

# CORRUPTION-FREE CLIMATE FINANCE:

Strengthening multilateral funds

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## **Corruption-free climate finance: Strengthening multilateral funds**

This publication was created on behalf of Transparency International's Climate Governance Integrity Programme. Appreciation and thanks to those who supported in the report's creation and review; Michael Nest, Brice Böhmer, Dana Schran, Julius Hinks, Miles Litvinoff, the Adaptation Fund, the Climate Investment Funds, the Green Climate Fund, the Global Environment Facility, and the Central African Forest Initiative.

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of February 2022. Nevertheless, Transparency International cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

Supported by:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety

based on a decision of the German Bundestag

ISBN: 978-3-96076-205-8

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## ACRONYMS

<b>AF</b>	<b>Adaptation Fund</b>
<b>CAFI</b>	<b>Central African Forest Initiative</b>
<b>CIF</b>	<b>Climate Investment Funds</b>
<b>CSO</b>	<b>Civil society organisation</b>
<b>CTF</b>	<b>Clean Technology Fund</b>
<b>FPIC</b>	<b>Free, prior and informed consent</b>
<b>GCF</b>	<b>Green Climate Fund</b>
<b>GDC</b>	<b>Geothermal Development Company</b>
<b>GEF</b>	<b>Global Environment Facility</b>
<b>GHG</b>	<b>Greenhouse gases</b>
<b>IE</b>	<b>Implementing entity</b>
<b>IMO</b>	<b>International Maritime Organization</b>
<b>MDB</b>	<b>Multilateral development bank</b>
<b>MTF</b>	<b>Multilateral Trust Fund</b>
<b>MPTF</b>	<b>Multi-Partner Trust Fund</b>
<b>SCF</b>	<b>Strategic Climate Fund</b>
<b>UNDP</b>	<b>United Nations Development Programme</b>
<b>UNEP</b>	<b>United Nations Environment Programme</b>
<b>UNFCCC</b>	<b>United Nations Framework Convention on Climate Change</b>





photo: Aiman Rasheed

# EXECUTIVE SUMMARY

Climate action is expanding and evolving, with hundreds of billions of dollars being invested in mitigation and adaptation programmes. In 2018, investment in climate action was estimated at US\$546 billion,<sup>1</sup> with the five funds assessed for this report alone having over US\$40 billion in pledged commitments.

As this volume of funding could lead to corruption, it is absolutely necessary to have robust governance frameworks to manage the risks. It is difficult to estimate climate funding lost due to corruption, as such activity usually occurs in secret. However, the United Nations Development Programme (UNDP) estimated that of the US\$7 billion-worth of projects it implemented that were financed by the Global Environment Facility, allegations of misuse affected 1.4 per cent of the funding.<sup>2</sup> On the assumption that this percentage is correct across the five climate funds' US\$40 billion of pledged commitments, this raises questions about potential wrongdoing involving US\$560 million.

Damage to climate-related projects caused by corruption is not just financial. Infrastructure to help with rising sea levels or stronger storms may be built below standard, causing vulnerable populations to remain unprotected. Similarly, levels of greenhouse gases (GHGs) may not be reduced as planned, or may even increase, escalating global warming as a consequence.

Ensuring climate finance reaches its intended destination and has the optimal impact on reducing GHGs and enabling adaptation requires governance frameworks with high standards and best-practice controls. Governance frameworks help prevent fraud and corruption by promoting policies that ensure investments and the people responsible for them are well managed and monitored. As the earth heats up,<sup>3</sup> as funds for investing in climate action proliferate and

as anti-corruption standards and expectations around climate finance evolve, governance frameworks need to adapt to meet these challenges.

Multilateral Trust Funds (MTFs), such as the five funds reviewed in this report, are an increasingly common method of managing funds for climate action. They enable donors to pool funding in order to finance large programmes through single channels, while reducing administrative costs.

This report reviews the governance frameworks of the Adaptation Fund (AF), the Climate Investment Funds (CIF), the Global Environment Facility (GEF), the Green Climate Fund (GCF) and the Central Africa Forest Initiative (CAFI).<sup>4</sup> It assesses them in four areas of governance: integrity, accountability, transparency and methods for assessing policy effectiveness. It also appraises the funds' requirements for their implementing entities (IEs) in these areas.

The findings and recommendations in this report signal to these specific funds the areas of governance where they are doing well and where they have room for improvement. Other funds not assessed in this report, but which are interested in following better practice around integrity, accountability, transparency and policy review, could also implement these recommendations. To this end, the report and its recommendations will be disseminated to key stakeholders, including governments, climate funds, civil society organisations (CSOs) and private-sector actors.

## KEY FINDINGS

### Integrity

The funds perform strongest on integrity. The assessment found good policy coverage in this area by four funds, with CAFI having some room for improvement. Policies on ethics, conflicts of interest and finance management are particularly well represented.

### Accountability

In the area of accountability, there are highs and lows, with room for improvement in every aspect. Complaints-handling mechanisms, anti-corruption hotlines and stakeholder engagement policies are generally well covered. However, some policies lack important details. For example, not every fund's governing body requires explanations of its decisions or permits appeals against them. Additionally, funds could provide clearer information on whether applying sanctions is largely a responsibility of the fund or of its IEs, as well as on funds' expected standards and minimum requirements for those of IEs – especially where it is IEs that apply sanctions. Where information about sanctions occurs in several policy documents, funds could explain this on a single webpage with links to the documents.

### Transparency

Governance frameworks are inconsistent in terms of transparency, and even funds that have policies in place have room for further improvement. Definitions of what should be disclosed could be clearer, and locating some documents on websites could be easier. There are also uneven disclosure requirements for IEs. The biggest weakness in terms of transparency is language. CAFI publishes major policies in English and French – the only two official languages of administration relevant to it, so it has an easier task than other funds. AF also publishes selected documents in its constituents' key languages. However, CIF, GEF and GCF make few policies available in languages other than English.

### Methods for identifying policy effectiveness

Reviews or evaluations of policy effectiveness are key ways funds can ensure governance frameworks are actually implemented and remain relevant to the business of the fund. By publishing findings, funds also allow themselves to be accountable to stakeholders who can review and comment on them. AF, CIF, GEF and GCF all have sophisticated evaluation mechanisms, including independent evaluation units, and publish many reviews and evaluations online. CAFI also reviews IEs and programmes, but much less information is available about its approach to monitoring and evaluation, even though many final reports appear to be available online.

Table 1 offers a summary assessment of the funds' governance frameworks, via a traffic-light system. The colours indicate the presence and key content of policies. The appendix on Policy Assessment Tables contains the detail behind these summary observations.



**TABLE 1: SUMMARY ASSESSMENT OF FUNDS' POLICY COVERAGE\***

\*Green (generally satisfactory); yellow (room for improvement); orange (significant action required).

Governance Area	AF	CIF	GEF	GCF	CAFI
<b>Integrity</b>					
Ethics and conflicts of interest					
Financial management					
Anti-money-laundering due diligence					
Integrity requirements for IEs					
<b>Accountability</b>					
Complaints-handling mechanism or anti-corruption hotline					
Appealing/requesting explanations for governing body decisions					
Sanctions against IEs for fraud and corruption					
Stakeholder engagement					
Accountability requirements for IEs					
<b>Transparency</b>					
Fund-level information disclosure					
Information accessibility via websites					
Information disclosure policy requirement for IEs					
<b>Methods for identifying policy effectiveness</b>					
Policies and mechanisms for monitoring and evaluation					
Action taken to review policy effectiveness					
Requirements for IEs to review policy effectiveness					

**In terms of each specific fund, Table 1 reveals the following:**

- + AF has room for improvement in accountability and transparency, but its integrity policies are relatively strong. It has the most comprehensive methods in place to review policy effectiveness.
- + CIF has an inconsistent governance framework. Because it relies on IEs' policies for many areas of governance, governance over projects CIF funds is satisfactory by default because it adheres to IEs' standards. However, CIF itself makes little attempt to set and enforce, or even signal, its own standards for IEs. There are some exceptions, where CIF is putting effort into impact evaluation, such as in the area of "just transitions"—the concept of over-consumers accepting reduced consumption so that under-consumers secure enough.
- + GEF's governance framework is relatively strong across integrity and methods of reviewing policy effectiveness, with some room for improvement in accountability and transparency.
- + GCF was also assessed as relatively strong, although with room for improvement in transparency and methods for identifying policy effectiveness. Given GCF is a relatively new fund (established in 2015), this suggests it has worked to put in place a comprehensive governance framework, building on lessons from other funds.
- + CAFI has strong points in three areas (integrity, accountability and methods for identifying policy effectiveness), but also has room for improvement and need for significant action in these same three areas as well as in transparency. It lacks some policies, or these are not available online, and what is online frequently lacks detail.



## BETTER PRACTICE RECOMMENDATIONS

This report makes the following 23 recommendations to the five climate funds reviewed for this assessment. These recommendations are relevant for other funds wishing to adopt standards at the forefront of evolving governance around climate finance. For discussion and analysis justifying each recommendation, see the section “Findings across policy areas”.

### Integrity recommendations

1. Ensure key persons engaged in climate fund business are covered by a code of ethics and conflicts of interest.
2. Prohibit board members from voting on proposals related to their own jurisdiction.
3. Ensure all key groups of personnel receive integrity training, such as governing body members, observers, advisers, secretariat staff and external technical consultants.

#### Integrity recommendation for CAFI specifically:

4. CAFI should implement its own anti-money-laundering and due diligence policy, and require that its IEs also have such a policy.

### Accountability recommendations

5. Provide a clear statement on the funds' responsibilities and IEs' responsibilities for applying sanctions, including describing expected standards and minimum requirements where IEs have primary responsibility.
6. Permit the appeal of governing body decisions, describing this process in a written policy and specifying clear timeframes.
7. Give stakeholders the right to request explanations of governing body decisions.
8. Include in relevant policies or on a single webpage a non-exclusive list of sanctions for non-compliance, fraud, corruption and other prohibited behaviour.
9. Introduce a sexual harassment policy, or revise the gender policy to address harassment issues. Such

a policy would connect standards of conduct typically present in a code of ethics to principles of a gender policy focused on promoting equal participation and equitable outcomes for women.

10. Ensure that gender policies specifically require climate-related investment to lead to improvements in the economic status of women and reduce economic inequality.

11. Formalise the right of active observers at governing body meetings to participate in and influence decisions being made by the body.

12. Subsidise active observers' costs for participating in governing body meetings.

13. Revise stakeholder engagement policies to include a binding commitment to implement community stakeholder recommendations on projects, following dialogue and agreement with the stakeholders.

14. Adopt a policy permitting stakeholders to have formal input into IE accreditation and reaccreditation decisions.

#### Accountability recommendation for CIF specifically:

15. CIF should adopt harmonised principles that guide their expectations of IEs' governance, and publish these principles online.

### Transparency recommendations

16. Circulate to all other board members and relevant stakeholders information about all board member objections, regardless of when or how the objection was raised.
17. Publish a statement regarding standards for information disclosure, including funds' requirements for their IEs on this issue.
18. Introduce a policy to explicitly manage lobbying activities targeting fund and IE staff. This should make it mandatory to report lobbying, provide for staff to be educated about lobbying and stipulate ways to manage it.

**19.** Create a single webpage with links to key policies translated into each UN language relevant to the geographic area in which the fund operates. Hindi, Bengali, Portuguese and Indonesian should also be considered for funds implementing projects in areas these languages are used.

## **Policy effectiveness recommendations**

**20.** Include both qualitative and quantitative criteria in evaluation policies reviewing project effectiveness.

**21.** Publish criteria for reviews of policy effectiveness.

**22.** Publish requirements for IEs to review policy effectiveness.

**23.** Facilitate pre- and post-project assessments against key performance indicators to enable meaningful evaluation of project achievements.

**24.** Publish all reviews and evaluation reports online as soon as possible.

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# INTRODUCTION

Transparency International has been at the forefront of researching and formulating governance standards in order to prevent corruption. As part of this work, it has a dedicated team working on climate action initiatives and producing original research and analysis on ways to prevent fraud and corruption in this area.

The assessment presented in this report is a continuation of Transparency International's commitment to preventing corruption in climate finance. The report's overall purpose is to provide an updated comparative analysis of the governance frameworks of five funds, including changes, advancements and areas still needing improvement.

The need for sound governance frameworks is a critical issue for all five funds, given that they invest in jurisdictions perceived as having high levels of corruption, and there is a correlation between vulnerability to climate change and to corruption.<sup>5</sup> CAFI faces particular governance risks, given that of the six countries in which it invests, only one (Gabon) is outside the bottom fifth for corruption perceptions, and three – Equatorial Guinea, Democratic Republic of Congo (DRC) and Republic of Congo – are in the bottom tenth.<sup>6</sup>

## BACKGROUND TO THIS REVIEW

In 2014, Transparency International launched a series of reviews of climate funds, including of CIF,<sup>7</sup> AF,<sup>8</sup> GEF<sup>9</sup> and the Forest Carbon Partnership Facility.<sup>10</sup> It also reviewed specific topics such as climate finance procurement.<sup>11</sup> *A Tale of Four Funds: Best practices of multilateral trust funds in safe-guarding climate finance from corruption and waste* (Transparency International, 2017) compared governance frameworks for GCF and three World Bank-administered funds (AF, CIF and GEF). An assessment in 2020, *Governance Assessment:*

*Central African Forest Initiative (CAFI) and DRC's National REDD+ Fund (FONAREDD)*,<sup>12</sup> focused on these two initiatives in Central Africa.

This report builds on this past research to assess the governance frameworks of AF, CIF, GEF, GCF and CAFI.<sup>13</sup> It assesses these funds for the presence and accessibility of policies, major areas of policy coverage, and progress against past reviews, in four areas:

- + **Integrity:** policies relating to behaviours and actions by either individuals or institutions that create a barrier to corruption.
- + **Accountability:** policies that oblige individuals and institutions to explain, justify and be held responsible for their actions and decisions, including their response to corruption.
- + **Transparency:** policies relating to openness of information around rules, plans, processes, decisions and actions.
- + **Methods for identifying policy effectiveness:** the mechanisms in place, and actions taken, to review the effectiveness of governance-related policies.

## Methodology

The questions contained in the policy assessment tables in the Appendix were first formulated for the series of reviews published in 2014, and have proved sufficiently robust to guide subsequent assessments. In 2017, a fourth element, on policies and mechanisms relating to effectiveness, was added as part of the review, *A Tale of Four Funds*. This report uses the questions in these four areas to assess and update progress across the five funds.



The assessment was conducted during September and October 2021, and reflects the status of policies during this period. It comprised online desk-based research, focused on websites of the funds. A simple code based on ticks (✓) and crosses (X) in the

Appendix shows whether a policy exists or not. A note was added only when policies are absent or partially in place; if a fund has a policy in place, there is no note. Table 2 shows the key to symbols and words used in the appendix.

**TABLE 2: KEY TO SYMBOLS IN THE APPENDIX**

Descriptor	Explanation
✓	A policy or other governance document exists that addresses all or most of the question.
X	A document that addresses this aspect of the question could not be easily found.
Partial	The question is only partially addressed by the document(s) in place, or the fund itself lacks a policy or other guidance and the issue is addressed through IEs' policies.
n/a	Not applicable, usually because the question is about a policy the fund does not have.

The research also assessed whether policies were easily available, as defined in two parts. Firstly, whether the policy could be located within 3-4 clicks from the fund's website landing page or through a simple Google search using the fund's name and key words, such as "gender policy" or "stakeholder engagement". These methods were designed to replicate how an ordinary non-expert user might try to find a governance document. If a policy is embedded in a report or meeting notes, it was considered as not being easily available, because unless the full title or number of the policy is included in a website engine search, it can remain difficult to identify. If policies are available by request only, this was also interpreted as their not being easily available. The second aspect of accessibility was whether the policy was available in languages likely to be used by non-institutional stakeholders (those outside the international development sector). For example, a policy available only in English was not considered easy to access.

As part of the policy assessment sections on transparency, both *A Tale of Four Funds* and *Governance Assessment* asked whether the funds provided links or other information about their IEs' policies in the following areas: ethics and conflicts of interest, financial management, procurement, anti-money-laundering, information disclosure, complaints handling, sanctions for corruption, stakeholder engagement, and free, prior and informed consent (FPIC) for indigenous communities. The number of IEs with which some funds work has increased since

the 2017 report. For example, AF now works with 56, and GCF with 113 (see Table 3).<sup>14</sup> Given the number of IEs, it is not reasonable to ask the funds to have direct links on their own websites to all their IEs' policies, and no comprehensive list of policies and hyperlinks is provided in this report.

Seven reviewers provided feedback on a draft of the report, including representatives from AF, CIF, GCF, GEF and CAFI, as well as from a government IE, a CSO and a fund board member. Reviewers were also asked about case studies of policy development or implementation that they considered funds to have carried out well, or which could be improved. This information helped inform the case studies.

### **Additional elements in this governance assessment**

Five topics additional to those in *A Tale of Four Funds* are included in this report: inclusivity, gender, lobbying, online accessibility and language (which also relates to accessibility). These topics cut across all four areas of governance to some degree, but inclusivity and gender relate mostly to accountability; lobbying relates mostly to integrity, and online accessibility and language relate mostly to transparency. The addition of these topics enables the report to capture evolving concerns around climate governance. It also ensures an ongoing "high bar" for funds trying to establish or adhere to best practice.

## Inclusivity

Inclusivity in climate initiatives, policies and procedures is a subject of ever-growing concern, usually discussed in the context of the need for a just transition to a low-carbon economy.<sup>15</sup> “Proactive inclusivity” refers to governance frameworks that make funds and their IEs take responsibility for reaching out to and engaging stakeholders, and encouraging their participation. Inclusivity covers two issues: policies that promote fairness and participation in decision-making and outcomes, and policies that ensure indigenous communities affected by investments give FPIC before the project begins.

## Gender

Gender in governance is partly an issue of promoting women’s representation and input into decision-making, and partly one of acknowledging that aspects of governance affect men and women differently<sup>16</sup> – for example, a policy for whistleblowing or managing grievances. The experience of reporting corruption – or any grievance – is not the same for men and women, because within institutions and societies, women typically have less influence than men. Due to either cultural norms or lack of seniority, women are less likely to report corruption and are more vulnerable to repercussions. Similarly, sexual blackmail can be a feature of corrupt behaviour – for example, via an undeclared conflict of interest due to a personal relationship. Again, women are typically more vulnerable than men to these behaviours.

Transparency International itself has paid insufficient attention to gender in past assessments of climate funds.<sup>17</sup> That this omission is now so noticeable is a reflection of how gender issues have come to the fore in anti-corruption work and become a priority in climate initiatives.

## Lobbying

Lobbying is an important part of the deliberative process, in that it allows stakeholders to engage with policymakers. However, CSOs, academics and the media are concerned that any benefits of lobbying around climate action are being undermined.<sup>18</sup> Transparency International’s 2018 report *Governance at the International Maritime Organization* (IMO) specifically notes that lobbying practices at the IMO cause citizens’ interests to be disregarded in favour of private corporate interests – practices that jeopardise the IMO’s global climate goals.<sup>19</sup> Other research shows that although having policies and regulation around lobbying in place does not eliminate unfair access and influence, they do improve transparency and overall awareness of corruption risks.<sup>20</sup>

## Online accessibility

Online accessibility requires internet access, which many people do not have. However, it is likely that at least someone in any organisation or community can obtain internet access, and for this reason, online availability of policies has become a benchmark for governance. During the COVID-19 pandemic, when many in-person meetings were cancelled, online access became particularly important as a method of obtaining information about funds’ operations and governance.

## Languages

The languages in which policies are written have a significant impact on accountability and transparency. If complainants who perceive wrongdoing cannot locate an ethics policy or grievance mechanism in a language they understand, they are effectively prevented from knowing what behaviours are prohibited and how to make a complaint. Stakeholder engagement policies will also have little impact if non-English-speaking communities who want to engage do not understand they have this opportunity.

## THE FUNDS AT A GLANCE

### TABLE 3: BASIC FACTS ABOUT THE FUNDS

	Adaptation Fund	Climate Investment Funds	Global Environment Facility	Green Climate Fund	Central African Forest Initiative
<b>Year operations began</b>	2007	2008	1991	2015	2015
<b>Governing body</b>	Board	Committee	Council	Board	Board
<b>Pledged contributions (US\$)</b>	\$1,492 million	\$8,500 million	\$21,500 million	\$10,300 million	\$597 million
<b>Type of finance</b>	Grants	Grants, equity, concessional loans and guarantees	Grants, concessional loans and guarantees	Grants, equity, concessional loans and guarantees	Grants
<b>Number of implementing entities</b>	56	6	18	113	10
<b>Secretariat host and location</b>	AF, CIF and GCF secretariats are hosted by the World Bank, Washington DC.  Staff are World Bank employees.			Independent; Incheon, South Korea.  Staff are GCF employees.	Hosted by UNDP Geneva. Staff are UNDP employees.

Table 3 reveals significant differences between the funds, including their age (GEF is relatively well established; GCF and CAFI relatively new), the number of IEs (GCF has 113, CIF six) and the volume of projects and expenditure, which is partly a function of age. At US\$21.5 billion, GEF's pledged contributions are more than 43 times larger than CAFI's, which are US\$495 million. These features have an impact on governance.

Relevant to transparency issues, the organisation of the funds' website content is complicated by each fund's different roles. For example, GEF has a wide thematic mandate covering many topics, and serves as a financial mechanism for other UN environmental conventions besides the United Nations Framework Convention on Climate Change (UNFCCC). This institutional scope has implications for how GEF prioritises and organises online content – a challenge the other funds do not face.

It is important to take these differences between funds into account when considering findings in this report. For example, even if the funds have clear principles and standards, achieving policy consistency globally across GCF's 113 IEs is harder than across

CIF's six highly organised IEs (all large development banks), or CAFI's 10. GCF and CAFI are also relatively new (established in 2015) and have had less time to evaluate and revise policies than AF, CIF or GEF.

Below we profile each fund, aspects of their governance and their areas of focus.

### Adaptation Fund<sup>21</sup>

AF was established under the UNFCCC and the Kyoto Protocol as a financial instrument to fund projects and programmes that help vulnerable communities in developing countries adapt to climate change. It has served the Paris Agreement since 1 January 2019. Its primary source of funding was originally from a 2 per cent levy on the sale of Certified Emission Reductions issued under the Kyoto Protocol's Clean Development Mechanism projects. Due to decreased trade in emissions, this source of funding has diminished in importance and much of AF's funding now comes from government contributors – 25 at the time of writing. In addition, AF is expected to receive a share of the proceeds from the mechanism to trade



credits from emissions reductions generated through specific projects, which was established by Article 6, paragraph 4, of the Paris Agreement.

AF invests in 127 projects in nearly 100 countries, covering agriculture, coastal zone management, disaster risk reduction and early warning systems, food security, forests, ecosystem-based adaptation, innovation, multisector projects, rural development, urban development, water management and transboundary water management. Most projects are in the range of US\$5 million -US\$10 million, with a small proportion under US\$2 million or over US\$10 million. Average project funding is US\$6.9 million. Twenty projects are in small-island developing states and 39 are in least-developed countries.

AF is supervised and managed by the AF Board, which has 16 members and 16 alternates. Board members from developing countries form a majority. The World Bank is an AF trustee and hosts the AF Secretariat. Secretariat staff are World Bank employees.

The fund has 56 accredited implementing entities: 34 national, 8 regional and 14 multilateral. National implementing entities tend to be government or non-government development agencies or environmental organisations. Regional and multilateral IEs mostly comprise development banks and UN agencies with a focus on climate change. IEs are subject to a reaccreditation process every five years. AF has introduced “direct access” arrangements that allow countries a simplified and accelerated way to access and manage funds through their national IEs without using financial intermediaries. These arrangements enable IEs to directly manage project design, implementation and monitoring and evaluation, including financial management.

## Climate Investment Funds<sup>22</sup>

CIF was established in 2008 as an initiative of the G8 and G20, and encompasses two funds. The Clean Technology Fund (CTF) invests in low-carbon technologies that can cut GHGs. The Strategic Climate Fund (SCF) is dedicated to three targeted programmes: the Forest Investment Program, the Pilot Program for Climate Resilience, and the Scaling-Up Renewable Energy Program for Low Income Countries. CIF’s model is to develop partnerships for programmes and projects involving governments, business, civil society, local communities and six multilateral development banks (MDBs): the Asian

Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the International Financial Corporation and the World Bank. CIF’s IEs are these six development banks, and it is funded by 14 donor governments.

Historically, CIF has focused on four areas of investment: clean technology, energy access, climate resilience and sustainable forests. More recently, it has expanded to additional sectors, including transitions from coal, renewable energy integration, cities, sustainable use of land and other natural resources, and industry decarbonisation.

CTF and SCF are governed by separate 18-member committees that oversee and decide on strategic direction, operations and other activities. The SCF’s Pilot Program for Climate Resilience also has its own committee, and committees are being established for SCF’s two other programmes. Donors and recipients are equally represented on the CTF and SCF committees. Both committees invite 43 observers to governing body meetings, from the private sector, civil society and indigenous peoples’ organisations. Observers do not have decision-making power, but can engage in and contribute freely to deliberations. The World Bank is the trustee and hosts the CIF Administrative Unit.

CIF has invested US\$8.5 billion in 325 projects in 72 developing and middle-income countries, as well as channelling an additional US\$63 billion in co-financing from development banks, bilateral donors and the private sector into these projects.<sup>23</sup> As of 2021, 75 per cent of financing went to the public sector and 25 per cent to the private sector. Average financing for CTF approved projects is US\$34.8 million, whereas the average for projects funded through the SCF ranges from US\$11.4 million for scaling-up renewable energy, to US\$14.2 million for projects under the Pilot Program for Climate Resilience. As with AF, CIF’s IEs directly manage project design, implementation, and monitoring and evaluation, including financial management.

## Global Environment Facility<sup>24</sup>

Originally established as a pilot initiative of the World Bank, GEF was restructured in 1992 around the Rio Earth Summit as a partnership between the World Bank, UNDP and the United Nations Environment Programme, and relaunched in 1994. The facility

focuses broadly on “investing in nature” and is the MTF responsible for implementing major international environmental conventions on biodiversity, climate change, chemicals and desertification. GEF manages other climate-related funds, such as the Special Climate Change Fund, Least Developed Countries Fund, and Capacity-Building Initiative for Transparency Fund.

GEF maintains a continuing role in implementing international conventions, but adopted a new direction in 2018. Its investment strategy now focuses on areas driving environmental loss (particularly the energy sector, cities and food production), integrated projects and programmes that address more than one environmental harm, and innovation in implementation strategies.

GEF has an assembly, council, secretariat and trustee. The assembly comprises 184 participant states, 40 of which are donors to the fund. The council is GEF’s decision-making body, and comprises representatives of its member countries. It has 32 members – 14 from the Global North, 16 from the Global South and two from transition economies. The secretariat is hosted by the World Bank in Washington, DC. Its partners comprise the 184 participants, 18 agencies that design and manage projects, and other agencies that implement activities. Typically, implementing partners are government agencies, CSOs, businesses or research organisations.

GEF’s agencies design and manage projects. Half are development banks, the rest national or multilateral development agencies. They are required to comply with their own policies and procedures, which have been determined by GEF as consistent with its minimum standards. The core of these standards are four key policies: minimum fiduciary standards, environmental and social safeguards, gender equality and stakeholder engagement.

GEF has provided US\$21.5 billion in grants and mobilised an additional US\$117 billion in co-financing for 5,400 projects. Its small grants programme has provided support to 25,000 civil society and community initiatives in 135 countries. Project activities fall into four categories: medium-sized projects (up to US\$2 million); full-sized projects (more than US\$2 million); “enabling activities” involving the preparation of a plan, strategy or report, and “programs”, which are a longer-term and strategic arrangement of linked projects. Like the AF and CIF implementing entities, GEF’s IEs directly manage

project design, implementation, and monitoring and evaluation, including financial management.

## Green Climate Fund<sup>25</sup>

GCF is an operating entity of the financial mechanism of the UNFCCC and the Paris Agreement. The world’s largest specialist climate fund, it focuses on eight areas: health, food and water security; livelihoods of people and communities; energy generation and access; transport; infrastructure and built environment; ecosystems and ecosystem services; building, cities, industries and appliances; and forests and land use. It has a four-pronged approach to investment: promoting integrated strategies, planning and policy development; catalysing climate innovation (such as investing in new technologies, business models and practices to establish proof of concept); reducing financial risk around innovative projects by guaranteeing public resource contributions, and mainstreaming climate action into investment decision-making on sustainable development. At least half its adaptation resources must be invested in the most climate-vulnerable countries.

GCF’s board has 24 members, each with an alternate – 12 from developed countries and 12 from developing countries, each representing the UN’s regional groups. Four accredited observers participate in meetings – two from CSOs and two from private-sector organisations. Two of these observers are from the Global North and two from the South.

Based in Incheon, South Korea, the GCF Secretariat is independent and is accountable to GCF’s Board. The World Bank has been GCF’s Interim Trustee since the fund was established in 2010 – an arrangement extended to 2023, when a permanent trustee is due to be selected. As trustee, the World Bank receives, holds and invests contributors’ funds, transfers funds to recipients and prepares summary financial reports.

GCF has 113 fully accredited implementing entities. Approximately 40 per cent are international and national commercial banks, or multilateral, regional and national development finance institutions. The remainder are equity fund institutions, UN agencies or CSOs. Accreditation requires that applicant entities comply with GCF’s standards. There is extensive cooperation with business to co-fund climate action through blended finance arrangements. The fund facilitates collaborations between private investors,

development agencies and CSOs to plan, design and implement projects.

Like CIF and GEF, GCF uses a range of financial instruments (see Table 3). Although mandated to have a 50:50 division between mitigation and adaptation activities, in practice more funds have gone to mitigation. Total commitments are US\$10.3 billion, with 67 per cent of commitments from the public sector and 33 per cent from the private sector.<sup>26</sup> To date, disbursements have been across 177 projects, in four categories: micro (less than US\$10 million), small (US\$10 million-US\$50 million), medium (US\$50 million-US\$250 million) and large (more than US\$250 million).

## Central African Forest Initiative<sup>27</sup>

In 2011, major donors and Central African governments committed to reducing deforestation in the Congo Basin and to raising funds for this purpose. Central Africa is one of the few areas of the world that absorbs more carbon – about 4 per cent of global GHGs – than it emits. The CAFI declaration was signed in September 2015 between the six Congo Basin countries (Central African Republic, DRC, Republic of Congo, Cameroon, Equatorial Guinea and Gabon) and seven donors.

CAFI is both a multi-partner trust fund (MPTF) that supports direct investments in the six recipient countries, and a platform for dialogue around forest management. Its goal is to support partners' national investment frameworks, focusing on challenges such as poverty, inequality, food insecurity and poor business climate. These challenges are compounded in the partner countries by weaknesses in governance, institutions and infrastructure. CAFI funds programmes and projects that address direct and indirect drivers of deforestation and forest degradation, in order to protect forests while supporting and promoting low-emission development.

CAFI relies on an MPTF to better ensure transparency in the management of its funding and to reduce corruption risks. The trust fund also allows for multi-year country-based financing strategies, increasing predictability around the availability, management and disbursement of funding.

Pledged donor contributions to CAFI total US\$597 million (through to 2025). Around 90 per cent of transferred funds (US\$175 million) have been invested

in the DRC, which has 65 per cent of Central Africa's forest. The country's REDD+ National Fund, known as FONAREDD, is a major financial vehicle for CAFI investment. About five per cent of CAFI's total funds have been invested in Gabon, and the remaining five per cent across the four other countries (all receiving less than US\$3 million each).

CAFI's nine-member board comprises seven donors, as well as UNDP and the MPTF, and is dominated by developed countries. Because UNDP has a role in programme implementation, its otherwise full voting rights cannot be used for decisions regarding allocation of funds. The board has three permanent observers – the Congo Basin Forest Partnership, the Food and Agriculture Organisation and the World Bank – and has the discretion to grant observer status to other countries or entities for specific meetings on a case-by-case basis. This it has systematically done with its partner countries in Central Africa in dedicated sessions. The MPTF Office is responsible for administering the CAFI fund and has recently become host to the CAFI Secretariat.





photo: Storm shelter / pxhere.com



# FINDINGS ACROSS POLICY AREAS

This section reviews the funds' policy coverage of the four areas of governance under consideration, including any changes from earlier assessment reports. The assessments are summarised in Table 1 using a traffic-light system, and are provided in more detail in the Appendix.

## PROGRESS AGAINST PREVIOUS REVIEWS

Transparency International reviewed CAFI in 2020, so it is a positive step that there has already been progress towards better practice. The 2020 *Governance Assessment* found significant gaps in CAFI's governance framework, many of which have now been closed through the introduction of a Manual of Operations with an information disclosure policy, whistleblower protection policies, and complaints and investigations mechanisms – all previously absent. CAFI used not to translate all documents into French, despite this being the language of administration for five out of its six countries (English is a secondary language in Cameroon; French is a secondary language in Equatorial Guinea). Key policies are now available in both English and French. The 2020 report also found that CAFI delayed publishing some reviews online, while others were never published. The initiative appears to have made considerable progress on this issue, with many reviews published online in English and French.

CAFI continues to have room for improvement or to require significant action on the issues of anti-money laundering, appeals and explanations for board decisions, IEs' information disclosure requirements, and reviewing policy effectiveness.

Since the 2017 assessment of AF, CIF, GEF and GCF, several encouraging trends have emerged:

- + All funds now have information disclosure policies for their own organisation that are easy to locate online.

- + All funds now have whistleblowing policies.
- + AF and GCF have a more nuanced view of gender and its relationship to governance.
- + AF, GEF and GCF have training programmes in place for fund actors and stakeholders regarding complaints handling and grievance mechanisms.
- + GEF has provision for recovery of funds not used in compliance with legal agreements, including in situations of fraud.
- + AF is investing heavily in publishing key governance documents in French and Spanish, in addition to English.

There are also areas of governance lacking any noticeable improvements since 2017:

- + AF's Code of Conduct for board members and its Zero Tolerance Policy for the Board still fail to mention gifts.
- + AF, CIF and GEF still do not appear to provide integrity training for all people covered by their various codes of ethics and conflict of interest policies. The key gaps are around governing body members and observers, as well as CIF and GEF advisers (the AF Board does not use advisers). Secretariat staff for these three funds are covered by World Bank policies and receive this training.

- + CIF's governance framework has a particular weakness in that it continues to outsource governance over its funded activities to its IEs (six MDBs). CIF's website states it relies on the MDBs' "well-established transparency and accountability mechanisms".<sup>28</sup> At the time of CIF's formation in 2008, the logic was that these MDBs had sound frameworks and should therefore apply their standards, safeguarding CIF funds in the process. However, accepted standards of governance have changed, meaning those in the MDBs need to be raised. CIF lacks mechanisms enabling it to require minimum standards and influence governance in IEs.

## INTEGRITY

Assessment of funds' integrity encompasses their ethics and conflict of interest policies, including to whom they apply and the topics they cover; financial management; reporting and audit policies, and anti-money-laundering policies. It also includes whether the funds require IEs to have similar policies in place. With a small number of exceptions, the funds' governance frameworks are comprehensive in the area of integrity.

### Ethics and conflict of interest policies

All funds have ethics and conflict of interest policies in place. In some cases, these comprise several different documents to ensure coverage of specialist groups of individuals, e.g., governing body members, observers, secretariat employees or external technical experts. These policies nearly all require the declaration of interests and prohibition of gifts (with some minor, clearly explained, exceptions).

One problem with the definitions of conflicts of interest in all these policies is that they restrict themselves to interests that bring personal rewards to decision-makers and their family members, such as money, gifts, entertainment or jobs. However, on several occasions, GCF board meetings discussed and voted on funding proposals for a board member's own country. These members had an interest in the decision, in that it would bring benefits to their country, even if not personally to themselves.

For example, at the 2016 GCF board meeting in Samoa, the Board approved Funding Proposal 037 (Integrated Flood Management to Enhance Climate

Resilience of the Vaisigano River Catchment in Samoa), valued at US\$58 million. A board member from Samoa was present at the meeting, but when the co-chair asked if anyone wished to recuse themselves from any approval decision – which the member from France did for a different project<sup>29</sup> – there is no record of the Samoan member having done so.

Similarly, at the 2017 GCF Board meeting in Egypt, the board approved Funding Proposal 053 (Enhancing Climate Change Adaptation in the North Coast and Nile Delta regions in Egypt), valued at US\$32 million. A board member from Egypt was present, but there is no record of this person recusing themselves from the decision. At this same meeting, the alternate member from Antigua and Barbuda did recuse themselves from making any interventions on a funding proposal concerning their country.<sup>30</sup> This demonstrates best practice, whereby decision-makers recuse themselves from discussions over funding proposals for projects in their jurisdiction.

At an earlier 2015 GCF meeting in Zambia, the issue of board members voting on projects for their own country was discussed. The co-chairs proposed that members should recuse themselves from participating in discussions and voting on proposals for their own country. However:

**"One Board member on the Ethics and Audit Committee explained that the issue had been explored by the Committee, which had found that the issue did not prohibit a Board member from being present at the discussion. They mentioned that, consulting with Board members, they felt that they should be able to advocate for the project. The Board member suggested that a middle ground may be acceptable, with Board members able to advocate for the proposal if their countries wished them to do so."**<sup>31</sup>





photo: istockphoto.com / hadynyah

The GCF's Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund also states that serving a government "in itself does not constitute a conflict of interest as meant in the Policy, provided that the relationship with the relevant government is disclosed" (p.5). Board members being able to advocate for a proposal "if their countries wished them to do so" is unsatisfactory from an integrity perspective. Clearly any government proposing a project has an interest in seeing it approved, and the government would therefore like its board member to advocate for the project. Similarly, board members want to retain this power. For the same reason that referees in international football games are never from the same countries as the two teams, the "referees" in funds' decision-making over funding proposals should also not be from the country to which the proposal applies.

- + **Recommendation 1:** Ensure all key persons engaged in climate fund business are covered by codes of ethics and conflicts of interest.
- + **Recommendation 2:** Prohibit board members from voting on proposals related to their own jurisdiction.

- + **Recommendation 3:** Ensure all key groups of personnel receive integrity training, including governing body members, observers, advisers, secretariat staff and external technical consultants.

## Complaints handling and grievance mechanisms

AF, GEF and GCF have adopted training or outreach programmes for fund actors and stakeholders regarding complaints handling and grievance mechanisms. CIF appears to rely on the Stakeholder Advisory Network on Climate Finance, which undertakes outreach and training work to facilitate stakeholder engagement on climate-related issues.<sup>32</sup> CIF also advised Transparency International that it had carried out capacity development sessions. A source for this report was very positive about CIF, stating that it "empowers the government, private sector and civil society to dialogue two times a month and report on the progress of the investments" and that such an approach should be mandatory for all funds' investments.



## CASE STUDY 1: THE IMPORTANCE OF GOVERNANCE FRAMEWORKS FOR ADDRESSING ALLEGED WRONGDOING

On 25 August 2020, the Financial Times reported allegations relating to sexism, racism, harassment and inappropriate relationships (creating potential conflicts of interest) by staff at the GCF. Fifteen complaints of staff misconduct were made in 2018, and 24 in 2019.

The GCF's Independent Integrity Unit, mandated to investigate misconduct, corruption, fraud and other prohibited practices, had investigated the allegations. The day after the Financial Times article, GCF published a statement in response, showing how a governance framework can help an institution respond to such allegations. In GCF's case:

- It had a dedicated and independent integrity unit with a mandate to investigate.
- This unit reports to the GCF Board, not GCF's Executive Director (reducing the possibility of interference).
- Policies on ethics and conduct for board members, observers, experts, advisers and staff were in place and could be used to guide investigations of alleged breaches.
- It has a [Policy on the protection of whistleblower and witnesses](#) that provides for protection of

complainants. Whistleblowers must typically report through designated channels to be protected.

- In response to these allegations, GCF created an Ethics Officer role to advise staff on concerns about ethics, as well as administrative review and appeals procedures and an Appeals Committee.
- Nine months after the Financial Times report, GCF introduced a [Revised policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment](#).
- It was developing training for new employees on its corporate values.

GCF's statement excluded certain details about the allegations, but this was explained as being in keeping with the its [Information Disclosure Policy](#).

It is still unclear if GCF's investigation and response satisfied all complainants. However, because it had a comprehensive governance framework in place, GCF could describe the actions it took, indicate the policies guiding those actions, and name the personnel responsible for dealing with the matter. This framework enabled it to indicate its integrity standards, be transparent and make itself publicly accountable.

## Fiduciary safeguards

All funds have sound fiduciary safeguards in place. The AF, CIF, GEF and GCF websites have hyperlinks that make it easy to find these policies. CAFI and AF have major fiduciary policies in key languages of their constituents (English and French for CAFI; English, French and Spanish for AF). Other funds' policies were easy to locate only in English. CIF's IEs, whose policies apply to CIF-funded projects, have these policies in languages other than English. However, these would be difficult to locate for a non-English speaker trying to access them via CIF's English-only website, although it would be easier via a Google search in the relevant language.

A noticeable gap is that CAFI appears to lack any reference to an anti-money-laundering policy in its Administrative Agreement with the World Bank, its Manual of Operations or its Terms of Reference,

including whether it follows the anti-money-laundering policy of either the UNDP or the MPTE.

AF, GCF and GEF requirements for their IEs on integrity issues are comprehensive. CIF's own policy integrity framework is also comprehensive and its IEs appear to have many integrity policies in place. However, CIF does not require them to have these policies, thus we assess its integrity provisions as partial rather than comprehensive. CAFI's integrity framework is not quite as comprehensive as the other four funds. In particular, it does not have an anti-money-laundering policy and its integrity requirements for IEs could be strengthened.

- + **Recommendation 4:** CAFI should implement its own anti-money-laundering and due diligence policy and require IEs to have a similar policy.

## ACCOUNTABILITY

### Complaints-handling mechanisms

Across the five funds, complaints-handling mechanisms and anti-corruption hotlines are among the strongest areas, with all funds having policies in place. However, the real test of such mechanisms is how accessible they are to individuals and other stakeholders in affected communities. This depends on their being known and available at multiple levels – within the fund, in IEs' national and regional offices and headquarters, and at project level.

All five funds permit anyone affected by an activity they finance to make a complaint. AF, GEF, GCF and CAFI are very open in terms of how complainants can report, accepting letters, emails, phone calls and in-person complaints. All funds are willing to accept a report through their network of projects and offices, or through IEs.

A positive development at CAFI is a proactive approach to investigating complaints. Its new [Manual of Operations](#) includes policies and descriptions of mechanisms which the 2020 Governance Assessment identified as missing previously – in 2020, CAFI was assessed as average-to-poor on several accountability issues due to significant gaps in its governance framework. Annex 2 of the manual, "Complaint Management Mechanism", specifies that at outreach events, specific efforts will be made to solicit concerns about projects, and that CAFI's Secretariat will proactively contact communities and stakeholders if it learns there are concerns. It is encouraging that CAFI is making this effort to understand whether grievances exist, and the nature of those grievances, even in the absence of a formal complaint.

In addition, CAFI's new Manual of Operations establishes an information disclosure policy, an investigation mechanism and a whistleblower protection policy. It also stipulates sanctions and penalties for fraud and corruption in IEs, along with a process for their application. There is now a clear link to UNDP's "Policy against Fraud and other Corrupt Practices", which CAFI uses. There is still room for improvement, but CAFI's governance framework is now more complete and much easier to understand.

The funds vary in some aspects of their accountability frameworks. On the issue of appeals mechanisms, AF and CAFI do not have mechanisms in place to appeal governing body decisions, whereas CIF, GEF and GCF do.

There were also differences in the publishing of information about what sanctions may be applied. AF and GCF make clear and detailed information easily available; CIF does not. GEF and CAFI make information available, but could add more and clearer guidance consolidated in a single place, even if drawn from several documents. For example, GEF's Council does not take on an investigative or a sanctions role, because GEF's IEs do this under their own policies and procedures, including for fraud and corruption. GEF makes this clear on its website. However, to enhance deterrence and promote more consistent application of sanctions and better communication, GEF's website could communicate GEF's own minimum requirements for its IEs in terms of sanctions, and list possible sanctions that could be applied.

- + **Recommendation 5:** Provide a clear statement on the funds' responsibilities versus IEs' responsibilities for applying sanctions, including describing expected standards and minimum requirements where IEs have primary responsibility.
- + **Recommendation 6:** Permit the appeal of governing body decisions, including clear timeframes around this process, and have this process described in a written policy.
- + **Recommendation 7:** Give stakeholders the right to request explanations of governing body decisions.
- + **Recommendation 8:** Include in relevant policies or, on a single webpage, a non-exclusive list of sanctions for non-compliance, fraud, corruption and other prohibited behaviour.

## CASE STUDY 2: TESTS OF GOVERNANCE IN A FUND-IE RELATIONSHIP

In 2019, allegations surfaced publicly that millions of dollars had been misappropriated from a GEF-funded project in Russia, implemented by UNDP. The claims focused on a US\$7.8 million project between 2010 and 2017 to adapt Russian energy efficiency standards to those of the European Union in order to reduce GHGs. During the project, seven different whistleblowers made allegations of corruption.

The key whistleblower had been recruited to manage the project in 2012. He claimed UNDP's Moscow office, which ran the project, had weak safeguards against fraud and that Russian officials responsible for procurement using project funds routinely – and corruptly – awarded contracts to relatives and associates, as well as recruiting unqualified staff. After the whistleblower made his report internally, UNDP Moscow expressed dissatisfaction with his performance and refused to renew his contract in 2014. The whistleblower then escalated his allegations to UNDP's regional headquarters in Istanbul, also claiming he was a victim of retaliation. Regional officials dismissed his complaints as revenge seeking, and implied the irregularities were the Russian government's responsibility. The terminal evaluation of the project in 2017 found “strong indicators of deliberate misappropriation”.

UNDP had investigated the matter and identified irregularities, including private companies sitting on a committee that approved contracts, while also bidding for those contracts. However, it concluded that allegations of procurement fraud were not substantiated, and closed the case. The whistleblower persisted, again escalating his complaint and grievance,

this time beyond UNDP. GEF's Secretariat received a report of the case in mid-2018, four years after the initial complaint was made internally to UNDP. In late 2018, GEF's Council questioned UNDP representatives about the project, the allegations and UNDP's findings. Partly due to GEF council members' demands at the UNDP Governing Board, UNDP commissioned an external review of the matter, including allegations of retaliation against whistleblowers. UNDP's Office of Audit and Investigation also audited compliance with fiduciary standards and policies across the UNDP portfolio. The audit identified shortcomings and called for reform.

GEF itself updated its Policy on Minimum Fiduciary Standards in December 2019 to strengthen its accountability system for IEs. It added stricter requirements for IEs to report cases of wrongdoing, and strengthened minimum standards for investigation and measures to protect whistleblowers. GEF also developed an introductory clarification of the requirements around misuse of funds and the appropriate remedies, for inclusion in agreements between GEF and all its IEs. Although GEF does not have a specific sanctions policy, relying instead on its IEs' policies, UNDP committed to reimburse GEF trust funds for an amount to cover the shortcomings identified in the project.

The subsequent reviews of policies by UNDP and GEF indicate their governance frameworks needed strengthening. The biggest loser, however, was the environment. A confidential 2017 evaluation seen by Transparency International concluded the project achieved no useful outputs and did not reduce GHGs.

## Gender policies

All five funds have a gender policy or other policies that specifically refer to gender, and require IEs to have similar measures. To their credit, AF and GCF have adopted a view of gender more nuanced than other funds, in that it links gender-based inequality in society and the workplace, on the one hand, to corruption and non-compliance on the other. For example, conflicts of interest involving personal and sexual relationships or harassment are linked to obstacles in organisational

culture to reporting wrongdoing – in turn, related to accountability.

AF's March 2021 [Gender Policy and Gender Action Plan](#) connects gender to complainants' willingness to report, indicating AF is paying more attention to this issue. GCF also has a policy on [Sexual Exploitation, Sexual Abuse and Sexual Harassment](#). This explicitly links women's inequality in the workplace – a product of structural inequality in society – to women's ability to freely report grievances and have them resolved fairly.

- + **Recommendation 9:** Introduce a sexual harassment policy, or revise existing gender policies to address harassment issues. An effective policy would connect standards of conduct typically present in a code of ethics to principles of a gender policy focused on promoting women's equal participation and input, as well as equitable outcomes.

Gender policies are more effective when they require economic analysis to be incorporated into project planning to identify potential returns for women for each dollar invested. Such analysis could include likely improvements in women's income, reductions in economic inequality between men and women, improvements in rural women's livelihoods and in key economic sectors affecting women, such as agriculture and education. This enables gender policies to explicitly demand improved economic outcomes for women from investments in mitigation and adaptation, rather than relying on unmeasurable outcomes or simplistic measures such as percentages of women and men attending training courses. Researching this review, Transparency International heard praise for CIF for facilitating this type of economic analysis of gender mainstreaming in adaptation-focused investments in agriculture, health, water resources management and rural infrastructure.

**Recommendation 10:** Ensure gender policies specifically require that climate-related investment leads to improvements in the economic status of women and reduces economic inequality.

## Stakeholder engagement

All five funds have a stakeholder engagement policy or similar document in place, but there is room for improvement. In general, the funds are open to stakeholder feedback, including on fund performance. AF, GCF, GEF and CAFI also have robust requirements for their IEs to have governance frameworks that ensure meaningful stakeholder engagement.

Civil society input to this report expressed caution about the degree to which funds' global stakeholder engagement policies are applied consistently. This alleged that civil society participation in programme planning and design varies significantly at country level – variation that can undermine stated policy goals around both stakeholder engagement and reduced risks of climate change.

Stakeholder engagement also varies over whether the funds provide subsidies to enable observers with few resources to attend meetings, and the scope of observers' input to fund governing body meetings. For example, CIF, GEF and CAFI provide travel subsidies for observers, whereas AF and GEF currently do not. However, a majority of AF board members are in favour of giving CSOs a greater role in reviewing existing and emerging policies and procedures.<sup>33</sup>



## CASE STUDY 3: PROACTIVE INCLUSION OF OBSERVERS AT CIF

CIF has been innovative in giving observers a structured and participatory role greater than other funds, although still short of decision-making. Its Rules of Procedures for the [Clean Technology Fund](#) and the [Strategic Climate Fund](#) permit observer participation, while subsidies for travel expenses are covered by its [Travel Guidelines](#), and observers' conduct is guided by the CTF and SCF Trust Fund Committees' [Code of Conduct](#). [Reports](#) show that they can request the floor to make verbal interventions, request co-chairs to add items to the agenda, and recommend experts on specific issues. However, as with all funds, this participation does not give observers a formal role in reviewing or

accepting proposals. Committee members and chairs may choose to take observers' views into account when making decisions, but observers have no structured role that mandates committees do this. There are clearly limitations on what "participation" means.

Such innovation by CIF stands in contrast to this report's assessment that it lacks easily accessible and clear statements regarding its own principles or its standards for IEs. CIF's observer policy demonstrates that it is clearly capable of proactively working through governance challenges to strengthen standards and principles.

The Stakeholder Advisory Network on Climate Finance observed that despite the institutionalisation of observers' and other stakeholders' participation in funds' governance and programmes, their ability to influence decision-making remains constrained. The network argues that the result of funds' engagement policies is a sort of regulation of stakeholder and observer participation, rather than a facilitation of autonomy.<sup>34</sup>

- + **Recommendation 11:** Formalise the right of active observers at governing body meetings to participate in and influence decisions being made by the body.
- + **Recommendation 12:** Subsidise active observers' participation costs for governing body meetings.

Despite funds' apparent commitment at policy level to engage with stakeholders, Transparency International heard criticism that there is insufficient action on this commitment. A key problem from CSOs' perspective is a lack of what they consider to be meaningful dialogue with government representatives, regular opportunities for such dialogue, a clear "business purpose" to such meetings in terms of assessing project performance, and CSOs' right to insist on adjustments to projects deemed unsatisfactory.

**Recommendation 13:** Revise stakeholder engagement policies to include a binding commitment to implement community stakeholder recommendations on projects, following dialogue and agreement with the stakeholders.

Some funds have incomplete or confusing information on stakeholders' role in accreditation and reaccreditation processes for IEs. If they made a clear statement about this, funds' standards and principles for stakeholder involvement would be easier to understand. Funds should permit stakeholders to input into decision-making, as the benchmark for governance, and should include this in their stakeholder engagement policy.

- + **Recommendation 14:** Adopt a policy permitting stakeholders to have formal input into IE accreditation and reaccreditation decisions.

CIF has no accreditation process for its six IEs, meaning stakeholders have no role in IE participation in CIF activities. In a 2015 document, [Proposed Measures to Strengthen National-Level Stakeholder Engagement](#), CIF states that it should "harmonize principles" for stakeholder engagement across the funds it administers. Such a harmonisation, accompanied by a clear statement on this topic, would go far in addressing many of this report's criticisms of CIF's governance framework. CIF advised Transparency International that in 2020, some of these principles were incorporated into new quantitative and qualitative results indicators for stakeholder participatory processes.

- + **Recommendation 15:** CIF should adopt harmonised principles that guide its expectations of IEs' governance, and should publish these principles online.

## TRANSPARENCY

Transparency relates to accessibility of information around rules, plans, processes, decisions and actions. This element of the assessment was not simply about a policy's existence, but also whether it could be easily located. If a fund had a policy that was difficult to locate online, the fund was assessed negatively.

Aspects of the five funds' governance frameworks being confusing is a less pressing issue for individuals and organisations already highly familiar with the funds and their policies, who know how the system works. The representative of an AF national implementing entity commented that, in her experience of working with three different climate funds, AF was the "most transparent" and had the "most integrity". The challenge from a governance and anti-corruption perspective is to ensure that stakeholders who are less experienced – for example, a community which does not fully understand a programme being implemented locally – can have an experience of transparent governance similar to those who know the funds well.

### Policy accessibility

The accessibility of policies on complaints and anti-corruption concerns, as well as on stakeholder engagement, was a generally strong area of transparency, although there are specific gaps. Encouragingly, all the funds have information disclosure policies in place that are based on the presumption of full disclosure, with stipulated exceptions, such as personal information. By contrast, none of the funds except AF publish statements of interests held by governing body members, advisers and other technical experts. Nor, with the partial exception of GCF, does any fund disclose its gift registries.

AF, GEF and GCF allow live webcasting of governing body meetings, with recordings available online. Despite this general openness in decision-making bodies, when closed sessions are held, only AF and GCF require reasons for closure to be explained. There is also room for improvement on the setting of timelines for governing bodies to release information.

## CASE STUDY 4: CHALLENGES TO GOVERNANCE CAUSED BY COVID-19

The COVID-19 pandemic highlighted a weakness in transparency around the circulation of board decisions between meetings, when a board member objects to a particular decision. Research for this report revealed that the fact an objection has been raised was not always circulated and shared consistently with other board members and observers during the pandemic. Yet informing members and observers that objections have occurred is important. Knowing an objection has been raised can be a catalyst for further discussion, or can focus attention on an aspect of a decision not previously fully explored or understood. The suspension of in-person meetings during the pandemic, and the consequent greater reliance on email, increased the risk of secretariats neglecting to

circulate full information about objections, causing a reduction in transparency.

The pandemic tested funds' agility and flexibility in continuing to implement programmes while maintaining their governance standards. One reviewer with experience of three funds assessed in this document praised AF in particular, describing its efforts to continue business as "seamless" and not requiring "too much paperwork". The fund was one of the first to assist her country in getting extensions, providing additional support for project implementation and being sufficiently flexible to adjust aspects of projects in relation to COVID-related restrictions.

- + **Recommendation 16:** Circulate to all board members and relevant stakeholders information about any board member objections, regardless of when or how the objection was raised.

One reviewer was critical of transparency around GEF-funded small grants programmes managed by UNDP. He observed that CSOs did not have the same access they had to other GEF-funded activities, because government representatives in his country on the national steering committee block CSOs' input and make it difficult for CSOs to obtain information. It is not clear whether a formal complaint has been lodged, but the comment suggests a gap between GEF's policy on stakeholder engagement and the IE's ability to implement that policy in practice and overcome government representatives' resistance to CSO input.

## Declarations of interests

Only AF makes declarations of interests, such as financial interests, publicly available. AF board reports, available online, contain a section noting members' and their alternates' declared conflicts of interest. With the partial exception of GCF, the funds also do not publish registers of any gifts their decision-makers have received. GCF publicly displays some gifts, which serves a similar purpose.

The role of the internet, heightened during the pandemic, means the key transparency issue in terms of this review is whether stakeholders can easily find and view online information about governance. Several important processes flow from an effective information disclosure policy, including the ability to request information not found, funds' explanation of what information they release or withhold, the ability to appeal against a decision not to release information, and funds' information disclosure requirements for IEs.

Except for CAFI, the funds have policies on institutional financial management and procurement that are easy to locate. In some cases, the information is on the World Bank's website, where it is clear that it is a World Bank policy being followed. CAFI does have these policies, but they are not easy to find.

A second area of inconsistency relates to information disclosure. CIF and GEF have clear links to their IEs' disclosure policies. GCF also has requirements for its IEs over information disclosure in some areas of governance, although no requirement for an overall information disclosure policy. All funds should have a clear statement indicating their own standard for full disclosure, as well as clear information on their requirement for IEs to have a dedicated information disclosure policy.

- + **Recommendation 17:** Publish a statement on standards for information disclosure, including funds' requirements for their IEs on this issue.

## Lobbying

No fund has an explicit policy on lobbying and how to manage the associated governance risks. One reason may be because these risks are partially addressed through codes of conduct and conflict of interest policies, or other policies. For example, in correspondence with Transparency International for this report, AF expressed confidence that risks around lobbying in terms of improper influence are covered in the AF Board and Secretariat codes of conduct and conflict of interest policies, and those of its IEs, although these documents do not explicitly use the word "lobbying". Similarly, GCF's staff code of conduct (found in [Administrative Policies of the Fund](#)) describes many proscribed behaviours that would fall into the category of lobbying. Encouragingly, GCF specifically prohibits subsequent employment – a common "reward" by lobbying parties for officials who make a decision in their favour – on fund-related matters within two years of leaving the fund. Unfortunately, its code of conduct does not oblige staff members to report attempted lobbying. This measure would strengthen the code and enable GCF to monitor and react to such attempts.

Despite partial coverage by existing policies, lobbying focused on influencing policy is conceptually distinct from general corrupt influence. Some funds already recognise that lobbying can pose a problem. For example, CAFI Secretariat staff are employees of UNDP, and UNDP's [Standards of Conduct for International Civil Service](#) and [Code of Ethics](#) both explicitly mention lobbying of former colleagues as a prohibited post-employment activity. The World Bank's [Staff Rule 3.01 – Standards of Professional Conduct](#), which applies to AF, CIF and GEF Secretariat staff, does not use the term "lobbying", because in the World Bank context this refers to lobbying of multilateral organisations by political entities such as governments and politicians – for example, for influence within the World Bank or the UN. It does not cover lobbying by other parties such as private businesses or CSOs.<sup>35</sup> However, the document clearly prohibits staff from trying to influence decisions by the World Bank or a fund, on behalf of outside parties. As mentioned regarding the International Maritime Organization, lobbying has the potential to subvert multilateral organisations' climate-change

goals by influencing decision-makers away from GHG targets or transitions towards renewable energy technologies.<sup>36</sup>

- + **Recommendation 18:** Introduce a policy to explicitly manage lobbying activities targeting fund and IE staff, making it mandatory to report lobbying, providing for staff education on lobbying, and stipulating ways to manage it.

## Language

Language is a disappointing feature of some governance frameworks. The working language of AF, CIF, GEF and GCF is English, which in some cases has meant that policies are available in English only. This may work well for secretariat staff, but is a significant obstacle to accountability and transparency in the non-Anglophone countries that make up most of the world.

There are exceptions. AF publishes all board meeting reports in the six UN languages, and its 2020 Annual Performance Report is available in English, French and Spanish. Key AF governance documents are published in French and Spanish, or were being translated at the time of writing. These include its re-accreditation process, environmental and social policy, guidance document for IEs on compliance with the gender policy, guidance document for IEs on compliance with the environmental and social policy, and guidance on accreditation standards. The AF's accreditation form is in English, but AF allows supporting documents to be submitted in other languages, depending on the capability of Accreditation Panel members and AF Secretariat staff. AF also provides e-learning courses about its accreditation process and small grants in English, French and Spanish.

Implementing entities themselves, especially multilateral development banks, also post some policies in key UN languages (although IEs are not the focus of this review).

GEF's Conflict Resolution Mechanism and the GCF's Independent Redress Mechanism and Policy allow complainants to report in any language and clearly state they will translate all documents related to that complaint into the complainant's language. The problem is that these key governance documents are in English only. If a stakeholder who spoke no English had a grievance and wanted to understand how to complain and what to expect, the websites of all four

funds (AF, CIF, GCF and GEF) would make their enquiry impossible, despite any commitment to allow use of local languages. GCF is different in that despite its website being in English, it publishes a complaints brochure in 14 languages, a positive development.

GEF stated that it is "looking for ways to include a website translator plug-in" for its new website, which during Transparency International's research was in the final stages of construction. Such a plug-in would be a strong step towards improved accessibility, as long as instructions for use were clearly available in other languages.

GCF also commissioned an independent evaluation of its Readiness and Preparatory Support Programme, which is designed to assist countries to build the institutional requirements for climate investments, including "fiduciary and environmental and social safeguards", to help governments gain accreditation.<sup>37</sup> The report identified language as a key problem for the accreditation process, which it described as "lengthy and complicated, starting with English-only forms and requiring translations of all relevant policy documents, plus proof of the practical implementation of these policies".<sup>38</sup>

Transparency International's 2020 Governance Assessment recommended that CAFI make available all policies and documents in English and French. Most governance documents are now in both languages, although CAFI's task is also simpler than that of other funds because much of its geographic area of focus has French as the only official language of administration.

The six UN languages are obvious choices for translation of funds' policies. However, Hindi, Bengali, Portuguese and Indonesian should also be considered, due to their number of speakers and their geographic areas being major destinations for climate finance. Ultimately, this is simply a matter of increasing the budget for translation.

- + **Recommendation 19:** Create a single webpage with links to key policies translated into in each UN language relevant to the geographic area in which the fund operates. Hindi, Bengali, Portuguese and Indonesian should also be considered for funds implementing projects in areas these languages are used.

The funds' websites contain considerable "grey" writing commentating on values and principles, but



do not contain formal statements of principles. This can affect users' general ability to navigate websites and comprehend what is written. For example, CIF has a [thought piece](#) and webpage on [Just Transitions](#). However, the status of this web content is unclear. It describes sincerely held beliefs and ambitions, but CIF's governance framework has few mechanisms to influence its IEs. Therefore, it is not clear how these documents could change governance around climate action in which CIF invests, beyond sharing information and stimulating debate.

CAFI's website is confusing, in that it takes effort to understand what policy takes precedence. For example, to understand whether CAFI requires its IEs to have an ethics and conflict of interest policy in place, it is necessary to go to Annex 4 of its [Manual of Operations](#). This document says IEs are guided by UNDP's [Fraud Policy](#), which says the policy covers all implementing partners of UNDP. This means it applies to CAFI's IEs. Instead, CAFI should have a direct statement with references and links on its website, clearly signposted "Governance", then "Ethics and Conflicts of Interest Policies". Policies should also have titles likely to optimise their retrieval via a Google search.

The 2020 *Governance Assessment* classified CAFI's transparency as "average". This report recognises that CAFI has made fairly rapid progress on transparency over the past year, in particular by introducing an information policy. However, there are gaps in transparency, leaving CAFI with room for improvement. For example, it is not clear whether CAFI will explain its refusal to disclose information, other than repeat its exclusions list. CAFI also explicitly states it does not use webcasting and that reasons for meetings being closed need not be given. Furthermore, information about disclosure of agreements with IEs and of independent audits is confusing.

## METHODS FOR IDENTIFYING POLICY EFFECTIVENESS

Governance frameworks on paper, in policy form, have little value if institutions do not review, monitor and evaluate their effectiveness. Funds also need documents in place to guide effectiveness reviews of these frameworks.

Policy effectiveness is best evaluated through a mix of quantitative and qualitative tools and techniques. These should be used as part of annual monitoring and reporting programmes, to fully and properly evaluate whether outputs have been delivered, and outcomes and impacts achieved. Good monitoring and evaluation policies should mandate the tools to be used and schedules to be followed. However, climate funds often lack quantitative baselines and are therefore unable to define targets that would indicate improvement in specific areas. An exception is a CIF-funded project implemented by the Asian Development Bank, "Mainstreaming Climate Resilience into Development Planning", which connected gender- and economic-related outcomes, and was able to record by 2022 a 20 per cent decrease from the 2012 baseline in the number of households affected by extreme climate events and the resulting economic losses. It also found strategies on adaptation were integrated into at least three economic sectors connected to the project by 2018, and that at least 25 per cent of projects in water resources, agriculture, transport, water supply and sanitation were to be climate-proofed.

An elaboration of the five funds' monitoring and evaluation policy requirements is beyond the scope of this report, but this example serves as an additional reminder that the presence of a monitoring and evaluation policy is not sufficient by itself to fully determine effectiveness—what matters is the actual content of the policies, including the need for baselines, thematic emphasis (in terms of sector and cross-cutting issues), and qualitative and quantitative data.

## Reviews and evaluations

Overall, the situation regarding funds' frameworks for identifying policy effectiveness is positive. All conduct reviews and evaluations which they publish online, and all have a policy that guides policy reviews. AF, CIF, GEF and GCF have independent units that undertake evaluations. This finding is consistent with Transparency International's 2017 review of the four large funds.

Monitoring and evaluation at CAFI works differently from other funds, probably due to its smaller size. CAFI does not have a central evaluation unit, but instead its secretariat undertakes or commissions policy effectiveness reviews as part of its role in advising and assisting the Executive Board with strategic management. Again possibly due to size, CAFI also carries out fewer thematic reviews, other than audits, in areas such as general stakeholder engagement or procurement. Such reviews could, for example, focus on best practice or performance reviews. However, there are reviews of IEs and programmes, as well as of the fund itself, and these are published online. The 2020 *Governance Assessment* recommended that CAFI publish all review reports online more rapidly (see Recommendation 2a). Without knowing what reports have been produced but not published, it is difficult to know how well CAFI has complied with this recommendation. However, as of October 2021, there appears to be a considerable amount of review material available.

## Risk reviews

In terms of specific thematic concerns, the four large funds have undertaken reviews of major areas of risk: stakeholder engagement (including with indigenous peoples, regarding FPIC), financial management, and procurement. The four large funds also review, or at least make provision to review, less prominent themes, including information disclosure and anti-money-laundering policies. CIF takes an even broader approach and has reviewed the effectiveness of various funding models—reports are listed on its [Evaluation and Learning](#) page.

## Complaints and grievances

Another positive area relates to complaints and grievances. The complaints registries of AF, GEF and GCF are all available on the funds' websites. Complaints information relevant to CIF-funded projects is available via the six MDBs' websites. CAFI informed Transparency International that it has not received any complaints, but if complaints were received, this information would appear in its annual reports.

However, there are fewer effectiveness reviews, or unevenness across funds, in the areas of ethics and conflicts of interest, whistleblower policies, and sanctions and penalties for fraud and corruption:

AF, GEF and GCF collect information about ethics and conflicts of interest for the purpose of reviewing the effectiveness of these policies, but there is no evidence the other two funds do this.

Information about the effectiveness of whistleblower policies and witness protection is, by its nature, highly confidential. However, complaints registers available online presumably include some complaints obtained via whistleblowers whose identity is protected. Section 12.1 of GCF's whistleblowing policy specifically states that it will try to share best practice around management of whistleblowers and their reports, which is encouraging.

Only AF and GEF specifically mention that they collect information to review the effectiveness of sanctions and penalties for fraud and corruption. Understanding causal relationships between penalties on one hand, and trends in corruption on the other, is complex, but at least these two funds obtain data that could assist.

Not surprisingly, funds' requirements of IEs regarding policy effectiveness largely mirror their own. All funds require IEs to collect information about stakeholder engagement, FPIC, financial management and procurement, and to undertake effectiveness reviews in these areas. Encouragingly, CIF, which relies heavily on its IEs' governance frameworks, also explicitly requires IEs to collect information about stakeholders and indigenous peoples, in its [Proposed Measures to strengthen national-level stakeholder engagement](#).

At AF, CIF and GEF, policy effectiveness around IE information disclosure is guided by the World Bank's Access to Information Policy, which has provisions for review. Transparency International therefore assesses these funds positively. There is no indication that GCF and CAFI have similar requirements for their IEs.

CIF's reliance on its IEs' policies again results in a poor assessment on review of policy effectiveness. Its IEs collect and review information on anti-money-laundering due diligence, complaints management, and sanctions and penalties for corruption, but do so under their own efforts, not due to any guiding standards, principles or requirement from CIF itself.

Despite CAFI's lack of detail about what guides its own reviews, there is information about its requirements for IEs. Under CAFI's Terms of Reference, and according to its annual reporting template, IEs are required to provide information on allegations, investigations and any applied sanctions related to fraud and misuse of funds, or sexual abuse and exploitation. They must also give details of training provided to staff, consultants and contractors on these topics, and any other complaints managed via their complaints management systems. CAFI requires its IEs to undertake reviews of cross-cutting issues such as anti-corruption and gender equality, but there is no information about CAFI requiring its IEs to review the effectiveness of their policies on information disclosure, ethics and conflicts of interest, or anti-money-laundering due diligence.

- + **Recommendation 20:** Include in evaluation policies both qualitative and quantitative criteria for reviewing project effectiveness.
- + **Recommendation 21:** Publish criteria for reviewing policy effectiveness.
- + **Recommendation 22:** Publish requirements for IEs to review policy effectiveness.
- + **Recommendation 23:** Facilitate pre- and post-project assessments against key performance indicators to enable meaningful evaluation of project achievements.
- + **Recommendation 24:** Publish all reviews and evaluation reports online as soon as possible.





photo: [unsplash.com](https://unsplash.com/photos/1v8n8n8n8n8) / Ivan Bandura



# APPENDIX: POLICY ASSESSMENT TABLES

**TABLE A1: INTEGRITY POLICIES AND STANDARDS OF CLIMATE FUNDS**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>An ethics and conflict of interest policy</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	Partial	✓	✓	✓	CIF: non-staff (e.g., board members) are covered by CIF <u>Code of Conduct</u> . Not easy to locate online, thus partial.
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	X	X	X	✓	All in English, except CAFI which is officially bilingual.
<b>Does the policy cover...?</b>						
Governing body members	✓	✓	✓	✓	✓	
Advisers to governing body	n/a	✓	✓	✓	X	AF: governing body does not use advisers, therefore not applicable.  CAFI: no reference to advisers in <u>Manual of Operations</u> .
Governing body observers	X	✓	X	✓	Partial	AF: <u>Rules of Procedure</u> mentions observers, but no specific code covers them.  GEF: observers not included in <u>Policy on Ethics and Conflicts of Interest (COI) for Council Members, Alternates, and Advisers</u> .  CAFI: not specifically covered, but <u>Manual of Operations</u> makes clear observers should declare conflicts of interest, thus partial.

**TABLE A1: INTEGRITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Secretariat management, staff, consultants	✓	✓	✓	✓	✓	
External technical experts	✓	✓	✓	✓	✓	
A procedure for reviewing policy violations	✓	Partial	✓	✓	✓	CIF: members, advisers and observers covered by <u>Code of Conduct</u> , which refers to a "Contact Point who may provide advice", but there is no clear procedure.
Sanctions for policy violations, including enforcement	✓	Partial	✓	✓	✓	CIF: members, advisers and observers covered by <u>Code of Conduct</u> , which refers to consideration of remedial and mitigating measures that are unspecified.
The prohibition of gift receiving by covered persons, with exceptions	Partial	✓	✓	✓	✓	AF: staff covered by World Bank's <u>Code of Ethics</u> , but neither <u>Code of Conduct</u> for board members nor <u>Zero Tolerance Policy for the Board</u> mentions gifts.
A requirement that gifts be reported and a gift registry be maintained	Partial	✓	✓	✓	✓	AF: staff covered by World Bank's <u>Code of Ethics</u> , but neither <u>Code of Conduct</u> for Board members nor <u>Zero Tolerance Policy for the Board</u> mentions gifts.
<b>Does the ethics and conflict of interest policy cover...?</b>						
Sexual harassment and sexual blackmail	Partial	Partial	Partial	✓	✓	AF, CIF and GEF: staff covered by World Bank's <u>Code of Ethics</u> and <u>Action Plan for Preventing and Addressing Sexual Harassment</u> . However:  AF: neither <u>Code of Conduct</u> for board members nor <u>Zero Tolerance Policy for the Board</u> refers to this issue, thus partial.  CIF: committee members, advisers and observers covered by <u>Code of Conduct</u> , which does not mention this issue, thus partial.  GEF: <u>Policy on Ethics and COIs for Council Members, Alternates, and Advisers</u> does not refer to this, thus partial.
Integrity training for covered persons	Partial	Partial	Partial	✓	✓	AF, CIF, GEF: staff covered by World Bank's <u>Staff Rule 3.01 – Standards of Professional Conduct</u> . However:  AF: no mention of training for board members, thus partial.  CIF: committee members, advisers and observers: not evident they receive integrity training (not in <u>Code of Conduct</u> ), thus partial.  GEF: no document appears to cover council members, thus partial.

**TABLE A1: INTEGRITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
A requirement that covered persons disclose their interests	✓	✓	✓	✓	✓	
A requirement that lobbying activities are registered and managed as such	Partial	Partial	Partial	X	Partial	<p>AF, CIF, GEF: staff covered by World Bank's <a href="#">Staff Rule 3.01 – Standards of Professional Conduct</a>. Clauses 02.1(d) and 04.1 do not explicitly use term “lobbying” or specify the concept, but staff clearly prohibited from influencing decisions on behalf of outside parties, i.e., a form of lobbying. Thus partial.</p> <p>GCF: no document could be found that refers to lobbying.</p> <p>CAFI: does not require this, but post-employment conditions explicitly state lobbying of former colleagues is not allowed (see <a href="#">Standards of Conduct for the International Civil Service</a> and <a href="#">UNDP Code of Ethics</a>), thus partial.</p>
<b>A financial management, reporting and audit policy</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	✓	X	✓	Partial	<p>GEF: World Bank policies and procedures apply, but GEF website has no clear statement about this.</p> <p>CAFI: provides a general link to the <a href="#">MPTE</a> landing page, thus partial.</p>
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	X	X	X	✓	All in English, except CAFI which provides the document in English and French.
<b>An anti-money-laundering due diligence policy</b>	✓	✓	✓	✓	X	CAFI: does not have an anti-money laundering policy.
<i>Is it available easily online?</i>	X	Partial	✓	✓	n/a	<p>AF: World Bank rules and procedures apply, but no links provided to these documents. Information that exists is in <a href="#">Risk Management Framework</a>, but no clear indication this document is the key reference point.</p> <p>CIF: easily available through IEs' websites, but no direct link to these documents from CIF's website, thus partial.</p> <p>CAFI: no anti-money laundering policy.</p>
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	X	✓	X	n/a	<p>AF, CIF and GCF: no statement on their websites in any language other than English about the existence or location of anti-money laundering policies.</p> <p>CAFI: no anti-money laundering policy.</p>

**TABLE A1: INTEGRITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

Does the fund require implementing entities to have the following policies in place?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Ethics and conflict of interest	✓	Partial	✓	✓	✓	CIF: IEs have this, but no CIF <u>requirement</u> for them to do so, thus partial.
Free, prior and informed consent from communities affected by investments	✓	Partial	✓	✓	✓	CIF: IEs have this, but no requirement for them to do so, thus partial.
Financial management, reporting and audit	✓	✓	✓	✓	✓	
Fair and transparent procurement processes	✓	✓	✓	✓	✓	
Anti-money-laundering due diligence policy	✓	✓	✓	✓	X	CAFI: Administrative Support Services Agreements for IEs and UNDP's <u>HACT Framework</u> do not have a requirement for IEs to have this.
Management of lobbying policy	Partial	X	X	X	X	AF: while it has no explicit policy, AF told Transparency International that other documents address these risks, thus partial.



**TABLE A2: ACCOUNTABILITY POLICIES AND STANDARDS OF CLIMATE FUNDS**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>A complaints-handling mechanism or anti-corruption hotline policy</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	✓	✓	✓	✓	
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	Partial	Partial	Partial	✓	✓	AF: <a href="#">Ad Hoc Complaint Handling Mechanism</a> policy is only in English, but complaints can be made in any UN language, thus partial. CIF: information in English. IEs have more options, but a non-English speaker would not know this from CIF's website, thus partial. GEF: complaints can be made in any language, but this information and the <a href="#">Conflict Resolution Mechanism</a> are only available in English.
<b>Does the policy include...?</b>						
An explanation of the types of complaint that can be submitted	Partial	✓	Partial	✓	✓	AF: <a href="#">Ad Hoc Complaint Handling Mechanism</a> explains exclusions, but no examples of types of acceptable complaint, thus partial. GEF: <a href="#">Conflict Resolution Mechanism</a> does not explain types of complaint, but refers to implementing agencies' mechanisms that do (GEF has no standard of its own in terms of acceptable complaints), thus partial.
An explanation of who can submit complaints	✓	✓	✓	✓	✓	
An independent process for reviewing and investigating complaints	✓	✓	✓	✓	✓	
A clear timeframe for responding to complaints	✓	✓	✓	✓	✓	
Internal whistleblowers and witness protection against retaliation	✓	✓	✓	✓	✓	
Impact of gender as a challenge for reporting or grievance management	X	Partial	X	✓	X	AF, GEF and CAFI: relevant documents do not refer to this. CIF Gender Action Plan still relies on MDBs to connect gender to challenges related to grievances and reporting.
Confidentiality of complainant	✓	✓	✓	✓	✓	

**TABLE A2: ACCOUNTABILITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Anonymity of complainant	X	✓	✓	Partial	Partial	AF: <u>Ad Hoc Complaint Handling Mechanism</u> does not allow anonymous complaints. GCF: anonymity possible under <u>Whistleblower Policy</u> (internal), but not under <u>Independent Redress Mechanism</u> , thus partial. CAFI: Transparency International was told people can send anonymous complaints by post, but the <u>Manual of Operations</u> states CAFI is not “required to respond to anonymous” complaints (para.23). This suggests such complaints could be ignored, thus partial.
<b>A complaints-handling mechanism or anti-corruption hotline policy</b>	✓	Partial	✓	✓	✓	CIF: relies on IEs’ mechanisms and policies and provides links to these on its website, but four of the six links were broken at time of writing. IEs’ documents located via separate search, thus partial.
<b>Does the policy include...?</b>						
A stakeholder outreach and communications programme	✓	✓	✓	✓	✓	
A training programme for fund actors and stakeholders	✓	Partial	✓	✓	X	CIF: relies on IEs or <u>Stakeholder Advisory Network</u> to perform this role, but no clear information on own webpage, thus partial. CAFI: <u>Manual of Operations</u> makes no mention of training programme.
<b>A policy for appealing/requesting explanations of governing body decisions</b>	X	✓	✓	✓	X	AF: no mention in <u>Rules of Procedure of AF Board</u> . CAFI: no mention in <u>Rules and Procedures</u> of Executive Board.
<i>Is it available easily online?</i>	n/a	✓	✓	✓	n/a	
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	n/a	X	X	X	n/a	

**TABLE A2: ACCOUNTABILITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>A sanctions procedure and policy regarding implementing entities for corruption or fraud</b>	✓	X	✓	✓	✓	CIF: relies on IEs' own governance frameworks, and no policy found that CIF itself will take action against them for corruption or fraud.
<i>Is it available easily online?</i>	✓	n/a	✓	✓	✓	
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	n/a	X	X	✓	AF, CIF, GEF and GCF: English only.
<b>Does the policy cover...?</b>						
Repayment of funds lost to corruption	✓	X	X	✓	✓	CIF and GEF: no policy of their own regarding recovery
Suspension of finance	✓	X	✓	✓	✓	CIF: no policy of its own regarding sanctions for IEs.
Cancellation of finance/ project	✓	X	partial	✓	✓	CIF: no policy of its own regarding sanctions for IEs. GEF: disaccreditation possible via IEs' policies, but no policy of its own, thus partial.
Suspension of accreditation	✓	X	✓	✓	X	CIF: no policy of its own regarding sanctions for IEs. CAFI: <u>Manual of Operations</u> unclear on this option.
Disaccreditation	✓	X	partial	✓	X	CIF: no policy regarding sanctions for IEs. GEF: disaccreditation possible via IEs' policies, but no policy of its own, thus partial. CAFI: <u>Manual of Operations</u> unclear on this option.
<b>A stakeholder engagement policy</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	Partial	✓	✓	Partial	CIF: <u>Stakeholder engagement</u> webpage does not have this information. Multiple searches needed to find it, thus partial. CAFI: no separate policy, and no clear indication that <u>Terms of Reference</u> include this information, thus partial.
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	✓	X	✓	X	✓	CIF and GCF: English only.

**TABLE A2: ACCOUNTABILITY POLICIES AND STANDARDS OF CLIMATE FUNDS CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>Does the policy...?</b>						
Promote inclusion of marginalised populations in decision-making processes	✓	✓	✓	✓	✓	
Address gender (even if in different document)	✓	✓	✓	✓	✓	
Ensure communities affected by investments can give their free, prior and informed consent	✓	X	✓	✓	✓	CIF relies on IEs for policy approach to communities, but has no specific policy of its own mandating FPIC by IEs.
Permit observers at governing body meetings	✓	✓	✓	✓	✓	
Permit observers to provide input, raise questions and agenda items, and engage interactively at governing body meetings	✓	✓	Partial	✓	Partial	GEF: <a href="#">Rules of Procedure for Assembly</a> allows observers on invitation, but this is not a right, thus partial. CAFI: <a href="#">Terms of Reference for Executive Board</a> does not specify this, but CAFI informed Transparency International that in practice CAFI permits observers, thus partial.
Subsidise observer participation in governing body meetings	X	✓	✓	X	✓	AF and GCF: do not provide subsidies.
Facilitate or support country-level stakeholder engagement	✓	✓	✓	✓	✓	
Enable clear processes to solicit and take account of stakeholder inputs to project proposals	✓	X	✓	✓	✓	CIF: <a href="#">Proposed Measures</a> guidance document states there should be no standard approach, thus no clear processes.
Enable clear processes to solicit and take account of stakeholder inputs to accreditation and reaccreditation process for IEs	✓	X	X	✓	X	CIF: no accreditation process for IEs. GEF and CAFI: policies do not refer to this.
Require lobbying activities to be registered and managed as such	Partial	X	X	X	X	AF: states other documents cover aspects of this requirement, thus partial. Other funds have no policies.



**TABLE A2: ACCOUNTABILITY POLICIES AND STANDARDS OF CLIMATE FUNDS  
CONTINUED ...**

Does the fund require implementing entities to have the following policies in place?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Complaints-handling mechanism or anti-corruption hotline	✓	✓	✓	✓	✓	
Independent investigatory functions	✓	✓	✓	✓	✓	
Whistleblower and witness protection for staff and non-staff	✓	✓	✓	✓	✓	
Sanctions policy for corruption or fraud	✓	✓	✓	✓	✓	
Inclusive stakeholder engagement during full project cycle	✓	X	✓	✓	✓	CIF: 2015 <u>Proposed Measures</u> for engagement recommend such stakeholder input as part of "harmonized principles" for IEs, but no evidence this has been adopted.
Free, prior and informed consent from communities affected by investments	✓	✓	✓	✓	✓	
Inclusion of marginalised populations in decision-making processes	✓	✓	✓	✓	✓	
Policy on gender	✓	✓	✓	✓	✓	
Management of lobbying policy	X	X	X	X	X	No fund requires IEs to have a lobbying policy.

**TABLE A3: TRANSPARENCY POLICIES, STANDARDS AND PRACTICES OF CLIMATE FUNDS  
CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>A fund-level information disclosure policy</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	✓	✓	✓	✓	
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	X	X	X	✓	AF, CIF, GEF and GCF: English only.
<b>Does the policy...?</b>						
Apply the “no harm” rule based on the presumption of disclosure of information	✓	✓	✓	✓	✓	
Provide a clear list of exceptions for information that may not be disclosed	✓	✓	✓	✓	✓	
Require that reasons for non-disclosure of information be explained to the public	X	Partial	✓	✓	X	AF: not evident from <a href="#">Open Information Policy</a> . CIF: no policy of its own; relies on IEs policies, thus partial. CAFI: No evidence this is required.
Provide a process for accepting information requests	✓	✓	✓	✓	✓	
Provide an appeal process for non-disclosure decisions	✓	✓	✓	✓	✓	
Provide a timeframe for declassification of fund information	✓	✓	✓	✓	✓	
Provide a timeframe for disclosure of board meeting documentation before and after board meetings	✓	X	X	✓	✓	Evidence of a timeframe could not be found for CIF or GEF.
Disclose project proposals for public comment within a sufficient timeframe prior to governing body approval	✓	Partial	✓	✓	✓	CIF: Transparency International’s previous review, <i>A Tale of Four Funds</i> , states CIF “may” require proposals to be disclosed, but this is not obligatory, thus partial.

**TABLE A3: TRANSPARENCY POLICIES, STANDARDS AND PRACTICES OF CLIMATE FUNDS  
CONTINUED ...**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
<b>A fund-level information disclosure policy</b>	✓	✓	✓	✓	✓	
<b>Does the policy...?</b>						
Permit webcasting of governing body meetings	✓	X	✓	✓	X	CIF: no indication this occurs. CAFI: <u>Manual of Operations</u> specifically states CAFI will not do this.
Enable archiving of webcasts	✓	X	✓	✓	X	
Prohibit closed sessions of its governing body and committees?	X	X	Partial	X	X	AF, CIF, GCF and CAFI: all permit closed meetings. GEF: no closed sessions for Assembly, but Executive Sessions are open only to members ( <u>Rules of Procedure for GEF Council</u> , para. 23), thus partial.
Require that reasons for meetings being closed are explained to the public	✓	X	X	✓	X	AF: in October 2021, the board voted in favour of disclosing reasons for closed sessions more explicitly. CIF, GEF and CAFI do not require reasons to be explained.
Disclose contracts with implementing entities	✓	✓	✓	Partial	Partial	GCF: <u>Comprehensive Information Disclosure Policy</u> reserves the right not to disclose contractual information in some circumstances, thus partial. CAFI: Administrative Agreement with the World Bank available on the MPTF <u>webpage</u> , as is the template for the agreement, but no contracts with other IEs are evident, thus partial.
Disclose independent financial audits	✓	✓	✓	✓	X	CAFI: <u>Manual of Operations</u> makes clear internal audits will not be posted; no information on independent (external) financial audits.

**TABLE A3: TRANSPARENCY POLICIES, STANDARDS AND PRACTICES OF CLIMATE FUNDS  
CONTINUED ...**

Are the following fund-level policies and information easily accessible via the fund's website?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Ethics and conflict of interest policies for its governing body, advisers and experts	✓	✓	✓	✓	✓	
Ethics and conflict of interest policy applicable to secretariat staff and consultants	✓	Partial	✓	✓	✓	CIF: easily located on World Bank website, but no clear indication on CIF's own website that this is where to look, thus partial.
Ethics and conflict of interest policy applicable to observers	X	✓	✓	✓	✓	AF: no separate code of conduct for observers.
Disclosure of interest statements by governing body members, advisers and other (technical) experts	✓	X	X	X	X	CIF, GEF, GCF and CAFI: do not publish disclosure statements on their websites.
Disclosure of the fund's gifts registry	X	X	X	Partial	X	No fund discloses its gift registry. However, GCF's <a href="#">Corporate Procurement Guidelines</a> allow for significant gifts to be displayed publicly, partially fulfilling this standard.
Institutional financial management, reporting and audit policy	✓	✓	✓	✓	X	CAFI: information about this not easily found. <a href="#">Operations Manual</a> and <a href="#">Terms of Reference</a> contain these policies.
Institutional procurement policy	✓	✓	✓	✓	X	CAFI: no clear link to information about the policies guiding CAFI's procurement.
Institutional anti-money-laundering policy	X	X	X	✓	X	AF, CIF and GEF: World Bank rules and procedures apply, but these funds' websites have no specific link or information connecting to World Bank policy. CAFI: information about this not easily found.
Information disclosure policy	✓	✓	✓	✓	✓	



**TABLE A3: TRANSPARENCY POLICIES, STANDARDS AND PRACTICES OF CLIMATE FUNDS  
CONTINUED ...**

Are the following fund-level policies and information easily accessible via the fund's website?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Anti-corruption hotline/ corruption complaints-handling hotline concerning fund projects and operations	✓	✓	✓	✓	✓	
Complaints-handling mechanism or anti-corruption hotline for the fund's secretariat	✓	✓	✓	✓	✓	
Sanctions and penalties for corruption or fraud	✓	Partial	X	✓	Partial	CIF: members, advisers and observers covered by <a href="#">Code of Conduct</a> , which refers to a contact point who may consider remedial and mitigating measures, but unclear what these are, thus partial. GEF: information not on <a href="#">Conflict Resolution Mechanism</a> page. CAFI: found in UNDP <a href="#">Legal Framework for Addressing Non-Compliance with UN Standards</a> and UNDP <a href="#">Code of Ethics</a> , but not easy to find from CAFI's website, thus partial.
Stakeholder engagement (fund level)	✓	✓	✓	✓	✓	
Management of lobbying policy	X	X	X	X	X	No fund has a policy that specifically seeks to regulate lobbying.
Does the fund require implementing entities to have an information disclosure policy?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
	X	Partial	Partial	Partial	X	AF: not specified under <a href="#">Guidance on Accreditation Standards</a> . CIF: IEs have this policy, but CIF does not require it, thus partial. GEF: <a href="#">Minimum Fiduciary Standards</a> and <a href="#">Policy on Environmental and Social Safeguards</a> have requirements for IEs to disclose information in key areas, but no requirement for a dedicated information disclosure policy (although some have it), thus partial. GCF: requires information disclosure policy for environmental and social assessments only, not information generally, thus partial. CAFI: nothing found indicating that IEs are required to have this.

**TABLE A4: METHODS FOR IDENTIFYING POLICY EFFECTIVENESS OF CLIMATE FUNDS**

At the fund level, the following policies are in place:	AF	CIF	GEF	GCF	CAFI	NOTES*
<b>A fund-level monitoring and evaluation policy or mechanism, or similar</b>	✓	✓	✓	✓	✓	
<i>Is it available easily online?</i>	✓	✓	✓	✓	✓	
<i>Is it available in languages helpful to non-institutional stakeholders?</i>	X	X	✓	X	✓	AF, CIF and GCF: English only.
<b>Reviews and monitoring and evaluation reports are publicly available online</b>	✓	✓	✓	✓	✓	
At the fund level, are there regular actions to collect information about policy effectiveness concerning...?	AF	CIF	GEF	GCF	CAFI	NOTES* (*Notes address exceptions. If documents exist then no comment)
Information disclosure, transparency	✓	✓	✓	✓	✓	
Ethics and conflicts of interest	✓	X	✓	✓	X	CIF and CAFI: no evidence of policy effectiveness review.
Financial management, reporting and audit	✓	✓	✓	✓	✓	
Fair and transparent procurement processes	✓	✓	✓	✓	✓	
Anti-money-laundering due diligence policy	✓	✓	✓	✓	X	CAFI: <a href="#">Manual of Operations</a> does not stipulate review or evaluation of this policy.
Complaints-handling mechanism or anti-corruption hotline	✓	Partial	✓	✓	✓	CIF: does not have a register of cases on its own website, but IEs have their own, thus partial.
Whistleblower and witness protection	✓	Partial	✓	✓	X	CIF relies on IEs' policies, thus partial. CAFI: no evidence of policy effectiveness review.
Sanctions and penalties for corruption or fraud	✓	X	✓	X	X	CIF, GCF and CAFI: no evidence funds review the effectiveness of any sanctions or penalties they themselves have in place.
Stakeholder engagement	✓	✓	✓	✓	✓	
Management of lobbying policy	X	X	X	X	X	No fund has a policy in place.

**TABLE A4: METHODS FOR IDENTIFYING POLICY EFFECTIVENESS OF CLIMATE FUNDS  
CONTINUED ...**

<b>At the implementing- entity level do the funds require actions to collect information about policy effectiveness concerning...?</b>	<b>AF</b>	<b>CIF</b>	<b>GEF</b>	<b>GCF</b>	<b>CAFI</b>	<b>NOTES*</b> (*Notes address exceptions. If documents exist then no comment)
Free, prior and informed consent from communities affected by investments	✓	✓	✓	✓	✓	All funds review performance around FPIC/ indigenous peoples.
Information disclosure, transparency	✓	✓	✓	X	X	GCF and CAFI: no indication IEs are required to review policy effectiveness.
Ethics and conflicts of interest	✓	Partial	✓	X	X	CIF: does not do this, but its IEs do, thus partial. GCF and CAFI: no indication IEs are required to review policy effectiveness.
Financial management, reporting and audit	✓	✓	✓	✓	✓	
Fair and transparent procurement processes	✓	✓	✓	✓	✓	
Anti-money laundering due diligence policy	✓	Partial	✓	✓	X	CIF: does not review policies itself, but IEs do, thus partial. CAFI: no requirement for IEs to review policy effectiveness.
Complaints-handling mechanism or anti-corruption hotline	✓	Partial	✓	✓	✓	CIF: information about complaints regarding CIF-funded activities on IEs' website, but not on CIF's, thus partial.
Sanctions and penalties for corruption or fraud	✓	Partial	✓	✓	✓	CIF: no information saying it requires IEs to collect this information, but IEs do anyway.
Stakeholder engagement	✓	✓	✓	✓	✓	
Management of lobbying policy	X	X	X	X	X	No fund has a policy, so no effectiveness reviews.
Free, prior and informed consent from communities affected by investments	✓	✓	✓	✓	✓	All funds require IEs to review performance around consent and indigenous peoples.





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# NOTES

- <sup>1</sup> B. Buchner, A. Clark, A. Falconer, R. Macquarie, C. Meattle, R. Tolentino and C. Wetherbee. Global landscape of climate finance. Climate Policy Initiative. 2019.
- <sup>2</sup> UNDP made this estimate in correspondence to the *Financial Times* regarding the latter's reporting on allegations of corruption in a project in Russia funded by GEF and implemented by UNDP (see Case Study 2 of this report). The *Financial Times* refers to this correspondence in its article by Edward White and Leslie Hook, UN-backed climate fund faces waves of abuse allegations from staff. *Financial Times*, 25 August 2020.
- <sup>3</sup> Intergovernmental Panel on Climate Change (IPCC), Global warming of 1.5°C. Geneva: United Nations. 2018.
- <sup>4</sup> Because there are many REDD+ funds around the world, and because FONAREDD is the major recipient of funds via CAFI, the most apt fund to include for assessment purposes in this report was CAFI, rather than FONAREDD.
- <sup>5</sup> M. Nest, S. Mullard, and C. Wathne. 2020. Corruption and climate finance: Implications for climate change interventions. U4 Brief 2020:14. U4 Anticorruption Resource Centre. Bergen.
- <sup>6</sup> See Transparency International's *Corruption Perceptions Index*.
- <sup>7</sup> Transparency International, *Protecting Climate Finance: An anti-corruption assessment of the Climate Investment Funds*, 2014.
- <sup>8</sup> Transparency International, *Protecting Climate Finance: An anti-corruption assessment of the Adaptation Fund*, 2014.
- <sup>9</sup> Transparency International, *Protecting Climate Finance: An anti-corruption assessment of the Global Environment Facility*, 2014.
- <sup>10</sup> Transparency International, *Protecting Climate Finance: An anti-corruption assessment of the Forest Carbon Partnership Facility*, 2014.
- <sup>11</sup> Transparency International, *Safeguarding Climate Finance Procurement: National-level procurement of the Green Climate Fund*, 2018.
- <sup>12</sup> Yann Petrucci. Governance Assessment: Central African Forest Initiative (CAFI) and DRC's National REDD+ Fund (FONAREDD). Berlin: Transparency International, 2020.
- <sup>13</sup> Because there are many REDD+ funds around the world, and because FONAREDD is the major recipient of funds via CAFI, the most apt fund to include for assessment purposes in this report was CAFI, rather than FONAREDD.
- <sup>14</sup> There is considerable overlap in terms of the same IEs working with different funds. For example, most entities accredited to AF are also accredited to GCF. Therefore, the total number of individual IEs across all five funds is less than the total of 203 showing in Table 3.
- <sup>15</sup> For a discussion of just transitions, see: M. S. Henry, M.D. Bazilian and C. Markuson. Just transitions: Histories and futures in a post-COVID world. *Energy Research & Social Science* 2020, 68, 101668; P. Newell and D. Mulvaney. The political economy of the "just transition". *The Geographical Journal*, 2013, 179(2): 132-140.
- <sup>16</sup> The way climate change more severely impacts women than men is another important issue, but one outside the scope of this report, which focuses on governance only.
- <sup>17</sup> While Transparency International's review of CIF (2014a) includes a limited acknowledgement of gender, this issue is absent from the *Governance Assessment* of CAFI and the 2014 reviews of AF (2014b), GEF (2014c) and the Forest Carbon Partnership Facility (2014d). There are references to "inclusion" and "participation" focused on stakeholders

and observers, which could include women, but there is no specific focus on gender as a concept.

<sup>18</sup> For criticism of lobbying around decision-making on climate change, see: K. Aronoff, Shell oil executive boasts that his company influence the Paris Agreement. The Intercept, 8 December 2018; R.J. Brulle, Institutionalizing delay: Foundation funding and the creation of U.S. climate change counter-movement organizations. *Climatic Change* 2014, 122(4): 681-694; Corporate Europe Observatory et al. Corporate COP25: the biggest failure so far? Brussels, 2019; Culture Unstained. Oil companies' secret push to co-opt COP26 revealed. London, 2020; M. Mildemberger, *Carbon captured: How business and labor control climate policy*. Cambridge, MA: MIT Press, 2020.

<sup>19</sup> The global shipping industry is a significant contributor of greenhouse gases. See Transparency International, *Governance at the International Maritime Organization: the Case for Reform*, 2018.

<sup>20</sup> See: L.A. Dos Santos and P.M.T da Costa. The contribution of lobby regulation initiatives in addressing political corruption in Latin America. *Journal of Public Affairs* 2012, 14(3-4): 379; J. Greenwood and C.S. Thomas. An evaluation of lobby regulations and its lessons: the United States and other liberal democracies. Entry 14.6. In *Research Guide to U.S. and International Interest Groups*, Thomas C.S. (ed.). Westport, CT: Praeger Publishers, 2004, 381-89; and C.S. Thomas. Transparency in public affairs: Lessons from the mixed experience of the United States. In *Challenge & Response: Essays on Public Affairs & Transparency*, T. Spencer and C. McGrath (eds.). Brussels: Landmarks Press, 2006: 41-48.

<sup>21</sup> Information from <https://www.adaptation-fund.org>

<sup>22</sup> Information from <https://www.climateinvestmentfunds.org>

<sup>23</sup> <https://www.climateinvestmentfunds.org/finances>

<sup>24</sup> Information from <https://www.thegef.org>

<sup>25</sup> Information from <https://www.greenclimate.fund>

<sup>26</sup> <https://www.greenclimate.fund/projects/dashboard>

<sup>27</sup> Information from <https://www.cafi.org>

<sup>28</sup> <https://www.climateinvestmentfunds.org/transparency-accountability>

<sup>29</sup> See p.63 of [GCF/B.15/25](#).

<sup>30</sup> See p.24 of [GCF/B.18/24](#).

<sup>31</sup> See p.32 of [GCF/B.15/25](#).

<sup>32</sup> Stakeholder Advisory Network on Climate Finance, [SAN Strategy and Business Plan](#) (draft), 2020.

<sup>33</sup> [Options to further enhance civil society participation and engagement in the work of the board](#). AFB/B.37/8, 12 October 2021. Adaptation Fund Board Meeting, 37th meeting, p.7.

<sup>34</sup> Stakeholder Advisory Network on Climate Finance, [SAN Strategy and Business Plan](#) (draft), 2020: 2, 14.

<sup>35</sup> This clarification was provided via reviewer feedback from GEF.

<sup>36</sup> Transparency International, *Governance at the International Maritime Organization: the Case for Reform*. Berlin, 2018: 3.

<sup>37</sup> See GCF: <https://ieu.greenclimate.fund/evaluation/rsp2018>.

<sup>38</sup> GCF, [Independent Evaluation of the Green Climate Fund's Readiness and Preparatory Support Programme \(RPSP\)](#). GCF/B.22/03. 1 February 2019: 77.

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