



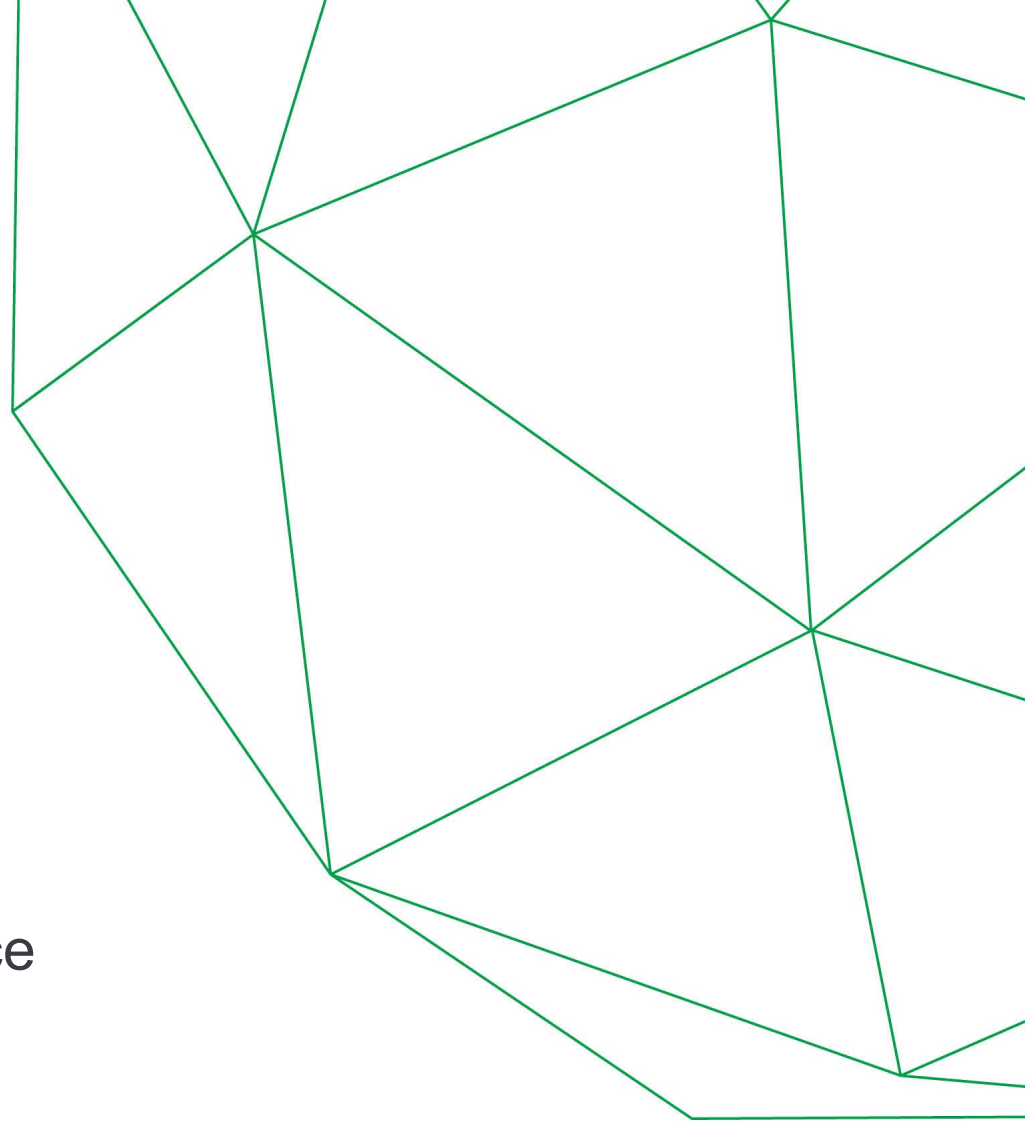
GREEN
CLIMATE
FUND

GCF REGIONAL DIALOGUE
with LATIN AMERICA

Session 3.1: Accountability and Integrity

GCF Department of Risk Management and Compliance
GCF Independent Integrity Unit
GCF Independent Redress Mechanism

Santo Domingo, Dominican Republic
15–17 September 2025





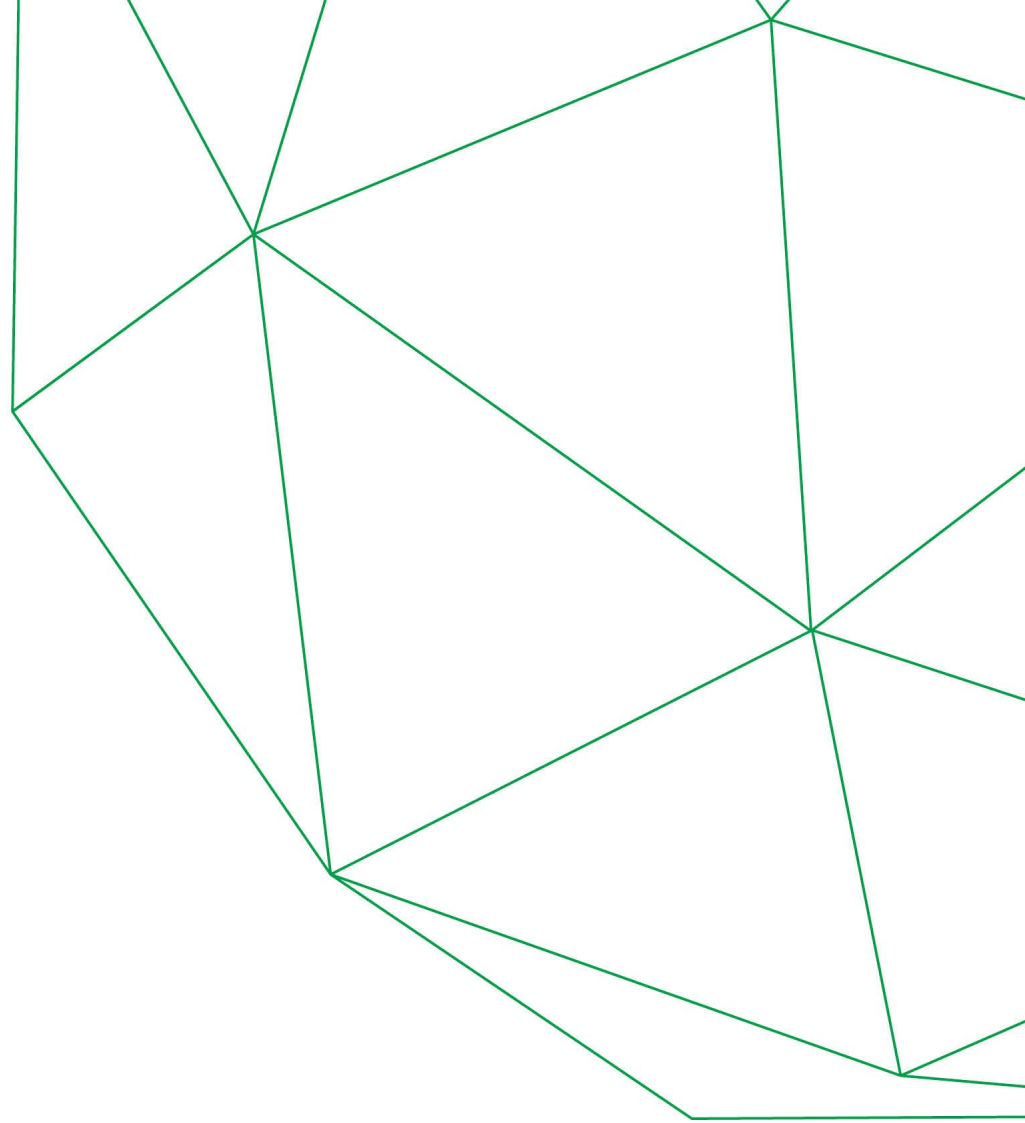
GREEN
CLIMATE
FUND

GCF REGIONAL DIALOGUE
with LATIN AMERICA

Opening and Welcome

Bayartsetseg Jigmiddash, Outreach & Engagement Manager
GCF Independent Integrity Unit

Santo Domingo, Dominican Republic
15–17 September 2025



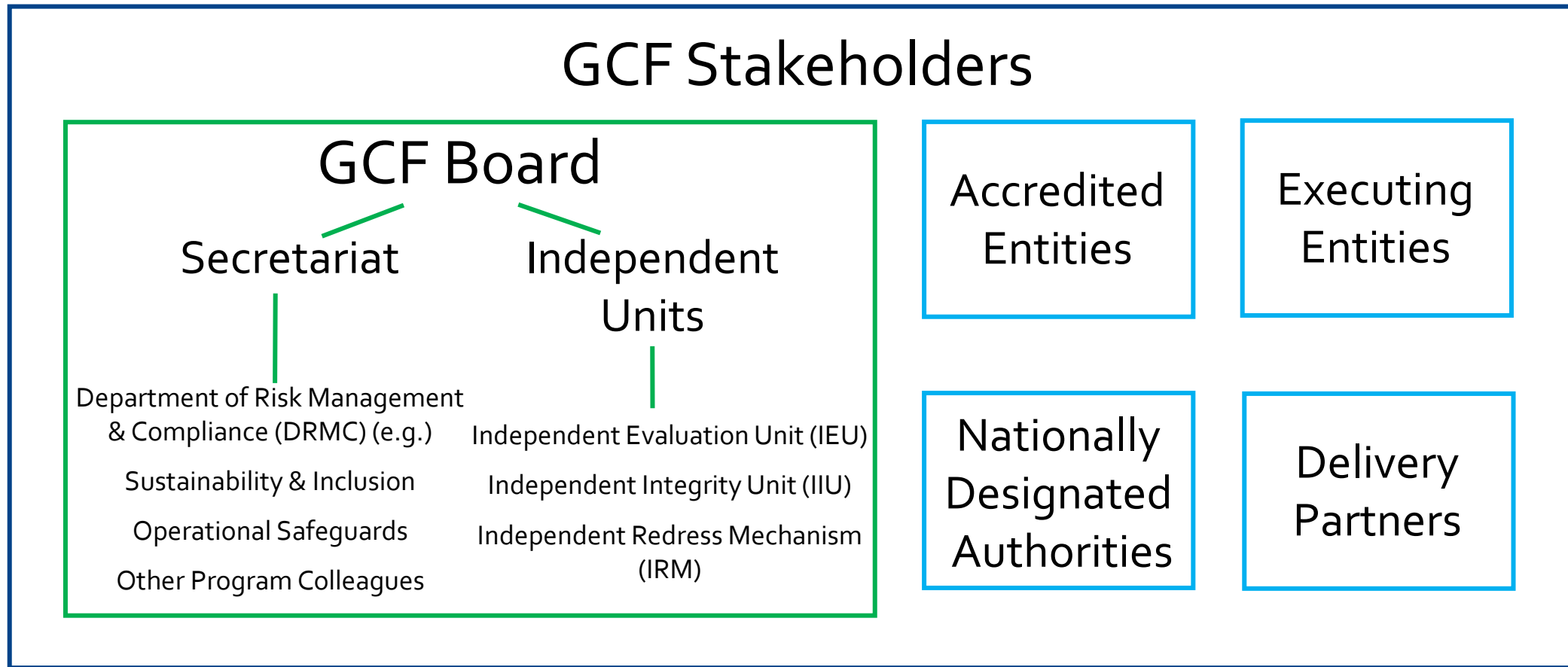
Session Objectives

- Understand the GCF accountability mechanisms and their respective mandates
- Gain clarity on the GCF's zero-tolerance approach to Prohibited Practices and integrity risks
- Review the compliance obligations of AEs, including monitoring, reporting, and grievance handling
- Identify the channels available for accountability, integrity assurance, and redress

Session Agenda

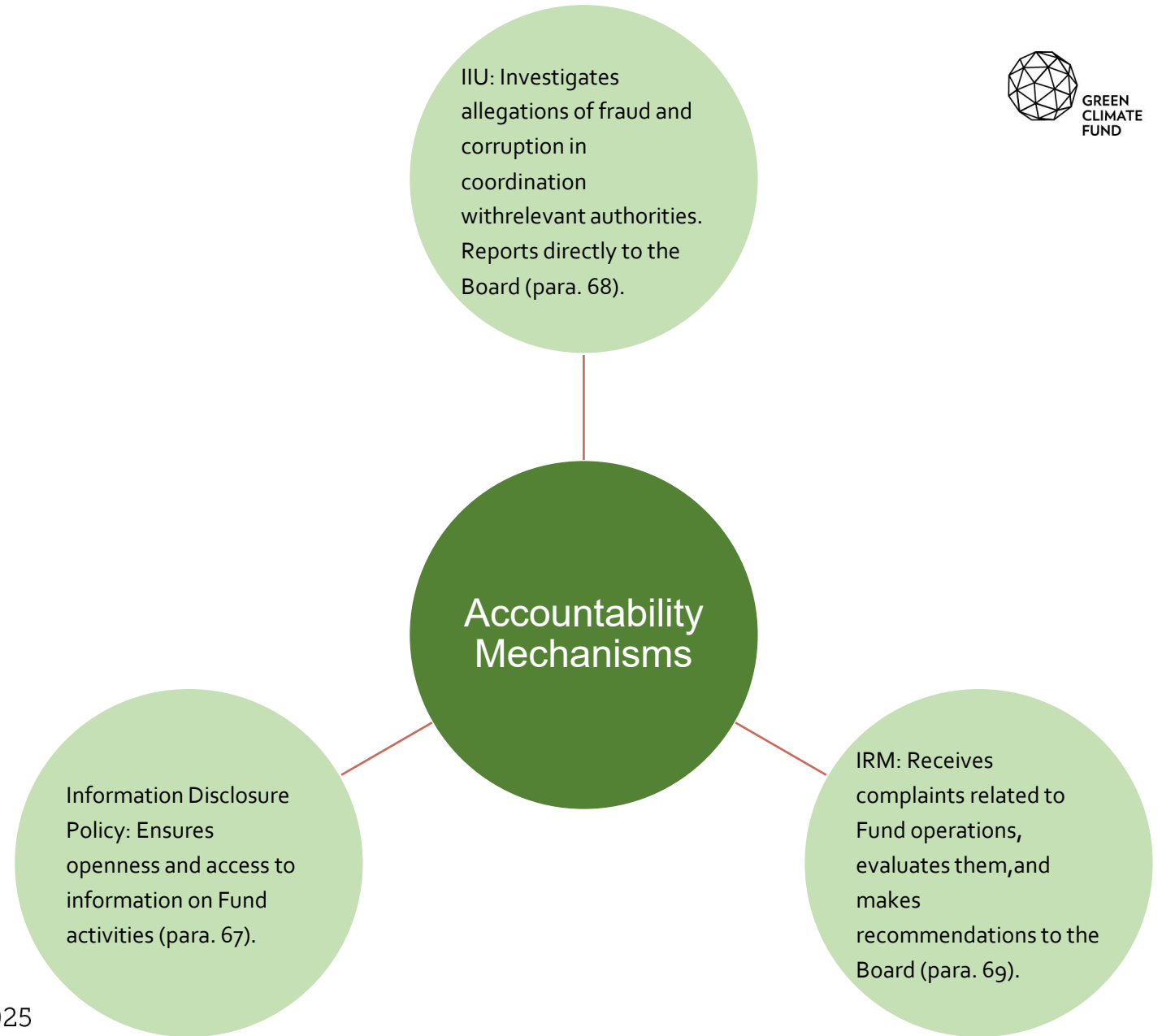
- Overview of the GCF accountability ecosystem
- Presentation by the GCF Independent Integrity Unit
- Presentation by the GCF Department of Risk Management and Compliance
- Presentation by the GCF Independent Redress Mechanism
- Audience Q&A

GCF Accountability Ecosystem

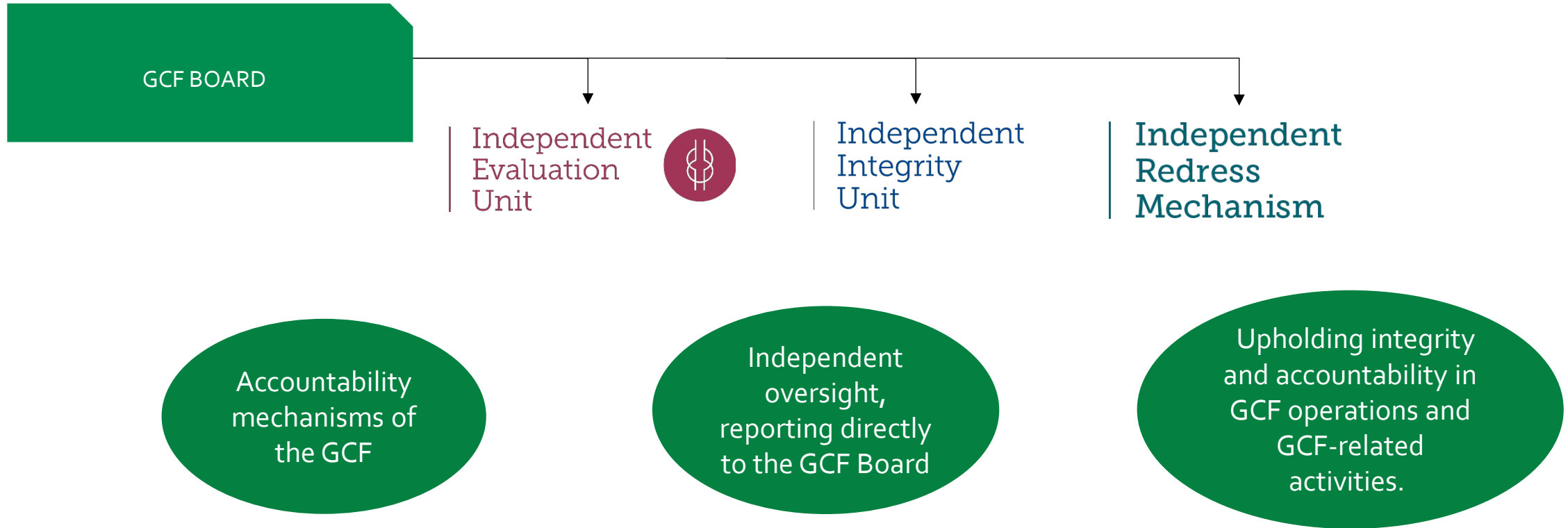


GCF Accountability Mechanism

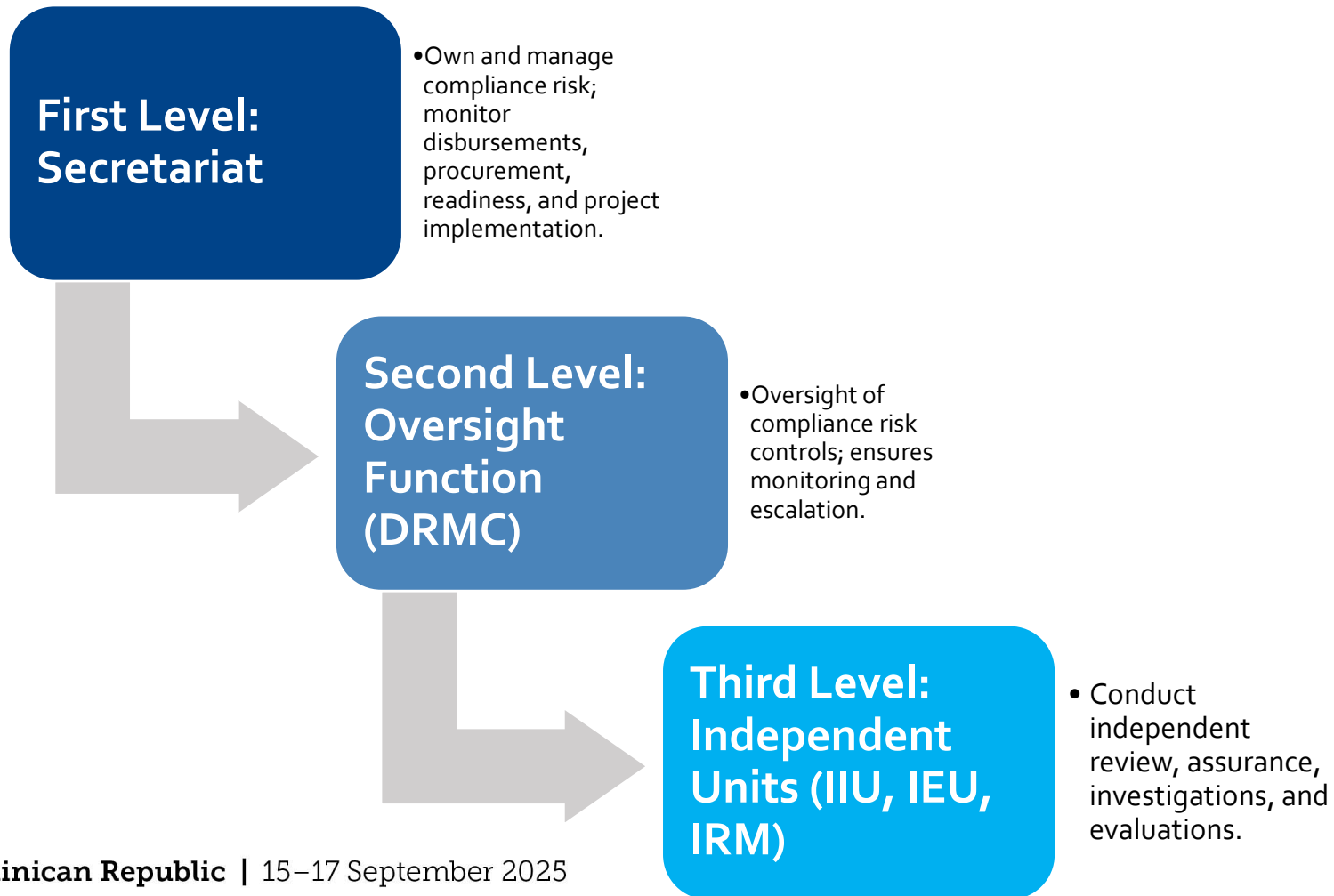
- Established by the **Governing Instrument** to ensure transparency, legitimacy, and compliance
- Complemented by **fiduciary standards** (paras. 63–64)



GCF accountability framework



GCF Three Lines of Defense



GCF Accountability Mechanism across the Project Cycle

- **Readiness & Accreditation:**

- DPMC → Assessment of fiduciary standards and compliance frameworks
- IIU → Integrity checks, due diligence on prohibited practices
- IRM → Informing stakeholders of recourse and remedy options

- **Project Design & Approval:**

- DPMC → Operational and fiduciary compliance reviews prior to approval
- IIU → Integrity risk assessment, advice on prohibited practices
- IRM → Ensuring grievance procedures are integrated into project design

- **Implementation & Monitoring:**

- DPMC → Portfolio compliance oversight and risk monitoring
- IIU → Prevention, awareness, and investigation of prohibited practices
- IRM → Accessible grievance process for affected people and communities

GCF Independent Integrity Unit

Bayartsetseg Jigmiddash, Outreach & Engagement Manager

Integrity Risks in Climate Finance

In 2023, global climate finance
levels reached

1.9 trillion USD

10-20% and 20-40%

Of development and water sector finance,
respectively, are lost to corruption annually

Risks Across the Project Cycle



Design

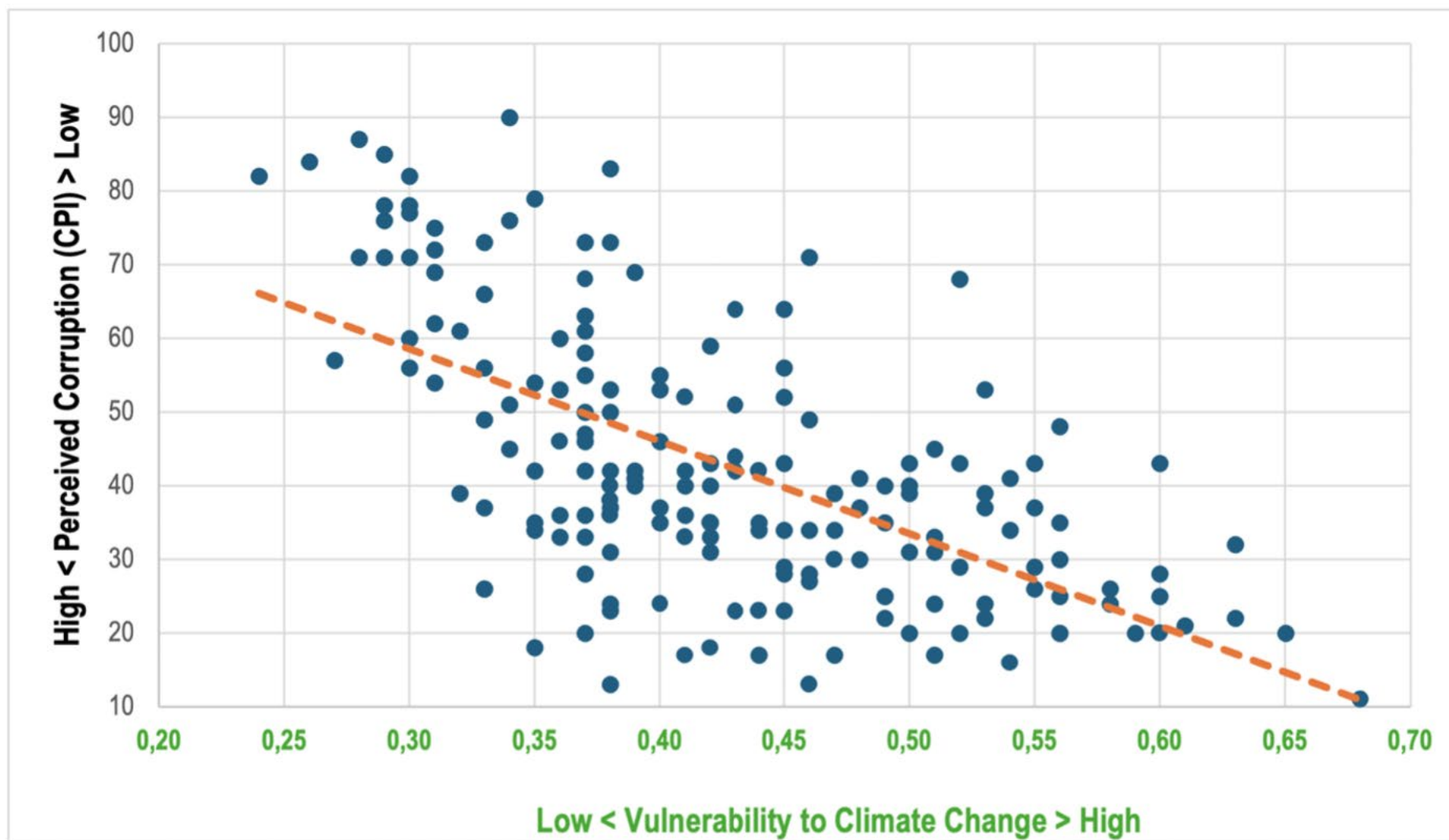


Implementation



Post-Implementation

Vulnerability to climate change, and perceived corruption



Santo Doming Vulnerability to Climate Change Index (ND-GAIN), and Corruption Perceptions Index (CPI) (Transparency International 2023); n=175; p-value = <.001. Perceptions of corruption has a significant effect on vulnerability to climate change.

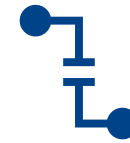
Common Integrity Issues



Conflicts of
Interest



Fraudulent
procurement



Weak safeguards in
intermediaries



Nepotism and
favoritism



Misuse of funds,
embezzlement



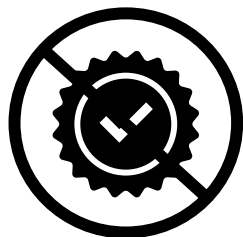
Suppression of
whistleblowers

Consequences of Integrity Failures



Change

Nexus Between Corruption and Climate



Erosion of Trust

Corruption diminishes trust in institutions and hinders collaborative efforts to address climate change.



Misallocation of Resources

Corruption leads to inefficient allocation of resources, impacting climate change mitigation efforts.

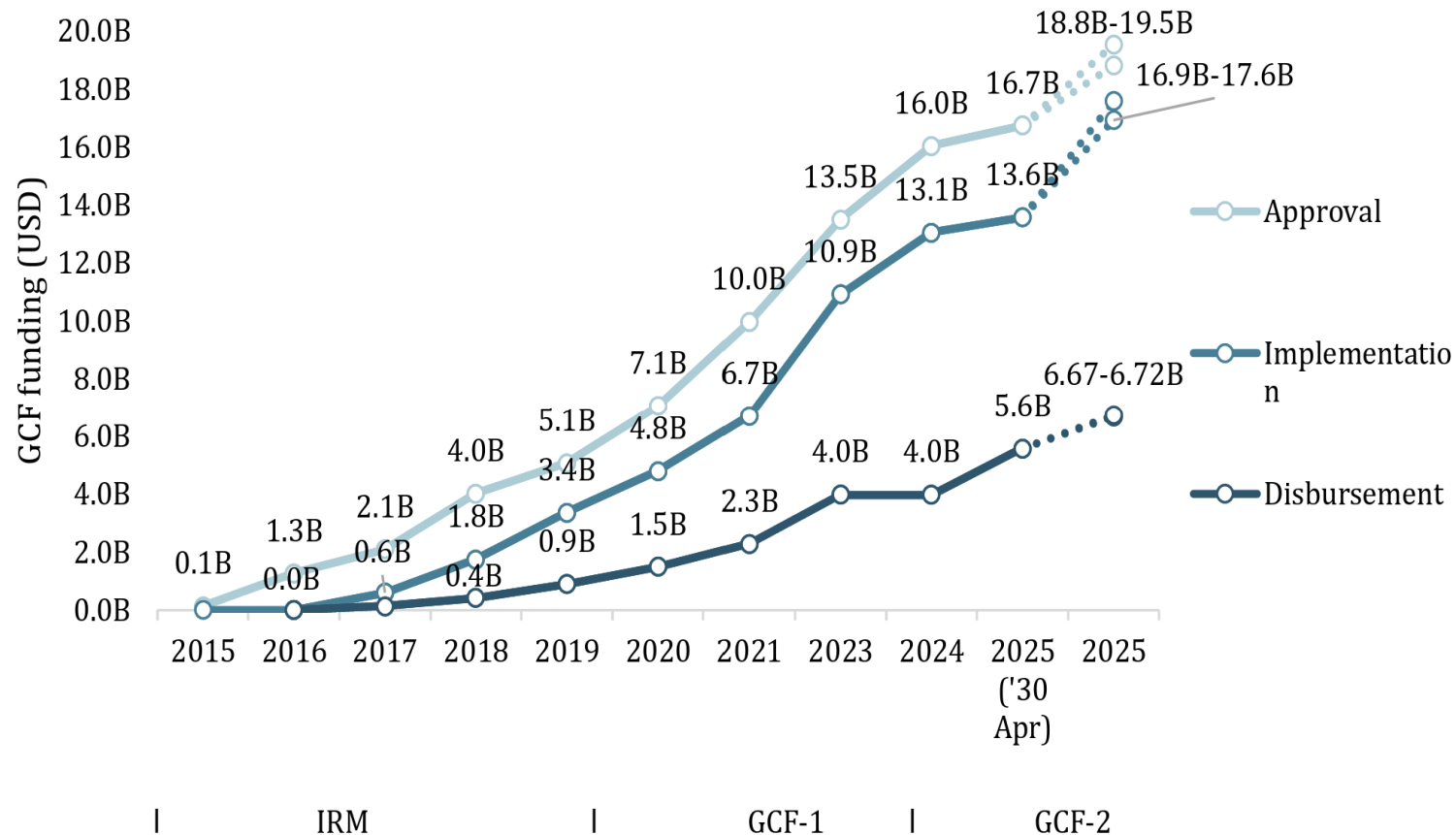


Delay in Action

Corruption can delay the implementation of essential climate change initiatives, prolonging environmental harm.

More money in climate finance = more complexity, risk

Figure 13: Portfolio implementation and disbursement, 2015-2025 (cumulative)



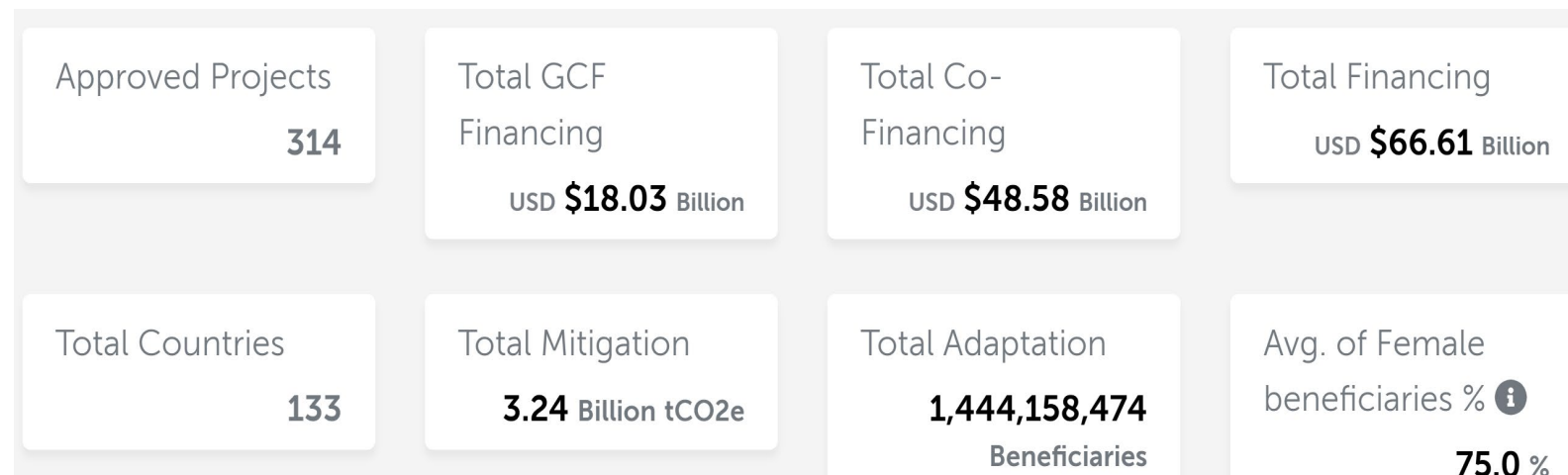
Vision for GCF:
"50X30"
 For GCF to efficiently manage 50 billion USD by 2030.

Santo Abbreviations: B = billion, GCF-1 = first replenishment period of GCF, GCF-2 = second replenishment period of GCF, IRM = initial resource mobilization.

Expanding GCF Portfolio = More Risks



Year	Number of projects
2015	7
2016	32
2017	49
2018	90
2019	121
2020	158
2021	190
2022	209
2023	243
2024	286



Increase in funds for climate action within a short time span =

Increased integrity risks for GCF and GCF partners

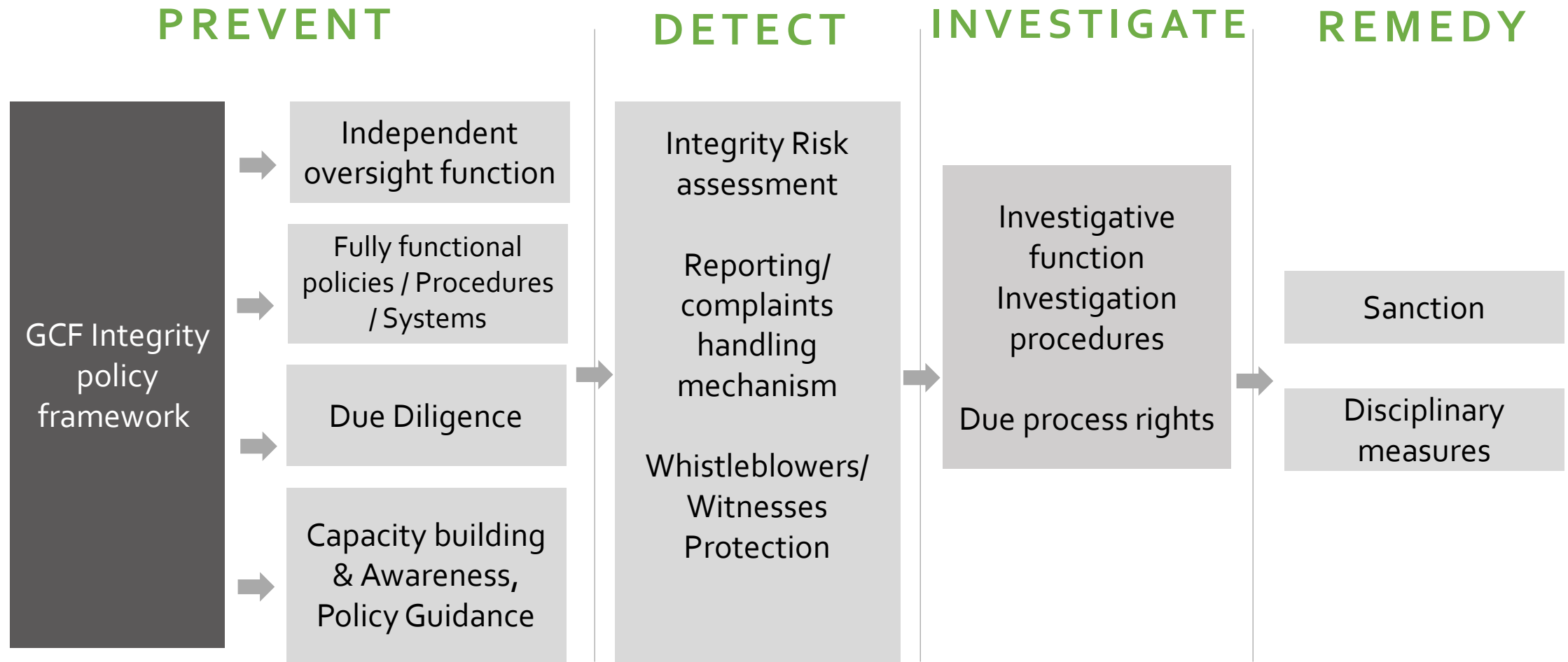
Data source: GCF iPMS, Analysis by IEU DataLab.

Santo Domingo, Dominican Republic | 15 September 2025

GCF Integrity Policy Framework



GCF Integrity Framework



GCF's Policy on Prohibited Practices

GCF maintains a zero-tolerance policy towards Prohibited Practices



Corruption



Fraud



Collusion



Coercion



Abuse



Obstruction



Money Laundering

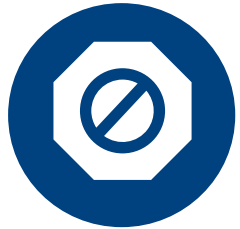


Terrorist
Financing



Retaliation Against Whistleblowers and
Witnesses

AE Obligations under the Policy on Prohibited Practices



Prevent

- Adopt and implement appropriate fiduciary and administrative practices to prevent Prohibited Practices.
- Identify and mitigate risk of ML/FT.



Inform

- Promptly notify the IIU of alleged or suspected Prohibited Practices reported to your organization that concern GCF Fund-related activities.
(integrity@gcfund.org)
- Inform the IIU of ML/FT risks that are detected.



Investigate

- Upon notifying the IIU, assess and/or investigate the alleged or suspected Prohibited Practices and inform the IIU of the investigative progress.
- Fully cooperate with the IIU if the IIU decides to investigate the matter itself.



Respond

- Discuss with GCF appropriate mitigation remedies for substantiated wrongdoing.
- Take action to prevent re-occurrence.
- Ensure that GCF-sanctioned individuals/entities do not participate in Fund-related activities.

Accredited Entities' Fiduciary Responsibility

□ GCF Governing Instrument

○ Para 63

*“...the GCF must ensure such **fiduciary standards are applied to the Accredited Entities**, and to all projects and programs financed by the GCF...”*

○ Para 64

*“The GCF will **support the strengthening of capacities** in recipient countries to be able to meet the GCF’s fiduciary standards....”*



GCF Fiduciary Standards



GCF Accreditation Conditions: To be fulfilled to receive the funding.

- ✓ **Code of Ethics**
 - Adoption, dissemination, ethics committee
- ✓ **Conflict of Interest Policy**
 - Disclosure system, sanctions
- ✓ **Mismanagement Prevention**
 - Zero tolerance, hotlines, whistleblower protections
- ✓ **Investigation Function**
 - Independence, TORs, case reporting
- ✓ **AML/CFT Safeguards**
 - Screening tools, due diligence, suspicious activity reporting

GCF Fiduciary Standards

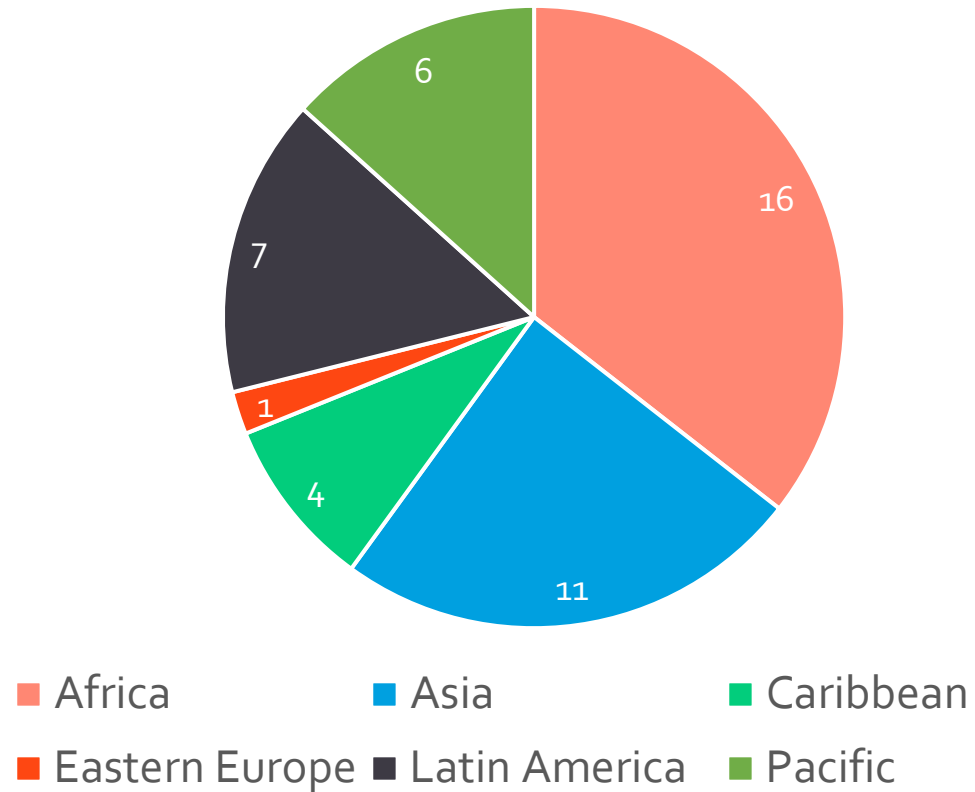


Stage II Accreditation Checklist Section 4.3

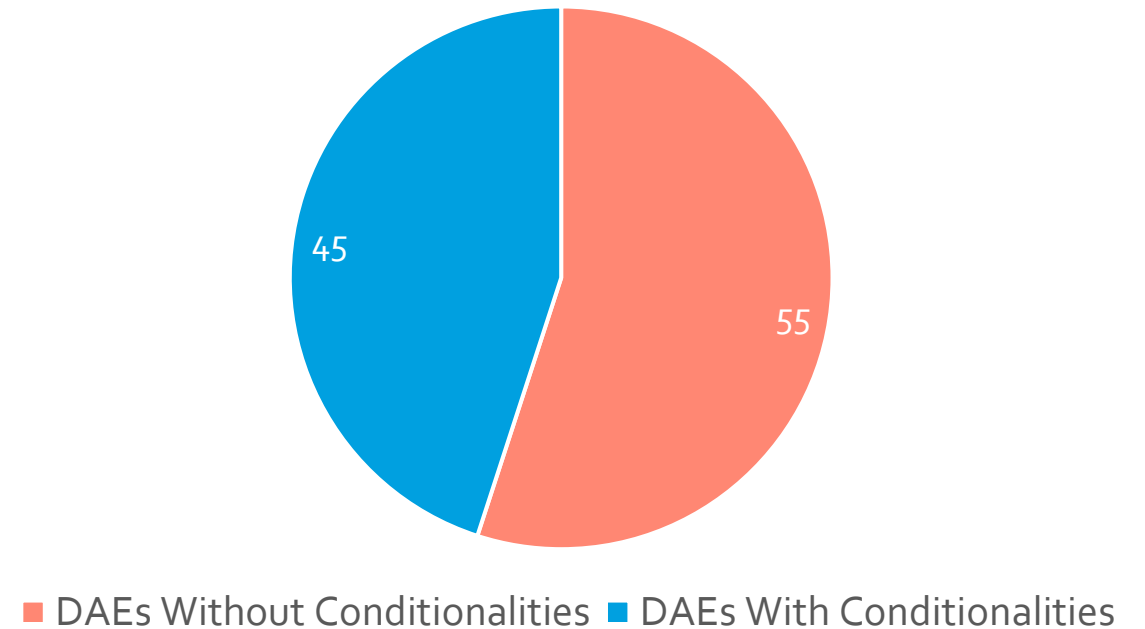
Information required	Status	Adequacy/effectiveness suitably demonstrated	Remarks/Observations or points for discussions by Accreditation Panel, if any	Additional information, if any, required from entity
i) Policy on Financial Management which also describes the various malpractices which may occur and prevention strategies	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No		i) _____ ii) _____
ii) Demonstrated experience and track record in accessing financial resources from national and international sources	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No		i) _____ ii) _____
iii) Evidence of tone or statement from the governing bodies or senior management of the organization emphasizing a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party associated directly or indirectly with the general operations of the entity, and particularly in relation to	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No		i) _____ ii) _____

Integrity related conditionalities among DAEs

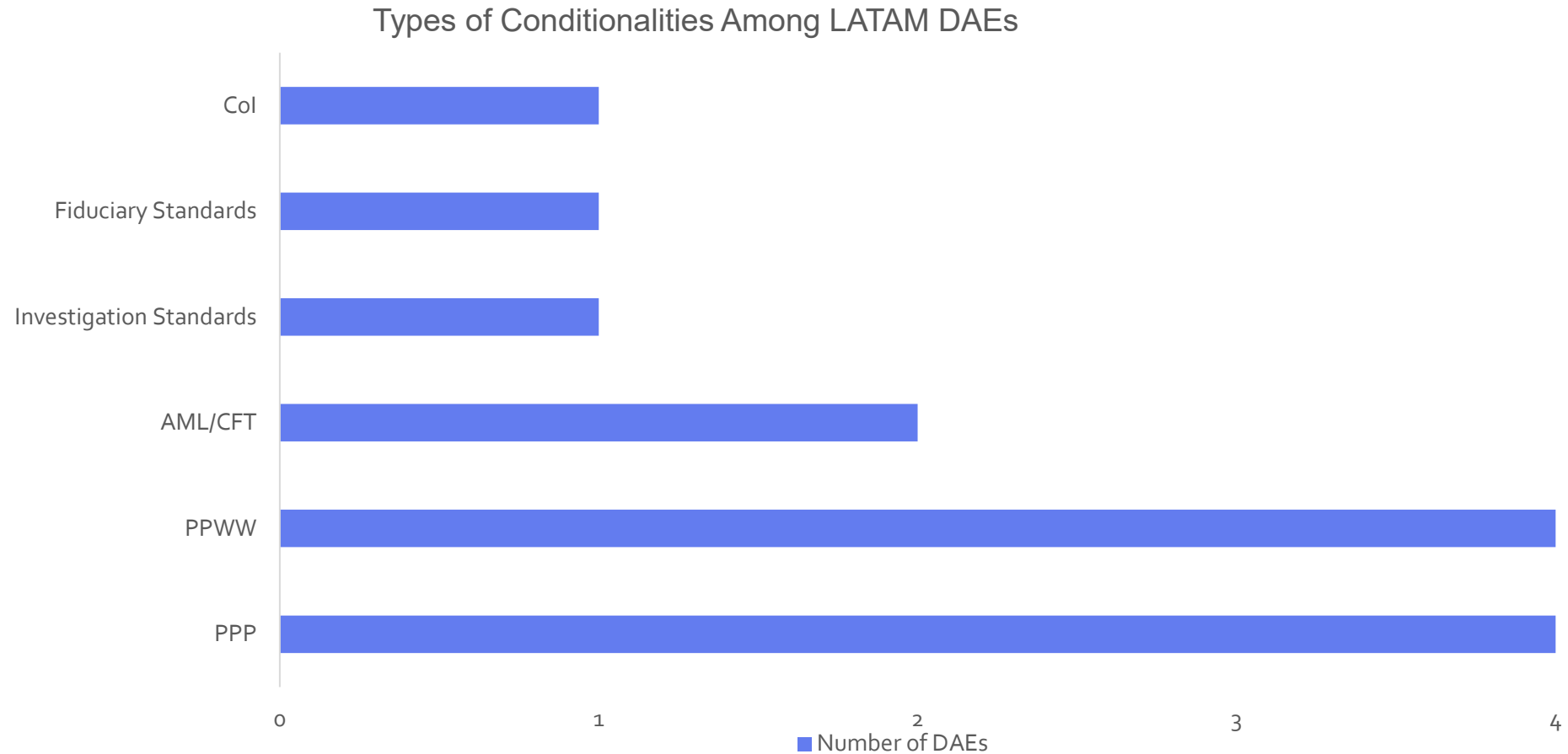
Number of Conditionalities by Region



DAEs and IIU Conditionalities



LATAM DAE Conditionalities



AEs policy and contractual obligations in GCF project cycles

AEs policy and contractual obligations

□ Preparation of funding proposal

- **Clause 4.05.** In preparing each funding proposal, the AE shall comply with **AML/CFT, Know-your-customer**, and carry out all **due diligence** as the GCF relies on such due diligence by the AE.

□ Standard of Care

- **Clause 9.03.** The AE shall:
 - Apply its own know your **customer checks, AML/CFT, and financial sanctions** which should enable to comply with the **Policy on Prohibited Practices** and the principles of **AML/CFT Policy**.
 - Not use the GCF funds to **individuals/entities prohibited** by the GCF (sanctions/embargoes)
 - Promptly **notify** the GCF of any alleged Prohibited Practices/material risks of ML/FT

AEs policy and contractual obligations



Project design:

Prevention & Detection

- ✓ Integrity Project Management: Mechanisms to prevent, detect, and manage integrity risks
- ✓ Integrity Due Diligence in financial management/Procurement: KYC due diligence (Col checks, compliance with rules), Financial reporting & oversight
- ✓ Mechanism to report wrongdoing & handling complaints PPWW
- ✓ Whistleblower protection PPWW



AEs policy and contractual obligations

Project contracting

- Mainstream integrity frameworks in projects/programs by contractually requiring (AMAs, FAAs, GAs)
 - Contractually require implementing entities to apply the same standards
 - Capacity to enforce sanctions against integrity violations



Section 8.01. Readiness Grant Agreement: “The recipient shall ensure adherence to the procurement plan agreed by the recipient and the Fund; contracts shall be awarded on a transparent and on a competitive basis.”

— AEs contractual obligations



Project contracting (Con'd)

- **AMA Clause 9.03:** AE to *ensure that all GCF proceeds are used for intended purposes* and shall be accountable to the Fund for the proper use of such proceeds.
- **AMA Clause 13, 18:** AE to ensure such **compliance by the Executing Entities...**
- **AMA Clause 18:** AE to maintain an **effective conflicts of interest policy**
- **AMA Clause 19, 20:** in the **Event of default**, GCF to enforce remedies against integrity violations (termination of the AMA , Suspension of payments , Restitution)

AEs' Oversight Responsibility

Cascading down obligations to EEs



Prohibited Practices
Policy

Para 20.

"Accredited Entities to **contractually cause** its executing entities to not use the GCF funds for any illegal purposes...."

"....by **incorporating in Subsidiary Agreements** provisions....."

Santo Domingo, Dominican Republic | 15–17 September 2025

AMA/FAA

Clause 4.05

"Accredited Entities shall **cause the executing entity in the Subsidiary Agreement** to oblige compliance by all parties involved with **the PPP and AML/CFT**"

Clause 10.02

"Accredited Entity **to assess the integrity and capacity of executing entity** to implement the project, to **monitor** the performance of the EEs and **remedy** the breach."

~~How~~ to strengthen oversight over EEs?



1st : Assess the capacity of EEs

- Assessment of both **policies and practice**
- Implementation role

2nd : Fill the gap

- Measures to fill the gaps
- Subsidiary agreements
- Train

3rd step : Monitor

- Monitor through reporting & review
- Mitigate/remedy

Standardized checklists

Santo Domingo, Dominican Republic | 15–17 September 2025

Risk-based approach

Sanctions :



Cancel or suspend funding

Sanction counterparty

Restitution of funds



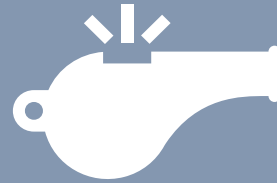
Policy on the Protection of Whistleblowers and Witnesses



SAFE AND SECURE REPORTING CHANNELS*

Online, Email, Phone,
Mail, In-Person

*Anonymous reporting
possible



PROCEDURAL SAFEGUARDS

Confidentiality of
whistleblower/witness
identity and investigation
processes



RETALIATION

Detrimental action, including
threats, against a Witness or
Whistleblower for reporting
Prohibited Practices or
cooperation in an investigation
is a Prohibited Practice

Accountability for Policy Breaches

- **Zero Tolerance for Non-Compliance:** The Risk Appetite Statement specifies that GCF has *zero tolerance* for AE breaches of Policy prohibited practices.
- **Remedial Measures:** In cases of AE non-compliance, GCF may apply corrective measures, suspension, sanctions or termination
- **Reporting Obligations:** AEs must promptly report integrity breaches to the GCF Secretariat and IIU. Failure to do so may result in sanctions or termination of accreditation.
- **Cooperation with IIU:** AEs must cooperate with IIU in accordance with PPP, PPWW
- **Capacity Building:** In cases of AE non-compliance fiduciary standards, GCF may support capacity building to meet requirements.

—Role of IIU safeguarding integrity



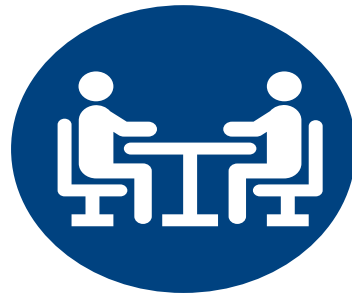
Assess and investigate suspected integrity violations in GCF-funded activities



Advise the GCF on integrity policies



Collaborate with peer institutions



Build integrity capacity in GCF DAEs



Promote awareness of integrity standards



Undertake risk analyses in GCF operations and funded activities

IIU & AMA

Independent Integrity Unit

- 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.

IIU & AMA



Accreditation Master Agreement , 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 will keep the Fund informed of the progress of any investigations.

At the conclusion of an investigation, the Accredited Entity will provide the Fund with a final report on the findings of such investigation.

Readiness and Preparatory Support Framework Agreement

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.

IIU Investigations



Internal

GCF Personnel

Staff Members

Other Contracted
Individuals

Board-Appointed Officials, External
Members of GCF Panels and Groups,
etc.

Santo Domingo, Dominican Republic | 15–17 September 2025

External

Accredited Entities
(IAEs and DAEs)

Executing Entities

Financial
Intermediaries

Delivery Partners

Vendors

Case scenario: Climate-Resilient Water Project

GCF irrigation project helps farmers adapt to climate change. After the first rainy season, farmers report that several irrigation systems have already broken down. They suspect that the materials used may not match what was promised. The subcontractor has already been paid, and the executing partner confirmed project completion.

- What potential **integrity risks** can you identify?
- What **integrity violations or policy breaches** you can identify?
- What is the **AE's responsibility** in following up on this issue?
- What **safeguards or monitoring mechanisms** could have prevented this situation?



Case Debrief

Integrity Risks Identified:

- Misuse of GCF funds
- Use of substandard materials in project delivery
- Oversight gaps by executing partner and AE

Integrity Violations and breaches:

- Fraudulent contract performance (misrepresentation)
- Breach of GCF Prohibited Practices Policy
- Breach of AE's fiduciary duties under AMA

Role of the AE:

- Verify delivery vs. specifications
- Investigate & report to GCF IIU
- Take corrective measures with contractor
- Strengthen monitoring & oversight

Preventive Safeguards:

- Independent quality inspections before payments
- Strong procurement due diligence
- Random spot-checks during delivery



Resources



E-Learning Module (English, Spanish, French)

ilearn.greenclimate.fund



Santo Domingo, D

Reporting to IIU



Via online form at
iiu.greenclimate.fund



Via email at
integrity@gcfund.org



Via telephone at
00308 491 0120 or
+1 866-921-6714

IIU Peer Learning Programme

- 14 DAEs in a two-year peer learning engagement with IIU and GIZ
- Sharing best practices, collectively addressing integrity-related challenges in their organisations
- Covering topics such as conducting investigations and building an integrity culture
- Join this program if your organisation is interested to become Peer DAEs

Santo Domingo, Dominican Republic | 15–17 September 2025



Report to the IIU

24/7 Hotline (Multi-Language)

+1 (866) 921 6714
INTERNATIONAL

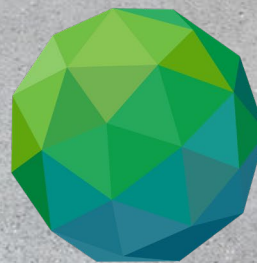
00308 491 0120
SOUTH KOREA

E-mail

integrity@gcfund.org

Official Website

iiu.greenclimate.fund



**GREEN
CLIMATE
FUND**

**Independent
Integrity
Unit**

On Social Media



Department of Risk Management and Compliance

Andrew Bosz, Compliance Officer

Introducing the Department of Risk Management and Compliance (DRMC)



The GCF adopts a three lines of defense model. As the **second line of defense**, DRMC works closely with the first line (program teams) to ensure risks are identified, assessed, and managed within the Fund's risk appetite.

- **Mandate:** As set out in the AML/CFT Policy and AML/CFT Standards, DRMC develops and maintains risk and compliance frameworks, policies, and processes.
- **Functions:** DRMC monitors actual and potential risks affecting the GCF, and reviews proposed and actual investments to ensure alignment with the Fund's fiduciary responsibilities, consistent with the Policy on Prohibited Practices (PPP).
- **Scope:** Environmental and Social Safeguards (ESS), Indigenous Peoples (IP), and Gender are managed outside DRMC and will be addressed in a separate session with colleagues from the Safeguards team.

Source: [GCF Secretariat](#); [GCF AML/CFT Policy](#)

AML/CFT Policy, para. 7

In the context of its overriding objective to provide support to developing countries for the achievement of the goals of the UNFCCC, and with due regard to its fiduciary responsibilities, GCF shall ensure that its funds are not used to finance any illegal acts related to Money Laundering or Terrorist Financing.

AML/CFT Standards, para. 2(a)

Preventing the abuse of GCF resources for money laundering ("ML") and/or financing of terrorism ("FT").

Policy on Prohibited Practices, para. 2

The GCF maintains a zero-tolerance policy toward Prohibited Practices and is strongly committed to preventing and combating Prohibited Practices.

Risk Appetite Statement (B.40/17)

The Board-approved **Risk Appetite Statement** guides GCF's overall risk-taking and risk management approach.

- **Considerable financial and implementation risk** – GCF accepts these in pursuit of transformational climate action.
- **Zero tolerance for prohibited behaviors** – unlike financial or operational risks, integrity breaches corrode trust, weaken partnerships, and derail climate impact itself.

That is why the Fund applies low tolerance but high vigilance:

- **Prevention first** – upfront due diligence and partner capacity-building to minimize breaches.
- **Swift escalation** – concerns activate oversight mechanisms (DRMC, IIU, IRM, Safeguards) without delay.
- **Corrective response** – actions taken to address incidents and reinforce system-wide trust.
- **Collective responsibility** – NDAs, AEs, and GCF act as co-guardians of trust.

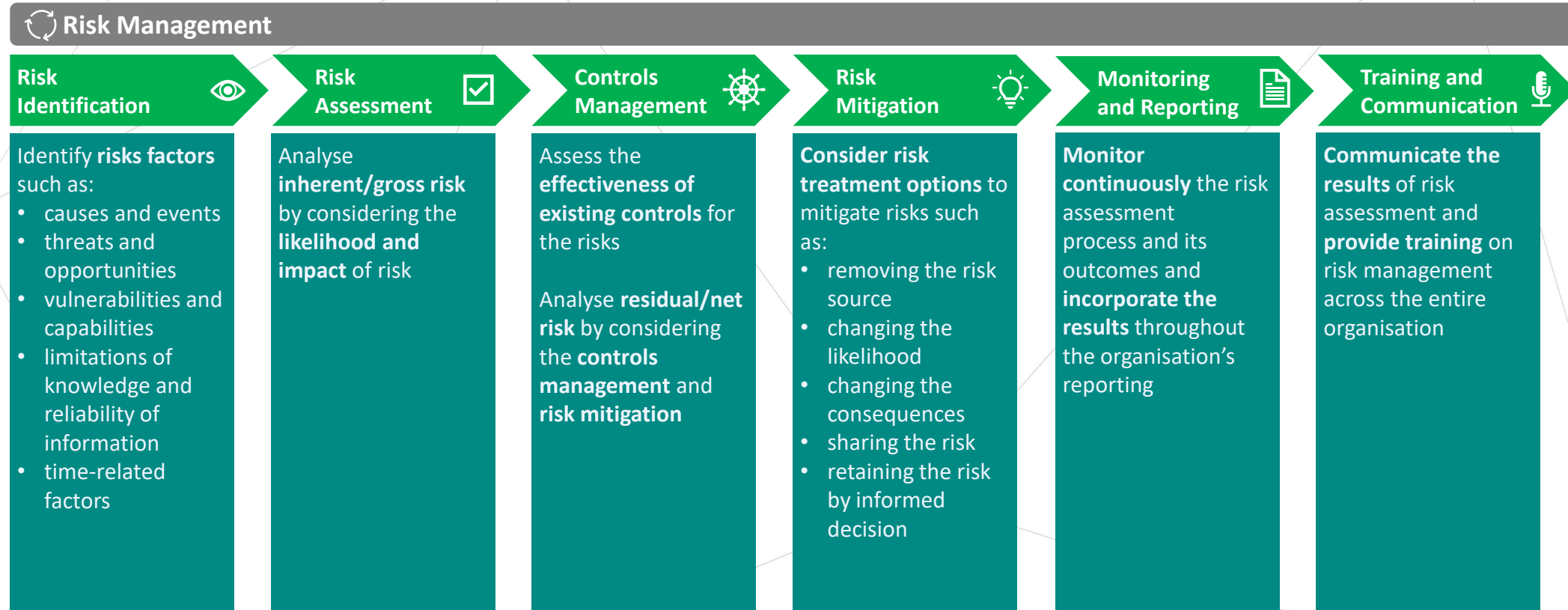
“While GCF accepts considerable financial and implementation risk in pursuit of transformational climate action, GCF maintains zero tolerance for behaviors and activities prohibited by our policies.”

Components of an Effective Risk Management Framework

- ✓ A robust risk management framework and internal controls environment comprises **identifying, assessing, and managing risk** at both the institutional and project implementation/operational-levels, covering financial and non-financial risks.
- ✓ It should be tailored and adapted to an institution's **risk appetite**, and in the case of GCF funded activity, **specific to the proposed project or programme**.
- ✓ Risk assessment should be an **ongoing process** and **adaptive measures** should be implemented in **response to real-time updates** on the ground during project/programme implementation.



Components of an Effective Risk Management Framework (continued)



Risk Typologies to Assess



External Factors

Political Risk

Change in government

Change in key personnel

Change in policies or high-level priorities

Macro-economic Risk

Interest rate volatility

Inflation

FX fluctuation

Regulatory Risk

Changes in regulations

Sector-specific regulations

Project / Programme-Specific Factors

Financial Risk

Financial loss

Targeted co-financing not materialising

Integrity & Fiduciary Risk

Misconduct or other violations of integrity policies

Breaches of fiduciary obligations

Money laundering of terrorist financing

Operational Risk

Lack of capacity or expertise

Inadequate project management processes or systems

Legal Risk

Breaches of contractual obligations

Litigation

Fines or regulatory censure

Note: The above list is not exhaustive.

Controls to Manage ML/TF Risk



ML/TF Risk: Controls After Risk Assessment

- ✓ **Counterparty Due Diligence (CDD):** Identify and verify the Counterparties involved, including beneficial owners
- ✓ **Screening:** Check whether Counterparties are associated with any politically-exposed persons (PEPs) or state-owned companies, are listed on any watchlists or subject to sanctions or other restrictive measures, or linked to any negative news
- ✓ **Transaction monitoring:** Review the financial institution and transaction details prior to fund disbursement
- ✓ **Reporting:** Report suspicious information relating to money laundering/terrorist financing
- ✓ **Training:** Develop and implement AML/CFT trainings

Additional guidance on AML/CFT **international best practices** includes the **Financial Action Task Force (FATF) recommendations** in its *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*

Source: [GCF AML/CFT Policy](#); [GCF AML/CFT Standards](#); [FATF](#)

Note: The Financial Action Task Force (FATF) is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing.








United Nations Security Council (UNSC) Sanctions

The GCF was established as an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and, therefore, the Fund **complies with United Nations Security Council Resolutions** (UNSCRs).

- As such, and pursuant to its Anti-Money Laundering and Countering the Financing of Terrorism Policy: The GCF will not engage with, and will terminate the existing Counterparty relationship if any, with [...] **Counterparties who are currently under any financial sanctions imposed by United Nations.**
- In order to comply with the UNSCRs, the GCF Secretariat conducts **sanctions screening** against the United Nations Security Council Consolidated List and individual UNSCRs.
- For projects and programmes involving other types of UNSCR sanctions, such as arms embargoes or technology restrictions, the Secretariat conducts **due diligence to determine the level of risks and identify mitigating factors.**

GCF Assessment



Criteria	Description
 AML/CFT Regime	<ul style="list-style-type: none"> The AML/CFT regime, including policies & procedures, of the GCF Counterparty
 Controls Management	<ul style="list-style-type: none"> The internal controls to be used in the specific project/programme to identify, prevent, mitigate, and report any risks, indications, or allegations of money laundering or terrorist financing, or other misuse of funds or commodities, including diversion for illicit purposes
 Risk Assessment	<ul style="list-style-type: none"> Risk assessment of potential risks for money laundering or terrorist financing among the activities, counterparties, or beneficiaries of the project/programme Measures to be taken to identify, monitor, mitigate, and remedy the risks and any incidents that may arise
 Counterparty Due Diligence (CDD)	<ul style="list-style-type: none"> Due diligence of counterparties involved in the project/programme
 UNSC Sanctions	<ul style="list-style-type: none"> Identification whether any of the project activities will be undertaken in any jurisdiction which is affected by UNSCRs Confirmation that no individual or entity is listed on any UNSC sanctions list
 Transaction Monitoring	<ul style="list-style-type: none"> Distribution, either directly or indirectly, of cash, vouchers, etc.
 Reporting	<ul style="list-style-type: none"> Reporting mechanism for complaints and allegations of impropriety, wrongdoing, or other related issues in the project/programme and its implementation

Note: The above is not exhaustive but reflects some of the key factors ORMC takes into consideration during its funding proposal appraisal.

Case Study Walkthrough – Cash Transfer




Scenario: Cash transfers planned in fragile region → allegation of diversion risk.

DRMC FP Review: AML/CFT due diligence activated under Policy (B.18/20) & Standards (B.23/22).

Risk Flagged: Weak KYC controls at local financial institutions.

Mitigation Tools:

- Require AE to strengthen due diligence with FATF-aligned controls.
- Escrow account + independent audit.
- Enhanced reporting conditions in FAA.

-  Cash transfers in fragile region flagged for diversion risk
-  AML/CFT DD finds weak KYC controls
-  FATF-aligned checks, escrow account, independent audit

Case Study Walkthrough – Financial Intermediary




Scenario: Funding proposal includes a financial intermediary channeling GCF resources to sub-projects. Concern raised about weak AML/CFT screening at sub-borrower level.

DRMC FP Review: Reviews intermediary's RMF and applies AML/CFT Standards (B.23/22).

Risk Flagged: Lack of effective due diligence (CDD) and politically exposed persons (PEP) screening..

Mitigation Tools:

- Require intermediary to adopt appropriate controls.
- FAA condition: no sub-loans until AML/CFT framework approved.
- Independent audit/review of first tranche.

-  On-lending via financial intermediary flagged for weak AML/CFT
-  Gaps found in CDD and PEP screening
-  Require appropriate controls, conditional FAA, first-tranche audit

Case Study Walkthrough – UN Sanctions




Scenario: Accredited Entity (AE) proposes importing equipment through a supplier flagged on the United Nations (UN) Consolidated Sanctions List.

DRMC FP Review: Sanctions screening activated under Interim Due Diligence Protocol

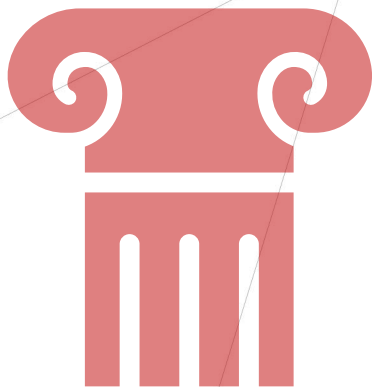
Risk Flagged: High likelihood of breaching UNSC restrictive measures if procurement proceeds.

Mitigation Tools:

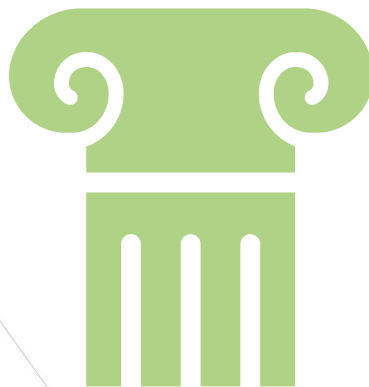
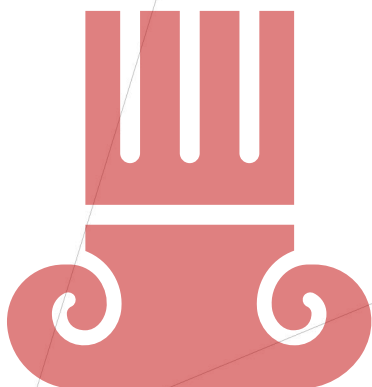
- Require AE to replace vendor before approval.
- Written confirmation of sanctions screening in procurement plan.
- Ongoing sanctions monitoring during implementation.

-  *Proposed supplier = sanctioned entity*
-  *Sanctions review + DRMC screening*
-  *Mitigated → compliant vendor secured*

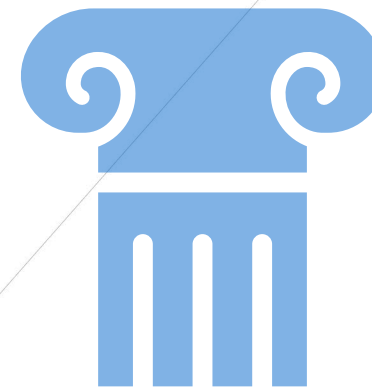
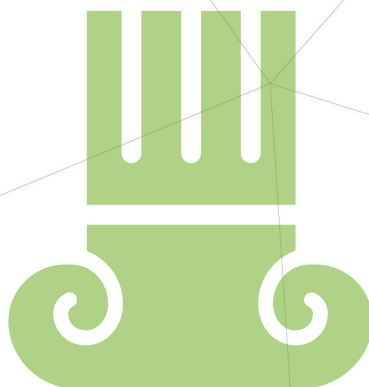
Integrity = Load-Bearing Pillars of the Risk Framework



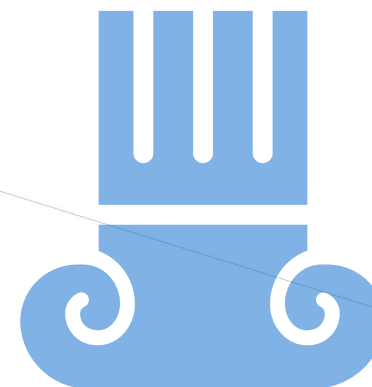
Prohibited
Practices



AML/CFT



Sanctions (UNSC
Compliance)



GCF Independent Redress Mechanism

Paul Goodwin, Compliance and Policy Lead

TABLE OF CONTENTS



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

1. What is a Grievance Redress Mechanism (GRM) and why does it matter?
2. Grievance Redress ecosystem at GCF
 - a. Role of the Independent Redress Mechanism (IRM)
 - b. Role/obligations of Accredited Entities
- a. IRM Capacity Building Activities



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

1. What is a Grievance Redress Mechanism (GRM) and why does it matter?

1. WHAT IS A GRIEVANCE REDRESS MECHANISM (GRM)?



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

A system established and/or supported by public and private organisations to receive and respond to concerns about the impact of their operations on external stakeholders

1. HISTORY OF ACCOUNTABILITY MECHANISMS



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism



- Began when communities voiced their concerns about World Bank Projects in the 80s and 90s.
- Creation of the World Bank Inspection Panel in 1993.
- 1st case involved a hydro-electric project in Nepal* in 1994.

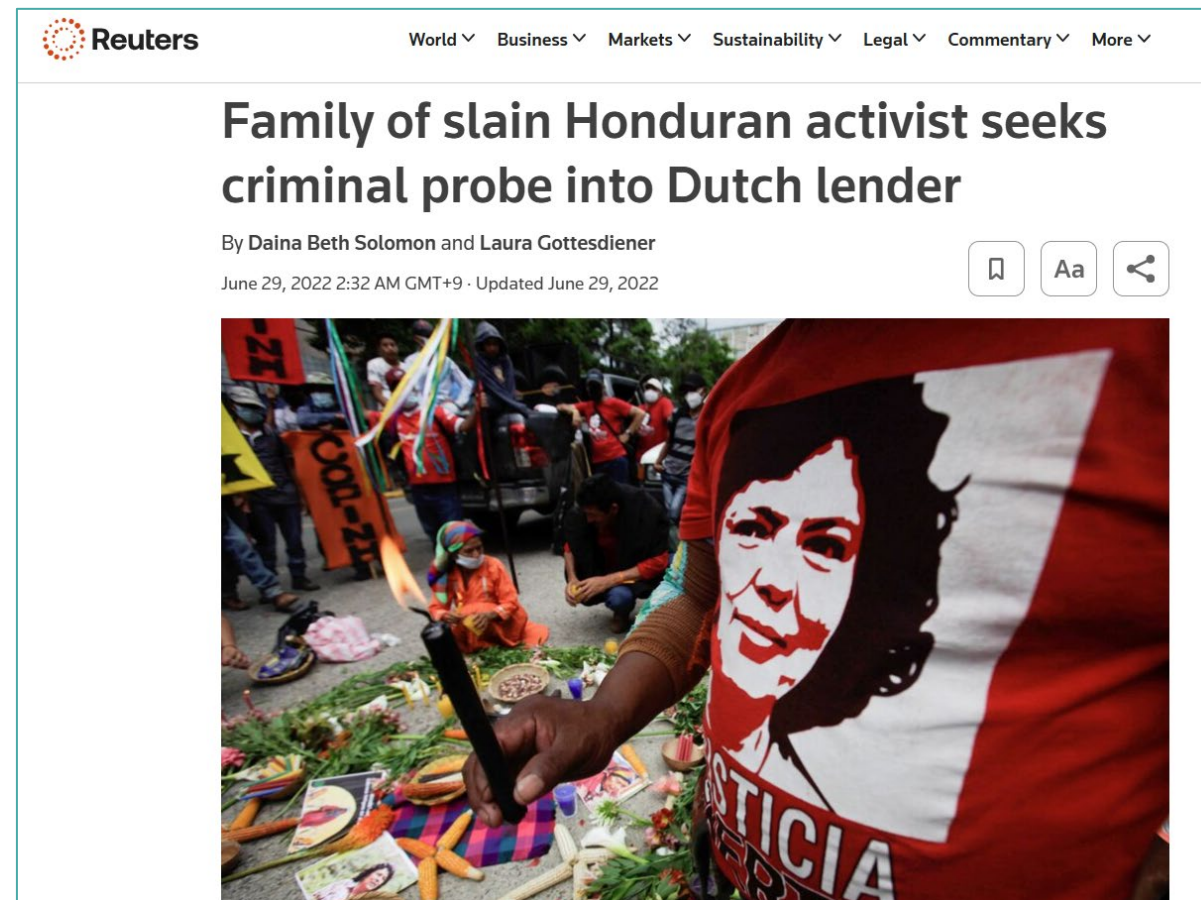
1. WHY IS IT IMPORTANT TO HAVE A GRM?



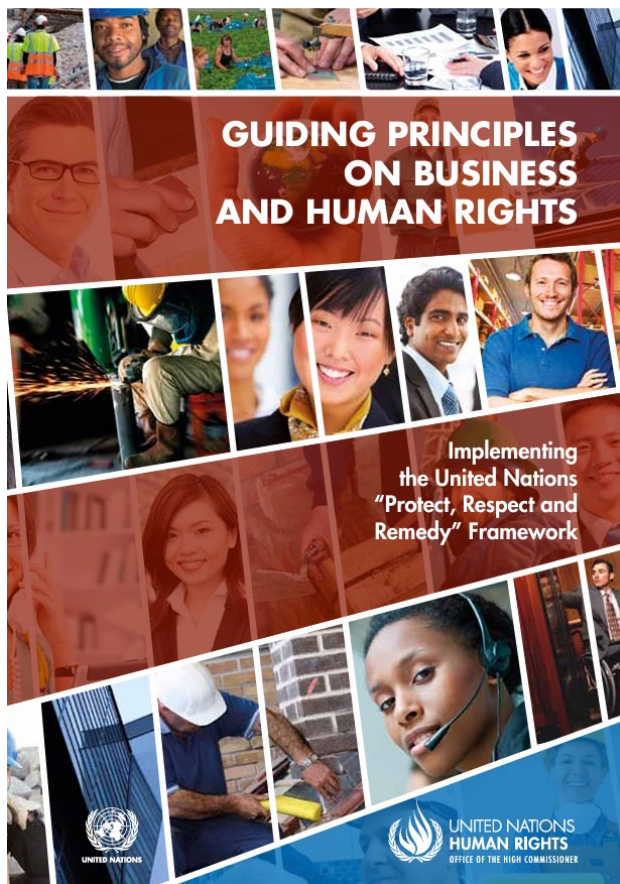
GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

- Prevent or address harm to affected individuals and groups
- Minimize environmental and social risks to improve project results
- Identify policy and operational issues to lower future risks
- Foster accountability and responsiveness to internal and external stakeholders
- Protect reputational and financial risks for GCF and partners



1. CHARACTERISTICS OF EFFECTIVE GRMS



*Endorsed by the UN Human Rights
Council in 2011*



Legitimate



Accessible



Predictable



Equitable



Transparent



Rights-compatible



A source of
continuous learning



Based on engagement
and dialogue



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

2. GRIEVANCE REDRESS ECOSYSTEM AT GCF

- a. Role of the Independent Redress Mechanism (IRM)
- b. Role/obligations of Accredited Entities




GREEN
CLIMATE
FUND


Independent
Redress
Mechanism

2A. ROLE OF THE IRM

Entity



Grievance
Redress
Mechanism
(GRM)



GCF



GREEN
CLIMATE
FUND



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

ACCREDITED ENTITY



Accredited
Entity GRM

PROJECTS AND PROGRAMMES



Project GRM

2A. IRM & ITS RELATIONSHIP TO THE GCF



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism



GREEN
CLIMATE
FUND

Board

Secretariat

IEU

IIU

IRM

*"The Board will establish an
**Independent Redress
Mechanism** that will **report**
to the Board. The mechanism
will receive **complaints**
related to the operation of
the Fund and will evaluate
and make recommendations.*



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

GCF
INDEPENDENT
REDRESS
MECHANISM

2A. THE IRM'S FIVE FUNCTIONS



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

The TOR of the IRM tasks the IRM with the following activities:

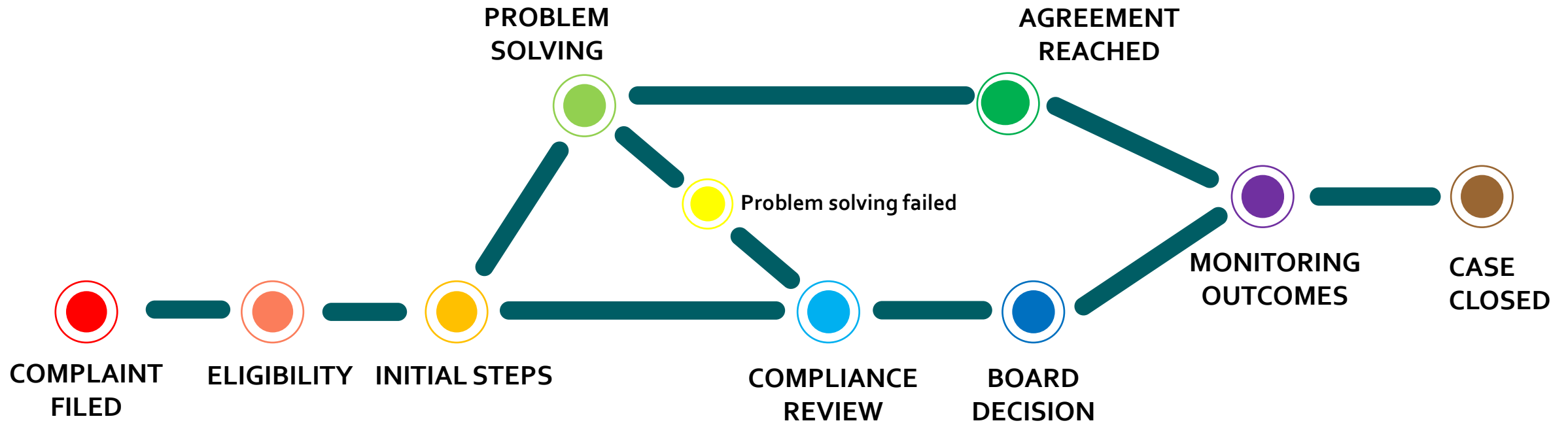


2A. IRM CASE HANDLING PROCESS



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

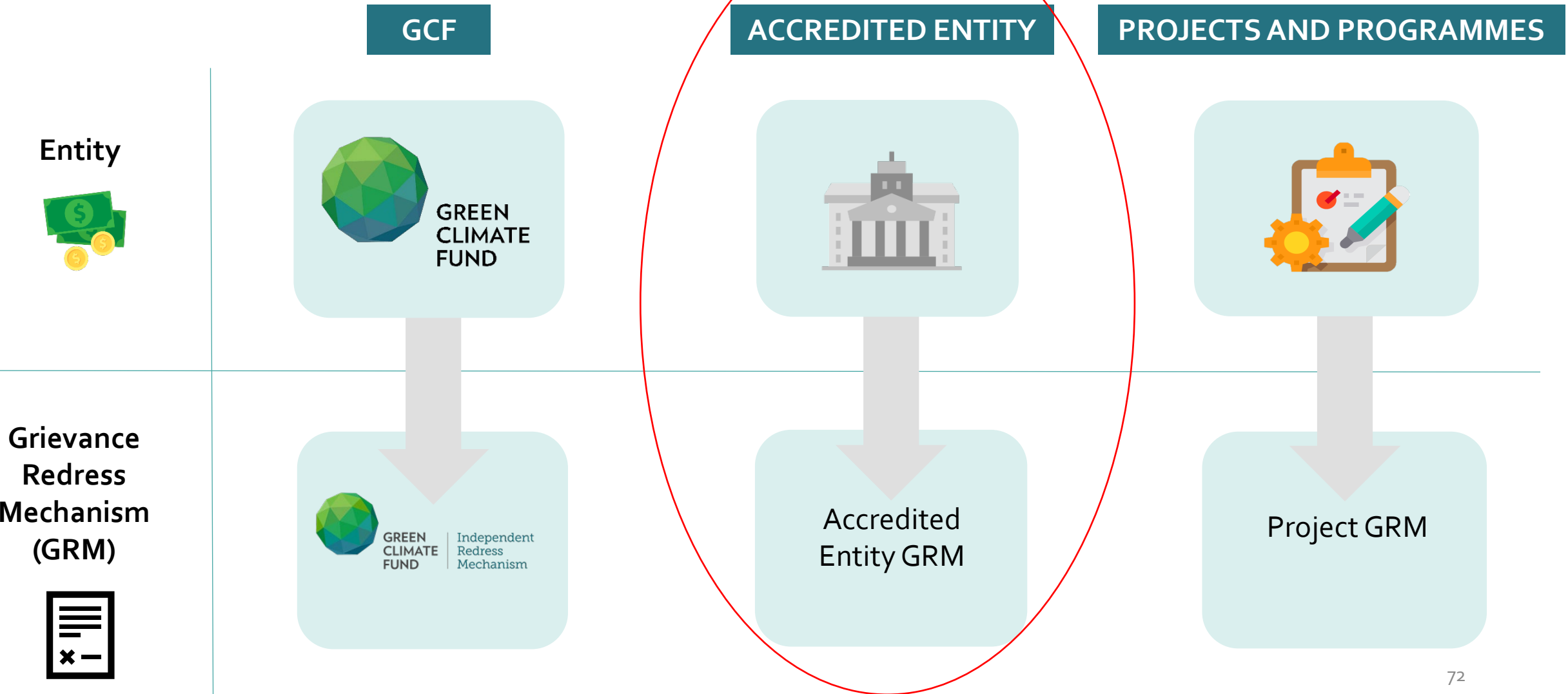




GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

2B. ROLE OF GCF ACCREDITED ENTITIES



2B. GRM SELECTION



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

WHO DO I
SUBMIT MY
COMPLAINT TO?



FREEDOM OF CHOICE

COOPERATION BETWEEN
MECHANISMS



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

3. IRM CAPACITY BUILDING ACTIVITIES

3. CAPACITY BUILDING



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

The IRM offers training and learning opportunities for grievance redress mechanism personnel of GCF Direct Access Entities.



Portfolio of capacity-building training options

- Online course
- GRM basic training
 - Virtual training
 - Joint in-person workshop
- Virtual mediation training
- Personalized one-on-one support



GRAM Partnership

- Community of practice for continued learning



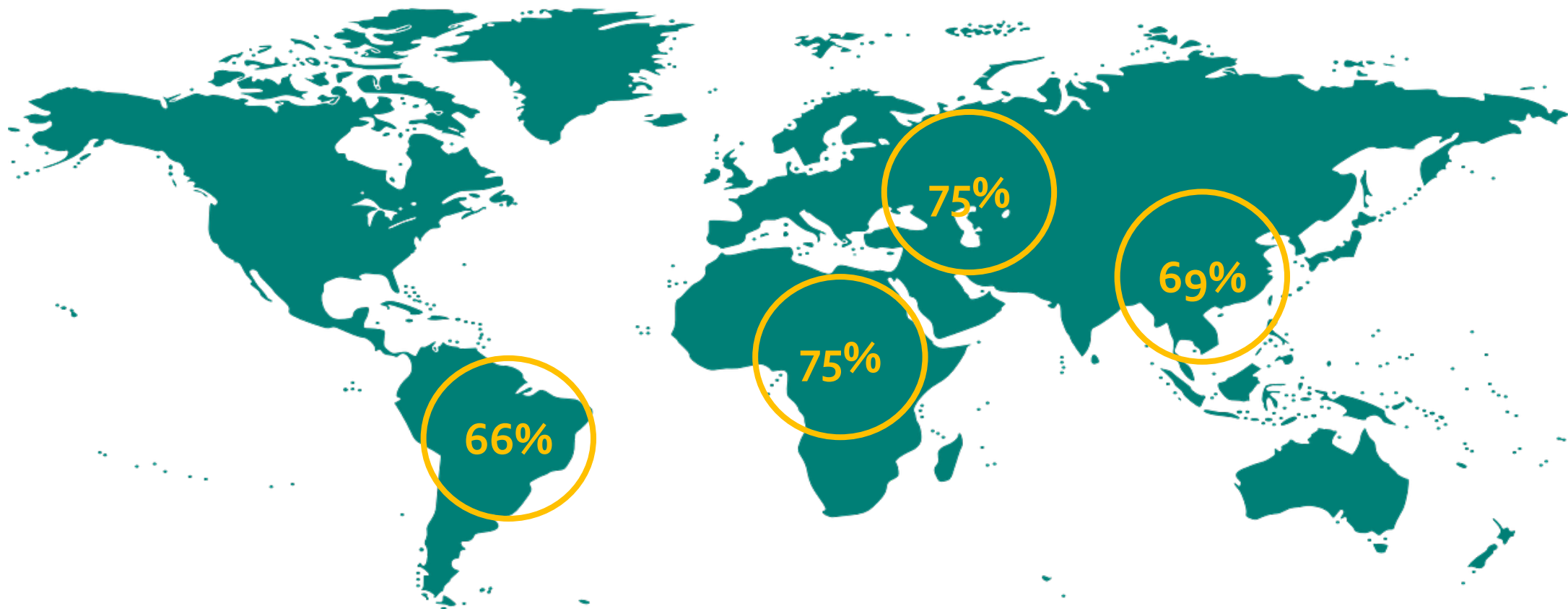
Joint CB/Outreach workshop with the IIU in Vietnam (2025)

3. PERCENTAGE OF DAES TRAINED BY THE IRM



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism



**As of 31 August 2025*



GREEN
CLIMATE
FUND

Independent
Redress
Mechanism

2B. THE BASIS FOR HAVING A GRM

Accreditation Master Agreement (AMA):

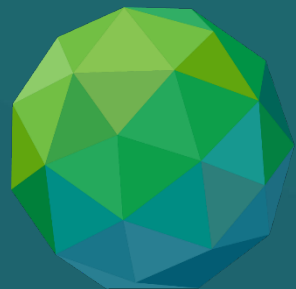
Clause 13.04:

“It is understood that the Independent Redress Mechanism of the Fund on the one hand, and the systems of the Accredited Entity on the other, will each perform their duties and exercise their powers and functions, in accordance with the policies and procedures of the Fund and the Accredited Entity respectively.”

GCF’s Revised Environmental and Social Policy (ESP):

Para. 79:

“It is the responsibility of the accredited entities to require and ensure that their grievance mechanisms and the activities’ grievance mechanisms are functioning effectively, efficiently, legitimately, and independently in a manner that is accessible, equitable, predictable, transparent, and that allows for continuous learning.”



**GREEN
CLIMATE
FUND**

Independent
Redress
Mechanism

Contact Us: ✉ irm@gcfund.org | 🏠 irm.greenclimate.fund | 🐦 @GCF_IRM



Q&A

Santo Domingo, Dominican Republic | 15–17 September 2025