



**GREEN
CLIMATE
FUND**

Meeting of the Board

4 – 7 October 2021

Virtual meeting

Provisional agenda item 10

GCF/B.30/Inf.15/Add.01

14 September 2021

2020 Annual Implementation Report on the Policy on Prohibited Practices

Secretariat management response

Summary

This document presents the Secretariat management response to the Annual Implementation Report on the Policy on Prohibited Practices of the Independent Integrity Unit.

I. Introduction

1. The GCF's Independent Integrity Unit (IIU) prepared the Annual Implementation Report on the Policy on Prohibited Practices (IIU Report), to be presented to, and considered by, the GCF Board for information at its 30th Board meeting (B.30). The IIU Report covers the period January to December 2020. This Secretariat Management Response presents the compilation of inputs from various offices within the Secretariat as part of the IIU consultation exercise
2. The IIU Report was drafted by IIU as part of their mandate "to provide a brief report on experiences and lessons learnt to the Board after one or two years as a basis for a wider review of the policies."¹ The Policy on Prohibited Practices (the Policy), states that "The IIU shall report on the implementation of this Policy, on an annual basis to the Board." (Section XI, para. 39). Whilst the Policy does not specifically provide for the Secretariat to submit a response to the IIU Report, the IIU in the spirit of collaboration saw fit to seek the Secretariat's inputs and comments.
3. The objective of the Secretariat's response is to provide insights and feedback regarding the implementation of the Policy, as well as pathways for the Secretariat to provide its support to the IIU as the implementers of the Policy. The Secretariat's response has been reviewed by its Senior Management Team.
4. The Secretariat's response to the IIU Report is provided as an addendum to the IIU Report.

II. Secretariat comments

5. The Secretariat acknowledges that prohibited practices have the potential to threaten the transparent, accountable and efficient use of GCF resources, and ultimately the accomplishment of the overall GCF goal to deliver financing for projects that address the threats of climate change. The Executive Director is fully committed to the zero-tolerance approach cemented in the Policy, and continues to support efforts to identify, mitigate and redress integrity violations in the operations of the Fund.
6. This has translated into, *inter-alia*, the Secretariat collaborating fully with the IIU towards the development of the Administrative Remedies and Exclusions Policy (ARE), committing to support the IIU's proactive integrity review effort towards risk assessment and mitigation of fraud and corruption in GCF-financed projects, ongoing advisories provided to staff and personnel around conflicts of interest and the integrity regime in general.
7. The Secretariat values the insights and observations of the IIU, responsible for implementing the Policy, as well as the measures they have undertaken to communicate the Policy internally through dedicated training sessions and explainer videos and will support the IIU in this regard moving forward. Moreover, the Secretariat will collaborate with the IIU to develop and roll out dedicated fraud-prevention training for GCF staff and personnel in general, and to procurement personnel, in particular. Finally, IIU's participation in onboarding training for GCF staff and personnel is welcomed by the Secretariat.
8. The Secretariat notes that the IIU Report focuses on Wrongdoing and Misconduct in general, and not solely on prohibited practices as defined by the Policy. This leads to information included in the IIU Report that appears in other IIU reporting to the Board, such as the IIU's Activity Report to the Board.

¹ GCF Board document GCF/B.22/13, February 2019

9. The Secretariat welcomes the IIU's advice, guidance and collaboration in providing clear and consistent guidance to GCF Counterparties on the required integrity standards for managing GCF resources, and for helping Counterparties build capacity where required.

III. Conclusion

10. The IIU Report provides a useful assessment of the implementation of the Policy over the reporting period for both the Secretariat and the IIU to consider and reflect on. The Secretariat stands ready to collaborate with the IIU in its implementation of the Policy moving forward such that transparency and accountability is ensured in the application of GCF's zero-tolerance approach to identify, mitigate and redress integrity violations in the operations of the Fund. To this end, the Secretariat stands ready to work with the IIU in effecting the recommendations in the IIU Report².

² The IIU Report, pages 4-5, para.21