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GCF REGIONAL DIALOGUE
with AFRICA

Integrity in Climate Action: The Role of the Independent Integrity Unit

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Windhoek, Republic of Namibia
6–10 November 2023

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Climate finance ➡ Complexity, Urgency ➡ High integrity risk

Negative impact on Climate Change Intervention



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Corruption in Climate Finance negatively impacts Climate Change Intervention



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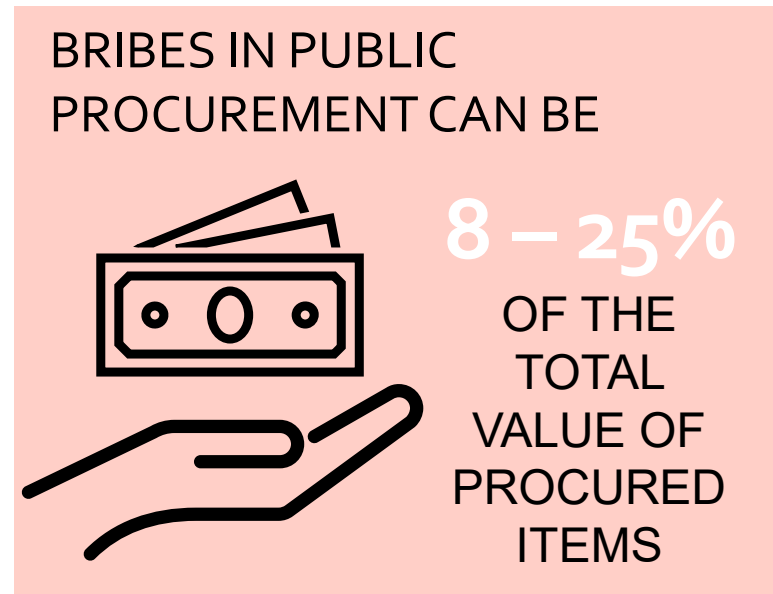
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Source: Climate & Corruption Atlas - <https://www.transparency.org/en/projects/climate-governance-integrity-programme/climate-corruption-atlas>

Losses from corruption can be high...



*Association of Certified Fraud Examiners: 2020
Global Study on Occupational Fraud and Abuse*



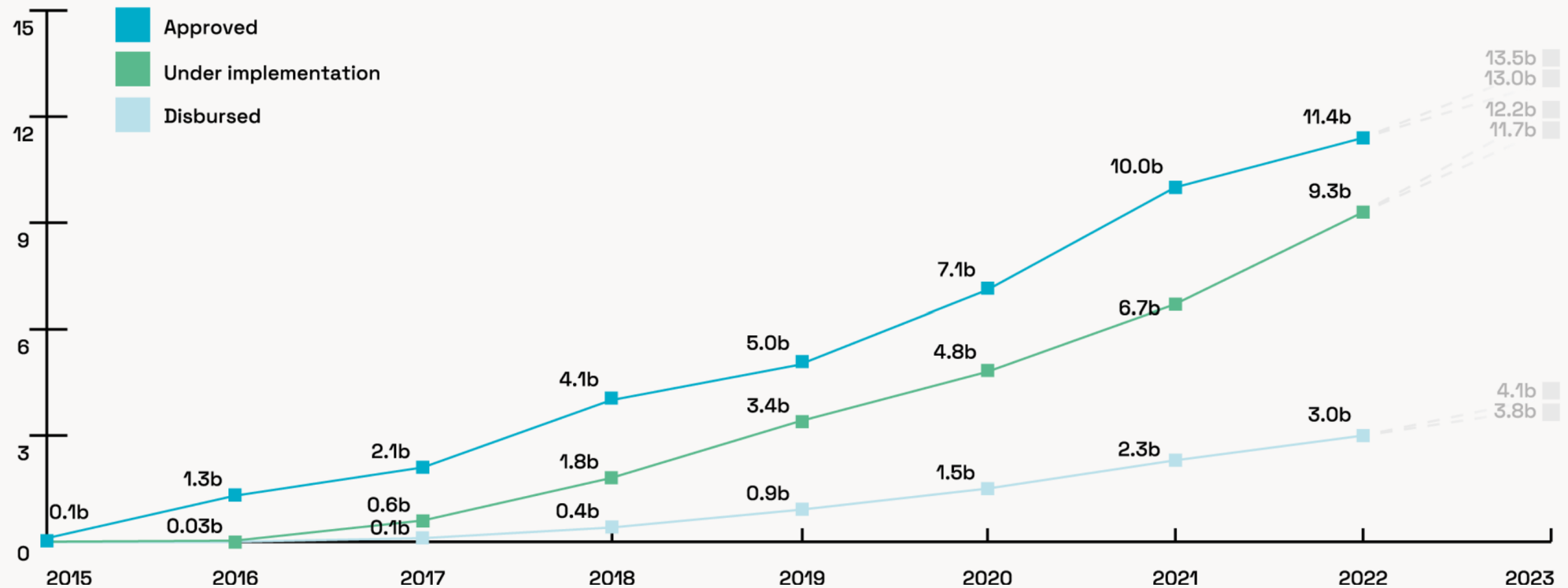
World Bank Blogs, 2021



UN Secretary-General, 2018

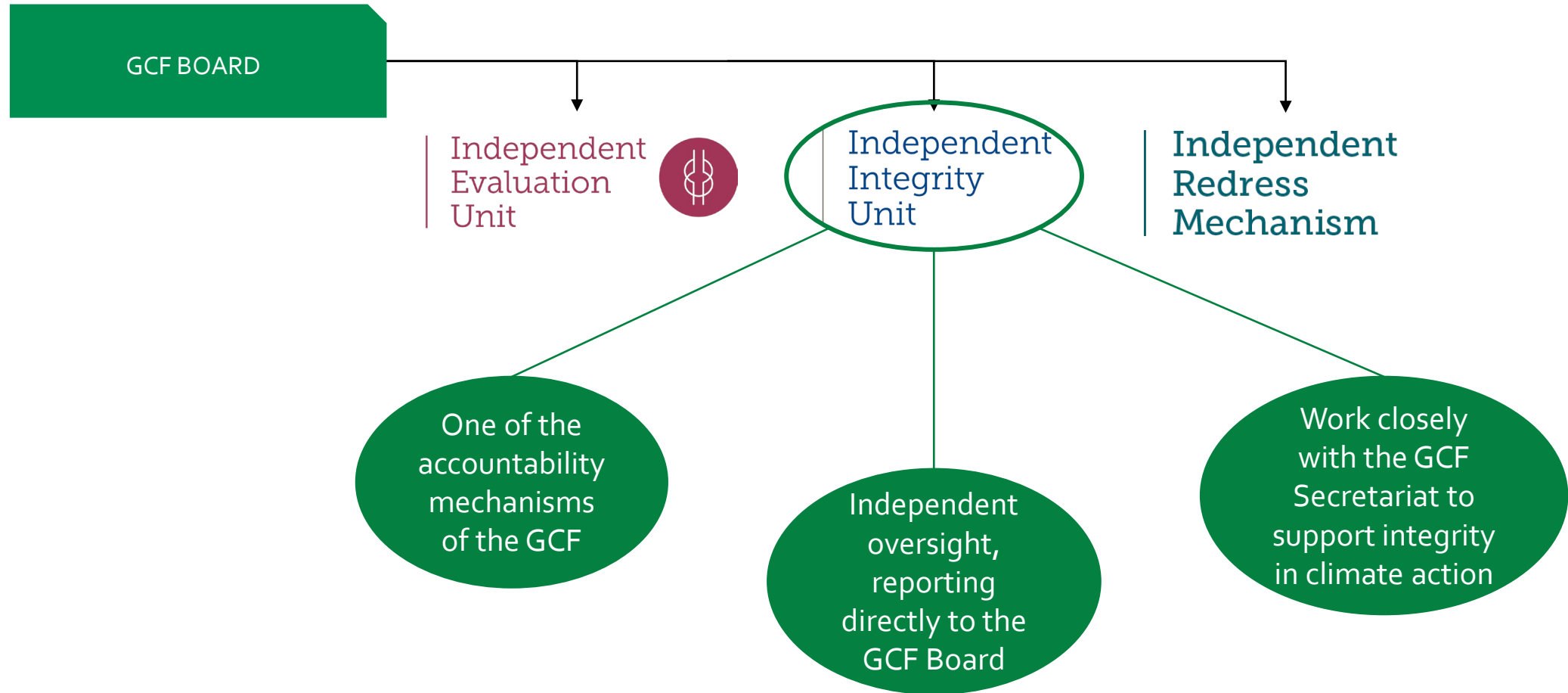
More money in climate finance = more complexity, risk

GCF portfolio evolution and growth



In 2022, the Board approved nearly USD 1.43 billion in GCF funding for new climate projects. By 2023, the portfolio is expected to reach USD 13.5 billion.

Who we are



Principle responsibilities of the IIU



Assess and investigate suspected integrity violations in GCF-funded activities and report findings to respective authorities



Advise the GCF on integrity policies



Collaborate with peer institutions



Build integrity capacity in GCF stakeholders



Promote awareness of integrity standards

Investigations

INTERNAL: *Covered Individuals*

WRONGDOING

Conduct that violates GCF policies or which involves significant risk to the GCF because it is harmful to its interests, reputation, operations, or governance

Misconduct

Conflicts of
Interest

Prohibited
Practices

EXTERNAL: *Counterparties*

PROHIBITED PRACTICES*

1. Corruption
2. Fraud
3. Coercion
4. Collusion
5. Obstruction
6. Abuse
7. Money Laundering
8. Retaliation against Whistleblowers & Witnesses
9. Terrorist Financing

Integrity capacity building

Provide systemic capacity assistance to address challenges of capacities for fiduciary requirements, compliance with GCF integrity policies, to create effective safeguard mechanism



- **Guided by the IIU ToR and GCF Integrity Policy Framework.** Paragraph 15(k).



- **Awareness of the the GCF Integrity Standards.** Collaboration with the Secretariat and the Executive Director in promoting awareness of the Fund's integrity standards



- **Training.** Integrity training in coordination with relevant GCF offices, Counterparties, and stakeholders



- **Providing Advisories.** Policy and best practice advice to Accredited Entities and other stakeholders



- **Community Building.** Cooperation with Accredited Entities, multilateral funds, international finance institutions, and counterpart authorities



- **Best Practice Sharing.** Sharing experiences and participating in arrangements between multilateral funds and international financial institutions on integrity matters

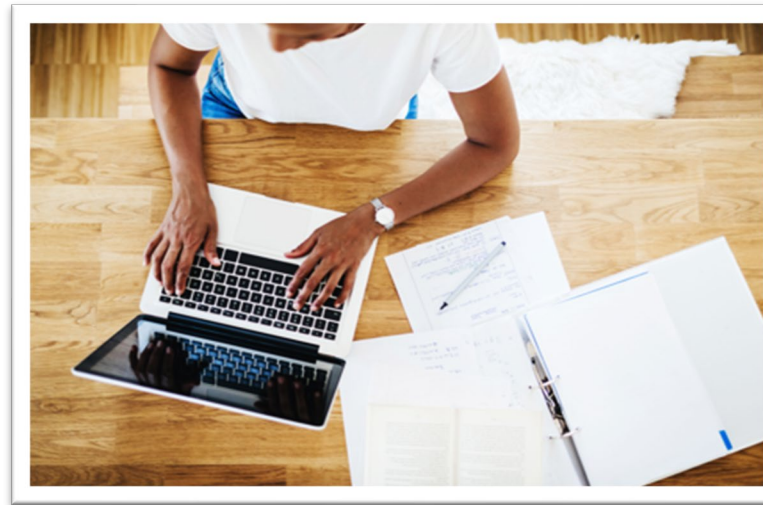
IIU Capacity building activities



Online Trainings



E-Learning Module



Integrity Forum



Knowledge Products



Awareness Talks



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Peer-to-Peer Learning Alliance on Climate Finance Integrity

Partnership with GIZ and Transparency International

Objectives

- DAEs support each other to adopt and effectively implement robust integrity and anti-corruption policies through peer learning
- Provide a trust-based platform to strengthen dialogue and knowledge exchange on how to safeguard climate finance

Current Members



Key Outcomes to Date

- Development and update of standards, documents, and policies
- Platform for confidential exchange and openly discussing challenges



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GCF Integrity Policy Framework

Key highlights

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Policy on Prohibited Practices (B.22/19)

- Establishes the specific conduct and activities which are prohibited in GCF funded activities
- Outlines the obligations of GCF Accredited Entities to uphold integrity
- Describes actions by GCF when prohibited practices are alleged to have occurred



What is understood as integrity challenges/ risks?

- **Integrity challenges or risks:** Areas or elements within an organization or project that are of risk of exposure to prohibited practices.
- **Prohibited practices:** Refers to the specific conduct and activities which are prohibited by the GCF.

Prohibited practices:

1. Corruption or corrupt practice
 2. Fraud or fraudulent practice
 3. Coercion
 4. Collusion
 5. Obstructive practice
 6. Abuse
 7. Money laundering
 8. Retaliation against whistleblowers or witnesses
 9. Financing of Terrorism
 10. Harassment
- Conflict of interest** (may lead to PP)

Key Obligations of Counterparties (AEs, DAEs, EEs, DPs): Policy on Prohibited Practices

- 1 Observe highest standards of integrity, accountability and efficiency.
- 2 Refrain from directly or indirectly condoning, encouraging, participating in or engaging in Prohibited Practices in any Fund-related activity.
- 3 Avoid situations or activities that might reflect adversely on the GCF, compromise its operations, or lead to real or perceived Conflicts of Interest.

Policy on the Protection of Whistleblowers and Witnesses (B.21/18)

Objective

- Empower anyone to report suspicious of Wrongdoing in good faith and without fear of retaliation.

Retaliation

- Retaliation against Whistleblowers and Witnesses is a Prohibited Practice



Scope and Applicability

Whistleblowers or Witnesses may include persons who bring allegations and information in a grievance, complaint, or reconsideration request to the Independent Redress Mechanism, which amounts to suspected Wrongdoing.



 Any person making a *false or malicious report* **is not** protected by this Policy

Main Provisions of the Policy

- *Keep confidential* the identities of Whistleblowers and Witnesses
- *Basic rights* of any person implicated are respected
- No escape hatch for complicity
- *Independent* and *objective* investigation
- Investigate retaliation
- Protection and Remedies for Whistleblowers and Witnesses
 - *Anonymity* and *Confidentiality*
- *Protection* from retaliation of external whistleblowers by covered individuals
- Retaliation by counterparties (sanctions)

Cooperation with Counterparties

Accreditation Master Agreement (template), Para. 13.03:

The Accredited Entity shall cooperate with the Independent Integrity Unit, and provide the Independent Integrity Unit with reasonable assistance in carrying out its functions, including promoting cooperation between the Independent Integrity Unit and the corresponding body or unit of the Accredited Entity. Practical modalities of such cooperation shall be agreed upon in writing by the Independent Integrity Unit and the corresponding body of the Accredited Entity.

Readiness and Preparatory Support Framework Agreement (template), Para. 8.03:

The Delivery Partner shall, and shall ensure that any relevant Implementing Entity and/or the Beneficiary shall, reasonably cooperate with the Fund's Independent Integrity Unit and provide the Independent Integrity Unit with reasonable assistance in carrying out its functions, including promoting cooperation between the Independent Integrity Unit and the corresponding body or unit of the Delivery Partner.

Cooperation with Counterparties

Accreditation Master Agreement (updated template), Para. 9.03:

- The Accredited Entity shall:
 - (c) Promptly notify the Fund of any alleged or suspected Prohibited Practices in connection with a Fund-related Activity, and
 - keep the Fund informed of the progress of any investigation; and
 - provide a final report to the Fund on the findings of such investigation upon its conclusion.

Reporting Template

IIU developed a template for AEs/DPs to streamline reporting of investigation findings.

The template consists of the following sections:

- General Information
- Summary of Complaint / Allegations
- Relevant Rules, Policies and Procedures
- Investigative Methodology
- Investigative Details / Findings
- Conclusions
- Post-Investigative Actions
- Exhibits



Report to the IIU

24/7 Hotline (English, French, & Spanish)

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INTERNATIONAL

00308 491 0120
SOUTH KOREA

E-mail

integrity@gcfund.org

Report Online

iiu.greenclimate.fund



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Capacity assistance request:
iiu@gcfund.org

- **Policy advisory request:**
- **iiu-advisory@gcfund.org**

