Report on Fraud and Corruption

1\textsuperscript{st} January 2020 to 31\textsuperscript{st} December 2021
1. Introduction

1. The present report is submitted in accordance with the United Nations Environment Programme (“UNEP”) Anti-Fraud and Anti-Corruption guidelines (“AFAC Guidelines” or “the Guidelines”). More specifically, this report has been prepared in line with paragraph 16 (a) of the Guidelines, which requires UNEP Executive Director to provide an annual report to UNEP’s legislative body on the overall state of affairs in regard to fraud and corruption. Furthermore, paragraph 74 indicates that Corporate Services Division shall prepare and make public on UNEP’s website the annual report on the state of affairs in regard to fraud and corruption.

2. On 5 May 2019, UNEP issued the Interim Anti-Fraud and Anti-Corruption guidelines to be applied on a pilot basis. On 20 November 2020, these interim guidelines were replaced by the Final Anti-Fraud and Anti-Corruption guidelines, which are currently in force.

3. The present report covers the period of 1st January 2020 to 31st December 2021.

2. Preventing and addressing fraud and corruption at UNEP

4. Preventing and addressing fraud and corruption is an integral part of UNEP’s day-to-day activities.

a. Establishment of a clear policy and legal framework

5. The purpose of the AFAC Guidelines is to strengthen UNEP’s prevention and response to incidents of fraud and corruption by:
a) providing concrete and practical advice to UNEP staff members in identifying potential risks areas;

b) providing a clear and user-friendly guide and reference for both external and internal audiences for awareness of controls put in place by UNEP which are aimed at monitoring fraud and corruption; and

c) providing a consolidated procedure for sanctioning fraud and corruption.

6. These Guidelines operationalizes the ST/IC/2016/25 Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (the “Framework”) in UNEP. The Framework promotes a culture of integrity and honesty within the Organisation by providing information to staff members on how to prevent, detect, deter, respond to and report on fraud and corruption.

7. The Guidelines take into consideration the provisions and procedures in ST/AI/2017/1 Unsatisfactory Conduct, investigation and the disciplinary process and ST/SGB/2017/2/Rev 1 Protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations.

8. In accordance with the Framework, the Guidelines provide a clear definition of “fraud”¹, “corruption”² as well as “fraudulent acts”.³

9. Fraud, corruption and fraudulent acts, when established through a disciplinary process, constitute misconduct.

10. UNEP has adopted a zero-tolerance approach to fraud and corruption involving its staff members, other United Nations personnel or third parties⁴ in relation to their work with UNEP. “Zero tolerance” means that UNEP will pursue all allegations of fraudulent acts involving any individual or entity covered by the regulations, rules, administrative issuances, policies, procedures and agreements described in the Framework and that appropriate administrative/disciplinary measures or contractual remedies will be applied if fraudulent acts are substantiated. Furthermore, UNEP may, where deemed appropriate, recover loss suffered by the Organisation or refer matters involving credible allegations of criminal fraudulent acts to national authorities.

11. On 20 November 2020, as it had been done for the Interim Anti-Fraud and Anti-Corruption guidelines, UNEP broadcasted the launch of the Final Anti-Fraud and Anti-Corruption guidelines to all staff members, to ensure global awareness on the rules and procedures applied by the Organisation with regard to preventing and addressing fraud and corruption.⁵

12. General knowledge about fraud and corruption and the rules and procedures applied by the Organisation is also presented on UNEP’s intranet (WeCollaborate), with hyperlinks

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¹ “Any act or omission whereby an individual or entity knowingly misrepresents or conceals a material fact in order to obtain an undue benefit or advantage for himself, herself, itself or a third party, or to cause another to act to his or her detriment.”

² “Any act or omission that misuses official authority or that seeks to influence the misuse of official authority in order to obtain an undue benefit for oneself or a third party.”

³ “Any intentional misconduct that misleads, or attempts to mislead, a party to obtain a financial benefit or other benefit or to avoid an obligation and seek to evade detection.”


⁵ Broadcast email sent on 20 November 2020, with a memorandum from the Director of the Corporate Services Division to all staff and the Guidelines in attachment.
providing staff members with additional information and relevant policies and instruments.\(^6\)

**b. Completion of mandatory training on fraud and corruption**

13. UNEP attaches great importance to the completion of relevant mandatory trainings by staff members. The United Nations indeed has several learning programmes that are mandatory for all staff members to ensure familiarity with key regulations, rules, and processes. One of these mandatory courses focuses on “Preventing Fraud and Corruption at the United Nations”. It aims to increase the capacity of staff members to recognize fraud and corruption, to learn how the United Nations manages the risk of fraud and corruption, and to learn practical actions they can take to reduce fraud and corruption. This training is mandatory as staff members across the United Nations and at all levels are expected to become familiar with the contents of the Anti-Fraud and Anti-Corruption Framework and to comply with the guidance and principles established therein.

14. At the beginning of the reporting period, on 1\(^{st}\) January 2020, UNEP had a 77% completion rate for this mandatory training. On 31\(^{st}\) December 2020, the score had moved up to 84%; and at the end of the reporting period, on 31\(^{st}\) December 2021, UNEP’s completion rate had reached 90%.\(^7\) Although UNEP will maintain all efforts until 100% completion is attained, important progress has been achieved over the reporting period with now 90% of UNEP staff having completed this mandatory training on preventing and corruption.

**c. Raising awareness about fraud and corruption**

15. One of the fundamental learning modules made available by UNEP in its Corporate Academy is the course on “Anti-Fraud Policy Fundamentals” (CSD 104). This foundational course is intended to ensure that all UNEP personnel dealing with finance and administration matters are fully acquainted with the UNEP AFAC Guidelines. The main objective of this course is to emphasize and equip UNEP personnel with the principles of zero tolerance on fraud and corruption. It aims to build the capacity of UNEP personnel to understand the guidelines, their application, the regulation and rules hence strengthening the internal controls to prevent and deter fraud and corruption. At the end of this course, participants are able to identify key components of fraud and corruption, list examples of fraud at UNEP, get acquainted with related policies, gain skills on how to report fraud and how to manage implementing partners.

16. Building on this fundamental course, an Anti-Fraud and Anti-Corruption intermediate course was delivered in the context of the 2021 UNEP Corporate Academy. This course, entitled “Navigating the Anti-Fraud and Anti-Corruption Policy” (CSD 105), is part of the series of “Policies in Practice”. It is essential for the Finance, Funds, Procurement and Administrative Officers (in general referred to as “FMO”) community not only to be aware of the AFAC Guidelines and related policies but to know how to implement them and/or escalate issues of concern. The primary objective of this intermediate module is to strengthen FMOs’ familiarity with a wide range of issues that must be navigated in order to effectively manage fraud and corruption when working at UNEP. The course highlighted

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\(^6\) See: [https://wecollaborate.unep.org/display/FRR/Anti-fraud+and+Anti-corruption](https://wecollaborate.unep.org/display/FRR/Anti-fraud+and+Anti-corruption) and also [https://wecollaborate.unep.org/display/HR/Conduct+and+Discipline](https://wecollaborate.unep.org/display/HR/Conduct+and+Discipline)

\(^7\) Numbers compiled by the United Nations Office in Nairobi (“UNON”).
key elements of the policy, provided an opportunity to clarify applicable concepts and created a platform for dynamic learning through the exchange of views. At the end of this course, participants are able to identify key elements of the policy, demonstrate an enhanced understanding of the concepts entrenched in the policy.

17. A total of 40 FMO attended the intermediate course *Navigating the Anti-Fraud and Anti-Corruption Policy* (Course code CSD 105) while 51 FMO completed the introductory level course *Anti-Fraud Policy Fundamentals* (Course code CSD 104).

18. On 14 September 2020, the United Nations Department of Management Strategy, Policy and Compliance (“DMSPC”) launched the United to Respect Dialogues. Accordingly, the [United to Respect Dialogues](#) were also launched for all UNEP personnel.

19. The United to Respect Dialogues initiative inspires and empowers all United Nations Secretariat personnel to apply [ST/SGB/2019/8 Addressing discrimination, harassment, including sexual harassment, and abuse of authority](#). Although not directly focused on fraud and corruption, the United to Respect Dialogues are another tool used by UNEP to alert and empower all personnel vis-à-vis misconduct and how to report it, which has positive impacts with regard to fraud and corruption. Several UNEP personnel has participated in the training of trainers for the United to Respect Dialogues organized by DMSPC to become certified Content Experts and Facilitators, and deliver the workshops in both English and French.

20. Since the launch, UNEP has organized five United to Respect Dialogues workshops. The fourth and fifth workshops, were respectively organized on Tuesday, 26 October 2021 and Tuesday, 23 November 2021.

### d. Implementation of audit recommendations

21. On 14 September 2020, the Office of Internal Oversight Services (“OIOS”) released its audit of management of partnerships at UNEP. The audit covered the period from 1 January 2017 to 30 September 2019 and included a review of: (i) regulatory framework; (ii) identification and selection of partners; (iii) implementation, monitoring and reporting; and (iv) financial management.

22. The audit showed that there was a need to strengthen controls relating to management of fraud risks, capacity assessment and oversight. OIOS addressed 13 recommendations to UNEP, including “to undertake a detailed fraud risk assessment pertaining to its engagement with implementing partners and strengthen internal controls to ensure that the fraud risks are adequately mitigated”.

23. Following receipt of this audit report, UNEP updated its AFAC Guidelines and incorporated the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25) as part of UNEP’s Enterprise Risk Management Framework. Training and guidance on fraud risk assessments have been and continue to be developed.

24. OIOS has recently conducted a review of the criticality rating applied to all currently open critical evaluation and audit recommendations. The purpose of the exercise was to better align the recommendation ratings with criteria outlined within the Secretariat Enterprise

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Risk Management framework. As a result of the review, the recommendation that was previously rated as “Critical” has been reclassified as “Important” under the new Enterprise Risk Management criteria.

3. Management of cases of fraud and corruption by UNEP

25. Pursuant to the AFAC Guidelines and other relevant policies such as ST/AI/2017/1, UNEP maintains a record of all allegations of fraudulent acts and associated investigations and, when applicable, measures adopted by the Organisation.

26. Cases reported directly to UNEP are recorded in the Case Management Tracking System (CMTS). CMTS is a confidential database used for recording alleged misconduct by United Nations personnel. All information captured in CMTS is viewed by DMSPC to maintain an oversight over complaints received by United Nations Secretariat entities.

27. A consolidated list on fraud and presumptive fraud cases pending or reported during the period of 1st January 2020 to 31st December 2021 is presented below. A detailed list is appended to this report (Annex 1). This list includes the cases of fraud and presumptive fraud relating to projects funded by the Global Environment Facility (GEF) and pending or reported during the covered period.

<table>
<thead>
<tr>
<th>TYPE OF FRAUD</th>
<th>Total cases pending or reported during the reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entitlements</td>
<td>5</td>
</tr>
<tr>
<td>Procurement irregularities</td>
<td>4</td>
</tr>
<tr>
<td>Implementation GEF projects</td>
<td>3</td>
</tr>
<tr>
<td>Financial irregularities</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL CASES</td>
<td>14</td>
</tr>
</tbody>
</table>

28. The funds involved concerning the six cases closed during the reporting period amounted to a total of USD 265,049.21. For these six cases, expenses and procedures have been verified, and funds have been located and, when necessary, reimbursed. Therefore, UNEP has not suffered financial loss. Verification of expenses and potential recoveries are still under review for the eight cases remaining open after the reporting period.

4. Conclusion

29. As a result of the launch and implementation of the AFAC guidelines, UNEP has increased the awareness of its personnel over the regulations and rules applicable to fraud and corruption in the United Nations but also the monitoring of reported cases of fraud and corruption or presumptive fraud and corruption.

30. Efforts are still ongoing to increase UNEP’s completion rate with the United Nations mandatory training on fraud and corruption and to ensure that UNEP personnel have access to relevant resources and training materials, in order to decrease – as much as possible – the risk of occurrence of fraud and corruption at UNEP or within UNEP administered offices and projects.
## ANNEX 1

List of cases and presumptive cases of fraud and corruption reported from 1st January 2020 to 31st December 2021

<table>
<thead>
<tr>
<th>PERSONNEL / ENTITY IMPLICATED</th>
<th>COMPLAINT / CASE</th>
<th>CONCLUSION ACCORDING TO THE REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Staff member</td>
<td>It was reported that the staff member was on telecommuting arrangement which was approved by the former UNEP Executive Director and may not have declared personal deviations following official travels, may not have recorded leave taken and overclaimed <em>Daily Subsistence Allowance, Hardship Allowance</em> and other entitlements. Amount involved of US$24,000.</td>
<td>The facts obtained during the preliminary assessment do not amount to misconduct. The matter has been closed.</td>
</tr>
<tr>
<td>2 Various staff members</td>
<td><strong>Possible procurement irregularities in relation to the award of a contract</strong> to a private company for the provision of event management services to UNEA-4. While the original contract was awarded at a negotiated cost of US$420,000, it was reported that after the event, UNEP was billed for several costs beyond this agreement. It was additionally reported that some of the price variations invoiced by the company contravened Article 5.4. of the Fees and Payments contract. Amount involved of US$50,000.</td>
<td>No conclusion to report so far.</td>
</tr>
<tr>
<td>3 Staff member</td>
<td><strong>Request for payment from a private company</strong> of an outstanding invoice of US$77,500 for the publication of a book when the Secretariat of a UNEP/MEA did not sign a contract with this company. Amount involved of US$77,500.</td>
<td>The preliminary assessment revealed all the facts of the matter, and managerial action has been taken. The matter has been closed.</td>
</tr>
<tr>
<td>4 Contractor</td>
<td>Possible <strong>fraud</strong> due to alleged <strong>fraudulent change in bank details</strong> from what was inserted in the original signed agreement, in the context of a GEF project. Amount involved of US$100,000.</td>
<td>The matter was referred to law enforcement authorities. The matter has been closed.</td>
</tr>
</tbody>
</table>
| 5 Staff members at UNEP Programme Country Office and Headquarters | **Financial irregularities.**  
- Project funds which were designated for another purpose were used to pay the salaries of staff members and consultants;  
- Financial reports which do not reflect the actual expenditures in UMOJA. Amount involved of US$35,477. | The case is moving towards conclusion. Expenditures have been reported and accounted. |
<p>| 6 Various staff members       | Possible <strong>fraudulent acts relating to payments of purchase orders</strong> relating to a UNEP programme authorized through UMOJA by an unknown person. Amount involved of US$30,600. | No conclusion to report so far. |
| 7 Country-level               | Possible <strong>fraud</strong> relating to GEF Umbrella Global Project on the Updating of National Implementation Plans for POPs. Funds involved: US$38,396 | The matter is closed, and the project’s implementation will continue based on the decisions taken after the conclusion of this matter. |</p>
<table>
<thead>
<tr>
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<th>COMPLAINT / CASE</th>
<th>CONCLUSION ACCORDING TO THE REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEP implementing partner</td>
<td>Various possible financial irregularities and embezzlement of funds allocated to one of UNEP’s Implementing Partner in the context of a GEF Minamata Initial Assessment project: - Use of a shell company to defraud funds allocated to the Implementing Partner by UNEP; - Insufficient due diligence checks by the Implementing Partner, while conducting procurement exercises of the shell company; - Failure by the Implementing Partner to comply with procurement provisions in the legal instruments concluded with UNEP. Total amount of initial contract US$115,000. Amount involved: US$36,000.</td>
<td>No conclusion to report so far. OLA has been seized of the matter in the OIOS Memo and Investigation Report, and UNEP is still implementing the recommendations received from OIOS.</td>
</tr>
<tr>
<td>Staff member</td>
<td>Presumptive fraud by a staff member responsible for the procurement process to locate new office premises for a UNEP office in Latin America. It is alleged that the location of the new office was selected for personal reasons. No specific amount involved.</td>
<td>The matter has been closed.</td>
</tr>
<tr>
<td>Former staff member</td>
<td>Possible medical insurance fraud in the total attempted fraud of US$ 20,506.83, of which US$ 16,027.21 have been paid to the former staff member. Amount involved: US$16,027.</td>
<td>The staff member separated from service with the Organization effective on 1st November 2015. Funds have been recovered and the matter has therefore been closed.</td>
</tr>
<tr>
<td>Staff member</td>
<td>Possible undue receipt of Dependency allowance for two children not residing with the staff member after the staff member’s spouse separation from the staff member. Amount involved: US$150.</td>
<td>No conclusion to report so far.</td>
</tr>
<tr>
<td>Staff member</td>
<td>Possible undue receipt of Residential Security Measures (RSM) allowance for residences uncleared by the United Nations Department of Safety and Security (UNDSS), based on a previously cleared residence. Amount involved: US$89,491.29.</td>
<td>No conclusion to report so far.</td>
</tr>
<tr>
<td>Staff member</td>
<td>Allegation of procurement fraud, vendor collusion and bid rigging. Amount involved: US$133,000.</td>
<td>No conclusion to report so far.</td>
</tr>
<tr>
<td>Staff member</td>
<td>Allegation of prohibited conduct and attempted fraudulent claim of entitlements. No specific amount involved.</td>
<td>No conclusion to report so far.</td>
</tr>
</tbody>
</table>