Dear Mr President,

As host of this year’s Conference of Parties, we would like to appeal to you to advocate for the integration of crucial transparency and mutual accountability mechanisms into climate finance and policy-making at the upcoming G20 summit in Cannes.

As you are aware, at COP 17 the design of the Green Climate Fund will be determined, as will the future of carbon market mechanisms. If designed well, both have the potential to play a pivotal role in mitigation and adaptation efforts in the crucial years to come. Beyond these considerations, much remains to be done to bring clarity and efficiency to climate finance policy and practice more broadly.

Decades of experience with development aid have taught us that proactive measures must be in place to safeguard policy-making and financing against corrupt abuse or mismanagement. Corruption threatens to colour decisions regarding how, for what and to whom climate finance is apportioned at both global and national levels. It decreases cost-effectiveness and output quality and hampers sustainable development. In short, corruption risks increasing our vulnerability to the affects of climate change. Nobody can afford for that to happen.

Transparency and accountability are corruption’s best cures. As such we support recommendations to the G20 by the World Bank, IMF and Regional Development Banks to improve systems to measure, report and verify flows of climate finance so as to ensure utmost transparency, accountability, comparability and comprehensiveness.

To this end governments should:

- Agree on clear rules and compliance measures regarding climate expenditures to facilitate greater integrity on the part of contributors and recipients
- Ensure full transparency in flows of funding for mitigation and adaptation, to enable third party oversight and strengthen the legitimacy of decisions and decision-makers
- Strengthen coordination and operational transparency in funds that are disbursed across various bilateral and multilateral streams
- Develop standard criteria for tagging funds for specific purposes and reporting on the
financing of projects, to ensure it is systematic from planning to implementation

- Agree on a robust system to measure, report and independently verify greenhouse gas emissions, and ensure the technical capacity, expertise and financial resources to ensure its effectiveness.

With reference to the carbon markets it has been noted in the World Bank’s G20 submission document that failing to raise revenues by giving away emissions allowances for free, or by failing to use revenues productively, substantially raises the overall cost of carbon pricing policies. While this is true, it is crucial that we shift our understanding of success beyond narrow considerations of markets to account for the environmental and social damage brought by the overcrediting of projects, and double-counting and fraudulent trade of carbon.

Adaptation finance must also address social vulnerability, which is often caused or exacerbated by large scale structural factors that can only be addressed through effective transparency and accountability mechanisms that lead to good governance at all levels.

Strengthening climate governance will help facilitate fair, efficient and effective mitigation and adaptation policies and strengthen sustainable low carbon development. At this critical time in international negotiations we call on the South African government to take decisive leadership. We ask you as hosts of the upcoming Conference of Parties to emphasize and facilitate policy-making that ensures that climate financing and market mechanisms are harnessed as vehicles to promote transformational change for better global governance and a safer, fairer world.

Should you have further questions, please do not hesitate to contact: Alice Harrison, Transparency International (+49-30 343 820 900 or aharrison@transparency.org).

Signed by,

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