Transparency International’s (TI) climate team comprises researchers, advocates and campaigners based in Latin America, Africa, Asia and our secretariat in Europe. Our strongest presence is in Asia, with staff in Bangladesh, Indonesia, Maldives, Papua New Guinea and Vietnam. Together we work to ensure that climate money – public funds for preventing climate change and readying countries for their effects - are spent with integrity, free from corruption and fraud.

TI’s recent Climate Finance Integrity Talk in Bangkok was an opportunity for our Asian team to come together with experts in climate finance and anti-corruption to debate some of Asia’s key challenges and opportunities in the field of climate governance. The event drew people from some 20 countries, and across sectors. It was aimed at forging new alliances, co-authoring policy and practical recommendations, and informing the future direction of TI’s work.

When TI embarked upon its investigations into climate finance there were three things that we knew and one thing that we didn’t. We knew the scale of the challenge. In the past year alone we have seen a number of disasters – cyclones in the US, floods in Pakistan, droughts in Kenya. We knew that industrialised countries had pledged USD 100 billion a year by 2020 to try to tame our changing climate. We also knew that many of the countries in receipt of climate finance are simultaneously struggling to control corruption.

What we didn’t know was whether sufficient efforts were also underway to shield climate investment against corruption.

So we began asking questions. We started with the global climate funds – trawling through their documentation to see what policies and procedures they had in place to deter corruption. How transparent are they? Is detailed information available on money flows, spending decisions and decision-makers? Are independent bodies on hand to ensure that the fund’s operations are clean?

And what happens if corruption does occur? Where can climate-affected citizens voice their grievances? Who is in a position to investigate? What are the sanctions?

What we found was that procedures to penalise corrupt behaviour were generally weak. Imagine that a member of the board decides to fund one project over another because he has a stake in the company who’s carrying out the work, or because that company is owned by a friend. Only one of the nine funds we looked at has a policy response to that question. Beyond that there is silence.

Further downstream, climate money is passed from the funds to their implementing partners. There are requirements on those bodies to comply with a number of safeguards, but once the money has been transferred there is no apparent follow-up to ensure that they are being enforced.

As the Green Climate Fund prepares to become operational next year we are calling on its architects to offer greater assurances that climate money gets to where it’s needed.
While our colleagues at the TI secretariat were analysing the extent to which the global climate funds are corruption-proofing climate finance, at TI Bangladesh we wanted to know what happens once it arrives in our country.

Our first challenge was to get an overview of how much climate finance was flowing where. There is no single database for all climate financed projects in Bangladesh, and information provided by government ministries, donor websites and think tanks each offers contradictory information. So the short answer is that we are still in the dark.

The picture gets less transparent still when you dive deeper into the details of decision-making. Bangladesh’s two national climate funds - the Bangladesh Climate Change Trust Fund and the Bangladesh Climate Change Resilience Fund – provide some information on projects that they are funding, but no background on why certain projects were chosen over other ones. When we submitted Right to Information requests for more data these yo-yoed between the World Bank office and various government ministries and funding bodies, none of which responded in a satisfactory manner. This points to a worrisome lack of clarity over which actors are responsible for what, and indicates that some members of Bangladesh’s climate regime may not actually have a clearer understanding than us as to why climate money ends up where it does. Especially given recent scandals over partisan political influence swaying decisions over the allocation of climate resources, we need more proof that decision-making is transparent, clean and fair.

“Currently it is only the donor governments who are obliged to report on their disbursements. More pressure could be exerted on recipient governments to report on the climate finance that they receive from international sources, so that this data can be checked against donor reports.”

MARTHA MAULIDIA, GIZ.

“Nowhere in the Maldives was there a list of climate projects. We had to know that a project existed in order to be able to investigate the amount of funding it was receiving.”

HAIFFA NAEEM, TRANSPARENCY MALDIVES.

“In Bangladesh there are 37 agencies responsible for the delivery of climate finance, but no one institution for making that data available. The government has its own policy on information disclosure but its implementing partners have another set of rules. This makes it extremely difficult to know who is really responsible for what information.”

SUJALA PANT, UNDP.

“In the Maldives we found the criteria for projects very questionable, with no real explanation for why certain islands were selected and others overlooked. Donor governments should be encouraged to communicate spending criteria more openly and publish these so that climate-affected populations know what money they might be eligible for. This will bring greater transparency to decision-making processes, not only money flows.”

HAIFFA NAEEM, TRANSPARENCY MALDIVES.

“There needs to be more proactive disclosure on the part of recipient governments. Those people who are not literate in my country’s Right To Information act will never see this information. CSOs must find ways to communicate complex issues to the beneficiaries or stakeholders of climate finance projects to ensure they can demand transparency and accountability. This could happen through public hearings, for example – arranging face-to-face meetings with the relevant authorities or agencies, for genuine social accountability.”

ZAKIR KHAN, TI BANGLADESH.
“Transparency is greatly hindered by the lack of a clear delineation on what climate finance is and what it is not. A lot of climate finance is being channelled through government budgets but in the absence of a climate-related tag it might pass under the radar, or get confused with something else. More work needs to be done on budget code definition and tracking.”

MAR ThA MAULIDIA, GIZ.

“Climate money is ushering in a new phase of international cooperation, with new investment partnerships forged between developed and developing countries, new financial institutions operating alongside old ones, and shifts in ministerial mandates. This is creating a complex overlay of parallel accountability structures, whereby it can be hard to gain clarity over roles and responsibilities, and even harder to establish liability when things go wrong.

The second podium discussion at the Bangkok Climate Finance Integrity Talk centred on national level accountability of climate finance. Our panelists were Professor Ak. Enamul Haque (United International University of Bangladesh), Gita Syahrani (Indonesian REDD+ Taskforce), Masud Ahmed (Comptroller Auditor General of Bangladesh), Jerry Bagita (TI Papua New Guinea) and Ahmad Dermawan (CIFOR Indonesia). Here are some highlights from the discussions.

HOLDING CLIMATE FINANCE ACCOUNTABLE IN-COUNTRY WHERE WE ARE AND WHAT NEEDS TO BE DONE

SUJALA PANT, UNDP.

“Issues of climate finance transparency and accountability need to be set within the context of a country’s overall state of transparency and accountability. Rather than imposing parallel systems onto them, existing country systems should be used as much as possible. In this sense climate finance can have a transformational aspect to a country’s overall governance.”

GITA SYAHRANI, INDONESIAN REDD+ TASKFORCE

“The situation we face with REDD+ in Indonesia is one of several layers of accountability. We are trying to close as many gaps as possible through the creation of a REDD+ agency that’s solely dedicated to REDD+ activities – to coordinate the relevant ministries and agencies. We have been working closely with TI Indonesia in dealing with CSOs on anti-corruption and fiduciary safeguards. We hope that the agency will be established very soon.

Beyond this, as much engagement as possible is needed from local and national CSOs from the very beginning of policy or project design – so that their experiences can be incorporated and they can forge a partnership with us. At FREDDI (Fund for REDD+ Indonesia) we started holding monthly meetings for stakeholder feedback, but discovered that much was left unsaid when the fund tried to lead these discussions. We have our own grievance mechanism but have relied a lot on TI Indonesia to run regular public hearings for grievances, and relay these back to us on people’s behalf.”

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Serious issues in the judiciary. To effectively prosecute cases and address the sure of the government’s will and capacity, no-one has in fact been prosecuted. We pursued and it led to a commission of corruption in the forestry sector which was woefully lacking in integrity. Climate finance donors are providing funding to Papua New Guinea against a backdrop of governance systems that are woefully lacking in integrity. Climate finance is provided through agencies like AUSAID and UNDP, some of which have trust accounts presided over by the head of a government department, but how they report on the disbursement of those funds is not public - it’s between the donor and department. The donors don’t make available their acquittal reports, they talk directly to the state and that’s where it stops. Our Auditor General is about ten years behind the country’s reporting accounts, and has never been summoned to a public hearing. We need to mobilise civil society to demand more accountability.

At TI PNG our ALAC (Advocacy and Legal Advice Centre) operates as an independent complaints mechanism. We don’t prosecute cases, but we provide free legal advice and support to people – we take up complaints and package them and take them to the relevant authority. We received a report of corruption in the forestry sector which we pursued and it led to a commission of enquiry. But that report is merely gathering dust - no-one has in fact been prosecuted. So it’s one thing to have a grievance mechanism in place, but we need to be sure of the government’s will and capacity to effectively prosecute cases and address serious issues in the judiciary.

“Faced with the scale of the climate challenge, our traditional approach to accountability and transparency from a project spending point of view is no longer sufficient. We have to look not at how the money is spent but how the money was designed to be spent. Currently the project design phase doesn’t rely on much participation beyond the technical experts. More broad-based input is required at this stage, but also throughout the project cycle - so that auditing takes place not as a one-off at the end of a project but for its duration. This management aspect is missing, meaning that certain projects fail. That in itself is tantamount to a misuse of funds.”

NATIONAL POLICY-MAKERS SHOULD:

- Develop a clear and consistent system of budget classification that allows the identification and tracking of climate resources across sectors.
- Create a centralised independent body to track all investment coming into a country.
- Bolster the frequency and quality of climate finance reporting so that data can be easily understood and compared with donor reports. Clarifying who or what national body is responsible for this would be one initial step in this direction.

GLOBAL POLICY-MAKERS SHOULD:

- Strengthen donor due diligence, including better compliance monitoring of the accountability measures that are outlined in the Paris Declaration on Aid Effectiveness. Better accountability metrics are required that log and monitor climate finance volumes, target sectors, projects and countries, to offer greater assurances that spending is needs-driven.

CIVIL SOCIETY SHOULD:

- Aim to integrate CSO-led anti-corruption complaint bodies with national government systems, with a view to transitioning to a government-led initiative in the long-term. These grievance mechanisms should ensure accessibility through a toll-free hotline, the efficient recording and tracking of complaints for advocacy purposes, and education and outreach to inaccessible communities.
- Conduct thorough, expert-led monitoring of climate projects - including reviewing project proposals, interviewing officials, contractors and other relevant stakeholders, and conducting field visits to project sites to verify compliance.
- Develop/ strengthen databases of information on climate projects and monitoring activities to share knowledge and better advocate at national, regional and international levels.
- Better engage the media to act as climate finance watchdogs, including investigative journalists and social media experts.
- Host community public hearings so that citizens increase their awareness of climate change and are able to exchange ideas and experiences. This information should be fed back to climate finance decision-makers.
- Play a proactive role in contributing to decision-making processes around the allocation of climate finance, so as to better ensure that it is needs-driven.

Participants broke into three groups to discuss potential policy and practical fixes to some of the challenges that had been outlined in the previous sessions. Here are some of the ideas that were floated: