

Terms of reference of the Independent Integrity Unit

This document captures the policy as adopted by the Board in decision B.06/09, paragraph (b). The policy was sent to the Board for consideration at B.06 in document GCF/B.06/06 titled "Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism".

All decisions and documents adopted at B.06 can be found in document GCF/B.06/18 titled "Decisions of the Board - Sixth Meeting of the Board, 19-21 February 2014".



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I. General principles

1. Pursuant to paragraph 68 of the Governing Instrument, the Board will establish an Independent Integrity Unit (IIU), to work with the Secretariat and report to Ethics and Audit Committee and to the Board, to investigate allegations of fraud and corruption and other prohibited practices (coercive and collusive practices, abuse, conflict of interest and retaliation against whistle-blowers) in line with best international practices and in close coordination or cooperation with relevant counterpart authorities.
2. The Independent Integrity Unit will enjoy complete independence in the exercise of its responsibilities; and in order to conduct an investigation, it will have full access to all relevant Fund's documents and data, including electronic data. During the course of its work, the IIU will need to work closely with the Secretariat. The IIU will report to the Board directly or through the Ethics and Audit Committee.
3. The IIU will actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organizations.
4. The IIU will establish close relationships with the integrity units of the intermediaries and implementing entities. However, the IIU will not be precluded from conducting its own investigations.
5. All complaints and allegations against the Fund or persons associated with it that fall within the competence of the IIU, as defined in these terms of reference, will be addressed by the IIU. The IIU will maintain objectivity, impartiality and fairness throughout the investigative process and conduct its activities with the highest levels of integrity.
6. The IIU will be free from improper influence or fear of retaliation.
7. The staff of the IIU will be managed by the Head of the IIU. The staff of the IIU will be subject to the Code of Conduct of the Staff. In this regard, the staff of the IIU will disclose to the Head of the IIU, in a timely manner, any actual or potential conflict of interest they may have in an investigation in which they are participating, and the Head of the IIU will take appropriate steps to remedy the conflict. The Head of the IIU will disclose to the Executive Director and the Ethics and Audit Committee any actual or potential conflict of interest he/she may have in an investigation, and the Executive Director will take appropriate steps to remedy the conflict. Appropriate procedures will be prepared by the Secretariat, for review by the Ethics and Audit Committee and Board approval, to investigate allegations of misconduct on the part of any staff member of the IIU, and mitigate any conflict of interest.
8. Investigations conducted by the IIU will not be a judicial or quasi-judicial process, and the standard of proof that will be used by the IIU to determine whether a suspicion or allegation is substantiated, will be whether the information as a whole shows that an investigative finding is more probable than not.
9. Investigative findings will be based on facts and related analysis. The subject of an investigation will be given the opportunity to explain the reasons for the conduct and provide information supporting such explanation.
10. If the IIU does not find sufficient information during the investigation to substantiate a suspicion or allegation, it will document its findings, close the investigation, and notify the Secretariat and other parties, as appropriate.
11. Where the IIU's investigative findings indicate that a complaint was knowingly false, it will refer the matter to the Secretariat for any further action.

12. The IIU will, during an investigation, take appropriate measures to protect as confidential any non-public information associated with an investigation, and will take appropriate measures to prevent the unauthorized disclosure of investigative findings.
13. To the extent possible, interviews conducted by the IIU during an investigation will be conducted by two persons. Interviews may be conducted in the language of the person being interviewed, where appropriate, using interpreters. The Fund will not pay a witness or an informant; however, the IIU may assume the responsibility for reasonable expenses incurred by witnesses or informants to meet with the IIU.
14. The IIU may engage external parties (e.g. individuals or companies experienced in forensic investigations) to assist it in its investigations.

II. Principal responsibilities

15. The IIU will:
 - (a) Serve as the initial point of contact for all alleged and suspected incidents of an integrity violation, as defined in these terms of reference, including fraud and corruption, involving any Fund activity, including by its staff members, corporate procurement by the Fund, and activities (including projects and programmes) using Fund resources directly or indirectly;
 - (b) Register all complaints and review them to determine whether they fall within the authority of the IIU (or require referral to another body), and determine the priority of a case with respect to other cases, taking into account the monetary value of the integrity violation, media and other sensitivity and relevance to a possible financial risk and reputational risk. Where practical, the IIU will acknowledge receipt of all complaints;
 - (c) Adopt appropriate procedures to determine whether an integrity violation has occurred; gathering sufficient related evidence, attempt to identify the integrity violators and establish the extent of the integrity violation as well as the techniques used;
 - (d) Examine and determine the veracity of alleged or suspected integrity violations against implementing entities or intermediaries, project executing entities, contractors, consultants, service providers, or other external stakeholders, or against the Fund's staff members, report its investigative findings to the Secretariat and/or an oversight body, and make recommendations, as appropriate, that are derived from its findings;
 - (e) With reference to complaints regarding any activities using Fund resources directly or indirectly or in connection with corporate procurement, provide the Secretariat or any potential Fund body established to consider remedial actions with investigative findings to decide on remedial actions, including possible sanctions;
 - (f) With reference to staff of the Fund, investigate allegations of staff misconduct, involving violations of the Code of Conduct of the Fund's Staff and other integrity violations as defined in these terms of reference, including allegations referred to the IIU by the Secretariat; cooperate and coordinate with the Executive Director and the Secretariat in the conduct of investigation; report to the Secretariat its findings for the Executive Director to decide on disciplinary actions;
 - (g) With reference to the Executive Director, bring to the attention of the Co-Chairs and the Ethics and Audit Committee the findings on any investigation involving misconduct or integrity violations;

- (h) In consultation with the Executive Director and other designated officials of the Fund, recommend improvements to policies, procedures and controls to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through implementing agencies and intermediaries, to ensure that all staff, external stakeholders and implementing entities and intermediaries adhere to the highest integrity standards; and document all investigative findings and conclusions;
- (i) Provide the Ethics and Audit Committee with the information that the Committee may reasonably request for it to fulfil its role pursuant to its terms of reference, in particular concerning the issues of Board conflict of interest, confidentiality and ethics;
- (j) Report to the Board on its activities, including summary investigative findings and any remedial action decided upon by an oversight body in the case of external stakeholders, or by an implementing entity or intermediary;
- (k) In collaboration with the Secretariat and the Executive Director, promote awareness of the Fund's integrity standards, including to all implementing entities and intermediaries, and executing entities;
- (l) Consult and collaborate with multilateral funds, international finance institutions and other relevant parties to share experience and insight on how best to address integrity violations;
- (m) Coordinate with relevant national and international counterpart authorities during investigations of alleged or suspected integrity violations, when considered appropriate and authorized by the Secretariat;
- (n) Consider and recommend for Board approval the participation in arrangements between multilateral funds and international financial institutions on integrity matters; and
- (o) Prepare and submit an annual report to the Board, summarizing its activities.

III. Delineation of roles and responsibilities of the Fund's Independent Integrity Unit and those of the integrity mechanisms of implementing entities and intermediaries

- 16. The IIU should closely cooperate with the relevant departments or units of implementing entities and intermediaries.
- 17. The relationship between the IIU and the corresponding body of implementing entities or intermediaries will be covered in agreements that will be entered into by the Fund with these implementing entities or intermediaries that will require these to cooperate with the Fund's IIU, where required.
- 18. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.

IV. Governance and management structure

- 19. The IIU will be headed by an expert with experience and proven track record in conducting integrity investigations and leading an integrity unit. The Head of the IIU should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

20. The Board, on the recommendation of the Ethics and Audit Committee, will be responsible for:
- (a) Appointing the Head of the IIU, in an open and transparent manner to be decided by the Board;
 - (b) Establishing processes or mechanisms for taking actions based on the investigative findings and conclusions of the IIU, as appropriate;
 - (c) Receiving reports on the activities of the IIU;
 - (d) Considering and approving the annual budget of the IIU.
21. The tenure of the office of the Head of the IIU will be for three years; renewable once. In order to ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IIU shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.



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