

**GREEN
CLIMATE
FUND**

Meeting of the Board

4 – 7 October 2021

Virtual meeting

Provisional agenda item 13

GCF/B.30/11

27 September 2021

Work Programme and Budget of the Independent Integrity Unit for 2022

Summary

This document contains the work programme and budget for the Independent Integrity Unit for Budget Year 2022. Building on the achievements of previous years, this report sets out new targets for 2022.

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I. Preface

1. This document contains a draft work programme and budget for the Independent Integrity Unit for Budget Year 2022. The work programme and budget can be reviewed in annexes II and III, respectively.
2. Building on the achievements of previous years, this report sets out the intended targets for the year 2022.
3. This document has been presented to the Ethics and Audit Committee and the Budget Committee prior to consideration by the Board at its thirtieth meeting.
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.30/11 titled “Work Programme and Budget of the Independent Integrity Unit for 2022”:

- (a) Approves the Work Programme and Budget of the Independent Integrity Unit for 2022 as contained in annexes II and III to this document (total budgeted amount of USD 3,102,910); and
- (b) Requests the Budget Committee and the Ethics and Audit Committee to review the budget execution during 2022 and acknowledge that the Independent Integrity Unit may present to the Board, for its consideration at its thirty-second meeting, an additional budgetary request to execute its Work Programme for 2022.

Annex II: Work Programme and Budget of the Independent Integrity Unit for 2022

I. Introduction

1. The Independent Integrity Unit (IIU) was established by the Board of the Green Climate Fund (GCF) under the authority of Article 69 of the Governing Instrument with a detailed Terms of Reference (ToR). The IIU commenced operations in November 2016 and has executed its mandate based on the work programmes and budgets approved by the Board from 2017 to 2021.

2. The IIU was created as an Independent Unit under the direct authority of the Board to provide integrity oversight and to support the GCF Secretariat in establishing safeguards that ensure accountability in the use of GCF resources. In accordance with its ToR, the IIU seeks to work closely with the Secretariat to achieve GCF objectives. The Unit does so by collaboratively formulating strategies, policies, and activities that safeguard Fund resources and prevent the occurrence of integrity violations, and to investigate any occurrences thereof.

II. Review of 2021 Work Programme and Achievements

3. The COVID-19 health crisis has continued to impact the operations of the IIU. Necessary global responses have resulted in the disruption of business-as-usual and led to the continuation of limited opportunities for in-person engagements. Although planning and development of strategy did commence in the current year, the full implementation of capacity building and awareness raising initiatives deferred to 2021 continued to encounter residual headwinds. As the GCF, its Counterparties, and IIU partners emerge from the pandemic and widely adopt the new modalities of engagement, the IIU aims to complete its requisite assessment activities and commence implementation of its programs.

4. The current year has also been transformative and marked important milestones. The adoption of the Administrative Remedies and Exclusions Policy¹ was a critical addition to the GCF Integrity Policy Framework. Consultations on the Investigation Standards have advanced significantly and will be ready for consideration by the Ethics and Audit Committee (EAC) in the near term. The IIU also commenced its long-intended activities to create added value to the GCF through innovation. With the development and implementation of intelligent automation, the IIU has applied state-of-the-art mechanisms to help identify integrity risks in GCF funded activities.

2.1 Investigations

5. Between the months of January and September 2021, the IIU observed an overall decrease in reported cases over the same period last year. In 2021, the IIU registered five new cases, two of which pertained to staff misconduct, and three related to GCF projects.

6. Year-to-date, the IIU closed a total of 18 cases. Of these, nine pertained to staff misconduct, five were project related, one was classified as “Other”, two were not related to the GCF and fell outside the IIU’s mandate, and one was an external investigation.

¹ As in Board decision B.BM-2021/09.

7. Eight cases were closed following Intake Assessment, eight following Preliminary Assessment, and two following a full Investigation, both of which were substantiated.

8. In these substantiated cases, the investigation reports and associated findings were submitted to the Secretariat for consideration of remedial measures.

9. The following statistical information seeks to further elaborate on the IIU cases to-date. Table 1 presents summary comparative statistics of all cases opened and closed between 2018 and September 2021. Included also in this table are the number of cases carried over from the previous year and into the next.

Table 1. All Opened and Closed Cases between 2018-2021

All Opened and Closed Cases (2018 – September 2021)			
Year	Open	Closed	Cases Carried Over
Pre-2018			4
2018	21	5	20
2019	40	37	23
2020	31	31	23
2021	5	18	
Total Open Cases			10

10. Similarly, Table 2 presents comparative statistics of all open and closed cases between 2018 and September 2021, and includes the year in which the respective cases were closed.

Table 2. All Opened and Closed Cases (including the respective year of closure)

All Opened and Closed Cases by Year (2018 – September 2021)							
Year Received	Cases Opened	Year Closed				# of Open Cases	
		2018	2019	2020	2021		
2018	21 (+4 carried over from 2017)	5*	15**	4†	1	0	
2019	40		22	15	0	3	
2020	31			12	14	5	
2021	5				3	2	
Total	101	5	37	31	18	10	

* Of the five closed cases in 2018, two were opened previous year.

** Of the 15 closed cases in 2019, one was opened in 2017.

† Of the four closed cases in 2020, one was opened in 2017.

11. Table 3 provides a summary of opened and closed staff misconduct cases between 2018 and September 2021, including those cases carried over from the previous year. Table 4 further expands on these figures and reflects the year in which the respective cases were closed.

Table 3. Opened and Closed Staff Misconduct Cases (2018-2021)

Open and Closed Staff Misconduct Cases (2018 - September 2021)			
Year	Open	Closed	Cases Carried Over
Pre-2018			3
2018	15	4	14
2019	24	20	18
2020	16	21	13
2021	2	9	
Total Open Staff Misconduct Cases			6

Table 4. Opened and Closed Staff Misconduct Cases (including the respective year of closure)

Staff Misconduct Cases Open/Closed by Year						
Year Received	Cases Opened	Year Closed				# of Open Cases
		2018	2019	2020	2021	
2018	15 (+3 carried over from 2017)	4*	10	4**	0	0
2019	24		10	11	0	3
2020	16			6	8	2
2021	2				1	1
Total	60	4	20	21	9	6

* Of the four cases closed in 2018, two were carry-over cases from the preceding year.

** Of the four cases closed in 2020, one was opened in 2017.

12. As represented in the indicated statistics, the IIU currently has 10 open cases, six of which pertain to staff misconduct. Of these staff misconduct cases, three are from 2019, two from 2020, and one from the current year. Of the remaining four non-staff misconduct cases, three are project related, two of which were opened in 2020 and one in 2021. The final case is not project related or staff misconduct, and was opened in 2020.

2.2 GCF Administrative Remedies and Exclusion Policy

13. The *Administrative Remedies and Exclusion Policy* as approved by the Board in decision B.BM-2021/09 sets out the principles and the general procedures to be followed in the administrative process. The objective of the GCF administrative remedies and exclusion regime is to establish a formal administrative process that is designed to protect the Fund from abuses, while offering the respondents due process before a decision on the appropriate action is made. In order to fully operationalise the Policy, four secondary documents are currently under development with the collaboration of the Secretariat. The four documents which will be endorsed by EAC prior to approval by Board are:

- (a) The Administrative Remedies and Exclusion Procedures;
- (b) The Administrative Remedies and Exclusion Guidelines for implementation;

- (c) The Integrity Compliance Guidelines; and
- (d) The Settlement Guidelines.

14. The administrative and exclusion regime will be fully operational following the endorsement of the four subsidiary documents and the recruitment of the Case Review Officer and Case Review Panel members.

2.3 Development of the Investigation Standards and Investigation Manual

15. The IIU continued exhaustive consultations with the Secretariat and Independent Units in the development of the Investigation Standards. The latest draft of the document incorporates valuable feedback provided during these engagements and has been cleared for circulation to GCF Personnel for additional comments before progressing to the EAC for its consideration.

16. The IIU has also furthered the development of the Investigation Manual into its second substantive iteration and has similarly shared the document with relevant divisions of the GCF Secretariat for consultations. The Investigations Manual is intended to support the Investigation Standards and articulates operating procedures of the IIU's investigation function.

2.4 Integrity Policy Framework Guidance and Oversight

17. **Integrity Policy Framework.** To complement and to give effect to the GCF integrity framework established in the formative years of the IIU, the Unit continued to develop a set of standards and procedures in consultation with the Secretariat with an aim to acquire endorsement from the Ethics and Audit Committee in 2021. Such documents include the Updated Fiduciary Principles and Standards, Guidance on Conflict of Interests for Board-appointed Officials, and Standard Operating Procedures to implement the Anti-Money Laundering and Countering the Financing of Terrorism Policy and Standards.

18. **Implementation Guidance.** To ensure compliance with the GCF integrity policies, the IIU worked closely with relevant stakeholders and provided policy guidance regarding the interpretation and implementation of a suite of integrity policies. Activities include:

- (a) Providing advisories to the Secretariat on the implementation of integrity policies in the operation of the GCF projects and programs;
- (b) Providing advisories to the Secretariat to ensure the provision of integrity safeguards in contractual agreements with counterparties; and
- (c) Providing advisories to Board-appointed officials with respect to assessing and mitigating potential conflicts of interest.

19. **Policy Oversight.** In fulfilment of the policy requirements to report to the Board on the implementation status of integrity policies, the IIU undertook to analyse and assess the activities carried out by the GCF to effectively implement the policies. The IIU engaged with various divisions of the Secretariat in the process from which valuable feedback was received to further enhance the effectiveness of such policies.

2.5 Proactive Integrity Reviews

20. In January 2021, the IIU began a new approach to integrity risk rating using machine learning on the Integrity Due Diligence Platform (IDDP). Results yielded original methods which may offer best-in-class decision support for PIR project identification.

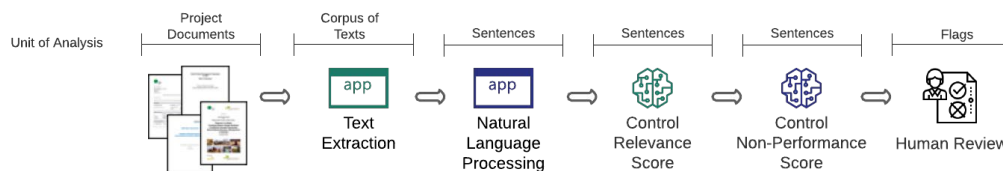


Figure 1. Natural Language Processing and Machine Learning Model

21. Beginning with text extraction from project documents, the IIU uses natural language processing (NLP) and machine learning to identify “red flags”. Benchmarked against alternative approaches to risk identification and built with over 70,000 project documents focused on audit and implementation. The models proved to be highly accurate and adaptable.

22. This combination of PIRs and the application of machine learning provides numerous benefits. Not only does it enhance GCF’s Risk Management Framework, it can also be used to assist implementing partners – including Accredited Entities and National Designated Authorities (NDAs) – to respond to integrity risks and build resilience through targeted capacity development.

23. The IIU made 13 presentations on PIRs throughout the period, including to the Executive Director, the SMT, the Heads of Units, and to some individual units of the Secretariat. The value of the IIU’s integrity risk identification implementation in the PIR process was self-evident, and was universally acknowledged to have greater application across other functions of GCF operations. In collaboration with the Secretariat, the IIU aims to continue this development to inform risk mitigation decisions.

2.6 Technical Support for Accredited Entities

24. In a continued effort to provide support for Accredited Entities in building capacity to be able to meet the Fund’s fiduciary principles and standards, the Unit engaged with counterpart offices of Accredited Entities to agree on cooperation modalities. The activities covered by such agreements range from best practices sharing for peer learning, joint investigative activities to capacity strengthening support. As of August 14, the IIU established new contacts with five more newly accredited entities and concluded 14 MoUs in 2021 with nine under negotiations.

2.7 Awareness Raising, Communications, and Outreach

25. **Development of Knowledge Products.** The IIU is developing a knowledge product focusing on integrity in Climate financed projects in collaboration with the Water Integrity Network (WIN). This knowledge product will be a Practical Guide for all stakeholders working in climate action. It will use a case study approach to highlight lessons learned and successful processes which counterparties can replicate for enhanced integrity, accountability and transparency. The ultimate objective is for the counterparties to take proactive measures so as to resist prohibited practices in their operations thereby thriving for 0% corruption and 100%

climate action. The Practice Guide will be developed in the last quarter of 2021 and will be official launched in first quarter of 2022.

26. **Collaboration and External Activities.** The IIU consistently collaborated with partners from integrity and climate change organisations. The partnership with WIN involved production of multimedia content and convening sessions during the 10th Asia Pacific Water Integrity Forum on 21 May and the Stockholm World Water Week on 23 August, which was attended by an audience representing government entities, academia, and civil society and development organisations from more than 49 countries. The discussion covered water integrity in the Asia-Pacific region and the role of integrity in preventing maladaptation. It was an opportunity to showcase the fiduciary standards of the GCF as enunciated in the Governing Instrument, and in the GCF integrity policies and standards. The platform is also important for engaging with major players in the climate sphere, as a means of promoting integrity and accountability in the implementation of climate-related programs and projects.

27. The IIU also participated as active delegates and panellists in working groups at the 21st Conference of International Investigators (CII). The IIU contributed to developing CII principles and guidelines in financial forensics, digital and electronic investigations, training and certification, and fraud detection activities.

28. **Communications.** The IIU executed its regular communications activities to strengthen connections with its stakeholders and promote the integrity standards of GCF. The Unit actively published scheduled educational content and updates on the activities of the Unit in its communication channels. An internal staff advocacy campaign was also executed to mark International Women's Day.

2.8 Budget Utilisation

29. Although the IIU achieved some key milestones of its 2021 Work Programme and introduced operational efficiencies, some activities and the bulk of its recruitments were deferred to later in the year, and into early 2022. As it stands, with some activities pending, the IIU is projected to have utilized 76% of its approved budget by year end.² The IIU anticipates that depending on the onboarding of two staff positions and pending procurement, budget utilisation may further increase.

30. Delays in recruitment and the postponement of engagement activities come as a result of protracted restrictions due to the current global public health situation. This has led to the engagement of consultancy services to help address capacity requirements. The Unit also invested in the implementation of the requisite technical infrastructure to support its data analytics and intelligent automation systems as reflected by the increased expenditure in the Information and Communication Technology budget line. The pivot in prioritization of activities and adoption of innovation to drive risk mitigation has made the IIU resilient in challenging conditions. Despite the extraordinary circumstances, the IIU remains on track and is expected to indicate better budget utilization and performance over the previous year.³

² As projected by the Division of Support Services (Finance) based on budget execution and input from the IIU.

³ The IIU reported a budget utilisation rate of 68% for Budget Year 2020 as indicated in GCF/B.28/Inf.12 *2020 Annual Report of the Independent Integrity Unit*.

III. Work Programme of the Independent Integrity Unit for 2022

31. Building on the work of previous years, the key priorities for 2022 are as follows:

- (a) Optimise investigation efficiencies and capacities;
- (b) Integrity policy guidance and implementation oversight;
- (c) Technical assistance to strengthen capacity of Accredited Entities;
- (d) Integrity risk assessment and Proactive Integrity Reviews (PIRs);
- (e) Intelligent automation and risk mitigation; and
- (f) Awareness raising, communications, and enhancing operational efficiencies.

3.1 Investigations

3.1.1. Optimise Investigation Efficiencies and Capacities

32. **Development of Procedures for Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) Investigations.** Resulting from consultations on the Investigation Standards, the IIU recognised the need to develop a separate set of procedures that take into consideration the special circumstances related to SEAH investigations. Similar to the Standards, the procedures are intended to prescribe principles that govern investigations into allegations of SEAH in a survivor-centred manner.

33. The IIU will seek further guidance from the EAC and consult with the Secretariat regarding the development of the proposed procedures. Additionally, given that the revised SEAH Policy mandates that the IIU shall cooperate and coordinate with the Independent Redress Mechanism (IRM) on reports of SEAH submitted to both IIU or IRM or that relates to both Covered Individuals and GCF funded projects or programmes, the IIU shall consult with the IRM on how to ensure coherent and consistent approaches into investigations of SEAH allegations.

34. **Implementation of the Investigation Standards and Investigation Manual.** As it is anticipated that the Investigation Standards and Investigation Manual will be finalised and approved in 2021, in 2022, the IIU will formally operationalise the principles and procedures described in these documents. The Investigation Standards and Investigation Manual among other matters emphasise importance of proper procedures for preservation, handling, and secure storage of various types of evidence including digital evidence.

35. **Efficiency and Capacity Improvements.** To ensure conformity with the principles and standards reflected in these documents, the IIU plans to upskill its personnel in several areas. The IIU intends to allocate resources for training on SEAH and the essential processes for acquisition, preservation, handling and secure storage of digital and other types of evidence. The IIU will also work to bolster its security posture to ensure the confidentiality, integrity and availability of its information assets, including case materials. To lend greater efficiencies in the investigations process, the IIU aims to apply intelligent automation in its evidentiary analysis and the transcription of its interviews.

36. **Implementation of the IIU Case Management System.** At the time of this report, the IIU is in the process of completing user acceptance testing and the configuration of its case management system (CMS). The CMS integrates a 24/7 multilingual complaints intake hotline and will serve as IIU's primary platform to manage the investigations process. Its features include, but not limited to complaint registration, eligibility checks, case assignment, evidence-tracking,

case reviews and approval, and case referral. In 2022, IIU plans to continue optimizing the system after taking into consideration evolving business processes and the resolution of post-deployment issues.

37. The goal is to make the CMS a collaborative platform that streamlines investigation processes, applicable prevention workflows, and reporting requirements. The system's analytic capabilities and flexible reporting dashboard will allow for improved efficiencies by providing real-time access to investigation data and pertinent performance indicators. The IIU intends to utilize the analytics and reporting features to inform its investigations and prevention functions.

38. **Development of Investigation Templates.** With introduction of the Investigation Manual and the CMS, the IIU will continue development of investigations forms and templates in order to streamline its investigation process. Specifically, such templates and forms will be used to capture various investigation and reporting activities (e.g. delivery of recommendations, notices to case participants, etc.).

39. **Sharing Insights and Lessons Learned from Investigations.** The IIU will continue its efforts to provide feedback to the Secretariat on insights gathered and lessons learned as a result of its investigations. The IIU will also offer its recommendations for improvements to policies, procedures, and controls to mitigate the opportunities for integrity violations in Fund-related activities.

3.2 Prevention

3.2.1. Integrity Policy Guidance and Implementation Oversight

40. Continuing from the previous year, the IIU's prevention activities focus on ensuring the compliance by various stakeholders with the GCF integrity standards in all Fund-related activities. The IIU will consolidate institutional capacity through standardising and maximising operating procedures and guidelines.

41. To give full effect to the recently completed GCF Integrity Policy Framework, the IIU will continuously endeavour to achieve the following:

- (a) Develop procedures and guidelines for:
 - (i) Private sector due diligence;
 - (ii) Conflicts of interest; and
 - (iii) Administrative remedies and exclusion policy;
- (b) Establish the policy implementation oversight framework including:
 - (i) Annual or other periodic reporting to the Board on the implementation of integrity policies as required of the IIU;
 - (ii) Guidance and support to the GCF Secretariat regarding the type and quality of information required for regular reporting of accredited entities and delivery partners such as in the Self-Assessment Reports and Annual Performance Report. Through both reporting methods, it will be important to capture how GCF integrity policies are implemented in funded activities as well as how the implementing partner's policies and procedures continue to reflect GCF integrity standards; and

- (iii) Updates or improvements to integrity policies, in particular the GCF's Initial Fiduciary Principles and Standards;
 - (c) Provide guidance and advisories consistently, in a timely manner regarding policy interpretation and application; and
 - (d) Provide consistent and timely advice and guidance as required under the Ethics and Conflicts of Interest policies of the GCF and other integrity policies, monitor the implementation of IIU advisories consistently and develop a suite of guidance documents and FAQs to assist implementation.
42. Specifically with regard to the implementation of the GCF's AML/CFT framework, the IIU will continue to:
- (a) Develop and strengthen measures to enable the identification, reporting of red flags, Suspicious Activities, or ML/FT activities directly to the IIU by raising awareness and by providing easily accessible reporting channels;
 - (b) Ensure that all reports of red flags, Suspicious Activities, and suspected ML/FT activities reports are documented, attended to, and investigated in a prompt and professional manner;
 - (c) Supervise an annual Institutional Risk Assessment designed to identify the residual risks to which the GCF is exposed and to assess the effectiveness of the overall AML/CFT Program; and
 - (d) Coordinate with the Secretariat to develop and strengthen the work of the Integrity Risk Management Group which is responsible for providing strategy, direction, advice, or necessary assistance to ensure that GCF integrity policies including the AML/CFT Policy, AML/CFT Standards, and SOPs are fully implemented, applied, and maintained.

3.2.2. **Technical Assistance to Strengthen Capacity of Accredited Entities**

43. As obligated by GCF's integrity policies and standards regarding prohibited practices, whistleblowing and AML/CFT, the IIU will provide capacity building support for Counterparties to enable their effective implementation of obligations set out in those policies.
44. Further, as set out in the GCF's Governing Instrument, the IIU will direct support to the GCF's readiness and preparatory activities and technical assistance to assist in strengthening capacities for recipient country partners to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.
45. To complement these functions, the IIU will undertake systematic approach in capacity building and partnership activities to catalyse and streamline capacity building efforts.
46. To ensure the country driven and needs based approach, the needs assessment of integrity capacities of Accredited Entities, Delivery Partners and other GCF Counterparties will be conducted. The capacity building program tailored to identified needs will be developed and implemented to address needs and gaps. Within the capacity building program framework, the learning programs, eLearning tools, and processes, mentoring, coaching of partners, and any other applicable methodologies, development of a roster of experts will be developed and further strengthened.
47. The IIU will catalyse the peer learning alliance to create a platform and the community of best practices on climate finance integrity where peers within the GCF community have the possibilities to share information and offer mutual support and guidance to each other when

faced with integrity challenges. In doing so, the IIU will work in partnerships and assist in leading and facilitating the Peer-to-Peer Learning Alliance. This involves engaging in dialogues, learning exercises, cooperative activities such as peer reviews and assessments for the purpose of improving expertise and knowledge on climate finance and integrity matters.

48. The IIU will also explore opportunities to convene peer alliance partners on a regular basis with a view to having an in-person exchange on an annual basis. In light of the COVID-19 pandemic, however, creative and flexible approaches will be examined to optimise learning and growth within the peer community. Regional, national and/or local engagements may also provide effective spaces for integrity practitioners and stakeholders to build relationships for collaboration and support.

49. **Cooperation with the International Community.** The IIU will foster strategic partnerships for integrity prevention to ensure effectiveness and impact with multilateral funds, international finance institutions, and other relevant parties to create strategic alliances and share best practices. To maximize effectiveness and the long-term sustainability, the IIU will take a systematic approach by creating a strategic partnership framework and effectively operationalize in 2022. The IIU will continue actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organisations.

50. **Cooperation with Accredited Entity Integrity Offices.** The IIU will continue and enhance collaboration with investigative offices of Counterparties through MoUs and other cooperation modalities. The implementation of MoUs and operationalisation of the system of referrals on investigative matters, information sharing, and conducting joint or parallel investigations with external parties will be prioritised in 2022.

3.2.3. Integrity Risk Assessment and Proactive Integrity Reviews

51. As a third line of defence of the GCF control framework, the IIU is mandated to discharge its oversight responsibility over GCF-funded activities. As part of its proactive prevention activities, the Unit employed a risk assessment approach to identify risks and vulnerabilities in projects/programs early on with an aim to recommend targeted capacity development.

52. Building upon previous year's objective data-driven project selection phase as well as the PIR manual including guidelines, templates and operating procedures, the Unit aims to advance the review to the second phase, an in-depth desk top review and potentially an on-site review, if the circumstances caused by the global health crisis warrants. Activities required prior to such in-depth reviews include, inter alia, defining the scope and course of the review, identifying sources of information, setting up of a team, allocating resources such as onsite consultants, if necessary and engaging with an accredited entity and the GCF Secretariat. The outcome of the review that includes recommendations from the IIU will be consulted with all stakeholders involved prior to dissemination.

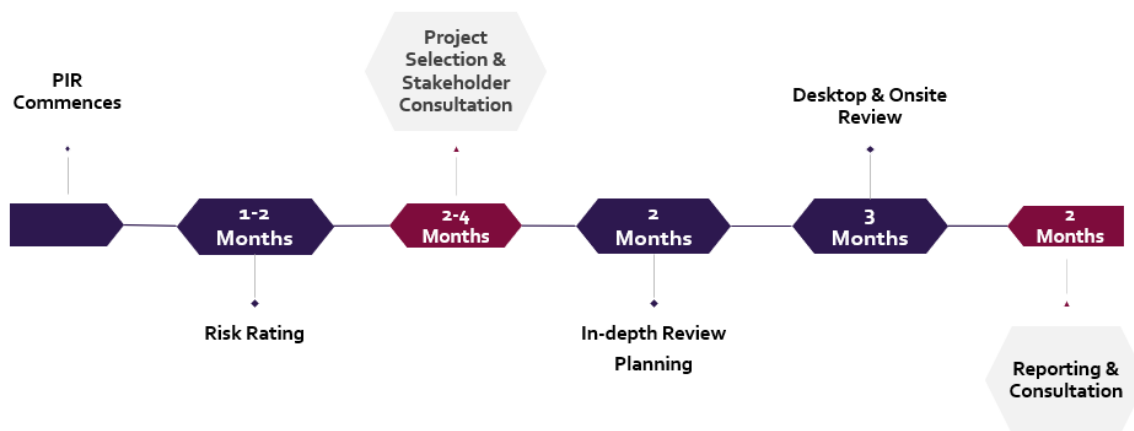


Figure 2. Timeline for the Conduct of a Proactive Integrity Review

3.3 Analytics and Operations Services

3.3.1. Intelligent Automation and Risk Mitigation

53. **Development of the Integrity Due Diligence Platform (IDDP).** Building on the success of IIU machine learning models – models developed in the IDDP – the IIU will continue to develop its platform and services by composition of new technologies to deliver value in integrity operations. These services can be used both to protect Fund resources and to support the overall objective of delivering projects.

54. The IDDP will be developed to contain integrity operations workflows including PIR project identification and desktop review, integrating machine learning into everyday integrity operations. Other core services to be developed include a watchlist application, a consolidated debarments list and an interface to the IIU graph database. These services offer automation of integrity due diligence workflows which, together with red flag detection, create opportunities for faster identification of vulnerabilities in GCF Funded Activities. Detecting such vulnerabilities at the earliest possible stage offers the most viable means to avoid or mitigate integrity risk events before they occur.

55. The IIUs integrity risk ratings model will also receive upgrades to improve performance, reliability, monitoring and reporting. These measures will ensure that the IIU meets or exceeds best practices for use of machine learning in the operations of a financial institution. The IIU will also enhance platform security by augmenting existing protections to further safeguard the privacy and confidentiality of the services, data and infrastructure in the IDDP.

56. **Delivery of Analytics Services to Support Core Fund Operations.** Upon request of the Executive Director, the IIU will extend its analytics services to support objective risk identification and integrity considerations in the re-origination and re-accreditation processes. Building on the success of IIU natural language processing (NLP), the Analytics group will contribute towards a Fund-wide drive to improve the speed of processing – a primary driver of customer satisfaction in financial services – for both funding proposals and accreditation applications. This unique IIU contribution will help ensure that pursuit of speed improvements does not come at the cost of rigorous risk assessment.

57. Current risk assessments proceed through a bottleneck in which human experts must review, per origination or accreditation decision, many thousands of pages from hundreds of documents. In this context, the IIU already possesses technologies to comprehensively process tens of thousands of documents in minutes, producing insights which support important risk management decisions. The IIU intends to extend these technologies to support upstream origination and accreditation decisions (which are different from downstream PIR project identification decisions), by creating new models focused on delivering value to decision-makers in those areas.

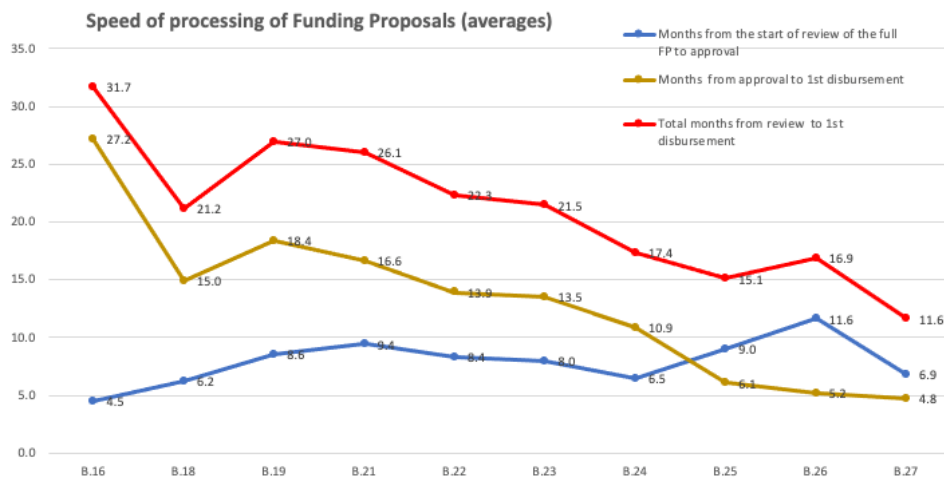


Figure 3. Average Processing Speed of GCF Funding Proposals

58. It is envisaged that the additional analytical outputs provided by the IIU will be advisory in nature, designed as inputs which augment expert opinion in operational decision making. The availability of such augmentations can thereby contribute towards faster processing of Funding proposals and faster processing of accreditation applications, both without sacrificing the objectives of enterprise risk management.

59. The IIU is positioned to contribute value in Fund operations thanks to the machine learning infrastructure, data integrations and data science tools available within its Integrity Due Diligence Platform. Notwithstanding planned upgrades to the IDDP (described above), the IIU requires significant additional resources for extending delivery of its analytics and operations services to meet the needs of decision makers in core Fund operations.

60. As a lean working group, IIU Analytics can serve best-in-class decision support to integrity operations with a modest budget increase. Serving the operational needs of the Fund, however, is a more complex proposition in which up-to-date machine learning insights must be delivered to hundreds of GCF staff who will expect to receive such insights as soon as they become available. To serve these needs according to the high standards of decision support expected, the IIU must scale-up its own infrastructure and create new interfaces for automated distribution. Meeting this level of service delivery by June 2022 requires significant additional work – above and beyond that planned within the IDDP – for which the IIU requires additional resources.

3.3.2. Awareness Raising, Communications, and Enhancing Operational Efficiencies

61. **Awareness Raising and Communications.** In 2022, the IIU will further strengthen its awareness raising, and outreach, activities to promote awareness of the Fund's integrity standards, foster institutional learning within the GCF, and enhance the knowledge capacity of stakeholders. The IIU will continue to develop a series of knowledge products and materials on practical implementation and guidance on policy requirements, and standards of the GCF integrity policy framework. These outreach materials will be complementary to the IIU's capacity building activities, workshops, training courses and informational events.

62. **IIU Communication Strategy.** Communications serves to raise awareness, support, and amplify the advocacy of the IIU to its stakeholders. In 2022, the priority is to promote the development of the Integrity Knowledge Framework by producing memorable content, knowledge products, and guidance materials discussing integrity issues and highlighting priority themes from the GCF Integrity Policy Framework.

63. The IIU also aims to develop and execute a corporate communication plan and branding strategy that will inform its ongoing activities to sustain a culture of integrity across the Fund with an emphasis on strengthening relationships and reputation within the organisation. The strategy features the development of an internal staff advocacy campaign and building a year-long content communication plan.

64. **Launch of Public-Facing Social Media Assets.** The IIU recognises the potential of social media as an asset to sustain visibility for its audiences and as a public repository for knowledge properties. The Unit plans to execute a comprehensive social media presence on three platforms: YouTube, Twitter, and LinkedIn.

65. **Communication Assets and Activities.** The IIU will continue to produce communication tools such as infographics, publications, summary briefs, internal and external newsletters, press releases and multimedia content. The IIU will also engage and organise invitations for thematic discussions, podcasts, forums, workshops, conferences, masterclasses, and large-scale speaking opportunities for outreach engagements and support the production of a series of knowledge products such as guidance materials as needed by each the prevention, investigation or analytics workstreams and complement IIU activities.

66. **Development and Implementation of a Knowledge Management Framework.** Knowledge Management is a relatively recent but equally significant workstream of the IIU. As operational capacity expands and strategic collaboration with stakeholders diversifies, knowledge products are generated and then transformed into actionable pieces of information. This requires the development of a Knowledge Management Framework that will establish the groundwork for and approach on how the IIU should organise information and create value thereby enabling effective action by an intended user. To support this objective, the IIU endeavours to develop a strategy document that elaborates on an action plan for sustainable knowledge management and aligns with the overall vision and current practices of the GCF Secretariat in this area. This will ensure that the IIU maximises opportunities for collaboration and shared learning contributing to operational efficiencies.

67. The Knowledge Management Framework is likewise expected to enhance and streamline reporting on IIU objectives and activities. The Unit will continue to produce reports and publications that are data-driven but with improved efficiency by integrating reporting with a database of key metrics. Building upon available tools and information, the IIU will design an overarching matrix of indicators to which project milestones can be tracked accurately and

conveniently, and to which performance can be assessed. The Unit will explore ways on how to integrate this objective with existing in-house data analytics capabilities.

68. **Establishment of an Integrity Resource Portal.** As a flagship platform for knowledge management and dissemination, the IIU will establish an online unified repository of resource materials and content ranging from publications, official reports, multimedia, newsletter editions and public releases, data visualisations, and related collaterals. This will enable the Unit to raise awareness about its mandate and activities while facilitating collaboration with a multitude of stakeholders and supporting the objectives of the IIU Communications Strategy. The portal will provide access to Integrity Toolkits comprising of policy briefs, FAQs, thematic guidance notes, and information on reporting Prohibited Practices, among others. It will also serve as a resource centre for e-learning by deploying online modules, thematic webinars, trainings, and onboarding courses. The Unit will also explore opportunities to evolve the portal into a shared platform for peer learning with convenient access.

69. The IIU likewise recognises the potential of its knowledge management objectives for furthering collaboration with the GCF Secretariat and other resource institutions and international networks. The Unit will continue to contribute to working groups and partner institutions in the origination and publication of knowledge products, including guidance papers, benchmark studies, and sectoral guides. Building on the achievements of the strong collaboration between the IIU and the Water Integrity Network in the water sector in 2021, this sectoral approach is expected to expand in 2022 to include other areas in the GCF portfolio (such as forestry, agriculture, and energy) to promote the role of integrity in delivering project impacts and identify best practices. The IIU aims to produce knowledge products that are sustainable and relevant, and that would facilitate continuous learning.

IV. Budgetary Implications

70. The COVID-19 global health crisis continued to impact execution of the IIU's 2021 workplan. Travel restrictions and disparate national responses to the pandemic led to limited opportunities for in-person engagements and the stunted progression of some activities intended for implementation in the current year. These activities pertained primarily to capacity building, outreach efforts, and mission travel, resulting in underspending as reflected in the Travel budget line item. Concomitantly, the pandemic and operational constraints also led to delays in the IIU's recruitments, which led to the reliance on consultancies to fill resource gaps. The effect of this can be observed as over-expenditure in the Consultants line item. Notably, the IIU has had to defer recruitment of staff to fill its approved positions in order to allow for sufficient resources to execute on other elements of its workplan. Recruitment of these already approved positions has become a matter of necessity and is expected to commence in the latter part of 2021, with onboarding to begin in early 2022. The IIU anticipates a marked parallel appreciation in the staffing associated budget items.

71. As a matter of priority to develop suitable mechanisms to identify and inform risk mitigation decisions, the IIU began development of its Integrity Due Diligence Platform. The products of which have already garnered significant interest from the Secretariat and proved universally applicable across units of the Fund. This investment in innovation and integrity risk identification mechanisms has led to an increase in the Information and Communication Technology budget. The IIU expects that in 2022, it will continue development of these important tools and create the synergies between units to mitigate integrity risks in GCF Funded Activities.

72. The annual budget also includes an allocation for shared costs as determined by the GCF Secretariat. These include shared cost allocation for ICT services based on the number of IIU personnel, general utility costs and supplies, applicable insurances, and depreciation.

73. For 2022, the shared costs allocated to the IIU increased by sixty six percent (66%) from USD 210,673 in the previous year to USD 349,506. This accounts for forty five percent (45%) of the requested USD 306,517 (11%) budget increase.

74. Of the allocated costs, 13.76% (USD 48,080) relates to additional costs such as utilities, general supplies, insurance, depreciation, and security that were added as part of a step-wise approach to include additional cost elements in the costs allocated to Independent Units. The 61.01% (USD 213,226) of the increase relates to ICT costs due to growth in staffing, while the balance of 25.24% (USD 88,200) relates to the partial staffing of HR and Procurement services for the Independent Units.

Annex III: IIU Budget for 2022

1. The 2022 Work Programme and Budget was presented to the Ethics and Audit Committee and the Budget Committee¹ of the Board. Below is a general overview of the 2022 budget:

Table 5. Proposed Budget of the Independent Integrity Unit for 2022

		Approved Budget for 2021	Draft Budget for 2022	Increase		% of Budget
				USD	%	
1	Salaries and Consultants					
1.1	Full-Time Staff	2,299,390	2,413,515	114,125	5	37
1.2	Consultants	102,300	96,575	(5,725.00)	-6	
	Sub-total: Salaries and Consultants (1)	2,401,690	2,510,090	108,400	5	35
2	Travel					
2.1	Travel	41,430	13,560	(27,870)	-67	
	Sub-total: Travel (2)	41,430	13,560	(27,870)	-67	
3	Contractual Services					
3.1	Operating Costs	66,000	43,300	(22,700)	-34	
3.2	Professional Services ²	0	50,000	50,000	100	16
3.3	Brand Promotion	10,000	7,000	(3,000)	-30	
3.4	Information Communication and Technology ³	66,600	129,454	62,854	94	21
	Sub-total: Contractual Services (3)	142,600	229,754	87,154	61	28
	Total (1+2+3)	2,585,720	2,753,404	167,684	6	55

¹ As presented in Annex V to this document.

² The increase in professional services pertains to the implementation of the IIU's Proactive Integrity Reviews. Considering travel limitations related to the COVID-19 health crisis, the charges include engagement of a consultancy to support desktop reviews and perform in-country inspections or related services. PIRs have been a component of the IIU's intended Work Programmes since 2019.

³ The increase in ICT costs represents data hosting services, licensing for specialised software, subscription charges for the newly deployed CMS, and the development of the technical infrastructure intended to support analytics applications in IIU's Integrity Due Diligence Platform (IDDP), which seeks to identify integrity risks and to inform mitigation decisions. The CMS and the analytics initiatives build on work commenced in 2020 and 2021 respectively but have been part of the IIU's intended Work Programmes since 2017. The IIU anticipates a rolling deployment of the IDDP, with full implementation in 2023. This is a key priority area and is discussed in sections 2.5 and 3.3 of this document.

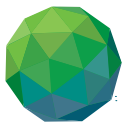
Table 5. Proposed Budget of the Independent Integrity Unit for 2022 (Cont.)

		Approved Budget for 2021	Draft Budget for 2022	Increase		% of Budget
				USD	%	
4	Shared Costs' Allocation					
4.1	Shared Costs' Allocation	210,673	349,506	138,833	66	45
	Sub-total: Shared Costs' Allocation (4)	210,673	349,506	138,833	66	45
	Grand Total (1+2+3+4)	2,796,393	3,102,910	306,517	11	100

2. The following table elaborates on the expenditure framework by presenting the cost allocation per identified output or key priority:

Table 6. Proposed 2022 IIU Budget: Cost Allocation per Identified Key Priority

Output	Output Description/ Budget Categories	Total Budgeted Amount	Budget Allocation (%)
1	Optimise Investigation Efficiencies and Capacities		
1.1	Full-Time Staff	743,787	
1.2	Consultants	3,557	
1.3	Travel	-	
1.4	Professional Services	-	
1.5	Other Operating Costs	37,600	
	Sub-total: Optimise Investigation Efficiencies and Capacities (1)	784,944	25
2	Intelligent Automation and Risk Mitigation		
2.1	Full-Time Staff	328,510	
2.2	Consultants	3,557	
2.3	Travel	-	
2.4	Professional Services	-	
2.5	Other Operating Costs	67,323	
	Sub-total: Intelligent Automation and Risk Mitigation (2)	399,390	13
3	Integrity Policy Guidance and Implementation Oversight		
3.1	Full-Time Staff	402,945	
3.2	Consultants	5,063	
3.3	Travel	-	
3.4	Professional Services	-	
3.5	Other Operating Costs	10,000	
	Sub-total: Integrity Policy Guidance and Implementation Oversight (3)	418,008	13



Output	Output Description/ Budget Categories	Total Budgeted Amount	Budget Allocation (%)
4	Technical Assistance to Strengthen Capacity of Accredited Entities		
4.1	Full-Time Staff	343,563	
4.2	Consultants	47,614	
4.3	Travel	-	
4.4	Professional Services	-	
4.5	Other Operating Costs	33,300	
	Sub-total: Technical Assistance to Strengthen Capacity of Accredited Entities (4)	424,477	14
5	Integrity Risk Assessment and Proactive Integrity Reviews		
5.1	Full-Time Staff	315,620	
5.2	Consultants	5,063	
5.3	Travel	13,560	
5.4	Professional Services	50,000	
5.5	Other Operating Costs	21,000	
	Sub-total: Integrity Risk Assessment and Proactive Integrity Reviews (5)	405,243	13
6	Awareness Raising, Communications, and Enhancing Operational Efficiencies		
6.1	Full-Time Staff	279,089	
6.2	Consultants	31,723	
6.3	Travel	-	
6.4	Professional Services	-	
6.5	Other Operating Costs	360,036	
	Sub-total: Awareness Raising, Communications, and Enhancing Operational Efficiencies (6)	670,848	22
	Grand Total (1+2+3+4+5+6)	3,102,910	100

3. The table below further describes the expenditure framework with a breakdown of the budget into contingent and non-contingent costs:



Table 7. Proposed 2022 IIU Budget: Contingent and Non-Contingent Costs

Cost Categories		Draft Budget for 2022	Budget Allocation (%)
NON-CONTINGENT COSTS			
1	Salaries and Consultants		
1.1	Full-Time Staff	2,428,575	
1.2	Consultants	41,015	
	Sub-total: Salaries and Consultants (1)	2,469,590	
2 Contractual Services			
2.1	Operating Costs	43,300	
2.2	Professional Services	50,000	
2.3	Brand Promotion	7,000	
2.4	Information Communication and Technology	129,454	
	Sub-total: Contractual Services (2)	229,754	
3 Shared Costs' Allocation			
3.1	Shared Costs' Allocation	349,506	
	Sub-total: Shared Costs' Allocation (3)	349,506	
A	TOTAL NON-CONTINGENT COSTS (1+2+3)	3,048,850	98
CONTINGENT COSTS			
4	Salaries and Consultants		
4.1	Full-Time Staff	-	
4.2	Consultants	40,500	
	Sub-total: Salaries and Consultants (4)⁴	40,500	
5 Travel			
5.1	Travel	13,560	
	Sub-total: Travel (5)⁵	13,560	
B	TOTAL CONTINGENT COSTS (4+5)	54,060	2
	Grand Total (A+B)	3,102,910	

⁴ Includes consultancy fees for capacity building and peer learning programmes.

⁵ All anticipated travel costs have been considered contingent due to uncertainties on whether and when travel restrictions will be lifted, and regular flight operations will resume considering developments with the COVID-19 pandemic. Taken into account are official missions related to the operationalisation of the Proactive Integrity Reviews.

Annex IV: Organogram of the Independent Integrity Unit

