

Update on 2021 UNDP Priorities on the Environment, Progress on the Global Environment Facility (GEF) Audit and Management Review Outcomes

STATEMENT TO THE EXECUTIVE BOARD OF UNDP

Achim Steiner, UNDP Administrator

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Madam President, and Members of the Board

Following my briefing to you on 16 December, I am pleased to provide you with a further update of actions taken in response to the 2020 Audit of UNDP's management of the Global Environment Facility portfolio as well as the independent review of the Standards and Labels (S&L) project in Russia. I am joined today by the Acting Associate Administrator, Mourad Wahba, a number of my Assistant Secretary Generals and Directors as well as Pradeep Kurukulasuriya, the Executive Coordinator of UNDP's GEF Portfolio.

To remind: UNDP commissioned these reports to help determine how we could update and further strengthen our systems and processes to maximise the quality and effectiveness of this critical portfolio of work. Both reports made for sobering reading, but, as I stated in December, we accept the overall assessment presented in the reports, acknowledge the concerns raised by our partners and have already put in place significant and far-reaching changes in response.

Let me also reiterate that UNDP – and I personally – have zero tolerance for any fraud, misappropriation or irregularities that undermine or compromise in any way our ability to maintain trust and credibility with you, our partners, and to perform our duties in support of programme countries. This bears repeating so that there is no doubt about our commitment and determination on this issue.

In December I introduced a number of oversight measures – effective immediately – on which I am pleased to report today:

A. Management Accountability Review Panel

I established this Panel as a follow up to the review of the S&L project, to determine and report directly to me, by the end of February on:

- individual accountabilities for the lack of management and oversight

- evidence as to potential misconduct or fraud by individuals and where warranted, recommendations on commissioning specific investigations;
- recommendations for further corporate action.

The Panel, chaired by the Acting Associate Administrator, submitted their report to me ahead of schedule. Strictly bound by confidentiality, the Panel interviewed over 20 individuals and thoroughly reviewed around 500 documents. Although not a formal “investigative” panel, this was nevertheless a rigorous and thorough process, and I am impressed and reassured by the depth of the analysis and approach and grateful for the speed with which they delivered. The report has provided me with clear recommendations regarding individual accountabilities and further institutional improvements.

On individual accountabilities, the report has provided management with additional information and analysis, which point to a number of potential individual responsibilities, thereby enabling us to determine what administrative or disciplinary measures can be taken in response. For that to happen, I have requested a rapid legal analysis on the respective staff members concerned who I deem, following all the information provided to me including the report of the accountability panel, to be held accountable in terms of managerial oversight and actions, at different levels. This process will be taken forward rapidly and will now be part of a legal review which must follow due process.

The panel supported the conclusions of previous reviews which highlighted the need to improve management, oversight and follow up mechanisms and made a number of recommendations for further corporate action on the institutional side including:

- reviewing our standards of proof in investigations as well as for potential litigations;
- a comparative review of the practices of our legal function with other UN agencies regarding disciplinary measures;
- looking at our existing processes around retaliation and whistleblowing to ensure we have the most conducive system for reporting wrongdoing;
- undertaking a review of our GEF business model and in particular the GEF NIM (national implementation modality);
- reviewing our decentralized evaluation functions, their standards and effectiveness.

I believe that with this report, together with previous audits and reviews, we have the required information to act on established accountabilities and are now proceeding with taking corresponding actions necessary to bring this issue to a close.

B. Management Actions in response to the 2020 Audit

UNDP's response to the 2020 GEF Audit included the implementation of 31 management actions, overseen by a special Monitoring and Oversight Team in my Executive Office and reviewed monthly by the Organisational Performance Group. Monthly updates are also shared with GEF Council. These management actions are focused on four main areas:

- Reviewing and reassessing the internal control framework
- Updating risk management systems and processes for our engagement with partners
- Clarifying staff oversight roles and responsibilities at different levels of the organization;
- Managing staff workloads to ensure adequate monitoring

I am pleased to report that 42% of these management actions have already been completed and we expect to complete the remaining management actions by the end of the year as planned. Pradeep will provide more detail on the actions taken shortly, but perhaps I can highlight a couple of examples which demonstrate the impact that these changes are already having on the way we work:

- The introduction of pre-investment reviews of requests for assistance in accessing GEF resources, allow us to provide our Resident Representatives with advance warning of likely risks that need to be managed. The fact that these conversations on risks is now taking place much earlier means that there is a better chance of early identification and mitigation.
- In reviewing staff workloads and looking at how best to support countries on programming when UNDP capabilities are at their maximum, we are opening new opportunities for greater collaboration with other agencies such as UNEP, FAO, and other GEF Agencies as well as other partners.

Additional due diligence

In addition, Ernst and Young (EY) is undertaking a review of UNDP's policies and procedures in relation to the GEF, and BDO (UK), has started their review as part of UNDP's re-accreditation to the Green Climate Fund. These two independent reviews are looking at a range of issues including: the adequacy of our management actions in response to the GEF audit; the alignment of our policies with the GEF and GCF Fiduciary Standards and Policies, and how effectively we apply our policies and procedures in the oversight of the vertical fund portfolio at country level.

Once complete, EY and BDO (UK) will have assessed the oversight systems in 18% of UNDP's Country Offices across all regions of the world. These reviews, together with the follow up OAI

GEF audit planned in May, will provide critical additional insights to enable management to continuously ensure the highest standards in the application of our oversight functions.

Please be assured that progress on all of this work will continue to be updated in real time on our external dashboard.

These measures related to the GEF portfolio fit within a broader effort since 2017 to strengthen our overall institutional performance. This work continues apace, including prioritizing rigorous financial management, audit and evaluation follow up and further strengthening operational and risk management systems and processes. I am pleased that the new Corporate Performance Unit (CPU) (previously named the Strategic Controlling Unit) in the Executive Office, has now been established and will commence its work in the coming weeks. The CPU is designed to oversee operational and programmatic risks, help determine root causes and responses, and support strategic decision-making in response.

C. Looking Ahead – Climate, Nature and Energy

2021 will be a critical year for climate, nature and energy. In 2021, UNDP will focus on three areas:

Supporting an ambitious outcome at COP26

Climate change continued its relentless march, with 2020 tying as the hottest year on record. By 2100, the poorest countries in the world could experience up to 100 more days of extreme weather each year as a result of climate change. We could let this happen; or we could cut those 100 days in half by implementing the targets of the Paris Agreement.

UNDP's Climate Promise proves that climate ambition is possible. Active in more than 118 countries, the Climate Promise is already linking national pledges under the Paris Agreement with green recovery, just transition, gender and youth, and net zero pathways. It is world's largest offer of support on climate action and leverages UNDP's \$1.9 billion climate portfolio across 150 countries. We are discussing our approach with Germany, Sweden, EU, Spain, Finland, Denmark, Norway, United States and the United Kingdom on scaling-up delivery with COP26 as a major milestone.

Accelerating Action on Nature

2021 marks the UN Decade on Ecosystem Restoration. In light of the Italian G20 Presidency and the triple Rio-Conventions COPs, UNDP's Rome-based Africa Centre for Climate and Sustainable Development's mandate was expanded in January to cover all regions worldwide, with a particular focus on Africa and Small Island Developing States (SIDS) looking at biodiversity, nature

protection and ecosystem restoration sustainability and green finance. With \$360 trillion worth of financial assets, the world is not short of resources. The question is whether it will be used to build forward better, or to keep digging the hole we are in.

Investing in forests could account for roughly a quarter of the pre-2030 actions we must take to stop global warming from reaching two degrees Celsius above preindustrial levels. UNDP is also working to change private sector financing to protect nature. In partnership with the Italian Government, UNDP together with UNEP is supporting the establishment of the Taskforce on Nature Related Financial Disclosures (TNFD)- a critical step towards changing the expenditure patterns of the private sector. In our recent bilateral collaboration with France, we agreed to explore collaboration around a One Health approach as well as mobilization of the private sector for nature.

Addressing the Energy Gap

Over 800 million people, mainly in LDCs and fragile country contexts remain without access to basic electricity. UNDP, together with the Special Representative to the SG for SEforALL and UN-DESA, is working to ensure that 2021 is a watershed year for catalyzing progress on SDG7 which should be the driver for the other SDGs with a focus on access to energy, energy efficiency and transition to clean energy.

UNDP, in partnership with SE4All, IRENA and the GCF, launched the Climate Investment Platform in 2019, an inclusive partnership welcoming all stakeholders to scale-up climate action and translate ambitious national climate targets into concrete investments on the ground. Together with our partners, UNDP is working to find ways to accelerate action towards universal access to electricity and clean cooking, as well as heating/cooling and other energy services.

As one of the leading UN agencies for the GEF, UNDP has a portfolio of more than 700 projects in 137 countries with 3.9 billion in financing, leveraging a further \$21 billion in co-finance, benefitting 74 million people; delivering 433 million tonnes of CO2 emission reductions and impacting 586 million hectares across land and sea.

Finally, let me reiterate, UNDP remains determined to deliver against all the commitments made in December and to continuously improve the level of risk management and quality oversight expected by our partners. We will keep you fully informed of progress and will continue to work hard to ensure that our efforts generate the impact and results expected to support the countries and people who rely on UNDP as a longstanding and trusted partner to help address their sustainable development priorities.

