



Report on Fraud and Corruption

1st January - 31st December 2022

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1. Introduction

1. This report is submitted in accordance with the United Nations Environment Programme (“UNEP”) Anti-Fraud and Anti-Corruption Guidelines (“AFAC Guidelines” or “the Guidelines”), which entered into force in their final version on 1st December 2020. More specifically, the present 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 governing body on the overall state of affairs in regard to fraud and corruption. Furthermore, paragraph 74 indicates that UNEP shall prepare and make public on its website such annual reports.
2. The present report covers the period from 1st January to 31st December 2022. The previous report covered the period from 1st January 2020 to 31st December 2021 and is available on UNEP’s intranet (WeCollaborate) and UNEP’s public website.¹

2. Preventing and addressing fraud and corruption at UNEP

3. Preventing and addressing fraud and corruption is an integral part of UNEP’s day-to-day activities, personnel behaviour, and an essential pillar of project implementation.

¹ See: <https://www.unep.org/about-un-environment-programme/policies-and-strategies/unep-integrity-and-fraud-and-corruption>

a. UNEP's policy and legal framework on fraud and corruption

4. 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 risk areas;
 - b) providing a clear and user-friendly guide and reference for both external and internal audiences on control awareness measures put in place by UNEP which are aimed at monitoring fraud and corruption; and
 - c) providing a consolidated procedure for sanctioning fraud and corruption.
5. These Guidelines operationalizes the United Nations (UN) Secretariat's [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.
6. 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](#).
7. In accordance with the Framework, the Guidelines provide a clear definition of "fraud"², "corruption"³ as well as "fraudulent acts".⁴ It is important to note that fraud, corruption and fraudulent acts, when established through a disciplinary process, constitute misconduct.
8. UNEP has adopted a zero-tolerance approach to misconduct – including fraud and corruption – involving its staff members, other United Nations personnel or third parties⁵ 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.
9. General information about fraud and corruption and the rules and procedures applied by the Organisation is presented on UNEP's Intranet (WeCollaborate), with hyperlinks providing

² "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."

³ "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."

⁴ "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 Section X, Annex of the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat.

staff members with additional information and relevant policies and instruments. Similar content is provided on UNEP's public website.⁶

10. In December, UNEP developed an Action Plan to strengthen project management and related control functions. The Action Plan covers: Project Design Controls; Project Monitoring; Financial Controls; Risk Management; Capacity Building; and Accountability. The implementation of the Action Plan will be rolled out in 2023. Fraud and corruption are duly taken into account in the Action Plan. Recalling the UNEP AFAC Guidelines, it is stated that UNEP applies a zero tolerance for staff who are found to be involved in fraud or corruption. Proposals under this Action Plan include: regular reminders and alerts to adhere to anti-fraud and anti-corruption practices; training materials and policies transmitted to moderate risks linked to Implementing Partners; corruption and fraud risks are included as criteria in due diligence and spot-check/evaluation schedules.
11. On 9 December 2022, on the occasion of International Anti-Corruption Day, the Under-Secretary-General for Management Strategy, Policy and Compliance (USG/DMSPC) launched the UN Secretariat's "Fraud and Corruption Awareness Handbook" to raise awareness and highlight the responsibilities of staff members to act with honesty and integrity at all times. The Handbook clearly explains the process to handle potential fraudulent acts, which is described in the Framework and the UNEP AFAC Guidelines.
12. On that day, an article presenting the Handbook was posted on the UN's intranet, iSeek. On 13 December 2022, UNEP circulated the broadcast email from the USG/DMSPC to the Senior Management Team members and other Heads of Unit. The Handbook was also incorporated in UNEP's knowledge repository,⁷ and the same content was added to UNEP's intranet (WeCollaborate). Information concerning the launch of this Handbook was included in UNEP's weekly digest, circulated to all staff members and personnel on 17 January 2023. Finally, UNEP is planning to add this Handbook in its Project Control Management resources.

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 UN 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 UN 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 UN 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.

⁶ See: <https://www.unep.org/about-un-environment-programme/policies-and-strategies/unep-integrity-and-fraud-and-corruption>.

⁷ See: <https://wedocs.unep.org/20.500.11822/41428>

14. At the end of the previous reporting period, on 31st December 2021, UNEP’s completion rate for this mandatory training had reached 90%. As of 31st December 2022, this completion rate is 92%.⁸
15. Although 92% staff having completed this mandatory training on preventing fraud and corruption is positive, UNEP continues to aim for 100% completion of this training by current and new staff. In this context, on 7 October 2022, UNEP sent individual notifications to every staff member who has not completed mandatory trainings, reminding them of their duty to complete these trainings. Managers have also been reminded that completion of mandatory trainings is part of the performance review of staff members. This was further emphasized during the Senior Management Team meeting held on 5 December 2022, which included issues about fraud and corruption as part of the agenda.

c. Raising awareness about fraud and corruption

16. In 2020, UNEP launched its Corporate Academy and, in 2021, operationalized the Academy’s online platform, with four inaugural courses for Fund Management Officers (FMOs) in the Organisation. As indicated in the previous report, two of these modules cover fraud and corruption. They are:
- Course “*Anti-Fraud Policy Fundamentals*” (CSD 104); and
 - Course “*Navigating the Anti-Fraud and Anti-Corruption Policy*” (CSD 105).

The first one 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 underline 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 and corruption at UNEP, get acquainted with related policies, gain skills on how to report fraud and corruption and how to manage implementing partners.

The second reinforces awareness on the AFAC Guidelines and related policies but also develops “know how” on how to implement them and/or escalate issues of concern. The objective 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 highlights key elements of the policies, provides an opportunity to clarify applicable concepts and creates 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 policies, demonstrate an enhanced understanding of the concepts entrenched in the policies.

17. Since its online launch in 2021, 162 UNEP staff members (including FMOs, human resources officers, programme officers) have registered and followed the courses of the Corporate Academy.⁹ As reported last year, 51 FMOs completed the introductory level course *Anti-Fraud*

⁸ Numbers compiled by UNEP, Corporate Services Division, Human Resources Unit.

⁹ Beyond fraud and corruption, some courses of the Academy focus on other important areas such as “Client Orientation” and the “Grant Closure Process”.

Policy Fundamentals (CSD 104) and 40 took the intermediate course *Navigating the Anti-Fraud and Anti-Corruption Policy* (CSD 105). However, various staff members who are not FMOs have also followed these courses on fraud and corruption, thus raising awareness beyond the FMO community. In 2022, an additional 42-50 staff members who are either Enterprise Risk Management Focal Points or Environment Management Systems Focal Points were enrolled in three new courses dealing with risk assessment. The courses are self-paced and once enrolled, staff members are able to review and revisit the course content as a refresher over time.

18. When the Committee of Permanent resumed its activities in the second semester of 2022, UNEP delivered a presentation on the Organization's efforts and actions to "Fostering a harmonious work environment", which included elements on fraud and corruption (October 2022). A "Brown Bag Lunch" was also organised by UNEP, still in October 2022, to provide member States with more in-depth information on financial management, Environmental Management Initiatives, and conduct and discipline (including fraud and corruption). Similarly, UNEP delivered a presentation on "Improving the work culture: Integrity" to all new UNEP staff and personnel. The presentation focused on the various types of misconduct (including fraud and corruption), the resources and accountability framework of the United Nations, and protection from retaliation (November 2022).
19. Dedicated trainings on "*Prohibited Practices, Money Laundering, Financing of Terrorism, and Sexual Exploitation, Abuse, and Harassment (SEA/SH)*" have also been developed in the context of the implementation of Green Climate Fund (GCF) projects, taking into account the Fund's policy developments with respect to misconduct. One of the primary objectives of the training is to provide guidance on United Nations/UNEP and GCF policies on fraud and corruption, money laundering and financing of terrorism, and SEA/SH. During the reporting period, two such trainings were delivered to the project implementation teams by UNEP, in May and July 2022. The second training was delivered in two sessions to account for the relevant time zones involved. There were 51 registered participants to the first training and 128 to the second training. At the end of the trainings, participants were provided with a handout of UN, UNEP and GCF policies and relevant links.
20. Since their launch on 14 September 2020 by DMSPC, UNEP has organized five [United to Respect Dialogues](#) for all UNEP personnel. 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](#). In August 2022, the UN Secretariat released a new mandatory training for all staff members entitled "*United to Respect: Preventing Sexual Harassment and Other Prohibited Conduct*". As a complement to this mandatory course addressed at staff members, UNEP has delivered a similar training to Junior Professional Officers, Interns, and is scheduling a training for United Nations Volunteers. Although not directly focused on fraud and corruption, these trainings are another tool used by UNEP to alert and empower all personnel vis-à-vis prohibited conduct (which includes fraud and corruption) and how to report it, which has positive impacts with regard to fraud and corruption.

d. Implementation of audit recommendations

21. During the reporting period, and in line with the AFAC Guidelines, UNEP continued to implement the recommendations developed by the Office of Internal Oversight Services (“OIOS”) in the context of the audit of management of partnerships at UNEP.¹⁰ UNEP has established dedicated working groups on the updating and finalization of its Partnerships Policy and Procedures; on developing a Project Management Control Action Plan; and on its Programme Manual, which are expected to be endorsed before the end of the first semester of 2023. All three documents include strengthened controls of engagements with implementing partners, via increased due diligence and monitoring of financial capacity, including on risks associated with fraud and corruption.

3. Management of cases of fraud and corruption by UNEP

22. 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.

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

24. A consolidated list of fraud and corruption, and presumptive fraud and corruption, cases pending or reported during the period of 1st January to 31st December 2022 is presented below. A detailed list is appended to this report (**Annex 1**).

TYPE OF CASES	
Entitlements	4
Procurement irregularities	4
Financial irregularities / misuse	5
TOTAL CASES	13

Total cases pending or reported during the reporting period ¹¹	13
Total cases closed during the reporting period	5
Total cases remaining open after the reporting period	8

25. Concerning the first case closed during the reporting period, charges were issued by the UN. A fine has been imposed on the staff member in accordance with Staff Rule 10.2(a)(v) and deducted from any remaining emoluments payable since the staff member has separated from the Organisation. The funds involved concerning the other four cases closed during the

¹⁰ Report 2020/021 of 14 September 2020 which can be found at: https://oios.un.org/search_page

¹¹ The cases pending and/or closed during the reporting period include cases which had not been closed under the last reporting period.

reporting period amounted to a total of USD 203,477. For these four 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

26. Since 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 UN but also to the monitoring of reported cases of fraud and corruption or presumptive fraud and corruption.
27. Efforts are still ongoing to increase UNEP's completion rate with the UN 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.
28. UNEP maintains its zero-tolerance approach to misconduct – including fraud and corruption – and spares no effort to prevent, manage, and address all occurrences of fraud and corruption or presumptive fraud and corruption.

ANNEX 1

List of cases and presumptive cases of fraud and corruption reported or pending from 1st January to 31st December 2022

	PERSONNEL / ENTITY IMPLICATED	STATUS	CONCLUSION ACCORDING TO THE REPORT AND ACTIONS TAKEN
1	Staff member ¹²	<p>Possible misuse of funds in multiple occasions in the context of a country-level project. It was reported that the staff member:</p> <ul style="list-style-type: none"> i. Without appropriate authority, caused funds of the Organization to be released; ii. Oversaw travel documentation which falsely indicated certain individuals traveled, resulting in improper disbursement of moneys of the Organisation; iii. Required one or more individuals who were contracting with the Organization to repay a portion of their contractual payments; and iv. Caused funds of the Organisation to be paid to a private individual for services which were not completed. <p>Amount involved: approx. USD 210,000.</p>	<p>By the end of the investigation, the staff member had separated from the Organisation but decision was taken to withhold all separation entitlements pending conclusion of the disciplinary process.</p> <p>On 6 June 2022, the former staff member was issued with a charge letter from DMSPC/OHR.</p> <p>A fine has been imposed on the former staff member in accordance with Staff Rule 10.2(a)(v) and deducted from any remaining emoluments payable.</p> <p>The matter is closed.</p>
2	Various staff members	<p>Possible procurement irregularities in relation to the award of a contract to a private company for the provision of event management services to UNEA-4.</p> <p>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.</p> <p>Amount involved of US\$50,000.</p>	<p>UNEP/CSD/Administration Unit reviewed the case based on the recommendation from OIOS.</p> <p>The Investigations Division of OIOS has referred the case to the Internal Audit Division. The Internal Audit Division decided it would analyze this matter in the context of an audit of procurement at UNON, UNEP and UN-Habitat. This audit is schedule to start on 16 January 2023.</p> <p><i>Case ongoing. No conclusion to report so far.</i></p>
3	Staff members at UNEP Programme Country Office and Headquarters	<p>Possible financial irregularities in the context of a country-level project:</p> <ul style="list-style-type: none"> - 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. <p>Amount involved of US\$35,477.</p>	<p>Discrepancies between the expenses in UMOJA and the financial reports have been clarified.</p> <p>Costs that could not be justified have been absorbed, the grant has been cleaned, the unspent funds have been returned, and the project officially closed.</p> <p>The matter is closed.</p>

¹² This case, dating back from 9 June 2017, had been missed out in the previous report. It is therefore inserted in this revised table of cases.

	PERSONNEL / ENTITY IMPLICATED	STATUS	CONCLUSION ACCORDING TO THE REPORT AND ACTIONS TAKEN
4	Staff member	Possible fraudulent acts relating to payments of purchase orders relating to a UNEP programme authorized through UMOJA by an unknown person. Amount involved of US\$30,600.	Based on a preliminary evidence report from OIOS, the concerned staff member was placed on administrative leave with pay as of 3 November 2022. The staff member's Umoja privileges have also been suspended. UNEP has also requested DMSPC/OHR to place the staff member on administrative leave without pay. OIOS provided its investigation report on 6 December 2022. The matter is pending with the UN Secretariat's Office of Legal Affairs (OLA) and Department of Management Strategy, Policy, and Compliance/Office of Human Resources in New York, including the interim measure of placing the staff member on administrative leave without pay. <i>Case ongoing. No conclusion to report so far.</i>
5	UNEP Implementing Partner	Various possible financial irregularities and embezzlement of funds allocated to one of UNEP's Implementing Partners in the context of an 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 procurements provisions in the legal instruments concluded with UNEP. Amount involved: US\$35,000.	After reception of the OIOS investigation report, UNEP was able to ascertain that the sum in question – US\$35,000 – was declared as ineligible. As such, it was not charged to the project and has been absorbed by the implementing partner. The project has since been completed with no loss to UNEP, and is in the process of being closed. UNEP is still implementing the recommendation to review projects where the implementing partner is involved. The matter is closed.
6	Staff member ¹³	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.	Formal allegations of misconduct issued by the UN Secretariat's DMSPC on 9 December 2022. As per usual procedures, the staff member has been requested to provide DMSPC, within one month of receiving the memorandum, with any written statement or explanations the staff member might wish to give in response to the allegations. <i>Case ongoing. No conclusion to report so far.</i>

¹³ This case has a component on outside activity, which is reported under the UNEP 2022 Conduct & Discipline Report.

	PERSONNEL / ENTITY IMPLICATED	STATUS	CONCLUSION ACCORDING TO THE REPORT AND ACTIONS TAKEN
7	Staff member	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.	No misconduct was established on the part of the staff member. This matter is being reviewed in cooperation with UNON and the United Nations Controller's Office to ensure that all elements are clarified, and the case can be closed. <i>Case ongoing. No conclusion to report so far.</i>
8	Staff member	Allegation of procurement fraud, vendor collusion and bid rigging . Amount involved: US\$133,000.	OIOS concluded its investigations on 31 August 2022 and found no evidence to support the allegations. The matter is closed.
9	Staff member	Allegation of prohibited conduct and attempted fraudulent claim of entitlements . No specific amount involved.	On 18 November 2022, OIOS concluded its investigation and determined that the evidence obtained did not substantiate the reported misconduct. Concerned staff member had separated from the Organisation (though for reasons unrelated to this case). The matter is closed.
10	Staff member and UNEP Implementing Partner	Allegation of financial misuse in relation to a project that is being implemented at country level through a Project Cooperation Agreement. No specific amount involved.	OIOS classified the case as "For information". Since there is no evidence of UNEP funds or personnel being involved, no conclusion drawn as of 31 December 2022. <i>The matter remains as a "For information" case.</i>
11	Staff members and UNEP Implementing Partner	Allegation of prohibited conduct – including fraudulent acts – in the context of a UNEP sub-project at country level. No specific amount involved.	OIOS is currently reviewing the matter. <i>Case ongoing. No conclusion to report so far.</i>
12	Staff member	Allegation of unsatisfactory conduct relating to Education grant irregularities . No specific amount involved.	OIOS is currently reviewing the matter. <i>Case ongoing. No conclusion to report so far.</i>
13	Various staff members	Allegations of unsatisfactory conduct relating to bribery allegations in the context of a procurement contract with a UN vendor. No specific amount to report.	Preliminary assessment is being conducted by UNEP in coordination with UNON. <i>Case ongoing. No conclusion to report so far.</i>