Why do we need to address good governance in Climate Finance?

Climate change is arguably the greatest challenge the world has faced yet. From prolonged and frequent droughts to erratic rains, floods and extreme weather events, the effects of climate change are being experienced with far reaching impacts on vulnerable populations particularly in developing countries. Addressing climate change will require mobilization of massive financial resources directed towards adaptation and mitigation interventions. Climate finance can mean money that is spent on halting global warming (mitigation) which could include renewable energy, clean transport, carbon markets or reforestation projects. It can also mean money invested in adapting to climate change, which requires infrastructure such as flood defense walls, irrigation systems or emergency shelters. As the impacts of climate change continue to manifest, and as parties seek to reduce vulnerabilities and develop low carbon pathways, the demand and supply for climate finance is expected to grow in magnitude and scale. If climate finance is not utilized in a manner that will see achievement of the desired outcomes and impacts, greenhouse gas concentrations in the atmosphere will continue to soar, leading to significant temperature rises of more than the desired 1.5°C and communities will be left more vulnerable to the impacts of climate change.

Are Climate Finances safe from Corruption?

The systems through which climate finances are being channeled through are new and untested. This makes them susceptible to corruption. Finding information about precise figures, transactions and decision-making processes can also be very hard, however, if not impossible. In addition, the people worst affected by climate change are usually excluded from the debate. The voices of indigenous and remote communities and poor people in cities are rarely heard. This shows how urgently we need transparent and accountable climate governance.

With poor governance of finances set aside to address these effects, the number and magnitude of communities suffering from climate change impacts would increase. Climate finances agreed in 2009 in Copenhagen are set to increase to USD100 billion by 2020. The Paris Agreement of 2015 extends this period to 2025 beyond which the scale of finances will be adjusted upwards. These resources are likely to flow through the same traditional systems characterized by poor governance, lack of transparency, participation and accountability. This is further worsened by the need to fast-track solutions to address climate change.

Developing countries that are most vulnerable to effects of climate change also rank lowly on the TI Corruption Perception Index meaning that public sector corruption in these countries is perceived to be high. Kenya is one such country where corruption has been cited to be a major hindrance to development. In 2014, Kenya was ranked at position 145 out of 175 countries with a score of 25/100. This remained largely unchanged in 2015 with a rank of 139 out of 168 and the same score. This places an inherent risk on climate finances that Kenya receives. It is against this background that the Climate Governance Integrity Programme advocates for good governance, transparency and accountability in climate finance in order to make climate investments effective.

Corruption Risks in Climate Finance

Climate finance is likely to be faced with increased corruption risks due to:

1. **A lack of transparency and public disclosure in decision making processes**
2. **Policy capture and undue influence from interested parties**
3. **Conflict of interest**
4. **Creative accounting and reporting**
5. **Double counting of finances and emissions**
6. **Mismanagement of public resources**
7. **Embezzlement and misappropriation of funds**
8. **Lack of public participation and civil society engagement.**

Goal of the Climate Governance Integrity Programme (CGIP)

The goal of the project is to contribute towards the promotion of transparency, accountability, integrity and anti-corruption safeguards in Climate Finance Governance in Kenya:

The specific goal is to increase the capacities of Transparency International Kenya and Climate Finance Governance stakeholders to better engage, cooperate, advocate and contribute to climate finance governance policy development, implementation and oversight.

OBJECTIVES OF CGIP

- To promote and strengthen anti-corruption safeguards in climate change mitigation and adaptation activities.
- To increase people and stakeholders' ability to contribute to the development, implementation and monitoring of climate finance policy.
- To develop, through training, the capacity of the networks and their stakeholders to engage in national and global climate finance stakeholder consultations, planning, monitoring, reporting and advocacy activities.
- To increase civil society national participation, coordination, networks and advocacy actions to support and contribute to improved policy making and implementation by governments disbursing and receiving climate funds.

Desired Outcomes

a) Stakeholders are more engaged in contributing to climate policy development particularly concerning how climate finance is governed.

b) Greater awareness on the need to address governance challenges to to minimize opportunities and risks for corruption in climate finance.

c) Increased public demand that public and private sector climate finance actors act with integrity and comply with legally binding anti-corruption standards, and safeguards.

d) Public and private sector climate finance actors commit to adopting, implementing and enforcing integrity rules and legally binding anti-corruption standards and safeguards in their conduct and operations.

Target audience

At policy, advocacy and capacity building levels, the Programme endeavors to target:

- National climate governance systems (Public Institutions)
- Non-Governmental Organizations (NGOs), and Civil Society Organizations (CSOs)
- Community Based Organizations (CBOs)
- University/College and school Students
- Research institutions
- Media

Action areas

- **Research:** National climate finance mapping and assessments
- **Capacity building:** E-learning tool on global climate finance governance, including 'train the trainer' modules
- **Networking:** National networks organized around issue-based communities of practice
- **Advocacy:** Research-based interventions and contributions to national institutions and stakeholders
- **National multi-stakeholder strategies:** Increased and focused actions to promote good governance practices and tools to minimize opportunities for corruption in climate finance arrangements.

The Climate Governance Network (CGN)

TI-Kenya in partnership with stakeholders in climate change issues formed a Climate Governance Network which facilitates shared-learning, information exchange, and cooperative climate finance governance (CFG) advocacy and research actions on climate finance governance.

Climate Governance Network Membership

Climate Governance Network membership is open to individuals and organizations working and advocating for effectiveness of climate finances in Kenya.

Membership is free.

To join the network, you can download the application form at the website: www.tikenya.org

Or join by visiting: http://groups.google.com/group/climate-governance-network-kenya?hl=en

E-Learning Course

Three lessons have been designed with a broad audience in mind including civil society, public sector actors, private sector actors and donors.

Participants are provided with the opportunity to learn through various experiences: absorb (read); do (activity); interact (socialise); and reflect (relate to one's own reality).

The lessons include:

1. **Introduction to Climate Finance Governance:** This introductory lesson focuses on climate finance. What is climate finance? Why do we need it? Where does it come from? Who distributes it? How is it used?
2. **Climate Finance – Corruption and Solutions:** This lesson focuses on corruption and solutions. What is corruption? How might it look in a climate finance context? What can be done to tackle it?
3. **Building integrity in Reducing Emissions from Deforestation and Forest Degradation (REDD+):** This lesson focuses on specific corruption challenges and solutions for REDD+. What aspects of REDD+ make it vulnerable to corruption? What are the specific risks? What is already happening to address such risks and what more can be done? What role can you play to ensure REDD+corruption risks are tackled?

To register for one or more of the lessons in this course, please visit http://courses.transparency.org/. There you will be able to create an account and will be given further instructions about how to register.

Frequently asked questions on Climate Governance

What is climate change?

It is a change in the climate system which is caused by significant changes in the concentration of greenhouse gases as a consequence of human activities and which is in addition to natural climate has been observed during a considerable period of time.

What is Climate change Mitigation?

Mitigation refers to efforts, strategies, programmes or policies that seek to prevent or slow down the increase of atmospheric Green House Gases (GHG) concentrations by limiting current and future emissions, and enhancing potential sinks for GHGs.

What is Climate change Adaptation?

Adaptation refers to the human adjustment (s) in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderate harm or exploit beneficial opportunities.

What is Climate Finance?

There is no globally agreed definition of CF. The CGIP has used climate finance to mean all finances agreed under the United Nations Framework Convention on Climate Change and all finances at the national level spent towards a mitigation of and or adaptation to the effects of climate change.

What is Climate Finance Governance?

Climate Governance is the management of all the issues to do with institutions, funding bodies, mutual principles, safeguards and shared values in projects and schemes designed to combat the effects of climate change.

This includes the decision-making process for the generation, management, use and delivery of climate financing, the building of new low-carbon and climate-proofing infrastructure and the stewardship of forests among others.

Where does Climate Finance come from, and who oversees it?

Climate financing comes from many sources including governments, bilateral support, multilateral organizations, development agencies and private sector financing. It also comes through carbon markets that allocate sellable credits to projects or strategies that result in reduction of greenhouse gas emissions.

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Climate Governance Integrity Programme

ZERO CORRUPTION IN CLIMATE FINANCE
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EFFECTIVE ACTION AGAINST CLIMATE CHANGE