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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 2023 Work Programme as adopted by the Board at its thirty-fourth meeting. The reporting period is from 16 September 2022 to 03 February 2023.

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 2023 Work Programme as approved by the Board[1]. It provides an update by key priority areas in the reporting period from 16 September 2022 to 03 February 2023.

2.   Consistent with the IIU 2023 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)   Risk detection, mitigation, and Proactive Integrity Reviews (PIRs);

(d)   External investigative coordination and technical assistance to strengthen capacity of Accredited Entities, Delivery Partners, and other GCF Counterparties;

(e)   Intelligent automation and operational database development; 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 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 13 project-related matters. This trend reflected the growing number of GCF projects and programmes being implemented and funding amounts being disbursed.

4.   During the reporting period from 16 September 2022 to 3 February 2023, the IIU opened nine new cases including three project-related cases and six pertaining to staff misconduct. In total, 31 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 10 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 four project-related cases, eight cases pertaining to staff misconduct (including one substantiated case) and one external case in the reporting period. In total, 11 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 2019 and 2023. It also presents the year in which the respective cases were closed.

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[1] Board decision B.34/07.

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

Year Received	Cases Opened	Year Closed					# of Open Cases
		2019	2020	2021	2022	2023	
2019	41*	22	15	0	4		0
2020	31		12	14	4	0	1
2021	8			3	1	1	3**
2022	31				14	1	16**
2023	0						0
Total	**111**	**22**	**27**	**17**	**23**	**2**	**20**

*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 2019 and 2023, 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
		2019	2020	2021	2022	2023	
2019	4	2	2				0
2020	4		0	2	2		0
2021	5			2	0	0	3*
2022	13				4	0	9**
2023	0						0
Total	**26**	**2**	**2**	**4**	**6**	**0**	**12**

*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 2019 and 2023, 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
		2019	2020	2021	2022	2023	
2019	25*	10	11	0	4		0
2020	16		6	8	1	0	1
2021	3			1	1	1	0
2022	17				9	1	7
2023	0						0
Total	**61**	**10**	**17**	**9**	**15**	**2**	**8**

*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	2023
Project-Related Reports	**4**	**4**	**5**	**13**	**-**
Abuse	-	-	1	2	-
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	5	-
Staff Misconduct	**25**	**16**	**3**	**17**	**-**
Abuse	1	-	-	1	-
Abuse of authority	7	1	1	6	-
Collusion	1	-	-	1	-
Conflict of Interest	6	1	1	-	-
Fraud	1	1	-	1	-
Harassment	6	8	1	3	-
Retaliation against Whistleblowers and Witnesses	1	1	-	-	-
SEAH	2	3	-	-	-
Other Misconduct	-	1	-	5	-
Non-Integrity Violation	**12**	**10**	**-**	**-**	**-**
External	**-**	**1**	**-**	**1**	**-**
TOTAL	**41**	**31**	**8**	**31**	**0**

Table 5: Count of Cases Closed by Type

Type of Cases	2019	2020	2021	2022	2023
Project-Related Reports	**5**	**2**	**5**	**6**	**-**
Abuse	-	-	-	-	-
Collusion	-	1	-	-	-
Conflict of Interest	-	-	-	1	-
Corruption	2	1	1	1	-
Fraud	3	-	3	-	-
SEAH	-	-	-	1	-
Other Project-Related Reports	-	-	1	3	-
Staff Misconduct	**20**	**21**	**9**	**15**	**2**
Abuse	-	1	-	1	-
Abuse of authority	6	4	2	4	1
Collusion	1	-	-	-	-
Conflict of Interest	8	1	1	3	-
Fraud	1	-	-	2	-

Harassment	3	10	3	2	*1*
Retaliation against Whistleblowers and Witnesses	1	1	1	-	-
SEAH	-	3	2	-	-
Other Misconduct	-	1	-	3	-
Non-Integrity Violation	**12**	**8**	**3**	**1**	**-**
External	**-**	**-**	**1**	**1**	**-**
TOTAL	**37**	**31**	**18**	**23**	*2*

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	6	8	**23**
2023	*2*	-	-	-	*2*

11. **Development of the Investigation Manual and Templates.** IIU is finalising a draft Investigation Manual to be circulated to relevant divisions of the GCF Secretariat and other stakeholders for consultative purposes prior to submission for Board review and approval. IIU also has further progressed the development of its SEAH interview procedures. The Unit also promulgated and updated several key operational forms and templates for use in investigation and related activities, including those related to case referrals, interim protective measures, and reporting.

12. **Management Implication Reporting.** During the reporting period, the IIU issued three Management Implication Reports (MIRs), bringing the total number of MIRs issued since their launch in mid-2022 to five. MIRs are 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. **Mechanism for Accredited Entity/Delivery Partner Investigations Reporting.** 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 properly review and utilise those findings, the Unit developed a comprehensive mechanism for effective referrals, monitoring, and reporting.

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 finalising 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, six advisories were issued by IIU. One of the advisories was issued to an iTAP Member, three were issued to the Secretariat (on matters relating to procurement, re-accreditation, and an ongoing GCF project) while the other two were issued to GCF Personnel concerning conflict of interest and gifts policy.

20. The IIU also was provided advice on integrity-related clauses and participated alongside the Secretariat in three AMA negotiations with Accredited Entities.

2.4   Technical Assistance to Strengthen Capacity of Accredited Entities

21. **Stakeholder Integrity Training and Webinars.** The IIU organised the webinar, *"Back to Basics: The Integrity Framework of the Green Climate Fund"* on 25 November for Accredited Entities to introduce integrity policies of GCF and their implication on operations and activities. The webinar presented GCF integrity policies, ways to ensure compliance, and roles and responsibilities of the AEs in Fund-related Activities. The video recording of the webinar has been made accessible to AEs. The IIU also participated in the GCF Global Programming Conference 2022 and presented at the sessions on the *"Challenges of Direct Access Entities"* and *"Funded Activities: Lessons from Implementation, Adaptive Management, and Evaluation."*

22. **Personnel Training.** The IIU continued the *"Ask IIU Live"* brownbag sessions for GCF Personnel to raise awareness on fraud prevention, misconduct topics, and lessons learned from investigations. As part of the series, the IIU jointly organised the session on *"Workplace Harassment: What It is, What to Do, and Where to Go"* with the Office of Human Resources and the Ombudsperson on 02 December to address workplace harassment issues. The webinar covered topics including definition of workplace harassment, types and forms of harassment, reporting allegations, and the mechanisms available for resolving conflict.

23.   **External Engagements.** During the reporting period, the IIU extensively engaged in external engagements with international institutions, multilateral organisations, and other stakeholders by actively participating in the international conferences and joint webinars:

(a)   The IIU participated in the webinar, *"Opening Up Climate Finance to Public Scrutiny"* organised by the Infrastructure Transparency Initiative (CoST) and Engineers against Poverty on 12 October. The webinar explored the importance of mainstreaming climate finance and solutions, climate justice, and existing inequalities, as well as COP27 and how this differs from COP26;

(b)   The IIU also participated in the webinar, *"Addressing Integrity and Anti-Corruption in the Water and Sanitation Sectors through Emerging Technologies"* on 23 November organised by the Water Integrity Network (WIN) to provide a better understanding of how data-driven approaches are strengthening transparency, accountability, and anti-corruption; and

(c)   The IIU participated in the event, *"How Corruption Affects Climate Change"* organised by Transparency International Brazil on 17 November at the Brazil Climate Action Hub at COP27. This session discussed the connections between climate and corruption including solutions and synergies between the UN Convention against Corruption and the Paris Agreement.

24.   **Customised Technical Assistance.** The IIU started to provide customised technical assistance and guidance in the implementation of Fund-related Activities and provide policy advice to the stakeholders in the specific country upon their request and identified needs. The pilot engagement to aid in ensuring accountability and effective implementation of GCF-funded activities in Mongolia has commenced upon request by the Mongolian NDA. Mongolia has a large portfolio in the GCF with 4 AEs (of which 2 are DAEs), 10 GCF-funded projects, and 8 readiness projects. Strengthening the national capacity and aligning activities with the criteria and requirements of integrity and accountability are therefore critical. The IIU plans to provide technical assistance and capacity building, and guidance on policy implementation on anti-corruption and anti-fraud in project procurement.

25.   **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 IIU initiated discussion on the expansion of IIU's role in the alliance with counterparties in the future and joint activities in 2023. IIU participated in the P2P-LA Coffee Hour in December 2022 to provide an update on its work and other relevant GCF-related updates.

26.   **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 concluded negotiations on Memoranda of Understanding (MoUs) with an additional 2 Accredited Entities. Meanwhile, negotiations are underway with a total of 32 Accredited Entities.

2.5   Integrity Risk Assessment and Proactive Integrity Reviews

27.   **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 on-going GCF projects. The draft PIRs report have been submitted to the two AEs for their consideration and comments.

28.   **Data Integration Work.** During the reporting period, the IIU carried out data integrations in order to deliver fresh data to its Integrity Due Diligence Platform (IDDP). Within the reporting period alone, the IIU integrated over seven times as much data as it had done throughout the entire year of 2021 (see table below).

Table 4: IIU Data Integration Work

Integrations	2021	This Reporting Period
Documents	9,990	64,458
Sentences	4.3M	38.6M

29.   **Readiness Programme Review.** The IIU extended its machine learning approach to cover the Readiness Programme. Incorporating almost 40,000 Readiness Programme documents into the IIU data lake before applying its own text extraction and natural language processing (NLP) pipelines, the IIU extracted millions of sentences ready for use in inference. After performing inference using the IIU's established machine learning models, the IIU then implemented a Red Flag Detection Workflow for further review.

30.   **New Rankings of the Main Portfolio.** Alongside Readiness work described above, completed a new set of rankings for the main GCF portfolio. Having seen its input data more than double in size for the main portfolio, the IIU also produced over double the number of flags as had been produced in the previous ranking.
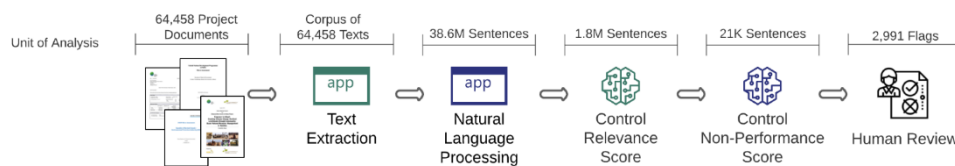
31.   **Enhanced Portfolio Reporting**. Due to improvements in the coverage of the IIU's machine learning approach to integrity risk rating, the IIU was able to produce – during the reporting period – updated reporting on the GCF portfolio. The IIU uses this measure to analyse past trends and to anticipate the future development potential integrity risks.

2.6   Awareness Raising, Communications, and Enhancing Operational Efficiencies

32.   **Global Programming Conference 2022.** On 14 and 15 September, the IIU, 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."*

33.   **Website User Interface Update and CMS Migration.** The official website of the IIU is in the final stages of content migration to a new content management system (CMS) with a target of releasing a beta version by the end of February 2023.

34.   **2023 Work Programme and Budget Development.** IIU identified the priority activities for 2023 and developed the Work Programme and Budget for 2023 subject to the review of the EAC and the Budget Committee. IIU submitted the document for Board approval at B.34 in October 2022.

35.   **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 onboarded the following staff:

    (i) *Investigation Specialist.* The role is 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 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 supports 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) *Communication Officer.* The IIU announced the staff vacancy for a Communication Officer, with the call for applications closing on 13 November. The role will be responsible for the development and implementation of IIU's communications and outreach plan by defining and deploying the awareness, capacity building, and communication needs of the Unit.

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