



Putting climate finance on the Rio+20 agenda

Transparency International

Climate finance has the potential to become a powerful driver of sustainable development; the goal of the Rio+20 agenda. By supporting emissions mitigation, climate change adaptation and capacity building in developing countries, it could help build the governmental, social, economic and physical infrastructures that are essential for achieving poverty reduction and growing the green economy.

If the Rio+20 agenda fails to address corruption, however, it will make reaching these aims impossible.

Decades of experience in development aid have taught us that anti-corruption safeguards should not be an afterthought. They need to be written into the design of climate finance mechanisms and processes now, while they are still taking shape.

The Rio+20 conference provides an unprecedented opportunity to set the right anti-corruption agenda for climate finance. This year the global Green Climate Fund will enter into operation, once critical decisions are taken over its governance structures. In 2012, OECD countries will also have to deliver on outstanding fast-track climate finance commitments, meaning billions of US dollars should enter circulation before December. It is vital that this money gets to where it's needed most.

We urge Rio+20 delegates to help ensure that climate finance enhances sustainable development at international, national and local levels by bringing related measures into any resulting agreement. In this context we offer the following recommendations:

Financial tracking and coordination

- All governments should agree on a methodology to monitor the flow of funding through international and national channels in a coordinated, coherent and comparable manner
- All governments should tag climate investments for their developmental benefits, in the same way that adaptation benefits are tagged on development funding
- Donor governments should harmonise their country assistance strategies under the leadership of the recipient country to ensure comprehensive and coherent support to all relevant institutions
- Recipient governments need to report on the integration of climate finance into national policy, planning and budgetary systems
- Funds and funding mechanisms should develop standard criteria for the monitoring, reporting and evaluation of all projects, and apply these to all stages of project design and implementation.

Due diligence

- Donor governments need to assure due diligence in their financial assistance to potential recipient countries by conducting governance assessments that take into account corruption risks. This practice should be mainstreamed into social and economic development, environment and climate change related operations.

Capacity development

- Donor governments must ensure that sufficient funding is designated per country for capacity-building and the development and implementation of national adaptation programmes of action (NAPAs)
- Donor and recipient governments must guarantee that national entities established for managing funds are equipped with the resources and capacity to fulfil their fund allocation and monitoring role
- Governance capacity development in requesting countries should include specific anti-corruption measures that help countries in their efforts to strengthen the integrity of their institutions and legal and regulatory frameworks.

Meaningful transparency

- Publicly funded bilateral and multilateral funds and funding mechanisms should ensure complete operational transparency in decision-making processes and spending allocations. This should include information on the review of potential beneficiaries' capacities to meet funding requirements
- Donor and recipient governments should commit to full budget transparency in relation to adaptation and mitigation spending, by revenue source, sector and at all expenditure levels
- All governments should ensure that all documents related to proposed, eligible, funded and to be funded climate projects must be made available to the public in an easily accessible and timely manner, to facilitate meaningful citizen engagement
- Publicly funded bilateral and multilateral funds and funding mechanisms need to uphold the highest standards of transparency and independence in performance and project evaluations
- Private sector actors in receipt of climate funds should be required to report in a transparent and regular manner on their results and achievement towards sustainable development goals.

Enforceable accountability

All entities (public and private) responsible for climate finance decisions, disbursements and uses should ensure that:

- Clear roles, responsibilities and chains of accountability are determined for all staff
- Legal, administrative or other policies, procedures and mechanisms are in place to ensure due processes to determine accountability or liability and respective penalties in cases of corruption or fraud
- Clear guidelines exist for processing complaints and managing cases of corruption and fraud before, during and after investigation
- Sufficiently-resourced hotlines are established to receive allegations of suspected unethical behaviour, fraud or corruption
- An autonomous committee or department is in place to coordinate and respond to complaints received through hotline reporting

- Clear policies and procedures exist to protect whistle-blowers against retaliation and to ensure due process, confidentiality and/or anonymity as requested.

Oversight

Governments need to ensure that:

- National entities exist with the capacity to monitor the disbursement and implementation of funds and apply tools for identifying corruption in the implementation of projects
- Relevant oversight bodies are staffed by salaried professionals, with technical expertise. All staff should have proven themselves to be free from conflicts of interest stemming from personal stakes in carbon markets, offset or adaptation projects or representative roles in climate negotiations
- Monitoring and evaluation processes are supported by multi-stakeholder consultations, where inputs from civil society and other independent groups are mandatory.

Public participation

Governments need to make sure that:

- The planning and prioritisation of projects encourages local ownership and long-term sustainability by ensuring the consultation and participation of those most directly affected
- Civil society organisations are charged with monitoring and evaluating programmes and projects at various levels of design and implementation
- International climate finance should in part contribute to supporting civil society in these roles
- Civil society input and reports are made publicly available.