



GEF/C.66/Inf.10

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Washington D.C., USA

PROGRESS REPORT ON GEF AGENCIES' COMPLIANCE WITH GEF MINIMUM STANDARDS

I. Introduction

1. This Progress Report provides information on the implementation of Action Plans by those Agencies found not to be fully compliant with GEF minimum standards during the most recent compliance review exercise: i.e. the *Updated Third Party Review of Agency Compliance with GEF Minimum Standards and Agency Action Plans*, approved by Council in [Decision 5/23](#) on May 8, 2023.¹ This is the second progress report following Council approval of Agency Action Plans and follows the Information Note submitted to C.64 in June 2023.² It reflects information available to the Secretariat as of 19 January 2024.

II. Background

2. At the completion of the GEF-7 phase, all GEF Agencies undertook a self-assessment of their adherence to the four key GEF minimum standards: i.e. fiduciary, environmental and social safeguards, gender equality and stakeholder engagement. The independent Third Party Review of these self-assessments concluded that six of the eighteen GEF Agencies were not fully compliant with all standards and were therefore required to develop Action Plans to address identified gaps, in accordance with GEF policy. The Council, in Decision 5/2023, noted the Action Plans submitted by the Agencies addressing the issues identified in the self-assessment and review process. The decision included a request to the Agencies to report on progress and the Secretariat to report such information to each Council meeting until the respective Action Plans are completed and all agencies are in full compliance.

III. Summary of Action Plan Implementation

3. Of the 18 GEF Agencies, 15 are now fully compliant with all four minimum standards. Of the six Agencies originally found not to be fully compliant, three now report that outstanding actions required to come into full compliance have been completed. This has been confirmed by the Secretariat, with support from an external expert.³ The three remaining Agencies - ADB, BOAD and CAF -report that implementation of their time bound Action Plans continues as planned and gaps are expected to be closed in 2024. AfDB's full compliance is pending confirmation of one provision for Environmental and Social Safeguards, as reported in Table 1.

4. The additional 2023 self-assessment and Third Party Review of UNDP adherence to minimum fiduciary standards has also been completed in accordance with GEF Council Decision 26/2021 and has been submitted to Council separately for decision (ref. [GEF/C.66/11](#)).

5. Table 1 provides a summary of the implementation status of Action Plans by Agencies and Section IV provides additional context on AfDB, BOAD and FECO. The Secretariat will continue to monitor Action Plan implementation and report progress at future Council meetings.

¹ [GEF/C.64/Inf.09](#)

² [GEF/C.64/Inf. 10](#): Progress Report on GEF Agencies' Compliance with GEF Minimum Standards, June 5, 2023.

³ Mr. John Fitzsimon, the Reviewer selected for the 2023 Third Party Review of UNDP

Table 1. Status of Action Plan Implementation at January 19, 2024

| Agency | Areas of Partial or Non- Compliance per Third Party Review | Action Plan | Status as of June 1, 2023 | Status as of Jan 19, 2024 |
|--------|---|--|---|--|
| ADB | <p>ESS: 1.4 (l, o), 3.8 (c, f), 5.10 (a, c), 5.11 (j), 6.12 (a-b, e, f, g), 7.14 (d), 9.17 (f)</p> | <p>ESS: Update the Safeguard Policy Statements (SPS) and secure approval by the ADB Board (originally expected in late 2023).</p> | <p>MFS: Fully Compliant</p> <p>ESS: Action Plan implementation ongoing:</p> <ul style="list-style-type: none"> • SPS approval was expected in late 2023. | <p>MFS: Fully Compliant</p> <p>ESS Action Plan implementation ongoing:</p> <ul style="list-style-type: none"> • Phase 3 of consultations was initiated in Q4 2023 • Environmental and Social Framework (ESF) to be finalized in Q2 2024 • Final ESF SPS Board approval - now expected Q3 2024 |
| AfDB | <p>MFS: II.8 (f)</p> <p>ESS: 1.4 (d, f, l, m, o), 2.5(f), 3.8(e), 4.9(i), 5.11(i-j), 6.12(f-g), 9</p> <p>SE: 16(b)</p> | <p>MFS: Update and approve the whistle blower policy. Implementation and roll-out of the policy to governance and staff members.</p> <p>ESS: Finalise revisions in the updated Integrated Safeguards System (ISS) and secure approval by the AfDB Board.</p> | <p>MFS: Action Plan complete:</p> <ul style="list-style-type: none"> • Whistle-blower policy approved on December 16, 2022. <p>ESS:</p> <ul style="list-style-type: none"> • Updated ISS approved by AfDB Board on April 12, 2023 and posted on AfDB website. | <p>MFS: Fully Compliant</p> <p>ESS: Fully Compliant (pending confirmation)</p> <ul style="list-style-type: none"> • AfDB has clarified that given African context, ISS sufficiently covers potential cases of persons living in isolation. • Confirmation pending on provisions for confidential reporting for GBV |
| BOAD | <p>MFS: I.1(a-d), I.2(a-i), I.3(a-e), I.4(a-b), I.5(a-d), II.1(e), II.2(d, g), II.3(a, c), II.5(a-c), II.6(d-i), II.7(a, c, d), II.8(a-f)</p> | <p>MFS: Develop an action plan to address all partial compliance with 2020 policy assessment. Develop an action plan to document and evidence the implementation of remedial actions to address all findings</p> | <p>MFS: Action Plan implementation ongoing; target completion was 2023.</p> <ul style="list-style-type: none"> • Detailed update on progress provided May 10, 2023 | <p>MFS: Areas of divergence between BOAD self-assessment and Third Party Review findings have been reviewed.</p> <ul style="list-style-type: none"> • Audit issues resolved. Public |

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|--------|--|---|--|---|
| | | stemming from internal and external audit and evaluation reports. | <ul style="list-style-type: none"> Several areas of divergence between BOAD self-assessment and Third Party Review findings with respect to implementation capacity required additional follow-up. | <p>Audit Reports now on BOAD website here: Le fond pour l'environnement mondial - La BOAD</p> <ul style="list-style-type: none"> Other issues remain under review - see Section IV for detail <p>ESS: Fully Compliant</p> |
| CAF | MFS: I.2(h), I.2(i), I.3(a), I.3(b), II.1(d) and II.3(a) | <ol style="list-style-type: none"> Update CAF internal monitoring procedures. Review the monitoring framework to incorporate the Project-at risk system. Include specific procedures for monitoring the performance of procurement activities of executing agencies. Review and update the current evaluation framework for GEF projects. Review CAF access to information policy to allow transparency of the evaluation reports. Review the roles and responsibilities in the evaluation framework. Update the oversight functions and policies related to Executing agencies. Update the procedure to oversee and monitoring oversight the executing agency, including monitoring the procurement of executing agency. | <p>MFS Action Plan implementation ongoing, with detailed update on progress provided May 10, 2023:</p> <ul style="list-style-type: none"> gaps linked to M&E and executing agencies were expected to be closed by July 2023 gap linked to internal control under review at corporate level | <p>MFS Action Plan implementation ongoing</p> <ul style="list-style-type: none"> M&E: developing a mandatory guide for all GEF projects Executing Entities: guide for selection and due diligence to include specific section Internal control: Update of internal manual completed and pending approval and publication. Updating risk matrix and flowcharts are still in process - expected completion end-2024. <p>ESS : Fully Compliant</p> |

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|--------|--|---|--|--|
| FECO | MFS: II.1(f) | <p>FECO must investigate and implement a solution to ensure the independence of the audit committee. FECO has identified two possible options to resolve this in the context of their organisational framework and GEF requirements. The options are:</p> <ol style="list-style-type: none"> 1. Adding an additional oversight body from the Ministry of Ecology and Environment to oversee the Internal Audit Committee 2. Including a majority of independent external experts. | <p>Action Plan implementation ongoing:</p> <ul style="list-style-type: none"> • FECO decided to add relevant articles in the Measures for Financial Management of FECO, for completion by September 30, 2023. | <p>MFS: Fully Compliant</p> <ul style="list-style-type: none"> • Provisions to ensure independence of the audit committee have been established <p>ESS: Fully Compliant</p> |
| IUCN | MFS: II.8 (d-f) | <p>The whistleblowing policy is scheduled to be approved and issued before the end of 2022.</p> | <p>Action Plan complete:</p> <ul style="list-style-type: none"> • Whistleblower policy approved by IUCN Board May 22-26, 2023 | <p>MFS: Fully Compliant</p> <ul style="list-style-type: none"> • Whistleblower policy available on IUCN website <p>ESS: Fully Compliant</p> |

IV. Additional detail on Outstanding Issues

i. African Development Bank:

6. **On people living in isolation:** The AfDB reports that it consulted a wide range of stakeholders as part of the revision of the Bank’s Integrated Safeguards System (ISS) and confirms the final directive will be a public document. On the potential for indigenous peoples living in voluntary isolation, the AfDB notes: i) in the African context this is not a material concern, ii) the updated ISS was a product of an extensive consultation process, and iii) it was not raised as an issue during the ISS update consultations.

7. **On SEAH and GBF:** AfDB’s Updated ISS includes multiple provisions regarding identification of sexual exploitation, abuse and harassment (SEAH) and gender-based violence (GBV) and aligns with the GEF requirements. The Updated ISS provisions are nevertheless not explicit regarding the GEF standard (MS1, 4.o) for reporting and response protocols, with specific procedures for GBV, e.g. confidential reporting with safe and ethical documenting of GBV cases, indicating when and where to report incidents, what follow-up actions will be undertaken, and

modalities to provide services and redress to survivors. AfDB has noted that ‘Specific Directives’ will be issued to Bank staff to cover, among other issues, SEAH and GBV, however these directives were not available as of the date of this Progress Report.

ii. BOAD

8. Implementation of BOAD’s Action Plan items remains underway. The Third Party Review did not concur with BOAD’s self-assessment on a number of issues; these are being reviewed by the Secretariat, with support from the external reviewer. A summary of the status of these outstanding issues follows:

Oversight of Executing Entities: Supporting documentation for policy and implementation compliance remains pending for:

- II.3 (a) Due diligence assessments of partner fiduciary risks.
- II.3 (b) Information regarding funding agreements made publicly available.
- II.3 (c) on the Partner grant monitoring system

9. ***Hotline and Whistleblower Protection, Code of Ethics and Conduct:*** The Third-Party Review referred to an April 2021 report from Deloitte related to BOAD’s anti-fraud and anti-corruption practices, citing a number of findings and recommendations in relation to measures to improve anti-fraud protocols, investigation processes and tools, and the effectiveness of the management of the code of ethics, hotline, and whistleblower protection process. The Review concluded that remedial actions had been taken on 45 recommendations, with another 45 expected to be implemented in 2023. The Reviewer therefore rated the II.8 sub-standards in entirety as not fully met in respect of implementation capacity and effectiveness. BOAD provided an action plan to address the Deloitte findings. To close the open items on the Review, information could be provided on the status of actions taken and, where policies have been updated, approved copies.

10. ***Procurement Processes:*** The Third Party Review concluded that BOAD had taken sufficient remedial actions to implement the action plan for the policy alignment of the sub-standards for procurement in 1.2. However, BOAD was rated as not meeting implementation capacity and effectiveness for all sub-standards except 2 (j) (Procurement records are readily available to procurement staff, and procurement policies and allocations are made public). The Review stated that documentation was requested but not provided to evidence the implementation capacity and effectiveness.

11. To demonstrate implementation, BOAD could provide internal or external audit reports confirming that the policies are being adequately applied, information on the number of bid protests, how the procedures for handling the protests were complied with and examples of

results of the protest reviews. Similar examples for the appraisal of procurement standards of executing entities could be provided.

12. **Project Completion and Financial Closure:** Evidence of structured process for ensuring timely financial closure, and implementation of a policy of making project results publicly available is still pending.

13. **Financial Management and Control Frameworks:** The Third Party Review concluded BOAD met all but two of the financial management and control frameworks standards. The exceptions are II.2(d) relating to institutional financial risk assessment processes and II.2(g) relating to anti-fraud measures. The Review cites pending actions to respond to findings from a 2021 Deloitte report on BOAD's anti-fraud and anti-corruption measures. The provision of detail on the recommendations and actions taken in respect of fraud risk assessment and anti-fraud measures is still pending.

14. **Investigation Function:** The Third Party Review rated the following sub-standards as not fully met in respect of implementation capacity and effectiveness: 7(a) Terms of reference for the investigation function; 7(c) Investigations carried out meeting the standards set out in the terms of reference; and 7(d) Guidelines for case handling. BOAD has reported that actions related to 7(a) and (c) actions were implemented, however further information on BOAD's actions is needed to assess this.

15. **Project Appraisal Standards:** To confirm implementation capacity and effectiveness, including I.1(d) (effectiveness of oversight of the appraisal process), examples of recent appraisal reports which address the elements in the MFS are pending.

16. **Monitoring and Evaluation:** The Third Party Review rated BOAD's implementation capacity and effectiveness for all monitoring sub-standards as not compliant. BOAD could clarify if there is a separate Monitoring Policy (which was to be recently updated) and provide a copy of this; and provide updated information on the status of the GEF portfolio showing corrective actions identified in the 2022 monitoring report and 2022 internal audit. Since the Review, BOAD has taken steps to align its arrangements to meet the MFS and further strengthen the monitoring and evaluation coverage, however supporting documents are pending and results should be made publicly available on the website.

iii. **FECO**

17. FECO has addressed the outstanding issue requiring an independent audit committee. As described in Article 77 of its Measures for Financial Management, the Auditing and Project Supervision Office of the Ministry of Ecology and Environment (the supervising Ministry for FECO) will provide the functions of an audit committee. This meets the requirements for independence

from FECO while providing the expertise in the control, risk management and financial reporting needed to meet the duties in the Audit Committee Terms of Reference.

18. The Audit Committee Terms of Reference includes in Section 2 that the Committee shall be comprised of Ministry officers, who shall be independent from FECO.