Minimum Fiduciary Standards
For GEF Partner Agencies

GEF Introduction Seminar 2020
Washington DC
Minimum requirements all 18 GEF Partner Agencies must meet to receive GEF funds
Purpose of GEF Minimum Fiduciary Standards

To strengthen financial and programmatic accountability of the GEF

How: By requiring that all GEF Partner Agencies meet the agreed minimum fiduciary standards in the Council-approved Policy on Minimum Fiduciary Standards for GEF Partner Agencies (GEF/C.57/04/Rev.02)

Who decides: Standards are set by GEF Council. As international practices evolve over time, Council periodically reviews and updates (latest update approved December 2019)
Core Principles

- **Professional standards:** Fiduciary management functions (for all categories) are undertaken based on published guidelines by the GEF Partner Agency which take into account internationally recognized professional standards and principles.

- **Independence:** Fiduciary review functions are appropriately independent and objective in the execution of their respective duties.

- **Transparency:** To ensure both accountability and remedial action, the results of reviews are disclosed to the fullest extent possible, taking into account confidentiality and other concerns as appropriate.

- **Monitoring and response:** Procedures are in place that establish periodic monitoring so that issues raised in reviews are dealt with effectively.

- **Value-for-money provisions:** Procedures focus, as appropriate, on ensuring that the maximum benefit, for the resources expended, has been obtained from goods and services acquired or provided.
Updated Minimum Fiduciary Standards

I. Project Activity Processes and Oversight Criteria
- Project Appraisal Standards
- Procurement Processes
- Monitoring and Project-at-risk Systems
- Project Completion and Financial Closure
- Evaluation Function

II. Governance Framework Criteria
- External Financial Audit
- Financial Management and Control Frameworks
- Oversight of Executing Entities
- Financial Disclosure/Conflict of Interest
- Code of Ethics/Conduct
- Internal Audit
- Investigation Function
- Hotline and Whistleblower Protection
- Anti-Money Laundering and Combating the Financing of Terrorism
Standard I.2 Procurement Processes

“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.”

(additional detail in Policy Annex B1)

GEF Updated Policy on Minimum Fiduciary Standards:
https://www.thegef.org/council-meeting-documents/updated-policy-minimum-fiduciary-standards
Standard II.2 Financial Management and Control Frameworks

“An internal control framework is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in:

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

(additional detail in Policy Annex B1)

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Roles of Partner Agencies and Executing Agencies

- Council Approves Minimum Standards
- Partner Agencies apply their Policies and Procedures
- Executing Agencies are overseen by Partner Agencies
Special Cases: Reporting Misuse of Funds

- Addresses any issue in accordance with its Policies and Procedures
- Accountable to GEF Council for use of funds

**Partner Agency**

**Trustee**
- May request additional information or external audit
- May suspend cash transfers

**GEF Council**
- May request additional information (directly or through Trustee) or special audit
- May instruct Trustee to suspend cash transfers
GEF Updated Policy on Minimum Fiduciary Standards

• December 2019 Council Document
• Detailed legal agreements setting out obligations of the Partner Agencies
• https://www.thegef.org/council-meeting-documents/updated-policy-minimum-fiduciary-standards

Sources for Additional Information
For more information

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