UNDERSTANDING AF FIDUCIARY STANDARDS Transparency, Self-Investigative Powers, Anti-Corruption Measures,

Bangkok, September 2019
Transparency, Self-Investigative Powers, Anti-Corruption Measures, and Mechanism to Address E&S and Gender Complaints

- Policies and Framework to Deal with Financial Mismanagement
- Application of E&S Policy and Gender Policy
- Mechanism to deal with Complaints on E&S and Gender Harms Caused by Project

- Anti-Fraud Policy and Procedures
- Capacity and Commitment

AML/CFT

Project Risk Assessment

Quality-at-Entry Review
Transparency, Self-Investigative Powers, Anti-Corruption Measures, and Mechanism to Address E&S and Gender Complaints

- Anti-Fraud Policy and Procedures
  ✓ Public statement from senior management
  ✓ Code of conduct and ethics
  ✓ Confidential avenue for lodging allegations
  ✓ Whistle blower protection
  ✓ Policies and procedures for non-compliance of AML/CFT

- Policies and Framework to Deal with Financial Mismanagement
Transparency, Self-Investigative Powers, Anti-Corruption Measures, and Mechanism to Address E&S and Gender Complaints

- Public statement from senior management
- Institutional framework for identification and management of E&S risks
- System to undertake E&S impact assessments
- Procedures to avoid, minimize, and mitigate adverse E&S risks and establish ESMP
- Procedures to monitor risks and mitigation strategies

Application of E&S Policy and Gender Policy

Mechanism to deal with Complaints on E&S and Gender Harms Caused by Project

Capacity and Commitment
<table>
<thead>
<tr>
<th>Required competency</th>
<th>Specific capability required</th>
<th>Example of supporting documentation to be provided (please highlight the relevant section/s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies and Framework to deal with financial mismanagement and other forms of malpractices</td>
<td>a) Evidence/tone/statement from the top emphasising a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects</td>
<td>Provide evidence of a statement communicating a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice.</td>
</tr>
<tr>
<td></td>
<td>b) Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i. Provide copy of documented code of conduct/ethics applicable to the staff;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii. Documentation (including, if available, web link/s) establishing avenues for reporting non-compliance/violation/misconduct and business conduct concerns;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii. Details of policies and procedures relating to managing conflict of interest and whistle blower protection.</td>
<td></td>
</tr>
</tbody>
</table>
**Financial Mismanagement and Malpractices**

<table>
<thead>
<tr>
<th>Required competency</th>
<th>Specific capability required</th>
<th>Example of supporting documentation to be provided (please highlight the relevant section/s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>c) Evidence of an objective investigation function for allegations of fraud and corruption</td>
<td></td>
<td>I. Details of the structure and process/procedures within the organization to handle cases of fraud and mismanagement, including breaches of anti-money laundering and anti-terrorism financing laws, and undertake necessary investigative activities;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>II. Policies and procedures related to non compliance of AML/CFT policies and procedures;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>III. Data on cases of violation of code of conduct/ethics, frauds and other financial malpractice reported over last 2 years be provided in terms of number of cases, types of violations and summary of status/action taken;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>III. Periodical oversight reports of the ethics function/committee be attached for the last 2 years.</td>
</tr>
</tbody>
</table>
# Complaints on E&S and Gender

<table>
<thead>
<tr>
<th>Required competency</th>
<th>Specific capability required</th>
<th>Example of supporting documentation to be provided (please highlight the relevant section/s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment by the entity to apply the Fund’s environmental and social and gender policy</td>
<td>Evidence of entity’s commitment to addressing environmental and social and gender risks</td>
<td>Statement from top management communicating entity’s commitment to abide by the AF’s environmental and social and gender policy.</td>
</tr>
<tr>
<td>Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs</td>
<td>Documentation of an accessible, transparent, fair and effective mechanism (either within the entity itself, local, national or project-specific) for receiving complaints about environmental and social harms caused by projects/programmes</td>
<td>Details of process/avenues (including, if available, web link/s) for the public to submit complaints, including name and contact information of the specific person/office responsible for receiving complaints. Evidence on the manner in which complaints are addressed and action is taken.</td>
</tr>
</tbody>
</table>
Example of Robust Anti-Fraud Practices

• Investigation function as part of internal audit
• Anti-fraud policy neatly summarized on entity’s website
  ➢ Includes annex that lays out processes to ensure AML/CFT
• Clear that mismanagement and other forms of malpractice also being addressed
• Annual report on investigation posted to website
  ➢ Evidence that complaints received are addressed.
ADAPTATION FUND

www.adaptation-fund.org
@adaptationfund