

## **The importance of good climate governance**

### **Keynote speech: Huguette Labelle, Chair, Transparency International**

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Launch of Global Corruption Report: Climate Change

Mme Chair, Honourable Minister Dr. Mahmud, Chairman Mr. Rahman, Mr. Saber Chowdhury MP, members of the panel, distinguished guests, friends at Transparency International Bangladesh, ladies and gentlemen, , good morning, and thank you for coming today.

#### **1. Introduction**

It gives me great pleasure to launch the Global Corruption Report: Climate Change here with you in Dhaka today.

The cover of our report recognizes that Bangladesh is on the front line in the fight against climate change. It shows the sea wall at Pankhali, which has to be constructed higher every year as the sea waters rise to protect thousands of people. It is a very physical manifestation of what still remains abstract to many people: the very real effects of climate change.

Today we want to warn people around the world that corruption, like rising sea waters, can also weaken our defences. And like climate change, it is a global problem that strikes the poor and vulnerable hardest.

## **2. Corruption as a global challenge**

Let us be honest: climate change is the greatest challenge our planet faces today, and we need to do everything we can to reduce its impact. That means making sure corruption does not threaten the effectiveness of our efforts. Strengthening the governance of the money and mechanisms aimed at combating climate change can reduce corruption risks and make climate change policy more effective and more successful. That is the key message of our report.

You already know the costs of corruption. It causes the misallocation of resources and mismanagement of the public good, distorting the economy and feeding poverty. We have to work to ensure that corruption does not also threaten efforts to combat climate change.

We need look no further than the mangroves that surround us. As my colleagues from Transparency International Bangladesh write in one case study in today's report, illegal logging is already threatening to harm one of your most important natural defences against cyclones and flooding: the Sundarbans, one of many forests under threat from illegal logging.

Corruption has been a barrier to good management of forests for decades. This problem takes up the entire last section of our report. If the Sundarban is lost, Bangladesh will be even more vulnerable to climate disasters. Corruption not only costs, but kills.

### **3. Corruption as a global challenge and the role of TI**

For 18 years Transparency International has been fighting against corruption, beating the drum to ensure that it is placed high on the world agenda. We know too well the costs: the estimated cost of corruption worldwide is more than 5 percent of global GDP (US\$ 2.6 trillion) with over US\$ 1 trillion lost in bribes each year.

Although the recent events in the Middle East and North Africa had a number of contributing factors, corruption was the common denominator. Across the world, we are seeing growing awareness among leaders that a lack of transparency can make it harder to fight corruption, be it in government, in the judiciary or in the economy.

State institutions matter in preventing and tackling corruption. Effective anti-corruption commissions play a leading role in this regard, and I am happy to see you here today Mr. Rahman.

The experience of Transparency International Bangladesh, the largest national chapter in our movement, shows how public awareness of a problem and mobilisation helps to fight it.

Our new strategy will bring us to work together to empower people, strengthen institutions, advocate the enforcement of effective anti-corruption laws and instill integrity, particularly in our youth.

Part of that strategy is reaching out to new sectors at risk from corruption, like climate change, and showing how climate policy-makers, NGOs, the private sector, and citizens can fight corruption if they work together.

#### **4. Why are we tackling Climate Change: good governance in climate funding**

Our message is that building integrity, accountability and of course, transparency into climate governance will make measures to combat climate change more effective. Our new report raises the awareness of corruption risks but it underlines the positive message that there is a way to tackle them.

As I read this report, I became more determined that we have to make sure that climate governance is a case study for good governance, not a cautionary tale of a good idea, poorly implemented. We can do this if we learn from our experiences fighting corruption around the world.

The United Nations, the World Bank, the European Union will all distribute climate funds of their own. So will governments and other bilateral donors. They all have their own ways of managing funds.

These resources are key to deal with climate change but who will oversee this spending? Who will verify its impact? These are important questions that our report addresses.

As governments prepare to spend up to US \$100 billion annually by 2020, we warn of the corruption risks of climate finance flowing through new untested channels and we therefore recommend strengthening governance systems to tackle them.

By 2015, it is estimated that 375 million people will be affected by climate-related disasters every year. Disasters expose the human cost of corruption most cruelly.

We believe that civil society has an important role to play giving citizens a voice and keeping track of where all the money goes. In Bangladesh, and around the world, Transparency International knows citizens are a powerful force if they can be empowered to fight corruption.

This is already happening in the world of climate funding. Local citizens in many countries are campaigning and raising their voice in making sure environmental assessments are done and followed through with necessary measures.

## **5. Governance – TI's niche area and a vital one for climate finance**

Climate governance has no one body that the public can identify as responsible for climate change and look to for leadership. It is an umbrella term for all the institutions that will disburse funds, oversee their use and monitor emissions reductions. With this in mind, all actors in climate change must be aware of the corruption risks and their role in building integrity.

Climate change governance will face old corruption risks like policy capture, conflicts of interest, mismanagement of public resources or creative accounting. However, new institutions and new funding creates new risks that require sound financial management, independent oversight bodies and access to information for the public.

For example, when countries like Bangladesh benefit from financing mechanisms like the Global Climate Fund, there must be opportunities for public participation in spending decisions.

That's where the Bangladesh Climate Change Strategy and Action Plan comes in, and where civil society oversight is so important.

I am heartened to see media reports that the Parliamentary Committee has so actively stressed the importance of transparency and accountability in the use of the Climate Change Trust Fund in Bangladesh.

If citizens, donors and governments are agreed on the priorities, there will not only be greater trust, but a higher chance that projects will have the desired impact.

## **6. What Transparency International recommends in the Global Corruption Report on Climate Change**

Our confidence in the positive impact of transparency and accountability on the management of the public good informs our recommendations.

There are a number of recommendations; here are some of the key ones which I will try to summarise.

**The first point is that climate funding must be transparent.** Common benchmarks and registries are essential for the public to be able to track the various climate funds and market mechanisms that exist. Dozens of governments are showing that this information can be made available to the public by using e-government to make their budgets available to the public on the internet.

**Secondly, climate funding must be monitored by oversight bodies staffed by independent professionals.** Until now, too many experts overseeing climate projects have their salaries paid by the project they are

auditing – a centralised fund for project verifiers would help achieve this. Watchdogs cannot work effectively if their job calls on them to bite the hand that feeds them.

Such bodies need to be clearly identified by all donors. Our report warns that the role of the UN Transitional Committee to administer its Green Climate Fund still needs to be defined and the UN Framework Convention on Climate Change, as yet provides no means and powers of verification and enforcement of emission targets.

**Third, make sure reporting on climate projects is systematic from planning to implementation,** governments should develop standard criteria for monitoring, reporting and evaluation of all projects.

Countries that receive funds will need to have national monitoring and reporting systems in place to make this a reality, and bodies responsible for identifying corruption. Governments should follow the example of Bangladesh and publish national strategies for using climate funding. They can use existing systems for accountability, ombudsman, whistleblowing, anti-corruption bodies, and international frameworks like the UN Convention against Corruption.

**A fourth recommendation is that civil society groups work together and empower people to play their part, especially in monitoring local government spending and decision-making.**

We will reach out to other civil society groups and encourage them to play a part in oversight and building capacity to do so.

As part of a multi-country project, our Climate Governance Programme will map the actors involved in climate finance including Bangladesh and carry out risk assessments within their country.

**The fifth, and most urgent message I have, is that transparency must be built in from the start,** as an integral part of climate policy. This is to take nothing away from the urgency of disbursing climate funding quickly.

## **7. Conclusion: a global problem at your doorstep**

I started by talking about the Sundarbans and corruption. We know that good management of the planet's resources - and of financial resources set aside to protect them - is the only way we can tackle climate change.

What we know is that international organizations, governments, companies and citizens must work together to guarantee the transparency, accountability and integrity needed for good management.

The Sundarbans typify the challenges before climate governance: manage climate change and corruption problems together and you are less likely to be submerged by them.

As I said at the beginning, the cover of the Global Corruption Report shows the man made sea wall at Pankhali that has to be raised every year. We cannot keep building the wall higher and higher. One day we have to

look beyond the wall and work with our neighbors to tackle the problem of the rising tide. That day has come.

Thank you.

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