



SAHARA  
AND SAHEL  
OBSERVATORY

# FIDUCIARY PRINCIPLES AND STANDARDS POLICY

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## ACRONYMS

<b>SDC</b>	Strategic Direction Committee
<b>OSS</b>	Sahara and Sahel Observatory
<b>GCGHU</b>	Governance Compliance and Grievance Handling Unit

## DEFINITIONS<sup>1,2,3,4,5,6</sup>

**Abuse:** Misuse, waste, misappropriation, or intentional theft of property or resources linked to any OSS activity.

**Board:** Board of Directors of OSS.

**Conflict of interest:** Any scenario in which an individual or group of individuals involved in decision-making has, or is perceived to have, the ability to exert undue influence through the exercise of their official functions. Such situations may arise when a person's impartiality in the performance of his or her duties may be called into question by the presence of personal, financial or other interests that may be considered improper and illegal influences.

**Counterparty:** Any individual, organization, institution or other entity involved in OSS activities.

**Covered Individual:** Any person working at any level or in any grade, within the OSS.

**Ethical Standards:** Respect for values, norms, and principles of integrity, transparency, compliance with laws and standards, and accountability in resource management.

**Fraud and financial misappropriation:** Any use of deception with the intent to gain an unfair advantage of any kind for oneself or a third party, by omission, misrepresentation, concealment of facts or any other method that knowingly or recklessly misleads or avoids an obligation, or causes harm to another party.

**Good governance:** A governance that ensures responsibility, transparency, fairness, inclusion, and broad and diverse participation.

**Governance:** Standards, values, and rules by which things are managed.

<sup>1</sup> <https://www.ibe.unesco.org/en/geqaf/technical-notes/concept-governance>

<sup>2</sup> <https://www.greenclimate.fund/sites/default/files/document/policy-prohibited-practices.pdf>

<sup>3</sup> <file:///C:/Users/Admin/Downloads/Antifraud-Policy.pdf>

<sup>4</sup> <http://www.oss-online.org/fr/gouvernance>

<sup>5</sup> [https://www.ifad.org/documents/38711624/40189363/fraudpolicy\\_eb86\\_e.pdf/e2ae80aa-e423-4d7c-a582-c01c1917b427](https://www.ifad.org/documents/38711624/40189363/fraudpolicy_eb86_e.pdf/e2ae80aa-e423-4d7c-a582-c01c1917b427)

<sup>6</sup> [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Code\\_ethique-FR.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Code_ethique-FR.pdf)



**Governance Compliance and Grievance Handling Unit (GCGHU):** Independent body within the OSS that reports directly to the Executive Secretary. It is responsible for ensuring adherence to governance principles and regulations. It oversees the implementation of OSS' policies and procedures, and addresses grievances or complaints raised by Stakeholders, Partners, or any individual or entity working for OSS or involved in its activities. This Unit plays a critical role in promoting transparency, accountability, and ethical conduct, while effectively managing and resolving any grievances or disputes that may arise within the Observatory.

**Strategic Direction Committee (SDC):** Advisory body whose mission is to provide strategic choices that can support OSS programs.

# 1. INTRODUCTION AND RATIONALE

An effective fiduciary standards policy is essential to ensure accountable, transparent and efficient use of available resources and to ensure that funds are used appropriately.

The Sahara and Sahel Observatory (hereinafter OSS or Observatory) is committed to conducting its activities with the highest standards of integrity, by preventing financial risks and strengthening its Counterparties' confidence through rigorous financial management.

In this context, the Fiduciary Principles and Standards Policy (hereinafter referred to as Policy or FPSP), plays a key role in the financial sustainability of the Observatory's efforts to achieve its objectives.

In addition, by implementing this Policy, the OSS ensures its good reputation by demonstrating its commitment to ethical and honest conduct and responsible governance, so that it is consistent with the Observatory's principles and commitments, and international standards.<sup>7,8</sup>

## 2. OBJECTIVES

The FPSP aims to promote transparency, accountability and efficiency in the financial and physical management of the OSS, through clear procedures and effective control mechanisms ensuring that the Observatory's resources are used in accordance with its strategic objectives and priorities, while maintaining their integrity and security.

More specifically, the FPSP provides the OSS with a framework to guide its efforts in:

- Preventing abuse, fraud, and misappropriation of funds through rigorous internal control procedures for managing all financial transactions and monitoring of OSS resources;
- Ensuring that the Observatory's funds and resources are used for activities in accordance with its statutes and regulations, and that its management is transparent and accountable;
- Strengthening the trust and credibility of the OSS with its counterparts by demonstrating its commitment to good governance and responsible resource management;
- Establishing a stable basis for clear and transparent communication with Counterparties on the way the Observatory's funds and resources are used and managed, in order to maintain their trust and support.

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<sup>7</sup> <https://www.greenclimate.fund/sites/default/files/document/initial-fiduciary-principles-standards.pdf>

<sup>8</sup> [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.57.04.Rev.\\_02\\_Update\\_GEF\\_Minimum\\_Fiduciary\\_Standards.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.57.04.Rev._02_Update_GEF_Minimum_Fiduciary_Standards.pdf)

### 3. SCOPE

The Policy applies to all OSS activities. All Covered Individuals must comply with the FPSP.

### 4. INITIAL FIDUCIARY STANDARDS

Adherence to the original fiduciary standards will enable the OSS to strengthen the confidence of its Counterparties while promoting sustainable and responsible management of physical and financial resources. These standards have been updated to reflect the current best practices of the Code of Conduct.

As such, the OSS commits to:

- Exercise a fiduciary responsibility to its partners. This includes managing financial and physical resources in an accountable and transparent manner, ensuring that funds and resources are used in accordance with the Observatory's objectives and priorities;
- Being transparent in its activities and maintaining high standards of integrity and professionalism by adhering to impartiality, non-discrimination and non-partisanship principles in all its activities;
- Identify, manage and avoid potential or actual conflicts of interest in all of its activities by ensuring that all Covered Individuals and Counterparties report any potential or actual conflicts of interest in accordance with applicable policies and procedures;
- A responsible and efficient use of the financial and physical resources at its disposal;
- Comply with the applicable laws and regulations of the countries in which it operates and with international standards of transparency and financial accountability;
- Regularly evaluate its activities and performance to ensure that its practices meet the highest ethical and professional standards. The Observatory will use the results to improve its actions and governance;
- Ensure strict financial management, responsible use of resources, and good project governance;
- Promote the efficiency, effectiveness and positive impact of funded activities.

### 5. STAKEHOLDERS

- The Council: Validates, after review, the fiduciary policies of the OSS. It approves the Observatory's periodic financial reports and ensures their compliance with applicable laws and regulations;
- The OSS Secretariat: Establishes effective internal control mechanisms and ensures that the use of Observatory resources is responsible and transparent;
- The Covered Individuals: are trained and made aware of the Observatory's fiduciary principles and financial and physical management procedures. They are responsible for implementing the Policy and for ensuring that financial transactions are documented and controlled in accordance with established procedures;

- The internal and external auditors: are responsible for verifying that the financial and physical management of the Observatory complies with applicable standards and regulations. They can also help identify deficiencies in internal procedures and controls, and recommend improvements to the management of OSS resources;
- The Counterparties: may be consulted or invited to review and comment on fiduciary policies being developed;
- The Strategic Direction Committee (SDC): is of crucial help with its expertise and experience. It contributes to the development of fiduciary policies to meet OSS needs.

## 6. GUIDELINES

The PPNF establishes clear standards for the financial and physical management of the OSS, as well as practical guidelines when implementing the Observatory's resources management.

### 6.1 Financial management

The OSS is committed to:

- Assuming financial responsibility for all transactions involved with its activities. These transactions must be documented and controlled in accordance with established procedures through reliable financial management and accounting systems;
- Preparing annual budgets as a guide for its financial resources management. These budgets should be developed based on the needs of the Observatory and reviewed periodically to ensure efficient use of its resources;
- Using entrusted funds in a responsible and transparent manner. Funds should be used only for the activities for which they have been granted and not for personal expenses or for activities that are not included in the strategic objectives of the Observatory;
- Providing accurate and timely financial reports on the use of its resources. These reports should be prepared in accordance with international accounting standards and the donors' and Partners' requirements. Financial reports should also be available to Stakeholders and should be communicated in a transparent manner.

### 6.2 Managing Physical Resources

The OSS is committed to:

- Taking responsibility for the management of its physical resources, which should be used for the activities for which they were provided. Physical resources shall be controlled and managed in accordance with established procedures;
- Maintaining a comprehensive and regularly updated inventory of physical resources. It should include all physical assets of the Observatory, including equipment, supplies, and vehicles. Physical resources should be tagged and tracked to ensure efficient and responsible management;
- Ensuring regular maintenance and repair of its physical resources, including equipment and vehicles, which should be regularly monitored and maintained according to established procedures. Repairs should be promptly and efficiently conducted to avoid disruptions to the Observatory's activities.



## 6.3 Reporting and communication

It is important for the OSS to have a effective and transparent communication process to ensure compliance with regulatory and tax reporting requirements. This helps build trust and ensures accountability and compliance with legal and regulatory requirements.

Therefore, the OSS is committed to providing clear, accessible, and understandable information about the Stakeholders involved in its activities and the resources allocated. This may include regular communication of objectives, results and project progress, as well as feedback mechanisms that allow beneficiaries to express their views.

The Observatory promotes a collective and inclusive approach involving relevant counterparts in some decision-making processes for projects, through consultative meetings or working groups.

The OSS also commits to providing regular progress reports to inform Counterparts of the status of its activities, focusing on tasks completed, results achieved, challenges encountered, and actions taken to address them.

The Observatory has established a mechanism called the Governance Compliance and Grievance Handling Unit (GCGHU), which is responsible for receiving and addressing complaints, claims and grievances related to the Observatory's projects and activities. It also ensures compliance with the principles and standards set forth in the OSS Prohibited Practices Policy and the Anti-Money Laundering and Countering the Financing of Terrorism Policy.

The Observatory also complies with all applicable regulations and legal obligations in countries where it operates. This includes filing required reports with relevant authorities, complying with governance and transparency requirements, and maintaining appropriate records and accounting documents.

The OSS must also prepare comprehensive and accurate financial reports, including financial statements, balance sheets, income statements, and cash flow statements, in accordance with internationally accepted accounting principles and specific regulatory requirements.

## 7. SPECIALIZED FIDUCIARY STANDARDS

The OSS has established specialized fiduciary standards tailored to the nature and scope of its activities. Through these standards, the Observatory is committed to maintaining a high level of integrity and transparency in its projects and programs, and to effective and responsible management of its financial resources.

In this respect, the OSS is committed to:

- Ensuring transparency in its financial management, including maintaining accurate records, adhering to accounting principles, and conducting regular audits to ensure proper management of its resources;
- Promoting high ethical standards among Covered Individuals and Counterparts. This includes adherence to codes of conduct, avoiding conflicts of interest, and ensuring impartiality in decision-making;
- Establishing guidelines for the efficient and responsible allocation of resources, including funds, and equipment;
- Implementing risk management strategies to identify, assess, and mitigate potential risks and uncertainties;
- Requiring the performing entities to provide regular reports on the project progress, results, and financial performance. This includes providing accurate and timely information to Stakeholders and establishing evaluation mechanisms;
- Promoting meaningful participation and collaboration with Counterparts, including local communities, Partner organizations and donors, to actively engage them by seeking their input, addressing their concerns and promoting their inclusion in decision-making processes;
- Ensuring compliance with applicable laws, regulations and international standards applicable to the activities of the OSS, including compliance with financial reporting requirements, tax obligations and any other relevant legal obligations.

## 8. EFFECTIVENESS AND REVISION

This Policy will come into effect upon its adoption by the OSS Board. It will apply to all OSS activities to the extent reasonably possible, and to those that will be approved after its effective date.

This Policy will remain in effect until amended or superseded. It will be reviewed and updated as necessary.