



**GREEN
CLIMATE
FUND**

Meeting of the Board
17 – 20 October 2018
Manama, Bahrain
Provisional agenda item 15

GCF/B.21/22
26 September 2018

Workplan and Budget of the Independent Integrity Unit for 2019

Summary

This document contains a draft workplan and budget for the Independent Integrity Unit for Budget Year 2019.

This workplan reviews the activities of the Unit in 2018 and building on the achievements of previous years, sets out new targets for 2019 as part of a three-year development plan for the establishment of an efficient and effective IIU.

I. Introduction

1. This document contains a draft workplan and budget for the Independent Integrity Unit for Budget Year 2019 in annex II and III.
2. This workplan reviews the activities of the Unit in 2018 and building on the achievements of previous years, sets out new targets for 2019 as part of a three-year development plan for the establishment of an efficient and effective IIU.
3. The major priorities for 2019 are *inter alia* the development and implementation of detailed procedures and guidelines for operationalising integrity- related policies and standards matters, the development of a strategy for and the conduct of initial, pilot proactive integrity reviews, the development of the sanctions and exclusions policy and the conduct of an awareness raising campaign of GCF integrity policies and standards within and outside of the GCF.
4. The Board is invited to consider the draft decision in annex I to this document.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.21/22 titled “Workplan and Budget of the Independent Integrity Unit for 2019”:

- (a) Approves the workplan and budget of the Independent Integrity Unit for 2019 as contained in annex II and III of document GCF/B.21/22 (total budgeted amount of USD 2,300,000).

Annex II: Workplan and Budget of the Independent Integrity Unit for 2019

I. Introduction

1. The Independent Integrity Unit (IIU) has implemented the 2018 workplan and budget approved by the Board at its 19th Meeting. IIU worked closely with the Ethics and Audit Committee of the Board in drafting and reviewing key integrity policy documents, with a particular focus on the Anti-Money Laundering and Countering the Financing of Terrorism Standard, Whistleblower and Witness Protection Policy and Prohibited Practices Policy. Regarding staffing, the immediate requirement for operationalization has been fulfilled. IIU actively cooperated with the operations divisions of the Secretariat in developing policies and also raising awareness of staff and counterparties such as countries and accredited entities on the GCF's integrity standards.

II. Review of 2018 Workplan and achievements

2. The IIU workplan for 2018 focused on laying the foundation of the Unit by developing an integrity policy framework of the GCF, scaling up capacity by recruiting staff to cover all areas of work, providing advisories on integrity matters to the work of the Secretariat and raising awareness of staff and counterparties on the GCF's integrity standards.

3. A summary of the work of the IIU for 2018 is set out in document GCF/B.20/INF.17 titled "Report on the activities of the Independent Integrity Unit". As mandated by the Board and in accordance with the Article 2 of the IIU ToR which requires the Unit to "report to the Board directly or through the Ethics and Audit Committee", the IIU has consulted with the EAC in the implementation of the 2018 workplan reporting on a quarterly basis.

III. Work plan of IIU for 2019

4. The IIU workplan for 2019 builds on the work of previous years, as well as a three-year plan to fully establish the Unit to meet its mandate. The key priorities for 2019 are as follows:

- (a) Completion of the integrity policy framework;
- (b) Development of detailed protocols, procedures and guidelines for integrity matters;
- (c) Implementation of proactive integrity risk assessments and reviews;
- (d) Launch of the Fund-wide awareness raising initiative; and
- (e) Scaling up of investigation capacity.

3.1 Completion of the Integrity policy framework

5. **Policy on sanctions and exclusions:** The GCF's Policy on Prohibited Practices and contracts with counterparties refer to types of sanctions which may be imposed on counterparties. However, it is necessary that grounds and procedures for imposing such sanctions are established in a bespoke policy on sanctions and exclusions.

The policy would enable a sanctions system which would require the creation of a two-tier regime for the review of investigation outcomes and the imposition of sanctions and would

serves as a due process safeguard. This sanctions system would also enable the exchange of information and collaboration in investigations, lending itself to economies of scale.

6. Prior to the operationalization of the sanctions structures, IIU proposes, in collaboration with the Secretariat, to commence the preparatory work for a sanctions and exclusions policy with a view to submitting a proposal to the Board. This preparatory work would entail the drafting of the policy for the approval of the Board, the drafting of an investigations manual in line with the Conference of International Investigators (CII) Guidelines on the conduct of investigations, and a “Bill of Rights” for the protection of GCF personnel in the context investigations, as well as the adoption of the Agreement on Mutual Debarment, and Guidelines on sanctions and exclusions.

7. Cross-debarment regime: The Terms of Reference (ToR) for the Head of IIU mandates IIU to “propose a policy for cross-debarment with peer organizations to mutually enforce each other’s debarment actions”. In order for the GCF to be admitted to this cross-debarment regime, the GCF is required to establish an independent sanctions system that meets the standards of the MDBs. This would entail the creation of a two-tier system, consisting of an independent sanctions office and an appeals body.

8. Policy on sexual exploitation, abuse and harassment: The GCF is committed to providing a safe working environment for all its employees free from discrimination or harassment and operates a zero-tolerance policy for any form of sexual harassment. The GCF’s policy on sexual exploitation, abuse and harassment in the context of Fund-related Activities remains nascent. The IIU, in cooperation with the Secretariat, is in the process of drafting a policy covering standards of conduct, reporting procedures and disciplinary measures with an aim to seek approval by the Board in early 2019.

3.2 Development of detailed protocols, procedures and guidelines for integrity matters

9. To give full effect to the GCF’s integrity policies and standards, the IIU will further develop protocols, procedures and guidelines regarding:

- (a) Integrity violations and remedial action determinations:
- (b) Assessing advisories on conflicts of interest:
- (c) Investigations including proactive integrity reviews
- (d) Arrangements with counterparties: MDBs and IFIs
- (e) Secretariat engagement

10. With the development of the integrity policy framework of the GCF, the IIU will further consider proposals to refine and strengthen the Terms of Reference of the IIU.

3.3 Implementation of proactive integrity risk assessments and reviews

11. **Proactive integrity risk assessments:** IIU will continue to engage the offices of the Secretariat as well as external stakeholders to develop and assess the landscape of key integrity risks facing the Fund and external stakeholders, mitigating controls, relevant action plans and procedures that currently exist in order to assess integrity risks. The results of this work will be reflected in management action plans, including ongoing monitoring and integrity awareness-raising activities.

12. **Proactive integrity reviews:** In addition, with increased staffing, the IIU will develop and implement in collaboration with the Secretariat, a strategy to ensure holistic oversight of Fund-related Activities and to conduct proactive integrity reviews. In principle, the proactive integrity review functions as an investigation of a Fund-related Activity regarding the effective implementation of GCF integrity policies and standards. The review, as based on existing PPR models¹, is informed by fact-based information regarding integrity and compliance risks. These reviews will be based on and will be founded on three main elements:

- (a) Procurement reviews, to ensure that procurement in Fund-related Activities are in compliance with GCF policies and rules;
- (b) Integrity policy compliance and effectiveness;
- (c) “Books-and-records” inspections, to ensure that financial disbursements match project outputs and milestones.

13. **Data mining and predictive analysis:** IIU will proactively identify potential integrity risks in CPD operations related to the Readiness and Preparatory Support Programme/PPF, and institute mitigating controls. The methodology to be applied will be based on statistical modelling generated by an exploitation of project data across the CPD portfolio. The expectation is that such modelling would enable fairly accurate prediction of integrity weaknesses which would then enable IIU to focus its preventative interventions.

3.4 Fund-wide capacity building and awareness raising initiative

14. IIU will continue to help Counterparties build capacity to deal with institutional integrity issues and enhance awareness of GCF integrity standards by conducting the following activities:

- (a) Training Secretariat staff on integrity standards and ethics: IIU in collaboration with the Secretariat will develop training programmes for the Fund’s staff, consultants and other stakeholders. In addition to onsite training, online tools and instructional material embedded on the IIU webpage will be employed for this purpose.
- (b) Capacity building support for Counterparties: As mandated under its ToR, the IIU will provide policy advice and training support to Accredited Entities, applying a risk-based and needs driven approach, in their efforts to ensure optimum prevention and implement effectively their integrity policies and programmes. This support aims to build on expertise and foster peer support across Accredited Entities employing innovative knowledge and information-sharing platforms.
- (c) Peer-to-Peer learning platform: In line with the Unit’s capacity building support for its Counterparties, IIU plans to organize a peer-to-peer learning platform among integrity offices of the GCF accredited entities. The initiative aims to supporting developing country institutions in their efforts to gain access to climate finance by strengthening the effectiveness of their integrity safeguards, sharing lessons learnt and developing alliance to support each other.
- (d) Awareness raising initiative: Launch a Fund-wide integrity awareness raising campaign which will be an effective platform to prevent occurrences of prohibited practices. This includes but not limited to the development of promotional items such as posters and brochures that will be deployed to help raise aware and discourage occurrences of Prohibited Practices.

¹ The Office of Audit and Investigations (OAI) of the Asian Development Bank (ADB) pioneered this model. IIU will engage with OAI to adapt and further perfect its capacity to implement PPR.

15. In complement of the above training and capacity building actions, IIU intends to co-host an integrity summit for the benefit of potential and existing counterparties and other stakeholders.

16. In order to ensure that IIU is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organizations, IIU will actively participate in professional conferences including the CII. IIU Personnel will also undergo training a necessary to ensure that they are up to date on integrity policy and practices developments, necessary to enable their efficient and effective performance.

3.5 Investigation

17. **Resource requirement:** The onboarding of the IT Forensic Investigator is an important milestone for enhancing the Fund's investigative function. This process is expected to be completed in 2019. The investigation function will become fully functional as soon as the IT Forensic Investigator is in post, and the requisite forensic tools and IT forensic laboratory are established to support investigative activities as specified below.

18. **Networking and cooperation:** With respect to the requirement to establish and operationalise cooperation frameworks with equivalent investigative offices in other IFIs and MDBs, IIU is in the process of establishing working relationships with investigative units of other institutions and setting up joint investigation models where possible. Specific modules of cooperation will be reflected in individual Memoranda of Understanding (MoUs) with such institutions. IIU will continue to update its contacts database of integrity offices in accredited entities and institutions with comparatively similar mandates.

3.6 Technology and infrastructure

19. The efficient conduct of IIU business will rely to a large extent on the availability of a stable and secure technology backbone. By its mandate IIU is obliged to attribute the highest priority to protecting the integrity, confidentiality and security of its evidence, records and communications. It is important therefore that these technology supports are installed at this formative stage in order to ensure the protection and secure processing of confidential records from inception, and also to hedge against leakage, loss of or damage to sensitive data. In order to enable this, the following technology requirement needs to be fulfilled:²

- (a) **Case Management System:** A Case Management System for the receipt, analysis and processing of case-related information such as complaints, contacts, planning, reports, evidence, and analytical products.
- (b) **Independent Server and data storage:** An independent server and data storage application to ensure the protection, confidentiality and back-up of evidence, information and data, and that ensures efficient data storage and retrieval, and also guarantees business continuity.
- (c) **Evidence Analysis software:** An evidence analysis software (such as i2 Analyst Notebook) which is a tool for data analysis and investigation, with capabilities for graphic representation of evidence and presentation.
- (d) **Forensic tools and laboratory:** Forensic investigation laboratory equipped with relevant tools, such as EnCase and FTK for the acquisition, analysis and imaging of

² Repeated from IIU 2018 Workplan and Budget; implementation awaits the onboarding of the IT Forensics Investigator.

digital forensic evidence; a sound-proofed interview room with video conferencing equipment for remote interviews.

- (e) **Records Management System:** An electronic document and records management system (EDRMS) such as HP TRIM Records Manager. This would provide a platform for the secure management, archiving, retrieval and transmission of physical and electronic information for governance and compliance.
- (f) **Hotline:** To enable that the IIU can effectively receive reports of Suspected Wrongdoing from a wide range of persons, including those persons who cannot communicate in English, and those persons located in a variety of time zones, an automated hotline shall be procedure and implemented.

3.7 Publications

20. **IIU Annual Report:** IIU has an obligation to be accountable to the Board and to present periodic reports of its activities which will be issued once every year, at the end of the budget year.³ The first IIU annual report will be published in the first quarter of 2018.

21. **Other Publications:** In addition to the annual report, IIU will publish and disseminate both internally and externally other documents and materials necessary for the consumption of the Board, management and staff, as well as external stakeholders of the Fund. These materials in different formats will provide critical information relating to the Fund's internal oversight function.

³ Article 15(o) of IIU's ToR.

Annex III: IIU Budget Execution for 2018

This work plan and budget was submitted to, and approved by, the EAC on 27 September 2018. Subsequently, the Budget Committee of the Board also considered and approved the work plan and budget for 2019.

		Approved Budget for 2018	Draft Budget for 2019	Increase (%)
1	Salaries and consultants			
1.1	Full-time staff	1,062,950	1,300,000	
1.2	Consultancies	240,000	200,000	
	Sub-total: Salaries and consultants (1)¹	1,302,950	1,500,000	15.1
2	Travel	100,000	200,000	
2.1	Travel			
	Sub-total: Travel (2)²	100,000	200,000	100
3	Professional services			
3.1	Operating costs (including workshops)	30,000	30,000	
3.2	Hosting of the 19 th CII	80,000	-	
3.3	Climate Finance Integrity Summit/P2P		100,000	
3.4	Proactive Integrity Reviews (two pilot reviews in 2019)		200,000	
3.5	Visibility activities (webinars, visual materials, etc.)		100,000	
	Sub-total: Professional services (3)	110,000	500,000	354.5
4	Information technology and infrastructure			
4.1	IT expenses (including hardware and software)	100,000	100,000	
	Sun-total: Information technology and infrastructure (4)³	100,000	100,000	0
	Grand total (1+2+3+4)	1,612,950	2,300,000	42.6

¹ Estimated based on 7 staff members.

² Estimated at 28 number of trips for 7 staff members, at 7,000 per trip.

³ Includes the cost of purchase and license fees for CMS and other IT tools (i2 Analyst Notebook, FTK, EnCase, etc.). All purchases will be conducted according to GCF procurement rules on a best quality and cost basis.