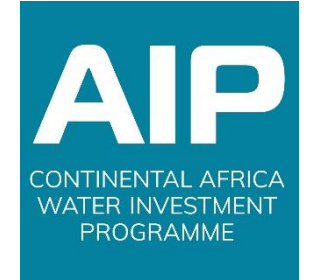




AU-AIP MULTI-COUNTRY GCF READINESS SUPPORT PROGRAMME FOR CLIMATE RESILIENT WATER INVESTMENTS

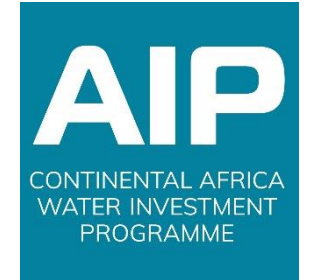
Module 9: Financial Management & Fiduciary Standards

Learning Objective



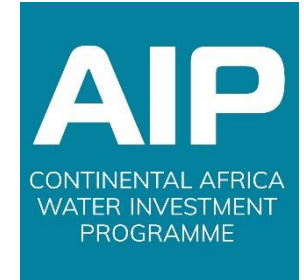
- ☐ **A general understanding of the Green Climate Fund(GCF) fiduciary Standards requirements for Direct Access accreditation**

Background



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- ❑ Fiduciary standards for Green Climate Fund (GCF) direct access applicants are crucial for ensuring the responsible management of GCF resources and achieving its objectives
 - ❑ These standards, which include both basic and specialized criteria, are designed to assess an applicant's capacity to handle GCF funds, manage environmental and social risks, and adhere to the Fund's policies
 - ❑ The GCF's accreditation process evaluates an applicant's ability to manage projects and programs, including grant management, on-lending, and blending of financial instruments.

Background-Cont'd



GCF Fiduciary Standards for direct access applicants are broken down as follows:

1. Basic Fiduciary Criteria

- ❑ *These are criteria applicable to all applicants and focus on fundamental aspects of financial management and integrity.*
- ❑ They include aspects like legal status, financial and management integrity, and institutional capacity.
- ❑ Demonstration of legal personality, capacity to enter into contracts, and the ability to manage funds are essential.

2. Specialized Fiduciary Criteria

- ❑ *These are criteria tailored to the specific institutional capacities and resources required for the scope of responsibilities the applicant will undertake.*
- ❑ These include standards for project management, grant management, and on-lending and/or blending of funds.
- ❑ For example, if an applicant will be managing grants, the GCF will assess their procedures for grant application, evaluation, and award processes.
- ❑ If the applicant will be involved in on-lending or blending, the GCF will evaluate their capacity to manage financial risks associated with these activities.

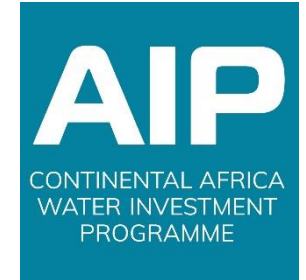
Background-Cont'd



Summary of Key Areas Assessed

- ❑ **Legal Status:** Ensuring the applicant has the legal authority to receive and manage funds, enter into contracts, and potentially defend itself in legal proceedings.
- ❑ **Financial and Management Integrity:** Assessing the applicant's financial management systems, internal controls, and accounting practices
- ❑ **Institutional Capacity:** Evaluating the applicant's organizational structure, staffing, and ability to manage projects and programs
- ❑ **Transparency and Accountability:** Assessing the applicant's policies and procedures for transparency, anti-corruption, and handling of environmental, social, and gender complaints (*Grievance Redress Mechanism*).
- ❑ **Environmental and Social Safeguards:** Ensuring the applicant has systems in place to manage environmental and social risks associated with their projects and programs

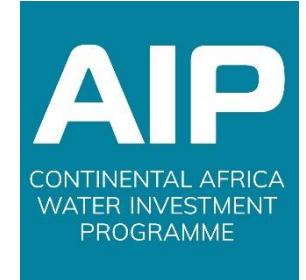
Background-Cont'd



Accreditation Process

- ❑ The GCF assesses applicants against these fiduciary standards during the accreditation process.
- ❑ The accreditation process involves a self-assessment by the applicant, followed by a review by the GCF Secretariat and potentially an independent assessment.
- ❑ The GCF tailors the application of fiduciary standards based on the nature, scale, and risk of the applicant's intended activities.
- ❑ Accreditation is not the only way to engage with the GCF, and organizations can also partner with accredited entities or participate through other mechanisms e.g ***Project-Specific Assessment Approach(PSAA)***.

Deep Dive into the GCF Fiduciary Standards for DAE Applicants



Broadly categorized into two groups as follows

Basic Fiduciary Standards

Basic fiduciary criteria,
which are applicable to all
applicant entities

Specialized Fiduciary Standards

Institutional capacities that will qualify
the applicant entities to undertake
specialized activities depending on the
nature and scope of their mandate within

GCF's operations e.g:

- ☐ Project Management
- ☐ Grants Management;
- ☐ On-lending and/or blending;

1. Basic Fiduciary Standards

Broadly categorized into two groups

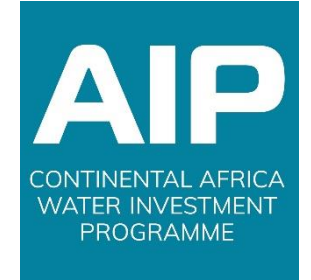
Key Administrative and Financial Capacities

- ☐ General management and administrative capacities
- ☐ Financial management and accounting
- ☐ Internal and external audit
- ☐ Control frameworks
- ☐ Procurement

Transparency and Accountability

- ☐ Disclosure of conflicts of interest
- ☐ Code of ethics
- ☐ Capacity to prevent or deal with financial mismanagement and other forms of malpractice
- ☐ Investigations
- ☐ Anti-money laundering and countering the financing of terrorism

Basic Fiduciary Standards

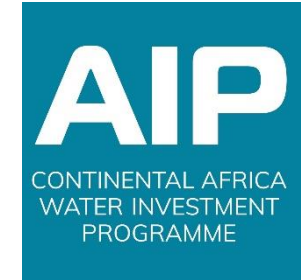


A. Key Administrative and Financial Capacities

Underlying principles of the Fund's initial basic fiduciary standards on administrative and financial capacities

- ☐ Financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with pertinent regulations and laws, and with due accountability;
- ☐ Information relating to the overall administration and management of the entity is available, consistent, reliable, complete and relevant to the required fiduciary standards; and
- ☐ Operations of the entity show a track record in effectiveness and efficiency.

Basic Fiduciary Standards



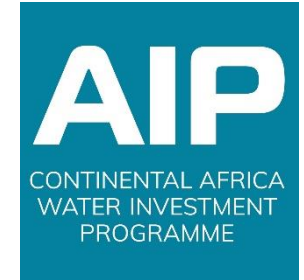
A1. General Management and Administrative Capabilities-

1.1 Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees

Key Areas Assessed:

- ☐ Number and Names of internal oversight bodies established
- ☐ Whether roles and responsibilities are adequately defined
- ☐ Whether effective functioning of the bodies has been satisfactorily demonstrated e.g through meeting agendas, minutes or reports
- ☐ Whether the established oversight bodies are adequate or inadequate vis-a-vis the size and scope/complexity of the entity's operations

Basic Fiduciary Standards



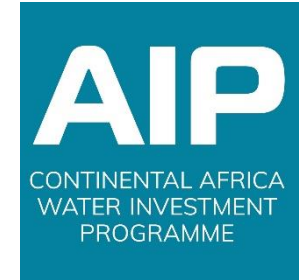
A1. General Management and Administrative Capabilities-Cont'd

1.2 Availability of a consistent, clear and adequately communicated organization chart , which describes, as a minimum, the entity's key areas of authority and responsibility, as well as well-defined reporting/delegation lines

Key Areas Assessed:

- ☐ Organisation chart that has been provided with reporting relationships of the following key functions/Oversight Bodies-Audit Committee, Ethics Committee, Finance , Internal Audit etc
- ☐ Whether the reporting relationship is satisfactory for independent functioning
- ☐ Whether the reporting relationships support independent and effective functioning without “*Conflict of Interest*”

Basic Fiduciary Standards



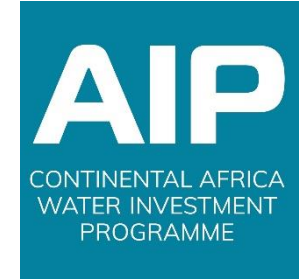
A1. General Management and Administrative Capabilities-Cont'd

1.3 An existence of a consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the mission of the entity.

Key Areas Assessed:

- ☐ Whether the entity has a formal documented process for setting entity level long term and short-term objectives
- ☐ Whether the entity has a strategic/long term plan
- ☐ Whether the entity prepares annual plans and corresponding budgets
- ☐ Whether a process to ensure that the chosen objectives support and align with the entity's mission is defined
- ☐ Whether linkages aligning objectives (long and short term) with the entity's mission are clear and well defined.

Basic Fiduciary Standards



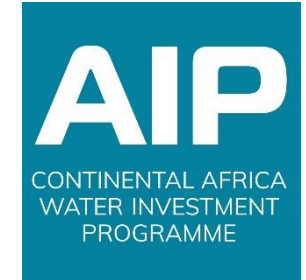
A1. General Management and Administrative Capabilities-Cont'd

1.4 An existence of Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve

Key Areas Assessed:

- ☐ Whether appropriate indicators/metrics for all key organisational objectives (long term and annual) are defined
- ☐ Whether indicators/metrics for organisational objectives are cascaded down into departmental objectives
- ☐ Whether the achievement of organisational/departmental objectives is supported by adequate action plans

Basic Fiduciary Standards



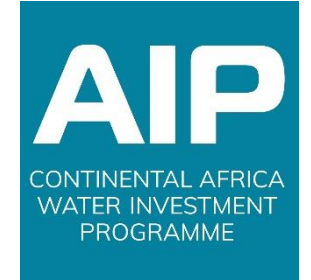
A1. General Management and Administrative Capabilities-Cont'd

1.5 An existence of a general management plan that also includes processes to monitor and report on the achievement of set objectives(An M & E Framework)

Key Areas Assessed:

- ☐ Whether responsibilities for periodic monitoring and evaluation of plans are clearly defined
- ☐ Whether periodic evaluation of achievement of organisational objectives and expenditures is undertaken and results published
- ☐ Whether monitoring and evaluation of the general management plan results in well-defined actions to correct variances
- ☐ Whether implementation of action plans is regularly monitored

Basic Fiduciary Standards



A2. Financial Management and Accounting

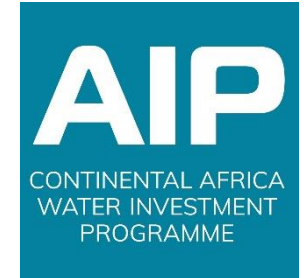
2.1 Financial statements follow the Generally Accepted Accounting Principles (GAAP) and are prepared in accordance with recognized accounting standards, such as the International Financial Reporting Standards (IFRS), or the International Public Sector Accounting Standards (IPSAS) in the case of public entities, or other equivalent standards;

Key Areas Assessed:

- ☐ Information on Accounting Standards that the entity has used and provided

Basic Fiduciary Standards

A2. Financial Management and Accounting-Cont'd



2.2 Whether the entity has in place a clear and complete set of financial statements that provide information on:

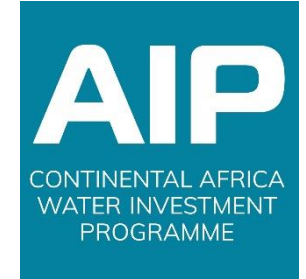
- i. A statement of assets, liabilities and fund balances (statement of financial position);
- ii. A statement of financial performance (income and expenses/revenue and expenditure);
- iii. A statement of changes in financial position or a statement of changes in reserves and fund balances;
- iv. A statement of cash flows;
- v. A description of the accounting policies used explaining the accounting framework used; and
- vi. Appropriate notes and disclosures in annexes to the financial statements, in particular explaining the accounting framework used, the basis of preparation of the financial statements, and the specific accounting policies that are necessary for a proper understanding of the financial statements.

Key Areas Assessed:

- ☐ A full set of Financial Statements, notes and Disclosures that the entity provided

Basic Fiduciary Standards

A2. Financial Management and Accounting-Cont'd



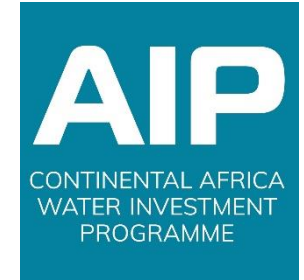
2.3 Whether the Financial statements are reported periodically, consistent with previous reporting periods, and allow for comparison among reporting periods.

Key Areas Assessed:

- ☐ Availability of information regarding the comparability of financial statements in terms of consistency over different reporting periods and accounting practices

Basic Fiduciary Standards

A2. Financial Management and Accounting-Cont'd



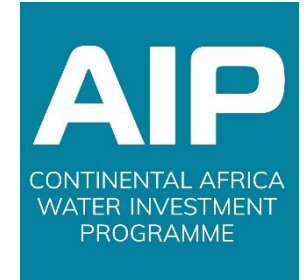
2.4 Whether the entity uses accounting and financial information systems based on the accounting principles and procedures we looked at earlier on and how the accounting policies of the entity are adapted to the nature and complexity of its activities;

Key Areas Assessed:

- ☐ Whether brief details of the entity's Financial Reporting System (MIS) are provided
- ☐ Whether the Entity's Financial reporting system is able to generate the required key reports
- ☐ Whether sample copies of major reports have been provided
- ☐ Whether the suitability of accounting principles and procedures has been commented upon in the external audit report

Basic Fiduciary Standards

A2. Financial Management and Accounting-Cont'd

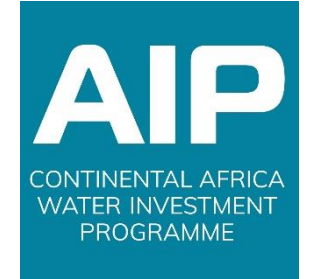


2.5 Whether transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation of responsibilities

Key Areas Assessed:

- ☐ Whether a documented payment and disbursement system(policies, procedures and Delegation of Authority) is available
- ☐ Whether the procedures provide for a clear segregation of approval and disbursement responsibilities/authorities
- ☐ Whether the entity has a system for periodic compliance check/audit of the payment and disbursement system
- ☐ Whether reports/evidence of compliance checks/audits of the system have been provided
- ☐ Whether the entity has legal and operational capacity to receive international payments from the GCF and to make payments to GCF:
- ☐ Whether there is a track record in the preparation and transparent use of business plans, financial projections and budgets, and the ability to continuously monitor performance and expenditure against these; and
- ☐ Whether resources, systems and procedures (including fiduciary accounts, as appropriate) are in place that ensure proper financial reporting over the use of funding received from GCF.

Basic Fiduciary Standards



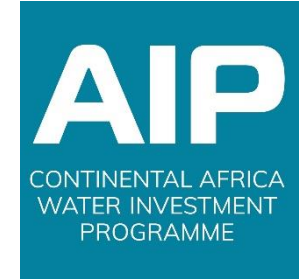
A3. Internal and External Audit

3.1 Existence of an Independent Audit Committee

Key Areas Assessed:

- ☐ Whether the composition of the Audit Committee has been provided
- ☐ Whether the ToRs of the Audit Committee provided
- ☐ Whether the Audit Committee has expertise and independence to ensure effective functioning for its given ToRs
- ☐ Whether the Audit Committee meets regularly
- ☐ Whether the agenda and minutes of Audit Committee meetings have been provided

Basic Fiduciary Standards



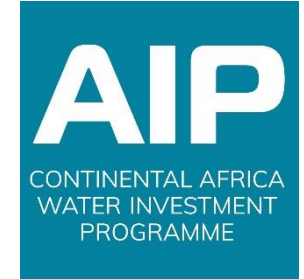
A3. Internal and External Audit-Cont'd

3.2 An existence of an Internal Audit Function

Key Areas Assessed:

- ☐ Whether an Internal audit function has a documented terms of reference or charter, reviewed and approved formally by senior management and the audit committee, that outlines its purpose, authorized functions and accountability
- ☐ Whether an Internal audit function is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors or other equivalent standards
- ☐ Whether the Auditors and/or entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency, which is supported by specific legal arrangements to this effect
- ☐ Whether an Internal audit function is independent and able to perform its respective duties objectively. Whether It is headed by an officer specially assigned to this role with due functional independence, who reports to a level of the organization that allows the internal audit activity to properly fulfil its responsibilities
- ☐ Whether the chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) ensuring proper coverage and a minimization of duplication of efforts
- ☐ Whether the internal audit function disseminates its findings to the corresponding senior management units and business management units, which are responsible for acting on and/or responding to recommendations
- ☐ Whether the Internal audit function has a process in place to periodically monitor the response to its recommendations

Basic Fiduciary Standards



A3. Internal and External Audit-Cont'd

3.2 An existence of an Internal Audit Function-Cont'd

Key Areas Assessed:

- ☐ Whether a process is in place to monitor and assess the overall effectiveness of the internal audit functions, including periodic internal and external quality assessments
- ☐ Whether Audit plans for each of the past 3 years have been provided
- ☐ Whether the Status of execution of the last 3 years' internal audit plans has been provided
- ☐ Whether Sample internal audit reports have been provided
- ☐ Whether the Status of response to internal audit observations of last 3 years has been provided
- ☐ Whether periodic internal and external quality assessments for assessment/ monitoring of overall effectiveness of the internal audit function provided

Basic Fiduciary Standards



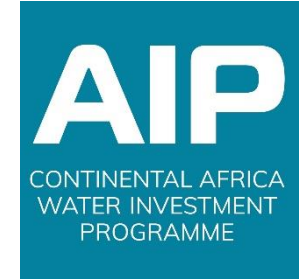
A3. Internal and External Audit-Cont'd

3.3 Existence of an External Audit Function

Key Areas Assessed:

- ☐ Whether the Entity has appointed an independent external audit firm or organization
- ☐ Whether ToRs for external audit have been provided
- ☐ Whether the work of the external audit firm or organization is consistent with the recognized international auditing standards such as International Standards on Auditing (ISA), or other equivalent standards
- ☐ Whether in cases where the entity is subject to external audits carried out by a national audit institution or other form of public independent inspection body, provisions are made to ensure the external audits are guaranteed independence and impartiality, including through formal terms of reference
- ☐ Whether the Entity exhibits all necessary provisions and arrangements to ensure that an annual audit opinion on the financial statements and/or, as appropriate, on all financial resources received from GCF and administered by the entity, is issued by the external auditor and made public
- ☐ Whether complete external audit reports for the last 3 financial years have been provided
- ☐ Whether the external auditor makes regular reports of observations/recommendations with respect to accounting systems, internal financial controls, and administration and management of the organization

Basic Fiduciary Standards



A3. Internal and External Audit-Cont'd

3.3 Existence of an External Audit Function-Cont'd

Key Areas Assessed:

- ☐ Whether Audits and management progress reports (actions taken on external audit observations/recommendations) are reviewed by the audit committee or comparable body periodically
- ☐ Whether the status of management response to external audit observations/recommendations of previous years is reviewed and commented upon during annual external audits

Basic Fiduciary Standards



A4. Existence of a Control Framework

Key Areas Assessed:

- ☐ Whether a control framework has been adopted and whether it is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, internal oversight bodies, and other personnel
- ☐ Whether the control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing
- ☐ Whether the Control framework defines the roles and responsibilities pertaining to the accountability of fiscal agents and fiduciary trustees
- ☐ Whether at the institutional level, risk-assessment processes are in place to identify, assess, analyse and provide a basis for proactive risk responses in each of the financial management areas and whether risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent
- ☐ Whether the control framework guides the financial management framework
- ☐ Whether procedures are in place for identifying internal controls and assessing the details of the controls annually in core financial management areas

Basic Fiduciary Standards

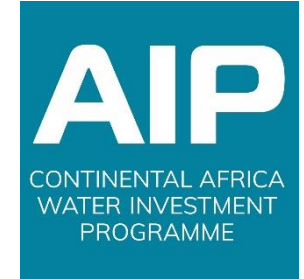


A4. Existence of a Control Framework-Cont'd

Key Areas Assessed:

- ☐ Whether provisions for regular oversight of the procurement function with consistent monitoring and follow-up on review reports evidence that a risk management process exists and allows management to identify, assess and address existing or potential issues that may hamper the achievement of the entity's objectives
- ☐ Whether a sample of recent procurement oversight/audit reports has been provided
- ☐ Whether evidence of monitoring of the observations contained in the procurement oversight/audit report and appropriate management response/actions has been provided
- ☐ Whether duties are segregated where incompatible and whether related duties are subject to a regular review by management where response is required when discrepancies and exceptions are noted; and where segregation of duties is maintained between settlement processing, procurement processing, risk management/reconciliations, and accounting

Basic Fiduciary Standards



A5. Existence of a Sound Procurement System

Key Areas Assessed:

- ☐ Existence of formal internal guidelines and a procurement policy that promotes economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions
- ☐ Existence of Specific procurement guidelines are in place with respect to different types of procurement managed by the entity, such as consultants, contractors and service providers
- ☐ Whether complete documents for 2 separate major procurements undertaken in the recent past have been provided and demonstrate compliance to the entity's procurement policies, guidelines and procedures
- ☐ Whether 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 are in place
- ☐ Whether assessment/review reports for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities or project sponsors provided
- ☐ Whether procurement performance in the implementation of GCF's approved funding proposals is monitored at periodic intervals, and whether there are processes in place requiring a response when issues are identified

Basic Fiduciary Standards

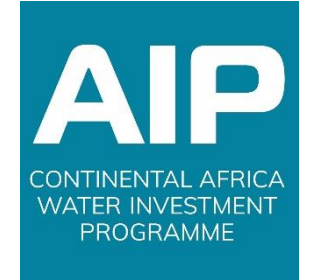


A5. Existence of a sound Procurement system-Cont'd

Key Areas Assessed:

- ☐ Whether procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed
- ☐ Whether there is evidence of transparent and fair procurement policies and procedures that are consistent with recognized international practice
- ☐ Whether the Entity has an accessible and transparent Procurement Dispute Resolution process
- ☐ Whether Data on procurement complaints handled in the last 2 years along with brief details of sample cases and their current status (including closure) has been provided

Basic Fiduciary Standards

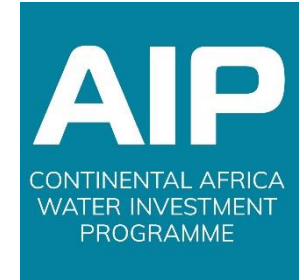


B. Transparency and Accountability

Underlying principles:

- ☐ There is protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices;
- ☐ There is disclosure of any form of conflict of interest (actual, potential or perceived); and
- ☐ There is a Code of ethics, policies and culture that drive and promote full transparency and accountability.

Basic Fiduciary Standards

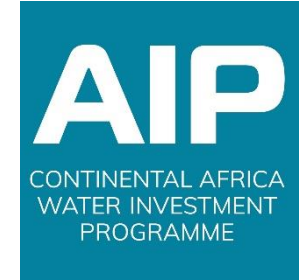


B1. Existence of a Code of Ethics

Key Areas Assessed:

- ☐ Whether the Entity has in place a documented code of ethics that defines ethical standards to be upheld, listing the parties required to adhere to the standards, including employees, consultants, and independent experts; or alternatively, whether a set of clear and formal management policies and provisions are in place to define expected ethical behaviour by all individuals contracted or functionally related to the Entity
- ☐ Whether all individuals with a functional and/or contractual relationship to the Entity are made aware of such codes of ethics or policies/provisions as appropriate
- ☐ Whether evidence of communication (making all concerned aware in a structured manner) of the code/standards is provided
- ☐ Whether the Entity has in place an ethics committee or has allocated such functions to other relevant bodies/committees within the Entity

Basic Fiduciary Standards



B2. Existence of disclosure of conflict-of-interest policy

Key Areas Assessed:

- ☐ Whether the Entity has a financial disclosure policy, or equivalent administrative provisions to this effect, that establishes the necessary financial disclosures of possible, actual, perceived or apparent conflicts of interest by identified parties as appropriate and whether the policy, or equivalent administrative provisions, specifies prohibited personal financial interests and describes the principles under which conflicts of interests are reviewed and resolved and whether it describes sanction measures for parties that do not disclose such conflicts on a proactive basis where a conflict of interest is identified.
- ☐ Whether documented Conflict of Interest review and resolution procedures are provided
- ☐ Whether examples/demonstration/evidence of practice where a Conflict of Interest has actually been reviewed and resolved are provided

Basic Fiduciary Standards



B3. Preventing Financial Mismanagement - Capacity to prevent or deal with financial mismanagement and other forms of malpractice

Key Areas Assessed:

- ☐ Existence of policy on Financial Management which also describes the various malpractices which may occur and prevention strategies
- ☐ Demonstrated experience and track record in accessing financial resources from national and international sources
- ☐ Evidence of tone or statement from the governing bodies or senior management of the organization emphasizing a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party associated directly or indirectly with the general operations of the entity, and particularly in relation to the implementation of approved funding proposals
- ☐ Availability of avenues and tools for reporting suspected ethics violations, misconduct, and any kind of malpractice

Basic Fiduciary Standards



B3. Preventing Financial Mismanagement - Capacity to prevent or deal with financial mismanagement and other forms of malpractice- Cont'd

Key Areas Assessed:

- ☐ Existence of policy/mechanisms protecting whistle blowers reporting violations
- ☐ Evidence of an objective investigation function for allegations of fraud and corruption, which includes procedures in the Entity to process cases of fraud and mismanagement, undertake necessary investigative activities and generate periodic reports for information and follow-up by the ethics function
- ☐ Brief details of general management policies which promote an organizational culture that is conducive to fairness, accountability and full transparency across the organization's activities and operations

Basic Fiduciary Standards

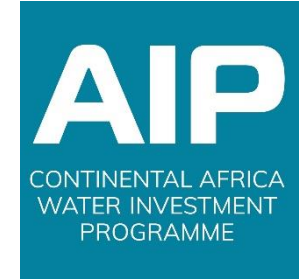


B4. Existence of an Investigation function

Key Areas Assessed:

- ☐ Whether the investigation function has publicly available terms of reference that outline the purpose, authority and accountability of the function and whether this function may be assigned to a dedicated organizational component within the entity's structure or to another organization
- ☐ Whether the investigation's function is headed by an officer who reports to a level of the organization that allows the functional independence of the investigation to fulfil its responsibilities objectively
- ☐ Whether the investigation function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.
- ☐ Whether the investigation function has a defined process for periodically reporting case trends and whether the case trend reports and other information are made available to senior management and relevant business functions to the extent possible to enhance accountability and transparency
- ☐ Whether data/information on cases of violation of code of ethics, fraud or corruption reported in the past 3 years along with current status of investigation/action has been provided.

Basic Fiduciary Standards



B5. Existence of policies on Anti-money laundering and anti-terrorist financing

Key Areas Assessed:

- ☐ Whether Anti-money laundering and anti-terrorist financing policy provided
- ☐ Whether “Know your customer” due diligence procedures to combat money laundering and financing of terrorism are provided
- ☐ Whether mechanisms to trace/monitor electronic transfer/wiring of funds have been provided
- ☐ Whether sample copies of recent reports on KYC due diligence undertaken have been provided
- ☐ At least 2 copies of monitoring reports on electronic funds transfer prepared in the recent past have been provided.

2. Specialised Fiduciary Standards

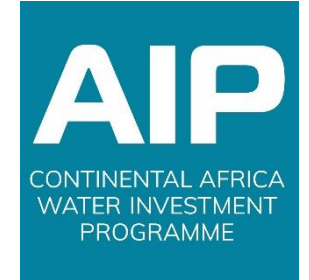
Institutional capacities that will qualify the applicant entities to undertake specialized activities depending on the nature and scope of their mandate within GCF's operations

Project Management

Grant Award Mechanisms

On-lending and or Blending

Specialised Fiduciary Standards-Cont'd



1. Project Management

Underlying principles of the Fund's initial Specialised fiduciary standards relating to Project Management

- ☐ Ability to identify, formulate and appraise projects or programmes
- ☐ Competency to manage or oversee the execution of approved funding proposals, including the ability to manage executing entities or project sponsors and to support project delivery and implementation; and
- ☐ Capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal.

Specialised Fiduciary Standards-Cont'd



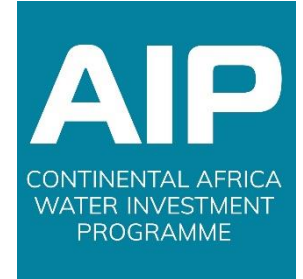
1. Project Management-Cont'd

1.1 Project Identification, Preparation and Appraisal

Key areas assessed

- ❑ Track record of capability and experience (including appropriate tendering procedures for project proposals) in the identification and design of projects or programmes within the respective jurisdiction (subnational, national, regional or international, as applicable);
- ❑ Capacity to clearly state project objectives and outcomes in preparing funding proposals and to incorporate key performance indicators with baselines and targets into the project design;
- ❑ Ability to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, and relevant assessments thereof, into the funding proposal at the appraisal stage; and
- ❑ Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation

Specialised Fiduciary Standards-Cont'd

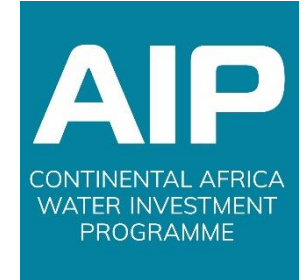


1. Project Management-Cont'd

1.2 Monitoring and Evaluation

- ❑ The monitoring function detects, assesses, and provides management information about risks relating to projects, particularly those deemed to be at risk.
- ❑ The evaluation function assesses the extent to which projects, programmes, strategies, policies, sectors or other activities achieve their objectives and contribute to the initial results areas of the Fund. The goal of evaluation is to provide an objective basis for assessing results, to provide accountability in the achievement of objectives, and to learn from experience (and to detect any deviation from project planning in the early stages).

Specialised Fiduciary Standards-Cont'd



1. Project Management-Cont'd

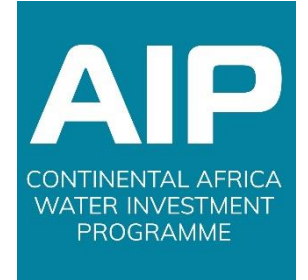
1.2 Monitoring and Evaluation-Cont'd

Key areas assessed

Monitoring

- ☐ Operational and organizational resources are available to implement monitoring functions, policies and procedures consistent with the requirements of the Fund's monitoring and evaluation guidelines;
- ☐ The roles and responsibilities of the monitoring function are clearly articulated at both the project and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project origination and supervision functions;
- ☐ Tools for reporting on project monitoring are available, and monitoring results are periodically published.

Specialised Fiduciary Standards-Cont'd



1. Project Management-Cont'd

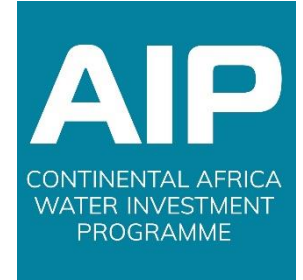
1.2 Monitoring and Evaluation-Cont'd

Key areas assessed

Evaluation

- ☐ Independent evaluations are undertaken by an established body or function as part of a systematic programme of assessing results, consistent with relevant requirements and related Fund policies;
- ☐ The evaluation function follows impartial, widely recognized, documented and professional standards and methods;
- ☐ The evaluation body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the entity, ideally reporting directly to the board of directors or comparable body. If its structural independence is limited, the evaluation body or function has provisions that ensure transparent reporting to senior management;
- ☐ An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, at a minimum to all parties directly or indirectly involved in the project or programme. To enhance transparency, reports are available publicly to the extent possible.

Specialised Fiduciary Standards-Cont'd



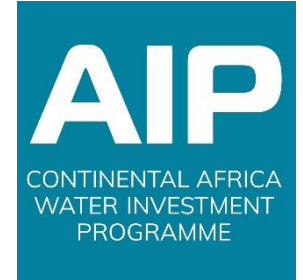
1. Project Management-Cont'd

1.3 Project at-risk Systems and related project risk management capabilities

Key areas assessed

- ☐ A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems;
- ☐ Availability of an independent risk management function differentiated from project implementation and project supervision responsibilities;
- ☐ Risk assessment:
 - a) Demonstrated capabilities to undertake the assessment of financial, economic, political and regulatory risks during the implementation stages; and
 - b) Demonstrated ability to integrate risk mitigation and management strategies into the funding proposal at all levels listed above, and to exercise such strategies during the implementation stage.

Specialised Fiduciary Standards-Cont'd



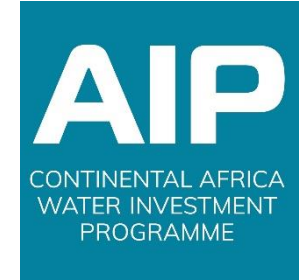
2. Grant Award Mechanisms

2.1 Transparent eligibility criteria and evaluation

Key areas assessed

- ☐ The grant award mechanism is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants;
- ☐ The evaluation process is based solely on the criteria for exclusion, eligibility, selection and award pre-announced in the call for proposals;
- ☐ Eligibility evaluation performed on the basis of the criteria stated in the call for proposals;
- ☐ All stages are formally documented through standardized checklists and forms;
- ☐ There is an evaluation committee that:
 - a) Evaluates the applications to make a recommendation for award and rejections in accordance with the pre-announced criteria; and
 - b) Works in accordance with the formal rules of procedure.

Specialised Fiduciary Standards-Cont'd



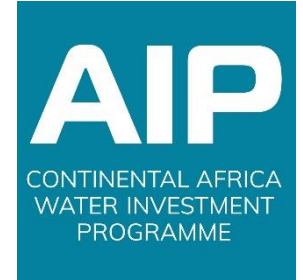
2. Grant Award Mechanisms-Cont'd

2.2 Grant award decision and procedures

Key areas assessed

- ☐ The grant award decision is taken by the person or body who is legally authorized to sign grant agreements on behalf of the awarding body;
- ☐ The grant award decision is based on the grant award proposal prepared by the evaluation committee;
- ☐ If the grant award does not follow evaluation committee's recommendation, the departing decision is adequately justified and documented;
- ☐ The grant decision states the following:
 - a) Subject and overall amount of decision;
 - b) Name of beneficiaries, title of granted activity, grant amount awarded, and the reason(s) for this choice; and
 - c) Name(s) of application(s) rejected and reason for their rejection(s).

Specialised Fiduciary Standards-Cont'd



2. Grant Award Mechanisms-Cont'd

2.2 Grant award decision and procedures-Cont'd

Key areas assessed

- ☐ Checks have been undertaken to guarantee that one and the same activity only results in the award of one grant to any one beneficiary;
- ☐ No grant is awarded retrospectively for activities already started or completed at the time of the application;
- ☐ All applicants are notified in writing of grant award outcome; and
- ☐ Rejected applications result in rejected applicants receiving reason(s) for rejection with reference to the pre-announced criteria;

Specialised Fiduciary Standards-Cont'd



2. Grant Award Mechanisms-Cont'd

2.3 Public access to information on beneficiaries and results

Key areas assessed

- ☐ Grant-awarding entity makes the grant award results public;
- ☐ Results made public within a reasonable timeframe following the grant award decision;
- ☐ The following information should be included (at a minimum):
 - a) Name, address and nationality of the beneficiary;
 - b) Purpose of the grant; and
 - c) Grant amount awarded and, where applicable, the maximum co-financing rate of the cost

Specialised Fiduciary Standards-Cont'd



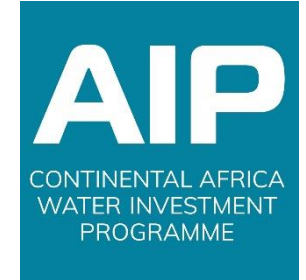
2. Grant Award Mechanisms-Cont'd

2.4 Transparent allocation and implementation of financial resources

Key areas assessed

- ☐ There is a system in place to provide assurance on the reality and eligibility of activities to be carried out with the grant award as well as the legality of the underlying operations;
- ☐ There is a system in place to recover funds unduly paid;
- ☐ There is a system in place to prevent irregularities and fraud;
- ☐ The grant-awarding entity monitors the implementation of funded programme activities and supports beneficiaries through counselling and advice;
- ☐ There are sufficient possibilities for the beneficiary to contact the grant-awarding entity;

Specialised Fiduciary Standards-Cont'd



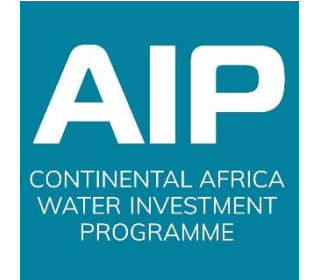
2. Grant Award Mechanisms-Cont'd

2.4 Transparent allocation and implementation of financial resources-Cont'd

Key areas assessed

- ☐ The grant-awarding entity carries out on-site visits to monitor the implementation of individual projects;
- ☐ Those on-site visits are used to support the beneficiary, gather and disseminate best practices and establish/maintain good relations between the awarding entity and the beneficiary entity;
- ☐ There are clear procedures about procurement rules the grant beneficiary is required to apply, if any;
- ☐ The amount of the grant is finalized only after the grant-accepting entity has accepted the final report and accounts;
- ☐ There are procedures in place for the suspension, reduction, or termination of the grant if the beneficiary fails to comply with its obligations.

Specialised Fiduciary Standards-Cont'd



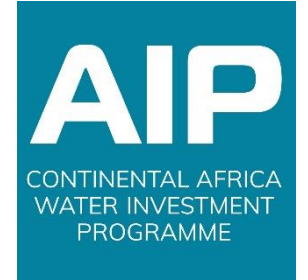
2. Grant Award Mechanisms-Cont'd

2.5 Good standing with regard to multilateral funding

Key areas assessed

- ☐ Reports/Evidence relating to reviews undertaken or observations made by multilateral agency(ies) regarding their experience of the entity in handling of funds
- ☐ Independent evaluation reports (mid-term or final on closure of projects) commissioned by the multilateral agencies which include comments/observations on the performance of the applicant entity in respect of its handling of the project.

Specialised Fiduciary Standards-Cont'd



3. On-lending and/or blending

Key areas assessed

- ☐ Appropriate registration and/or license from a financial oversight body or regulator in the country and/or internationally, as applicable;
- ☐ Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;
- ☐ The creditworthiness of the institution making on-lending or blending arrangements;
- ☐ Due diligence policies, processes and procedures in place;
- ☐ Financial resources management, including analysis of lending portfolio of the intermediary;
- ☐ Public access to information on beneficiaries and results;

Specialised Fiduciary Standards-Cont'd



3. On-lending and/or blending-Cont'd

Key areas assessed

- ☐ Investment management, policies and systems, including in relation to portfolio management;
- ☐ Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries;
- ☐ Financial risk management, including asset liability management;
- ☐ Governance and organizational arrangements, including relationships between the entity's treasury function and the operational side;
- ☐ For intermediaries or IEs that blend grant awards:
 - a) There are clear procedures about the grant award rules that the implementing partner is required to apply; or
 - b) If the intermediary or IE uses its own rules, the minimum requirements are satisfactory

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