



**GREEN
CLIMATE
FUND**

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Provisional agenda item 7

GCF/B.29/Inf.13

7 June 2021

Report on the activities of the Independent Integrity Unit

Summary

This report provides an update on the progress made by the Independent Integrity Unit in the implementation of its 2021 Work Programme as adopted by the Board at its twenty-seventh meeting. The reporting period is from 24 February to 7 June 2021.

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 2021 Work Programme as approved by the GCF Board.¹ It provides an update on work done by key priority areas in the reporting period from 24 February to 7 June 2021.

2. Consistent with the IIU 2021 Work Programme, the activities during the reporting period were focused particularly on the following priorities:

- (a) Investigations;
- (b) Integrity policy implementation guidance and oversight;
- (c) Integrity risk assessment and Proactive Integrity Reviews;
- (d) Capacity building technical assistance; and
- (e) Awareness raising and communications.

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

2.1 Investigations

3. **Case Management System.** Beginning in February 2021, the IIU commenced the design and user acceptance testing of its intended case management system (CMS) with a target implementation date of July 2021. Throughout the reporting period, the IIU held several configuration workshops with the service vendor to customise and test a system that best fits the IIU investigation workflows, case management, and reporting requirements.

4. The CMS aims to integrate a complaints hotline and will serve as the primary collaborative platform and investigations management mechanism of the IIU. The system will serve to register complaints, conduct eligibility checks, case assignment, case reviews, approvals, and/or referrals, etc.

5. **Case Information.** The IIU registered four new complaints in the current reporting period of 24 February to 7 June 2021, bringing the total number of complaints received in 2021 to five cases. The comparative statistics are presented in Table 1, indicating a significant decline in the overall case numbers including the number of staff misconduct and non-integrity violations as at the reporting period. While the IIU has not established a formal correlation, this downward trend may be attributed to the reduced in-person interactions, implementation of the GCF internal grievance mechanism, and clearer guidance provided to staff as stated in the updated Grievance Mechanism Handbook.

6. Two new complaints involve allegations of misconduct by GCF personnel and two were project related.

7. The IIU closed seven cases during the reporting period as illustrated in Table 2. Three cases were determined to fall outside the IIU's mandate and were closed after an intake assessment, and four unsubstantiated cases were closed following a preliminary assessment.

8. The IIU determined that in one matter, a prima facie case had been established to warrant a full investigation.

¹ As in Board decision B.27/08.

Table 1. Count of Cases Opened by Type

Type of Cases	2018	2019	2020	2021
Project-Related Reports	3	4	4	3
Fraud	2	1	2	0
Corruption	1	2	1	0
Collusion	0	1	0	1
Conflict of Interest	0	0	1	0
Other Project-Related Reports	0	0	0	2
Staff Misconduct	15	24	17	2
Abuse	4	8	1	1
SEAH	1	2	3	0
Harassment	4	6	8	1
Fraud	0	1	2	0
Collusion	0	1	0	0
Retaliation against Whistleblowers and Witnesses	1	1	1	0
Conflict of Interest	5	5	1	0
Other Misconduct	0	0	1	0
Non-Integrity Violation	3	12	10	0
TOTAL	21	40	31	5

Table 2. Count of Cases Closed by Quarter

Year	Q1	Q2	Q3	Q4	Total
2018	0	2	1	2	5
2019	1	1	15	20	37
2020	5	8	9	9	31
2021	1	7	N/A	N/A	8

2.2 Integrity Policy Implementation Guidance and Oversight

9. **Provision of Advisories on GCF Policies, Guidelines, and Procedures.** 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. During the current reporting period, three advisories have been provided. Such advisories encompassed the interpretation and application of GCF integrity policies in the context of Fund-related Activities pertaining to:

- (a) Conflicts of interests for Board Members, Board-Appointed Officials, and External Members;
- (b) Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy;
- (c) Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH); and
- (d) Integrity safeguards in contractual agreements with Counterparties.

10. **Administrative Remedies and Exclusions (ARE) Policy.** The ARE Policy sets out the general principles and procedures to be followed in the administrative process by which an independent determination or decision, 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 Fund-related Activities. After close cooperation with the GCF Secretariat and under the guidance of the Ethics and Audit Committee (EAC) of the Board, the ARE Policy was submitted to the Board for its consideration in April 2021 as a proposed decision between Board meetings. At the conclusion of the standard no-objection period, the ARE Policy was accepted on 12 May 2021 as an approved decision between meetings.

11. **Investigation Standards and Investigation Manual.** The IIU continued its engagement with relevant divisions of the GCF Secretariat to advance the draft Investigation Standards (Standards). The IIU has also furthered the development of its Investigations Manual into its second substantive iteration. The document is intended to support the Standards and articulate the operating procedures of the IIU’s investigations function.

2.3 Integrity Risk Assessment and Proactive Integrity Reviews

12. **Project Level Data Access.** Working in close collaboration with the Secretariat, the IIU was granted access in April 2021 to a subset of ordinary project-level database records and a subset of ordinary project documents. This access partially unblocked data integration work (see Figure 1 below) required in order to develop the Integrity Due Diligence Platform (IDDP).

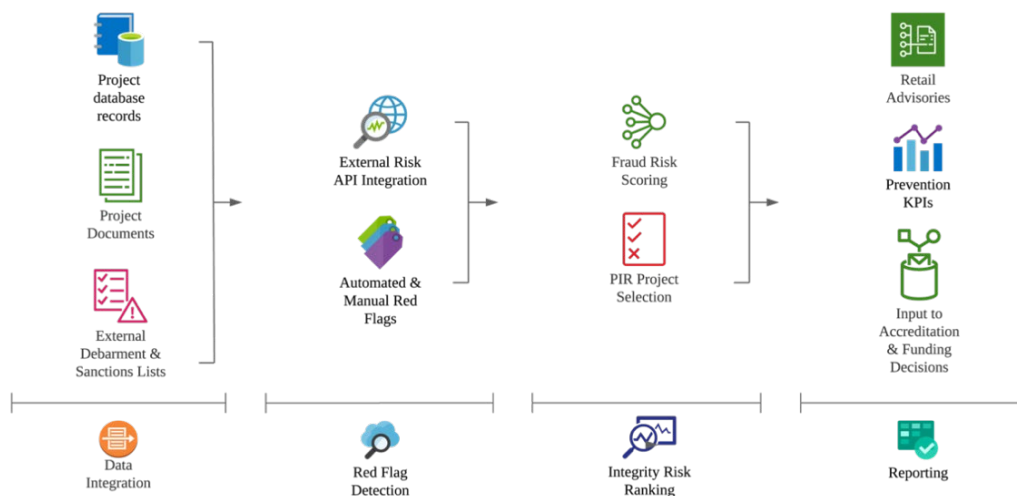


Figure 1. Data Integration (left) is Required to Enable Project-Level Ranking

13. **Ranking Audit Trail.** Building on previous work, the IIU then focused its detection efforts in continuing to develop a defensible project-level integrity risk ranking alongside an audit trail documenting the process by which the ranking was produced. Alongside coding notebooks and other technical assets, the audit trail was augmented to include supporting documentation (see Figure 2 below) intended to offer enhanced disclosure for internal stakeholders across the Fund, meeting a gap in disclosure identified by the Secretariat².

² See GCF/B.27/Inf.07/Add.01, page 7.

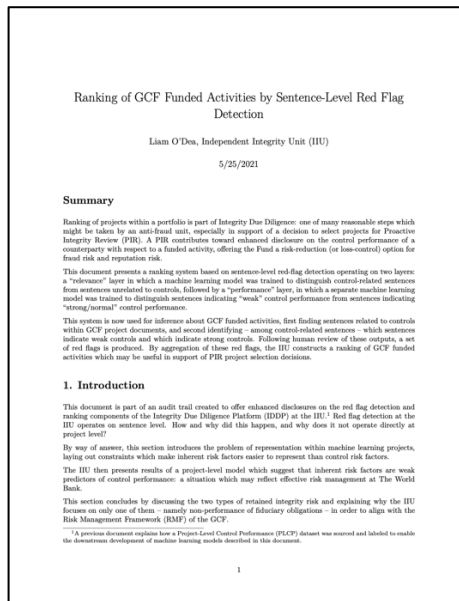


Figure 2. Documentation on Integrity Risk Ranking

14. **Red Flag Detection Workflow.** Newly acquired data was then integrated manually into a red flag detection workflow (see Figure 3 below) which combines ingestion of project-level data with algorithms for natural language processing then sentence-level flag detection followed by human review whereafter a ranking is produced.

15. Red-flag detection operates on two layers: a “relevance” layer in which a machine learning model was trained to distinguish control-related sentences from sentences unrelated to controls, followed by a “performance” layer, in which a separate machine learning model was trained to distinguish sentences indicating “weak” control performance from sentences indicating “strong/normal” control performance.

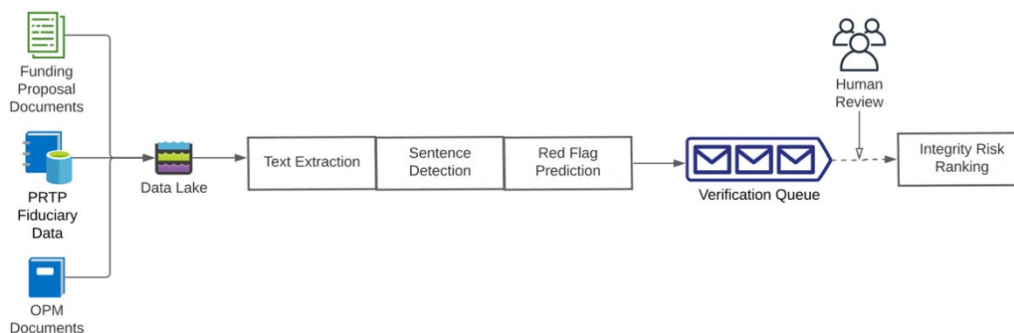


Figure 3. Simplified Red Flag Detection Workflow

16. This system is now used for inference about GCF-funded activities, first by finding sentences related to controls within GCF project-level data, and second by identifying – among control-related sentences – which sentences indicate weak controls and which indicate strong controls. Following human review of these outputs, a set of red flags is produced. By aggregation of these red flags, the IIU constructs a ranking of GCF-funded activities which may be useful in support of PIR project selection decisions.

2.4 Capacity Building Technical Assistance

17. **Engaging with Accredited Entities.** The IIU continued to engage in important dialogues with counterpart offices of Accredited Entities to facilitate cooperative activities ranging from information sharing and joint investigative activities, to providing technical assistance on capacity building. During the reporting period, the IIU has advanced its efforts on establishing cooperation modalities by signing Memoranda of Understanding (MoUs) with two additional AEs. Meanwhile, the total number of AEs under MoU negotiations has increased from 30 in the last reporting period to 39.

18. **Peer-to-Peer Learning Alliance Engagement.** The IIU engaged in peer learning initiatives with comparator organisations to remain at the frontier of relevant integrity prevention and investigation practices. The Unit supported the ongoing work programme of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)-led Peer-to-Peer Learning Alliance on Climate Finance Integrity by participating as a resource institution in a webinar on 03 May 2021 for the P2P-LA Online Integrity Week. The IIU updated the alliance members on recent developments in the integrity function of the GCF highlighting milestones in the Integrity Policy Framework, Proactive Integrity Reviews, digital investigations, and the Integrity Due Diligence Platform. At the end of the session, the IIU recognised potential areas for collaboration and shared learning to advance capacity building.

2.5 Awareness Raising and Communications

19. For the reporting period, the communication theme of the Unit focused on building harmonious connections with GCF Personnel while promoting awareness of the integrity standards at the Fund.

20. **Staff Newsletter and Website.** The IIU actively contributed entries to the weekly staff newsletter. Seven articles were submitted discussing Prohibited Practices, integrity tools, staff accountability, and updates on the Unit's activities. The IIU also published four entries on the website covering announcements and educational content.

21. **Interview with Water Integrity Network (WIN).** On 03 March 2021, WIN released a video interview featuring the Head of the IIU, Ibrahim Pam speaking with Barbara Schreiner, Executive Director of WIN. The five-minute video highlighted the integrity practices at GCF and how these are applied to the water sector and collective efforts toward climate action. The [video](#) was published on the official communication channels of WIN.

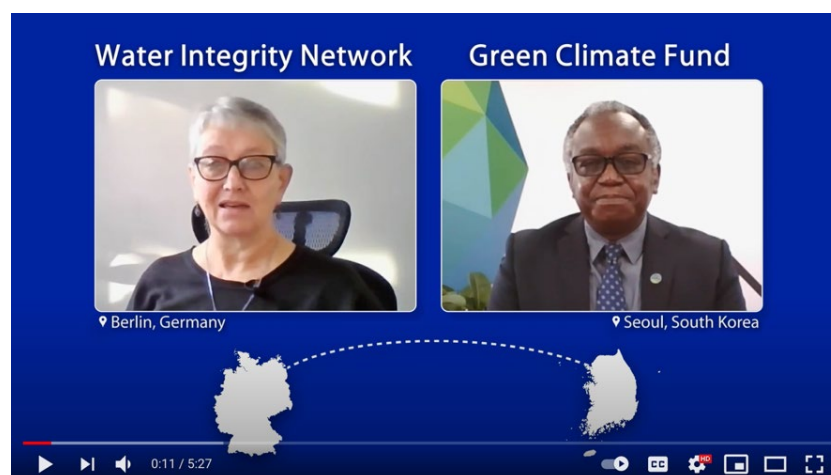


Figure 4. Video Snapshot from the WIN YouTube Channel

22. **When Women Lead Advocacy Campaign.** To celebrate International Women's Day on 08 March 2021 and honour women's acts of leadership at GCF, the IIU initiated a communication campaign to build goodwill among GCF personnel and stakeholders. Women leaders at GCF took centre stage by presenting their insights on leadership. 366 internal staff received the campaign newsletter with an open rate of 41%. The Secretariat also picked up the campaign and published the content on the official social media channels of GCF. From 08-24 March 2021, the six published variations of the materials received a combined engagement of over 972 people interacting with the content.



Figure 5. Social Media Graphic during the International Women's Day Campaign

2.6 External Activities

23. **10th Asia-Pacific Water Forum Webinar.** On 21 May 2021, the Head of the IIU, Mr. Ibrahim Pam, participated as one of the resource speakers of the forum alongside leaders and experts in water integrity from the Water Integrity Network (WIN) and the Infrastructure Transparency Initiative (CoST). Mr. Pam provided an overview of current GCF projects in the Asia-Pacific region, highlighting water-related projects. The presentation outlined the GCF business model and the fiduciary standards of the accreditation process; the project approval stage, and the implementation stage. The GCF Integrity Framework and the integrity tools utilised by the IIU were also introduced. There were 153 attendees in the audience, representing 49 Asia-Pacific country embassies in Japan, development organisations, government entities, academia, and others.

24. **Conference of International Investigators (CII).** The IIU participated in the 21st CII which was jointly hosted by the World Food Programme, Food and Agriculture Organisation, and the International Fund for Agricultural Development. Due to the global public health situation, the conference was held in virtual mode and it was attended by a record number of participants. The IIU participated actively in the discussions and enlisted to join special panels and working groups to develop CII principles and guidelines in financial forensics, digital and electronic investigations, training and certification, as well as fraud detection activities.