Report on the activities of the Independent Integrity Unit, November 2016 to September 2017

Summary

This report provides an update on the progress made with regards to the activities of the Independent Integrity Unit. The reporting period is from November 2016 to September 2017. The document summarizes the activities of the Unit based on the information provided in the workplan adopted by the Board at its fifteenth meeting.

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I.   Introduction

1.   This report on the activities of the Independent Integrity Unit (IIU) provides an update on the progress made by the Unit in implementing its Workplan for 2017, approved by the Board at B.15.[1] Focus is given to progress on key priority initiatives identified in the workplan. The reporting period is from January 2017 to 15th September 2017.

2.   IIU has responsibility for safeguarding the lawful and efficient utilization of the Fund's resources and the proper conduct of staff members within the norms of the international civil service. IIU executes this key function by employing both proactive and reactive mechanisms. In this context, IIU sustained its efforts to establish and embed the Unit's preventative and investigation initiatives across the Fund, based on the approved IIU 2017 workplan as detailed below.

II.   Activities of the IIU during the reporting period

3.   IIU has implemented the 2017 workplan approved by the Board at its Fifteenth Meeting in December 2016. In doing so, IIU has worked closely with the Ethics and Audit Committee (EAC) of the Board in drafting and reviewing the policy documents, with a focus on the Anti-Money Laundering and Countering the Financing of Terrorism Policy, Whistle-blower and Witness Protection Policy, Prohibited Practices Policy and Integrity Due Diligence Policy for Private Sector Operations.

4.   With regard to staffing, the immediate requirement for the start-up period has been fulfilled. IIU actively cooperated with the operations divisions of the Secretariat in developing policies and raising awareness of external stakeholders such as countries and accredited entities on the GCF's integrity standards. More detailed summary of key activities of the Unit is set out below.

2.2   Key Proactive Initiatives

5.   Proactive initiatives of the IIU during the reporting period include the following:

Policy development: Significant work has been undertaken to address the important task of developing critical Fund policy documents. The IIU has finalized drafting numerous policy documents including:

AML/CFT Policy (in collaboration with the Secretariat)

Whistle-blower and Witness Protection Policy

Prohibited Practices Policy

Integrity Due Diligence for Private Sector Operations Policy; and

Administrative Guidance on Financial Disclosure and Declaration of Interest Statements.

An extensive socialization and review of the draft policies is being undertaken with the EAC.

Collaboration with the Secretariat:

OGC and ORMC: IIU, as a part of the regular work group, met with staff from the OGC and Office of Risk Management and Compliance, to discuss ways of cooperation and information sharing regarding key risk and compliance issues.

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[1] Decision B.15/13.

CPD: IIU reviewed, provided advice and engaged in negotiations on provisions regarding Accreditation Master Agreements (AMAs) and Readiness Grant Agreements. IIU also actively participated in the Direct Access Workshop and Structured Dialogues organized by CPD during which IIU had bilateral meetings with representatives of countries and Accredited Entities to raise awareness and provide advisory function in establishing their integrity policies.

Procurement: There is ongoing planning to support the Procurement function in the Administrative Operations Division of DSS to develop a *Procurement Fraud Prevention Framework.*

Internal Audit: IIU, with Internal Audit office, discussed ways of cooperation and information sharing by establishing regular working group meetings.

Development of risk-based tools: IIU recognizes the importance of applying a risk-based approach to providing solutions to the integrity risks inherent in GCF operations. For this reason, IIU has embarked on consultations along with colleagues from the Secretariat for the acquisition of an Integrity Risk Tool that would offer to operations personnel a means by which they may perform *"know-your-customer"* checks on applicant entities and individuals involved in the use of GCF resources. Several demonstrations have been organized with service providers, and after finalizing the review process, IIU will decide on whether to purchase an off-the-shelf product, or to adopt a customised product.

2.3   Investigation Activities

6.   Investigation initiatives of the IIU during the reporting period include the following:

Investigation cases

IIU took over investigations into three allegations, previously led by an Internal Audit consultant prior to the establishing of the IIU, conducted post investigation reviews to ascertain the completeness of the investigation and to follow-up on the findings and produced an investigation report to the Board.

Seven more complaints have been received during the reporting period. These complaints were reviewed for subject-matter jurisdiction and four of the complaints were determined to fall outside of the jurisdiction of IIU. Two of the three complaints were investigated, and one complaint has been put in suspense pending substantiation.

Investigation Standards: IIU developed a draft Investigation Standard, which will be presented to the EAC along with the Prohibited Practices Policy before B.19 for its review and endorsement. Currently, the Standard is being consulted with the Office of General Counsel, and following this review the Standard will be further reviewed by a counterpart office in a peer institution from within the UN-RIS network prior to being submitted to the EAC for endorsement.

Conflict of Interest (CoI) declarations: A CoI register has been created in a searchable database hosted in a secure IIU online location to track requests for advice regarding potential conflicts of interest. IIU has, in consultation with the EAC, issued advisories on four CoI declarations.

2.4   Outreach and Networking

7. In fulfilment of the mandate in Article 15 of its TOR, to establish and operationalize cooperation frameworks with counterpart offices in International Financial Institutes and Multilateral Development Banks, IIU applied for and was admitted to membership of the following professional, peer-learning international networks:

Conference of International Investigators (CII): CII is the professional network of international investigators that brings together investigative offices from peer public international institutions to discuss and improve collaboration and engage in peer-learning. The next conference, to which IIU has been invited, is in October 2017.

UN-Representatives of Investigative Services (UN-RIS): this is a forum of the investigative offices of UN Secretariat entities and agencies. UN-RIS has established an online knowledge-sharing platform, and it conducts regular virtual meetings, with one onsite meeting every year during the CII.

8. **United Nations Office for Project Services (UNOPS) and UN Office of Internal Oversight Services (UN OIOS):** IIU established a working relationship with UNOPS Internal Audit and Investigation Group with a view to active collaborations. Additionally, IIU has established a relationship with the UN OIOS in anticipation of a possible future request for an external (peer) review of the Fund's integrity standards and procedures.

9. **Contacts Database:** IIU is mandated to work with and rely as much as possible on integrity units of Accredited Entities (AEs) and therefore has created a contact database of all entities that it has established or is seeking to establish a working relationship with. To further strengthen such relationships, IIU is developing a template for memoranda of understanding (MoU) with investigation offices of AEs to provide the potential for peer-learning and joint operations support between IIU and those counterpart offices.

2.5 Recruitment

10. The positions of Operations Analyst and IT Forensic Investigator were approved by the Board in the 2017 budget. Recruitment was successfully undertaken for the Operations Analyst post, while the recruitment process for the IT Forensic investigator post suffered a setback though it is currently on track for completion by end October 2017.

11. Additionally, two Policy Development consultants and an intern were hired to fill out the capacity and responsiveness of the IIU pending its full staffing.

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