



26 October 2021

Dear Members of the Board,

Further to my briefing to you on 1st July, I am pleased to provide an update on actions taken in response to the Office of Audit and Investigation's (OAI) audit of UNDP's management of the Global Environment Facility (GEF) portfolio, the independent review of the GEF Standards and Labels (S&L) project in Russia, the findings of the Management Accountability Review Panel and the two independent reviews of UNDP's policies as they relate to GEF's Fiduciary Standards Policy and our re-accreditation to the Green Climate Fund (GCF).

To reiterate, these issues are not something I take lightly. Any allegations of fraud, misappropriation or irregularities undermine or compromise our ability to maintain the trust and credibility of our partners. UNDP, and I personally, have zero tolerance for these issues. The information attached should provide you with the reassurance and confidence that we are doing everything necessary in response to the issues raised.

To remind, we shared the audit of UNDP's management of the GEF portfolio and the independent review of the S&L project, together with our responses to these reports in December 2020. At the same time, UNDP shared its Management Action Plan to address the issues raised and put together an inter-bureau task team to implement it. All 31 management actions in response to the 2020 Audit have now been implemented, three months ahead of schedule.

In addition, I established a Management Accountability Review Panel (MARP) in January to recommend a course of action in response to the independent review's findings related to individual accountabilities for the S&L Project throughout its lifespan (2007-2017) as well as broader institutional issues. The MARP made a number of recommendations for further institutional improvements which resulted in a series of reviews and recommendations that are now being implemented. I also established the Corporate Performance Unit (CPU) in my Executive Office to work with teams across the house to strengthen the controls and management oversight of UNDP's organizational performance, and I briefed the Executive Board in December, March and July.

Members of the Executive Board



EY and BDO (UK) conducted their independent assessments of the GEF and GCF portfolio respectively and their final reports are now completed (please see links to their reports in the progress report attached). Recommendations from these reports are being taken up by a refocused Inter-Bureau Taskforce, co-chaired by my Executive Office, which will also work on embedding practices and sustaining the impacts of the changes made over the past twelve months in the way UNDP works. We have invested strongly and quickly in necessary changes. Now we must focus on ensuring that our teams on the ground have the time and support they need to streamline and internalize these changes

In the meantime, UNDP has gone through a rigorous review process for re-accreditation to the Green Climate Fund. The GCF Board, having reviewed UNDP's re-accreditation documentation, unanimously agreed to have UNDP re-accredited for a second five-year term, and upgraded UNDP's re-accreditation to include grant awarding. This is a critical milestone in UNDP's commitment to support developing countries in their efforts to combat the impacts of climate change.

And since we last spoke, UNDP's new Strategic Plan 2022-2025 has been approved, with a commitment that by 2025, a more proactive, dynamic approach to risk management will be embedded in the UNDP culture and business model. Specific risk management results and indicators are included in the Plan's Integrated Results and Resources Framework (IRRF), as a further indication of management commitment.

Important and serious lessons have been learnt through the processes we have invested in since the December 2020 UNDP-GEF audit – lessons that are now reflected in a comprehensive set of management actions already under implementation.

We remain committed to delivering more effectively on the GEF portfolio - and indeed across all our programmes and projects - through improved oversight policies and management actions and will continue to keep you fully informed of our progress.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Achim Steiner'.

Achim Steiner