



Food and Agriculture
Organization of the
United Nations

Office of the
Inspector General

Audit of the Implementation of FAO's Framework on Environmental and Social Management



Report Number AUD1024

Date 23 September 2024

This document is comprised exclusively of the executive summary of the audit report.

Permanent Representatives accredited to FAO and institutional resource partners of FAO may be granted access to the full report upon written request to the Inspector General, in accordance with paragraphs 59-61 of the [Charter of the Office of the Inspector General](#).

EXECUTIVE SUMMARY

WHAT WAS AUDITED?

The Office of the Inspector General (OIG) conducted an audit of implementation of FAO's Framework for Environmental and Social Management (FESM), in accordance with its risk-based audit plan for the **2022–2023** biennium. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes to ensure the effective design, implementation and monitoring of the FESM, which became operational in June 2023. The audit covered projects formulated in the period June 2023–November 2023.

WHY IT MATTERS

The FESM aims to identify, assess, manage and monitor environmental and social risks and impacts, and promote resilient and sustainable agriculture and food systems in FAO's projects and programmes. FAO's partners and donors increasingly require FAO to demonstrate it has a safeguards policy and an environmental and social risk management system in place as a condition for funding. As such, FAO upgraded its Environmental and Social Management System commensurate with international best practices, resulting in development of the FESM, which became operational on 23 June 2023. The FESM replaced the previous Environmental and Social Management Guidelines of 2015.

WHAT WERE THE KEY OBSERVATIONS?

Since the approval of FESM in June 2022, the Environmental and Social Management (ESM) Unit within the Office of Climate Change, Biodiversity and Environment (OCB) has commendably led efforts to support the Framework's implementation throughout the Organization, within a short period of time and with limited personnel. These efforts have included major updates to FAO's Project Cycle, including updating the Project Cycle Manual; revising the Environmental and Social Risk Screening Checklist; preparing templates and guidance notes; and introducing safeguards focal points in FAO's Decentralized Offices. The ESM Unit has also led personnel upskilling efforts at all levels through development and delivery of training courses, such as e-learning, deep-dive training, monthly safeguards sessions, etc.; and updated a roster of potential candidates for project-level safeguard specialist roles to ease hiring processes.

Notwithstanding the above, the audit identified some improvements needed to enhance controls over the effective implementation and monitoring of the FESM, which OCB management has committed to undertake. The main improvement actions are to:

- Prepare a capacity development plan for acquiring the human resources capacity required, optimizing existing capacity and training across the Organization, including clearly defined roles and responsibilities to implement the requirements of the FESM effectively.
- Establish the required Independent Accountability Mechanism in FAO with clear roles, responsibilities and accountabilities.
- Develop effective mechanisms for monitoring the application of the FESM in programmes and projects.
- Develop an approach and relevant operational procedures to mainstream FESM requirements in emergency projects and ensure they are reflected in the Project Cycle Handbook.

CONCLUSION

Identified weaknesses in the existing processes and procedures negatively impact the effective mitigation of key risks. The audit identified four risks, of which two were rated as high and two as moderate. If not addressed, they will hinder the achievement of some important governance, risk management or internal control objectives.

OCB management has developed a suitable action plan to address the issues raised, and OIG will follow up on its timely implementation.

A handwritten signature in black ink, reading "Mika Tapio". The signature is fluid and cursive, with the first name "Mika" and last name "Tapio" clearly distinguishable.

Mika Tapio
Inspector General
23 September 2024