

**APPROACH PAPER
FOR
REASSESSING
GEF PARTNER AGENCY COMPLIANCE
WITH
THE UPDATED POLICY ON GEF MINIMUM
FIDUCIARY STANDARDS (GMFS)**

Summary

This Approach Paper sets out procedural steps and guiding principles for the limited reassessment process for GEF Partner Agencies' compliance with the minimum standards contained in the updated Policy on Minimum Fiduciary Standards, to be undertaken in 2020 pursuant to Council's decision at its 57th Meeting.

Related Documents

- Minimum Fiduciary Standards for GEF Partner Agencies (GA/PL/02)
- Monitoring Agencies Compliance with GEF Policies (ME/PL/02)

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Introduction

1. This Approach Paper sets out procedural steps and guiding principles for reassessing GEF Partner Agencies' compliance with the GEF's minimum fiduciary standards (GMFS) contained in the updated *Policy on Minimum Fiduciary Standards*¹. The reassessment is facilitated by the GEF Secretariat based on Agency self-assessments for which Annex 1 of this paper provides a template. The findings will be presented to the GEF Council at its 59th meeting in December 2020.

Relevant Policy Requirements

2. The *Policy on GEF's Minimum Fiduciary Standards* (GMFS) aims to strengthen financial and programmatic accountability across the GEF and mandates that (a) GEF Partner Agencies have in place the necessary policies, procedures, systems and capabilities to meet the GMFS; and (b) GEF Partner Agencies require that the GMFS are met during GEF funded project and program implementation.

3. All GEF Partner Agencies (Agencies) are required to comply with the GMFS. In accordance with the *Policy on Monitoring Agency Compliance with GEF Policies*², periodic Agency self-assessments and risk-based, independent, third-party reviews of Agency compliance with the GMFS will be carried out once per replenishment cycle. Accordingly, the first such regular compliance review of GMFS is due in 2022, the final year of the 7th replenishment period. However, as noted in the Council document accompanying the policy update in December 2019³, the recent updates to the GMFS are significant enough to warrant a *limited compliance reassessment* process as soon as possible.

4. Consequently, at its 57th Meeting, Council requested each Agency, within 9 months of the Policy approval (or by September 30, 2020), to conduct a self-assessment and present a report to the GEF Secretariat on its compliance with the GMFS, including a signed certification of compliance, and, as necessary, time-bound action plans to remedy any shortfall. The Council also requested the GEF Secretariat to consolidate Agency reports as a decision document for submission to the Council at its 59th meeting in December 2020.

5. The Secretariat is initiating the requested *limited compliance reassessment* and has recruited the expert who was originally involved in the latest update of the GMFS to assist with the process.

6. The objectives of this Approach Paper are (i) to facilitate a consistent approach to the *limited compliance reassessment* across Agencies, (ii) to support the consolidation of results for reporting to the Council, and (iii) to assist the Agencies to prepare for the next regular self- assessment and third party review due in 2022. The reassessment will be limited to the alignment of Agency policies, procedures, guidelines and systems with the GFMS. It will not cover the institutional capacity of Agencies to implement these policies, procedures, guidelines and systems, i.e. staffing and track

¹ GA/PL/02 ()

² https://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_0.pdf

³ https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.57.04.Rev_.02_Update_GEF_Minimum_Fiduciary_Standards.pdf

record of implementation. It is expected that the results of the *limited compliance reassessment* will be taken into account to reduce efforts connected with the 2022 third-party review which will be more comprehensive.

Prior Documentation by GEF Partner Agencies Related to Their Compliance with the GMFS

7. Following the adoption by the Council of the original GMFS in June 2007, an extensive process was conducted whereby the then ten Agencies self-assessed compliance and a third-party expert reviewed the submitted evidence⁴. Where Agencies were not fully compliant, agreed action plans to bring them into compliance were adopted. These action plans and related evidence were subsequently subject to periodic review by the Secretariat and by May 2014, all action plans were reported to the Council as completed⁵.

8. The GMFS were also applied in the accreditation of the further eight Agencies⁶ added as part of the pilot on *Broadening the GEF Partnership*, carried out between 2011 and 2015. An independent Accreditation Panel was appointed by the GEF Secretariat and commenced work in June 2012 to review the evidence of compliance submitted by each prospective new Agency⁷ as part of the pilot GEF Accreditation Process. These were subject to periodic status reports to Council⁸.

9. In November 2011, the Council updated the fiduciary standards to address more clearly the separation of implementation and execution functions for all Agencies⁹. This was not followed by a certification and review process, however alignment at project level is subject to review at the time of Agency submission of the Project Identification Form.

10. In 2018, as a preliminary step to GMFS update that was later approved in December 2019, the Secretariat coordinated a review with Agencies on the evolution of their policies, procedures, and systems of relevance to the GEF's minimum fiduciary standards, at which time Agencies completed a detailed questionnaire and 13 reported changes since they were initially found to be in compliance with the GMFS. None pointed to major areas of divergence between their policies

⁴ https://www.thegef.org/sites/default/files/council-meeting-documents/C.35.5_Fiduciary_Standards_4.pdf

⁵ https://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.46.Inf_05%20Agency%20Progress%20on%20Meeting%20the%20GEF%20Fiduciary%20Standards_April%2022%202014.pdf

⁶ Previously referred to as "GEF Project Agencies" to distinguish them from the original 10 "GEF Agencies".

⁷ This also included compliance with the GEF Environmental and Social Policy and the GEF Gender Policy.

⁸ See June 2013 at https://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.44.09_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies_2.pdf; November 2013 at https://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.45.12_Progress_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies_final_October_09_2013_4.pdf; May 2014 at https://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.46.Inf_04_Progress_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies_April_25_2014_0_4.pdf; October 2014 at https://www.thegef.org/sites/default/files/council-meeting-documents/28_EN_GEF.C.47.10_Progress_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies_4.pdf; June 2015 at https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.48.10.Rev_01_Progress_Report_on_the_Pilot_Accreditation_of_GEF_Project_Agencies_4.pdf; ⁹ https://www.thegef.org/sites/default/files/council-meeting-documents/C.41.06.Rev_01_GEF_Minimum_standards_paper_1.pdf

and GMFS. The results were reported to Council in December 2018¹⁰.

11. The adoption of the additional standards on AML-CFT in December 2018 was preceded by information gathering by the Secretariat on the existing AML-CFT policies, systems, guidelines, procedures and capacity of the Agencies. Additional evidence was not required to be submitted as part of the self-assessment and certification by Agencies reported to Council in June 2019¹¹. All but one Agency reported compliance and one Agency requested to defer the assessment to 2020 pending adoption of new policies.

12. The Policy on Monitoring Agency Compliance with GEF Policies notes that, in the case of updates of Standards prior to regular assessments linked to GEF replenishment cycles, the need for, and scope of, such a review should be carefully considered on a case-by-case basis

Procedures for Assessing GEF Partner Agencies' Compliance and Timetable

13. During the *limited compliance reassessment*, the Secretariat will facilitate the self-assessment of GEF Partner Agency compliance with the updated GMFS as follows:

- a) **Agency Submissions of draft self-assessment package (to be submitted by Friday, August 7, 2020):** Using a documentation template prepared by the Secretariat (Annex 1), the GEF Partner Agencies will assess the status of compliance of their policies, procedures, guidelines and systems with the updated GMFS, compile evidence of their compliance and submit a draft self-assessment together with supporting evidence to the Secretariat, clearly indicating whether the submission includes any information that is restricted from public access in accordance with the Agencies' policies on information disclosure.¹²

As most GMFS relate to institutional rather than project-specific policies, procedures, guidelines and systems, the Agency focal points coordinating the self-assessment should ensure that all relevant departments in their Agency are consulted during the process.

Where there have been no changes to Agency policies, procedures, guidelines and systems since a previous third party or Accreditation Panel review, the Agency should note this in the documentation template and submit relevant evidence accordingly.

As indicated in Annex 1, Agencies which reported full compliance in 2019 with the standards related to *Anti-Money Laundering and Combating the Financing of Terrorism*, which were added to the GMFS at the end of 2018, and who have not made subsequent changes that would affect this certification, do not need to re-assess and re-certify against these standards¹³.

¹⁰ <https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-C.55-Inf.15%20Review%20of%20the%20Minimum%20Fiduciary%20Standards%20for%20GEF%20Agencies.pdf>

¹¹ https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.56.07.Rev_.01_Status%20of%20Agencies%27%20Compliance%20with%20Minimum%20Requirements%20on%20AML-CFT.pdf

¹² Agencies are encouraged to provide web links where supporting documents are posted on their public websites. Completed self-assessment templates and any other documents could also be provided by email or a cloud drive.

¹³ In this case, the Secretariat circulated a questionnaire in 2018 as part of preparations for an update of the GMFS, to

Agencies are requested to submit such a “draft self-assessment package” to the Secretariat no later than **August 7, 2020** and are encouraged to submit this earlier if possible.

- b) **Secretariat’s screening** (to be conducted *from whenever the GEF Partner Agencies submit their draft self-assessment reports until Friday, September 4, 2020*): The Secretariat, with the support of the expert who had assisted in the preparation of the updated GMFS, will review the Agency draft self-assessments and screen accompanying evidence provided by the Agencies for clarity, completeness, and relevance. This review will begin as soon as a “draft self-assessment package” is received from an Agency; and so it can be accelerated for Agencies who submit before August 7, 2020. During the screening process, Agencies will have an opportunity to amend or complement their submissions to enable a complete assessment, if necessary.

Recognizing that this will be a limited compliance reassessment, the focus will be on the continuing alignment of GEF Partner Agency policies, procedures, guidelines and systems with the updated GMFS. The assessment of Agency institutional capacity to implement the Standards will be undertaken as part of the 2022 review.

Should the reassessment of documentary evidence of policies, procedures, guidelines and systems provided by a GEF Partner Agency determine that they do not adequately demonstrate alignment with the updated GMFS, the expert will seek clarifications and may request the Agency to augment the documentation provided, in case evidence has been overlooked, or alternatively make recommendations on how the Agency could achieve compliance.

The expert will also review any comments provided by the Agencies on their experience with applying the updated GMFS to date and their suggestions for future consideration and provide recommendations to the Secretariat as appropriate.

- c) **Bilateral consultations on preliminary findings**: During the screening process, the Secretariat, in collaboration with the expert, will facilitate bilateral consultations with the Agencies on the preliminary findings of the self- assessments. These consultations offer opportunities for Agencies to provide clarifications and additional information as well as to verify findings and discuss any needed plans of action to meet full compliance.

which Agencies responded that they have “a policy/ procedure/ standard practice approach on AML-CFT”. There was a stocktaking exercise on ANL-CFT undertaken by the Secretariat using info provided by the Partner Agencies and reported to Council in June 2018 https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.09.Rev_.01_AML-CFT_0.pdf . In the Council paper submitting the additional AML-CFT standards for approval https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.09_AML-CFT.pdf , the Secretariat noted that “In many cases, key elements of Agencies’ relevant policies and procedures are restricted from public access, but many Agencies provided references to publicly available documents that describe their AML-CFT frameworks.” In the 2019 AML-CFT exercise there wasn’t any additional review of evidence by the Secretariat. The information was already gathered earlier. All except IADB certified compliance with the Dec 2018 AML-CFT standards, and IADB said they wanted to defer review till 2020 by which time their new policies would be in place.

- d) **Agency Submissions of Final Self-Assessment Packages together with Certification of Compliance and/or Action Plans:** (to be submitted by **Wednesday, September 11, 2020**). If an Agency's self-assessment finds that the Agency is in full compliance, then the Agency will submit a signed certification of compliance. In accordance with paragraph 5 of the GEF Policy on Monitoring Agency Compliance with GEF Policies, a designated representative for the Agency signs the certification. Electronic signature/confirmation will be acceptable.

If an Agency's self-assessment finds that an Agency does not meet or only partially meets one or more of the updated GMFS, then that Agency will develop, in consultation with the Secretariat, a monitorable and time-bound action plan to achieve compliance, taking into account any expert recommendations, in accordance with paragraph 16 of the GEF Policy on Monitoring Agency Compliance with GEF Policies. Considering that the next regular assessment and third-party review of compliance with GMFS will take place in 2022, Agencies are requested to design their action plans in a way to target completion of their implementation ahead of 2022.

As part of their packages, agencies are also invited to submit any comments/observations on their experience to date with applying the updated GMFS and any suggestions for consideration by the Secretariat towards future policy updates.

- e) **Limited Compliance Reassessment:** (to be completed by **Thursday, October 15, 2020**): The expert will review the final Agency self-assessment packages, including certifications and/or action plans submitted by the Agencies, and confirm to the Secretariat whether these definitively address any prior feedback provided on the draft self-assessment reports.
- f) **Bilateral consultations on final findings:** During the limited compliance reassessment process, the Secretariat, in collaboration with the expert, will facilitate bilateral consultations with the Agencies on the findings of the reassessment. These consultations offer opportunities for Agencies to provide clarifications and additional information as well as to verify findings and finalize plans of action to meet full compliance.
- g) **Report to the Council:** (to be completed by **Friday, October 23, 2020**): The Secretariat, assisted by the expert, will prepare, for Council review and decision, a brief Council paper and a synthesis report on the findings of the reassessment, accompanied with any Agency certifications of compliance and/or action plans.

Follow Up of Action Plans

14. Should an Agency be required to present a time-bound action plan, the Agency would be reassessed against relevant minimum standards at a later date consistent with the agreed action plan.

15. The following elaborates on the process and concrete steps and actions that will be followed until all Agencies with agreed action plans have met all GMFS:

- (i) The Agency provides bi-annual updates on the progress on their plans of action to the Secretariat, to coincide with Council meetings, until they reach full compliance with all GMFS;
- (ii) The Secretariat compiles, tracks and reviews these updates and reports to the Council on progress on Agencies' implementation of the action plans at subsequent Council meetings.
- (iii) As part of its review of these updates, the Secretariat re-engages an expert, if needed, to assess additional information and evidence submitted by Agencies to determine whether they have achieved compliance in accordance with their agreed action plans.
- (iv) The Secretariat notifies Council when Agencies have met their commitments set out in their respective action plans to achieve compliance.

Guiding Principles

16. The limited Secretariat reassessment of Agencies' compliance is carried out in accordance with the following principles:

- a. **Impartiality:** All GEF Partner Agencies will be assessed in a balanced and unbiased manner and all final conclusions made with input of the impartial expert.
- b. **Transparency:** In keeping with paragraph 11 (c) of the Updated GMFS Policy, the reassessment process will be carried out in a transparent manner, with clear communication and timely responses to queries. Any identified issues or gaps identified in an Agency's ability to meet the Updated GMFS will be communicated to the Agency promptly, in order to resolve the issue or support the preparation of an improvement action plan.
- c. **Evidence-based:** The reassessment will be supported with clear evidence provided by the Agencies. To the extent feasible it will be based on public and easily accessible evidence, with due protection of other information shared in confidence. Annex 1 provides guidance on the type of evidence that Agencies may provide but Agencies are not limited to this in order to show substantive alignment with the updated GMFS.
- d. **Focus on the policies, procedures, guidelines and systems:** The limited compliance reassessment will consider Agencies' relevant policies, procedures, guidelines, and systems. To avoid duplication of effort in the full 2022 review, it will not assess evidence of their effective implementation track record based on samples or other evidence of implementation experience. However, Agencies may wish to use the current self-assessment process as a trial run for the 2022 comprehensive review by compiling such additional evidence on implementation as part of this exercise. An Agency may wish to do this to save time in the 2022 review, to confirm internally that it is ready for the 2022 review or identify any gaps that it will need to work on in order have implementation experience readily documented by the time of the 2022 review. A list of suggested evidence of implementation that Agencies can compile is provided in the Annex 1 assist with this preparatory work should the Agencies wish to undertake it. Annex 1 also provides context

to the suggested evidence on policies, procedures, guidelines and systems. It is important to note however that this evidence will not be reviewed during this limited compliance reassessment by the Secretariat.

- e. **Comparability:** In keeping with paragraph 11 (b) of the Updated GMFS Policy, the reassessment will aim to ascertain whether Agencies' policies, procedures, and systems are substantively aligned to the GMFS in their effect, notwithstanding differences in approach, structure and terminology. This is expected to be facilitated by the expanded elements for some standards included in the 2019 update.

**TEMPLATE/CHECKLIST TO ASSIST AGENCIES DOCUMENT EVIDENCE
TO SUPPORT THEIR SELF-ASSESSMENT OF COMPLIANCE
WITH THE UPDATED GEF MINIMUM FIDUCIARY STANDARDS (GMFS)**

Column Explanations

Column 1 – Updated Standard adopted by Council in December 2019. Unchanged original policy text is shown in black text. Approved updates are highlighted in **orange text color**.

Column 2 - Suggested documentary evidence of policies, procedures, guidelines and systems to be submitted by Agencies.

Column 3 - Agency assessment – (1) Fully complies, (2) Partially complies, (3) Doesn't comply. *In the case of the latter two cases, the Agency is to explain what the gaps are and prepare a time-bound and monitorable action plan to address these gaps.*

Column 4 - Agency descriptions, website links to documentation, references to other documents to be attached.

Column 5 - Agency comments/observations on their experience to date with applying the updated GMFS and any suggestions for consideration by the Secretariat towards future policy updates.

Column 6 - Suggested documentary evidence of effective implementation of GMFS to date (**optional – see “Approach Paper”**). Suggestions listed include various alternatives, not all may be necessary or applicable in each case. *Note - for some GMFS, implementation evidence may be the same as the documentary evidence for policies, procedures, guidelines and systems.*

COLUMN 1 – UPDATED STANDARD	COLUMN 2 – SUGGESTED EVIDENCE	COLUMN 3 – AGENCY ASSESSMENT RATING	COLUMN 4 – AGENCY DOCUMENTATION	COLUMN 5 – AGENCY COMMENTS	COLUMN 6 – OPTIONAL EVIDENCE OF EFFECTIVENESS
I. Project/Activity Processes and Oversight Criteria					

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

<p>1 (a) A 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 (including considerations of gender equality), institutional and/or other relevant criteria, and whether they are reasonably likely to meet stated objectives and outcomes.</p>	<p>Appraisal process policies and guidelines which address the requirements of 1 (a)</p>				<p>Data on Appraisal staffing and capabilities to meet the range of elements in 1 (a).</p> <p>Recent external or internal audit reports or independent expert review reports of the appraisal function which confirm policies are being implemented as intended.</p> <p>Sample appraisals showing implementation of policies</p>
<p>1 (b) The appraisal process provides institutional checks and balances at the stage of project design:</p>	<p>Appraisal process policies and guidelines which address the requirements of 1 (b) bullet 1</p>				<p>Recent external or internal audit reports or independent expert review reports of the appraisal</p>

<ul style="list-style-type: none"> • Policies and risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social (including considerations of gender equality), institutional and/or fiduciary assessments must be conducted to incorporate environmental, social or other relevant considerations into a proposed project or activity. 					<p>function which confirm policies are being implemented as intended.</p> <p>Sample appraisals showing implementation of policies</p>
<p>1(b) continued</p> <ul style="list-style-type: none"> • Guidelines or policies are in place that provide for evaluation by technical advisors, who assess whether or not a proposed project or activity is eligible for GEF funding, based on the GEF-mandated criteria; is likely to achieve GEF goals; and is aligned with scientifically sound principles. 	<p>Appraisal process policies and guidelines which address the requirements of 1 (b) bullet 2</p>				<p>As above.</p>
<p>1 (c) Project and/or activity development objectives and outcomes are clearly stated and key performance indicators with baseline and</p>	<p>Appraisal process policies and guidelines which address the requirements of 1 (c)</p>				<p>As Above</p>

targets are incorporated into the project/activity design.					
1 (d) Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions by the GEF Partner Agency during implementation.	Appraisal process policies and guidelines which address the requirements of 1 (d) Description of Information system that allows the Agency to track the status of appraisals and follow up actions				Recent external or internal audit reports or independent expert review reports of the appraisal function which confirm policies and information systems are being implemented as intended. Samples of system reports and oversight actions showing implementation of fiduciary oversight.

COLUMN 1 – UPDATED STANDARD	COLUMN 2 – SUGGESTED EVIDENCE	COLUMN 3 – AGENCY ASSESSMENT RATING	COLUMN 4 – AGENCY DOCUMENTATION	COLUMN 5 – AGENCY COMMENTS	COLUMN 6 – OPTIONAL EVIDENCE OF EFFECTIVENESS
2. Procurement Processes – <i>GEF Partner Agency procurement processes covering both internal/administrative procurement and procurement by recipients of funds include written standards based on widely recognized processes and an internal control framework to protect against fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti- Corruption Task Force) and waste.</i>					

<p>2 (a) Specific GEF Partner Agency policies and guidelines promote economy, efficiency, transparency and fairness in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions. As a minimum, these policies and guidelines provide for:</p> <ul style="list-style-type: none"> • Open competition and define the situations in which other less competitive methods can be used; and • Wide participation through publication of business opportunities; descriptive bid/proposal documents that disclose the evaluation criteria to be used; neutral and broad specifications; non-discriminatory participation and selection principles; and sufficient time to submit bids or proposals. 	<p>Procurement Regulations, Policy or Directive(s) which address the requirements of 2 (a)</p> <p><i>These may be in multiple documents for different types of procurement or for procurement internal to the Agency and procurement by executing entities with whom the Agency contracts and provides funding for projects</i></p>				<p>Data on Procurement Unit staffing and capabilities.</p> <p>Data on any training and certification requirements and results for other Agency staff who are responsible for oversight of project procurement</p> <p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm policies meeting requirements of 2 (a) are being implemented as intended.</p> <p>Sample procurements showing</p>
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					implementation of policies
2 (b) Specific procurement guidelines are in place with respect to different types and categories of procurement, including the recruitment of consultants, managed by the GEF Partner Agency.	<p>Detailed Procurement Guidelines supporting the requirements in the policy or Directive</p> <p><i>These may be in the same document as, or annexed to, the Regulations, Policy or Directive</i></p> <p><i>These may be in multiple documents for the different types of procurement</i></p>				<p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm guidelines are being implemented as intended.</p> <p>Sample procurements showing implementation of guidelines</p>
2 (c) Procurement guidelines provide for security and confidentiality of information during the bidding, opening, evaluation and debriefing phases of procurement.	<p>Detailed Procurement Guidelines (as above) which address the requirements of 2 (c)</p>				As above

<p>2 (d) Procurement guidelines provide for a procurement protest mechanism whereby bidders have a right to complain during the bidding process about non-compliance with procurement policies and guidelines and irregularities in the process; are informed of this right; and there is a clear process whereby complaints are received and addressed.</p>	<p>Detailed Procurement Guidelines (as above) which address the requirements of 2 (d)</p>				<p>As above</p>
<p>2 (e) Standard contracts include dispute resolution procedures that provide for an efficient and fair process to resolve disputes arising during the performance of the contract.</p>	<p>Detailed Procurement Guidelines (as above) which address the requirements of 2 (e)</p> <p>Standard Model Contracts which address the requirements of 2 (e)</p>				<p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm standard contracts are being implemented as intended.</p> <p>Sample procurements showing implementation of standard contracts</p>

<p>2 (f) General Conditions of Contract and tender conditions provide for contract awardees to adhere to anti-fraud and corruption policies and provide access to GEF Partner Agency investigators to bidder/contractor records relating to bids and contracts in the event that this is needed to support investigations of complaints of fraud or corruption.</p>	<p>Standard Model Tender Documents and Contracts which address the requirements of 2 (f)</p>				<p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm standard tender documents and contracts are being implemented as intended.</p> <p>Sample procurements showing implementation of standard tender documents and contracts</p>
<p>2 (g) Procurement guidelines encourage the consideration of sustainability concepts in the procurement of goods.</p> <p><i>(Note that the Updated GMFS do not mandate particular aspects but provide references for consideration at footnote 40)</i></p>	<p>Detailed Procurement Guidelines (as above) which address the requirements of 2 (g)</p>				<p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm Agency requirements are being implemented as intended.</p>

					Sample procurements showing implementation of Agency requirements
2 (h) Specific procedures, guidelines and methodologies of assessing the procurement procedures of executing entities are in place.	Detailed Procurement Guidelines (as above) or other procedures / requirements which address the requirements of 2 (h)				Recent external or internal audit reports or independent expert review reports of the procurement function which confirm guidelines or other procedures / requirements are being implemented as intended. Sample assessments of executing entity procurements showing implementation of Agency guidelines / procedures/ requirements.
2 (i) Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place	Detailed Procurement Guidelines (as above) or other				As above

<p>requiring a response when issues are uncovered.</p>	<p>procedures / requirements which address the requirements of 2 (i)</p>				
<p>2 (j) Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.</p>	<p>Detailed Procurement Guidelines (as above) or other procedures / requirements which address the requirements of 2 (j)</p> <p>Description of Information system that allows the Agency to track the status of procurement and follow up actions</p>				<p>Recent external or internal audit reports or independent expert review reports of the procurement function which confirm policies and information systems are being implemented as intended.</p> <p>Samples of system reports that support procurement information</p> <p>Links to public websites or other examples of how procurement awards are publicly disclosed.</p>

3. Monitoring and Project-at-Risk Systems - *The GEF Policy on Monitoring*⁴¹ establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF. From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to projects and/or activities, particularly those deemed to be at risk.

<p>3 (a) Monitoring functions, policies and procedures have been established consistently with the requirements of the GEF Policy on Monitoring.</p>	<p>Project Monitoring Policy, guidelines and procedures, covering individual projects and the entity/project portfolio in general</p>				<p>Data on Appraisal staffing and capabilities to meet requirements of 3 (a).</p> <p>Recent external or internal audit reports or independent expert review reports of the monitoring function which confirm policies are being implemented as intended.</p> <p>Samples showing implementation of monitoring policies</p>
<p>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</p>	<p>Project Monitoring Policy, guidelines and procedures that meet the</p>				<p>Recent external or internal audit reports or independent expert review reports of the monitoring</p>

<p>entity/portfolio level is separated from the project and/or activity origination and supervision functions.</p>	<p>requirements of 3 (b)</p>				<p>function which confirm policies are being implemented as intended.</p> <p>Samples showing implementation of monitoring policies</p>
<p>3 (c) Monitoring reports at the project/activity level are provided to a project/activity manager as well as to an appropriately higher level of managerial oversight within the organization so that mid-course corrections can be made, if necessary. Monitoring reports at the entity/portfolio level are provided to both project/activity managers and to an appropriately higher level of oversight within the organization so that broader portfolio trends are identified, and corresponding policy changes can be considered.</p>	<p>Project Monitoring Policy, guidelines and procedures that meet the requirements of 3 (c)</p> <p>Description of Information system that facilitates the Agency's monitoring of projects and across the entity/portfolio</p>				<p>Recent external or internal audit reports or independent expert review reports of the monitoring function which confirm policies and systems are being implemented as intended.</p> <p>Sample monitoring reports and actions taken to evidence implementation</p>
<p>3 (d) A process or system, such as a project-at-risk system, is in place to flag when a project has</p>	<p>Project Monitoring Policy, guidelines and</p>				<p>As above.</p>

developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.	<p>procedures that meet the requirements of 3 (d)</p> <p>Description of Information system that flags projects at risk and facilitates the Agency's follow up actions</p>				
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 by the GEF Partner Agency during implementation.	<p>Project Monitoring Policy, guidelines and procedures that meet the requirements of 3 (e)</p>				As above

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<i>4. Project Completion and Financial Closure - Operational systems and overall capacity are in place to conduct necessary activities relating to project completion and financial closure</i>					

<p>4 (a) Procedures have been established concerning project operational completion and financial closure, including reporting on results achieved, lessons learned and recommendations for improvement, and final financial reports.</p>	<p>Project completion and closure Policy, guidelines and procedures that meet the requirements of 4 (a)</p>				<p>Recent external or internal audit reports or independent expert review reports of the project completion and closure process which confirm policies and procedures are being implemented as intended.</p> <p>Project completion and closure statistics and sample project completion and closure reports to evidence implementation</p>
<p>4 (b) There are procedures to make project results publicly available.</p>	<p>Policies and procedures related to Transparency and Public Disclosure which address the requirements of 4 (b)</p>				<p>Public website links to results for each project (<i>at least those completed</i>)</p> <p>Regularly produced publications which provide information on results for each</p>

					<p>project (at least those completed)</p> <p><i>These may be in the form of project progress reports, project closure reports, project evaluation reports which are posted on websites under transparency policies, or special purpose reports for making project results publicly available</i></p>
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<p>5. Evaluation Function - <i>The evaluation function assesses the extent to which projects, programs, strategies, policies, sectors, focal areas, or other activities achieve their objectives. The goals of evaluation are to provide an objective basis for assessing results, to enhance accountability in the achievement of agency objectives, and to learn from experience. The GEF Evaluation Policy, adopted by Council in June 2019, establishes requirements for evaluation in the GEF based on widely recognized, best practice norms and standards including impartiality, professionalism, and a high degree of independence.</i></p>					
<p>5 (a) Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF Evaluation Policy.</p>	<p>Agency Evaluation Policy and/or Terms of Reference of the Agency evaluation function</p>				<p>Data on staffing and capacity of the evaluation function</p> <p>Annual reports of evaluation function and results.</p> <p>Samples of individual evaluation reports</p>
<p>5 (b) The evaluation function follows impartial, widely recognized, documented and professional standards and methods, consistent with the norms, principles, criteria and minimum requirements set out in the GEF Policy on Evaluation.</p>	<p>Agency Evaluation Policy and/or Terms of Reference of the Agency evaluation function</p> <p>Evaluation Manual or</p>				<p>Recent reports of peer reviews or external quality assurance reviews of the evaluation function</p>

	<p>detailed procedures.</p> <p>Standard Terms of reference used for outsourced evaluation experts that specifies the required standards and methods</p>				<p>Samples of individual evaluation reports</p>
<p>5 (c) The evaluations body or function is structured to have the maximum independence possible from the organization’s operations, consistent with the structure of the GEF Partner Agency, ideally reporting directly to the board of directors or comparable body. If its structural independence is limited, the evaluation body or function has transparent reporting to senior management and/or the governing board.</p>	<p>Agency Evaluation Policy and/or Terms of Reference of the Agency evaluation function that sets out the arrangements to maximize independence of the function.</p> <p><i>Where the Agency relies on outsourced evaluation experts, the independence of the internal oversight and quality control of the expert’s work</i></p>				<p>Annual or other periodic reports of the evaluation function to the head and governing body of the Agency</p> <p>Recent reports of peer reviews or external quality assurance reviews of the evaluation function</p>

	<p><i>should be maximized.</i></p> <p><i>Where the Agency's evaluation function is structured to include decentralized evaluations commissioned by management or project teams, there should be independent internal oversight and quality control of the decentralized evaluations.</i></p>				
<p>5 (d) An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.</p>	<p>Agency Evaluation Policy and/or Terms of Reference of the Agency evaluation function that addresses results disclosure, and makes evaluation reports, or at least the findings and</p>				<p>Public website section on evaluation with information on the function and links to access reports or results of evaluations</p>

	recommendations, public. Public website section on evaluation with information on the function and links to access reports or results of evaluations				
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II. Governance Framework Criteria					
1. External Financial Audit - <i>The external financial audit function ensures an independent review of financial statements and internal controls.</i>					
1 (a) The GEF Partner Agency has appointed an independent external audit firm or organization to perform an annual audit of its financial statements.	<p>Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization</p> <p><i>For multilateral organizations this may be the Supreme Audit Institution of a member state.</i></p> <p><i>For national public entities this may be the Supreme</i></p>				Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization

	<i>Audit Institution of the nation.</i>				
1 (b) The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA) or the International Standards of Supreme Audit Institutions (ISSAI).	Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization, which specify the auditing standards applied				Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization, which specify the auditing standards applied
1 (c) Financial statements are prepared in accordance with recognized accounting standards such as International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.	Financial Regulations and/or Policies specifying the accounting standards applied Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization,				Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization, which specify the accounting standards against which the audit opinion is being provided

	<p>which specify the accounting standards against which the audit opinion is being provided</p> <p>Description of accounting system used to implement financial controls and prepare financial statements at entity and project level</p>				<p><i>In the event that the most recent auditor's opinion is qualified i.e. the accounting standards are not fully met, the Agency should provide explanation and proposed actions to address the qualification.</i></p>
<p>1 (d) The internal controls over financial reporting cover the use of GEF funds, and Management asserts to the GEF Partner Agency governing body that these internal controls are adequate.</p>	<p>Regulations and/or Policy covering controls over financial reporting</p> <p>Recent years' Management statements <i>(usually signed by the Chief Executive and Chief Financial Officer) asserting the adequacy of</i></p>				<p>Recent years' Management statements (asserting the adequacy of controls over financial reporting</p> <p>Recent years' External audit opinion on the management assertion</p>

	<p>controls over financial reporting</p> <p><i>(This may accompany or be part of the audited annual financial statement package)</i></p>				<p><i>In the event that the most recent assertion is qualified i.e. certain controls are not in place or fully met, the Agency should provide explanation and proposed actions to address the qualification</i></p>
<p>1 (e) An annual audit opinion on the financial statements and/or, as appropriate, on all GEF funds received from the Trustee and administered by the GEF Partner Agency, is issued by the external auditor and made public.</p>	<p>Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization, which include as part of the financial statements the GEF funds.</p> <p><i>(GEF funds may be separately detailed in a Note or Schedule forming part of the audited Financial Statements)</i></p>				<p>Recent years' reports on the annual audit of the Agency financial statements issued by an independent audit firm or organization, that include GEF funds</p> <p>Alternatively, recent years' reports of special audits on the annual audit of GEF funds issued by an independent audit firm or organization.</p>

	<p>Alternatively, recent years' reports on the annual audit of a Financial Statement of the GEF funds issued by an independent audit firm or organization.</p>				
<p>1 (f) An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements, as well as risk management, internal control, and internal audit. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.</p>	<p>Agency Constitution, Regulations or Board policies containing the Terms of Reference of the audit committee or comparable body, meeting the requirements of 1 (f)</p> <p><i>(This committee may be a subset of the Board or Governing Body of the Agency. For certain multilateral or national institutions, it may</i></p>				<p>Recent years' reports / minutes or records of the audit committee or comparable body showing that it has been regularly meeting and covering the oversight functions of 1 (f)</p> <p>Alternatively, where such documents are confidential and cannot be shared, a detailed description of the recent years' frequency of meetings, agendas and key decisions on oversight</p>

	<i>be a specially created expert body reporting to the chief executive and governing body)</i>				functions taken by the committee.
1 (g) The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.	<p>Recent years' long-form audit reports (management letters) or internal control reports issued by the external auditor, including status of prior years' recommendations.</p> <p>Terms of Reference of the audit committee / body (see 1 (f) above) which include responsibility for review of audit reports and reports on status of prior year's recommendations</p>				<p>Recent years' long-form audit reports (management letters) or internal control reports issued by the external auditor, including status of prior years' recommendations.</p> <p>For audit committee review – see 1 (f) above</p>

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<p>2. Financial Management and Control Frameworks - <i>An internal control framework is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in the following categories:</i></p> <ul style="list-style-type: none"> • <i>Effectiveness and efficiency of operations</i> • <i>Reliability of financial reporting and financial management frameworks</i> • <i>Compliance with applicable policies and procedures.</i> 					
<p>2 (a) A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.</p>	<p>Agency regulation or policy setting out the internal control framework</p> <p><i>If not in one document, it may be contained in several documents that collectively cover the requirements of the standard</i></p>				<p>Recent external or internal audit reports on the internal control framework</p> <p><i>In the event of any significant weaknesses reported, the current action plan to address these.</i></p>
<p>2 (b) The control framework covers the control environment (“tone at the top”), risk assessment, internal control</p>	<p>As above</p>				<p>As above</p>

<p>activities, monitoring, and procedures for information sharing.</p>					
<p>2 (c) The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.</p>	<p>As above.</p>				<p>As above.</p>
<p>2 (d) At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels and plans of action are in place for addressing risks that are deemed significant or frequent.</p>	<p>Risk management policy that covers the requirements of 2 (d).</p>				<p>Recent years' completed risk assessments and reports / action plans demonstrating implementation of the risk management policy</p> <p>Recent external or internal audit reports on institutional risk assessment and management</p> <p><i>In the event of any significant weaknesses reported, the</i></p>

					<i>current action plan to address these.</i>
2 (e) The control framework guides the financial management framework.	As for 2 (a)				As for 2 (a)
2 (f) Procedures are in place for identifying internal controls, including controls designed to prevent or detect fraud, and assessing control details annually in core financial management areas, including: <ul style="list-style-type: none"> • Budgeting; • Accounting; • Funds flow (including disbursements, cash management, unused fund close- out); and • Financial reporting. 	<p>Internal Control assessment procedures. Applying a “Lines of Defense” approach, this <u>may</u> comprise:</p> <p>(a) procedures for control assessments of core financial management areas carried out by Finance unit(s) as part of control and risk self-assessments</p> <p>(b) internal audit planning policies / procedures requiring cyclical review by internal audit of the core</p>				Recent Finance self-assessments and/or external or internal audit reports on the results of annual assessments of core financial management areas

	financial management areas				
2 (g) The control framework applies rigorous measures to prevent and combat fraud and other forms of financial mismanagement by employees, by contractors and suppliers under the GEF Partner Agency's own procurement, or in respect of funds provided to executing entities.	Anti-fraud policies covering the Agency and funds provided to executing entities				As above, with evidence that coverage includes anti-fraud controls
2 (h) There is a separation of functions between project implementation and execution: (i) There is a separation of functions such that the entity that undertakes project execution reports and is responsible to the agency that carries out project implementation, with the latter overseeing the executing entity and having accountability to the GEF Council. This explicitly precludes a merging or crossing over of the functions of the GEF Partner Agencies and executing	Agency confirmation that its mandate precludes project execution Agency policies on separation of project implementation and execution <i>(Some Agency mandates preclude executing project, others permit in certain</i>				Where Agency mandates permit execution, data on the number of GEF projects that the Agency executes fully or partially while also being implementing agency.

<p>entities as they are distinct and separate.</p>	<p><i>circumstances / extent)</i></p>				
<p>2 (h) continued</p> <p>(ii) In cases where a GEF Partner Agency carries out both implementation and execution of projects, the GEF Partner Agency must separate its project implementation and execution duties, and describe in project planning documents, each of the following:</p> <ul style="list-style-type: none"> • A satisfactory institutional arrangement for the separation of implementation and executing functions in different departments of the GEF Partner Agency; and • Clear lines of responsibility, reporting and accountability within the GEF Partner Agency between the project implementation and execution functions. 	<p>Where permitted, Agency policies on separation of project implementation and execution as above, covering the requirements of 2 (h) (ii)</p>				<p>Where Agency mandates permit execution, documentation confirming the implementation of the requirements of 2 (h) (ii).</p>
<p>2 (i) Financial management segregation of duties: Duties are</p>	<p>Agency regulations or policies setting</p>				<p>Recent Finance self-assessments and/or external or internal</p>

segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.	out the requirements for segregation of duties as required by 2 (i)				audit reports confirming implementation of requirements in 2 (i)
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3. Oversight of Executing Entities – GEF Partner Agencies have measures in place to review and oversee GEF funded project and program implementation.

3 (a) There is a well-defined due diligence process prior to the GEF Partner Agency’s approval of a project, to assess fiduciary risks, including preparation of risk mitigation and action plans so that proposed executing entities have adequate fiduciary controls in place to manage GEF funds used to finance a project.	Agency Project Cycle policies, procedures and guidelines covering fiduciary risk assessments as required by 3 (a)				Recent external or internal audits or independent technical reviews confirming compliance with the policies, procedures and guidelines Samples of fiduciary risk assessments
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					carried out for new projects
3 (b) Information regarding funding agreements is made publicly available.	Policies and procedures related to Transparency and Public Disclosure which address the requirements of 3 (b).				Public website links to information on funding agreements (or other means of making these publicly available).
3 (c) There is a monitoring system in place designed to ensure that grants are implemented, and funds are used by executing entities as intended.	Agency Project Cycle policies, procedures and guidelines covering monitoring as required by 3 (c) Description of Information system that is used to monitor grants and facilitates the Agency's follow up actions <i>(This may be linked to the monitoring system mentioned under 1.3 (c) above)</i>				Recent external or internal audits or independent technical reviews confirming compliance with the policies, procedures and guidelines Sample of monitoring reports showing implementation of 3 (c)

<p>3 (d) For projects funded by GEF, there is a framework in place to suspend disbursements to executing entities and recover GEF funds not used in compliance with legal agreements including fraud.</p>	<p>Agency Project Cycle policies, procedures and guidelines (or ones specific to GEF projects) addressing the requirements of 3 (d)</p>				<p>References to reports provided to GEF on any recent cases, if applicable.</p>

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<p>4. Financial Disclosure/<i>Conflict of Interest</i> - <i>The financial disclosure and conflicts of interest policies delineate the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.</i></p>					
<p>4 (a) Documented policies covering identified parties define conflicts of interest arising from personal financial interests or otherwise that require disclosure, including actual, perceived and potential conflicts.</p>	<p>Agency financial disclosure and conflict of interest policies addressing 4 (a)</p> <p><i>(There may be distinct policies for staff, management and governing body/Board members)</i></p>				<p>Recent years' reports (with statistical information) on the implementation of the financial disclosure and conflicts of interest policies</p>
<p>4 (b) The policies specify prohibited personal financial interests and other types of conflicts of interest situations.</p>	<p>Agency financial disclosure and conflict of interest policies addressing 4 (b)</p>				<p>Recent years' reports (with statistical information) on the implementation of the financial disclosure and conflicts of interest policies</p>
	<p>Agency financial disclosure and</p>				<p>Information on the Agency's capacity</p>

<p>4 (c) The policies describe the principles under which conflicts of interests are reviewed and resolved by the GEF Partner Agency. It describes sanction measures for parties that do not self-disclose where a conflict of interest is identified.</p>	<p>conflict of interest policies addressing 4 (c)</p>				<p>(budget, staffing, qualifications, outsourced expert support) in the function reviewing and resolving conflicts of interest</p> <p><i>(For example, this is frequently done by an Ethics Office)</i></p>
<p>4 (d) Parties covered by the policies are provided a way to disclose personal financial interests and/or other conflicts of interest situations annually and/or on an ongoing basis to an administrative function within the GEF Partner Agency.</p>	<p>Agency financial disclosure and conflict of interest policies addressing 4 (d)</p>				<p>Reports (with statistical information) on the implementation of the financial disclosure and conflicts of interest policies</p> <p><i>(For example, this may be available in the annual reports of an Ethics Office to the chief executive and/or Board/ governing body)</i></p>
<p>4 (e) The policies establish processes for the administration and review of financial disclosure interests of the</p>	<p>Agency financial disclosure and conflict of interest</p>				<p>As for 4 (d) above</p>

defined parties, as well as resolution of identified conflicts of interests, under an independent monitoring/administration function.	policies addressing 4 (e)				
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<p>5. Code of Ethics/Conduct - A code of ethics/conduct or equivalent for GEF Partner Agency staff promotes responsible conduct and ethical behavior.</p>					
<p>5 (a) A documented code or equivalent defines ethical standards to be upheld, including protecting GEF Partner Agency and trust fund assets. The code lists parties required to adhere to the standards including senior managers, employees, consultants and independent experts. It describes disciplinary and enforcement actions for violations and provides for appropriate flexibility in application and implementation in local environments.</p>	<p>Code of Ethics/Conduct or equivalent addressing the requirements of 5 (a)</p> <p><i>(Note – some Agencies may have multiple Codes for staff, management and Boards/governing bodies)</i></p>				<p>Recent activity reports of Ethics Office or equivalent which confirm the implementation of the Code(s).</p>
<p>5 (b) An ethics or related function provides administrative support for the code or equivalent, including awareness-raising of the code or</p>	<p>Policy, Terms of Reference or regulations governing an ethics or related function</p>				<p>Information on the capacity (budget, staffing, qualifications, outsourced expert support) of the</p>

<p>equivalent, providing advice on and monitoring compliance with the code or equivalent and investigating or referring for investigation identified or alleged violations.</p>	<p>addressing the requirements of 5 (b)</p>				<p>ethics or related function</p> <p>Annual or periodic activity reports of the ethics or related function evidencing its effective functioning.</p>
<p>5 (c) Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline (for example, web portals for online reporting, and information on confidential email and phone numbers and physical means of reporting) and contact information for functional/department options (e.g. human resources, ethics office or internal audit) are readily available (e.g. on the GEF Partner Agency's intranet and/or external websites).</p>	<p>Policies and procedures for reporting concerns about compliance or other business conduct concerns, including responsibilities for monitoring hotlines, screening contacts, tracking the status of complaints, communications with complainants.</p> <p>Reporting channel information on Agency intranet and web links to public internet sites (<i>This may include forms for</i></p>				<p>Recent years' statistics on the number of contacts received through all reporting channels, and how complaints and concerns were dealt with.</p> <p><i>(This may be contained in Ethics Office and Investigation Unit annual reports)</i></p>

	<i>reporting complaints, information on how complaints will be handled, links to third party managed hotlines)</i>				
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<p>6. Internal Audit - <i>Internal auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i></p>					
<p>6 (a) Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA). GEF Partner Agencies have their own internal guidelines to aid audit staff in applying the standards.</p>	<p>Regulations. Policies, Charter and/or and Terms of Reference of the Internal Audit function identifying the applicable standards</p> <p><i>(Note that while the IIA's International Professional Practices Framework is the primary international standard, there are also national public sector internal audit standards [usually based on the IIA standards])</i></p>				<p>Recent peer or independent external review reports confirming compliance with applicable standards</p> <p><i>(Where gaps in meeting standards are identified, Agencies to provide information on action plans to address these)</i></p>

<p>6 (b) Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of the Internal Audit function identifying the applicable ethical principles in 6 (b)</p> <p><i>(Where the IIA Framework is adopted, they will include the professional Code of Ethics which encompasses 6(b))</i></p>				<p>As above.</p> <p>Statement of adherence to Standards and Code in recent internal audit activity reports.</p>
<p>6 (c) The internal audit function is functionally independent and objective in the execution of its respective duties. There is an officer designated to head the internal function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of the Internal Audit function identifying the organizational and reporting arrangements to support functional independence.</p> <p><i>(Where the Agency relies on</i></p>				<p>Recent year's internal audit activity reports confirming the function independence and evidencing the reporting lines.</p> <p>Recent peer or independent external review reports confirming functional independence.</p>

	<i>outsourced internal audit services, there should be equivalent arrangements for the independence of the internal oversight and quality control of the work).</i>				
6 (d) The internal audit function has documented terms of reference/charter that outlines its purpose, authorized functions, and accountability and confirms the professional standards being followed and the arrangements in place for the function's independence and objectivity.	Regulations. Policies, Charter and/or Terms of Reference of the Internal Audit function addressing the requirements of 6 (d)				Recent peer or independent external review reports confirming compliance with Charter Recent year's internal audit activity reports confirming compliance with Charter. <i>(Where gaps in meeting Charter are identified, Agencies to provide information on action plans to address these)</i>

<p>6 (e) The internal audit function has a documented description of the audit planning process, including a risk-based methodology for preparing these audit plans, including the cycle of coverage expected in each plan. The audit plan outlines the priorities of the function and is consistent with the GEF Partner Agency's goals.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of Internal Audit function addressing the requirements of 6 (e)</p> <p>Alternatively, this may be covered in a more detailed Internal Audit Manual</p>				<p>Recent years' internal audit plans evidencing the application of risk-based methodology linked to institutional goals and reports on the execution of the plans.</p> <p>Recent peer or independent external review reports confirming the implementation of risk-based planning</p>
<p>6 (f) The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) for proper coverage and to minimize duplication of efforts.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of Internal Audit function addressing the requirements of 6 (f)</p>				<p>Recent years' internal audit activity reports documenting implementation of coordination efforts</p> <p>Recent peer or independent external review reports confirming the implementation of coordination efforts</p>

<p>6 (g) The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of Internal Audit function addressing the requirements of 6 (g)</p> <p>This may be supplemented by requirements in a more detailed Internal Audit Manual.</p>				<p>Recent years' internal audit activity reports documenting reports issued and follow up of audit recommendations</p> <p>Recent peer or independent external review reports confirming reporting and follow up of recommendations</p> <p>Sample internal audit reports and reports on status of prior internal audit recommendations.</p>
<p>6 (h) The internal audit function has a process in place to monitor the response to its recommendations.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of Internal Audit function addressing the requirements of 6 (h)</p> <p>This may be supplemented by</p>				<p>Recent years' internal audit activity reports documenting follows up processes and status of prior internal audit recommendations</p>

	requirements on reporting audit results in a more detailed Internal Audit Manual .				
6 (i) A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.	<p>Regulations, Policies, Charter and/or Terms of Reference of Internal Audit function addressing the requirements of 6 (i)</p> <p>This may be supplemented by requirements on quality assurance in a more detailed Internal Audit Manual</p> <p><i>(Note that Agencies adopting the IIA Standards are required to have external assessments at least every 5 years)</i></p>				<p>Recent peer or independent external review reports on the function.</p> <p>Recent years' internal audit activity reports that include the results of internal and external quality assessments</p>

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<p>7. Investigation Function - <i>The investigation function provides for independent, objective investigation of allegations of fraudulent and corrupt practices (taking into account as appropriate recognized definitions such as those agreed by the International Financial Institutions Anti- Corruption Task Force) in GEF Partner Agency operations, and of allegations of possible agency staff misconduct.</i></p>					
<p>7 (a) The GEF Partner Agency's investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of the Investigation function addressing the requirements of 7 (a)</p>				<p>Recent peer or independent external review reports confirming compliance with applicable standards</p> <p><i>(Where gaps in meeting standards are identified, Agencies to provide information on action plans to address these)</i></p>
<p>7 (b) To ensure functional independence, the investigations function is headed by an officer independent from operational or programmatic activities who reports to a level of the</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of the Investigation function addressing the</p>				

<p>organization that allows the investigation function to fulfill its responsibilities objectively and independently.</p>	<p>requirements of 7 (b)</p>				
<p>7 (c) The investigation function is carried out in accordance with standards, referred to in its terms of reference, that provide for:</p> <ul style="list-style-type: none"> • Maintaining objectivity, impartiality, and fairness throughout the investigative process and conducting investigation activities competently and with the highest levels of integrity. • Managing any actual or potential conflicts of interest of investigative staff. • Protecting confidentiality. • Basing investigative findings on facts and related analysis, which may include reasonable inferences and take into account both inculpatory and exculpatory information. • Having sufficient access to the personnel, records, facilities of the entity to meet the above requirements. 	<p>Regulations, Policies, Charter and/or Terms of Reference of the Investigation function addressing the requirements of 7 (c)</p> <p>Alternatively, these may be covered in or supplemented by more detailed Investigation Guidelines</p>				<p>Recent peer or independent external review reports confirming compliance with applicable standards</p> <p><i>(Where gaps in meeting standards are identified, Agencies to provide information on action plans to address these)</i></p>

<p>7 (d) The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.</p>	<p>Investigation Guidelines published on the Agency public website</p>				<p>Recent peer or independent external review reports confirming compliance with applicable standards</p> <p><i>(Where gaps in meeting standards are identified, Agencies to provide information on action plans to address these)</i></p>
<p>7 (e) The investigations function has a defined process for periodically reporting information on the investigation function, case trends and lessons learned with respect to internal controls. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.</p>	<p>Regulations. Policies, Charter and/or Terms of Reference of the Investigation function addressing the requirements of 7 (e)</p> <p>Alternatively, these may be covered in or supplemented by more detailed Investigation Guidelines</p>				<p>Recent years' reports to senior management the investigation unit activities including statistical information concerning cases and trends.</p> <p><i>(Note where these reports are confidential internal reports, examples with confidential case information)</i></p>

					<i>redacted will be sufficient)</i>
<p>7 (f) The GEF Partner Agency notifies in a timely manner the GEF Council, through the Secretariat and with a copy to the Trustee, if the Agency determines that GEF funds are not being used or have not been used for the purpose for which they have been provided, including any fraudulent or corrupt practices. In addition, subject to GEF Partner Agency requirements of confidentiality, the GEF Partner Agencies</p> <ul style="list-style-type: none"> • report to Council promptly, through the Secretariat, when an Agency has taken under formal review an allegation of possible non-compliance with Agency fiduciary requirements, including fraud and corruption involving a GEF funded project, in accordance with its policies and procedures, together with any non-confidential information about the review that the Agency is able to provide; and 	<p>Confirmation that the Agency Regulations, Policies, Charter and/or Terms of Reference of the Investigation function permit such reporting.</p>				

<ul style="list-style-type: none">• report to Council on an annual basis through the Secretariat, statistical information on cases involving non-compliance with Agency fiduciary requirements (including fraud and corruption) that involve GEF-financed projects and are under their formal review.					
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COLUMN 1 – UPDATED STANDARD	COLUMN 2 – SUGGESTED EVIDENCE	COLUMN 3 – AGENCY ASSESSMENT RATING	COLUMN 4 – AGENCY DOCUMENTATION	COLUMN 5 – AGENCY COMMENTS	COLUMN 6 – OPTIONAL EVIDENCE OF EFFECTIVENESS
<p>8. Hotline & Whistleblower Protection – <i>GEF Partner Agency policies provide avenues for reporting suspected violations and protections for individuals reporting such violations.</i></p>					
<p>8 (a) A hotline or comparable mechanism (for example, web portals for online reporting, and information on confidential email and phone numbers and physical means of reporting) is in place and accessible to ensure the capacity to take in reports of suspected unethical, fraudulent or similar activity as defined by <i>GEF Partner Agency</i> policy.</p>	<p>Policies and procedures for reporting concerns about compliance or other business conduct concerns, including responsibilities for monitoring hotlines, screening contacts, tracking the status of complaints, communications with complainants.</p> <p>Reporting channel information on Agency intranet and web links to public internet sites (This may include forms for reporting</p>				<p>Recent years’ statistical information on the operation of hotlines and other communication channels to report concerns, including volume and types of complaints and they have been dealt with.</p>

	<p><i>complaints, information on how complaints will be handled, links to third party managed hotlines)</i></p> <p><i>(Note: as for Standard 5(c))</i></p>				
<p>8 (b) An intake function coordinates information reported from the hotline, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.</p>	<p>Policies and procedures for reporting concerns that address the requirements of 8 (b)</p>				<p>Recent years' statistical information on the operation of hotlines and other communication channels to report concerns, including volume and types of complaints and they have been dealt with.</p>
<p>8 (c) Records are maintained of complaints received from communication channels, and the status of actions taken on them, with regard for the confidentiality of cases.</p>	<p>Policies and procedures for reporting concerns that address the requirements of 8 (c)</p>				<p>Recent years' statistical information on the operation of hotlines and other communication channels to report concerns, including volume and types of complaints and they</p>

					have been dealt with.
<p>8 (d) A whistleblower protection policy is in place which:</p> <ul style="list-style-type: none"> • Specifies who is protected and defines protected disclosures including those relating to violations of law, rules or regulations, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety. • Defines the standard of protection from retaliation including placing the burden on the agency to provide evidence that the alleged acts of retaliation would have taken place absent the protected disclosure. • Extends protection for staff. • Establishes reasonable timeframes for lodging complaints of retaliation. • Allows management/human resources to take precautionary measures, if deemed appropriate, to protect complainants. 	<p>Whistleblower Protection Policy that addresses the requirements of 8 (d)</p>				<p>Recent years' statistical information on the implementation of the whistleblower protection policy including cases of retaliation and how they have been dealt with.</p>

<ul style="list-style-type: none"> • Indicates that staff found to have engaged in retaliation will be subject to disciplinary measures. 					
<p>8 (e) Policies are in place to provide confidentiality and/or anonymity, as requested, of whistleblowers, informants and witnesses or others making reports (such as by using appropriate hotline technology and preserving anonymity in the reporting processes).</p>	<p>Policies and procedures for reporting concerns that address the requirements of 8 (e)</p>				<p>Recent years' statistical information on the implementation of the whistleblower protection policy including information on confidentiality and treatment of anonymous complaints.</p>
<p>8 (f) Procedures are in place for the periodic review of handling of hotline, whistleblower, and other reported information to determine whether it is handled effectively and whether processes for protecting whistleblowers and witnesses are consistent with best international practice.</p>	<p>Policies and procedures for reporting concerns and whistleblower protection policy that address the requirements of 8 (f)</p>				<p>Recent reports of results of reviews of the implementation of the hotline and whistleblower protection policy.</p> <p><i>(Note this may be included in reports of the investigation function or ethics function)</i></p>

COLUMN 1 – UPDATED STANDARD	COLUMN 2 – SUGGESTED EVIDENCE	COLUMN 3 – AGENCY ASSESSMENT RATING	COLUMN 4 – AGENCY DOCUMENTATION	COLUMN 5 – AGENCY COMMENTS	COLUMN 6 – OPTIONAL EVIDENCE OF EFFECTIVENESS
<p>9. Anti-Money Laundering and Combating the Financing of Terrorism – <i>GEF Partner Agencies demonstrate that they have in place the necessary policies, procedures, systems, and capabilities to:</i></p> <p>Not required for Agencies that reported full compliance in 2019 following the 2018 update of the GMFS in respect AML-CFT standards. The results were reported to Council at its 56th Meeting¹⁴. In the one case where the Agency requested a review of compliance in 2020, this will be combined with the current review of GMFS.</p>					
<p>9 (a) Systematically screen individuals and/or entities to whom/which GEF funds are transferred for risks related to money laundering and the financing of terrorism;</p>	<p>Agency AML-CFT Policies and procedures covering risks assessments, prior to payments, of payees, grantees etc. This could include “Know Your Customer “procedures.</p>				<p>Recent external or internal audits or independent technical reviews confirming compliance</p> <p>Recent AML-CFT system control self-assessments and internal risk assessments</p>
<p>9 (b) Effectively address risks when identified, based on standard decision-making procedures;</p>	<p>As above</p>				<p>As above</p>
<p>9 (c) Prevent GEF funds being used for the purpose of any payment to persons or entities,</p>	<p>As above, with reference to 9 (c)</p>				<p>As above</p>

¹⁴ https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.56.07.Rev_.01_Status%20of%20Agencies%27%20Compliance%20with%20Minimum%20Requirements%20on%20AML-CFT.pdf

or for the import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, including under United Nations Security Council Resolution 1373 and related resolutions.					
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