

**SUBMISSION OF INTERNATIONAL ORGANIZATIONS:  
OPERATIONALIZATION OF THE BENEFIT-SHARING FUND OF THE  
INTERNATIONAL TREATY**

**SECTION 1: CONTACT DETAILS**

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**SECTION 2: BACKGROUND**

*Provide a brief introduction of the organization, its comparative advantages and approaches to support food security and rural sustainable development. Describe the work and portfolio of the organization relevant to the conservation and sustainable utilization of plant genetic resources for food and agriculture. Give a few examples which illustrate the range of the organization's work in this regard and its potential to mainstream plant genetic resources into major national and regional plans and programmes (food security, poverty alleviation, climate change, biodiversity). Describe the organization's networks and cooperation relevant to the Treaty (scientific community, policy makers, civil society and stakeholder groups,...). The suggested maximum length of this section is of 1500 words.*

The United Nations Environment Programme (UNEP) is the main voice for the environment in the United Nations system. UNEP's mission is to provide leadership and encourage partnership in caring for the environment by inspiring, informing, and enabling peoples and nations to improve their quality of life without compromising that of future generations. UNEP's mandate is to coordinate the development of environmental policy consensus by keeping the global environment under review and bringing emerging issues to the attention of governments and the international community for action.

UNEP's **Medium-term Strategy 2010–2013** guides UNEP's work as an effective, efficient and results-focused entity, meeting the expectations of Governments and its stakeholders in responding to global environmental challenges and opportunities. Six cross-cutting **thematic priorities** have been identified for UNEP's work in the medium-term: Climate change; Disasters and conflicts; Ecosystem management; Environmental governance; Harmful substances and hazardous waste; and Resource efficiency – sustainable consumption and production. Delivering tangible results against each of the priorities is the focus of UNEP's efforts in the period 2010–2013. UNEP delivers on the

priorities by utilizing the capacity and expertise of UNEP divisions and regional offices, and actively reaches out to Governments, other United Nations entities, international institutions, Multilateral Environmental Agreements (MEAs), civil society, the private sector and other relevant partners to support delivery of the Medium-term Strategy.

Experience gained from delivering on its mandate since 1972 has allowed UNEP to develop and demonstrate the following **comparative advantages**:

- a) Provision of the high-level environment policy forum within the United Nations system and an authoritative voice for the global environment;
- b) Strong and longstanding linkages and experience in establishing networks with Governments, United Nations entities, international institutions, the scientific community, civil society and the private sector.
- c) Interdisciplinary approaches to address environmental issues, including the interlinkages between environmental change, development and human well-being;
- d) Access to and ability to generate expertise and knowledge for addressing environmental issues and the interlinkages between them;
- e) Extensive experience in working at the science-policy interface; facilitating environmental law and policy processes; and promoting regional cooperation;
- f) Strong linkages to key environmental bodies by administering the secretariats of several MEAs; being one of the implementing agencies for GEF, including providing the secretariat for the Scientific and Technical Advisory Panel (STAP); and Partnership agreements with collaborating centres of excellence;
- g) Convening power for addressing the full range of environmental issues.

UNEP's proposal to the Benefit-Sharing Fund of the International Treaty on Plant Genetic Resources for Food and Agriculture fits within UNEP's mandate and Medium-Term Strategy and its biennial Programmes of Work (2010-2011 and 2012-2103). It builds on the distinctive mix of competencies and the framework of activities and experience the agency has accrued over years of work in the fields of biodiversity conservation, science and knowledge, sustainable use of natural resources and land management, environmental governance (including development and implementation of access and benefit sharing (ABS) policies), and climate change adaptation.

UNEP is one of the three founder Implementing Agencies of the Global Environment Facility (GEF) with the World Bank and the United Nations Development Programme (UNDP). It is the only GEF Agency whose core business is the environment. Together with the other 9 GEF Agencies, UNEP plays a key role in supporting countries to develop and execute GEF projects that fit within its comparative advantage.

UNEP currently administers 13 Multilateral Environmental Agreements (MEAs), including 8 related to Biodiversity. UNEP, through its Division of Environmental Law and Conventions, and its World Conservation Monitoring Centre in Cambridge is commended for its efforts in promoting synergies within the cluster of biodiversity-related MEAs, aiming at enhanced national implementation of biodiversity-related conventions and agreements.

**Biodiversity conservation** is a cornerstone of UNEP Programme of Work. The focus of UNEP's work includes the role of biodiversity for food security and ecosystem resilience, economic valuation of biodiversity and ecosystem services, the role of protected areas,

ecological corridors and landscape connectivity to help biodiversity adapt to climate change, providing enabling environment for sharing benefits of conservation and sustainable use of biodiversity and other threats, support to Biological-related MEAs, and capacity building for countries to implement commitments thereunder.

Biodiversity projects are financed through a range of sources including the GEF, bilateral and multilateral donors. In line with its mandate, UNEP is currently managing a GEF biodiversity portfolio of 53 Full Size Projects and 60 Medium Size Projects of a global or regional nature with a total value of some US\$320 million.

UNEP's work on ecosystem services is implemented through the UNEP-wide Ecosystem Management Program (EMP). The most prominent examples of UNEP's relevant initiatives related to ecosystem services include supporting the operationalizing of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the Economics of Ecosystems and Biodiversity (TEEB) study, and the Millennium Ecosystem Assessment (MA) follow-up initiative. UNEP has 11 projects covering 27 countries globally that focus on ecosystem services with a total value of approximately US\$45 million of GEF funds. Focus is placed on developing and applying innovative approaches for the "Payment for Ecosystem Services".

UNEP has been involved in a series of foundational planning activities for countries to enable them to manage biodiversity based on sound science and globally accepted tools. This has included supporting Biodiversity Country Studies (BCS, 30 countries), National Biodiversity Strategies and Action Plans (NBSAPs, 28 countries), Clearing House Mechanisms (CHM, 35 countries), Biodiversity Planning Support Programme (BPSP, global) and funding for additional activities to the NBSAP (30 countries). For National Reporting to the CBD, UNEP has assisted some 40 countries for the preparation of First, Second, Third and Fourth National Reports.

Working in partnership with UNDP and FAO, UNEP is implementing the UN-REDD (Reducing Emissions from Deforestation and forest Degradation) Programme, which provides capacity and technical support to country-level REDD actions.

UNEP is implementing 6 full size projects on Invasive Alien Species (IAS) covering 22 countries globally. These projects address issues such as (a) removing barriers to invasive plant management; (b) mitigating the threats of IAS; (c) prevention, control and management of IAS; and (d) implementation of National Monitoring and Control System (Framework) for Living Modified Organisms (LMOs) and IAS.

In the area of biosafety, of the 120 countries supported to develop National Biosafety Frameworks (NBFs), nearly 40 are currently or about to implement their NBFs. More than 140 countries participated in the Biosafety Clearing-House (BCH) I project and the first tranche of 50 countries will be soon participating in BCH II.

In the area of **agricultural biodiversity**, UNEP's teams work with increasing commitment towards improving the sustainability of agro-ecosystems. UNEP is currently engaged as a lead or principal partner in several global initiatives focusing on the medium- to long-term response to the food crisis and to the future of agriculture and environment, including the issue of food prices and volatility, sustainability of responses, the role of agricultural biodiversity for overall biodiversity maintenance and

ecosystemfunction, as well as to better nutrition, increasedfood security and improved well-being in ruralcommunitiesand the linkages to the climate change challenge, as well as on assisting development of access and benefit sharing provisions under the CBD ABS process.

UNEP has provided support to 34 countries in Africa, Asia and Latin America in conservation and sustainable use of biodiversity within agriculture productive landscapes. The projects cover a range of agroecosystems and focus on assessment of status and trends of agricultural biodiversity, interventions for conservation and sustainable use of plant and animal genetic resources,adaptive management, mainstreaming agricultural biodiversity conservation into other sectors (health, nutrition, and education), food security, genetic resources information management, capacity building, policy dimensions associated to agricultural biodiversity maintenance, and marketing issues. The total budget invested in partner countries through these projects is US\$ 140 million. GEF contributions have accounted for US\$ 50 million of this amount, with the other US\$90 million coming from co-financing arrangements.

UNEP has been working in this area in partnership with international organizations with specialized expertise, particularly the Consultative Group for International Agricultural Research (CGIAR) Centres, particularly Bioversity International, CIAT-TSBF and ILRI, the Platform for Agricultural biodiversity Research, and FAO.

Eight of these projects are explicitly targeting the conservation of **plant genetic resources**. An example is a regional initiative in Sub-Saharan Africa on *Community Based Management of On-Farm Plant Genetic Resources in Arid and Semi-Arid Areas*. The development objective of this project implemented in Benin, Burkina Faso, Ghana, Kenya, Malawi, Mali, Uganda, and Zimbabwe was to improve the effectiveness of traditional farming systems for conservation of crop landraces of local and global importance. The project was executed by national institutes and organizations in the participating countries, in collaboration with Bioversity International regional office for Sub-Saharan Africa.

A second example is the project titled *In Situ/On-Farm Conservation and Use of Agricultural Biodiversity (Horticultural Crops and Wild Fruit Species) in Central Asia*, which is being implemented in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan. The project aims to provide farmers, institutes and local communities the knowledge, methodologies and policies to conserve and use in situ/on-farm horticultural crops and wild fruit species for sustainable agricultural development, food security and environmental stability. The project is executed by national institutes and government partners, in collaboration with *inter alia* Bioversity International, CWANA sub – regional office for Central Asia, the Global Crop Diversity Trust.

The other projects include: (iii) *In-situ Conservation of Crop Wild Relatives Through Enhanced Information Management and Field Application* in Armenia, Bolivia, Madagascar, Sri Lanka, and Uzbekistan; (iv) *Conservation and use of crop genetic diversity to control pests and diseases in support of sustainable agriculture* in China, Ecuador, Morocco, and Uganda; (v) *Conservation and sustainable use of cultivated and wild tropical fruit diversity: promoting sustainable livelihoods, food security and ecosystem health* in India, Indonesia, Malaysia and Thailand; (vi) *Mainstreaming biodiversity conservation and sustainable use for improved human nutrition and*

*wellbeing in Brazil, Kenya, Sri Lanka and Turkey; (vii) Agricultural biodiversity conservation and Man and Biosphere (MAB) Reserves in Cuba: Bridging managed and natural landscapes; and (viii) Mainstreaming agricultural biodiversity conservation and use in Sri Lankan agro-ecosystems for livelihoods and adaptation to climate change.*

The projects listed above are focused on developing and testing, within a wide range of biodiversity-rich ecosystems, a set of tools and methodologies that can be used and adapted by any country or organization concerned with the conservation and sustainable management of agricultural biodiversity. The results achieved so far contribute to strengthening the capacity of farmers and rural communities to conserve and manage local agricultural biodiversity which benefits both local farmers and the global community.

In supporting these and other initiatives, UNEP promotes cross- and multi-sectoral participatory approaches that involve working with a wide range of government institutions, civil society organizations, rural community groups and farmers. These initiatives have provided innovative opportunities for policy makers, global scientific community and rural communities to engage with and learn from each other. Through these partnerships, UNEP has sought to mainstream biodiversity conservation into agricultural production systems as well as improve health, nutrition and rural development.

For the past few years, UNEP has been building capacity in **Access and Benefit Sharing**, and assisting countries and stakeholders in better understanding and implementing ABS provisions. Through a series of activities aimed to enhance the understanding of ABS issues and capacities of stakeholders to participate more effectively in the negotiation processes, UNEP played a significant role in better elaboration of key concepts of ABS ranging from access, IPRs, benefit sharing, and compliance to implementation options for national ABS regimes. Through its knowledge publications and 'how to' guides, UNEP provided support to several countries such as India in developing national benefit sharing frameworks. In addition, UNEP will be the key implementing agency for the GEF V ABS portfolio given its strategic and technical expertise. With support for a range of ABS experts, UNEP also established an ABS Knowledge Hub to link experts with other stakeholders to better understand ABS issues.

UNEP has assisted 6 countries in Africa, 7 countries in Latin America and 11 countries in S.E. Asia regions in developing national ABS projects amounting to US\$ 9 M GEF funding and 15 M co-funding during the past one year. Additionally, UNEP is working closely with Government of India in establishing local level benefit sharing funds. ABS will continue to be a high-profile component of UNEP's work on biodiversity and the CBD.

An important subject matter which UNEP is addressing and that has a close link with the work of the ITPGR is **traditional knowledge** (TK). UNEP through the MEAs it administers, in particular the Convention on Biological Diversity (CBD), and through its own programme of work, addresses TK protection and its use for environmental sustainability and human well-being.

A good example of UNEP's work on TK remains the partnerships it has developed in Bio-cultural Community Protocols (BCPs) which were show-cased at the CBD COP10 in October 2010. UNEP has in the last two years produced numerous publications intended

for advocacy, policy-makers and knowledge base on BCPs and TK. UNEP is currently working on a publication that looks at the role of MEAs and the law in promoting TK for sustainability. A whole chapter is dedicated to the ITPGR; in particular, the chapter deals with TK and Farmers' Rights in the context of plant genetic resources for food and agriculture and livestock or animal husbandry.

These activities are carried out in partnership with various stakeholders including UN Agencies, Governments, NGOs, and ILCs. In this regard, UNEP is in a position to mobilize its network and continue delivering on issues related to access and benefit sharing such as BCPs and TK.

**Climate change adaptation** has long been one of UNEP's key priorities. Building on its over 20-year history of climate change work, UNEP supports countries and communities in reducing their vulnerability through building ecosystem resilience. UNEP's adaptation activities focus on building countries' capacities to undertake vulnerability and adaptation assessments, providing countries with knowledge and policy support to use these findings in decision making, and carrying out pilot and demonstration activities. UNEP also undertakes economic analysis of impacts and adaptation options, and supports countries in accessing adaptation finance. Ecosystem-based Adaptation (EbA) approaches are integrated across these areas of work through UNEP's EbA Flagship Programme.

UNEP's distinctive mix of competencies gives it the interdisciplinary, institutional and technical capacity to support countries on adaptation at the global, regional and national levels. The implementation of around 70 projects spread worldwide has laid the foundation for UNEP's credibility as a capacity builder, ecosystem manager and knowledge mobilizer for adaptation. The size of UNEP's current GEF adaptation portfolio is US\$ 48 million, which has also generated significant co-financing.

In June 2010, UNEP was accredited as a Multilateral Implementing Entity (MIE) of the Adaptation Fund. UNEP is also collaborating with UNDP and World Bank on a programme to support developing countries in developing their National Implementing Entities (NIE) to access the Adaptation Fund resources directly.

In accordance with the **Millennium Development Goals**, UNEP concurs with the concept that ecosystems underpin the basis for our entire livelihoods. The Poverty and Environment Initiative (PEI), a collaboration between UNEP and UNDP, supports country-led efforts to mainstream poverty-environment linkages into national development planning. The PEI provides financial and technical assistance to government partners to set up institutional and capacity strengthening programmes and address the poverty-environment context. As of 2010, the PEI is supporting programmes in 22 countries across Africa, Asia-Pacific, Eastern Europe and Central Asia, and Latin America and the Caribbean.

## SECTION 3: OPERATIONS OF THE BENEFIT-SHARING FUND

### SECTION 3.1: OVERSIGHT AND IMPLEMENTATION OF PROJECTS

*Describe the institutional capacity of the organization to:*

*a) Identify and develop projects and project proposals*

**Checklist:**

**Evidence of institutional systems, procedures and policies for the identification and development of projects and project proposals.**

The UNEP Project Manual provides clear guidance on the rationale, processes, requirements, standards for design, execution and control of work that contribute to successful delivery of the UNEP Programme of Work (PoW). The Manual incorporates essential elements and guidance on programme and project cycle management. It also incorporates UN-wide best practices and builds on internal UNEP best practices. The Project Manual and the Revised Project Review and Approval Process, establish the standards and criteria for project development, approval, monitoring and evaluation. The manual is currently under revision in order to reflect cumulative changes introduced after the last revision in programming and project management and to enhance management standards.

The UNEP programme cycle is based on the biennial Programme of Work (PoW). The PoW includes specific outputs which UNEP commits to deliver, and which together make a credible contribution to the achievement of expected accomplishments and objectives.

Establishment of norms, standards and procedures for programme and project cycle management and capacity building of the UNEP staff on related matters are the responsibility of the Quality Assurance Section (QAS). QAS is responsible for strategic planning, setting of programme and management quality standards and business processes, performance monitoring, and production of management information.

The Programme of Work for the 2010-2011 biennium is delivered through a tool called the Programme Frameworks. The main role of Programme Frameworks is to help UNEP define the work needed to deliver results in an effective and efficient manner through defining and managing a portfolio of projects that support the delivery of results defined in the UNEP Medium-Term Strategy and the various components of the PoW. Programme Frameworks are reviewed and approved by the Programme Approval Group (PAG), chaired by the Deputy Executive Director, according to the PAG review criteria.

UNEP Projects are means to collectively deliver results at the Programme of Work level. A project elaborates the concept approved within the relevant Programme Framework with stakeholder analysis, approach logic and operational details.

Projects are appraised in a Project Review Committee (PRC) meeting, according to the PRC review criteria. The review criteria relate to, *inter alia*, the technical quality of the project, clarity of implementation arrangements and stakeholder engagement, utility of the monitoring plan, cost effectiveness of proposed budgets, gender responsiveness, and sustainability potential and approach. The PRC is chaired by the Deputy Executive Director (DED) and the members comprise the QAS; subject experts; Gender Advisor; and the Chief of Corporate Service Section (CSS) who deals with administrative and financial matters.

**Web links:**

UNEP project manual:

[http://www.unep.org/pcmu/project\\_manual/Manual\\_chapters/project\\_manual.pdf](http://www.unep.org/pcmu/project_manual/Manual_chapters/project_manual.pdf)

***b) Manage or oversee the execution of projects and programmes***

**Checklist:**

**Evidence of institutional systems, procedures and policies for managing or overseeing the execution of projects and programmes;**

**Experience in managing or overseeing the execution of projects and programmes for other bilateral or multilateral donors.**

The operational requirements for project management, reporting and related guidance are detailed in the UNEP Project Manual, ranging from the process of selecting sound project partners, good institutional arrangement for the delivery of results, experience in the area the project is addressing, and generally, the presence of sound management within the institutions responsible for the various activities. Potential partners are screened through previous in-house records, legal status and registration documents, global reputation, and increasing application of HACT standards for the country-level projects carried out with the UN Country Teams.

Fiduciary standards and requirements include quarterly cash advance based on cash forecast, quarterly expenditure reports, and yearly audit reports from non-UN partners. Standard oversights are applied by QAS and CSS in terms of project delivery, financial management and achievement of result.

UNEP's role as one of the three Implementing Agencies (IAs) for the Global Environment Facility (GEF) provides one example of UNEP's vast experience in managing and overseeing the execution of projects and programmes.

The UNEP Project Manual includes GEF-specific guidelines for UNEP's internally and externally executed projects, in order to meet the requirements of the GEF. The Project Management Cycle for GEF-funded projects, including those funded by the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), includes the following:

**GEF Project Cycle Management Services**

**(a) Project identification:**

- (i) Consult with appropriate stakeholders in-country, including the GEF operational focal point; identify opportunities for GEF financing, using country dialogue and other country planning/sector strategy documents as a basis.
- (ii) Review options for co-financing and partnerships.
- (iii) Incorporate GEF opportunities in appropriate planning/country assistance strategy documents of the GEF Agency.

**(b) Preparation of project concept:**

- (i) Discuss GEF eligibility criteria with operational focal point and other stakeholders.
- (ii) Undertake brief in-country consultation mission if necessary.
- (iii) Assist project proponent to prepare the Project Identification Form (PIF), in consultation with appropriate stakeholders, including the GEF operational focal point.

- (iv) Assist with preparation of Project Preparation Grant (PPG) request.
- (v) Obtain endorsement letter(s) from operational focal point(s).
- (vi) Discuss with GEF Secretariat on PIF clearance and PPG approval.

**(c) Preparation of detailed project document:**

- (i) Prepare and execute legal agreements for PPG activities. Keep operational focal point informed.
- (ii) Help project proponent write Terms of Reference for consultant, if required, to undertake PPG activities.
- (iii) Assist project proponent to identify and recruit consultants to assist with project preparation, if necessary.
- (iv) Supervise project preparation, in consultation with all appropriate stakeholders, including missions to the field, with particular focus on risk assessment, governance issues, execution arrangements, co-financing, capacity development, partnership building and outreach.
- (v) Help identify and recruit Scientific and Technical Advisory Panel (STAP) reviewer, when specifically required; remunerate reviewer.
- (vi) Negotiate and reach agreement on incremental cost with government and other relevant stakeholders.
- (vii) Submit project document with request for CEO endorsement template to GEFSEC.

**(d) Project approval and start-up:**

- (i) Appraise project and finalize project implementation arrangements, including mission travel.
- (ii) Prepare legal and other documentation for approval by GEF Agency approval authority.
- (iii) Assist project proponent to establish project management structure in country.
- (iv) Assist project management to draft TORs and select experts for implementation.
- (v) Facilitate project management with project start-up workshop.

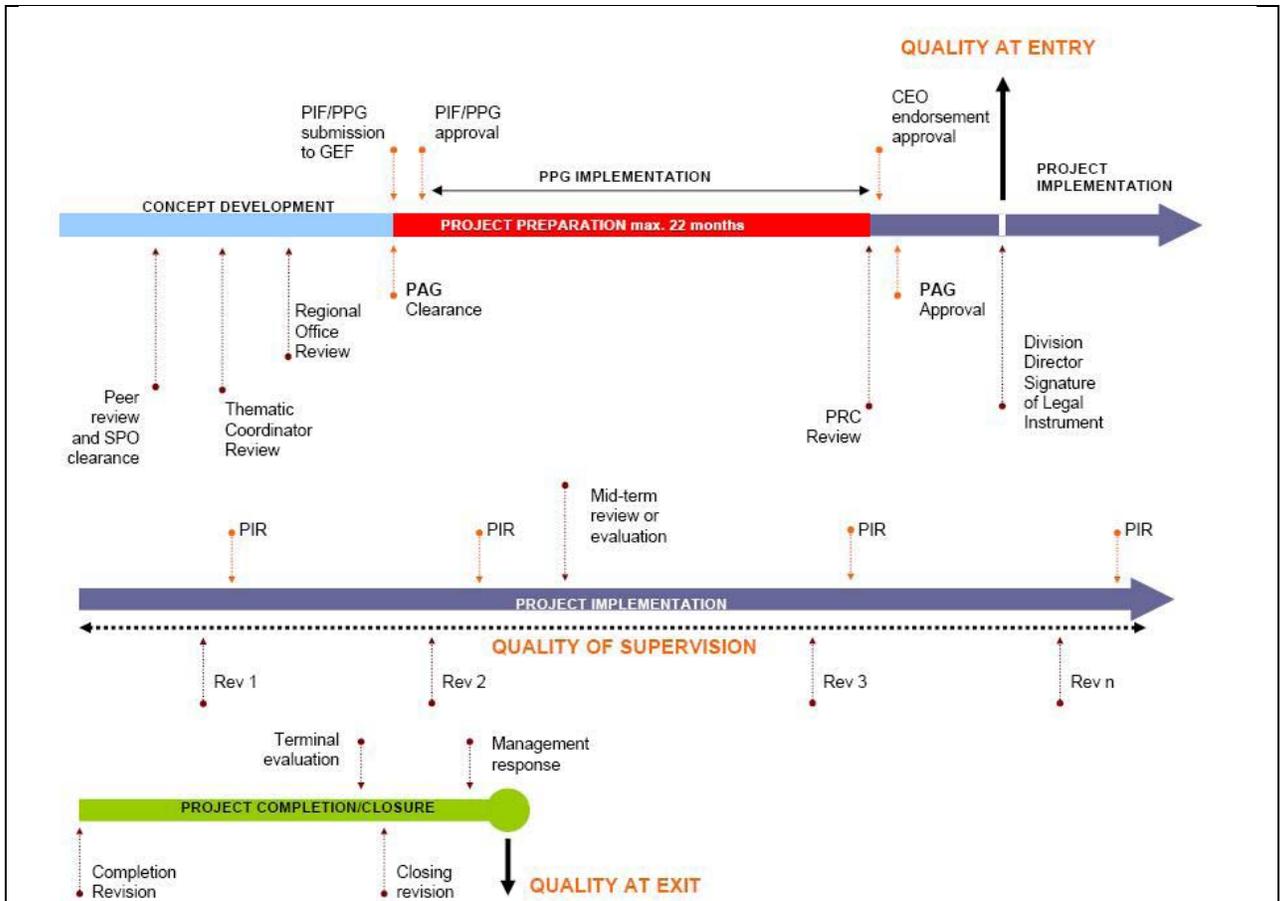
**(e) Project implementation and supervision:**

- (i) Mount at least one supervision mission per year, including briefing operational focal points on project progress.
- (ii) Provide technical guidance, as necessary, for project implementation.
- (iii) Pay advances to the executing agency and review financial reports.
- (iv) Prepare annual project implementation reports for submission to GEFSEC.
- (v) Monitor and record project expenditure reports.
- (vi) Prepare periodic revisions to reflect changes in annual expense category budgets.
- (vii) Undertake mid-term review, including possible project restructuring. Send copy to GEFSEC.

**(f) Project completion and evaluation:**

- (i) Prepare Project Completion Report/Terminal Evaluation, submit the report to GEF EO and send copy to GEFSEC.
- (ii) Prepare project closing documents. Send copy to GEFSEC.
- (iii) Prepare financial closure of the project. Send copy to GEFSEC.

The chart below shows the cycle of UNEP-GEF projects above 500,000 USD.



**Web links:**

UNEP project manual:

[http://www.unep.org/pcmu/project\\_manual/Manual\\_chapters/project\\_manual.pdf](http://www.unep.org/pcmu/project_manual/Manual_chapters/project_manual.pdf)

**c) Undertake monitoring and evaluation**

**Checklist:**

**Evidence of institutional systems, procedures and policies for monitoring and evaluating projects and project proposals.**

*Refer to any supporting documentation from the organization and if possible provide web links to such documents.*

Monitoring functions, policies and procedures are established in the UNEP Project Manual. Roles and responsibilities at the project and programme level within the current matrix structure are elaborated in the Accountability Framework. The Quality Assurance Section QAS and Evaluation Office reviewed the quality of supervision of selected projects in 2009. QAS is currently reviewing the standards and criteria for project management and supervision in the context of the revised accountability framework, with the aim of clearly establishing the needed guidelines and tools. In the second half of 2011, QAS will carry out a review of the quality of project monitoring.

UNEP's programme performance is reviewed by the Committee of Permanent Representatives every

six months, reported to the Department of Management in the UN Secretariat in New York every six months, and to the Governing Council of UNEP yearly.

Project Information Management System (PIMS) has been recently developed to assist project managers, supervisors and Executive Offices to update and access latest project information. With the launch of PIMS, project planning, communication, monitoring and evaluation are likely to be easier and transparent. Validated performance information from PIMS is uploaded to the United Nations computerized information monitoring and reporting system (IMDIS) to meet the requirements for reporting to UNEP's governing and oversight bodies.

The Evaluation Office is located within the office of the Executive Director, with management responsibilities delegated to the Deputy Executive Director. This unit is charged with the responsibilities of enabling management to enhance programmatic planning, implementation, monitoring and reporting, and ensuring substantive accountability to UNEP's Governing Council, donors and the general public through the preparation of objective and independent evaluations and studies. The Evaluation Office is fully independent from the Divisions. All projects with budgets of \$500,000 and above are required to conduct independent evaluation by the Evaluation Office. For projects with budgets less than \$500,000, a desk review is regarded as sufficient. Also, projects with durations longer than 2 years are required to build in mid-term evaluations.

Full disclosure of evaluations is a policy that has been practiced in UNEP for over 30 years. All the evaluations are submitted to the Governing Council, as well as to the UN Office of Internal Oversight Services (OIOS) as part of UNEP's input into the Secretary General's report to the General Assembly. The evaluations are distributed to all stakeholders and placed on the UNEP evaluation web page. Through evaluations and disclosure, the Evaluation and Oversight Unit provides substantive support to decision-making bodies and promotes accountability of activities of the organization through assessments of performance.

**Web links:**

UNEP Evaluation and monitoring policy:

[http://intranet.unep.org/MTS/index.asp?id=smt\\_m](http://intranet.unep.org/MTS/index.asp?id=smt_m)

UNEP evaluation policy:

<http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationPolicy/tabid/3050/Default.aspx>

UNEP project manual:

[http://www.unep.org/pcmu/project\\_manual/Manual\\_chapters/project\\_manual.pdf](http://www.unep.org/pcmu/project_manual/Manual_chapters/project_manual.pdf)

Secretary General's Bulletin (ST/SGB/2000/8) "Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation": [www.uneval.org/documentdownload?doc\\_id=80&file\\_id=187](http://www.uneval.org/documentdownload?doc_id=80&file_id=187)

## SECTION 3.2: FINANCIAL MANAGEMENT OF PROJECTS

*Describe the institutional capacity of the organization to:*

*a) Produce forward-looking financial plans and budgets*

**Checklist:**

**Evidence of preparation of corporate budgets;**

**Experience of producing financial plans and budgets for donors or as implementing agency of other multilateral environmental funds.**

UNEP strategic direction is guided by a Medium-term Strategy for the period 2010–2013. The Strategy sets out the next phase in the evolution of UNEP as it becomes a more effective, efficient and results-focused entity, meeting the expectations of Governments and its stakeholders in responding to global environmental challenges and opportunities. The strategic direction contained in the Medium-term Strategy provides a clear, results-based focus for UNEP Programmes of Work. This focus will enable UNEP to deliver on its mandate more effectively by building on its existing expertise and comparative advantage in a limited number of priority areas.

UNEP's biennial programme and support budgets are aligned with the Medium-Term Strategy and biennial Programmes of Work, demonstrating a clear link between strategic priorities and the resources required for their achievement. The UNEP biennial programme and support budgets for 2010-2011 were presented to, and approved by, the UNEP Governing Council in February 2009. Through the web link provided below, documents containing the relevant evidence regarding specific financial plans and budgets may be accessed. These documents include the following:

1. Proposed biennial programme and support budgets for 2010-2011: Report by the Executive Director
2. Proposed biennial programme and support budgets for 2010–2011: Report of the Advisory Committee on Administrative and Budgetary Questions
3. Environment Fund budgets: Proposed supplementary biennial programme and support budget for 2008–2009: Letter from the Chair of the Advisory Committee on Administrative and Budgetary Questions
4. Management of trust funds and earmarked contributions: Report of the Executive Director
5. Environment Fund budgets: Supplementary biennial programme and support budget for 2008–2009: Report by the Executive Director

UNEP also has considerable experience in producing financial plans and budgets for donors and as an implementing agency of a number of multilateral environmental funds. For example, as an Implementing Agency of the Global Environment Facility (GEF) and other funds managed by the GEF (such as the LDCF and SCCF), UNEP has had a total of 500 projects approved by the GEF, with a total GEF budget allocation of around US\$ 1 billion, which has generated around US\$ 2.5 billion in co-financing. Each of these projects has involved the process of producing individual budgets in both GEF and UNEP format.

**Web links:**

UNEP Medium-term Strategy:

<http://www.unep.org/PDF/FinalMTSGCSS-X-8.pdf>

The UNEP biennial programme and support budgets for 2010-2011 as presented to, and approved by, the UNEP Governing Council in February 2009: <http://www.unep.org/gc/gc25/working-docs.asp>

***b) Manage and disburse funds efficiently and with safeguards to recipients on a timely basis***

**Checklist:**

**Evidence that a control framework for managing and disbursing funds is in place, with define roles, identification of duties and procedures.**

Below is a description of how UNEP complies with the Secretary General's Report titled "Accountability framework, enterprise risk management and internal control framework, and results-based management framework". The following statements are correct in relation to the UN Secretariat and apply to UNON and to UNEP as a UN fund and programme.

- a. A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Fifth Committee, and other personnel.
- b. The control framework covers the control environment ("tone at the top"), risk assessment, internal control activities, monitoring, and procedures for information sharing.
- c. The control framework has defined roles and responsibilities pertaining to accountability within the control framework for fiscal agents and fiduciary trustees. The UN Financial Regulations and Rules (UNFRR) clearly define and separate the roles of authorizing, certifying, and approving. The role of bank signatories is also defined and separate.
- d. On risk assessment at the institution level, the UN General Assembly adopted resolution A/RES/61/245 "Comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies", in which it requests the UN Secretary General to submit no later than to the sixty-first session reports on the following:
  - (a) Enterprise risk management and internal control framework;
  - (b) Results-based management;
  - (c) Accountability framework

In this context the UN Department of Management has undertaken an exercise to develop and implement a policy and framework of enterprise-wide risk management, and a comprehensive internal control framework focused on performance and improvement. UNEP, as a UN Fund and Programme is part of this exercise and has undertaken the following with respect to (a)-(c) above:

(a) *Enterprise risk management and internal control framework:*

- Participated in the Introduction to OIOS Risk Assessment Exercise;
- Developed draft organizational risk assessment matrix to share with OIOS;
- Business processes and internal control mechanisms developed/enhanced:
  - Management Information Report
  - Standardized legal instruments
  - Project Review Process
  - Project database

(b) *Results-based management:*

- Results based approach adopted in the:
  - Medium Term Strategy (2010-2013), Strategic Framework, UNEP's Programme of Work

and Costed Work Plan

- New format for half yearly Programme Performance Report based on Results Based Management (RBM) framework
- Staff Training: 120 staff trained on RBM
- Received donor support in strengthening RBM in UNEP

(c) *Accountability framework:*

- Accountability Framework developed
- Compact between Secretary General and UNEP's Executive Director is regularly reviewed/monitored.

e. The control framework guides the financial management framework.

f. Procedures are in place for identifying internal controls and assessing controls details in the following financial management areas:

- Budgeting
- Accounting
- Internal control
- Funds flow (including disbursements, cash management, unused fund close-out)
- Financial reporting, done on a biennium basis, with financial statements as at the end of the first and second year of the biennium
- Audit arrangements: annual audit, but the audit of the financial statement of the first year of the biennium being a "systems" audit and audit opinion only at the end of the biennium. Annual reports from the auditors to UNEP management on areas of concern identified during the course of the audit.

g. Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/ reconciliations; and accounting.

The **UNEP accounts** are maintained in accordance with Financial Regulations of the United Nations as adopted by the General Assembly. The rules are formulated by the Secretary General as required under the regulations and administrative instructions issued by the Secretary General for Management or the controller and specific divisions of the Governing Council of UNEP.

Regarding **procedures for managing and disbursing funds**, the UN Financial Regulations and Rules give the details of how the procedures for payments and disbursements are carried out within the United Nations accounting system. As a Department of the UN Secretariat, UNEP uses the UN-wide Integrated Management Information System (IMIS) package for accounting and other information management systems. The adequacy of the application of these procedures would normally be confirmed by the Board of External Auditors as they undertake their biennial accounting exercise.

Part 1 below provides the overall evidence that UNEP is effectively following the UN system of management and disbursement of funds, while Part 2 demonstrates how UNEP has adopted financial procedures required by the GEF Trustee.

**Part 1: UNEP procedures that are followed for the regular budget, Environment Fund, multilateral and bilateral donations, etc.**

The procedures governing the management of the Environment Fund are formulated by the Governing

Council of UNEP. These procedures can be found in a brochure titled the Revised Legislative and Financial texts regarding the United Nations Environment Programme and the Environment Fund (2003). It contains the financial rules of the UNEP, general procedures governing the operations of the Environment Fund and general guidelines for the execution of projects in accordance with the Report of the Executive Director on Administrative and Other Budgetary Matters (UNEP/GC.22/7).

The Governing Council reports annually to the General Assembly through the Economic and Social Council. The Executive director of UNEP is entrusted by the Governing Council to administer the funds of the Environment Fund. The Environment Fund was established in accordance with the United Nations procedures under Resolution 2997(XXVII) of 15 December 1972.

Within the Framework of the Fund, trust funds may be established by the Executive Director with the approval of the Governing Council for specified purposes consistent with the policies, aims and activities of the Environment Fund. Individual accounts are separately maintained for each trust fund. The purpose and limits of each trust fund are clearly defined and the financial rules of UNEP apply to these trust funds. The Financial rules of UNEP are promulgated pursuant to the Financial Regulations of the United Nations as amended in respect of the Fund by the General Assembly.

The Executive Director maintains annual accounts and records as are necessary to enable him report to the Governing Council and the General Assembly on the Environment Fund. The Executive Director prepares and submits the Accounts to the United Nations Board of Auditors not later than 31 March following the end of the financial period.

## **Part 2: Procedures related to GEF funds**

UNEP is an Implementing Agency of the GEF. The procedures that UNEP follows in respect to GEF funds are as set out in the Financial Procedures Agreement between the GEF Trustee and the GEF Agencies. Although the agreement dated 4 April 2008 is still only draft, awaiting inclusion of any new procedures being adopted by the GEF Trustee, UNEP complies with these current procedures and reporting requirements as set out in the draft. These include:

- Maintaining a UNEP/GEF Trust Fund and separate records and ledger accounts in respect of the GEF Trust Fund funds received by UNEP and disbursements of these funds. UNEP maintains a separate UNEP/GEF Trust Fund for managing and accounting for GEF project allocations and for the annual administrative budget for the UNEP-managed Scientific Technical Advisory Panel (STAP). Within the UNEP/GEF Trust Fund, individual project accounts are maintained separately for each and every UNEP/GEF project and administrative budget. UNEP also maintains a separate UNEP/GEF Fee Trust Fund to manage and account for project fees received from the GEF and another trust fund for GEF special initiatives.
- Commitment of funds by the GEF Trustee to UNEP
- Requesting transfer of project funds, project fees, special initiatives and administrative budgets already committed by the GEF Trustee
- The use of funds being only for the purpose that they were provided
- Disbursement of funds, which should be in accordance with the Agency's (UNEP's) rules, policies and procedures, and return of unused funds to the GEF Trustee
- Maintaining records for any reflow of funds and investment income generated from GEF funds, and the procedures for returning these funds to the GEF Trustee
- Maintaining records and reporting requirements of the GEF Secretariat and GEF Trustee

Further individual trust funds are maintained for funds received from the GEF Trustee for projects and fees

financed by the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF).

For some disbursement of GEF funds to projects in countries where there are problems with the banking system, etc. UNEP disburses the funds through UNDP country offices or authorizes UNDP country offices to pay expenditures directly on behalf of UNEP.

The 2009 GEF Council paper (web link provided below) contains the Price Waterhouse Coopers report on GEF Agencies' compliance with GEF fiduciary standards. Annex A provides a summary chart of the overall assessment of each Agency's (including UNEP's) compliance. Annex B to the report provides, for each Agency, details regarding compliance for each individual standard. Annex C is an implementation tracker for each agency, for standards where they were judged not fully compliant, to monitor the progress made towards becoming fully compliant.

**Web links:**

“Accountability framework, enterprise risk management and internal control framework, and results-based management framework” Report of the Secretary-General:

[http://www.un.org/ga/search/view\\_doc.asp?symbol=A/62/701](http://www.un.org/ga/search/view_doc.asp?symbol=A/62/701)

“Administrative and Other Budgetary Matters” (UNEP/GC.22/7) Report of the Executive Director:

<http://www.unep.org/GC/GC22/Document/k0263355.pdf>

UN System Accounting Standards (UNSAS): <http://www.un.org/auditors/panel/docs/UNSAS.pdf>

“Status of the GEF agencies with respect to minimum fiduciary standards” (GEF Council Paper)

[http://207.190.239.143/uploadedFiles/Documents/Council\\_Documents\\_%28PDF\\_DOC%29/GEF\\_35/C.35\\_5\\_Fiduciary\\_Standards.pdf](http://207.190.239.143/uploadedFiles/Documents/Council_Documents_%28PDF_DOC%29/GEF_35/C.35_5_Fiduciary_Standards.pdf)

*c) Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization*

**Checklist:**

**Existence of internal and external auditing of transactions and balances, in accordance with international recognized standards;**

**Existence of capacity to produce reliable financial statements.**

UNEP financial statements are prepared in accordance with the UN System Accounting Standards (UNSAS). In November 2005, the United Nations System Chief Executives Board for Coordination High-Level Committee on Management recommended that all United Nations system organizations adopt International Public Sector Accounting Standards, in the belief that a harmonized framework of IPSAS-compliant policies would improve the quality and credibility of financial reporting across the United Nations system and enhance the consistency of financial reporting, setting a common measurement basis for evaluating financial results system-wide. The General Assembly approved IPSAS adoption in July 2006.

UNEP is one of the Programmes and Funds of the UN ([http://www.un.org/aboutun/chart\\_en.pdf](http://www.un.org/aboutun/chart_en.pdf)). It operates in compliance with UN Financial Regulations and Rules and is subject to independent external audit by the UN Board of Auditors on an annual basis. The Board of Auditors reports to the UN General Assembly. The audit of UNEP is conducted in accordance with the common auditing standards of the Panel of External Auditors of the UN, the specialized agencies and with the International Standards on Auditing (ISA). For GEF-funded projects, a separate annual audit is conducted and the audit report is provided to the

GEF.

The Office of Internal Oversight Services (OIOS) is responsible for conducting independent internal audits in the UN, including for UNEP. These audits are carried out in accordance with the International Standards for the Professional Practice of Internal Auditing.

**Web links:**

The audited Financial Statements for the biennium 2008-2009 can be found at <http://www.unep.org/gc/gc26/information-docs.asp> as document UNEP/GC.26/INF/7. The audited 2006-2007 UNEP Financial Statements can be found at <http://www.unep.org/gc/gc25/info-docs.asp> as document UNEP/GC.25/INF/6.

United Nations System Accounting Standards: <http://www.un.org/auditors/panel/docs/UNSAS.pdf>

UN Board of Auditors: <http://www.un.org/auditors/board/>

OIOS Internal Audit Manual:

<http://www.un.org/Depts/oios/pages/audit%20manual%20-%20march%202009%20edition.pdf>

*d) Manage procurement procedures which provide for transparent practices, including in competition.*

**Checklist:**

**Evidence of procurement policies and procedures, consistent with recognized international practices;  
Existence of dispute resolution procedures.**

*Refer to any supporting documentation from the organization and if possible provide web links to such documents*

Procurement services to UNEP are provided by the United Nations Office at Nairobi (UNON), which is part of the UN Secretariat.

Specific directives at the agency promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability and authority to take procurement actions.

Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.

Procurement Policies and awards are publicly disclosed.

**Web links:**

UN Procurement Manual: <http://www.un.org/Depts/ptd/manual.htm>

Please visit <http://www.un.org/depts/ptd/for> procurement policies and contract awards.

#### SECTION IV: STRATEGIC DEVELOPMENT OF THE BENEFIT-SHARING FUND

*Indicate possible areas and innovative approaches for partnerships between the organization and the Secretariat of the Treaty to support the further development of the Benefit-sharing Fund, including: technical support to further develop the programmatic approach of the Benefit-sharing Fund; strategic cooperation to integrate the Benefit-sharing Fund into broader multilateral agendas; investment into the calls for proposals of the Benefit-sharing Fund through co-financing of projects and joint resource mobilization.*

UNEP has been supporting the development and implementation of several MEAs as detailed in previous sections. Through this process, it has acquired significant amounts of experience in dealing with management of inter-governmental processes and supporting implementation of MEA outcomes and decisions from global to local levels. In addition, through its close involvement in the programmatic development and implementation of the Global Environment Facility (GEF), the Multilateral Fund of the Montreal protocol, and most recently the Adaptation Fund, UNEP has acquired extensive experience that will enable it to play an active role in providing technical support to the development of the programmatic approach of the Benefit-sharing Fund. The ongoing work through GEF support on ABS issues for regions such as Africa, Latin America and SE Asia and country programmes such as India, UNEP is working on building capacities of stakeholders to deal with ABS issues in general and benefit sharing in particular. For example, through the India country project on ABS, UNEP is helping establishment of local, provincial and national benefit sharing fund. Building on its proven experience in building partnerships and mobilizing resources for implementation of its agricultural biodiversity portfolio of projects UNEP can engage further with governments, donors and organizations at national, regional and global level to secure support of initiatives that are geared towards the development of specific ABS agreements between users and providers of genetic resources.

Additionally, UNEP is currently facilitating the establishment of the Intergovernmental Platform on Biodiversity and Ecosystem Services to provide an enabling opportunity for linking science and policy at global level on issues of better governance of biodiversity and ecosystems and management of environment. The Bali Strategic Plan of UNEP is a flagship programme that enhances country level capacities to deal with technology transfer, cooperation and building of capacities to deal with better and informed management of critical environmental goals.

Working closely with the civil society, NGOs and other major stakeholders, UNEP has been intensively involved in setting priorities for the biodiversity and environmental portfolios.

Thus UNEP is particularly well placed to partner with the Secretariat of the Treaty in integrating ecosystem-based approaches to the operations of the Fund.

UNEP's comparative advantage has been defined as Scientific assessments, monitoring, early warning; Linking science to policy (capacity building, enabling activities) at national, regional and global levels; Innovation, technology transfer and lifting barriers;

Regional and global cooperation; and Awareness raising, advocacy, and knowledge management. These give an indication of the areas of work that could form the focus of UNEP's support to the development and operations of the Benefit-sharing Fund.

UNEP manages a variety of facilities and programs that will complement or generate synergies with the Benefit-sharing Fund. These cover the fields of biodiversity conservation, science and knowledge, sustainable use of resources and land management, environmental governance (including development and implementation of access and benefit sharing (ABS) policies), and climate change adaptation.

Many of these areas of work present opportunities for co-financing and joint resource mobilization with the Benefit-sharing Fund. Specific areas for co-financing that UNEP would be particularly interested in exploring with the Benefit-sharing Fund include the management and conservation of plant genetic resources in particular through Ecosystem-based Adaptation approaches in agricultural landscapes, food security and ecosystem services interlinkages, and support of initiatives that are geared towards the development of specific ABS agreements between users and providers of genetic resources.

Given UNEP's convening power for addressing environmental issues, and its strong and longstanding linkages with Governments, international organizations and institutions, key environmental bodies and the civil society, UNEP would be strongly positioned to facilitate the integration of the Benefit-sharing Fund and its operations into broader multilateral environmental agendas.

Furthermore, through its administered MEAs, UNEP has been supporting programmes and projects in all sectors, from chemicals, land, atmosphere, and climate change to biodiversity. UNEP is the key convener of major Conferences of Parties of those conventions and also the implementing hand to most science-related platforms/bodies under those Conventions. Through its role in hosting MEA convention secretariats, UNEP can support the positioning of the Benefit-sharing Fund in this landscape, and facilitate the development of valuable partnerships. Through its regional MEA focal points positioned in its six Regional Offices around the world, UNEP will be well placed to work with the ITPGR in administering the Benefit-Sharing Fund and in integrating its work with those of the MEAs and global environmental agenda.

In particular, UNEP's experience and expertise on ABS issues is unmatched and will continue to support ABS implementation through the Nagoya ABS Protocol. During the past several years, UNEP has worked closely with the ITPGR in better interpreting and understanding the benefit-sharing provisions and capacity development programmes, building an in-depth comprehension of the needs and requirements of benefit-sharing mechanisms within the ITPGR and the CBD.

UNEP is also well positioned to support linking the Benefit-sharing Fund to the broader development and poverty agendas. Over the years UNEP has worked closely with UNDP and the World Bank on poverty and environmental issues, particularly in the execution of GEF processes. To further these endeavors, UNDP and UNEP have officially launched a joint Global Partnership on Poverty and the Environment. It is through this partnership that UNDP and UNEP will work with countries around the world to ensure that good environmental management results in improved livelihoods of the world's poorest people. The UNDP and UNEP partnership is set to monitor programmes established to ensure that

investment through those programmes is carried out in an environmentally-friendly manner.

In addition to supporting the positioning of the Benefit-sharing Fund in the global environmental and development agendas, UNEP is also keen to explore options for facilitating the mainstreaming of the operations of the Benefit-sharing Fund in the overall One UN approach, including UN country planning operations.

Specific details of UNEP supported projects related to agricultural biodiversity and ABS can be found in ANNEX II