



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/C.62/Inf.07
June 1, 2022

62nd GEF Council Meeting
June 21 - 23, 2022
Washington, D.C

**PROGRESS REPORT ON
GEF AGENCIES' COMPLIANCE WITH
THE GEF MINIMUM FIDUCIARY STANDARDS**

Table of Contents

I.	Introduction.....	1
II.	Background: Findings of the Agencies’ Compliance Assessment and Plans of Actions.....	1
III.	Summary of Outstanding Issues.....	2
IV.	Action Plan Updates	5
	African Development Bank (AfDB).....	5
	Development Bank of Latin America (CAF).....	5
	Development Bank of Southern Africa (DBSA)	5
	European Bank for Reconstruction and Development (EBRD).....	6
	Foreign Environmental Cooperation Center, Ministry of Environmental Protection of China (FECO).....	6
	Inter-American Development Bank (IDB)	6
	International Union for Conservation of Nature (IUCN).....	6
	United Nations Development Programme (UNDP)	6
	West African Development Bank (BOAD).....	7
	World Wildlife Fund (WWF-US).....	7

I. INTRODUCTION

1. This document presents a progress report on the limited reassessment of GEF Agency policy alignment undertaken as a result of the recently updated GEF Minimum Fiduciary Standards (GMFS). Agency policy compliance with the updated standards was last reported to the Council at C.61 in December 2021.¹ For background, Agencies that self-assessed as not in full compliance as of December 2020 were requested by Council to present action plans to address identified gaps and report on progress with their action plans at each subsequent Council meeting. This report provides a summary of the additional information received from Agencies and reviewed by the expert, using the same methodology and approach detailed in the previous reports, along with a summary of the status of Agency policy compliance.²

2. The limited self-assessment of policy alignment is distinct from the self-assessments of implementation compliance and independent external Third Party Review required in accordance with the Policy on Monitoring Agency Compliance with GEF Policies³ once per replenishment cycle. In accordance with GEF policy, the first such regular compliance review of GMFS will be initiated in the final year of the 7th replenishment period (i.e. before July 2022).

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

3. Since the previous report submitted to C.61, EBRD submitted a revised self-assessment confirming full compliance and WWF completed its Action Plan and moved to full compliance, bringing the number of fully compliant Agencies to ten. Other Agencies have reported continued progress on their action plans. All Agencies continue to engage constructively in this process and provide the required information per decisions of Council. Table 1 summarizes the current status of Agency compliance.

Table 1: Summary of Agency Status

Status	Agency
Fully Compliant, no action plan required:	ADB, CI, FAO, IFAD, World Bank
Fully Compliant, action plans fully implemented:	EBRD, FUNBIO, UNEP, UNIDO, WWF
Partially Compliant, Action Plans under implementation:	AfDB, BOAD, CAF, DBSA, FECO, IDB, IUCN
External Third Party Review Completed (on accelerated timeframe).⁴	UNDP

4. The Secretariat has retained the expert reviewer throughout the process; the expert has reviewed the updated self-assessments and/or action plan updates submitted by Agencies to date

¹ GEF/C.61/Inf.15

² [GEF.C.59.05.Rev.02](#); [GEF.C.60.Inf.07](#)

³ https://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_0.pdf

⁴ GEF/C.61/4

and, except where Agency explanations were considered complete, provided notes to augment the information provided or request clarifications if necessary.

III. SUMMARY OF OUTSTANDING ISSUES

5. The current status of the assessments, outstanding review issues and Action Plans for each Agency is presented in Table 2. The green shading indicates that the Agency has fully completed the policy compliance process as of the date of posting of this document.

Table 2. Status of Agency Self-assessments, Secretariat and Expert Review, Action Plans

AGENCY	AGREED SELF-ASSESSMENT (December 2020)	STATUS OF REVIEW (Agencies with outstanding Actions in 2022)	UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS	PENDING FROM AGENCIES (where review continues)
African Development Bank (AfDB)	PARTIAL SUBMISSION – covers I.1, II.2, II.4, II.5, II.6 Signed certificate with action plan deferred to 2021	COMPLETE	COMPLIANT except II.8 (f)	Report on completion of action plan for II.8 (f)
Asian Development Bank (ADB)	FULLY COMPLIANT NO ACTION PLAN Signed certificate provided			
Brazilian Biodiversity Fund (FUNBIO)	COMPLIANT except I.2 (d), (e), (g) and (j), I.4, II.4 (c), II.7 (b), (c) and (d) and II.8 (d). Signed certificate and action plan provided	COMPLETE	FULLY COMPLIANT ACTION PLAN IMPLEMENTED	
Conservation International (CI)	FULLY COMPLIANT NO ACTION PLAN Signed certificate provided			
Development Bank of Latin America (CAF)	COMPLIANT except I.1 (b) bullet 2, I.2 (d) and (h), I.3 (a-e), I.5 (b), II.1 (d) and (e), II.3 (a) and (b) Signed certificate and action plan provided	IN PROGRESS Action plan items partially complete	COMPLIANT except II.1(d) and II.3(a)	Report on completion of action plan for outstanding issues.

AGENCY	AGREED SELF-ASSESSMENT (December 2020)	STATUS OF REVIEW (Agencies with outstanding Actions in 2022)	UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS	PENDING FROM AGENCIES (where review continues)
Development Bank of Southern Africa (DBSA)	COMPLIANT except I.2 (f) and (g), II.3 (b) and II.7 (a) and (f). Signed certificate and action plan provided	COMPLETE	COMPLIANT except I.2 (g)	Report on completion of action plan for 1.2(g)
European Bank for Reconstruction and Development (EBRD)	COMPLIANT except I.3 (b), I.4 (b), II.2 (h) and II.3 (a) Signed certificate provided, action plan in preparation	COMPLETE	COMPLIANT	none
Foreign Environmental Cooperation Center, Ministry of Ecology and Environment of China (FECO)	COMPLIANT except 1.2 (f), II.1 (f), II.6 (e) and (i), II.8 (d) and (f) Signed certificate with action plan provided	IN PROGRESS	COMPLIANT except II.1(f) and II.6(e)	Report on completion of action plan
Food and Agriculture Organization of the United Nations (FAO)	FULLY COMPLIANT NO ACTION PLAN Signed certificate provided			
Inter-American Development Bank (IDB)	COMPLIANT except II.1 (e) Signed certificate with action plan provided	NOT STARTED. Action plan items due to complete June 2022		Report on completion of action plan due June 2022
International Fund for Agricultural Development (IFAD)	FULLY COMPLIANT NO ACTION PLAN Signed certificate provided			
International Union for Conservation of Nature (IUCN)	COMPLIANT EXCEPT II.8 (d) Signed certificate with action plan provided	IN PROGRESS. Action plan item due to complete December 2021		Report on completion of action plan

AGENCY	AGREED SELF-ASSESSMENT (December 2020)	STATUS OF REVIEW (Agencies with outstanding Actions in 2022)	UPDATED AGREED SELF-ASSESSMENT, ACTION PLAN STATUS	PENDING FROM AGENCIES (where review continues)
United Nations Development Programme (UNDP) ⁵	FULLY COMPLIANT Signed certificate provided	COMPLETED		External Third Party Review complete. Action Plan submitted, revised Self-Assessment due June 30, 2022.
United Nations Environment (UNEP)	COMPLIANT except for II.2(b) Signed certificate and action plan provided	COMPLETE. Action plan item completed	COMPLIANT	NONE – complete
United Nations Industrial Organization (UNIDO)	COMPLIANT except for I.2 (f), Signed certificate with action plan provided	COMPLETE. Action plan item completed		NONE – complete
West African Development Bank (BOAD)	MOSTLY COMPLIANT except for. I.2 (a) – (g), (i), (j); I.3 (a), (c), (d); I.4 (a), (b); II.1 (d), (e); II.3 (b) Signed certificate with action plan provided	IN PROGRESS Some action plan items completed; other actions still outstanding	COMPLIANT except I.2 (a) – (g) and (i); I.3 (a); I.4 (a); II.1 (d), (e); II.3 (b)	Report on completion of action plan
World Bank (WB)	FULLY COMPLIANT NO ACTION PLAN Signed certificate provided			
World Wildlife Fund (WWF-US)	COMPLIANT except for I.2 (c), (d), (e), (f), (h) and (j); II.2 (d), II.4 (e); II.7 (a), (c), (d) and (e); II.8 (f) Signed certificate with action plan provided	COMPLETE	COMPLIANT	none

⁵ Subject of separate report to C.61

IV. ACTION PLAN UPDATES

African Development Bank (AfDB)

Summary Findings

6. AfDB submitted its full self-assessment, and it was reviewed by the external expert in April-May 2021. A signed letter of compliance and action plan for Standard II.8 (f) was provided in May 2021.
7. AfDB's new Whistle Blower and Complaints Handling Policy is expected to provide for an annual review of the handling of the hotline and whistle blower mechanism. AfDB has confirmed this is still undergoing internal review.

Development Bank of Latin America (CAF)

Summary Findings

8. CAF initially self-assessed as fully compliant against many of the Standards, submitted an action plan to address the gaps identified, and has reported on progress.
9. CAF expects to reach full compliance on Part II.1 (d), i.e. to incorporate third party resources process (including GEF projects) in the internal control compliance program (PCCI). CAF notes that two phases are required to comply with this plan: (i) update the process flow – which has been completed, and (ii) update the risk matrix in accordance with the new process flow. This second phase is still under revision and expected to be completed in June 2022.
10. CAF expects to reach full compliance on Part II.3 (a), i.e. revision of the Due Diligence Procedures for Project Executing Agencies by way of an update of its Due Diligence Procedure for CAF-GEF projects. This document is still in draft and subject to internal revision, with expected date of approval in September 2022.
11. For I.2(h), further progress is expected with approval of the above-noted Due Diligence document. For I.2(d) (clarity on bid protest mechanism), CAF clarified procedures to deal with complaints and mechanisms, including through a new bidding system under implementation.

Development Bank of Southern Africa (DBSA)

Summary Findings

12. Only one action was outstanding as of December 2021 – i.e. *Standard 1.2 (g) – Procurement of goods guidelines encourage consideration of sustainability concepts*. At the conclusion of the 2020 review of its self-assessment, DBSA confirmed it will include these considerations in its procurement guidelines. The initial timeframe of February 2021 was postponed first to September 2021, then January 2022. An update on timing is pending from DBSA.

European Bank for Reconstruction and Development (EBRD)

Summary Findings

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

14. The EBRD submitted a revised self-assessment following an internal review of its donor funded operations, including its operations with the GEF. Based on the findings of this analysis, full compliance was reported on April 22, 2022, and the Secretariat concurs.

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

15. FECO confirmed actions on those standards not rated fully compliant have been completed, leaving two outstanding issues.

16. Standard II.6 (e): The GEF standard requires a risk-based methodology to be applied to the audit planning process. FECO has proposed an update to address this that is pending internal approval.

17. Standard II.1 (f): The GEF standard requires an "independent" audit committee or equivalent. While FECO's audit committee mandate meets the requirements, the membership of the committee, as per the updated Provisions for Internal Audit Work document, continues to be internal management. FECO is reviewing options to meet the GEF standard for oversight by an independent committee.

Inter-American Development Bank (IDB)

18. IDB's action plan specifies that the gap on standard II.7 (f) would be closed by June 30, 2022. No issues of concern have been identified.

International Union for Conservation of Nature (IUCN)

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

United Nations Development Programme (UNDP)

20. UNDP initially self-assessed as fully compliant against the revised Standards. Subsequently, findings of UNDP's Office of Audit and Investigation (OAI) prompted UNDP to revisit its self-assessment and undertake a comprehensive internal review. The Third Party Review has been

completed on an accelerated schedule and is the subject of a separate document presented to C.61.

West African Development Bank (BOAD)

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

22. BOAD has committed in its certification and action plan to address all identified gaps and to come into full compliance. BOAD has provided additional information addressing some open items; others are still in progress or need additional information to rate as fully compliant.

World Wildlife Fund (WWF-US)

23. WWF-US submitted an action plan to address the identified gaps in policy framework alignment, for Standards I.1.2 (c), (d), (e), (f) and (h); II.2 (d); II.4 (e); II.7 (a), (c) – (e); and II.8 (f) by June 30, 2021.

24. Actions on the two outstanding standards for which WWF-US submitted a revised timetable for completion by June 2022 have been completed. For standard II.4 (e), WWF-US's processes for administration and review of financial disclosures has been fully documented and for standard II.8 (f), WWF has formalized the periodic review of handling of hotline, whistleblower, and other reported information.