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CLIMATE  
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# 2020 Annual Report of the Independent Integrity Unit

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## **Summary**

This document presents the 2020 Annual Report of the Independent Integrity Unit. The reporting period is from 1 January to 31 December 2020.

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## I. Foreword by the Head of the Independent Integrity Unit

1. Under its Board-approved Terms of Reference,<sup>1</sup> the Independent Integrity Unit (IIU) is required to provide an annual summary report of its activities to the Board. It is the mission of the IIU to execute its mandate and protect the Fund from violations of its integrity standards, and to safeguard against misconduct. As Head of the IIU, it is my pleasure to inform on the work undertaken by the Unit in 2020, and to reflect on some lessons learned from its investigations and proactive initiatives.

2. Despite the challenges faced in 2020, IIU staff performed remarkably well, adapted very quickly to dynamic conditions, and delivered on our mandate. As a testament to the team's fortitude, the IIU improved operational efficiency, concluded effective investigations, worked with the Secretariat to expediently protect GCF staff, and progressed important policies and standards.

3. The year also brought increased levels of engagement and cooperation with the GCF Secretariat. The IIU provided advisories on internal control risks discovered from its investigative activities, engaged in consultations on policy matters, collaborated on defining mechanisms for improved communications, and participated in developing joint staff training sessions on ethics and integrity issues, among other things.

4. In 2020, the IIU saw a 29 per cent decrease in the number of staff misconduct complaints, down from 24 in 2019 to 17 in the reporting year. Further details will be found in the succeeding sections of this report.

5. In addition to its investigative mandate, the IIU also undertakes awareness-raising and training activities. Despite the challenges of the COVID-19 pandemic which disrupted planned outreach operations, the IIU provided training in integrity matters to approximately 244 GCF staff members and reached an audience of 138 stakeholders via a number of outreach activities.

6. The IIU also worked closely with counterpart integrity and anti-corruption offices in the Fund's Accredited Entities. To further enhance cooperation with these partners, eight additional Memoranda of Understanding were signed with GCF Accredited Entities, including the Environmental Investment Fund (EIF), Landbank of the Philippines (Landbank), Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN), National Rural Support Programme (NRSP), Japan International Cooperation Agency (JICA), Caribbean Community Climate Change Centre (CCCCC), Fiji Development Bank (FDB), and World Meteorological Organisation (WMO).

7. The vision of the Independent Integrity Unit is to be the global leader in climate finance integrity. The Green Climate Fund is the leading financial institution in the world dedicated to providing funding for projects to address climate change, as it is an operating entity of the financing mechanism for the Paris Agreement. GCF seeks to achieve its mission by fostering a paradigm shift towards low emissions, climate resilient development in developing countries and achieving this through innovation in all aspects of its operations.

8. IIU places this ambition at the heart of its operations. We are creating a partner network that promotes the ideals of climate finance integrity and the institutionalisation of robust and effective safeguards to protect resources dedicated to funding climate change projects in developing countries. IIU is working to achieve this ambition by creating strategic partnerships and building peer networks around critical safeguarding issues. We are also building innovation into the design of our proactive interventions and instruments, with the intent to create a community of best practices that reflects the highest ambitions of the GCF, while helping to achieve the goal of low emissions, climate resilient development.

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<sup>1</sup> GCF/B.06/18, annex IV, para. 15(o).

9. I would like to express my appreciation to the Board of the Green Climate Fund, and specifically to the Ethics and Audit Committee, for the strategic direction and support provided to the IIU during the reporting year. Particularly, my appreciation goes to the Executive Director of the GCF for providing leadership and for championing the cause of safeguarding the Fund from financial and reputational damage. I also thank all staff across the Green Climate Fund for their continued cooperation and confidence.

10. As for staff of the Independent Integrity Unit, I am grateful for their hard work and diligence, and for conscientiously delivering on their tasks and assignments during the year under review, often under challenging conditions. Our mission is invaluable in the preservation of the reputation of the Green Climate Fund, and the protection of the resources entrusted to the Fund for the financing of critical projects that address the effects of climate change.

11. To the readers of this report, I hope that you find the information in the following pages interesting and informative.

## II. About the Unit

12. The Independent Integrity Unit (IIU) provides the Green Climate Fund with the capacity to professionally and objectively investigate allegations of Prohibited Practices involving GCF Funded Activities, and to provide to the Executive Director (or Heads of Independent Units, where appropriate) with relevant facts and recommendations to form the basis for follow-up action.

13. While investigations make up the core of the IIU's work, the Unit is also responsible for:

- (a) Referring complaints to investigations offices in Accredited Entities where the scope of the complaint requires referral;
- (b) Referring complaints to the Independent Redress Mechanism (IRM) where the complainant seeks broad redress which is outside the remit of the IIU;
- (c) Advising Fund divisions and external stakeholders on integrity-related contractual requirements, policies, and procedures;
- (d) Instituting robust measures to prevent the occurrence of integrity violations, including by conducting Proactive Integrity Reviews (PIRs) in areas of increased risk and by sharing lessons learned from reviews in order to improve the effectiveness and efficiency of Fund operations and activities;
- (e) Acting within its responsibilities in the Third Line of Defence (under the COSO Internal Control Framework adopted by the Board of the GCF) to provide oversight and reporting to the Executive Director and to the Board on measures to strengthen the internal control framework of the Fund and its partners, in order to guarantee the safeguarding of the resources and the reputation of the GCF;
- (f) Contributing to increased awareness among Fund staff members on Prohibited Practices; and
- (g) Strengthening cooperation with other entities in the joint fight against fraud, corruption, and other forms of Prohibited Practices.

14. Key policies and documents include:

- (a) The **Terms of Reference of the IIU** sets out the scope of work, authority, and core principles of the Unit;
- (b) The **Investigations Standards** ("the Standards") sets out a framework and guiding principles for best practice in conducting investigations under the IIU's mandate. The

Standards are consistent with adopted GCF integrity policies<sup>2</sup> and the *Human Resources Legal Framework*. They reflect generally accepted investigation standards for international organisations as laid down in the *Uniform Principles and Guidelines for Investigations* endorsed by the Conference of International Investigators;<sup>3</sup>

- (c) The **Anti-Money Laundering and Countering the Finance of Terrorism Policy** sets out principles and minimum standards of internal controls, in accordance with recommendations from the Financial Action Task Force (FATF) to safeguard the GCF against money laundering and against the financing of terrorism;
- (d) The **Policy on Prohibited Practices** sets out conduct prohibited by the GCF in accordance with principles laid out in the *United Nations Convention against Corruption*;
- (e) The **Policy on the Protection of Whistleblowers and Witnesses** sets out protocols and principles for the protection of persons who bring allegations and information in a complaint to the IIU; and
- (f) The set of **Policies on Ethics and Conflicts of Interest** lays out the principles and ethical standard for Covered Individuals in connection with or having a bearing upon their status and responsibilities in the Fund.

### III. Unit Structure

15. In order to enable it to more efficiently achieve its mission, the IIU has further divided its work into four workstream groups:

- (a) Integrity and Anti-Corruption Group;
- (b) Workplace Misconduct Group;
- (c) Analytics and Operations Services Group; and
- (d) Prevention Group.

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<sup>2</sup> Board decisions B.22/19 *Policy on Prohibited Practices*; B.BM-2018/21 *Policy on the Protection of Whistleblowers and Witnesses*; and B.23/16 *Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment*.

<sup>3</sup> *Uniform Principles and Guidelines for Investigations (2<sup>nd</sup> Edition)* as endorsed by participating organisations at the 10<sup>th</sup> Conference of International Investigators held from 10 to 12 June 2009 at the Dead Sea, Jordan.

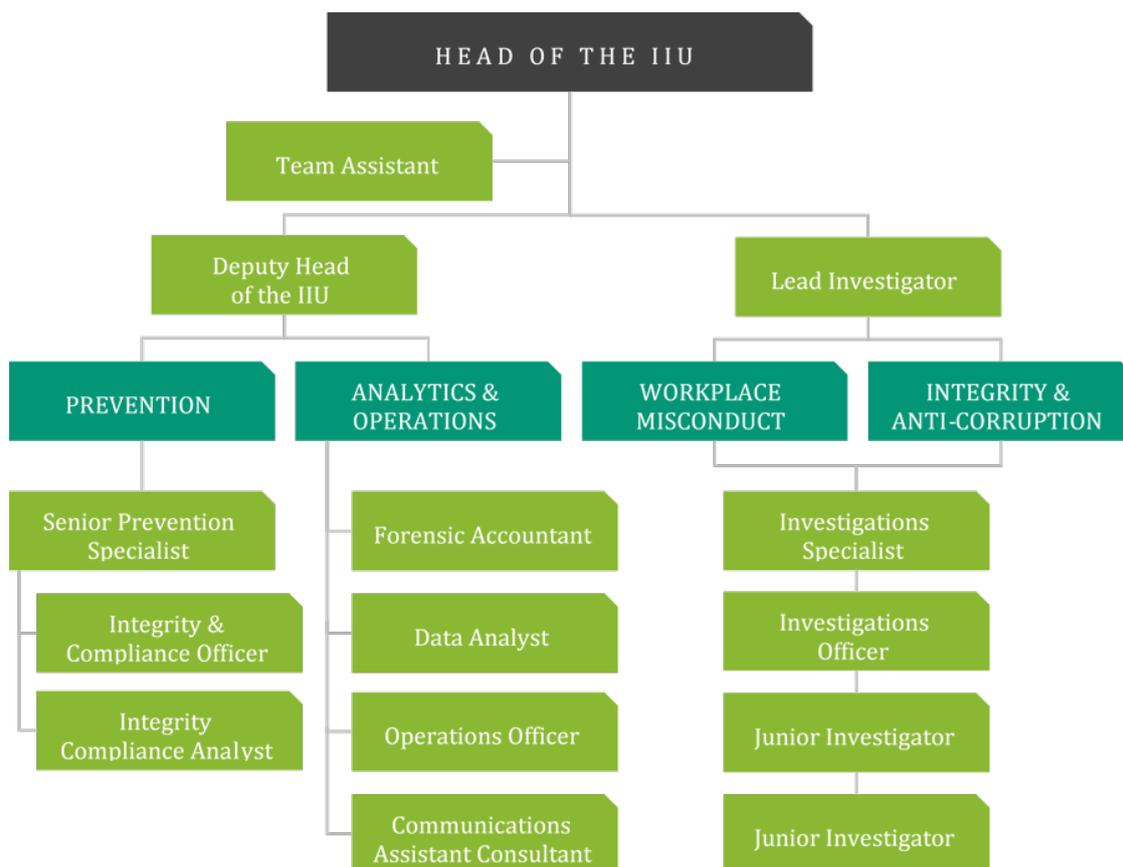


Figure 1. Organogram of the Independent Integrity Unit

#### IV. Results at a Glance

16. The year 2020 witnessed remarkable strides in the GCF’s development and implementation of the overall control environment and risk management processes. Among several notable initiatives, the Fund effected its internal grievance mechanisms and developed Standard Operating Procedures (SOPs) for the implementation of anti-money laundering and countering the financing of terrorism (AML/CFT) and “know your customer” (KYC) processes.

17. However, prior to the operationalisation of an effective organisational grievance mechanism, the IIU became the default outlet for staff members seeking remedies for perceived grievances. Many of these concerns pertained to matters related to management, performance, and other non-integrity issues that fell outside of the Unit’s jurisdiction. In those areas within its purview, the Unit has continued its engagement with current, departing, and former GCF Personnel to move these cases forward.

18. Markedly, some of these grievances became the subject of media attention and speculation, without regard to the veracity of the allegations. Notably, even though IIU registered and pursued all available leads in these cases, several complainants were recalcitrant in providing supporting information or evidence to aid in advancing further inquiry into their assertions. The net result has been an increase in registered cases, extended investigation durations, and the closure of these cases as unsubstantiated. However, the IIU recognised that although these matters were not integrity violations, they reflected certain concerns, and therefore engaged with the Secretariat on these issues, and even at the very early stages ahead of the media reports, provided recommendations to the Ethics and Audit Committee (EAC) on possible options for

addressing the issues. The Fund has since instituted numerous measures to address staff concerns and has elaborated a comprehensive grievance mechanism.

19. The IIU continued to improve its operational efficiency. Business processes were refined and the quality of investigations enhanced, the results of which were more validated substantive findings, the institution of effective protective measures, and the issuance of advisory notes that addressed identified internal control weaknesses and risks, and provided potential mitigating measures to alleviate such risks.

20. The IIU made significant strides in bringing the GCF Integrity Policy Framework to near fruition. Drafting of the *Administrative Remedies and Exclusions Policy* (ARE Policy) was completed. This important document sets out the principles and general procedures to be followed in the administrative process that is aimed at determining whether or not to apply remedies, which could include exclusion or debarment against parties alleged to have engaged in a Prohibited Practice in connection with Fund-related Activities. The Policy has undergone extensive consultations with the Secretariat, the Ethics and Audit Committee, with Accredited Entities, and with observer organisations.

21. Similarly, the Investigations Standards progressed to an advanced stage of consultation with the Secretariat. Feedback and comments have been sought from the Independent Units and all GCF staff. This valuable insight has been incorporated into the document and is undergoing final reviews. The Standards provide a framework of best practice and aim to ensure consistent, objective, and effective investigations that align with international best practices.

**Table 1. The Year at a Glance**

<b>IIU Facts and Figures</b>	<b>2020</b>	<b>2019</b>
<b>Total Allegations Received</b>	<b>31</b>	<b>40</b>
- <i>Of which Staff Misconduct</i>	17	24
- <i>Of which Project-Related</i>	4	4
<b>Investigation Cases Closed</b>	<b>31</b>	<b>37<sup>4</sup></b>
<b>Advisories Completed</b>	<b>77</b>	-
- <i>Of which Investigation Advisories</i>	2	-
- <i>Of which Prevention Advisories</i>	75	-
<b>MOUs Signed</b>	<b>8</b>	<b>2</b>
<b>Headcount at End of Year</b>	<b>11</b>	<b>9</b>

## V. Investigations

22. The IIU receives allegations of Prohibited Practices from internal and external sources, including from anonymous complainants. However, the IIU will also not be precluded from initiating its own investigations based on findings from its own activities, media events, or received information.

23. At intake, the IIU assesses and prioritises all incoming allegations of Prohibited Practices to determine whether the reported issue is within its mandate and whether an investigation would be appropriate. Following a review of the Intake Report, the case may be closed, referred, or sent for Preliminary Assessment.

<sup>4</sup> The 2019 Annual Report of the IIU reflected a total closed case count of 36. The actual number of closed cases was 37. One case was closed at the end of the quarter of that year and had not been accounted for at the drafting of the previous Annual Report.

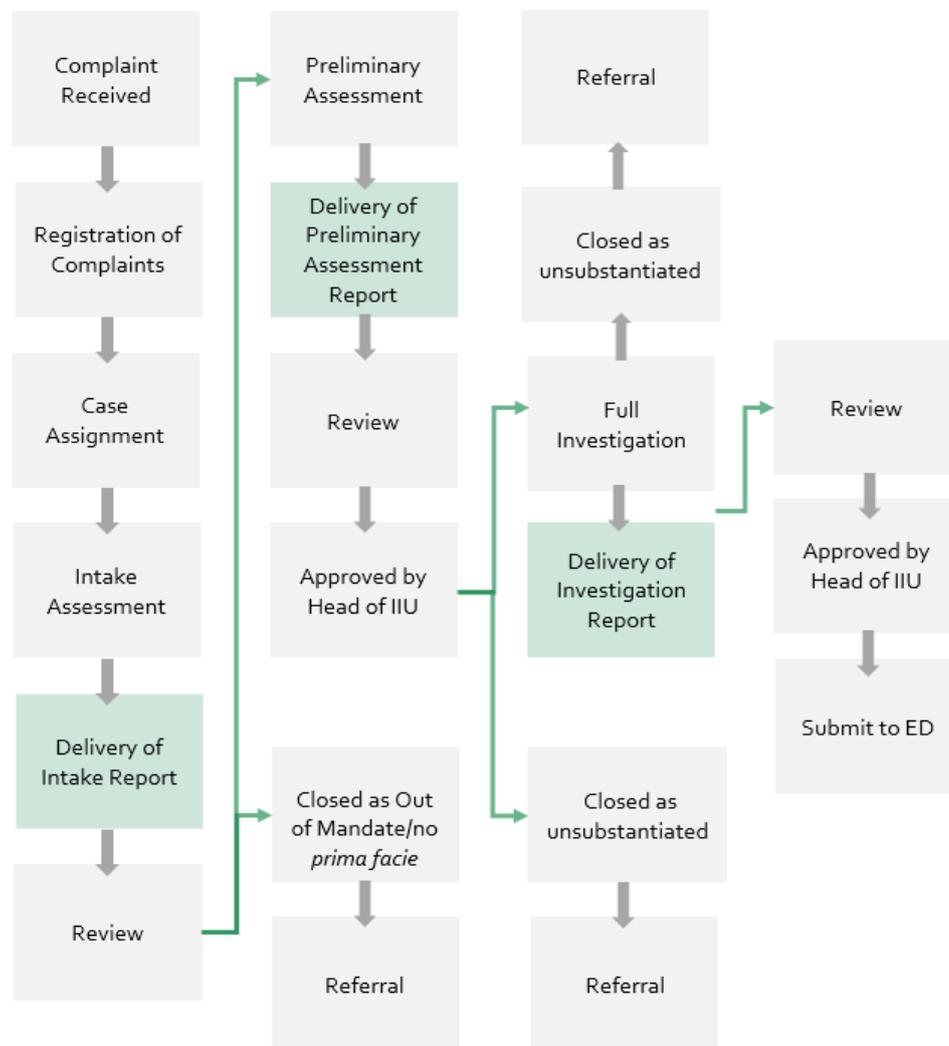


Figure 2. Investigations Workflow

24. In 2020, the IIU registered 31 cases, marking a 22.5 per cent decrease compared to 2019. The subsequent tables provide comparative statistics over the previous years.

25. Table 2 reflects the number of cases opened per quarter of the respective year dating back to 2018, which is further expanded on in Table 3.

**Table 2. Number of Cases Opened by Quarter**

Year	Q1	Q2	Q3	Q4	Total
2018	0	7	7	7	21
2019	1	26	6	7	40
2020	7	10	9	5	31

26. Of the registered cases, four related to GCF projects and programs; 17 related to staff misconduct; and the 10 remaining cases were either operational disputes, environmental matters, or other non-integrity related issues. Table 3 provides a comparative summary of the registered complaints by case type.

**Table 3. Count of Cases Opened by Type**

<b>Type of Cases</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Project-Related Reports</b>	<b>3</b>	<b>4</b>	<b>4</b>
<i>Fraud</i>	2	1	2
<i>Corruption</i>	1	2	1
<i>Collusion</i>	0	1	0
<i>Conflict of Interest</i>	0	0	1
<b>Staff Misconduct</b>	<b>15</b>	<b>24</b>	<b>17</b>
<i>Abuse</i>	4	8	1
<i>SEAH</i>	1	2	3
<i>Harassment</i>	4	6	8
<i>Fraud</i>	0	1	2
<i>Collusion</i>	0	1	0
<i>Retaliation against Whistleblowers and Witnesses</i>	1	1	1
<i>Conflict of Interest</i>	5	5	1
<i>Other Misconduct</i>	0	0	1
<b>Non-Integrity Violation</b>	<b>3</b>	<b>12</b>	<b>10</b>
<b>TOTAL</b>	<b>21</b>	<b>40</b>	<b>31</b>

27. During the reporting period, six cases were closed after full investigations, with five of the six cases substantiated. This substantiation rate represents a six-fold increase over the previous year.

28. The IIU closed 17 cases after preliminary assessment and 8 cases after intake assessment. In total, the IIU closed 31 cases in 2020.

29. Tables 4 and 5 provide a summary of closed cases per year and quarter as well as per phase.

**Table 4. Count of Cases Closed by Quarter**

<b>Year</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>2018</b>	0	2	1	2	5
<b>2019</b>	1	1	15	20	37
<b>2020</b>	5	8	9	9	31

**Table 5. Count of Cases Closed by Stage**

<b>Year</b>	<b>Intake Assessment</b>	<b>Preliminary Assessment</b>	<b>Investigation</b>	<b>Total</b>
<b>2018</b>	0	2	3	5
<b>2019</b>	18	13	6	37
<b>2020</b>	8	17	6	31

30. **Misconduct Case Statistics.** During the reporting period, the IIU received 17 complaints of staff misconduct, down from 24 in 2019, marking a 29 per cent decrease. Of these 17 complaints received in 2020, six were closed by years' end, along with 14 other historical misconduct complaints.

31. By year end 2020, the IIU had received a total of 56 complaints of staff misconduct over the three-year period, of which 42 of the cases have been closed, representing a closure rate of 75 per cent of all historical staff misconduct complaints. Table 6 provides these statistics through to the end of 2020.

**Table 6. Staff Misconduct Cases Opened and Closed by Year as of Year-End 2020**

Year Received	Cases Opened	Year Closed			Open
		2018	2019	2020	
2018	15	2	10	3	0
2019	24		10	11	3
2020	17			6	11
<b>Total</b>	<b>56</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>14</b>

32. **Protection of Whistleblowers and Witnesses.** During 2020, the IIU recommended that the GCF Secretariat provide interim protection measures for one GCF whistleblower pursuant to the *Policy on the Protection of Whistleblowers and Witnesses*; the *Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment*; and the *Administrative Guidelines on Human Resources*. In response, the GCF Secretariat implemented appropriate arrangements and protective measures for said GCF Personnel.

33. **Provision of Advisories to the Secretariat on Project-Related Cases.** Upon identifying potential risks for GCF projects and programmes during assessment of project-related cases, the IIU issued a number of advisories to the relevant divisions of the Secretariat recommending implementation of enhanced due diligence procedures, improved controls, policy enhancement, and corrective protocols.

34. **Investigations Standards.** The IIU engaged in consultations on the draft *Investigations Standards* (Standards) with all GCF staff, relevant divisions of the GCF Secretariat, and Independent Units. The draft Standards were shared with GCF Personnel for their comments during stakeholder consultations facilitated by the GCF Staff Council. The consultations yielded valuable feedback which were considered and incorporated in subsequent revisions to the document. The IIU also continued development of the *Investigations Manual* which is intended to support the Standards and articulate the numerous operating procedures of the investigation function of the IIU.

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

36. **Administrative Remedies and Exclusions Policy.** Resolution of substantiated project-related cases would normally lead to consideration of administrative remedies and exclusions as an important part of the post-investigation activities. The determination as to an appropriate remedy is independent of the investigation process. As mentioned in other parts of this report,

the IIU developed the draft *Administrative Remedies and Exclusions Policy* in close cooperation with the GCF Secretariat and under the advice and guidance of the EAC. The draft Policy was also consulted with Accredited Entities and GCF observer organisations. The IIU in collaboration with the Secretariat undertook an in-depth analysis of the implications of the Policy in terms of staffing and budget requirements, and has prepared a submission for the approval of the GCF Board in the first quarter of 2021.

37. **Case Management System.** The IIU commenced procurement of a robust and secure Case Management System (CMS) to support the investigation function, and as at year end 2020, the procurement was under implementation. The CMS will integrate a complaints intake function and will serve as the primary platform of the IIU to manage the investigations process including but not limited to complaints registration, eligibility checks, 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.

## VI. Analytics and Fraud Detection

38. In 2020, analytics within the Unit moved from conceptual stage towards implementation with impacts on reporting in the third quarter through the delivery of investigations benchmarking, an exercise which enabled comparative analysis of investigations performance between the IIU and a group of peer offices at similar institutions within the UN system and within Multilateral Development Finance.

39. **Integrity Due Diligence Platform (IDDP) Development.** In the third quarter of 2020, the IIU commenced work on developing, among other things, an Integrity Due Diligence Platform (IDDP) to support project-level integrity due diligence use cases (see Figure 3 below).

40. The IDDP aims to be available for query at any time including during the accreditation and reaccreditation activities. The platform is designed to systematically take in program and project data, along with input from other external sources to raise early warning on potential issues.

41. The entire mechanism is intended to proactively inform stakeholders of potential risk factors and provide opportunities for early intervention where red flags are detected. It is intended to take a holistic view of GCF funded activities and provide almost real-time assessments of ongoing concerns.

42. A prototype web application was developed in order to provide proof-of-concept (POC) validation of one possible approach to building such a platform. At the first iteration, the prototype modelled relational data on implementing entities, approved funded activities, and project conditions. The prototype database was populated with data extracted by hand from the Integrated Portfolio Management System (IPMS) database of the Secretariat. To enable both automated and manual data annotation, a red flag data model was created and the first few hundred automated red flags were written to the prototype database. Development work was halted in the fourth quarter when the POC outgrew infrastructure and when access-to-data issues made further POC development untenable. Further consultations with the Secretariat have subsequently cleared the path for reengagement on the initiatives.

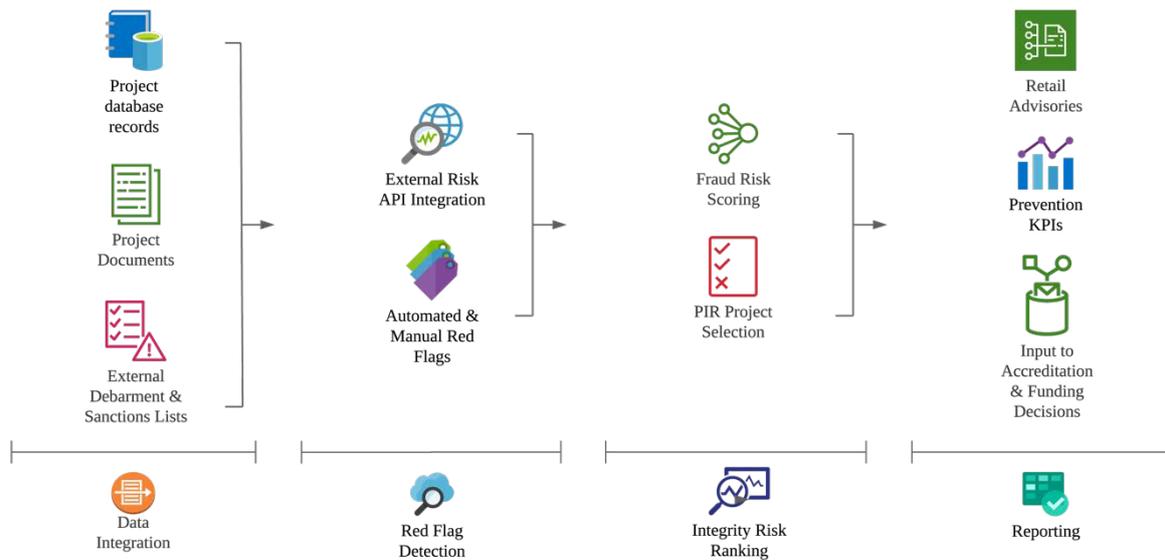


Figure 3. Project-Level Integrity Due Diligence Platform Use Case Diagram

43. **Cloud Infrastructure.** 2020 ended with the procurement of cloud computing environments into which the IIU began provisioning and deploying infrastructure required by the IDDP. This was done according to best practices including use of modular Infrastructure-As-Code (IAC). Infrastructure modules created and deployed in 2020 include: MySQL databases, data lake storage containers, as well as Kubernetes and Spark clusters. Infrastructure modules created in 2020 but not yet deployed by year-end included networking, services, and identity-and-access management (IAM) modules.

44. **External Risk Application Program Interfaces (API).** 2020 also ended with the procurement of an API key from a well-known third-party Risk API, which is intended for integration within the Integrity Due Diligence Platform as a service component supporting automated and manual red-flag detection as illustrated in Figure 3 above. Further details will be reported once the component has been implemented. Given the late December acquisition of the API key, the intended solution was not implemented during the reporting period.

## VII. Prevention

### 7.1 Integrity Enforcement Framework

45. **Administrative Remedies and Exclusions (ARE) Policy.** In 2020, the IIU drafted an *Administrative Remedies and Exclusions Policy* as part of the GCF integrity enforcement regime. The ARE Policy is intended to set out the general principles and procedures to be followed in the administrative process by which an independent determination or decision, through administrative proceedings or settlements, whether or not to apply remedies, including exclusion or debarment, against parties proven to have engaged in Prohibited Practices in connection with projects, programmes, and other activities funded by the GCF.

46. The draft Policy underwent extensive consultations with the Secretariat, the Ethics and Audit Committee, Accredited Entities, and observer organisations; all of whom provided valuable insights and whose feedback was incorporated into the document. The result of these substantive engagements was a well-considered draft Policy scheduled for Board consideration in early 2021.

47. **Initial Fiduciary Principles and Standards Update.** In accordance with Board decisions B.14/01, B.BM 2018/21(c), and B.23/15(b), the IIU undertook to propose amendments to the *Initial Fiduciary Principles and Standards of the GCF* adopted by decision B.07/02(b). To this end, the IIU produced a draft updated text for consideration of the Ethics and Audit Committee. Upon further request by the EAC, the IIU prepared a study on the compatibility and impact of the *GCF Updated Fiduciary Principles and Standards* in relation to the GCF Business Model. Given the urgency to ensure compliance with the Board’s decisions, the IIU recommended the GCF prioritise the update in the 2021 Work Plan of the Board.

## 7.2 Proactive Integrity Risk Assessment

48. **Initial Integrity Risk Assessment of Projects.** As a third line of defence of the GCF Project Risk Management System (PRMS), the IIU plays an oversight role in managing the GCF project risks by taking proactive preventive measures. Although the global health crisis provided certain challenges and necessitated the curtailment of activities, the IIU used the opportunity to conduct detailed assessments of its analytic models, test against available data, and ensure that the methodology is validated.

49. In early 2021, the IIU aims to engage with the Secretariat and inform on the modelling process with the aim of undertaking desktop project reviews, and depending on conditions, full Proactive Integrity Reviews. The goal of the exercise would be to determine whether the integrity risk control framework presents deficiencies which could result in violations of GCF integrity standards.

## 7.3 Technical Assistance and Provision of Advisories

50. **Provision of Advisories.** As an important tool to prevent and mitigate risks of integrity violations in Fund-related Activities, the IIU continued to provide advisories and guidance to relevant stakeholders upon request. The subject matter of such advisories covers the implementation of the Policies on SEAH, money laundering/financing of terrorism, Prohibited Practices, the update of the Accreditation Checklist, the Financial Manual, Procurement Guidelines and Manual, the Grievance Mechanism Guidelines, SEAH and Retaliation brochures, and the Standard Operating Procedures for the implementation of the GCF Policy and Standards on Anti-Money Laundering and the Financing of Terrorism.

51. The numbers of such requests received and fulfilled throughout 2020 are as follows:

**Table 7. Prevention Advisories**

Advisory Type	2020	2019
Reporting and Investigation of Wrongdoing	2	
Integrity Safeguards in Contractual Agreements with Counterparties	30	
Interpretation and Application of Integrity Policies in Fund-Related Activities	41	
Conflicts of Interest for Covered Individuals	2	
<b>Total</b>	<b>75</b>	

52. **Capacity Building and Training Support for Accredited Entities.** The IIU also provided technical support to Accredited Entities at their request to aid in the development of their integrity policies.
53. **Follow-up Actions on GCF Integrity Forum 2019.** As a follow up to the GCF Integrity Forum held in Madrid in December 2019 alongside COP25, the IIU produced a meeting report and action plan to evolve learning and support, as well as the exchange of best practices to grow the network of participating Accredited Entities. Due to the global health pandemic, plans to hold a second Integrity Forum in 2020 were postponed.
54. **Peer-to-Peer Learning Alliance Engagement.** The IIU supported the ongoing work programme of the Peer-to-Peer Learning Alliance on Climate Finance Integrity led by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), a GCF Accredited Entity. The IIU provided updates to members of the alliance on the implementation and development of GCF integrity policies, as well as specific guidance on AML/CFT policy requirements and standards, addressing practical implementation issues. The IIU also participated in the external evaluation of the initiative.
55. **Knowledge-Sharing Initiative with the Asian Infrastructure Investment Bank and the National Development Bank in Sri Lanka.** The IIU explored opportunities to share best practices with two Asian banks on matters related to ensuring ethical conduct institutionally, as well as advancing effective channels for reporting wrongdoing and protecting whistleblowers. Plans were developed to embark on regular online meetings to enable best practice sharing on these common matters of interest.
56. **Engaging with Accredited Entities.** In 2020, the IIU continued to engage in important dialogues with peer offices in Accredited Entities to facilitate cooperative activities ranging from information sharing and joint investigative activities, to capacity-building support. Such engagements resulted in agreeing on cooperation modalities through Memoranda of Understanding (MOUs) with eight MoUs signed in the reporting period.

## 7.4 Implementation of Integrity Policies

57. **Improving the Effectiveness of Integrity Policies.** In compliance with GCF integrity policy requirements, the IIU undertook to prepare and present to the Board for its information annual implementation reports on the *Policy on Prohibited Practices* (decision B.22/19) and the *Policy on the Protection of Whistleblowers and Witnesses* (decision B.BM-2018/21). The results of the engagement provided valuable feedback that will help enhance future collaboration between the IIU and the Secretariat.
58. **Staff Training.** In 2020, the Unit delivered the following training session to GCFstaff:

**Table 8. Staff Training Delivered**

Date	Training	Total Attendees
5, 10, 11, and 20 January 2020	SEAH Trainings (required for all GCF Staff)	244

## VIII. Awareness Raising and Communications

59. Throughout 2020, the Unit developed communication materials for use in general outreach and in promoting awareness of GCF integrity standards among staff and other relevant stakeholders. The overall communication strategy highlights the achievements of the IIU and the integrity mechanisms of the GCF. The tone of voice also pivoted to storytelling with attention to human interest angles when presenting integrity policies and work process of the Unit. In internal communications, the IIU began to execute messaging that fosters staff advocacy for anti-corruption.

60. **Crisis Communication.** In February 2020, the public health situation affected the overall operations of GCF. The IIU responded by activating a business continuity plan and releasing a formal hold statement to all its internal and external audiences via e-mail, staff newsletters, and the official IIU website. The mix of formal and soft-toned messages aimed to assure stakeholders that the mandate of the IIU is executed as usual and that the Unit remains operational. The IIU also provided responses and advisories to the Secretariat on mitigating reputational risks from media publications concerning integrity matters at the GCF.

61. Across 2020, the IIU contributed 17 entries to the weekly staff email newsletter with topics ranging from brief reminders on integrity policies to detailed updates on IIU activities as well as invitations to attend an “Ask Me Anything” (AMA) session held in December 2020 to commemorate International Anti-Corruption Day. The Unit also actively collaborated with colleagues from the Secretariat on common communications initiatives such as the development of the Staff Grievance Handbook.

62. As for external awareness and forums, the IIU took part in three events:

**Table 9. Interviews, Panels, and Speaking Engagements of the IIU**

Date	Session/Panel Theme	Organisers / Co-Conveners	Audience
28 August	Week on Water for Development (WW4D) Virtual Conference: Challenges and Opportunities in Integrity Readiness of Water Sector for Climate Change Finance	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Water Integrity Network (WIN) Central American Bank for Economic Integration (CABEI)	37
30 November	International Anti-Corruption Conference 2020: Climate Action: Time for Integrity	Transparency International	76
09 December	IIU Ask Anything Virtual Booth – IACD 2020 Event	IIU Internal Event	25

63. **International Anti-Corruption Day 2020 Campaign.** Participating in the observance of this UN international day is a vital opportunity to express GCF's commitment to anti-corruption to all its Covered Individuals, stakeholders, and the general public. The IIU mounted an advocacy campaign aimed at GCF Personnel, integrity counterparts in Accredited Entities, and the general

public using its official communication channels and collaborating with the Secretariat on releasing content on the official social media platforms of GCF.

**Table 10. International Anti-Corruption Day 2020 Content Performance**

<b>Email Newsletter</b>			
<b>Topic</b>	<b>Target Audience</b>	<b>No. of Recipients</b>	<b>Total Opens</b>
Today is International Anti-Corruption Day / Official Messages from the Executive Director and Head of IIU	Accredited Entity Focal Points	107	42
Today is International Anti-Corruption Day / Official Messages from the Executive Director and Head of IIU	Accredited Entity Integrity Counterparts	116	164
What is an Integrity Champion / Official Messages from the Executive Director and Head of IIU	GCF Staff	376	-
<b>Video Content</b>			
<b>Title/Topic</b>	<b>Audience</b>	<b>Platform</b>	<b>Views/Plays</b>
What is an Integrity Champion?	Internal Staff	MS Stream	78
Prohibited Practices Explainer Video	Internal Staff/General Public	YouTube/MS Stream	114
<b>Social Media Content</b>			
<b>Topic/Format</b>	<b>Audience</b>	<b>Platform</b>	<b>Engagement</b>
Today is International Anti-Corruption Day / Multimedia	General Public	LinkedIn	2,203 views
		Twitter	20 likes
		Facebook	219 views, 31 likes
		Instagram	334 views, 52 likes

64. **IIU Official Website and Email Newsletter.** The website, which holds all basic information and updates about the Unit, was accessed 3,085 times by 1,799 users. The mailing list of the IIU has an audience of 497 subscribers who are Accredited Entity Focal Points, Integrity Counterparts, and other colleagues who have interest in climate change or integrity.

## **IX. Operations Support**

### **9.1 Staffing**

65. Over the course of 2020, the IIU has made significant progress in building its staff capacity, albeit within the constraints imposed by the global public health crisis. The Unit has grown into a diverse and capable team of 11, comprising of eight staff members, two full-time consultants, and one part-time consultant.

66. In order to account for and effectively manage the increase in both operational and administrative workload, and to ensure an adequate supervision, a Deputy Head of Unit was designated in January 2020 and a Lead Investigator successfully onboarded in February 2020 in response to the growing demands on the investigative function.

67. The Unit welcomed a Data Analyst in July 2020 to support both the investigative and preventative functions; and to facilitate the development of an integrity due diligence platform and related analytics infrastructure. In November 2020, a Communications Assistant Consultant was hired to support the development and implementation of an IIU communications strategy.

68. The recruitment for a Senior Prevention Specialist concluded in December 2020 and the successful candidate is scheduled to be onboarded in the Spring of 2021. The incumbent will help lead and guide the IIU's Prevention functions.

## 9.2 Implementation of a Business Continuity Plan

69. The IIU swiftly responded to the unique challenges of the COVID-19 pandemic 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 international public health crisis. IIU activated a Business Continuity Plan (BCP) 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. Personnel safety and security was of utmost importance.

70. The IIU ensured that roles and responsibilities were clearly delineated while the BCP is in effect. A "Split Staff" approach was implemented whereby Critical Operations Staff were expected to work at the office while Key Activated Staff were to work remotely, switching places every two weeks. Discretionary telecommuting remained an option for staff as appropriate in line with guidance from the Crisis Management Committee of the GCF Secretariat and the national response of the Korean government.

71. The database for IIU staff contact and location information was regularly updated. To ensure very minimal disruptions to its operations, the Unit established an internal group/broadcast messaging mechanism and a group collaboration platform to keep track of key deliverables, milestones, and progress dashboards. All non-essential travels/official missions were deferred.

72. The IIU continued to deliver on its mandate and on key deliverables set by its 2020 Work Plan, including the establishment of the GCF administrative remedies and exclusions framework, development of the Investigation Standards and Manual, monitoring the implementation of integrity policies and provision of integrity advisories, proactive integrity risk assessments on GCF projects/programmes, online awareness raising initiatives, and handling of integrity complaints and related investigation activities. The IIU expects the BCP to remain in full effect as it transitions to its new work programme the following year, considering the uncertainties of the COVID-19 pandemic.

## 9.3 Budget Execution

73. The 2020 global health crisis had a significant impact on IIU operations, specifically in the execution of its Prevention mandate and the recruitment of staff. Due to COVID-19 travel restrictions, lockdowns, disruption of normal business processes, and the necessary prohibitions on in-person events, the IIU had to curtail its intended outreach and capacity building initiatives, eliminating travel and the execution of dependent activities.

74. Recruitment and onboarding of staff was also delayed. Timelines for most positions had to be recalibrated, with onboarding schedules significantly impacted by COVID-19 travel and quarantine restrictions. The IIU also deferred recruitment of the Team Assistant to the following year.

75. The IIU has initiated the development of an Integrity Due Diligence Platform by enhancing the infrastructure of its data forensic laboratory and data analytics capabilities through the procurement of related tools/hardware and subscription to specialised software and cloud services. However, procurement of its Case Management System was not concluded in 2020 due to unforeseen delays during contract negotiations. This is expected to be concluded early in 2021.

76. Similarly, although the IIU initiated activities related to its Proactive Integrity Reviews (PIRs), the global pandemic and other unforeseen logistical matters lent to the necessary deferment of certain activities such as travel, the engagement of professional services, and the procurement of associated technical tools.

77. Considering the indicated limitations and reduction of direct engagements in 2020, the IIU shifted its marketing collateral from print-based materials and instead moved to electronic formats, leading to the reflected budgetary savings.

78. Given the extraordinary year, the IIU has pivoted its prevention initiatives to take advantage of technical implementations, virtual environments, and the engagement of hybrid modalities to ensure continued performance of its overall mandate. Table 11 illustrates the full budget execution of the IIU for the year 2020.

**Table 11. IIU Budget Execution in the Year 2020**

		<b>2020 Approved Budget (USD)</b>	<b>Actual Expenditures in 2020 (USD)</b>	<b>% Spent</b>
<b>1</b>	<b>Staff Costs</b>			
1.1	<i>Full-time Staff</i>	1,867,398	1,520,782	81%
1.2	<i>Consultants and Interns</i>	110,100	135,419	123%
	<b>Sub-Total (1)</b>	<b>1,977,498</b>	<b>1,656,201</b>	<b>84%</b>
<b>2</b>	<b>Travel</b>			
2.1	<i>General</i>	207,046	28,966	14%
	<b>Sub-Total (2)</b>	<b>207,046</b>	<b>28,966</b>	<b>14%</b>
<b>3</b>	<b>Contractual Services</b>			
3.1	<i>Professional Services</i>	130,000	2,555	2%
3.2	<i>Communications and Outreach</i>	20,000	-	0%
3.3	<i>Other Operating Costs</i>	130,000	6,795	5%
3.4	<i>Information, Communication and Technology</i>	173,500	102,520	59%
	<b>Sub-Total (3)</b>	<b>453,500</b>	<b>111,870</b>	<b>25%</b>
	<b>Grand Total (1+2+3)</b>	<b>2,638,044</b>	<b>1,384,659</b>	<b>68%</b>

## X. Prospects for 2021

79. As we enter 2021, the Independent Integrity Unit is well-placed to continue to deliver on its mandate to ensure the safeguarding of the reputation and resources of the GCF against loss or damage by integrity violations.

80. The Secretariat's Work Plan for 2021 shows that the GCF portfolio under implementation has grown by 250 per cent since 2019. With the considerable success of the first replenishment that resulted in USD 9.9 billion of pledges, this growth trajectory is expected to be sustained in 2021. The Secretariat projects that aggregate cumulative disbursements for Funded Activities by year end 2021 will reach up to USD 2.1 billion. As such, a substantially expanding project portfolio and increasing disbursements require to be matched with an enhanced level of safeguarding.

81. In 2021, IIU will work with its counterparts in GCF Accredited Entities to maximise the impact and effectiveness of investigations as a response to potential integrity violations. While in 2020 we substantially increased our case closure rate by closing 30 cases, in the course of 2021 IIU will boost its investigative capacity with the recruitment of needed investigations personnel. This will ensure a further enhancement of our ability to reduce our case resolution times.

82. However, given the wide geographic coverage of GCF projects and programmes, as well as the quantum of resources deployed, it is an unlikely prospect that the IIU will ever have the numerical capacity to effectively superintend over the entire GCF portfolio if it relies only on traditional methods of detection. This informs IIU's philosophical approach to prevent, rather than penalise, by leveraging on the opportunity for early detection and disruption of potential integrity violations.

83. As a means of doing so, in the course of 2020, the IIU significantly increased its capacity to deliver proactive, preventative interventions that ensure effective oversight of the GCF project portfolio. IIU expanded its analytics capacity with the recruitment and onboarding of a Data Analyst to complement the capabilities of the Unit's IT Forensics Investigator, as well as enhancing the infrastructure of its data forensic laboratory through the acquisition of related hardware tools and subscription to specialised software and cloud services.

84. Our expectation therefore is that as we develop and deploy tools and virtual platforms for the early detection of red flags and anomalies in GCF operations, we will be offering a substantial complement to the Secretariat's ability to monitor and ensure the effective implementation of projects and programmes that are essential to the attainment of the mission of the Fund.

85. In this regard, IIU is fortunate to have the support of the GCF Executive Director, who has guaranteed full access to project data and further supported the implementation of the Integrity Due Diligence Platform, proactive integrity reviews, and other tools. IIU's engagement with Secretariat colleagues, particularly those involved in compliance, audit, and project monitoring remains highly effective, collaborative, and constructive.

86. In 2021, IIU will work to provide the highest level of assurance to the GCF Board and to all stakeholders that GCF resources are appropriately safeguarded and will work with the Secretariat to ensure *"0% corruption, 100% climate action!"*.