

UNDP Check list for all projects pending GEF approval

18 December 2020

Towards the transboundary Integrated Water Resource Management (IWRM) of the Sixaola River Basin shared by Costa Rica and Panama [GEF ID# 10172]¹

Implementation modality: NGO Implementation

Project time frame: 48 months

Background:

Reference is made to the OAI Audit report in relation to UNDP's management of GEF-supported projects (issued on 1 December 2020). Any actions undertaken in relation to the project shall require strict adherence to all recommendations and associated management actions plans set out in the OAI report. Pursuant to the decisions of the GEF Council during the 59th GEF Council meeting, UNDP is required by GEF Council, to demonstrate that this project design meets all of the 2020 OAI audit recommendations as a prerequisite for further consideration and review by the GEF Secretariat. The project proposal will also be subject to 2nd review and approval by Council as a condition for CEO endorsement/approval. Consequently (and contrary to earlier practices), please note that funding is not assured unless and until these preconditions have been met and duly confirmed and submitted to the GEF Secretariat.

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Checklist: must be completed for all GEF projects pending GEF approval. This includes EAs, MSPs and FSPs and projects already submitted to GEF for endorsement/approval but have not yet been CEO endorsed/approved.

Project address all concerns raised in the OAI report, based on below assessment.				UNDP Assessment	
				YES	NO
				<i>X</i>	<i>check</i>
	Yes	No	Additional information <i>(please include a page reference in the PRODOC and/or a link to supporting documents)</i>		
Internal Control Framework (ICF)					
1. Please indicate when the Internal Control Framework of your Country Office has been validated by the Regional Bureau. Indicate when this will be reviewed again.	X		Date of ICF review by RBX: January 15, 2021 (updated to the dashboard). Future date of ICF review: n/a Tthe ICF of the Costa Rica CO was reviewed and updated on December 2020. The next review of the ICF is expected to take place the second half of 2021.		

¹ This is an International Waters project involving 2 countries (Costa Rica and Panama) and its implementation will be led by Costa Rica. Pilot projects are included as part of the project, see ProDoc for details.

Country Office (CO) Capacities			
2. Please clarify if the CO is equipped to provide proper implementation/oversight support and financial management of the project in line with UNDP rules and regulations and GEF policies?	X		<p>Yes, the UNDP Costa Rica Office is fully equipped to provide the implementation oversight through highly qualified staff with competences relevant for these tasks. Several levels of oversight are provided from the Country Office level which include Program Associate; Program Analyst; Auxiliary Resident Representative. All of these staff hold Masters or PhD level degrees in relevant fields, and have over 10 years' experience each in their respective duties.</p> <p>All CO implementation oversight duties are performed only by staff who do not perform execution support services. There is a clear separation of functions from the staff who provide execution support services.</p> <p>The implementation oversight the Country Office provides is complemented by staff from (1) the BPPS, Nature Climate and Energy Unit (Regional Centre including the Regional Technical Advisor, Regional Team Lead and Principal Technical Advisor), who provide a second tier technical oversight and compliance with GEF policies and processes. And (2) the regional bureau, which provides oversight of the activities of the CO to ensure compliance with UNDP regulations and rules.</p> <p>The UNDP CO has been successfully providing implementation support, including financial management, to more than 30 projects funded by multiple donors (including the GEF, GCF, Government of Germany, AECID, USAID) with various implementing partners with a total delivery of more than 18 million USD during the last Programme Period between 2018-2020.</p> <p>As for the UNDP Costa Rica GEF Portfolio, there are a total 29 projects (excluding hard/soft pipelines); where seven of them (\$23.450.315) are ongoing, and twenty one are closed (\$36.158.881) as per the PIMS+ Report "UNDP-GEF PORTFOLIO OVERVIEW FOR COSTA RICA (CRI10)". In this regard, total financial size of the projects where UNDP has been providing implementation support and financial management (in line with UNDP rules and regulations and GEF policies) since 2010 is \$59.609.196 USD.</p>

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<p>3. Please provide evidence of CO capacities including the list of subject matter experts to support oversight and provide execution support/procurement (when the latter has been approved by GEF)</p>	<p>X</p>	<p>In this project the execution will be done through a Project Implementation Partner (Organization for Tropical Studies).</p> <p>Implementation Oversight (Covered by FEE) The staff who will provide implementation oversight covered by the GEF Fee are:</p> <ul style="list-style-type: none"> - Kifah Sasa, Nature, Climate and Energy Programme Officer (development Studies Professional with over 15 years' experience on implementation oversight of projects in LAC; former Senior Programme Advisor for the Green Commodities Programme. (Technical support on IW issues) - Ana Leonor Herrera, Programme Associate (procurement, finance and administrative support). Over 30 years' experience providing program support for implementation oversight. - Ana María Nuñez, Regional Technical Advisor, IW- RBLAC. - Andrew Hudson, Principal Technical Advisor, IW, HQ <p>Implementation Oversight (Covered by UNDP Core Funds)</p> <ul style="list-style-type: none"> - Jose Vincente Troya, Delegated Authority for oversight of the project by UNDPs Executive Coordination for GEF Programming, in coordination with Regional Bureau of Latin America and the Caribbean. Previously Regional Technical Advisor for International Waters Programme. Over 20 years' experience on implementation oversight. - Kryssia Brade, ARR (Programme)- Political Scientists with over 15 years of relevant experience with implementation oversight of UNDP and UN -OCR projects. - Jose Estrada (Monitoring and Evaluation Officer and expert). Over 10 years providing implementation support services. - Flor de María Bolaños, RBLAC/ Country Specialist. <p>Execution For the Sixaola project, execution is to be provided by Organization for Tropical Studies as Implementation Partner (IP).</p>
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			The IP will hire a project coordinator that will report to the project board as described in the management arrangement section of the Prodoc.
4. Has the CO put in place the necessary protocols to conduct annual field missions (monitoring visits) for project oversight support?	X		As per CO Standard Operating Procedures (SOP) on Project Management Cycle, the NCE Program Manager (namely Kifah Sasa), and the M&E Analyst (namely Jose Estrada) will conduct regular site visits and prepare site visit reports (as part of the cost of oversight covered by the fee). The format of field visit protocols was approved by the Regional Bureau: Field Visit Protocol
5. Please indicate when the latest internal OAI audit of the Country Office took place? Were there any qualifications and are there any outstanding recommendations? Is there an Action Plan in place? Please indicate if any other audits (BOA, DIM audits, special audits, etc.) have taken place in relation to the CO during the last 3 years.	X		Date last OAI audit: 6 May 2016 Link to Audit Report Qualification: Partially Satisfactory List of audit recommendations and management actions put in place: Medium priority recommendations: <ul style="list-style-type: none"> a. Comply with the corporate guidelines for NIM projects. Management Actions Undertaken: Guidelines adopted. Compliant. b. Improve financial sustainability. Management Actions Undertaken: Improved financial sustainability, enlarged portfolio. Strengthen programme management. c. Strengthen the management of cash advances. Management Actions Undertaken: Currently compliant. d. Fully adopt the Harmonized Approach to Cash Transfers. Management Actions Undertaken: Currently compliant. e. Improve the use of Atlas by providing training to staff members and ensuring appropriate follow-up actions. Management Actions Undertaken: Currently updated. f. Improve the management of the pension scheme for service contract holders. Management Actions Undertaken: Currently compliant.

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			<p>g. Strengthen the procurement function, while ensuring compliance with UNDP policies and procedures. Management Actions Undertaken: Currently compliant.</p> <p>h. Improve the management of its information and communication technology. Management Actions Undertaken: Currently compliant.</p> <p>High priority recommendations:</p> <p>a. Undertake a review and update organizational structure and functions of all units. Management Actions Undertaken: Finalized.</p> <p>b. Under the lead role of the UN RC, take collective actions to resolve the issue relating to the Government's mandatory social security scheme and seek advice from the Office of Legal Affairs of the UN. Management Actions Undertaken: Negotiations finished</p> <p>c. Enhance the management of service contracts. Management Actions Undertaken: Currently compliant.</p> <p>All of these recommendations have been implemented. A new audit is taking place at the moment (started on February 2021).</p>
6. Has Prodoc clearly outlined roles and responsibilities of UNDP Country Offices and implementing partners for the oversight of this project	X		No explanation needed if answer is Yes.
7. Has Prodoc properly outlined roles and responsibilities of the project boards?	X		No explanation needed if answer is Yes.
Oversight and execution			
8. Where execution support services have been agreed with GEF Secretariat, Specify if the LOA with the Government to provide CO support has been duly completed, cleared by		X	N/A as Organization for Tropical Studies is the project IP; CO will not be providing any execution support services.

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<p>BPPS, and signed by the relevant parties and included as Annex to the UNDP-GEF project document before signature by the Implementing Partner, Government Coordinating Agency and UNDP. Please provide the link to the LOA. Also, please indicate what provisions have been taken to ensure that a proper separation of functions between staff providing oversight of the Implementing Partner executing the project and execution on behalf of the Implementing Partner is in place at the CO level.</p>			
<p>9. Have governance structures, staffing and/or operational measures been put in in this specific project to ensure proper oversight of this project and effective separation between oversight and execution?</p>	<p>X</p>		<p>The UNDP CO Project Management Cycle procedure is in line with the GEF guideline on project and program cycle policy GEF/C.59/Inf.03 July 2020, and the Rules and Guidelines for Agency Fees and Project Management Costs GEF/C.39/9, October 2010 – page 6</p> <p>A steering committee/project board has been established for this project.</p> <p>The Project Board will be formed by following persons:</p> <ul style="list-style-type: none"> - The project executive who represents ownership of the project and chairs the Project Board. In this project the executive is shared by the Ministry of Environment and Energy of Costa Rica (MINAE) and the Ministry of National Planning and Political Economy from Costa Rica (MIDEPLAN) and the Ministry of Environment of Panama (MIambiente) Ministry of Finance from Panama (MEF). - The beneficiary representatives will include two representatives from the Binational commission of the Sixaola River. - The UNDP RR and the Regional Technical Advisor - Water & Oceans will participate in the board meetings as part of its quality

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			<p>assurance role to provide advice and guidance.</p> <ul style="list-style-type: none"> - The coordinator of the project will act as secretary of the committee (board secretariat), but without vote. - A representative of the Implementing Partner (Organization for Tropical Studies) will also participate in the board meetings, but without vote. <p>The committee addresses project issues as raised by the project manager; provides guidance on new project risks and agrees on possible mitigation and management actions to address specific risks. The committee gives final approval of Annual Work plans aligned to the Prodoc. Specific clauses to provide evidence and transparency in reporting project results have been added to PRODOC.</p> <p>Hiring and contracting is done by the (Organization for Tropical Studies) as implementing partner.</p> <p>Project oversight is the sole responsibility of UNDP lead CO in Costa Rica and it will be done by Staff who hold Fixed Term Contracts. This is done by reviewing documentation submitted by the Implementing partner as well through project site visits, and steering committee meetings.</p> <p>For detailed oversight by UNDP please see question 3.</p>
Implementing Partner Capacities			
10. Please indicate the risk rating outlined in the Partner Capacity Assessment Tool (PCAT) and HACT/ micro assessments. Indicate the year the HACT assessment was undertaken.	X		<p>PCAT for Implementation Partner (Organization for Tropical Studies): 22 March 2021</p> <p>Low Risks</p> <p>Will the PCAT be updated at mid-term review of this project? Yes</p> <p>HACT: year undertaken and risk rating 22 March 2021 / Low Risk</p> <p>When will the HACT be updated? It has recently been done so an update of the HACT is planned to take place late 2022 to update risk log.</p>
11. Please indicate the date of the most recent HACT/NIM	X		<p>The micro assessment was carried out for the Organization for Tropical Studies on 22 March 2021.</p>

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audits have been conducted of the selected Implementing Partner. What measures have been put in place to respond to the audit findings? When available, provide a link to the management response

The Overall risk assessment of the Micro assessment was Low Risk. The main findings and recommendations were:

- There was insufficient documentation on prior approval sought for budget amendments in a timely way. It is recommended that the IP formally document the approvals made by the CEO in order to be able to verify that the changes have been previously approved.
- The IP does not have a computerized procurement system. The IP is recommended to computerize the procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods. This will save costs and time and reduce the possibility of errors.
- Procurement reports are not generated and reviewed regularly. The IP is recommended to generate reports of acquisitions, because this way a better control can be carried out as well as a history of the approved acquisitions.
- The IP does not have a structured procurement unit. The IP is recommended to have a structured procurement unit with defined reporting lines, with the aim of being clear about responsibilities of each staff and improve efficiency.
- The IP does not keep track of past performance of suppliers. The IP is encouraged to carry out evaluations of its suppliers and maintain a history of these results to verify if these suppliers comply with the standards that are required when purchasing their products and services. If necessary, evaluate the change of a provider.

Proposed management action plan:

To answer the recommendations included in the micro assessment report, the IP will (after the agreement with UNDP has been signed):

- be working on the acquisition of an electronic and automated procurement system, as soon as possible.

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			<ul style="list-style-type: none"> conduct a management response for each of the issues raised in the report, including separate documentation for risk management, generation of reports for acquisitions and all the other findings that will improve its administrative procedures and transparency.
12. Are there any outstanding HACT/NIM recommendations that haven't been addressed? What is the Net Financial Misstatement?	X		<p>There is no net financial misstatement in the audit.</p> <p>The micro-assessment conducted to the IP (Organization for Tropical Studies) concluded low risk. The recommendations related to track record of suppliers, more structuration of procurement unit, more periodicity in the review of procurement reports will be addressed with project implementation. The OTS is currently analyzing the adoption of an electronic procurement system.</p>
13. Please specify what capacities the office has in place to conduct periodic spot checks and monitoring of the IP's capacities	X		<p>In the Lead UNDP CO for this project (Costa Rica) spot checks are normally hired to service providers using existing LTAs. The hired service provider use UNDPs SOPs for spot checks (normally BDO, Deloitte or Moore Stephens). These are expected to take place once a year.</p> <p>In addition to this UNDP conducts project visits to check on the progress of executing agreed activities and investments in the Annual Work Plan in compliance with the Prodoc. In addition, each investment, acquisition or hiring required by the IP is contrasted by programme officer and programme associate with AWP and Prodoc to ensure alignment with project desired outputs and outcomes.</p> <p>The results of the capacity assessments for implementing partners, including a strengthening of the focus within the capacity assessment tools of procurement capabilities have been documented in the version of the Prodoc submitted after the first review by GEF.</p>
Procurement			
14. Has the procurement plan been elaborated and validated in coordination with the operation team/procurement unit? Please include the minutes of the validation meeting.	X		Yes. Procurement plan has been developed with participation of procurement analyst in Costa Rica and validated by operations manager (Reviewed March 19 March 2021).
15. Does the UNDP office have an established protocol to	X		Measures to Identify and Manage Conflict of Interest with Implementation Partner

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<p>identify and manage conflict of interest in general, and more specifically those arising in procurement decision-making processes at project level?</p>		<p>The Implementation Partner (Organization for Tropical Studies) shall be fully accountable for the completion of project activities in accordance with its own financial regulations, rules and policies, to the extent that they are consistent with UNDP's grant policies and Financial Regulations and Rules.</p> <p>Conflict of interests will be avoided through execution of corporate and CO specific check and controls assured through (though not limited) reviewing the IPs internal control framework, existence of robust procurement policies and relevant oversight mechanisms by the IP.</p> <p>The IP will be advised to ensure that all staff and contractors that are hired specifically have to declare any conflicts of interest prior to being hired in compliance with UNDP rules and regulations.</p> <p>Specifically, during the project lifetime the IP will share with UNDP lead CO procurement processes, rules and regulations which were reviewed as part of the HACT to ensure continuous alignment with UNDP procurement norms.</p> <p>Measures to Identify and Manage General Conflict of Interest</p> <p>Conflict of interest at the Project Board level will be managed by ensuring participation of Ministries of Environment of both countries as well as representatives from the Ministries who coordinate transboundary agreement implementation (Ministries of Planning and Political Economy in Costa Rica and Ministry of Finance in Panama) to ensure the right checks and balances are kept between GEF goals and the vision of transboundary agreement. The IP will participate in the board as observer and to receive direction from ministerial entities as stated in the Prodoc.</p> <p>Conflict of Interest at the Procurement Level will be addressed and avoided by the IP, by implementing the proposed management action plan (see answer 11), updating and strengthening its procurement processes and policies following any orientation and examples provided by UNDP lead CO.</p>
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Risk Management			
16. Has the CO conducted a proper risk analysis based on the project document? Does the risk register fully align with the risks outlined in the project document	X		<p>The CO has rigorously conducted the following risk analysis based on UNDP guidelines: i) Social and Environmental Screening Procedure (SESP) (See Annex 8 of the PRODOC), ii) Risk log as part of a Due Diligence procedure, iii) UNDP Risk Register (See Annex 9 of the PRODOC). And risks are evaluated every six months by the CO.</p>
17. List the frequency the risks will be monitored, and by whom. Explain how risks are monitored by the CO.	X		<p>Project coordinator hired by the IP (Organization for Tropical Studies) is responsible for entry and monitoring of the risks.</p> <p>The risk register will be updated every six months by the project team and reviewed by the Costa Rica UNDP CO as lead for this project, in its oversight role and also reviewed by UNDP's 2nd tier oversight at the Regional level (RTA).</p> <p>The project team, hired by the Organization for Tropical Studies, but based in MINAE offices, will implement the project, and monitor the risk under responsibility of the Project Coordinator. UNDP CO's oversight will monitor and ensure that risks are addressed twice a year, in consultation with the implementing partner and relevant stakeholders. Risk Mitigation measures will be put into place for identified risks via regular meetings and calls and reporting through the annual Project Implementation Review (PIR). The risk log will be reflected in project progress reports and ATLAS and it will be updated on a regular basis, as required.</p>

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			When issues are identified as being high, they will be flagged with the UNDP CO management and with the Regional Office of UNDP (RBLAC) and, where required, with UNDP HQ in New York. Risks will be captured in UNDP's PIMS+ risk dashboard and will be reviewed by BPPS' Vertical Fund management team.
18. Has risk assessment and management been done with identified mitigating measures documented in the Prodoc?			Yes, a comprehensive risk management section is included in the Prodoc pages 112 and Annex 6 (Risk Log) page 115.
Cofinance			
19. Please indicate how the CO will monitor and report back on the realization of co-financing included in the UNDP GEF Project Document			Several tools have been developed to monitor and report co-financing included in the project document. All project activities and events entail participation of project counterparts and civil servants in the design and delivery of these activities. A tool has been developed since GEF 6 for projects to record participation and estimate daily costs of contributions by project counterparts using official data of cost positions. Co-financing figures will be presented/shared during the Project Board meetings, PIR, Mid-term and Terminal Evaluation reports. Independent verification of co-financing will be undertaken and co-financing partners will be requested to provide letters that outline the amount of co-financing that has been realized to ensure that accurate co-financing figures are obtained and reported for mid-term review and terminal evaluation of the project. Deviations from the agreed co-financing will be reported to GEFSEC via PIRs so that Council is informed and has the opportunity to take steps, as necessary. UNDP management requests responsible partners written estimations of additional cash or in-kind co-finance in the form of rental services covered by government counterparts, or equipment or vehicles that are not covered by the project budget but support project activities.
Time tracking			
20. Please specify if you currently have a system in place to trace time dedicated to providing oversight of this project and separately execution support.	X		CO's will soon be transitioning to a time tracking system for Vertical Fund projects that will be rolled out in Apr 1, 2021. This time tracing tool will be used to track oversight functions carried out by the CO on a daily basis, as well as, for those specific individuals involved in execution support, the time that they spend providing assistance to the project team based out of the IP.

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			As from 2021 all staff and service contracts providing execution support service to GEF projects will be asked conduct a similar timesheet to separately determine execution support and to demonstrate a strict firewall is kept and functions are not conducted by the same staff.
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Signature/Clearance: UNDP Resident Representative (Costa Rica)

Signature/Clearance: Regional Bureau Deputy Director

Signature/Clearance: UNDP GEF Executive Coordinator

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