Appendix A refers), it is the duty of FAO personnel to report unsatisfactory conduct. Confidentiality clauses and oaths in contracts of employment do not preclude such reporting.
9. Reports of unsatisfactory conduct should be made through the established internal mechanisms and following the established guidelines. Depending on the nature of the allegations, this may include:
 - i. the Head of the department or office concerned;
 - ii. the Office of the Inspector-General;²
 - iii. the Director, Human Resources Management Division;³

² See Charter of the Office of the Inspector General MS 107 (App. A) and Policy on Fraud and Improper use of the Organization's Resources (Administrative Circular 2004/19).

iv. the focal point appointed to receive reports of sexual exploitation and abuse.⁴

10. It is the duty of the individual or body receiving the report to protect to the maximum extent possible the confidentiality of the individual when making the report, as well as in all communications related to the report. The individual's identity should not be disclosed without his or her permission, and only if it is necessary for administrative, disciplinary or judicial action or in order to ensure due process in the investigation of the allegations made.

Reporting retaliation

11. Individuals who believe that retaliatory action has been taken against them because they have reported unsatisfactory conduct or cooperated with a duly authorized audit or investigation should forward all information and documentation available to them in support of their complaint to the Office of the Inspector-General as soon as possible. Complaints may be made in person, by regular mail, by phone or by e-mail.

12. The functions of the Inspector-General with respect to protection against retaliation for reporting unsatisfactory conduct are as follows:

- i. to receive complaints of retaliation;
- ii. to keep a confidential record of all such complaints;
- iii. to conduct a preliminary review of the complaint to determine if:
 - a) the complainant engaged in a protected activity (see paragraph 6); and
 - b) there is a *prima facie*⁵ case that the protected activity was a contributing factor in causing the alleged retaliation or threat of retaliation.
- iv. to investigate complaints where a *prima facie* case of retaliation is determined and report the results to the Director-General.

13. Where the complainant can be contacted, the Inspector-General will send an acknowledgement of having received the report of retaliation within one week.

14. The Office of the Inspector-General will complete its preliminary review within 45 days of receiving the complaint of retaliation.

15. If, in the view of the Inspector-General, there is a *prima facie* case of retaliation, s/he will open an investigation into the allegations and will immediately notify the complainant in writing that the matter is under investigation. The Office of the Inspector-General will normally complete its investigation and submit its report to the Director-General within 120 days.

16. If there is an unavoidable delay in completing either the initial review or the full investigation, the complainant will be notified of this in writing and advised as to when the review or investigation will be completed.

17. Pending the completion of the investigation, the Inspector-General may make recommendations to the Director-General that appropriate measures be taken to safeguard the interests of the complainant, including but not limited to temporary suspension of the implementation of the action reported as retaliatory and, with the consent of the complainant, temporary reassignment of the complainant or placement of the complainant on special leave with full pay.

18. If the Inspector-General finds that there is no credible case of retaliation or threat of retaliation, but finds that there is a dispute within a particular office, s/he will advise the complainant of the existence of mechanisms of conflict resolution in the Organization. A complainant may appeal such a finding by the Inspector-General through the applicable recourse mechanism.

³ See Policy on the Prevention of Harassment (Administrative Circular 2007/05).

⁴ See Statement of Commitment on Eliminating Sexual Exploitation and Abuse by UN and non-UN Personnel.

⁵ "Evidence that if found to be true would establish retaliation"

19. If the Inspector-General finds that there is a managerial problem based on the preliminary review of the complaint or the record of complaints relating to a particular department or office, s/he will advise the Director-General.
20. If, in the opinion of the Inspector-General, there may be a conflict of interest in undertaking the investigation, the Inspector-General may recommend to the Director-General that the complaint be referred to an alternative investigation mechanism.

Protection of the person who suffered retaliation

21. If retaliation against an individual is established, the Director-General may, after taking into account any recommendations made by the Inspector-General and after consultation with the complainant, take appropriate measures aimed at correcting negative consequences suffered as a result of the retaliatory action. Such measures may include, but are not limited to, the rescission of the retaliatory decision, including reinstatement, or, if requested by the complainant, transfer to another office or function for which the individual is qualified, where s/he can work independently of the person who engaged in retaliation.
22. The procedures set out in the Administrative Circular are without prejudice to the rights of an individual who has allegedly suffered retaliation to seek redress through the applicable recourse mechanism.

Action against the person who engaged in retaliation

23. Acts of retaliation constitute unsatisfactory conduct. Should an investigation establish that an individual engaged in such action, that person may be subject to an administrative or disciplinary action.

Prohibition of retaliation against outside parties

24. Any retaliatory measures against a contractor or its employees, agents or representatives, or any other individual engaged in any dealing with the Organization because such person has reported unsatisfactory conduct by FAO employees will be considered unsatisfactory conduct that, if established, may lead to an administrative or disciplinary action.

Manoj Juneja
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Programme for Change and Organizational Renewal (PCOR)

Programme for Change and Organizational Renewal (PCOR)

Report by the Director-General

The present document provides an update on the status of unutilized balances of appropriations: Programme for Change and Organizational Renewal (PCOR) covering developments since the Industrial Development Board decision IDB.38/Dec.4 (f) of 26 November 2010, which requested the Director-General to regularly brief Member States about the tangible dividends in the form of measurable improvement in efficiency and enhancement in technical cooperation delivery capacity as a result of the progressive implementation of PCOR. In compliance with General Conference decision GC.13/Dec.15, the document updates the information previously presented in documents IDB.38/9, Add.1 and Add.2.

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I. Introduction

1. The Programme for Change and Organizational Renewal (PCOR) is an organization-wide initiative to reinforce the UNIDO role as a partner for prosperity. The three-year programme is making fundamental adjustments to the way the Organization operates to further increase its efficiency and effectiveness and institutionalize results-based management. The programme is based on the Leading Change and Organizational Renewal (LCOR) congruence model, introduced at a senior management retreat in January 2010, which ensures that all aspects of the change — business processes and formal organization as well as people and culture — are addressed in a systematic and holistic manner.

2. Under the principles of “Growth with Quality” and “Delivering as One UNIDO” which were set by the new UNIDO mission statement, PCOR is expected to achieve nine concrete benefits that will enable the Organization to better deliver to recipients’ needs, better meet donors’ and Member States’ expectations and enhance an efficient and proactive working environment. The nine PCOR benefits and their linkage to the UNIDO mission statement are shown in annex I. Following the LCOR model, they are being achieved through a reengineering of UNIDO business processes and the implementation of an enterprise resource planning (ERP) system along with staff development and improving the working culture.

3. Since its launch, PCOR has made significant progress. Some of the main achievements are: agreement on the scope of PCOR; establishment of a governance structure; preparation of an implementation plan with clear timelines; a business process reengineering (BPR) exercise covering the technical cooperation (TC) project cycle; the realization of operational quick wins; a diagnostic survey of the UNIDO corporate culture; assessment of knowledge management practices and cultural issues to be addressed; the pilot of a 360 degree performance appraisal system; the procurement of an ERP system and selection of an implementation partner; and securing the funds needed to implement PCOR.

4. To make the Organization “fit for the future”, the Director-General submitted a number of proposals to Member States for their consideration during 2009 and 2010. These proposals are contained in documents IDB.36/12 of 15 April 2009 and Add.1 of 3 June 2009, GC.13/8/Add.1 of 23 October 2009, IDB.37/CRP.5 of 7 May 2010, IDB.38/9 of 9 July 2010, Add.1 of 17 September 2010 and Add.2 of 22 November 2010. Regular briefings to Member States were held during 2009 and 2010.

5. In December 2009, the General Conference in its decision GC.13/Dec.15 approved up to €9,113,949 for financing the change management initiative from the unutilized balances of appropriations augmented by certain budgetary savings during the implementation period of the initiative, as well as strongly encouraged Member States to contribute voluntarily to the special account for the change management initiative. At its thirty-eighth session in November 2010, the Industrial Development Board authorized the utilization of budgetary savings to the extent of €1.7 million from all Major Programmes except resources for the Regular Programme for Technical Cooperation (RPTC) and Special Resources for Africa (SRA). The Board also authorized the progressive withdrawal of €5.5 million

from the reserve for exchange with fluctuations for the financing of PCOR (decision IDB.38/Dec.4).

II. Main developments and activities since November 2010

A. Operational improvements

1. Quick wins

6. The quick wins (i.e. improvements to processes and procedures that can be achieved with little or no investment in existing systems and processes), which were implemented during 2010, covered a number of functional areas such as project management, finance, procurement, human resource management, travel authorizations and organization-wide improvements. The realization of the quick wins has not only contributed to increasing the efficiency of the Organization, but most importantly, to keeping the change momentum alive and creating a culture of change at UNIDO. In February 2011, a comprehensive report providing detailed descriptions of the actions taken to realize these quick wins as well as their benefits was issued. This report is found on the PCOR Extranet page for Permanent Missions.

2. Business process reengineering

7. The high- to medium-level business process reengineering (BPR) exercise for all business processes of UNIDO core business/technical cooperation activities was successfully completed during 2010, involving about 100 staff members from headquarters and the field. The details on the new business processes for all functional areas are now being expanded on during the implementation of the ERP system.

8. During the high- to medium-level BPR exercise, a number of opportunities to be realized in coordination with the ERP implementation were identified. These include, among others, the development of a reporting structure, and a project document template based on results-based management (RBM) as well as the establishment of simplified project approval procedures.

B. Improving working culture

9. In order to ensure the smooth introduction of new business processes and enable staff to make full use of the new business model and the ERP system, a number of staff members were designated as Change Agents to, among others, communicate and drive the necessary operational and cultural changes. Furthermore, a dedicated Culture Operational Group (COG) to deal with staff development and cultural organizational change was established in the refined PCOR governance structure, which was issued in December 2010. The COG builds on the work on the aspects of "People" and "Culture" that has already been carried out under PCOR and is expected to focus on the following key areas: managing for results and accountability, cross-organizational knowledge sharing, teamwork and collaboration, effective communication and staff development.

10. Furthermore, since November 2010, the Organization has been piloting a 360 degree performance staff appraisal system, which will become an integral part of the ERP system.

11. Finally, the Office for Change and Organizational Renewal (OCOR) and the Change Agents have moved to an open space office environment. This pilot model has, inter alia, contributed to collaboration, teamwork and knowledge sharing between the staff concerned.

C. ERP implementation

12. Following an international procurement process, a thorough evaluation process and extensive negotiations, a contract was signed with SAP on 13 December 2010 for the procurement of an ERP system and provision of implementation services. This information was shared with Member States through an Information Note on 14 December 2010. SAP is a world leading provider of ERP software solutions, based in Germany. The implementation partner is the Austrian subsidiary of SAP.

13. The ERP system is being implemented using the proven Accelerated SAP (ASAP) methodology, which consists of the following five phases:

- (a) Project preparation;
- (b) Business blueprint;
- (c) Realization;
- (d) Final preparation;
- (e) Go live and support.

1. Project preparation (mid-December 2010 to mid-January 2011)

14. From mid-December 2010 to mid-January 2011, the project preparation phase for the ERP implementation was carried out in close cooperation with the SAP team. This included the preparation for the kick-off of the ERP implementation, the agreement on the scope of each release (core business/technical cooperation activities; human resource management and payroll; finance, procurement and logistics; and knowledge management and collaboration), initial SAP trainings, the identification of internal human resources, the establishment of a refined governance structure, the preparation of office facilities, as well as the elaboration of a detailed implementation plan with clear milestones and deadlines. The ERP release schedule is shown in annex 2.

2. Business blueprint (mid-January to end-April 2011)

15. In the blueprint phase, detailed requirements prior to the design of the new system are captured to align the Organization's business model with the ERP system. As from mid-January 2011, the UNIDO and SAP teams moved to an open space office environment to closely work on the blueprint phase. During this exercise, best practice and templates offered by SAP were considered. As of end-February 2011, almost 50 workshops to develop the blueprints for each release have been held. The blueprint phase was scheduled to conclude by end-April 2011.

16. Extensive training has also been carried out to ensure that staff involved in the ERP implementation are well versed with the SAP system to take maximum advantage of its features. More than 70 staff members have already participated in SAP training courses. A comprehensive training programme is also being developed in close cooperation with the SAP team to ensure that all staff are adequately trained on various aspects of change.

17. Results-based management, knowledge management and enterprise risk management are being taken into account during the blueprint phase.

3. Realization, final preparation and go-live and support phases (May 2011 to early 2013)

18. In the realization phase, the new business environment will be built and tested and training material and end-user documentation will be developed. In the final preparation phase, the system as well as all users will be prepared for the go-live phase. In this final phase, the Organization will own and execute the new systems, monitor the business process results and establish support and enhancement mechanisms. These three phases will be carried out from May 2011 until early 2013, taking into account the implementation schedule for each release (details are contained in annex 2).

D. Other achievements

1. Refined governance structure

19. In order to meet the challenges during the current phase of PCOR and to ensure a smooth implementation of the ERP system while addressing issues relating to staff development and cultural organizational change, the PCOR governance structure was refined. On 16 December 2010, the Director-General announced the new governance structure for PCOR, which can be found on the PCOR Extranet page for Permanent Missions and is also included in annex 3.

20. The refined structure consists of the following entities:

(a) Committee for Change and Organizational Renewal (CCOR), including a Project Board to provide specific direction and oversee the implementation of PCOR;

(b) Office for Change and Organizational Renewal (OCOR), within the Office of the Director-General to guide, coordinate and manage PCOR;

(c) Functional Leads for each ERP release (core business/technical cooperation activities; human resource management, and payroll; finance, procurement and logistics; knowledge management and collaboration) to lead the business processes from a strategic point of view for the respective ERP release;

(d) Change Agents for each ERP release supported by subject matter experts to, among others, participate in the workshops to design the blueprint, and liaise and facilitate communication between staff and the SAP team;

(e) Culture Operational Group (COG) to assist in managing for results and accountability, cross-organizational knowledge sharing, teamwork and collaboration, effective communication and staff development.

2. Communicating PCOR

Communication with staff

21. All developments of PCOR are regularly communicated internally to managers and staff (both at headquarters and the field) through diverse communication channels such as meetings of the Executive Board and Board of Directors, briefings to all staff as well as informal discussions, a dedicated Intranet page and a regular PCOR newsletter.

22. The most recent briefing to staff was held on 31 January 2011, informing staff about the latest developments of PCOR and the way forward with a particular focus on the implementation of the new system.

Communication with Member States

23. Since the launch of PCOR, Member States and stakeholders have been regularly informed through briefings and a dedicated Extranet page for Permanent Missions, where all relevant documents and newsletters are accessible. This transparent approach shall be continued throughout the programme. At the most recent briefing on 31 January 2011, Member States were provided with information on the PCOR benefits, the implementation timeline, the status of the budget, the refined PCOR governance structure, the main achievements, the ERP releases schedule, the SAP solutions for each release at UNIDO, the Accelerated SAP (ASAP) methodology and the road map. The briefing provided an opportunity for Member States to receive up-to-date information on the progress of PCOR and obtain clarifications.

24. Since close cooperation and continued frequent exchanges of information between UNIDO and its Member States during the implementation of the ERP system will be particularly important to ensure that the needs of Member States are fully taken into account, a liaison group of selected Member States interested in PCOR is being established to achieve these objectives. The Organization will, of course, remain in close dialogue with all Member States on PCOR.

III. Financial status

25. The financial status of the special account as of 28 February 2011 is as follows (details contained in annex 4):

Table
Financial status

| <i>Millions of euros</i> | |
|--------------------------|--------------|
| Funds approved for PCOR | 13.00 |
| Expenditures | 2.39 |
| Balance | 10.61 |

IV. Way forward

26. All developments will continue to be regularly communicated to all stakeholders. Another briefing for Member States is scheduled to take place in early May 2011.

27. Cultural organizational change and staff development will be managed in a consistent and integrated manner throughout all phases of PCOR. To ensure that the Organization is able to make best use of the new business model and ERP system, the new Culture Operational Group (COG) supported by an expert on organizational change management will start its work in due course.

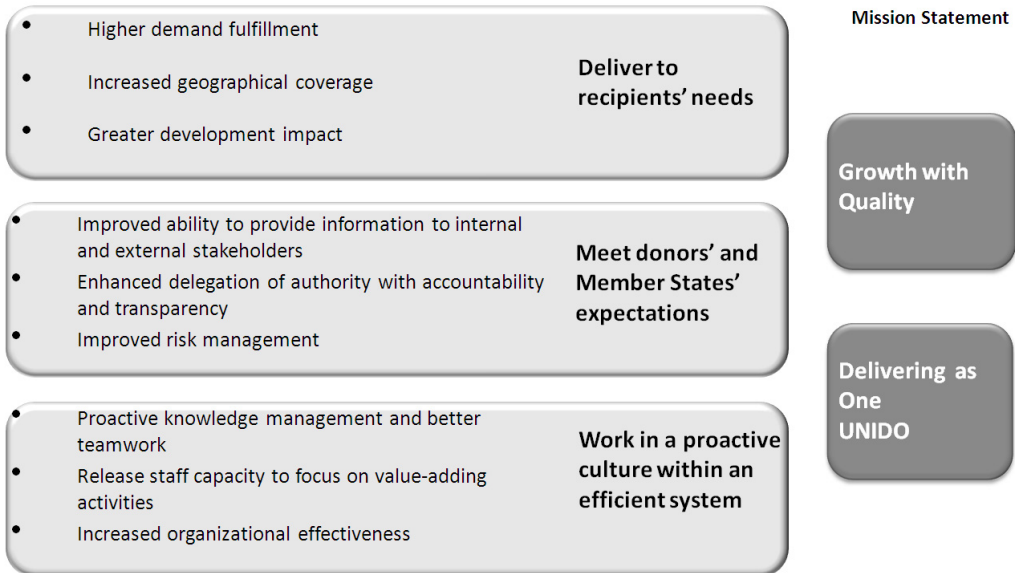
28. Work will continue on the ERP implementation in accordance with the workplan. The major timelines and milestones for the ERP implementation are found in annex 2. Enterprise risk management, results-based management and knowledge sharing will continue to be key principles of PCOR and therefore be addressed in a systematic manner throughout the programme.

V. Action required of the Committee

29. The Committee may wish to take note of the information provided in the present document and note the progress achieved in the implementation of General Conference decision GC.13/Dec.15 and Industrial Development Board decision IDB.38/Dec.4.

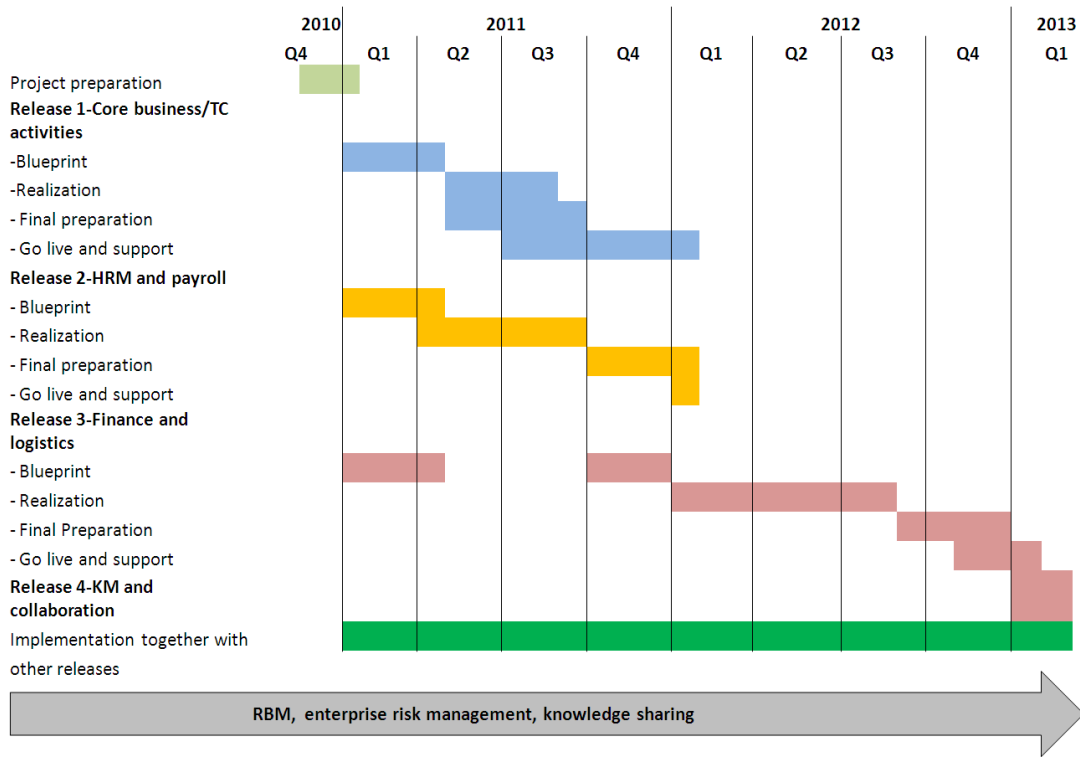
Annex I

PCOR benefits



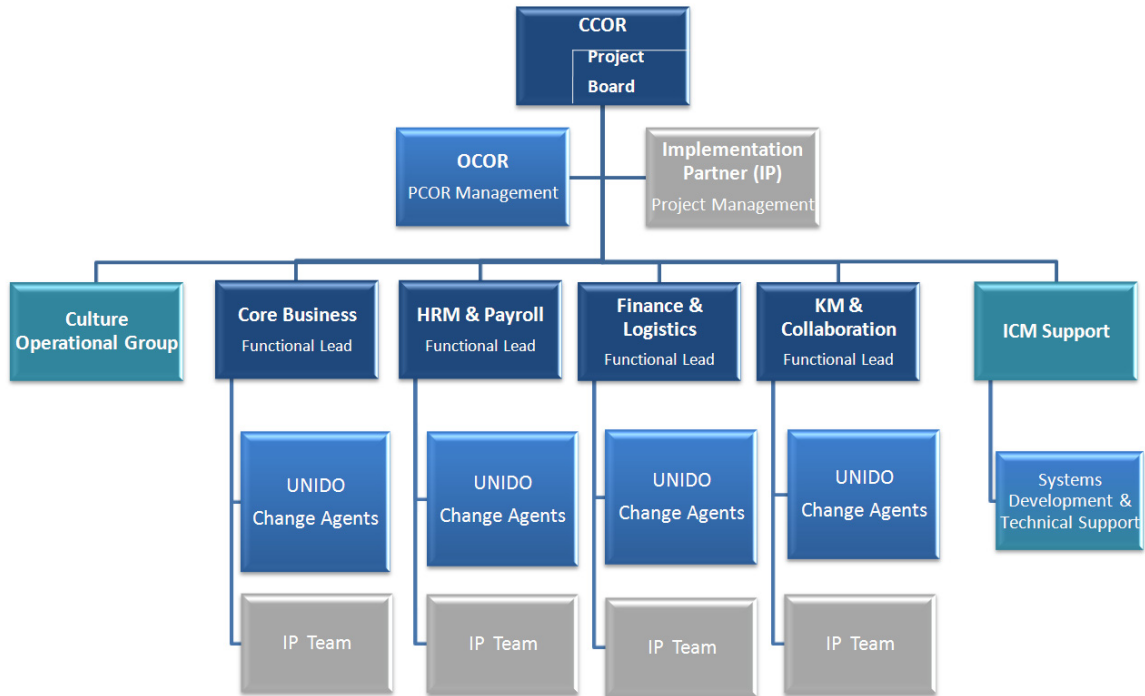
Annex II

ERP Release Schedule



Annex III

Refined PCOR governance structure



Annex IV**Financial status**

Status as of 28 February 2011 in millions of euros:

| | <i>Total budget 2010-2013</i> | <i>Expenditure 2010-2011</i> | <i>Total funds available</i> |
|------------------------------|-------------------------------|------------------------------|------------------------------|
| Implementation partner (SAP) | 6.40 | - | 6.40 |
| Training and rollout | 1.00 | 0.19 | 0.81 |
| Software | 3.10 | 1.88 | 1.22 |
| Hardware/infrastructure | 0.60 | - | 0.60 |
| Other costs | 1.90 | 0.32 | 1.58 |
| TOTAL | 13.00 | 2.39 | 10.61 |