

STRENGTHENING CLIMATE GOVERNANCE

THE SITUATION

The most recent IPCC report calls for urgent and ambitious action to tackle the unprecedented impacts of the ongoing climate crisis. At the same time, **corruption is a major barrier to the success** of climate adaptation and mitigation measures. Despite worldwide mobilization on climate, the level of ambition is still insufficient. As Jane Goodall said: ‘the biggest evil that we have to overcome, to save the planet, is corruption’.

The scale of the climate challenge is immense and the need to stimulate investments has never been greater. International funding for environmental protection and climate change adaptation and mitigation is set to reach over US\$ 100 billion per year by 2020; much more is and will be spent through domestic budgets – around US\$ 600 billion.

Under the Paris Agreement, countries have committed to a Transparency Framework. But more needs to be done: we need to ensure that this money actually reaches the most vulnerable people and halts the march of climate change. Countries receiving climate financing desperately need and deserve it, so allowing [these funds to go missing](#) is not an option.

A risky context

The [rates of corruption in climate vulnerable countries](#) receiving climate finance is a serious cause for concern¹. The climate funding landscape is complex and fragmentary, which complicates efforts to track financial flows (there is still no universally agreed upon definition of climate finance), and to ascertain who should be held accountable for decisions/results.

An overarching challenge for climate governance is that its domain involves some of the **most corrupt sectors**, including construction, forestry and the energy sectors:

- The UN estimates that each year USD 20-40 billion - corresponding to 20-40% of official development assistance² - is stolen through high-level corruption and hidden overseas.
- Corruption in procurement can total 10-25 % of contract’s value and up to 50%.
- An estimated 50-90% of all forestry in key producer tropical countries is illegal, and laundered by pulp and paper industries, sometimes through shell companies.
- According to UNODC and Interpol, corruption is the most important enabling factor behind illegal wildlife and timber trade.
- The World Bank suggests that 20% to 40% of water sector finances are being lost to corrupt practices³; similar rates apply for the transport and energy sectors.

The impacts of climate change reverberate worldwide, but corruption exacerbates these impacts, which will be most devastating for poor people and poor countries. Corruption also enables environmental crimes like illegal logging or mining, and, in many cases, the [killings of environmental defenders](#). A recent study shows that rule of law and corruption indices are closely linked to patterns of killings.

Sustainable Development Goals

Curbing climate change is possible but is stymied by vested interests from financial and economic systems, and a lack of political will. Corruption harms development and the environment; it reduces efficiency of climate finance and climate efforts. We need to **mainstream SDG 16 into SDG 13**. By reducing corruption undermining climate investment and action, increases in trust will in turn, amplify the volume of climate finance delivered to support climate mitigation and adaptation.

¹ Source: [Corruption Perceptions Index 2018](#)

² Source: [UNODC-World Bank StAR Initiative](#)

³ Source: [Water Integrity Network](#)

RECOMMENDATIONS FOR COP 25

Climate change is a governance challenge, but **good governance** is often the last aspect to be addressed. We urgently need to shift perspectives and **accelerate efforts towards transparency, accountability, and integrity** to ensure effective action against climate change.

End undue influence to raise COP ambition

- The fossil fuel industry exerts disproportionate, moneyed influence over policy making. The five largest oil and gas majors have invested over \$1 billion in the three years following the Paris Agreement on misleading climate-related branding and lobbying⁴. This probably explains why the yearly subsidies for fossil fuel remain much higher (\$270 billion) than for renewables (\$150 billion)⁵. COP parties must ensure **equal-opportunity to shape climate policy**, by ensuring meaningful access to consultations to ordinary citizens and other advocates, as well as preventing conflicts of interest.
- Only a few countries disclose lobbying and campaign finance information that allow researchers to track and identify money flows poured into lobbying activities to influence climate policy. Parties therefore must combat undue influence and state capture as a priority through stricter, integrity-enhanced **regulatory frameworks to level the playing field in campaign finance and lobbying** – including introducing codes of conduct.

Protect civic space & environmental defenders for NDC enhancement

- Civil society can play an important role to raise ambitions: national NDC review processes should be inclusive and transparent and engage all national stakeholders. A **formalized space for citizen participation** must be ensured at all stages of climate project's cycles – from policy design, to project implementation and evaluation.
- National oversight bodies and judicial institutions do not always operate in a culture where they hold each other accountable: national legal and policy frameworks have to allow access to information as well as **safe channels to report corruption, and protect whistleblowers**. In Latin America and the Caribbean, the Escazú agreement should be ratified as soon as possible to guarantee access to information, justice and citizen participation.
- Just over 10% of murders of environmental defenders result in a conviction: this **level of impunity** is shocking. Environmental defenders should be protected and law properly enforced, instead of using corrupt ways to intimidate and criminalise them.

Ensure Article 6 guarantees environmental integrity in carbon markets

- Double counting of emission reductions can undermine the integrity of carbon markets; as demonstrated in previous large-scale fraud scheme and misuse of power by officials. **International oversight** is needed to ensure robust common international accounting, including more detailed rules rather than general principles to avoid fraud.
- Clearly defined **social, environmental, and anti-corruption safeguards** should be established and applied throughout project activities. They need to be consistent with international obligations, including human rights and the 2030 Agenda for a sustainable development framework, as well as reflect the local environmental and social context.
- Establishment of a **grievance mechanism** and mandatory local stakeholder consultation procedures to avoid and remedy adverse local impacts are of key importance.

CONTACT

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⁴ Source: [InfluenceMap report 2019](#)

⁵ Source: [IMF Fiscal Monitor 2019](#)