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# Report on the activities of the Independent Integrity Unit

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## **Summary**

This report provides an update on the progress made by the Independent Integrity Unit in the implementation of its 2020 Workplan as approved by the Board. The reporting period is from 1 January to 30 June 2020.

## 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 2020 as approved by the Board<sup>1</sup>. Focus is given to progress made on key priority initiatives identified in the Workplan. The reporting period is from 1 January to 30 June 2020.

2. As identified in the Workplan of the IIU and to help guide the work of the Unit for 2020, the activities during the reporting period were focused particularly on the following five overarching priorities:

- (a) Establishment of the administrative remedies and exclusions framework;
- (b) Development of the Investigation Standards;
- (c) Monitoring the implementation of integrity policies;
- (d) Proactive integrity risk assessments and project/programme reviews;
- (e) Awareness-raising and training; and
- (f) Upscale investigative responses in line with increasing project disbursements.

## II. Activities of the Independent Integrity Unit during the Reporting Period

### 2.1 Establishment of the Administrative Remedies and Exclusions Framework

3. Pursuant to the Terms of Reference of the Head of the IIU<sup>2</sup> and in order to fulfil the mandate given by the Board in decision B.22/19, paragraph 9(b)<sup>3</sup>, the IIU developed the Administrative Remedies and Exclusions (ARE) Policy following the guidance from the Ethics and Audit Committee (EAC) and consultations with relevant Secretariat divisions. The EAC provided guidance on key policy issues on the advanced iteration of the document drafted in cooperation with the Office of the General Counsel (OGC).

4. The purpose of the Policy is to set out the policy principles and general procedures to be followed in the administrative process by which the Fund determines, through an administrative proceedings or settlements, whether or not to apply remedies including exclusion or debarment against parties alleged to have engaged in Prohibited Practices in connection with projects, programmes, and other activities funded by the Green Climate Fund (GCF).

5. As at the end of the reporting period, the draft ARE Policy was under consideration by the EAC and bilateral consultations had been undertaken by IIU with the majority of EAC Members, while further consultations are being scheduled. The expectation is now to present the Policy to the Board at B.27 after its endorsement by the EAC.

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<sup>1</sup> Decision B.24/07.

<sup>2</sup> "The Head of the IIU to propose a policy for cross-debarment with peer organisations to mutually enforce each other's debarment actions, with respect to the four harmonised sanctionable practices, i.e. corruption, fraud, coercion, and collusion."

<sup>3</sup> Decision B.22/19, para. (b) states that "the Board requests the Independent Integrity Unit, in consultation with the Secretariat, to develop policies on administrative sanctions and exclusions for consideration by the Board in 2019."

## 2.2 Development of the Investigation Standards

6. The Investigation Standards define the principles and general procedures for investigations conducted by the IIU. It aims to ensure consistent, objective, and effective investigations that are aligned with international best practices.

7. The IIU continued consultations with the Secretariat in the development of the Investigation Standards and begun work on the Investigations Manual. The Manual is intended to support the Standards and articulate the numerous operating procedures of IIU's investigations' function.

8. In addition to the development of the Standards and Manual, the IIU continued its periodic self-assessment and further improved investigation protocols, templates, and standard forms to streamline the investigation function.

## 2.3 Monitoring the Implementation of Integrity Policies

9. **Implementation of the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH).** The IIU provided advisories on the decision<sup>4</sup> proposed by the Secretariat to the Board at its twenty-fifth meeting to defer the implementation of decision B.23/16 Policy on the Prevention and Protection from SEAH relating to obligations imposed on Counterparties. While the implementation of the part concerning Counterparties is currently up for review by the Secretariat, provisions and obligations regarding Covered Individuals are in effect and are being implemented.

10. **Reports on Policy Implementation.** To fulfil the responsibilities to report on the implementation status of integrity policies on an annual basis to the Board, the IIU drafted its first reports on the implementation of the Policy on Prohibited Practices and the Policy on the Protection of Whistleblowers and Witnesses. The Unit engaged with different stakeholders in the process to gather relevant data and solicited feedback from the Secretariat divisions to accurately assess the implementation status of the Policies. The reports aim to address the effectiveness of the Policies in achieving the goals set out in each Policy and recommend improvements for better implementation. The key elements of the reports include the assessment of the measures taken by responsible parties to fulfil policy-defined goals, the compliance with obligations stipulated in the Policies, and the identification of areas for improvement.

11. **Integrity Advisory.** As an important tool to prevent and mitigate risks of Prohibited Practices in Fund-related activities, the IIU continued to provide advisories on integrity-related issues to the Secretariat. The activities undertaken include providing advisories to ensure the inclusion of integrity safeguards in legal agreements with Accredited Entities, Delivery Partners, and third parties compliant with the GCF integrity policy framework. In the period under review, IIU received a total of approximately 70 requests, and provided advisories on diverse matters such as counterparty's compliance with the GCF standards regarding money laundering and terrorist financing and Prohibited Practices in the context of GCF-funded projects and programs, the application of screening against the United Nations sanctions list, and investigation jurisdictions and arrangements between the GCF and counterparties with respect to the GCF-funded activities.

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<sup>4</sup> Decision B.25/05 on "Implementation matters relating to the GCF's obligations under the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment."

## 2.4 Proactive Integrity Risk Assessments and Project/Programme Reviews

12. **Proactive Integrity Reviews (PIRs).** As mandated in the Unit's Workplan in previous years, the IIU developed a PIR methodology based on data-driven integrity risk assessments to conduct proactive oversight of GCF-funded projects and programmes. The IIU's PIR model entails a two-tier approach of integrity risk assessment, which will enable an intelligence-led selection of projects/programmes to review, and also in-depth reviews of projects/programmes based on the risk rating.

13. During the reporting period, the Unit commenced a pilot review by conducting preliminary risk assessments on projects based on data provided by the Secretariat. In doing so, a set of objective integrity risk criteria was used which aligns with GCF integrity policy-defined goals.

## 2.5 Training and Awareness-Raising

14. **Engaging with Accredited Entities.** Continuing from the previous year, the IIU led the conclusion of Memoranda of Understanding (MoU) with IIU counterparts of Accredited Entities to agree upon cooperation modalities. The MOUs cover areas ranging from information sharing to detect and prevent Prohibited Practices in GCF projects, and modalities for potential joint investigations. As at the end of the reporting period, IIU has concluded MoUs with 11 Accredited Entities in total and is currently under negotiation with 46 Entities.

15. As part of its Fund-wide awareness-raising campaign on SEAH issues and to build a sustained culture of integrity, the IIU participated in a series of training sessions organised by the Secretariat. The interactive training raised awareness on staff's reporting obligations through case studies and exercises to help assess reporting requirements, protections available for reporting such as anonymity and confidentiality, and the processes and steps that follow in cooperating with IIU investigations. Following the training session, a series of short articles titled, 'Ask IIU' was published on the weekly staff email newsletter to supplement and support the SEAH training and answer frequently asked questions.

16. Cooperating with the Secretariat, the Unit actively participated and published entries to the GCF weekly newsletter raising awareness on the IIU's mandate and integrity policies.

17. The Unit swiftly responded to COVID-19 through crisis communication measures, releasing a holding statement and directly liaising with all internal and external stakeholders on the continuity of business for the Unit during the pandemic. IIU drafted a business continuity plan that was based on a business risk assessment conducted to ascertain the levels of risk that would be occasioned by the interruption of operations due to the global pandemic.

## 2.6 Investigation Activities

18. **Case Management System.** The IIU has initiated the procurement of a robust and secure case management system (CMS) to support IIU's mission. The CMS integrates a 24/7 multilingual complaints intake hotline and will serve as IIU's primary platform to manage the investigations process including but not limited to complaint registration, eligibility check, case assignment, evidence tracking, case reviews/approval, and case referrals. The system's analytic capabilities and flexible reporting dashboard will also allow for improved efficiencies by providing real-time access to case data and pertinent performance indicators.

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19. The IIU registered 17 new cases during the reporting period, 10 involving staff misconduct, two reports concerning project-related integrity violations, and five non-integrity violations. These cases are currently under preliminary review.
20. The IIU closed 13 cases during the reporting period:
- (a) Seven of these cases relate to allegations of workplace misconduct, which were all closed as unsubstantiated. The allegations were in the nature of complaints against various workplace behaviour which were assessed as lacking specificity and supporting evidence or of such character that they did not rise to the level of seriousness and severity that would have amounted to misconduct. In one case, the subject of the investigation left the GCF during the preliminary assessment of the complaint. In any event, the IIU noted its preliminary findings and made recommendations on potential interventions and corrective measures;
  - (b) Two of the closed cases were related to GCF projects. One complaint made a general allegation of embezzlement activities in a country where a GCF project is located, but these claims had not been substantiated as they lacked any supporting information that would connect these allegations to any GCF project or activity. Notably also, upon IIU verification, the source of the information subsequently denied making the subject allegations. Another complaint is related to several allegations of wrongdoing in one of the GCF projects. The IIU did not find evidence of integrity violations in the concerned project after reviewing the Government-led inspection report and the Accredited Entity-led risk-based audit report, both of which concluded that the overall project implementation including the alleged procurement activities are in line with the standards while a few internal control weaknesses were identified; and
  - (c) In the remaining four other cases, the IIU determined that the matters fell outside its mandate.
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