



**GREEN
CLIMATE
FUND**

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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 2022 Work Programme as adopted by the Board at its twenty-seventh meeting. The reporting period is from 18 June to 15 September 2022.

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 2022 Work Programme as approved by the Board¹. It provides an update by key priority areas in the reporting period from 18 June to 15 September 2022.
2. Consistent with the IIU 2022 Work Programme, activities during the reporting period were focused particularly on the following priorities:
 - (a) Optimise investigation efficiencies and capacities;
 - (b) Integrity policy guidance and implementation oversight;
 - (c) Technical assistance to strengthen capacity of Accredited Entities;
 - (d) Integrity risk assessment and Proactive Integrity Reviews (PIRs);
 - (e) Intelligent automation and risk mitigation; and
 - (f) Awareness raising, communications, and enhancing operational efficiencies.

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

2.1 Optimise Investigation Efficiencies and Capacities

3. The IIU has thus far observed an increased number of reports related to GCF projects and programmes in 2022, as compared to the previous two years. In particular, the IIU opened 10 project-related cases and expects this number to further grow by year's end. This corresponds with the growing number of GCF projects and programmes being implemented, and funding amounts being disbursed.
4. During the reporting period from 18 June to 15 September 2022, the IIU opened nine new cases including four project-related cases and five pertaining to staff misconduct. In total, 22 new cases were registered since the beginning of 2022.
5. In line with the respective provisions of the Accreditation Master Agreements (AMAs), Readiness and Preparatory Support Framework Agreements, and other contractual agreements, a total of nine project-related cases were referred to and/or are pending final investigative findings/reports from relevant Accredited Entities (AEs), Delivery Partners (DPs), or other entities managing implicated GCF projects and programmes.
6. The IIU closed three cases pertaining to staff misconduct in the reporting period. Year-to-date, a total of 12 cases were closed.
7. The following statistical information seeks to further elaborate on the IIU cases to-date. Table 1 presents a summary of comparative statistics pertaining to all cases opened and closed between 2018 and 15 September 2022. It also presents the year in which the respective cases were closed.

¹ Board decision B.30/09.

Table 1. All Opened and Closed Cases (including respective years of closure)

Year Received	Cases Opened	Year Closed					# of Open Cases
		2018	2019	2020	2021	2022	
2018	21 (+4 carried over from 2017)	5*	15**	4†	1		0
2019	41††		22	15	0	4	0
2020	31			12	14	3	2‡
2021	8				3	1	4‡
2022	22					4	18‡
Total	127	5	37	31	18	12	24

*Of the five closed cases in 2018, two were from the preceding year.

**Of the 15 closed cases in 2019, one was opened in 2017.

†Of the four closed cases in 2020, one was opened in 2017.

††One case from 2019 was split into two cases in 2022.

‡Includes cases under assessment/investigation by Accredited Entities/Delivery Partners.

8. Table 2 provides a summary of opened and closed cases pertaining to GCF projects and programmes between 2018 and 15 September 2022, including the year in which the respective cases were closed.

Table 2. Opened and Closed Project-related Cases (including respective years of closure)

Year Received	Cases Opened	Year Closed					# of Open Cases
		2018	2019	2020	2021	2022	
2018	3 (+1 carried over from 2017)	0	3*	0	1		0
2019	4		2	2			0
2020	4			0	2	1	1**
2021	5				2	0	3†
2022	10					1	9††
Total	27	0	5	2	5	2	13

*Of the three cases closed in 2019, one was a carry-over case from the preceding year.

**Includes a case under investigation by an Accredited Entity/Delivery Partner.

†Includes two cases under assessment/investigation by an Accredited Entity/Delivery Partner.

††Includes five cases under assessment/investigation by an Accredited Entity/Delivery Partner and one case which was referred to the Independent Redress Mechanism (IRM) and the Accredited Entity.

9. Table 3 provides a summary of opened and closed staff misconduct cases between 2018 and 15 September 2022, including the year in which the respective cases were closed.

Table 3. Opened and Closed Staff Misconduct Cases (including respective years of closure)

Year Received	Cases Opened	Year Closed					# of Open Cases
		2018	2019	2020	2021	2022	
2018	15 (+3 carried over from 2017)	4*	10	4**			0
2019	25†		10	11	0	4	0
2020	16			6	8	1	1
2021	3				1	1	1
2022	11					3	8
Total	73	4	20	21	9	9	10

*Of the four cases closed in 2018, two were carry-over cases from the preceding year.

**Of the four cases closed in 2020, one was opened in 2017.

†One case from 2019 was split into two cases in 2022.

10. The succeeding tables provide further summary statistics on IIU cases.

Table 4: Count of Cases Opened by Type

Type of Cases	2019	2020	2021	2022
Project-Related Reports	4	4	5	10
Abuse	-	-	1‡	-
Collusion	1	-	1	-
Conflict of Interest	-	1	-	3
Corruption	2	1‡	2	1
Fraud	1	2	-	1
Retaliation against Whistleblowers and Witnesses	-	-	-	-
SEAH	-	-	-	1
Other Project-Related Reports	-	-	1	4
Staff Misconduct	25*	16**	3	11
Abuse	8	1	1	6
Collusion	1	-	-	-
Conflict of Interest	6	1	1	-
Fraud	1	1	-	1
Harassment	6	8	1	1
Retaliation against Whistleblowers and Witnesses	1	1	-	-
SEAH	2	3	-	-
Other Misconduct	-	1	-	3
Non-Integrity Violation	12	10	-	-
External	-	1	-	1
TOTAL	41	31	8	22

Table 5: Count of Cases Closed by Type

Type of Cases	2018	2019	2020	2021	2022
Project-Related Reports	0	5	2	5	2
Abuse	-	-	-	-	-
Collusion	-	-	1	-	-
Conflict of Interest	-	-	-	-	1
Corruption	-	2	1	1	-
Fraud	-	3	-	3	-
Other Project-Related Reports	-	-	-	1	1
Staff Misconduct	4	20	21	9	9
Abuse	-	6	5	2	2
Collusion	-	1	-	-	-
Conflict of Interest	1	8	1	1	3
Fraud	1	1	-	-	2
Harassment	-	3	10	3	1
Retaliation against Whistleblowers and Witnesses	-	1	1	1	-
SEAH	2	-	3	2	-
Other Misconduct	-	-	1	-	1
Non-Integrity Violation	1	12	8	3	1
External	-	-	-	1	-
TOTAL	5	37	31	18	12

Table 6. Count of Cases Closed by Quarter

Year	Q1	Q2	Q3	Q4	Total
2019	1	1	15	20	37
2020	5	8	9	9	31
2021	1	8	9	-	18
2022	6	3	3	-	12

11. **Development of the Investigation Manual and Templates.** IIU has further advanced the development of the Investigation Manual and SEAH interview procedures, with the aim of engaging in consultations with relevant divisions of the GCF Secretariat and other Independent Units. The Unit also promulgated and updated several key operational forms and templates for use in investigation activities, including those related to intake, preliminary assessments, referrals, interviewing, and reporting.

12. **Management Implication Reporting.** IIU initiated the issuance of Management Implication Reports (MIRs) aimed to advise and make relevant recommendations for concerned divisions/offices in the GCF Secretariat on systemic risks and internal control issues identified during investigation processes. Using such tools, IIU expects to continue its close interaction with the Secretariat and contribute to enhancing the Fund's risk mitigation and governance capabilities.

13. **Accredited Entity/Delivery Partner Investigative Findings Reporting Form.** To facilitate the reporting of investigative findings by Accredited Entities or Delivery Partners to

whom cases are referred under relevant provisions of the AMAs or Readiness and Preparatory Support Framework Agreements, and to enable the IIU to conduct a proper review of those findings, the Unit developed a standard reporting template that specifies the types of information sought and details a consistent and effective structure and methodology for sharing relevant findings.

14. **Automated Referrals Tracker.** To ensure proper and timely follow-up with Accredited Entities or Delivery Partners on investigative activity and outcomes, IIU established an automated referrals tracker that alerts it at designated periods. The tracker also serves as a one-stop internal database for key relevant data related to each case that is referred.

2.2 Integrity Policies

15. **Administrative Remedies and Exclusion (ARE) Policy.** Following Board approval of the ARE Policy, IIU in collaboration with the Office of General Counsel and other relevant divisions of the Secretariat is developing the four secondary documentation necessary to operationalise the integrity enforcement regime within GCF. The four secondary documents are:

- (a) Administrative Remedies and Exclusion Procedures;
- (b) Administrative Remedies and Exclusion Guidelines for Implementation;
- (c) Integrity Compliance Guidelines; and
- (d) Settlement Guidelines.

16. IIU is expecting to begin the consultation process on the secondary documentation of the ARE Policy with the EAC in the first quarter of 2023 for subsequent submission to the Board for consideration and approval.

17. **Initial Fiduciary Principles and Standards Update.** IIU continued consultations with the Secretariat on the updated draft of the “Transparency and Accountability” section of the Initial Fiduciary Principles and Standards to integrate obligations set out in subsequent integrity policies that have been approved by the Board. The objective is that the updated Fiduciary Principles and Standards will include all approved fiduciary standards and will guide and ensure accountability for accreditation and reaccreditation purposes.

18. **Standard Operating Procedures (SoPs) of the AML/CFT Standards.** IIU is collaborating with the Secretariat on the drafting of the SoPs of the AML/CFT Policy and Standards. The Unit has provided inputs to the Office of Risk Management and Compliance on an updated draft SoPs. The timeline for finalizing the draft before submission to the EAC is the last quarter of the year.

2.3 Integrity Policy Guidance and Implementation Oversight

19. For the period under review, four advisories were issued by IIU. Two of the advisories were issued to iTAP Members while the other two were issued to the Secretariat.

2.4 Technical Assistance to Strengthen Capacity of Accredited Entities

20. **Peer-to-Peer Learning Alliance Engagement.** IIU continued to engage the Peer-to-Peer Learning Alliance (P2P-LA) on Climate Finance Integrity, facilitated by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Transparency International. The following initiatives were undertaken:

- (a) *Meeting with GIZ on Peer-to-Peer Learning Alliance (P2P-LA).* IIU organised an in-person meeting with Ms Paula Rolffs of GIZ on 28 June during their official visit in GCF. It was a productive engagement between the two institutions that included discussions on the participation of IIU and GIZ in future peer-learning activities; potential areas for collaboration such as in capacity building and dissemination of learning, coalition building, and joint development of knowledge products; initiatives related to the theme of Maladaptation; and the outlook of the P2P-LA.
- (b) *Peer-to-Peer Learning Alliance (P2P-LA) Integrity Week.* Organised by GIZ in partnership with Transparency International, the IIU participated in the P2P-LA Integrity Week held in person in Berlin on 04 to 06 July 2022. The annual event provided a platform for the IIU to work closer with the peers and provide an update on its work, including recent developments on the GCF Integrity Policy Framework, the Integrity Due Diligence Platform (IDDP), updated reporting channels, and the outlook of integrity operations at GCF. Responding to growing interest from the peers, the IIU also presented on its work on machine learning and intelligent automation for integrity risk identification and mitigation, and provided an overview of GCF's Gender Policy.

21. **Engagement with Accredited Entities.** 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. By the end of the reporting period, the Unit has advanced its efforts on establishing cooperation modalities by concluding negotiations on Memoranda of Understanding (MoUs) with a total of 34 Accredited Entities. Meanwhile, negotiations are underway with a total of 32 Accredited Entities.

22. **Cooperation with the International Community.** IIU continues to identify and establish cooperation with the communities of integrity offices from International Financial Institutions, Multilateral Development Banks, and other regional financial institutions.

2.5 Integrity Risk Assessment and Proactive Integrity Reviews

23. **Proactive Integrity Reviews (PIRs).** During the period under review, the review exercises of two PIRs have been completed. In-depth reviews were conducted through desk reviews, virtual interviews, and analysis of systems and procedures for two GCF projects. The draft PIRs which include findings of integrity gaps and recommendations for improvement have been submitted to the two AEs. IIU has started the consultation process in view of finalising the reports in the last quarter of the year.

2.6 Intelligent Automation and Risk Mitigation

24. **Enhanced Workflows in Integrity Risk Management Operations.** IIU prepares to expand the capabilities of its Integrity Due Diligence Platform (IDDP) to cover the entire workflow of PIR project selection: from red flag detection, human review of predicted red flags including post-verification ranking, to analysis, and recommendations for selection decisions. IIU is laying the groundwork for the development of operational databases to support the IDDP in delivery of enhanced workflows.

25. **Provision of Decision Support Services to Core GCF Operations.** In accordance with instruction from the Executive Director, IIU begins to develop new machine learning models to provide decision support services in core GCF operations including re-origination and re-accreditation. This work will support Fund staff by equipping them with decision support services to help direct attention during due diligence processes which are part of both

accreditation and origination decisions. Faster accreditation and origination decisions in turn improve the experience of stakeholders hoping to access climate finance.

26. **Automated Data Integration of New Data Sources Alongside Existing Assets.** In further accordance with instruction from the Executive Director, IIU continues efforts to automate the integration of internal Fund data sources. Resulting integrated data will be for use in the continuous improvement of IIU machine learning models, as well as in the subsequent delivery of optimal and timely decision support services both within the IIU and to partners across the Fund.

2.7 Awareness Raising, Communications, and Enhancing Operational Efficiencies

27. **Development of Knowledge Products.** IIU, in collaboration with the Water Integrity Network (WIN), continues to develop a knowledge product focusing on integrity in climate-financed projects. The knowledge product is an Integrity Good Practice Handbook intended to serve as a practical guide for stakeholders working towards achieving climate action. The ultimate objective is for GCF Counterparties to proactively ensure that their systems and processes prevent corrupt practices while focusing on improving overall transparency, accountability, and integrity. IIU continues its work in developing the Handbook, which is set to launch in the last quarter of 2022.

28. **Global Programming Conference 2022.** On 14 and 15 September, the Unit, represented by the Deputy Head of IIU, served as a resource speaker in two conference sessions gathering representatives from National Designated Authorities, Accredited Entities, Readiness Delivery Partners, government ministers, and other GCF stakeholders. IIU presented at the sessions on the “Challenges of Direct Access Entities” and “Funded Activities: Lessons from Implementation, Adaptive Management, and Evaluation.”

29. **Communication Products.** IIU contributed two articles to GCF internal newsletter, “Greenshift.” The Unit also released an updated version of its general information brochure in English and Spanish.

30. **Official Website and Social Media.** 66 users visited the IIU website, where 55 users were new viewers. As of reporting, the Twitter profile has 70 followers and has received 921 impressions. LinkedIn received a 20.6% increase in page views and now has 455 followers.

31. **Preparation of the IIU Side Event at COP27.** IIU started preparations for a panel discussion at COP27 on the theme, “Achieving Impactful Climate Action” with expected panel members from Transparency International, the Water Integrity Network, and civil society organization (CSO) representatives to discuss the role and importance of civil society engagement in achieving climate action.

32. **Preparation of International Anti-Corruption Day (IACD).** IIU commemorates IACD in December every year to strengthen collaboration with peers in the wider international community. IIU started the preparation and the overarching theme is intended to support civil society organisation partnership to promote integrity in climate finance.

33. **2023 Work Programme and Budget Development.** IIU identified the priority activities and developed the Work Programme for 2023 and subsequent budget for review of the EAC and the Budget Committee. IIU is expected to submit the document for Board approval at B.34 in October 2022.

34. **Staffing.** The following are updates on staff capacity:
- (a) Whereas the IIU 2022 Work Programme established enhancing staff capacity as a key priority, the Unit announced the following staff vacancies and closed the call for applications on 26 July 2022:
- (i) *Investigation Specialist.* The role will be responsible for conducting and advising on investigations into alleged staff misconduct and violations of integrity policies in GCF operations and funded activities. S/he will also be expected to provide guidance to and support junior investigative staff, contribute to other IIU initiatives, collaborate with other GCF functional areas on integrity-related matters, and provide insights to IIU reports, policy matters, procedures, and knowledge products; and
 - (ii) *Integrity and Compliance Specialist.* The role will support the development of IIU-led awareness and capacity-building programmes, working collaboratively with inter-divisional teams to promote the development of proactive prevention strategies that mitigate integrity risks in GCF operations and funded activities.
- (b) *GCF Internship Programme.* As part of the cohort for the 2022 GCF Internship Programme, IIU successfully onboarded two interns on 04 July 2022 for a six-month term each in the Investigation and Prevention workstreams of the Unit.
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