

Annex III: Gap analysis of fiduciary standards of relevant funds and the Fund's fiduciary standards

Table 1: Gap analysis of the relevant fiduciary standards for the Global Environment Facility (GEF), Adaptation Fund (AF), and EU DEVCO and the Fund's fiduciary standards

Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
Basic fiduciary criteria	Key administrative and financial capacities	General management and administrative capacities	Definition of the main "corporate governance" actors	Yes, requested if not provided	Yes, Audit Committee, ICF, and oversight of procurement and ethics	Yes, pillar 1.1
			Adequate internal oversight bodies and transparent rules	No significant gaps identified.	Yes, Audit Committee, ICF, and oversight of procurement and ethics	Yes, pillar 1.1
			Organization chart	Yes, requested if not provided	Yes, requested if not provided	Yes, pillar 1.1
			Process to set in line with mission of the entity	Yes, stage I	Yes, long term business plan	Yes, pillar 1.2
			Indicators to measure defined objectives	No significant gaps identified.	No significant gaps identified. Evaluated on the project-level.	Yes, pillar 1.2
			Management plan with processes to monitor and report	Yes, requested if not provided	Yes, long term business plan	Yes, pillar 1.2
			Financial statements follow GAAP in accordance with recognized accounting standards	Yes, section A.1	Yes, demonstration of accounting packages	Yes, pillar 2.1
			Clear and complete set of financial statements	Yes, section A.1	Yes, financial statements	Yes, pillar 2.1
			Financial statements are reported periodically	Yes, but this is assessed through the external audit function	Yes, financial statements	Yes, pillar 2.1



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
			Accounting and financial information systems based on the accounting principles and procedures	No significant gaps identified. Evaluated through the process.	Yes, financial statements and accounting procedures	Yes, pillar 2.1
			Transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation of responsibilities	Yes, section A.2	Yes, demonstration of proven payment and disbursement system	Yes, pillar 2.3
			Track record in the preparation and transparent use of business plans, financial projections and budgets	Yes, section A.2	Yes, long-term business plans	Yes, pillar 2.2
			Resources, systems and procedures are in place that ensure proper financial reporting	Yes, section A.2	Yes, ability to monitor against budgets	Yes, pillar 2.3
			Independent audit committee	Yes, section A.1	Yes, Audit Committee ToRs	No significant gaps defined. Pillar 1.1
		Internal and external audit	Internal audit	Yes, section A.4	Yes, internal audit policy and reports	No significant gaps defined. Pillars 1.1 and 1.6
			External audit	Yes, section A.1	Yes, external auditor reports	Yes, pillar 3
		Control frameworks	Measure achievement of objectives in 12 categories outlined by COSO	Yes, section A.2	No significant gaps identified. ICF reviewed	Yes, pillar 1
		Procurement	Formal internal guidelines and a procurement policy	Yes, section B.2	Yes, procurement policy	Yes, pillar 4.1



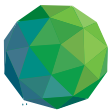
Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
			Specific procurement guidelines differentiated by type of procurement	Yes, section B.2	Yes, detailed procedures	Yes, pillar 4.3
			Specific procedures, guidelines and methodologies, as well as adequate organizational resources for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities or project sponsors	Yes, section B.2	Yes, provisions for oversight including executing agencies	Yes, pillar 4.3
			Procurement performance for the Fund's approved proposals would be monitored at periodic intervals	Yes, section B.2	Yes, must be consistent with international practice	Maybe
			Procurement records are easily accessible	Yes, section B.2	Yes, must be consistent with international practice	Yes, pillar 4.2
			Evidence of transparent and fair procurement policies and procedures	Yes, section B.2	Yes, must be consistent with international practice	Yes, pillar 4.3
			Disclosure policy, or equivalent administrative provisions	Yes, section A.3	Yes	No significant gaps identified. Yes, in context of procurement
	Transparency and accountability	Disclosure of conflicts of interest	Policy that specifies prohibited personal financial interests and principles under which conflicts of interests are reviewed and resolved	Yes, section A.3, A.5	Yes, as part of overall conflict of interest policies and practices	Yes, pillar 1.1, 1.4



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
		Code of ethics	Documented code of ethics or set of clear and formal management policies and provisions	Yes, section A.3	Yes	Yes, pillar 1.1
			Relevant individuals made aware of code of ethics	Yes, section A.3	Yes	Yes, pillar 1.1
			Ethics Committee or allocated such functions	Yes, section A.3	Yes	Maybe
			Experience and track record in accessing financial resources from national and international sources	Yes, stage I and Stage II Section A.1	Yes, legal status	Maybe
			Policy of zero tolerance for fraud	No significant gaps identified. Ethics policy is evaluated.	Yes	No significant gaps identified.
			Avenues and tools for reporting suspected ethics violations, misconduct, and any kind of malpractice	Yes, section C.2	Yes	Yes, pillar 1.4
			Evidence of an objective investigation function	Yes, section C.1	Yes	Yes, pillar 1.4
			Organizational culture that is conducive to fairness, accountability and full transparency		Yes, covered in the first part of transparency requirements	Yes, pillar 1.1
			Publicly available terms of reference	Yes, section C.1	Accreditation Gap: not required by AF	No significant gaps identified.
			Investigations	Headed by an officer at adequate level	Yes, section C.1	Accreditation Gap: not required by AF

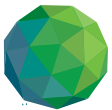


Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
			Published guidelines for processing cases	Yes, section C.1	Accreditation Gap: not required by AF	Yes, pillar 1.4
			Defined process for periodically reporting case trends	Yes, section C.1	Yes	Yes, pillar 1.4
		Anti-money laundering and anti-terrorist financing	Evidence that organization does have anti-money laundering and anti-terrorist financing provisions in place	Accreditation Gap: not required by GEF	Yes	Accreditation Gap: not required by EU DEVCO
			Track record of capability and experience	Yes, stage I	Yes	N/A
			Capacity to clearly state project objectives and outcomes	Yes, Section B.1	Yes	N/A
			Ability to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects	Yes, Section B.1	Yes, appraisal procedures	N/A
			Appropriate fiduciary oversight procedures in place	Yes, Section B.1	Yes, demonstration of availability of/access to resources, financial management and procurement capabilities	N/A
			Operational systems, procedures and overall capacity to consistently prepare project implementation plans	Yes, Section B.1	Yes, operational manual evaluated, quality at entry	N/A
Specialized fiduciary criteria	Project management	Project preparation and appraisal (from concept to full funding proposal)				
		Project oversight and control				



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
			Operational capacity and organizational arrangements to continuously oversee the implementation of the approved funding proposal	Yes, Section B.1	Yes, through monitoring procedures	N/A
			Appropriate reporting capabilities and capacities	No significant gaps identified.	Yes, through M&E system	N/A
			Operational systems and overall capacity to conduct necessary activities relating to project closure	Yes, but under evaluative requirement	Yes, but under evaluative requirement	N/A
			Monitoring: organizational and operational resources, roles and responsibilities articulated, tools available and published	Yes, section B.3	Yes, policies and detailed procedures	N/A
		Monitoring and evaluation	Evaluation: independent evaluations undertaken, evaluation function procedures and independence, evaluation disclosure policy	Yes, section B.4	Yes, policies and detailed procedures	N/A
		Project-at-risk systems and related project risk management capabilities	A process or system in place to flag early on when a project has developed problems	Yes, section B.3	Yes, procedures evaluated	N/A
	Availability of an independent risk management function		Yes, section B.3	Yes, policy and procedures	N/A	
	Risk assessment		Yes, section B.3	Yes, policy and procedures	N/A	

Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
	Grant award and/or funding allocation mechanisms	Transparent eligibility criteria and evaluation	Mechanism is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants	N/A	N/A	Yes, pillar 5.1
			Evaluation process is based solely on the criteria for exclusion, eligibility, selection and award pre-announced in the call for proposals	N/A	N/A	Yes, pillar 5.1
			Eligibility evaluation performed on the basis of the criteria stated in the call for proposals	N/A	N/A	Yes, pillar 5.1
			All stages are formally documented through standardized checklists and forms	N/A	N/A	Yes, pillar 5.1
			Evaluation Committee exists that evaluates applications and works with formal rules of procedure	N/A	N/A	Yes, pillar 5.2
	Grant award decision and procedures		Decision is taken by the legally authorized person or body	N/A	N/A	Yes, pillar 5.3
			Decision is based on the grant award proposal prepared by the evaluation committee	N/A	N/A	Yes, pillar 5.2
			Any departing decisions adequately justified and documented	N/A	N/A	Yes, pillar 5.3



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
			Grant decision states subject/amount, name of beneficiaries, decisions, and others.	N/A	N/A	Yes, pillar 5.3
			Checks undertaken to guarantee one and the same activity only results in the award	N/A	N/A	Yes, pillar 5.3
			No grant is awarded retrospectively	N/A	N/A	Yes, pillar 5.3
			All applicants are notified in writing of grant award outcome	N/A	N/A	Yes, pillar 5.3
			Rejected applications result in rejected applicants receiving reason(s) for rejection	N/A	N/A	Yes, pillar 5.3
			Grant-awarding entity makes the grant award results public	N/A	N/A	Yes, pillar 5.3
		Public access to information on beneficiaries and results	Results made public within a reasonable timeframe	N/A	N/A	Yes, pillar 5.3
			Information to be made available: name, address, nation of beneficiary, purpose of grant, grant amount	N/A	N/A	Yes, pillar 5.3
		Transparent allocation and implementation of financial resources	System in place to provide assurance on the reality and eligibility of activities	N/A	N/A	Yes, pillar 5.4
			System in place to recover funds unduly paid	N/A	N/A	Yes, pillar 5.4



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant Af standard	Relevant EU DEVCO standard
			System in place to prevent irregularities and fraud	N/A	N/A	Yes, pillar 5.4
			Grant-awarding entity monitors the implementation of funded programme activities	N/A	N/A	Yes, pillar 5.4
			Sufficient possibilities for the beneficiary to contact the grant-awarding entity	N/A	N/A	Yes, pillar 5.4
			Grant-awarding entity carries out on-site monitoring visits	N/A	N/A	Yes, pillar 5.4
			On-site visits are used to support the beneficiary, gather and disseminate best practices and establish/maintain good relations	N/A	N/A	Yes, pillar 5.4
			Clear procedures about procurement rules	N/A	N/A	Yes, pillar 5.4
			Amount of the grant is finalized only after the grant-accepting entity has accepted	N/A	N/A	Yes, pillar 5.4
			Procedures in place for the suspension, reduction, or termination of the grant	N/A	N/A	Yes, pillar 5.4
		Good standing with regard to multilateral funding		N/A	N/A	No significant gaps identified.



Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant Af standard	Relevant EU DEVCO standard
	On-lending and/or blending	Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally, as applicable		N/A	N/A	N/A
		Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources		N/A	N/A	N/A
		Creditworthiness		N/A	N/A	N/A
		Due diligence policies, processes and procedures		N/A	N/A	N/A
		Financial resource management, including analysis of the lending portfolio of the intermediary		N/A	N/A	N/A
		Public access to information on beneficiaries and results		N/A	N/A	N/A

Level (Fund)	Purpose (Fund)	Scope (Fund)	Specific requirements (Fund)	Relevant GEF standard	Relevant AF standard	Relevant EU DEVCO standard
		Investment management, policies and systems, including in relation to portfolio management		N/A	N/A	N/A
		Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries		N/A	N/A	N/A
		Financial risk management, including asset liability management		N/A	N/A	N/A
		Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk)		N/A	N/A	N/A