

United Nations Development Programme

Office of the Administrator



New York, 22 January 2021

Dear Members of the Executive Board,

In December 2020, the UNDP Executive Board received UNDP's management responses to the audit of UNDP's management of the Global Environment Facility (GEF) portfolio, which was conducted over a 6 month period (March to August 2020), and to an independent review of the Standards and Labels project in Russia. Both reports were commissioned by UNDP, in order for the organization to determine how systems and processes could be strengthened to maximize the quality and effectiveness of its environmental portfolio.

I am pleased to provide you with an update on the progress made so far in implementing the organisational commitments that have been envisaged as crucial to ensure a robust management and accountability of GEF resources.

1. OAI formulated a total of 12 recommendations in its report, five of which were ranked as high priority and the remaining seven ranked as medium priority. UNDP has accepted all recommendations and is undertaking the necessary management actions to fully implement them and address the issues as identified in the audit report.
2. More specifically, UNDP management identified 31 management actions to implement within a 12-month period (see Table attached). Since the release of the audit report on December 1st, 2020:
 - Work has commenced on all the agreed management actions;
 - Nine of the management actions have been completed and of these, three associated with five high priority recommendations are deemed by OAI to be closed with no further action required by UNDP.
 - Of the remaining 22 ongoing management actions, some are expected to be closed by end of January and, overall, UNDP will meet and/or exceed the target of completing at least 30% of the management actions by the end of January.
 - Regular monthly updates are also being provided to the Operational Performance Group (OPG).
3. The workflows to implement the management actions are backed up by a 'whole of-UNDP' effort and a monitoring task force has been established, led by the Executive Office. The task force meets on a regular basis. Resident Representatives are sensitized on the management implications and are actively contributing towards the implementation of relevant management actions. OAI is

kept regularly informed on developments and consulted frequently on workflows associated with each management action. Furthermore, a public transparency website (<https://www.undp.org/gef-audit-transparency>) has been developed to display live updates on the progress of the implementation of GEF audit recommendations and management actions.

4. Specific reviews by OAI will be conducted in May and July to assess the implementation status.
5. In addition, UNDP has engaged Ernst & Young (EY) to provide an additional external independent assessment of UNDP's response to the GEF audit findings as well as to undertake independent work in preparation for the GEF's soon-to-commence 3rd Party Assessment of UNDP's compliance with GEF's Fiduciary Standards. EY's review will provide a critical 3rd party assessment of the robustness of UNDP's control systems, taking into account the management actions that are concurrently under implementation including a review of the robustness of the enhanced controls in comparison to industry standards. Through this work, UNDP aims to ensure that the management and oversight control mechanisms for the GEF portfolio at all levels of operations, including policies, procedures, and systems, are not only functioning as they are meant to, but are cutting edge in light of the improvements that are made.
6. I have established a Management Accountability Review Panel to determine the individual accountabilities of staff, for management and oversight, with respect to the "Standards and Labels for Promoting Energy Efficiency in Russia (S&L) project". This project was implemented nationally and overseen by UNDP. This panel consists of both internal and external experts and is chaired by the Acting Associate Administrator. The panel commenced its work on 15th January 2021 and since then has been working intensively. The panel is:
 - reviewing the analysis, conclusions and recommendations contained in a number of key reports;
 - reviewing the relevant S&L project documentation providing roles, responsibilities and delegations of authority of individual managers throughout the project life span;
 - conducting interviews with relevant managers, experts and individuals holding relevant information in order to complement, confirm, and/or substantiate the conclusions and recommendations included in the above reports;
 - establishing individual accountabilities for management and oversight of the S&L project, determining possible instances of mismanagement / lack of judgement / negligence; and suggesting options for administrative disciplinary measures, as appropriate;
 - reviewing evidence as to potential misconduct or fraud by individuals and where warranted, commission specific independent investigations to determine appropriate disciplinary measures;
 - making recommendations for further corporate action to the Administrator.

The panel should complete its work by the end of February.

7. As mentioned at the last briefing, a 'Strategic Controlling Unit' in the Executive Office will be established by the end of January 2021. It will enhance corporate oversight to address immediate actions identified in recent audits and evaluations. In particular, the Unit will ensure that there is a coordinated and synergetic response, linking the actions of different units. The Unit will also provide regular monitoring of UNDP's risks with respect to operational and programme delivery. It will draw on the work of different units and will support the Administrator and Bureau Directors

in ensuring coordination and timely response, thereby mitigating risks and ensuring that emerging opportunities are leveraged.

Further information will be provided at the briefing on Tuesday next week, including on the specific management actions taken so far in response to the GEF audit.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Achim Steiner', written in a cursive style.

Achim Steiner

UNDP Administrator