



Dear Members of the Board

I am writing to share with you the independent review by Mr Amitav Rath of the GEF financed project on *Standards and Labels for Promoting Energy Efficiency in Russia*. I also attach UNDP's management response.

This review was undertaken at the request of a number of member states who remained concerned that even with an independent investigation and a series of briefings provided over the last two years, including with members of the Executive Board, there were still, in their view, questions to be answered about the management and implementation of this project. UNDP management fully supported Member States' request for this independent review.

Mr Rath has confirmed that he was able to undertake this review wholly independently of UNDP and was provided with full and transparent access to UNDP staff and all documentation requested. I am grateful to Mr Rath for his work.

This review has identified important shortcomings as well as a number of systemic challenges that need priority attention. It shows clearly that while UNDP's oversight systems properly raised a series of warnings about how the project was being managed, our management response failed repeatedly to deal with these issues as they arose. When management did act, it was often too late. This was, and is, unacceptable and UNDP accepts the conclusion of the review that this project was not overseen effectively.

UNDP has put to good use the lessons learnt from this project since it was closed in 2017, already putting in place and consistently applying stringent procedures across the entire GEF portfolio. For example, under our new procedures, the UNDP GEF Executive Coordinator, in consultation with the senior management of the respective Bureau, already has and will continue to suspend projects at risk of non-compliance with GEF policies in order to protect GEF resources and prevent harm to local communities

Looking ahead, we will ensure that our governance and oversight systems continue to be reviewed and strengthened to quickly identify issues when they arise and then respond swiftly and effectively. I am confident that with the changes we have already put in place in response to lessons from this project, as well as those now being developed and implemented in response to the recently completed audit of our management of the GEF portfolio (shared with you last week including the action plan) this is already happening.

The independent review also referred to cases of possible fraud and corruption in this project. However, following the OAI investigation and this independent review, I note that these claims of fraud and corruption have not been substantiated. Any allegation by UNDP staff or any stakeholder, if credible, will be investigated by UNDP's independent Office of Audit and Investigations and sanctions applied if substantiated.



I also take note of Mr Rath's recommendation for further investigations to determine individual responsibilities and accountability. I am reviewing this information as a priority and will take a decision shortly.

I want to assure you that UNDP, and I personally, take very seriously the responsibility that we have been given to help manage this important portfolio of work for the GEF in 137 countries across the world. We remain committed to delivering high impact projects and will continue to keep you fully informed as we move forward.

Yours sincerely,

Achim Steiner