



**PROTECTING CLIMATE FINANCE  
AN ANTI-CORRUPTION ASSESSMENT  
OF THE CLIMATE INVESTMENT FUNDS**

**Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.**

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# PREFACE

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In 2012, Transparency International working with the Stockholm Environment Institute undertook a process to map out lines of accountability within the Climate Investment Funds as well as an assessment of the Funds' performance against key criteria of transparency, accountability, integrity and anti-corruption. This document contains a summary of the main findings and key recommendations for reform.

# EXECUTIVE SUMMARY

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*Protecting Climate Finance: An Anti-corruption Assessment of the Climate Investment Funds* is the second in a series of reports by Transparency International aimed at analysing the policies and practices that seven multilateral climate funds have in place to prevent corruption and enable accountability. The purpose of this study was to contribute to the positive development and strengthening of the Funds to support effective achievement of their objectives to deliver adaptation and mitigation finance and results for middle income and developing countries.

Established in 2008, the Climate Investment Funds aim to support middle income and developing countries with urgently needed resources to mitigate and manage the challenges of climate change and to reduce their greenhouse gas emissions. Composed of four key programmes – the Clean Technology Fund, the Forest Investment Program, the Pilot Program for Climate Resilience and the Scaling Up Renewable Energy in Low Income Countries Program – the Funds have allocated US\$7.6 billion to assist the scale up of low-carbon, clean technologies in middle-income countries; the reduction of deforestation in developing countries; the integration of climate resilience into development; and the deployment of renewable energy solutions in the world's poorest countries.

Transparency International's assessment of the Funds reviewed both their governance arrangements and transparency, accountability, and integrity policies and practices against a set of twelve indicators. The study involved preliminary desk research and subsequent interviews with the Funds' Administrative Unit (Secretariat). Peer reviews were further engaged to validate or question the findings.<sup>1</sup> As a result, Transparency International has identified both best practices and some areas where the Funds' policies should be strengthened.

Overall, the Climate Investment Funds aspire to as well as exhibit a number of best practices regarding **transparency**. From the outset, it has underlined the importance of transparency throughout the Funds' operations and has tried to give life to this through its policy documents. It ensures the publication of accurate, comprehensive, clear, coherent and timely information on its executive functions, projects and programmes, and it has begun to publish its climate finance information as part of the International Aid Transparency Initiative.

However, some weaknesses remain. At present, there is a level of contradiction witnessed between the policy documents of the Funds and the information available on the Funds' website – making it unclear what specific access to information procedures apply. Furthermore, information regarding the anti-corruption rules and safeguards of downstream actors, in particular those at the national level, is not openly disclosed at Fund level. The transparency of the Funds' decision-making Committees could also be further bolstered by providing for the web-casting of Committee meetings.

In terms of **accountability** at the Fund level, clear and comprehensive processes defined by World Bank policies are in place to ensure the investigation and sanctioning of the Funds' Administrative Unit and Trustee. However, the Funds' executive-level accountability needs further rules and procedures regarding the behaviour of the Trust Fund Committee, the Sub-Committee and the individual Members of these Committees. This means more sufficient assurances that investigative, review and sanctioning processes are in place.

Project-level accountability is delegated to the Funds' Implementing Entities – a role which is fulfilled by the Multilateral Development Banks. The effectiveness of this arrangement is important, yet it can only be partially assessed insofar as it applies to officials of the Multilateral Development Banks themselves. Most of the policies applicable to them are readily available on the Funds' website, although information on their application and effectiveness is wanting. The effectiveness of this arrangement is harder to assess for actors further downstream, however, due to the inconsistent availability of information regarding what specific anti-corruption rules apply. Similarly, requirements for and the extent to which complaints

mechanisms and whistleblower protection are provided by these actors begs much greater clarification and understanding. Downstream accountability, therefore, needs to be much better demonstrated in clear and consistent ways.

Citizens have a key role to play in advancing the anti-corruption agenda. As watchdogs and/or independent consultants, they can help ensure the **integrity** and effectiveness of decision-making processes. The Funds' policies are advanced regarding civil society participation both as Observers at the Trust Fund Committee and Sub-Committee meetings and as consulted stakeholders at the project level. This process is ongoing, however, and such participation can be further strengthened to enable more open, meaningful engagement and better uptake of citizens' concerns. Ongoing actions being undertaken by the Funds should be supported and monitored.

Finally, as they came together as a partnership to set up the Funds, the Multilateral Development Banks are not accredited under the Funds. The Funds' documentation is, therefore, largely silent in terms of the fiduciary standards or integrity requirements for the Multilateral Development Banks. Sanctions for condoning or sanctioning corrupt behaviour, such as disaccreditation or project cancellation, are also absent. In this way, the Funds are missing a clear commitment to anti-corruption. The Funds should consider instituting a Fund-wide zero-tolerance of corruption policy. This will be an important advance for setting accountability standards, defining values, and creating a culture of zero-tolerance at all stages and levels of the Funds' operations.

As an international entity entrusted with public money, the Funds will need to take on a Fund-wide zero-tolerance of corruption policy and improve access to information on key anti-corruption assurances throughout project and programme cycles. This information is essential to ensure both downstream and upstream accountability for the prevention and deterrence of corruption. The Funds have already made important advances in this direction. Transparency International welcomes and supports the Funds' ongoing efforts to strengthen and evolve a clear, comprehensive and consistent set of policies to demonstrate its overall global accountability.

# INTRODUCTION

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Climate change is arguably our greatest ever challenge. Addressing it effectively will test the boundaries of multilateral cooperation, requiring transformational shifts in our political and financial economies and a refashioning of lifestyle, infrastructure and technology on a global scale.

The response to climate change has ushered in a new era in international financing, demonstrating the growing recognition of countries' differing historic responsibilities for global warming. In 2009, industrialised nations pledged to support developing countries in their efforts to scale up climate change adaptation, forest conservation and clean energy technology development. Donor governments claim to have provided more than US\$30 billion in climate finance between 2010 and 2012.<sup>2</sup> The 2009 commitment was to increase that annual cash transfer to US\$100 billion by 2020.<sup>3</sup>

Recent years have seen a burgeoning of new bodies tasked with channelling, allocating and spending climate finance. At the global level, it is broadly anticipated that the [Green Climate Fund](#), which has emerged as a potential new source of public and private finance through the UN Framework Convention on Climate Change (UNFCCC), may become the major conduit for climate funds. Until this time, the finance architecture remains comprised of a patchwork of multilateral funds – all of which operate according to their own rules and procedures.

In 2011, Transparency International's *Global Corruption Report on Climate Change*<sup>4</sup> highlighted the risks implicit in a funding landscape characterised by complexity and fragmentation. When responsibility for effective spending is shared among a multitude of actors and sites, holding decision-makers accountable becomes cumbersome. Initial investigations into the governance of climate funding bodies further pointed to instances of inadequate transparency and lacking or compromised independent oversight across important decision-making processes.

Meanwhile, corruption risks remain prevalent in many of the countries and sectors where climate money is most needed. It is too early in the history of climate finance for many corruption cases to have come to light, but it is not too early for precautionary action. Unless reforms are made to the current climate regime, there is a risk that fair and effective spending will be undercut by corruption in the form of capture or undue influence, creative accounting or reporting, and the mismanagement, embezzlement or misappropriation of public resources. Amid global financial crises and ever-growing constraints on the public purse, these are situations that the world simply cannot afford.

The good news is that positive change is still possible. The current funding constellation may be complex, but it does provide us with a laboratory of differing approaches to the task of climate adaptation and mitigation. The challenge now is to examine these approaches to ascertain what has worked well, what has not and why. Maximising the effectiveness of future climate investment will require that the various anti-corruption strengths and weaknesses inherent in these arrangements inform the funding arrangements of the future.

It is in this context that Transparency International, in collaboration with expert researchers,<sup>5</sup> embarked upon an anti-corruption assessment of key multilateral climate funds.<sup>6</sup> Assessed funds include the Adaptation Fund, the two Climate Investment Fund Trust Funds, the Least Developed Countries Fund, the Special Climate Change Fund, the Forest Carbon Partnership Facility, and the UN Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD). In parallel, Transparency International conducted national climate finance mapping and governance assessments in six countries: Bangladesh, Dominican Republic, Kenya, Maldives, Mexico and Peru.

At the global level, Transparency International assessed the multilateral funds' preventative policies regarding how well transparency, accountability and integrity were demonstrated and required. This was further supplemented with an accountability analysis that reviewed fund policies to deal with corruption by

different actor bodies (for example, a Board or a Secretariat) and individuals (for example, Board Members and Secretariat staff). For both studies, the lines of accountability between actors were examined as part of a broader accountability mapping.

Accountability here is understood as “the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly”.<sup>7</sup> An accountability framework comprises policies that dictate how people should and should not behave as well as structures and systems to monitor compliance and detect and sanction wrongdoing. As such, accountability arrangements act as both a deterrent to corruption and a safety net to catch and address it if and when it occurs – only, however, if these arrangements are strong and clearly understood and enforced by staff, contractors, consultants and beneficiaries. This is where transparency and accountability intersect and mutually reinforce one another – one is insufficient without the other. These assessments seek to understand the nature, scope and strength of climate funds’ accountability frameworks and how transparent, practicable and effective those frameworks are to the people they involve.

Strengthening accountability and minimising risks of corruption are important foundations and catalysts for achieving climate finance’s intended transformational impacts – to transition to climate capable growth and sustainable development – with the required level of velocity. The findings of Transparency International’s global and national studies are intended to improve knowledge of climate finance accountability and corruption risk mitigation strategies amongst key stakeholders – including civil society organisations and public and private sector actors – to develop their capacity to contribute to the development, implementation and oversight of climate policy and projects. The assessment results will be monitored over time to track changes. Periodic reports on such developments will incentivise efforts for reforms, and they will feed into discussions on the design of new national and global bodies such as the Green Climate Fund.

This report presents the main findings of Transparency International’s assessment of the **Climate Investment Funds**. Established in 2008, the Funds aim to support middle income and developing countries with urgently needed resources to mitigate and manage the challenges of climate change and to reduce their greenhouse gas emissions. The Funds are a partnership of Multilateral Development Banks who collaborate with each other, Fund country governments and other key stakeholder groups to further the Funds’ aims. Rather than developing individual projects, the Funds follow a programme approach seeking to transform a whole sector or economy. Having an equal representation of developed and developing countries in its governing bodies, the Funds provide grants and highly concessional resources through a variety of financial tools. As of June 2013, US\$7.6 billion had been allocated to the Funds’ four programmes and just under US\$3 billion has been approved for the following projects and programmes: the Clean Technology Fund (US\$2.4 billion); the Forest Investment Program (US\$73 million); the Pilot Program for Climate Resilience (US\$445 million); and the Scaling Up Renewable Energy in Low Income Countries Program (US\$46 million).<sup>8</sup>

This report is divided into two parts: an **accountability mapping** and an **anti-corruption assessment**. The mapping attempts to gain clarity over the Climate Investment Funds’ accountability framework, which includes their key decision-making bodies and individuals, who is accountable to whom, and according to what rules or standards. This mapping establishes a blueprint from which to conduct a more in-depth assessment of the Funds’ ability to resist corruption within their ranks. The **anti-corruption assessment** reviews both preventive and remedial approaches to corruption within the Funds through an analysis of the ambition, scope and strength of its relevant policies and procedures. The mapping and assessment methodology involved desk research and interviews with the engagement of the Funds, peers and research consultants. The research approach is detailed in Annex 1 of this report.

It should be noted that the intent of this study is to examine the governance policies, procedures and practices of Climate Funds. Examining only these policies, however, will not necessarily provide a full, worthy assessment of the overall transparency, accountability and integrity framework in which these Funds operate. In many cases, this would involve additional research into non-executive actors “within” the Funds’ delegated accountability functions, including actors at the country level. While this study does attempt to map the roles of these actors in relation to the Funds and highlights where informational gaps exist, it does not assess these actors in terms of the effectiveness of their policies. Further study into the



implementation of projects in-country would be required to comment extensively on the Funds' broader operations. This is beyond the scope of the current research.

# METHODOLOGY

The methodology used followed a two-part process, producing both an **accountability map** and an **anti-corruption assessment**.

The **accountability map** sets out the different actors and bodies operating within the Climate Investment Funds and their lines of accountability to one another. It also pinpoints anti-corruption policies that govern the Funds and their staff. Regarding individual behaviour, the availability of **rules or standards** which govern unethical, corrupt or fraudulent behaviour – as well as the mechanisms in place to detect and act upon corruption in the Funds’ operations – is assessed.

The **anti-corruption assessment** takes this first step further and probes the scope and level of ambition of these rules, standards and processes.

The analysis aims first and foremost to provide a qualitative assessment. It analyses the Funds’ policies and practices against 12 anti-corruption indicators, representing principles and practices in the areas of transparency, accountability and integrity.<sup>9</sup> This qualitative assessment is conducted through defined scoring and guiding questions. These are listed in summary form in the table below. It is also presented in the form of a five-colour coding system running from weak (red) to strong (green). More detail on the indicators and individual scoring and guiding questions can be found in Annex 1.

## Assessment Indicators

TRANSPARENCY
<b>Indicator (1) : Policy Level Transparency</b> Are there policy provisions in place for public access to information regarding the Funds’ administration and operations including activities, outputs and decisions?
<b>Indicator (2): Practice Level Transparency</b> In practice, can members of the public obtain relevant and timely information on the Funds’ policies, procedures, activities, outputs and decisions throughout the project cycle?
ACCOUNTABILITY
<b>Indicator (1): Financial Reporting and Audits</b> Do the Funds have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?
<b>Indicator (2): Accountability (Answerability) Mechanisms</b> Are the Funds’ decisions governed by clear and effective accountability mechanisms?
<b>Indicator (3): Whistleblower Protection</b> Throughout the Funds’ project cycle are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors and consultants who would expose any wrongdoing in any Fund-related action?

**Indicator (4): Complaints and Investigation Mechanisms**

Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?

**Indicator (5): Sanctions**

Are there effective policies and procedures in place to penalise corruption and fraud?

**Indicator (6): Civil Society Consultation**

Is the Fund required to consult with civil society throughout the project cycle?

**Indicator (7): Observer Participation**

Do independent civil society actors participate meaningfully in the proceedings of the Funds?

**INTEGRITY****Indicator (1): Anti-Corruption Rules**

Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?

**Indicator (2): Integrity Screenings**

Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?

**Indicator (3): Integrity Training**

Are appointed members and technical staff trained on issues of integrity?

This research was informed primarily by publicly available material on the Climate Investment Funds' website and, to some extent, the websites of the partner Multilateral Development Banks. This was complemented by follow-up interviews with the Funds' Administrative Unit and inputs received through a peer review process. As a quality control measure, Transparency International then reviewed all content for accuracy and credibility. Input from the Funds was validated, and corrections were made as necessary and appropriate.

More detail on the methodology can be found in Transparency International's *Global Climate Finance Governance Risk Assessment Toolkit*.<sup>10</sup>

# KEY FINDINGS AND RECOMMENDATIONS

Transparency International’s two-part mapping and assessment of the Climate Investment Funds’ anti-corruption accountability framework reveals both a number of strengths and challenges for short- and long-term considerations by the Funds and others. In this section, the key findings and recommendations of the mapping and assessment are presented. A more detailed analysis can be found in the ensuing full report.

The table below summarises the Funds’ anti-corruption safeguard rating in the areas of transparency, accountability and integrity. Performance is rated as **red/weak** (indicating lacking policies and insufficient practices), **orange/average** (demonstrating that policies and practices exist but improvements are needed), or **green/strong** (signalling the Fund-wide and sufficient implementation of adequate policy and practices). Gradations in-between indicate that certain indicators fall between categories, with **dark orange** representing below average and **yellow** representing above average.

Overall the Funds performed best in its policies and practices for transparency, participation and consultation. However, weaknesses in accountability and integrity policies and practices were identified at the Fund level. As an international entity entrusted with public money, the Funds will need to take on a Fund-wide zero-tolerance of corruption policy and improve access to information on key accountability assurances to safeguard people and money from corruption throughout project cycles.

## Summary of Climate Investment Funds’ Assessment Performance

TRANSPARENCY	PERFORMANCE
<b>Indicator (1) : Policy Level Transparency</b> Are there policy provisions in place for public access to information regarding the Funds’ administration and operations including activities, outputs and decisions?	<b>ABOVE AVERAGE</b>
<b>Indicator (2): Practice Level Transparency</b> In practice, can members of the public obtain relevant and timely information on the Funds’ policies, procedures, activities, outputs and decisions throughout the project cycle?	<b>STRONG</b>
ACCOUNTABILITY	PERFORMANCE
<b>Indicator (1): Financial Reporting and Audits</b> Do the Funds have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?	<b>STRONG</b>
<b>Indicator (2): Accountability (Answerability) Mechanisms</b> Are the Funds’ decisions governed by clear and effective accountability mechanisms?	<b>BELOW AVERAGE</b>

<p><b>Indicator (3): Whistleblower Protection</b> Throughout the Funds' project cycle are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors and consultants who would expose any wrongdoing in any Fund-related action?</p>	<b>AVERAGE</b>
<p><b>Indicator (4): Complaints and Investigation Mechanisms</b> Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?</p>	<b>ABOVE AVERAGE</b>
<p><b>Indicator (5): Sanctions</b> Are there effective policies and procedures in place to penalise corruption and fraud?</p>	<b>BELOW AVERAGE</b>
<p><b>Indicator (6): Civil Society Consultation</b> Is the Fund required to consult with civil society throughout the project cycle?</p>	<b>ABOVE AVERAGE</b>
<p><b>Indicator (7): Observer Participation</b> Do independent civil society actors participate meaningfully in the proceedings of the Funds?</p>	<b>STRONG</b>
<b>INTEGRITY</b>	
<p><b>Indicator (1): Anti-Corruption Rules</b> Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?</p>	<b>AVERAGE</b>
<p><b>Indicator (2): Integrity Screenings</b> Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?</p>	<b>ABOVE AVERAGE</b>
<p><b>Indicator (3): Integrity Training</b> Are appointed members and technical staff trained on issues of integrity?</p>	<b>AVERAGE</b>

## KEY FINDINGS

The following section provides justification for the performance assessments awarded to the Climate Investment Funds for its transparency, accountability and integrity provisions.

Note: Reference is made in this section to a number of Fund bodies. Please consult pages 26-37 for a description of their roles and responsibilities.

## Transparency

### Transparent Reporting

**The Funds perform relatively well in terms of publishing relevant Fund reports and has recently made further advances. However, some gaps remain.**

Information on projects and programmes, including related financial information and local level contracts, is available through the Funds' website. Reports and documents relating to Trust Fund Committee and Sub-Committee decisions can also be found here. Some reports such as audit and evaluation reports are not readily found. Further, no data on disbursements to specific private sector actors are made available. However, the Funds undertaking to comply with International Aid Transparency Initiative standards and its initial publication of data in late 2013 with a commitment to further roll this out over 2014 is welcomed.

### Executive Decision-Making Transparency

**The Trust Fund Committee and Sub-Committee meetings are generally open, although some room for improvement remains.**

Trust Fund Committee and Sub-Committee meetings are open to the participation of Observers and clear and simple instructions are available setting out how an Observer can physically participate at a meeting. However, Executive sessions can be closed and there is currently no public streaming of Trust Fund Committee and Sub-Committee sessions.

### Access to Information Policy

**From the outset, the Funds have had an information disclosure policy in place. However, this policy has not been altered to take into account subsequent developments in World Bank policy which would provide greater access and rights to those seeking to access information.**

Existing Fund policy does not allow for requests for information to be made, nor does it set out timelines within which information must be provided. This policy further references a now out-of-date World Bank Information Disclosure Policy. Fund level documentation has not yet been updated to reference the World Bank Access to Information Policy which was introduced in 2012 and which includes a number of stronger rights for those seeking information. As such, the Funds' website and foundation documents are now giving conflicting messages about what Fund documentation can be accessed and how.

At the national level, the Funds rely on the policies of the Multilateral Development Banks, including those on access to information. Access to information policies of the Multilateral Development Banks are now readily available at the Fund level through its [Transparency and Accountability webpage](#).

### Anti-Corruption Rules – Disclosure

**Information regarding the anti-corruption rules and safeguards of the Multilateral Development Banks are disclosed at the Fund level.**

Critical for holding these actors to account, this information is now readily accessible at the Fund level through the Fund's Transparency and Accountability webpage.

**The anti-corruption rules and requirements of borrowers, clients or Implementing Agencies are not, however, disclosed at the Fund level.**

This information is essential to ensure accountability for the prevention and deterrence of corruption and fraud.

## Accountability

### Lines of Accountability

**Accountability in terms of institutional relationships between Fund bodies is problematic in a number of cases. This is true of the Multilateral Development Banks, the Administrative Unit, the Trustee, and clients, borrowers and Implementing Agencies – all of which require further clarification.**

It is not clear to what extent Multilateral Development Banks are accountable to the Trust Fund Committees in case they engage in corrupt activities. No agreements between the individual Multilateral Development Banks and the Trust Fund, including agreements with the Trustee relating to the transfer of money, could be located.

The roles of the Funds' Secretariat, or Administrative Unit, and Trustee are fulfilled by the World Bank. While the Administrative Unit works for and reports to the Trust Fund Committee, the agreement establishing the World Bank as the Funds' Secretariat could not be found. The same situation arises for the International Bank for Reconstruction and Development which fulfils the role of the Trustee within the Funds. This situation begs clarification as to where accountability actually lies.

Finally, the analysis has shown that legal agreements which set out accountability relationships between the Multilateral Development Banks and local actors are not consistently made available. It is, therefore, often unclear what contractual accountability relationships exist between these actors.

**The lines of individual accountability of World Bank employees engaged with the Funds (Administrative Unit or Secretariat, Trustee, and the World Bank as Implementing Multilateral Development Bank) are clear as are they for Multilateral Development Banks. However, further clarity is needed around the accountability relationships of Trust Fund Committee and Sub-Committee Members, employees of clients, borrowers and Implementing Entities, Observers, and locally consulted stakeholders.**

Employees of Multilateral Development Banks as Implementing Entities under the Funds are accountable internally within their organisations. The rules and scope of that accountability are disclosed at the Fund level. As World Bank staff members, the employees of the Administrative Unit and Trustee are fully accountable to the World Bank for any violations of World Bank internal anti-corruption roles and codes. The relevant terms of this accountability are not, however, made available at Fund level.

However, there are no policies or procedures in place relating to the accountability of Trust Fund Committee or Sub-Committee Members for corrupt, fraudulent or unethical behaviour or for conflicts of interest. The same applies to national level actors such as clients, borrowers and Implementing Agencies, who should be accountable to their governments or employers. However, no information is provided at the Fund level that identifies to whom they are accountable nationally and by what rules. Similarly, principles and guidelines pertaining to ethical/non-corrupt behaviour appear to be non-existent for Fund Observers and locally consulted stakeholders.

## Integrity

### Anti-Corruption Rules – Substance

**A Fund-wide zero-tolerance of corruption policy is starkly missing.**

Currently, no zero-tolerance for corruption policy is in place for the Funds. There is also no such policy specifically for the Trust Fund Committee or Sub-Committee, that is, that they should refrain from condoning, supporting or otherwise failing to address corrupt behaviour within the Funds. This stark absence is worrisome given its importance for setting accountability standards, defining values and creating a culture of zero-tolerance for corruption within all stages and levels with the Funds.

**Codes of conduct setting out ethical and anti-corruption rules and standards governing Fund actors' behaviour in relation to the Funds are not in place for any Fund actors.**

There is no code of conduct in place within the Funds for any Fund actor. Multilateral Development Banks do have codes of conduct in place, although this is not envisaged as a requirement in the Funds' founding documents. Furthermore, while Secretariat and Trustee staff fall under World Bank jurisdiction, there are no codes applicable to them pertaining to their role with the Funds specifically. Trust Fund Committee and Sub-Committee Members are not subject to any code of conduct relating to the exercise of their functions within the Funds.

**Observer integrity is currently not demonstrable. Principles and guidance regarding their ethical and non-corrupt behaviour are lacking.**

The integrity of civil society and all other non-governmental actors, such as Fund Observers or locally consulted stakeholders, needs to be assured in relation to the influence they wield within the Funds.

**The effectiveness of anti-corruption rules and safeguards is not monitored and has not yet been evaluated by the Funds.**

No documentation could be found which indicated that the Funds' anti-corruption performance is being monitored or has been evaluated at any level. Regarding Multilateral Development Banks, no reporting requirements or actual reports exist which demonstrate anti-corruption performance in relation to the Funds. Monitoring should be a regular action which should rely on and require Multilateral Development Banks to report on their performance throughout the project cycle. Demonstrating effectiveness will lend much greater legitimacy and credibility to good governance requirements.

### Appeals

**Procedures to appeal decisions of the Trust Fund Committee and Sub-Committee are absent in current Fund policy.**

The Trust Fund Committee and Sub-Committee have endeavoured to offset this gap by ensuring that all voting is undertaken by consensus. A formal procedure which establishes a clear channel for accountability would, however, better empower complainants to file an appeal.

### Investigations

**There is no internal accountability policy whereby Trust Fund Committee and Sub-Committee Members can be held accountable by the Trust Fund Committee for corrupt behaviour.**

There is no current accountability framework, such as providing that individual Trust Fund Committee or Sub-Committee Members are accountable to their peers. This means that the only investigations Committee Members can be subject to take place at the national level.

**The World Bank's investigatory and sanctioning processes that govern the Administrative Unit, the Trustee and the World Bank as one of the Implementing Multilateral Development Banks are clear and comprehensive. This is a best practice that should be promoted.**

The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. These best practices should be promoted for institutions and actors operating or required to operate similar accountability processes. The World Bank should consider ways to enable enhanced information sharing and the technical advisory services to do so.



**Multilateral Development Banks are responsible for investigating – internally or externally – the misuse of funds in projects and programmes under their control.**

Although reliance is placed on investigation policies of Multilateral Development Banks, more information is needed to understand the scope, quality, consequences and coordination of these functions in relation to the overall accountability of the Funds.

### Whistleblower Protection

**The Funds are silent on requirements for whistleblower protection throughout project and programme implementation and too little information is available at the Fund level to provide assurance that such protection is in place. This needs to be addressed with urgency.**

Even though there are provisions in place for many of the individual elements within the Funds – for example, within the Administrative Unit, Trustee, and the World Bank as an Implementing Multilateral Development Bank – it is not demonstrated at the Fund level that such protection is in place and functioning. Further, it was not evident what real protection is afforded to other whistleblowers throughout Fund operations, particularly downstream where corruption is more likely to happen.

### Complaints Mechanisms

**Fund policy does not designate a complaints mechanism at the executive level of the Funds.**

Ideally, an independent mechanism should be established to receive and address complaints regarding Trust Fund Committee and Sub-Committee Members. Availing such a mechanism would strengthen the credibility and legitimacy of the Committees by providing a way by which corrupt or unethical behaviour of Committee Members could be reported and addressed.

**To make its complaints mechanism for anti-corruption accessible and effective at the project level, the Funds need to provide the necessary information for victims and witnesses before they make a complaint.**

Although Fund policy does not require that Multilateral Development Banks as implementers have mechanisms in place for registering and investigating complaints regarding corruption or fraud, all Multilateral Development Banks have these in place. The names of these “complaints mechanisms” are published on the Funds’ Transparency and Accountability webpage. This is a good start, but the data provided is insufficient for people to fully understand the implications of reporting – for example, it lacks details relating to anonymity, confidentiality, procedure and required evidence, among others. Furthermore, the Funds do not sufficiently demonstrate the scope and effectiveness of these functions – information which would further support the decision of complainants to come forward.

### Sanctions

**There should be an investigation procedure introduced for Trust Fund Committee or Sub-Committee Members who are accused of engaging in improper conduct. There are not yet any sanctions in place to which they would be subjected should the accusation be borne out.**

In the absence of a Fund procedure which could, for example, result in the removal of a Trust Fund Committee or Sub-Committee Member from their position, the only sanctions that they would be subject to are those imposed by their own governments. This weakness should be addressed not only to ensure any Trust Fund Committee or Sub-Committee Member found to have acted improperly no longer has a voice in decisions but also to act as a deterrent to wrongdoing.

**No sanctions are envisaged for individual Multilateral Development Banks should they be demonstrated to have condoned or otherwise ignored corruption.**

The original Multilateral Development Banks that came together to found the Funds are also the Funds' Implementing Entities. It is unclear what sanctions are possible if a Funds' project undertaken by one of the Multilateral Development Banks was not delivered, delivered at a sub-standard quality, or if project funds were lost. Contractual arrangements between the Funds and the individual Multilateral Development Banks could not be located. It is, therefore, unclear to what extent the Multilateral Development Banks are accountable for losses due to corruption. This represents a gap which should be further explored.

**While clear and comprehensive sanctioning procedures by Multilateral Development Banks do exist, the Funds have not demonstrated how and to what extent sanctions are required, applied and enforced by the Banks.**

While Transparency International's assessment shows that clear and comprehensive sanctioning procedures exist within the Multilateral Development Banks and are also required for local level actors, the Funds have not demonstrated how and to what extent sanctions are required, applied and enforced. Given the strong deterring impact sanctions have to safeguard against corruption and fraud, the Funds can do much more to develop and demonstrate their disciplinary capacities.

**Sanctions for Observers are not dealt with within the Funds' setup.**

In addition to there being an absence of clear rules governing the behaviour of Fund Observers as set out above, there are also no sanctions set out which can be imposed if any organisation or individual acts improperly. These would be expected to be developed together.

### Civil Society Participation

**Opportunities for Observers to participate both in Trust Fund Committee and Sub-Committee meetings as well as at the country level exist but could be improved further.**

At Trust Fund Committee and Sub-Committee level, provisions are made for civil society, private sector and indigenous people to sit in on Committee meetings and to propose agenda items and speakers for specific sessions. Fund guidelines try to provide for fairness in the selection of which civil society representatives fill these seats, and they also make funding available for developing country representatives. Despite concerns raised over the years regarding participation, action has been taken to consistently improve participation through, for example, focusing on capacity building of stakeholders and improving participation rights in the selection stage of new countries to participate in the Funds' programmes. Nevertheless, ongoing work on stakeholder participation must be carried forward and closely monitored.

**Fund policy provides an opportunity for stakeholders to be consulted during the design, approval and implementation stages of the programme and project cycle. Some weaknesses remain, but the Funds are actively engaging with stakeholders to address these.**

Despite weaknesses emerging over the years since their establishment, including the failure to adequately consult stakeholders throughout the project and programme cycle and the failure, at times, to provide access to fund documentation in a timely manner, the Funds have recently made efforts to improve their performance in this area by taking on board recommendations from civil society. More recently, the Funds have also allocated resources and manpower to carry out additional investigations into improvements. The Forest Investment Program has also put in place more comprehensive rules regarding consultation throughout implementation, which are welcomed.

# RECOMMENDATIONS

## Transparency

### Transparent Reporting

The **Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Require that information be made available on or through the Funds' website regarding to whom the staff and employees of borrowers, clients and Implementing Entities should be accountable internally within their organisations.
- Build on its commitment to improve transparency, as evidenced through its publication of data according to the International Aid Transparency Initiative standards, by making available further information which is not yet published such as audits, evaluations and information on funding provided to private sector actors.

### Executive Decision-Making Transparency

The **Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Provide clear explanations for decisions to not disclose Fund-related information and to not open "executive" meetings to Observer participation.
- Consider putting in place live-streaming of its Committee meetings in order to facilitate the participation of as large a number of stakeholders as possible.

### Access to Information Policy

The **Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Clarify that the World Bank Access to Information Policy, which would impose more onerous transparency obligations on the Funds, has replaced the Information Disclosure Policy. This should then be prominently referenced on the Funds' website as it is on the World Bank's website. Only then can interested parties make full use of their rights to access information and hold the Funds to account for their decisions and actions.
- Once the Funds have officially confirmed that the World Bank Access to Information Policy will be implemented, ensure all relevant fund documentation is updated to reflect this. This includes guidance documentation on disclosure, such as the Note on Disclosure of Documents as well as fund documentation produced which draws on this (for example, the training documentation for Observers). This will ensure that they are receiving up-to-date information when they receive their orientation.
- Consider putting in place a policy which requires Multilateral Development Banks to pro-actively and widely publicise their policies and procedures relating to access to information – thereby ensuring there is knowledge on this avenue to access information, the procedures involved and timelines. Further, the Funds should consider requiring Multilateral Development Banks to report each year on the usage of their disclosure policies in Fund-related projects.
- Clarify what access to information or information disclosure policies apply for the Funds' downstream actors.

### Anti-Corruption Rules and Disclosure

The contractual terms of any agreement entered into between Fund actors which stipulate anti-corruption and accountability requirements and which determine remedial measures and sanctions for corrupt or fraudulent conduct should be transparent and easily accessible at the Fund level.

The **Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Require that key accountability information on borrowers, clients and Implementing Entities is disclosed, easily accessible and understandable on or through the Funds' website. This information should provide assurances that adequate complaints mechanisms, whistleblower

protection, investigatory functions, sanctions, financial audits and procurement procedures are in place to prevent and punish corruption.

- Require also the disclosure of the terms which specify anti-corruption requirements and penalties existing in any contractual agreement concluded by the Trust Fund Committees, Sub-Committees, Multilateral Development Banks and any other actor who carries out Fund projects or programmes.

**National level actors**, whether governmental or non-governmental, should also:

- Provide to the Administrative Unit for publication on the Funds' website information or web links to information regarding to whom they are accountable in cases of corruption or fraud, what authority is empowered to investigate and penalise them, and according to what rules or standards they may be held accountable.

## Accountability

### [Lines of Accountability](#)

As an entity entrusted with public money, the Funds need to provide better proof to the public that that money will be shielded from corruption. Equally, assurances are needed that the Funds will respond to and punish incidences of corruption in a timely and satisfactory manner if and when it occurs. Without absolute clarity on the policies and procedures in place throughout the Funds' operations, it becomes far harder to enforce anti-corruption standards and monitor their effectiveness. Enhanced transparency and the accessibility of information on the specific accountability arrangements within the Funds and between the Fund and its implementing partners would strengthen the Funds' financial integrity. Furthermore, it would offer increased guarantees of the quality and sustainability of funded programmes and projects. As such,

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees and Sub-Committees** should:

- Clarify how all actors operating within the Funds are accountable to each other as institutions and on which terms in cases of corruption or fraud.
- Clarify to whom Clean Technology Fund and Strategic Climate Fund Trust Fund Committee and Sub-Committee Members, Observers, and individuals from borrowers, clients and Implementing Entities are accountable if they behave corruptly or unethically in connection with their Fund responsibilities.

## Integrity

### [Anti-Corruption Rules – Substance](#)

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Adopt a Fund-wide zero-tolerance of corruption policy which should, inter alia:
  - Set **anti-corruption rules and ethical conduct codes** that establish standards for expected behaviour and define punishable corrupt and fraudulent acts. These should apply to all stakeholders engaged in Fund procedures and consultations.
  - Demand and ensure these rules are applied, complied with and enforced through Fund operations.
  - Promote and enable integrity training for individuals working for the Funds at all levels. For any new training put in place as well as for trainings already being carried out, there should be more information made publicly available on the training received, its content and reach.
- Require that the effectiveness of anti-corruption and integrity safeguards in place within Multilateral Development Banks is consistently monitored and periodically evaluated via project evaluations and progress reports.

- Consider including a requirement to demonstrate integrity in appointment criteria for Committee Members. This can be a statement or other formal confirmation that the appointed Member is likely to be honest and ethical in his functions on the Committee.

### Investigations

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Take steps to articulate an appropriate accountability process for both the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees should they fail to address or condone corruption within the Funds and for Committee Members should they act corruptly.
- Further clarify policies and guidelines regarding investigations into the misuse of funds or other corrupt activity in projects and programmes. This should include a clarification of the relative roles of the Multilateral Development Banks and other actors within the Funds.

### Appeals

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Develop and adopt a formal appeals procedure to respond to requests that Fund decisions be explained, reviewed or revoked.

### Whistleblower Protections

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Clarify urgently the information on whistleblower protections that are available within the Funds.

### Complaints Mechanisms

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Establish an independent complaints mechanism to strengthen their credibility and legitimacy through providing a way by which corrupt or unethical behaviour of Clean Technology Fund and Strategic Climate Fund Trust Fund Committee and Sub-Committee members can be reported by third parties and addressed.
- Provide a sufficient level of essential, accurate information which victims and witnesses would want and need to know in order to make a complaint regarding alleged abuses at the project level.
- Make available policies and procedures on complaints mechanisms on the Funds' website as well as proactively through the individual Multilateral Development Banks. Requirements should be put in place regarding the publicising of existing Multilateral Development Bank policies and reporting on their usage. In this way, stakeholders at the local level will have greater opportunity to use and to monitor use of these policies and ensure they are appropriate, accessible and deliver results.
- Ensure that statistics on the number or type of complaints received and information on resolution are available.

### Sanctions

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Clarify what sanctions would be applicable to the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees and Sub-Committees in the event that an investigatory function is put in place for them.
- Clarify or determine that the investigatory functions of Multilateral Development Banks include capacities to impose and enforce sanctions when wrongdoing occurs.
- Amend its policy or partnership agreement to allow for sanctions against Multilateral Development Banks in a case where they condone or fail to act on corruption relating to a Fund programme or project.

## Civil Society Consultation and Participation

**The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees** should:

- Pursue their intended course to formalise a framework which enables citizens and stakeholders to participate in project consultations and monitoring and evaluation processes post project approval.
- Build on their 2012 orientation document for Observers to ensure continuing meaningful civil society participation. They should regularly seek feedback and update this document in order to ensure active Observers are clear on their role and their link to the Funds' planning and decision-making.
- Continue in their attempts to improve awareness among wider stakeholders of the Funds to increase the ability of the public and affected stakeholders to meaningfully engage in consultations. Importantly, this includes improving the capacity of Implementing Entities to ensure the specialised needs of different stakeholders are taken into account. This could include, for example, clear and mandatory guidance for Multilateral Development Banks and national governments regarding stakeholder consultations at the national level throughout the project cycle.

# MAPPING AND ASSESSMENT: FULL REPORT

## THE CLIMATE INVESTMENT FUNDS: AN OVERVIEW

As introduced above, the Climate Investment Funds are composed of four key programmes: the Clean Technology Fund, the Forest Investment Program, the Pilot Program for Climate Resilience and the Scaling Up Renewable Energy in Low Income Countries Program. As can be seen from Figure 1, these fall under two Trust Funds, the Strategic Climate Fund and the Clean Technology Fund.

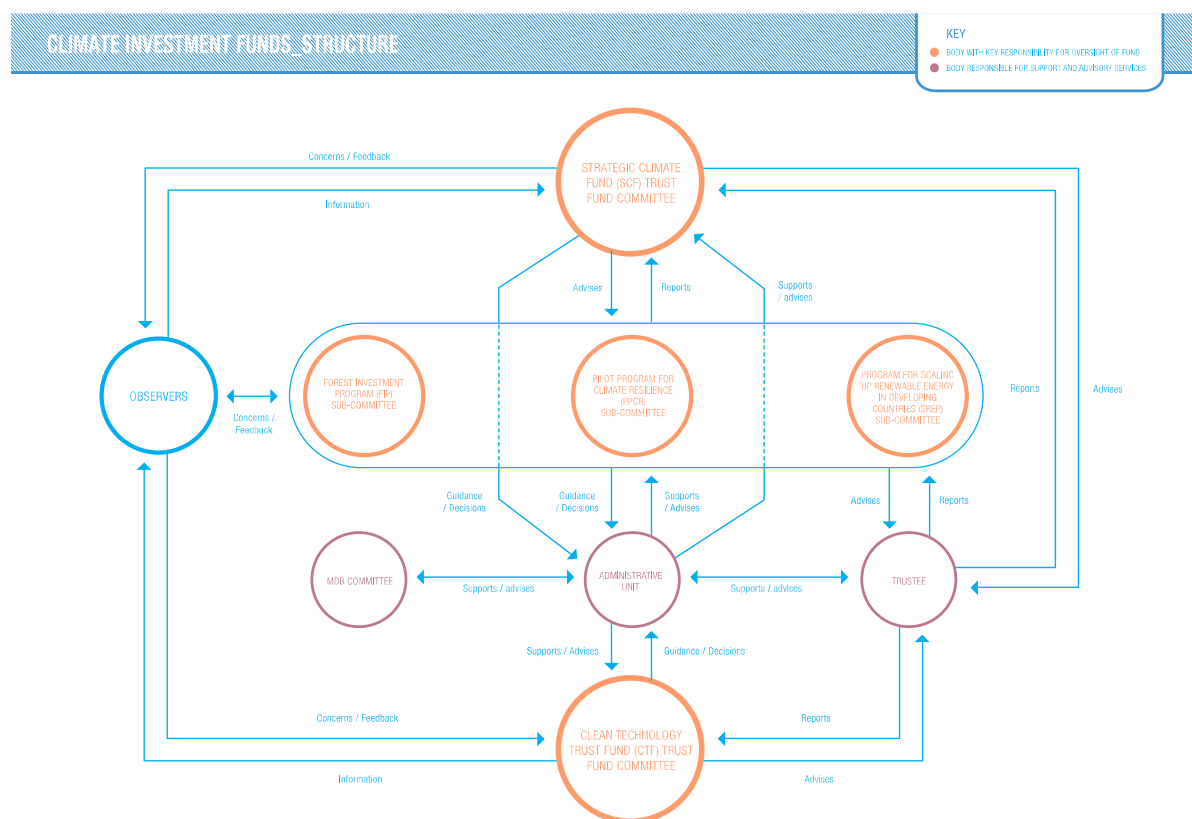


Figure 1 – The Climate Investment Funds Structure

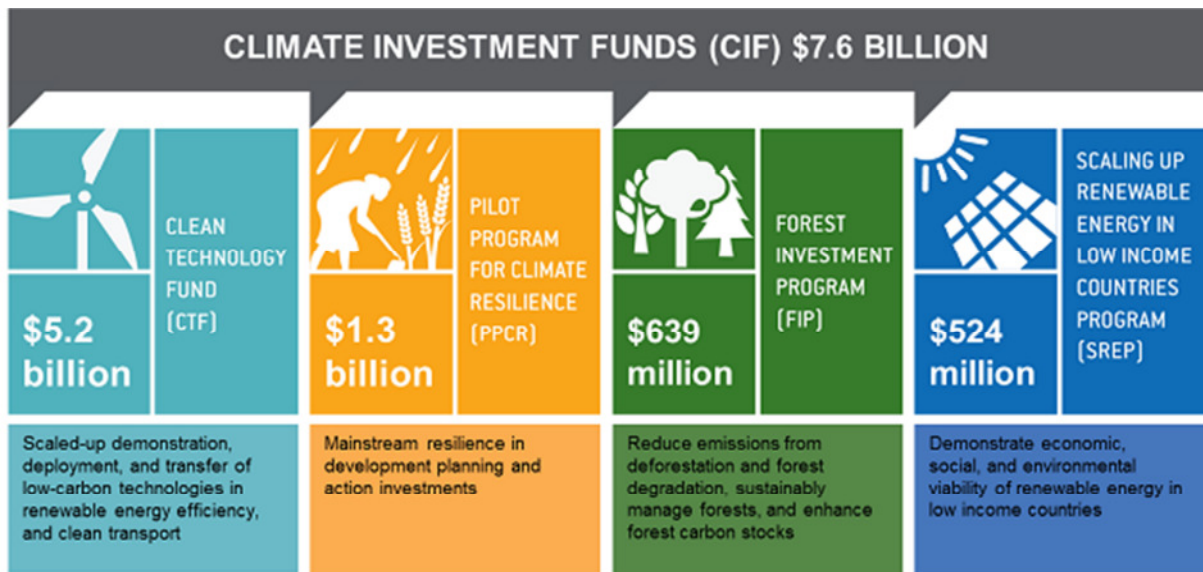


Figure 2 – Climate Investment Funds pledges as of June 2013

The Strategic Climate Fund is comprised of three programmes, namely the Forest Investment Program, the Pilot Program for Climate Resilience, and the Scaling Up Renewable Energy in Low Income Countries Program. As can be seen from Figure 2 above, donors have pledged funding of almost US\$2.5 billion to these three Programs. The Forest Investment Program supports 14 projects in 8 countries with concessional loans, grants, guarantees, equity or a combination thereof, while the Pilot Program for Climate Resilience funds 55 programmes and projects in 9 countries and 2 regions through grants and options, and the Scaling Up Renewable Energy Program currently finances 10 programmes and projects in 7 developing countries through grants, contingent grants or loans, concessional loans, guarantees, and equity.<sup>11</sup> The Clean Technology Fund finances public and private sector projects involving power, transportation, energy efficiency in buildings, industry and agriculture. With US\$5.2 billion pledged by donors, the Fund offers a range of financing products, such as loans, guarantees and grants, to both private and public sector actors. It currently finances programmes in 12 countries and 1 region.<sup>12</sup>

The Climate Investment Funds have been designed as an interim measure for Multilateral Development Banks to demonstrate what can be achieved through scaled-up and public- and private-blended financing. They, therefore, include specific sunset clauses which state that the establishment of the Funds does not prejudice the ongoing UNFCCC deliberations and that the Funds will take necessary steps to conclude its operations once a new financial architecture is effective.<sup>13</sup> Until this time, the Funds will continue to function and will disburse the US\$7.6 million that has been pledged from 14 countries. The UK, US and Japan are by far the biggest contributors giving US\$2.1 billion, US\$2 billion and US\$1.2 billion, respectively. Australia, Canada, Denmark, France, Germany, Korea, the Netherlands, Norway, Spain, Sweden and Switzerland also make smaller contributions.

Both from a country and a business perspective, these programmes and projects operate in challenging contexts where there are significant risks that corruption could undermine them. In the absence of identifiable corruption risk assessments conducted by the Funds or its implementing partners ahead of project design or implementation, it is difficult to assess what precise risks might be incumbent on specific projects. Transparency International's *Corruption Perceptions Index 2012*<sup>14</sup> and the World Economic Forum's *Global Competitiveness Report 2012-2013*<sup>15</sup> provide some important information that suggests that preventative measures should be employed to ensure quality project results and the efficient and effective use of climate finance. Transparency International's 2012 index shows that perceptions of corruption are very high in recipient countries – for example, taking into account the index scores of the top three recipient countries from each of the four funds, two-thirds of these twelve recipient countries have high levels of perceived corruption. Meanwhile the World Economic Forum's report shows that "diversion of public funds" is problematic in all twelve of these countries, while the indicator "irregular



payments and bribes” shows only Morocco and South Africa scoring above the midpoint. Annex 2 of this report provides a table listing the top three recipient countries per programme, the relevant Multilateral Development Bank and the approved funding displayed in relation to the levels and types of corruption perceived in those countries.

## THE ACCOUNTABILITY MAPPING

### Overview

The accountability mapping of the Climate Investment Funds reviews the relationships between key actors in the Funds in an attempt to ascertain to whom they are accountable and how they are held to account. In this context, accountability is understood as the process by which individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly, are “answerable for their actions”, and are subject to “redress when duties and commitments are not met”.<sup>16</sup>

First the **main stages of the programme cycle** are introduced and then the programme **bodies** are introduced in terms of their role, composition and relationship with other actors. This is followed by an examination of the accountability of:

- Fund bodies towards other internal or external actors
- individuals (employees or appointed members) who act within those bodies

These accountability arrangements are then analysed in terms of the policies in place to regulate how “accountees” are held accountable to “accounters”. This involves analysis of the:

- rules or standards that define the expected conduct of those bodies and individuals and the “criteria by which they might validly be judged”
- process by which they may be investigated for failure to meet those rules or standards
- process by which they are answerable and permitted to defend themselves regarding any allegations or findings on their conduct
- availability of sanctions (punishments or penalties) and enforcement<sup>17</sup>

### Climate Investment Funds Programme Cycle, Actors, and Accountability Overview

The programme cycles of the three Strategic Climate Fund programmes and the Clean Technology Fund programmes are closely aligned. As illustrated in the map below, the main stages of the programme cycles include:

- setting of Fund strategic priorities
- pilot country identification and screening
- investment plan development, screening and approval
- approval of individual projects or programmes
- implementation
- monitoring and evaluation

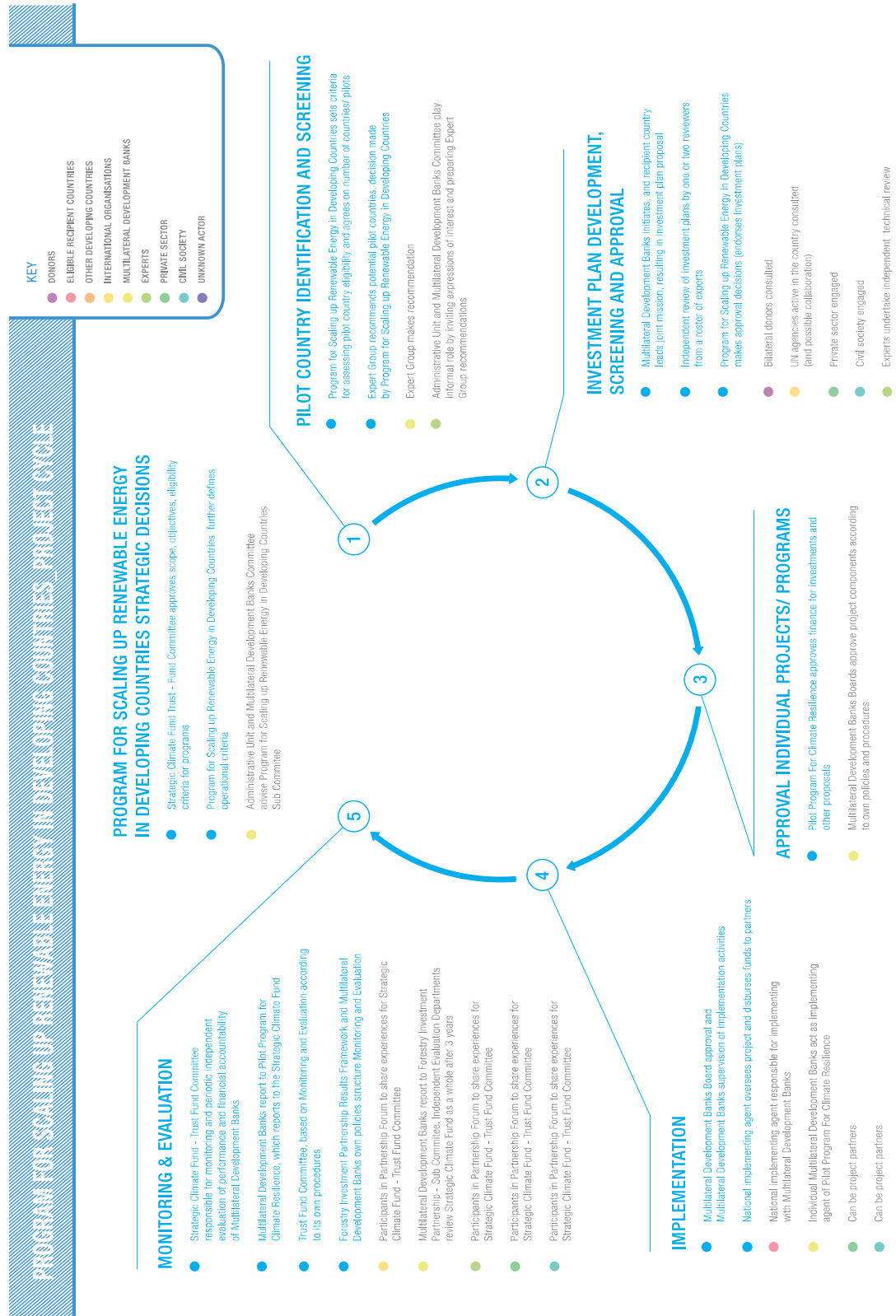


Figure 3 – Scaling Up Renewable Energy Program Project Cycle

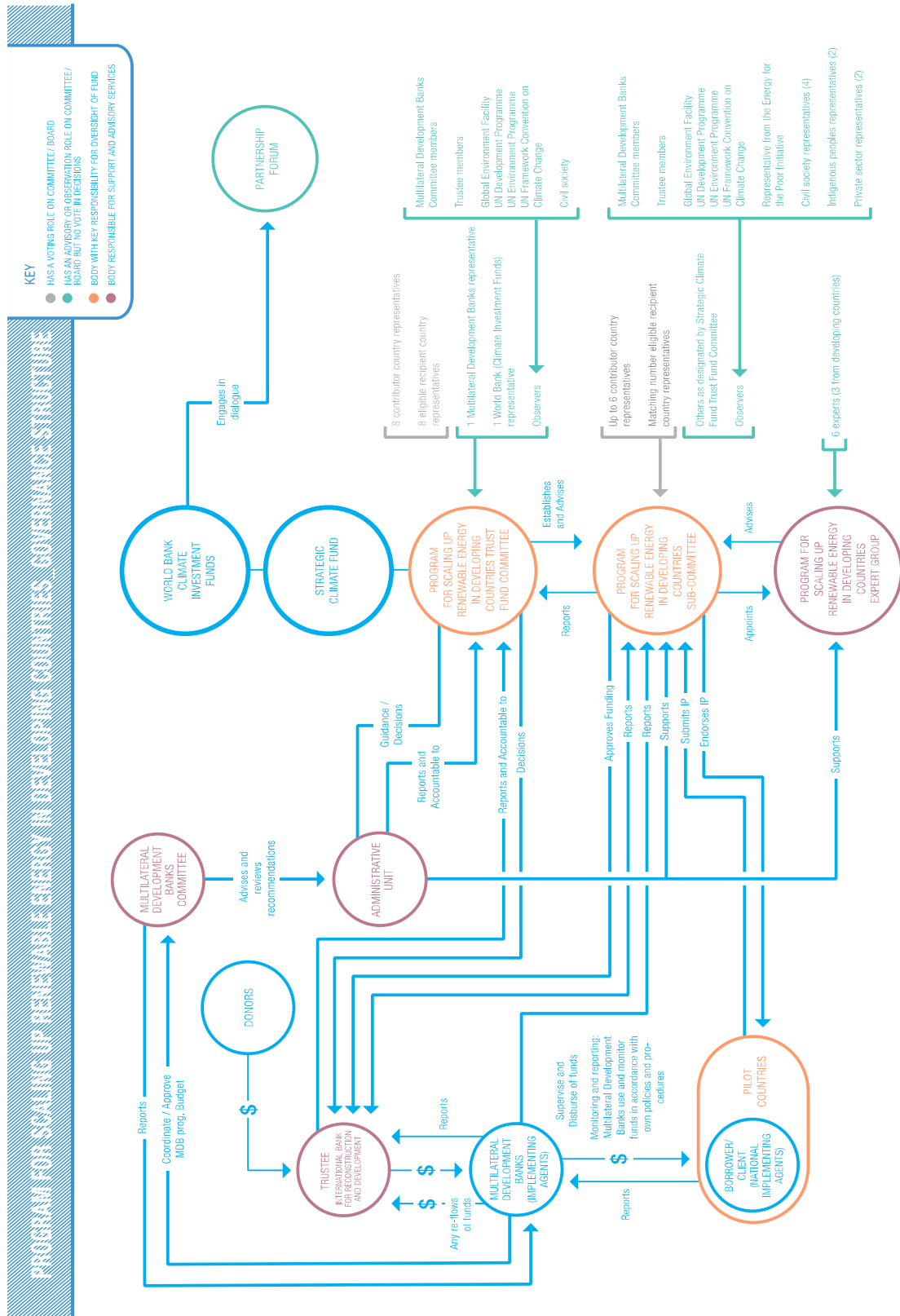


Figure 4 – Scaling Up Renewable Energy Program Accountability Map

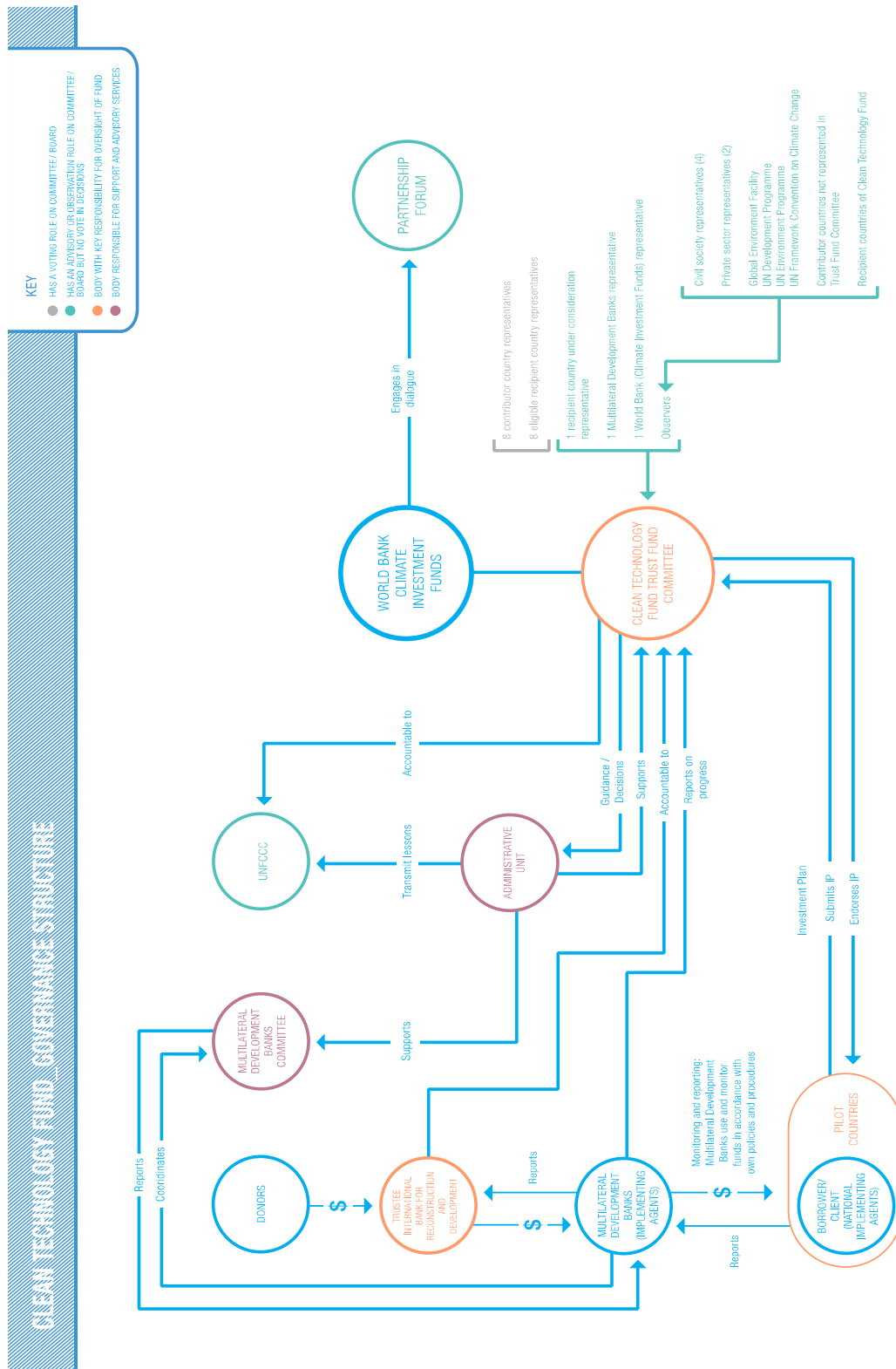


Figure 5 – Clean Technology Fund Accountability Map

There are many overlaps between the two Trust Funds in terms of the key actors that perform decision-making, supportive and/or implementing roles. Those that overlap include the Administrative Unit (the Secretariat), the Trustee and the Multilateral Development Banks. In terms of those specific to the individual Trust Funds, each has a Trustee Fund Committee and each of the Strategic Climate Fund programmes also has a Sub-Committee and expert group bearing the programme's name. The governance structure also extends to the Funds' donors, National Implementing Entities (borrower or client), Observers, and other national stakeholders in recipient countries. Because of these differences, the governance maps of the Trust Funds are presented separately above (all maps are available in Annex 3). Each of these actors are then analysed in turn according to their roles throughout the project cycle and their accountability as relating to corruption or fraud.

## The Clean Technology Fund and Strategic Climate Fund Trust Fund Committees

### Composition and Functions

The Trust Fund Committees were established to oversee the operations and activities of the two Trust Funds.<sup>18</sup> Each Trust Fund Committee consists of eight representatives from contributor countries and eight representatives from eligible recipient countries (the decision-making Members), a senior representative of the World Bank, and a representative of the Multilateral Development Banks (these are non-decision making Members). The 16 decision-making Members are selected at the Partnership Forum<sup>19</sup> and are identified through a consultation with contributors and eligible recipient countries.<sup>20</sup> They serve for a two year term and may be reappointed.<sup>21</sup> The co-chairs – one from each group of eight – are elected at the Trust Fund Committee meeting convened six months following the Partnership Forum.<sup>22</sup>

In terms of their functions, only the Strategic Climate Fund Trust Fund Committee must establish a Sub-Committee for each the Strategic Climate Fund programmes as well as designate who may participate in the Sub-Committees.<sup>23</sup> The Clean Technology Fund does not have Sub-Committees and, therefore, has no such requirement.

Both the Strategic Climate Fund and Clean Technology Fund Trust Fund Committees approve the scope, objectives and eligibility criteria governing the use of the funds. They must also both ensure that the strategic orientation of the Trust Funds is guided by the principles of the UNFCCC. At the approval stage, both Committees are responsible for approving the allocation of their respective resources for administrative budgets. During the implementation stage they provide guidance on the convening of the Partnership Forum; ensure monitoring and periodic independent evaluation of performance and financial accountability of Multilateral Development Banks; and approve annual reports as well as reports from the Trustee on the financial status of their respective Trust Funds.<sup>24</sup> At the monitoring and evaluation stage, they have an important role in ensuring that lessons learned are transmitted to the UNFCCC and other relevant stakeholders.

### Accountability for Individuals

From our analysis, it is not evident that there are any preventative measures in place such as codes of conduct or a conflicts of interest policy for Trust Fund Committee Members. There is therefore no indication of what standards are expected of Committee Members or how they would be held accountable for corrupt actions.

As a rule, the Committees normally vote by consensus – an effective practical measure to avoid individual conflicts of interest from influencing their decisions. However, particularly because Committee Members carry out external functions alongside their Fund responsibilities, it could come to pass that beyond the purview of the Committee – in an informal setting, for example – a member might be offered a bribe or a kickback to sway their decision-making.

Without having further clarity on this issue, in the meantime, it is likely that Members are accountable to their national governments and the codes of conduct and other integrity and accountability tools which they adhere to will depend upon the provisions of their respective country. However, based on their

method of appointment to the Committee (contributor countries meet as a group to agree upon the allocation of their seats and eligible recipient countries do the same on a regional basis),<sup>25</sup> it is conceivable that they may also be accountable to these constituencies. No documentation, however, is available that sets out any such accountability.

## Key Findings and Recommendations

The accountability rules in place do not demonstrate clear resolve by the Funds to ensure the integrity of Trust Fund Committee Members. Although the policy to vote by consensus limits the possibility of particular interests from influencing decision-making processes, two short-comings remain which should be addressed in order to further advance the Funds' internal accountability processes:

- In the absence of ethical rules applicable to Committee Members, it is not clear on what basis the Committee would deal with corrupt or unethical behaviour by its Members.
- The Funds are also missing an accountability process whereby Committee Members can be held accountable by the Committee as well as sanctioned for misbehaviour.

To address these accountability gaps, the **Trust Fund Committees** should:

- Consider introducing a code of conduct covering conflicts of interest and corrupt behaviour more broadly, such as taking bribes, accepting exorbitant gifts and misrepresentation. It should also include positive requirements for ethical behaviour.
- Develop and adopt policies to ensure that investigatory and sanctioning processes are in place to assure accountability for unethical and corrupt behaviour by Committee Members. This should include assurances of the independence and impartiality of the Committee and its procedures to hold Members to account for integrity breaches.

### Accountability as Body

Although the Climate Investment Funds recognise the UNFCCC and seek to align their activities with it, there is no formal accountability relationship between the Funds and the UNFCCC. As such, the Trust Fund Committees are the highest governing bodies of the Funds and no higher accountability exists.

## The Sub-Committees

### Composition and Functions

The Clean Technology Fund does not have any Sub-Committees. The Strategic Climate Fund, on the other hand, does have Sub-Committees, which are established for each of its programmes. Each Sub-Committee is comprised of six donor country government representatives and six government representatives from eligible recipient countries. At least one from each group should be a Member of the Strategic Climate Fund Trust Fund Committee, and other representatives can be designated by the Committee.<sup>26</sup> These Members have voting powers. Each Sub-Committee also has a range of actors who can provide input without having the right to vote in decisions. The specific make-up is different for each Sub-Committee but includes, for example, civil society, private sector and indigenous peoples Observers, the Global Environment Facility, the UNFCCC and relevant UN Agencies.<sup>27</sup>

In terms of their role during the project cycle, the individual Sub-Committees play an important role at the strategic decision stage, in that they approve the programming priorities, operational criteria and financing modalities for their respective programmes. They also establish criteria by which eligible investments are judged.<sup>28</sup> At the pilot country identification and screening stage, the Sub-Committees select pilot countries,<sup>29</sup> and at the investment plan development, screening and approval stage, they endorse the subsequent investment plan received from the pilot country.<sup>30</sup> At the stage of the approval of individual projects and programmes, they pass the final approval of the project or programme.<sup>31</sup>

The design documents of the programmes also set out some indication of the role that each Sub-Committee plays at the monitoring and evaluation stage. These roles are similar, although they vary slightly across the different Sub-Committees. The Sub-Committee of the Forest Investment Program

reports to the Strategic Climate Fund Trust Fund Committee on results, outcomes and lessons learned from the pilots based on the monitoring results of the Multilateral Development Banks and the results of its own review of the effectiveness and impact of programmes and activities.<sup>32</sup> Based on the reports provided by the Multilateral Development Banks, the Sub-Committee of the Pilot Program for Climate Resilience reports annually to the Committee concerning the monitoring and evaluation results of the Program's activities.<sup>33</sup> The Scaling Up Renewable Energy in Low Income Countries Program Sub-Committee ensures that lessons learned and results are regularly shared through the Partnership Forum and relevant fora, so as to promote a dialogue with a broad-based group of stakeholders on the strategic directions, results and impacts of the Program.<sup>34</sup>

### Accountability for Individuals

From our analysis, it is not evident that there are any preventative measures in place such as codes of conduct or a conflicts of interest policy for the Sub-Committees. As for the Committees, as set out above, there is no indication of what kind of standards are expected of Sub-Committee Members or how they would be held accountable for corrupt actions.

Also similar to the Committees, the Sub-Committees normally vote by consensus – an effective practical measure to avoid individual conflicts of interest from influencing their decisions. Sharing the same origin as Committee Members, Sub-Committee Members are also not immune to being offered bribes or kickbacks outside of the formal Committee-meeting setting as a way to sway their decision-making.

Without having further clarity on this issue, in the meantime, it is likely that Members are accountable to their national governments, and the codes of conduct and other integrity and accountability tools which they adhere to will depend upon the provisions of their respective country. Based on their method of appointment through selection by their constituencies at the Partnership Forum, it is also possible that they are somehow accountable to their constituencies, although this is not clearly set out.

### Accountability as Body

In terms of the Sub-Committees as bodies, if a decision taken by them was influenced by corrupt behaviour, it is unclear to whom they are accountable as no policy documents exist which define that accountability, nor is it contractually required that the Sub-Committees abide by anti-corruption rules.

### Key Findings and Recommendations

The following findings were observed:

- The accountability of the Sub-Committees for either the failure to perform required functions or for corrupt or unethical behaviour is not addressed in reviewed policy documents. These documents did not mention particular rules or standards requiring that the Sub-Committees perform their functions ethically or with integrity or that they avoid corrupt or fraudulent behaviour.
- Likewise, no reference could be found regarding any procedures by which the Strategic Climate Fund Trust Fund Committee is required to investigate or impose sanctions against the Sub-Committees should they fail, for any reason, to perform their functions.

To address this situation, the **Strategic Climate Fund Trust Fund Committee** should:

- Clarify the accountability of the Sub-Committees to the Committee, or make known if that accountability is defined elsewhere in policy documentation.
- Develop and adopt clear rules and guidelines which set out the accountability of the Sub-Committees to the Committee for practicing, condoning, supporting or otherwise failing to address corrupt behaviour within the Funds as well as set out a clear, independent and impartial process to ensure the accountability of the Sub-Committees.
- Consider introducing a code of conduct, covering conflicts of interest and corrupt behaviour more broadly, such as taking bribes, accepting exorbitant gifts and misrepresentation. It should also include positive requirements for ethical behaviour.

## Experts

### Composition and Functions

Each Strategic Climate Fund Sub-Committee is supported in its functions by technical advice on proposals by experts. The Clean Technology Fund does not draw on experts. When the Programs were originally set up, three expert groups were put in place. Selected on the basis of criteria, such as technical expertise, gender and geographical representation,<sup>35</sup> these expert groups advised as a group on the short-listing of pilot countries based on set criteria.<sup>36</sup> Following the selection phase, the group subsequently became inactive. However, more recently a “roster of experts” has been established for the purpose of carrying out technical reviews of Strategic Climate Fund investment plans under each of the three Programs. The documents detailing the procedures to guide these individual expert reviews as well as the terms of reference for the experts are available on the Funds’ website.<sup>37</sup> Experts are contracted by the Climate Investment Funds Administrative Unit.

In terms of their function, the experts are active at the stage of **investment plan screening**. They are contracted to carry out a technical review according to set criteria and to provide this review to the country itself and to the relevant Multilateral Development Banks. A discussion then ensues between the parties after which the country and Multilateral Development Bank must produce a note describing how these recommendations have been taken on board in the investment plan. Their response to the expert’s recommendations and the revised plan are both submitted together to the relevant Sub-Committee.

### Accountability for Individuals

The documentation relating to the role of the experts also makes reference to the standards required in the selection of experts as well as standards concerning conduct of the experts. First, in the proposal of experts, there is a provision that efforts should be made to avoid any actual or perceived conflict of interest. Concerning the conduct of the experts, the terms of reference also set out a number of obligations for the experts, including working in his or her personal capacity, performing duties in an objective, neutral and professional manner, and disclosing any potential conflicts of interest relating to review activities. Although the definition of what would be considered a conflict of interest is explained, there is no indication of how disclosure should be achieved or what penalties are in place for failure to make this effort on behalf of the selectors or failure to disclose on behalf of the experts.

Although there is no further detail in the relevant documentation listed above in terms of accountability should corruption occur, as the experts are contracted by the Administrative Unit, they are subject to World Bank policies. As such, if an expert were to act corruptly, allegedly or otherwise, it would be dealt with through the World Bank’s investigatory functions as a part of its overarching anti-corruption policy. The World Bank has its Integrity Vice Presidency, which functions as an independent unit appointed by the Board to investigate and pursue sanctions related to allegations of fraud and corruption in World Bank Group-financed activities. The Office of Ethics and Business Conduct also plays a role in this regard. This function applies to all staff and employees, including consultants hired by the World Bank. In cases where an allegation of corruption were investigated and proven, consequences include loss of employment, forfeiture of salary for a period of time or indefinite illegibility of employment with the World Bank Group. In cases where the corrupt action is serious enough to be a crime, the World Bank also refers these cases to law enforcement officials.

### Key Findings and Recommendations

The following findings were observed:

- Although the terms of reference do set out some detail in terms of the standards of conduct required from experts, content on avoidance of corruption and positive requirements for integrity is lacking.
- Likewise, no reference could be found regarding procedures by which experts can demonstrate their compliance with the obligations imposed on them as well as procedures for the investigation or imposing of sanctions against experts should they fail, for any reason, to perform their functions.



To address this situation, the **Strategic Climate Fund Trust Fund Committee** should:

- Broaden the conduct requirements set out in the terms of reference to cover not just conflicts of interest but corrupt behaviour more broadly, such as taking bribes, accepting exorbitant gifts and misrepresentation. Positive requirements for ethical behaviour should also be included.
- Confirm at the Fund level the procedures that are to be followed to demonstrate compliance with and enforcement of these standards of conduct, including setting out investigation procedures and available sanctions.

## The Administrative Unit

### Composition and Functions

The Administrative Unit is housed in the Washington, D.C. offices of the World Bank and is comprised of a small team of professional and administrative staff. Formed to support the work of the Climate Investment Funds,<sup>38</sup> the Administrative Unit's main functions are to provide administrative support to the Trust Fund Committees and the Strategic Climate Fund's Sub-Committees. This involves the convening of, preparation for and facilitation of relevant meetings; making recommendations to these bodies on their work; conducting background research and analyses as requested; managing a comprehensive database of the Trust Funds' activities; managing partnerships and external relations, including convening meetings of the Multilateral Development Bank Committee and the Partnership Forum; and collaborating with the Trustee to ensure that the Trustee receives all the information necessary to carry out its responsibilities.<sup>39</sup> The Administrative Unit has also taken on the role of communicating with and reaching out to civil society stakeholder groups and one staff member of the Administrative Unit is designated as the focal point for civil society relations. He or she is also responsible for identifying a credible organisation to run the self-selection processes for each group of Observers.<sup>40</sup>

The Administrative Unit also plays an active role throughout the programme cycle. At the **setting of strategic priorities stage**, the Administrative Unit provides advice to the Trust Fund Committees to support its decisions regarding the scope, objectives and eligibility criteria governing the Funds. At the **pilot country identification and screening stage** – when the initial country eligibility for Strategic Climate Fund funding is tested – the Administrative Unit mainly informs countries about the funding opportunity and invites them to submit an expression of interest according to criteria set out by the relevant Sub-Committee.<sup>41</sup> During the **monitoring and evaluation stage**, the Administrative Unit prepares an annual consolidated report on the activities of the two Trust Funds, performance and lessons learned, including details of the Funds' portfolios, status of implementation, funding allocations for the previous period, pipeline of projects and funding projections, administrative costs incurred, and other pertinent information.<sup>42</sup>

### Accountability for Individuals

Because the Climate Investment Funds are a partnership established as an interim instrument – rather than a permanent institution – each organisational unit, including the Administrative Unit, has a dual accountability role (a combination of contractually acquired accountability as individuals and functional accountability as a unit) rather than one line of accountability which would be the case if the Funds were an institution employing all the people within each organisational unit.

At the individual level, the staff of the Administrative Unit is accountable to the World Bank according to the same rules as set out for the experts above.

### Accountability as Body

As an organisational unit, the Administrative Unit is accountable to the Trust Fund Committees. There appears to be no mention of particular criteria or standards, including any provision or requirement for the Administrative Unit to perform its functions ethically or with integrity or to avoid corrupt or fraudulent activities. Likewise, there is no reference to any procedures to which the Committees can avail to

investigate or impose sanctions against the Administrative Unit should it fail, for any reason, to perform its said functions.

### Key Findings and Recommendations

In sum, the following findings are observed:

- Rules and standards, investigatory processes, and sanction systems governing anti-corruption for staff of the Administrative Unit are sufficiently robust. The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. It is not, however, readily discernible at the Fund level if these rules apply.
- The Administrative Unit's accountability to the Trust Fund Committees is also important but seems to lack sufficient explanation.

In response to these findings, the **Trust Fund Committees** should:

- Clarify at the Fund level the rules applicable to individuals within the Administrative Unit.
- Clarify the accountability of the Administrative Unit to the Committees.

## The Trustee

### Composition and Functions

The International Bank for Reconstruction and Development<sup>43</sup> (the Multilateral Trusteeship and Innovative Financing Department) serves as Trustee for the Climate Investment Funds. In its capacity as the Trustee, the International Bank for Reconstruction and Development established two Trust Funds from which the Clean Technology Fund and the Strategic Climate Fund receive contributions.

The Trustee plays a role during **project implementation** in that it takes direction from the Trust Fund Committees to sign agreements with contributors and receives funds from them – placing the funds into the Trust Funds it has established.<sup>44</sup> Commitments and transfers of Trust Fund resources to the Multilateral Development Banks are made according to Financial Procedures Agreements signed between the Trustee and each Multilateral Development Bank. The Trustee also has a role in the **monitoring and evaluation stage** as it receives and reviews financial reports from the Multilateral Development Banks as well as provides regular reports on the financial status of the Trust Funds to the respective Trust Fund Committees and, to the extent applicable, to the relevant Strategic Climate Fund Sub-Committees.<sup>45</sup>

### Accountability for Individuals

As the International Bank for Reconstruction and Development is part of the World Bank Group, Trustee staff are World Bank staff. As such, they are governed by World Bank rules and employment contracts. Corrupt behaviour by Trustee staff is dealt with in the same way as it is for experts and Administrative Unit staff (see previous section on experts).

### Accountability as Body

Reference could not be found to a specific legal document which sets out the selection of the International Bank for Reconstruction and Development as the Trustee or the terms of this relationship. However, according to the governance framework documents of the Funds, the Trustee is accountable to the Strategic Climate Fund and Clean Technology Fund Trust Fund Committees for the performance of its functions.<sup>46</sup> Upon transfer of funds to the Multilateral Development Banks, the Trustee has “no responsibility for the use of the resources transferred and activities carried out therewith”.<sup>47</sup> From the available information, it is unclear whether there is any liability of the Trustee, that is, if the International Bank for Reconstruction and Development as an organisation is liable in cases where the Trustee fails to perform its functions as a result of its own gross negligence and wilful misconduct.<sup>48</sup> It is, therefore,

unclear whether there is a contractual means by which the Trustee can be held accountable. This requires further clarity and elaboration.

### Key Findings and Recommendations

Considering the above, the following findings are observed:

- Rules and standards, investigatory processes, and sanction systems governing anti-corruption for staff of the Trustee are sufficiently robust. The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. It is not, however, readily discernible at Fund level if these rules apply.
- It is not clear whether there is any contractual arrangement between the Funds and the Trustee which defines the terms of its accountability as a unit for the service it provides to the Funds.

To clarify this situation, the **Trust Fund Committees** and the **International Bank for Reconstruction and Development** should:

- Clarify at the Fund level the rules applicable to individuals within the Trustee.
- Explain further the scope and limitations of the Trustee's liability for corrupt behaviour and actions. The World Bank may consider a commentary or Frequently Asked Questions (FAQs) response to enable more open understanding of its accountability as Trustee for the Funds. Greater clarity and guidance are needed to understand what would happen in less serious cases as well as what mitigating actions could or should be undertaken by the World Bank to limit its liability. For example, if a World Bank staff member had received kickbacks for mismanaging the Funds' accounts intentionally, it is unclear to what extent internal corrective action would serve to mitigate its liability.

## The Multilateral Development Bank Committee

### Composition and Functions

The Multilateral Development Bank Committee is comprised of representatives of the Multilateral Development Banks. It was established to facilitate collaboration, coordination and information exchange among the Multilateral Development Banks. Its responsibilities include identifying specific areas of Multilateral Development Bank cooperation to harmonise their climate change programmes and actions and linking their initiatives with programmes and projects under the two Climate Investment Funds Trust Funds.

During the programme cycle, the Committee has a role at the **pilot country identification and screening stage** as they review recommendations proposed by the Administrative Unit on programme criteria and priorities as well as the activity cycle for approval by the Trust Fund Committees. The Committee is active at the **implementation stage** as it serves as a forum to ensure effective operational coordination as well as the exchange of information and experiences among the Multilateral Development Banks. The Committee liaises with other development partners and advises the Administrative Unit on its work programme as well.<sup>49</sup> Additionally, the Committee also has a role in the **monitoring and evaluation stage** as it reviews and signs off on the draft annual consolidated report on Trust Fund activities as prepared by the Administrative Unit.<sup>50</sup> The Committee monitors progress in implementing programmes and reports to the Trust Fund Committees on compliance with Trust Fund Committee approved criteria and priorities concerning the use of Trust Fund resources.

### Accountability for Individuals

Individual Multilateral Development Bank Committee members retain their status as employees of their respective Multilateral Development Banks. As staff of the Multilateral Development Banks, they are required to follow and are subject to the relevant integrity and anti-corruption policies of their respective Banks.

## The Multilateral Development Banks

### Composition and Functions

The five Multilateral Development Banks involved in the Climate Investment Funds are the: African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation. The Funds disburse their funding through these Multilateral Development Banks to support effective and flexible implementation of country-led programmes and investments.

The Multilateral Development Banks play a key role throughout the programme cycle. Under the Strategic Climate Fund, once programme countries are selected at the **investment plan development stage**, joint missions involving the recipient countries and Multilateral Development Banks are organised in order to prepare an investment strategy. The joint missions are required to consult with and engage a range of actors locally – donors, UN Agencies, civil society and private sector.<sup>51</sup> A joint mission for the relevant country also takes place under the Clean Technology Fund. Again, this is organised by relevant Multilateral Development Banks and the outcome is an investment plan developed “under the leadership of the recipient country”.<sup>52</sup> It should be a clearly articulated multi-year proposal that describes the proposed uses of Clean Technology Fund resources – identifying the “slice(s)” of the country’s existing strategies and plans that could be co-financed by the Clean Technology Fund – and it is agreed upon by the national government and Multilateral Development Banks.

During the **approval of individual projects or programmes stage** of Strategic Climate Fund programmes, Multilateral Development Banks work with intended recipients, who could be government, non-government or private sector actors, to identify and approve projects nationally and then submit final proposals to the relevant Sub-Committee which then decides on final approval.<sup>53</sup> For the Clean Technology Fund, the Multilateral Development Banks prepare project or programme proposals together with the project partner. The Multilateral Development Banks’ policies and procedures for project appraisal are applied. The Clean Technology Fund Trust Fund Committee approves financing based on a pre-appraisal. The Multilateral Development Bank and its Board then develop a full appraisal and enter into a legal agreement. If there are substantial changes to the project, it is resubmitted to the Trust Fund Committee. There is, therefore, a large degree of delegation of responsibilities to individual Multilateral Development Banks who enter into agreement with the borrowers or grant recipients.

At the **implementation stage**, Multilateral Development Banks process projects or programmes according to their respective policies and procedures.<sup>54</sup> Implementation responsibilities lie with the National Implementing Entity. The Multilateral Development Bank supervises the project and disburses funds to partners.

During the **monitoring and evaluation stage** under the Strategic Climate Fund, each Multilateral Development Bank must report annually to the Trust Fund Committee through the relevant Sub-Committee in line with its own policies and procedures on monitoring and evaluation.<sup>55</sup> At three year intervals, the independent evaluation departments of the Multilateral Development Banks jointly conduct an evaluation of Strategic Climate Fund operations and its impacts according to criteria set by the Trust Fund Committee. For the Clean Technology Fund, progress is monitored according to the project manual and legal agreement between the Multilateral Development Bank and borrower or recipient. The Multilateral Development Bank submits an annual portfolio review through the Administrative Unit to the Trust Fund Committee for approval. At the end of the project, Multilateral Development Banks prepare an implementation completion report for approval by their own Multilateral Development Bank Board of Directors. The Multilateral Development Bank Evaluation Department evaluates the report. With regard to financial matters, the Trustee requires and accepts periodic financial reports from the Multilateral Development Banks. Each Multilateral Development Bank will be responsible for the use of funds transferred by the Trustee and activities carried out therewith in accordance with its own policies, guidelines, and procedures and the applicable decisions of the relevant Trust Fund Committee and any relevant Strategic Climate Fund Sub-Committee, including the purpose for which the allocations of the funds have been approved.<sup>56</sup>

## Accountability for Individuals

Individual Multilateral Development Bank staff members retain their status as employees of their respective Multilateral Development Banks and, therefore, are accountable according to the relevant staff policies and accountability mechanisms of their respective Bank. These are now clearly outlined on the Funds' website under their Transparency and Accountability section.

## Accountability as Body

In terms of what would happen if a Fund-funded project undertaken by one of the Multilateral Development Banks was not delivered, delivered at a sub-standard quality or if project funds were lost, the liability of the Multilateral Development Bank toward the Funds would be expected to be spelled out by the contractual arrangements between the Funds and the individual Multilateral Development Bank. However, no reference to such contracts could be found, nor is there a summary of the contractual terms outlining what would happen in such cases. This is neither available on the Funds' website nor on the Trustee section of the World Bank's website (under Financial Intermediary Funds). This section does list the Strategic Climate Fund and Clean Technology Fund as two of the Trust Funds for which Trustee services are provided, and it also provides some basic information, but the "governance documents" link simply leads back to the Funds' site.<sup>57</sup> It is, therefore, unclear to what extent the Multilateral Development Bank is accountable for losses due to corruption. This represents a gap which should be further explored.

As the Funds were set up as a partnership, there is no accreditation process which sets out anti-corruption rules and safeguards for Multilateral Development Banks as the Implementing Entities. There is also no evidence of a partnership agreement which requires adherence to such standards from the partners. Each of the Multilateral Development Banks does, however, have its own anti-corruption rules and safeguards in place.

The Funds' website also sets out that suspected fraud and corruption in Fund-financed operations as well as allegations regarding misconduct of officials, employees or consultants involved in Fund-financed operations can be reported through the accountability, integrity and anti-corruption mechanisms of the Multilateral Development Banks, and it provides links to each Multilateral Development Bank's anti-corruption or integrity body. Furthermore, there is no Fund level review of these policies or their performance at regular intervals.

## Key Findings and Recommendations

From the above study, the following findings are observed:

- As the Funds were set up as a partnership, there is no accreditation process which sets out anti-corruption rules and safeguards for Multilateral Development Banks as the Implementing Entities. Requirements for the Multilateral Development Banks, investigatory processes or sanctions for misbehaviour, such as withholding of funds, are also not set out in any other Fund documentation.
- Although the Multilateral Development Banks have their own anti-corruption rules and safeguards in place, and these are accessible through the Funds' website, it is difficult to assess the effectiveness of these safeguards with respect to the Funds. While some Multilateral Development Banks report generally on their anti-corruption performance, this information is difficult to disaggregate in order to pinpoint their performance in relation to specific Funds.

To address these concerns and strengthen accountability arrangements with respect to corruption prevention and deterrence, the **Trust Fund Committees** should:

- If they exist, publish the contractual provisions entered into by Multilateral Development Banks under the Funds. In the absence of such contractual arrangements, make provisions for a process or procedure whereby alleged misconduct of Multilateral Development Banks may be investigated and identify potential sanctions for Multilateral Development Banks in

- cases where they engage in corrupt activities in relation to a Fund-financed programme or project.
- Develop and adopt policies and guidelines that require the evaluation and monitoring of the effectiveness of anti-corruption rules and safeguards and accountability processes operated by the Multilateral Development Banks. Monitoring should be a regular action which should require Multilateral Development Banks to report on their performance throughout the project cycle.

## Borrower/Client/Implementing Entities

### Composition and Functions

Multilateral Development Banks enter into a loan or grant agreement with a borrower or recipient, respectively. The borrower is usually the government of a country where a Climate Investment Funds project takes place. Under the Clean Technology Fund, the borrower or client can also be a private sector entity. In either case, the borrower or client is required to directly implement or coordinate project actions according to the said agreement. The borrower or client can further subcontract project work to other national actors, including government ministries, departments, national funds, private sector actors and others depending on the particular national requirements.

During the project cycle, the borrower, client or another entity as identified in the loan or grant agreement is responsible during the **implementation stage** for carrying out the work on the ground and during the **monitoring and evaluation stage** for reporting back through the relevant Multilateral Development Banks to the Trust Fund Committees, in the case of the Clean Technology Fund, or the relevant Sub-Committees under the Strategic Climate Fund.

### Accountability for Individuals

Each borrower or client determines its own rules on accountability for its staff and employees. It is beyond the scope of this report to investigate and assess the anti-corruption safeguards and codes and investigatory and sanctioning processes and procedures of each entity.

### Accountability as Body

As set out above, a contract is entered into between the Multilateral Development Bank and the borrower or client. Accurately assessing the accountability of borrowers or clients, or their subcontractors, requires a detailed examination of project documentation and agreements on a project by project basis. This information is not captured centrally. In some instances, the Funds' website provides links to Multilateral Development Banks' websites where information is housed. In a cursory review, however, numerous inconsistencies were found regarding the availability of information both on Funds' and Multilateral Development Banks' websites.

For example, the Indonesian Clean Technology Fund-funded Geothermal Clean Energy Investment Project Appraisal document sets out a number of commitments made by the National Implementing Entity, including adopting a governance action framework which includes provisions for complaints handling and a whistleblower system, in order to address potential corrupt and fraudulent practices during procurement. It also adopted an action plan to improve transparency and anti-corruption safeguards which it reports on quarterly to the World Bank.<sup>58</sup> However, the actual loan agreement for this project, which would set out the legally binding requirements, investigation procedures and sanctions, could not be found.

On the other hand, the Forest Investment Program project appraisal document for Mexico refers to an operational manual which "covers topics related to conflicts of interest, fraud and corruption", although this is not linked to or footnoted in the document. Beyond this, the document is silent on corruption. In this case, it is possible, however, to easily access the loan agreement. This is where the legal obligations are set out: the "Borrower agrees to cause [Implementing Entity 1] to, and [Implementing Entity 2] agrees to,

abide by, and carry out the Project in accordance with, the provisions of this Agreement and the provisions of the Project Agreement, including the Safeguards Documents, the Anti-Corruption Guidelines, and the Operational Manual". The agreement between the borrower and Implementing Entities is further outlined and it provides that, in instances of fraud or corruption, the borrower may suspend or cancel the agreement with these Entities and demand restitution of the funds.<sup>59</sup> The anti-corruption guidelines referred to here are those of the World Bank.<sup>60</sup> These guidelines further require that the borrower or recipient apply these guidelines in its further agreements or contracts with public or private sector actors who coordinate or carry out project actions.

In terms of investigatory processes and sanctions, each Multilateral Development Bank operates their own corruption investigation and sanctions processes for firms and individuals but not for governments. It is likely that governments themselves would likewise employ national procedures to investigate and punish corruption or fraud. However, while the terms of loan and grant contracts usually specify sanctions, they are not entirely clear on how an investigation process would work.

### Key Findings and Recommendations

In light of the above discussion, the following findings are observed:

- Given the important role that borrowers and clients assume implementing project or programme work – which involves significant public and non-public procurement and contracting and decision-making – relevant information regarding their accountability and anti-corruption requirements and actual rules, safeguards and practices is not consistently available at the Fund level.

To address these informational gaps, the **Trust Fund Committees** should:

- Require that the actual anti-corruption safeguards and accountability measures employed by borrowers and clients are disclosed and accessible at the Fund level in conjunction with the relevant project information.
- Require that Multilateral Development Banks disclose, at minimum, the terms of their contracts with borrowers and clients, which stipulate anti-corruption and accountability requirements and which determine remedial measures and sanctions for corrupt or fraudulent conduct.

## Observers

### Composition and Functions

Observers include representatives of the Global Environment Facility, the UN Development Programme, the UN Environment Programme, the UNFCCC, contributor countries (other than those represented on Trust Fund Committees), and recipient countries for which the Clean Technology Fund Trust Fund Committee or any Strategic Climate Fund Sub-Committee has approved any investment plan, programme or project (other than Trust Fund Committee Member countries).

The Head of the Administrative Unit, in consultation with the two Trust Fund Committees, may also invite representatives of civil society, international or governmental agencies or other organisations with a mandate to address climate change to observe the meetings, with the exception of the portions of the meetings that are declared to be "executive sessions".<sup>61</sup> For the Clean Technology Fund Trust Fund Committee, four civil society representatives – which may include representatives of non-governmental organisations, development and environment institutions and "think tanks", local communities and indigenous peoples groups – and two representatives from business associations and groups (one from a contributor country and one from a developing country) are invited. For the Strategic Climate Fund Trust Fund Committee, four civil society organisation representatives with balanced development status, gender and geographic representation, two indigenous peoples representatives, and two private sector representatives are invited.<sup>62</sup>

Civil society organisation constituencies self-select among themselves representatives who will participate as “active” Observers in the Funds. The rights and responsibilities of Observers, procedure for selection of representatives, and number and term of representatives are captured in a guideline document.<sup>63</sup> [Resolv.org](#) provides for and administers an online voting platform for the Funds’ civil society constituencies.<sup>64</sup> Again, the guidelines call for equity and balanced representation including considerations of balance in terms of gender representation, regional representation, and international and local or national organisations.

### Accountability for Individuals

At the Fund level there are no codes of conduct or rules that apply to Observers, meaning that they are likely to be accountable to their organisations only. Were an Observer to act on the basis of a conflict of interest in their engagement with the Funds, it is unclear what specific investigation would ensue, by whom and what sanctions would be applied.

### Key Findings and Recommendations

Observer accountability policies and guidelines are wanting. Defining constituency representation, roles and responsibilities, and ethical commitments could lend greater legitimacy and sustainability to Observer participation.

To improve accountability, the **Trust Fund Committees** should:

- Develop and adopt policies and guidelines regarding Observer accountability, including principles regarding constituency representation, responsibilities and a code of conduct.

## Local or Affected Stakeholders

### Composition and Functions

Key stakeholders should be consulted prior to the final approval of Fund projects and programmes, including affected minority groups and indigenous peoples.

### Accountability as Individuals

No policy provisions regarding the accountability of consulted stakeholders could be identified.

### Key Findings and Recommendations

- The role of stakeholders in contributing via consultations to both project and programme approval and implementation is highly important. However, no rules or safeguards are in place to ensure their ethical behaviour and the integrity of consultations processes. Measures to do so could help strengthen the credibility of these key processes.

To take a positive step forward, the **Trust Fund Committee** should:

- Develop and adopt guiding principles to ensure the integrity of participation and conduct during consultation processes.



# THE ASSESSMENT

In this section, the main findings of the assessment are set out under each of the three criteria. These findings elaborate both on good practices observed as well as areas requiring more attention. The specific elaboration of a best, middle and worst case scenario is reflected by the colour scale. This is elaborated in the *Global Climate Finance: A Governance Risk Assessment Toolkit* and summarised in Annex 1 to this report.

## TRANSPARENCY

### Summary

#### Overview of Transparency Performance for the Climate Investment Funds

TRANSPARENCY	PERFORMANCE
<b>Indicator (1) : Policy Level Transparency</b> Are there policy provisions in place for public access to information regarding the Funds' administration and operations including activities, outputs and decisions?	<b>ABOVE AVERAGE</b>
<b>Indicator (2): Practice Level Transparency</b> In practice, can members of the public obtain relevant and timely information on the Funds' policies, procedures, activities, outputs and decisions throughout the project cycle?	<b>STRONG</b>

The Funds are assessed as above average regarding their policies and procedures to provide access to information. From the outset, the Funds have shown through its policies that it is committed to ensuring transparency in its operations. However, there is a divergence at present between what is set out in policy documents and what is revealed on the Funds' website. More recent developments within the World Bank which improve access to information by setting out clear timelines and a process to apply for the release of information have not yet been incorporated into Fund documentation. This must be clarified to ensure those seeking information are not dissuaded from doing so.

In terms of transparency practice, the Funds are assessed as strong. The Funds set out clear guidelines for those seeking to access funding from their Trust Funds as well as provide timely access to accurate, comprehensive and coherent information regarding Fund programmes and projects. Contracts between all Fund actors and information on the anti-corruption safeguards of the Multilateral Development Banks are accessible through the Funds' website. In addition, the Funds have recently begun to provide information according to the International Aid Transparency Initiative format which is a step forward in terms of its transparency practice. This commitment is to be commended and the Funds should continue to ensure all project information is made available in the same way.

## Analysis

### Indicator (1) : Policy Level Transparency

#### **Are there policy provisions in place for public access to information regarding the Funds' administration and operations including activities, outputs and decisions?**

*This question was also informed by the following sub-questions: Do guidelines regarding public access to information or information disclosure exist? Do these guidelines cover both information conveyed through meetings and documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)? If yes, are there deadlines for making such information available? If yes, do the provisions allow for any exemptions of information disclosure and confidentiality? If so, to what extent are these exemptions justified? Are the exemptions weighed against the greater public interest and the right to know? Do the guidelines allow for an appeal procedure to request non-disclosed information?*

From the outset, Fund strategic documents have indicated that public disclosure is the rule rather than the exception within the functioning of the Funds.<sup>65</sup> The documents establishing the Clean Technology Fund and Strategic Climate Fund provide that, "(t)he funds should provide for transparency and openness in their governance and financing operations". While it is a general principle guiding the Funds, it does not in itself provide specific guidance regarding public access to information for the programmes that fall within its remit.

Detailed guidance on the rules of procedure for both the Clean Technology Fund and Strategic Climate Fund Trust Fund Committee meetings outline a general policy of active public disclosure of all documents provided to the Administrative Unit for submission to the Trust Fund Committees, unless expressly specified by the information provider that the information should be confidential.<sup>66</sup> It is stated that this should be in line with the World Bank Policy on Disclosure of Information from 2002.<sup>67</sup> Furthermore, the Funds' general disclosure provisions, which relate to investment plans and policies submitted to the Funds, also follow the principle that "non-disclosure of information will only be done on an exceptional basis".<sup>68</sup> Once again the Policy on Disclosure of Information is referenced.<sup>69</sup>

A Note on Disclosure of Documents was also adopted jointly by the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees in 2009.<sup>70</sup> It contains detailed provisions with respect to disclosure of documents relevant for the decision-making process concerning Fund programmes and projects. According to this note, draft investment plans and strategies prepared under Fund programmes should be disclosed in-country three weeks prior to its submission to the relevant Fund body for review. A country may request confidentiality of certain information in a draft investment plan and strategy, but "it is expected that such non-disclosure of information will only be done on an exceptional basis". According to AusAID, Fund procedures also promote some transparency in partners: "For example, they require partners to make key programme documents publicly available and hold and report on consultations with domestic stakeholders when designing investment plans. In most countries, fund loans are to be reflected in the national budget".<sup>71</sup>

While these provisions go some way to ensuring transparency throughout the Funds, some challenges remain:

- The general disclosure provisions do not specify timeframes within which information needs to be made available. Neither the general disclosure provisions nor the more detailed Note on Disclosure specify how external actors could request and gain access to information designated as confidential.
- The existing disclosure provisions do not apply to all relevant documents or information held by Implementing Entities. In fact, the Multilateral Development Banks apply their own disclosure policies to the projects and programmes implemented by them.<sup>72</sup> Indeed on the Publish What You Fund *Aid Transparency Index 2012*, which looks at issues of organisational-level, country-level and activity-level transparency, the Clean Technology Fund (the Strategic Climate Fund was not included) scored 40 per cent, ranking 38th among all donors and last among the climate

finance bodies assessed.<sup>73</sup> The Clean Technology Fund scored poorly on the organisation level indicators, with a score just above the mean for donors in the very poor category.<sup>74</sup> Importantly, the report noted that, as a network organisation partnering with several other donors, the Clean Technology Fund is reliant on the policies and procedures of the other Multilateral Development Banks. Nevertheless, the Clean Technology Fund was ranked lower than all of the Multilateral Development Banks involved in the same index because it was often not made clear which specific organisation's policies apply to which specific Clean Technology Fund projects.<sup>75</sup>

- Since 2010, the World Bank has adopted the Access to Information Policy replacing its Policy on Disclosure of Information which continues to be extensively referenced in Fund documentation as set out above.<sup>76</sup> This new World Bank Policy offers greater commitments to disclosure than its predecessor. Available in five languages, the policy is based on five core principles: 1) maximising access to information; 2) setting out a clear list of exceptions; 3) safeguarding the deliberative process; 4) providing clear procedures for making information available; 5) recognising requesters' right to appeals processes. This Policy, however, applies only to the International Bank for Reconstruction and Development and International Development Association and not to the World Bank Group, thereby excluding the International Finance Corporation. The International Finance Corporation has its own policy which has been criticised for being weaker than its public sector counterpart and for allowing sweeping exceptions.<sup>77</sup> The applicability of these policies to the Funds remains unclear.

The above analysis shows that greater efforts are required to improve knowledge and certainty on what the applicable rules are at Fund level and throughout the programme and project cycle. Steps currently being taken by the Funds Administrative Unit indicate a positive trend in terms of the continued strengthening of the provisions in place for public access to information in relation to the Funds' policies and procedures, activities, outputs and decisions.

- For example, during the course of our consultations with the Administrative Unit on this report, the Funds created a new webpage where they set out the respective information disclosure policies of the Multilateral Development Banks, which goes some way to improving the transparency on this aspect. Some more could be done, however. First, the page is not easily accessible directly from the Funds' website, which could be easily rectified. Second, certain inconsistencies exist which should be further considered. For example, the webpage in question makes reference to the World Bank Access to Information Policy: "The CIF Administrative Unit, in consultation with the CIF Trust Fund Committees and in accordance with the World Bank's policy on Access to Information, makes publicly available any document or information provided for submission to the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees". However, the webpage also links to the Note on Disclosure of Documents Prepared for Purposes of the Climate Investment Funds which still refers to the World Bank's old Information Disclosure Policy and makes no mention of the new and stronger Access to Information Policy. Further, a note on the website to the effect that, "the absence of a document or information from the website does not necessarily point to its confidentiality nor should it prevent any member of the public from requesting that document or information and that anyone may contact the CIF Administrative Unit and request any document or information" is a further inconsistency because, as noted above, the Access to Information Policy sets out clear procedures and timelines which are not referenced.
- If the World Bank Access to Information Policy does, in fact, apply, then the relevant Fund policy documents must be updated and approved to ensure its application can be relied on. During the course of our consultation on this report, the Administrative Unit noted that they are in the process of tabling this amendment for discussion with the Trust Fund Committees. The orientation for Observers also refers to this old document meaning that Observers will not be aware of their full rights. This too should be updated.<sup>78</sup>
- Finally, the Funds Administrative Unit is examining whether the Funds are in compliance with the International Aid Transparency Initiative standard, including possible measures to ensure that this is the case.<sup>79</sup> The International Aid Transparency Initiative recognises that information on aid (and

also climate finance) needs to be regularly published and freely available if it is going to help effective spending, evaluation and accountability, and that in order to promote more effective aid, all donors need to provide their aid information in a common format that meets the needs of recipient governments and civil society. The International Aid Transparency Initiative offers a common standard for publishing aid information which satisfies four pillars of transparent aid, namely, ensuring data is published in a manner that is timely, comprehensive, accessible and comparable. The Funds are now registered via the International Aid Transparency Initiative website to publish the Funds' project data in an IATI-compliant format.

#### **Indicator (2): Practice Level Transparency**

**In practice, can members of the public obtain relevant and timely information on the Funds' policies, procedures, activities, outputs and decisions throughout the project cycle?**

*This question was also informed by the following sub-questions: Is this information available freely online or available on request; accurate and complete; coherent and understandable; timely and reliable, as in, required within a certain timeframe or by a specific deadline if one exists, or within a reasonable timeframe if no deadline exists; and regularly updated? If access to information provisions allow for confidentiality/non-disclosure of information, in practice are these provisions interpreted and applied with good justification with regard to the greater public interest and the right to know?*

In terms of its transparency practice, the Funds Trust Funds performed relatively well. No reference could be found to a policy or procedure that was not public or made available on the website, except for some individual Multilateral Development Bank policies and procedures. Following engagement with the Funds prior to publication of this report, this has since been rectified and Multilateral Development Bank policies and procedures on access to information and complaints mechanisms are now available. In practice, members of the public can generally freely access the relevant policy documents on the Funds' website and documents are updated regularly. In terms of concrete activities, outputs and decisions taken within the two Trust Funds, the website contains a considerable amount of documentation.

**Meeting openness and participation:** Trust Fund Committee and Sub-Committee meetings are open to Observer participation. Representatives of civil society (selected through a consultation among themselves) as well as representatives of any international or governmental agency or other organisations with a mandate aligned to that of the specific Fund programme can observe any meeting except for the portions of the meeting that are declared to be "executive sessions".<sup>80</sup> Access is provided to documentation of Trust Fund Committee and Sub-Committee meetings, including agendas, proposals for consideration, decisions, reports and comments submitted by Trust Fund Committee and Sub-Committee Members; information about the decisions including the proposed decision and the revised decision (where applicable); and any comments by Members of the Trust Fund Committee and Sub-Committee. The decisions themselves are concise and do not include an elaborate motivation or justification. Public access to the activities, outputs and decisions of relevant Trust Fund Committee and Sub-Committee meetings that are not made available on the website is enhanced through the official Observer status of four civil society organisation representatives with balanced development status, gender and geographic representation, two indigenous peoples representatives, and two private sector representatives.<sup>81</sup> However, there is no direct access to the Funds' deliberations for other Observers or the public.<sup>82</sup>

**Investment plan and programme/project submission and selection:** Each of the **Strategic Climate Funds** programmes has a design document in place which set out clear guidelines for countries interested in accessing funding. Such information includes eligibility criteria, the process for selecting country or regional programmes, the scope of programmes, financing modalities, and programming processes. Operational guidelines are also made available as are criteria for selecting experts involved in reviewing plans and proposals together with the procedures for the preparation of independent technical reviews of investment plans.

The **Clean Technology Fund** also has extensive documentation starting with its founding document which sets out the principles and objectives of the Trust Fund and provides an overview of procedures and functions. It also makes details available on its financing products, terms and review procedures for

private sector operations; guidelines for developing and revising investment plans; investment criteria for public sector operations; and private sector operational guidelines.

Documentation about programming at the country level for individual country pilots, including decisions for discrete project components, is also available. However, with respect to the Funds generally, Lattanzio highlights that, “technology investment plans are not publicly disclosed due to claims about sensitive sovereign information and national priorities”.<sup>83</sup> Observers from the Global Environment Facility and UNFCCC are also excluded from investment plan discussions, making it difficult to ensure complementarity.<sup>84</sup> Similarly, Radner notes that while the transparency of the Funds was generally appreciated by stakeholders, “there remain important challenges at a detailed level, concerning the release and timing of particular categories of documents in relation to the needs of specific stakeholders”.<sup>85</sup>

**Project Implementation:** Individual Trust Fund Committees and Sub-Committees publish semi-annual reports on their activities, providing largely qualitative information on progress in the pilot countries and expected future approvals. This contains information about the approval dates of the activities, the Multilateral Development Bank involved, the loan and grant components, the amount of Fund funding, and notes on the current status of the activity, among others. The reports also forecast future decisions on individual activities that are in development.

The Funds’ website does not list the relevant decisions and other outputs of the Multilateral Development Banks acting as implementing agencies, although these may be available at the website of the respective Multilateral Development Banks. There is no information about the procedure through which the public could access policy documents that are not available. However, such a procedure is likely to involve Fund Observers, who are able to bring a lack of transparency to the attention of the relevant Trust Fund Committee or Sub-Committee.

The absence of an overall database of projects funded was also a justification given for the low score of the Clean Technology Fund in Publish What You Fund’s *Aid Transparency Index 2012*. Ongoing efforts to improve project information contained in PDF documents that are not searchable or comparable across projects could further improve performance.

Although the Funds generally provide good quality information on project-level activities, there is some scope to strengthen their performance. For example, no data on disbursements to specific private sector actors are made available.<sup>86</sup> While this may be standard practice for the Multilateral Development Banks generally, it represents a gap in transparency with respect to the use of public funds.<sup>87</sup> The Clean Technology Fund in particular has been criticised for relying on Multilateral Development Bank policies with regard to its transparency and disclosure.<sup>88</sup> The risk of undue influence of private sector actors could be mitigated by active disclosure of disbursement data.

**Finance:** In addition, following the Financial Procedures Agreement between the Trustee and the Multilateral Development Banks, the Strategic Climate Fund publishes a semi-annual disbursement report, which includes information about Multilateral Development Bank disbursements. Since June 2012, the Strategic Climate Fund committed to the following in its disbursement reports: that “the Multilateral Development Banks will make efforts to provide in future reports more detailed information on disbursements, including disbursements by Multilateral Development Banks at the project and country levels for public sector projects and programmes and more qualitative information on the nature and progress of disbursing funds under private sector programs when confidentiality requirements do not permit public release of quantitative information”.<sup>89</sup>

Although only the Clean Technology Fund was included in the *Aid Transparency Index 2012*, the low score in terms of transparency at the organisational level reflects weaknesses mirrored by the Strategic Climate Fund programmes failure to publish procurement guidelines, tenders and annual audits.<sup>90</sup> As noted above, however, the Funds have now committed to report according to the International Aid Transparency Initiative’s standard, so performance should improve accordingly in the future. Basic index data has already been reported and more detailed reporting is planned for 2014.<sup>91</sup>

**Governance – Accountability and Integrity:** The Funds publish on their website detailed information regarding their governance structure, including the roles of its different actors and a clear reporting framework. It explains how accountability is organised within the Funds. It has also recently made information available regarding the fiduciary and anti-corruption safeguards of Multilateral Development Banks as Implementing Entities. Some gaps still remain, however, in terms of the accountability between actors – in particular, who is accountable to whom and on what terms in cases of corruption or fraud. Information disclosure on these matters is crucial.

**Evaluation:** All final evaluations should be fully disclosed to relevant policy-makers, operational staff, beneficiaries and the public in general. However, the Funds rely on the Multilateral Development Banks' systems for independent evaluation. Independent evaluations are commissioned by Multilateral Development Banks' independent Evaluation Offices which report directly to Multilateral Development Bank management. These evaluations are not directly available on the Funds' website, although the overall independent evaluation of the Funds is publicly available.

# ACCOUNTABILITY

## Summary

### Overview of Accountability Performance for the Climate Investment Funds

ACCOUNTABILITY	PERFORMANCE
<b>Indicator (1): Financial Reporting and Audits</b> Do the Funds have effective financial reporting guidelines in place? Are the activities of relevant organisational decision-making body subject to audits?	<b>STRONG</b>
<b>Indicator (2): Accountability (Answerability) Mechanisms</b> Are the Funds' decisions governed by clear and effective accountability mechanisms?	<b>BELOW AVERAGE</b>
<b>Indicator (3): Whistleblower Protection</b> Throughout the Funds' project cycle are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?	<b>AVERAGE</b>
<b>Indicator (4): Complaints and Investigation Mechanisms</b> Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?	<b>ABOVE AVERAGE</b>
<b>Indicator (5): Sanctions</b> Are there effective policies and procedures in place to penalise corruption and fraud?	<b>BELOW AVERAGE</b>
<b>Indicator (6): Civil Society Consultation</b> Is the Fund required to consult with civil society throughout the project cycle?	<b>ABOVE AVERAGE</b>
<b>Indicator (7): Observer Participation</b> Do independent civil society actors participate meaningfully in the proceedings of the Funds?	<b>STRONG</b>

The Funds have made some effort to put in place mechanisms to ensure accountability throughout the Funds.

As can be seen from the table above, the Funds displayed a strong performance on **financial matters** as both clear financial guidelines are in place and observed in practice. On having a clear and effective **appeals mechanism**, the Funds' performance is average because, although no appeals procedure exists, consensus decision-making, availability of decisions and inclusion of observers help to somewhat address dissatisfaction.

**Protecting whistleblowers** was rated average because, even though there are provisions in place for many of the individual elements within the Funds, such as the Administrative Unit, Trustee and World Bank as Implementing Entity, it is not demonstrated at the Fund level that such protection is in place and

functioning. Further, it was not evident what real protection is afforded to other whistleblowers throughout Fund operations, particularly downstream where corruption is more likely to happen.

In assessing the Funds' self-investigatory functions, both the complaints and the sanctions mechanisms were reviewed. On **complaints mechanisms**, the overall rating was just above average. Although the Funds do not have an overall Fund level complaints mechanism or any policy relating to the Trust Fund Committees or Sub Committees, there are complaints mechanisms in place for all other Fund actors. The Funds do not, however, sufficiently demonstrate the scope and effectiveness of these functions.

Likewise, regarding **sanctions**, the Funds need a more consistent and clear policy level approach to penalising wrongdoing at all levels of its operations. Again, while Transparency International's assessment shows that clear and comprehensive sanctioning procedures by Multilateral Development Banks exist and are also required of local level actors by the Multilateral Development Banks, the Funds themselves have not demonstrated how and to what extent sanctions are required, applied and enforced. Given the strong deterring impact sanctions have to safeguard against corruption and fraud, the Funds can do much more to develop and demonstrate their disciplinary capacities.

On **civil society consultation** processes, the Funds were given an above average rating. Despite weaknesses emerging over the years since their establishment, including the failure to adequately consult stakeholders throughout the project and programme cycle, the Funds have recently made efforts to improve their performance here by taking on board recommendations from civil society and, more recently, by allocating resources and man-power to carry out additional investigations into improvements.

On the Funds' **participation provisions**, the performance emerged as strong, although there is still some room for improvement. Again, despite concerns raised over the years regarding participation, action has been taken to consistently improve participation through, for example, focusing on capacity building of stakeholders and improving participation rights, such as in the stage of selecting new countries to participate in the Funds' programmes. Nevertheless, ongoing work on stakeholder participation must be carried forward and closely monitored.

## Analysis

### **Indicator (1): Financial Reporting and Audits**

**Do the Funds have effective financial reporting guidelines in place? Are the activities of relevant organisational decision-making body subject to audits?**

*Guiding questions for this indicator include: Are the Funds required to submit financial reports? If so, how often? What types of expenditure are required to be documented in these reports? Are there mechanisms in place to vet the validity of any financial reports? In practice, are there examples of inadequate or fraudulent financial reports being filed from the Funds? How often are audits required to be conducted? What activities do these audits cover? Are they performed by internal auditing bodies or external agencies? Are the results of audits available to the public?*

The Funds have many provisions in place to ensure sound financial management. There are detailed requirements in place with respect to financial reporting by the Multilateral Development Banks to the Trustee and by the Trustee to the decision-making bodies of the Funds.<sup>92</sup>

The Strategic Climate Fund and Clean Technology Fund publish semi-annual disbursement reports based on data from Multilateral Development Banks. The Multilateral Development Banks report in accordance with their own policies, procedures and practices, although the Financial Procedures Agreements concluded between the Trustee and the Multilateral Development Banks specify further reporting requirements in order to enhance consistency. As only one of these agreements could be found online, which is between the World Bank and the African Development Bank,<sup>93</sup> it is unclear whether these reporting requirements are uniform for all Multilateral Development Banks. The agreement that could be found specifies that the African Development Bank should report within 30 days after the end of each quarter on, among others: the dates of approval and amounts approved for Strategic Climate Fund



projects broken down by each Strategic Climate Fund programme; the principal financing terms; and disbursements. Within six months after the closing of the financial year, it needs to provide an annual financial statement, and within 30 days of the end of the financial year, it needs to report on the disbursement of each project.<sup>94</sup> Financial statements are to be externally audited.<sup>95</sup> These are not, however, publicly available.

The Trustee, in turn, needs to provide the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees, the relevant Sub-Committees, and contributors with annual audited financial statements as soon as possible after the end of the year. These are based on information from Multilateral Development Banks and are solely intended for the information of the Strategic Climate Fund Trust Fund Committee, Strategic Climate Fund Sub-committees, the Trustee and the contributors to the Trust Fund.<sup>96</sup>

Several financial reports can be found on the Funds' website. These include the semi-annual operational reports of each programme under the Strategic Climate Fund and Clean Technology Fund and the annual Trustee Report on the Financial Status of the Clean Technology Fund and Strategic Climate Fund. The former provides information about the specific projects approved, the type of finance (grant, loan or preparation grant), the Multilateral Development Banks involved, and the total amount of funding per programme. The latter specifies the pledged and committed contributions, the funding provided for investment plan preparation and for specific projects/activities (as well as the type of finance). In addition, following criticism of the disclosure of information about disbursement, semi-annual disbursement reports are published which contain information about disbursements by Multilateral Development Banks at the project and country levels.

#### **Indicator (2): Accountability (Answerability) Mechanisms**

##### **Are the Funds' decisions governed by clear and effective accountability mechanisms?**

*Guiding questions for this indicator include: Are the Funds required to explain its decisions to relevant external actors? Are the decisions of the Funds subject to timely and enforceable review? Are explanations of decisions provided to applicants in a predictable and timely fashion? Are there provisions in place detailing the procedures for affected parties to appeal contested decisions made by the Funds? Are those procedures publically available? In practice, how often are appeals to review decisions granted?*

The Clean Technology Fund Trust Fund Committee and the individual Strategic Climate Fund Sub-Committees have the power to select pilot countries, approve or reject investment plans and subsequent projects or programmes.

The selection of pilot countries was based on objective criteria and followed the advice of an expert group, all of which are documented. This allows an ex post analysis of the basis upon which the decision was made, even though the decision process itself is not entirely transparent.<sup>97</sup> The Trust Fund Committees are, however, in the process of developing criteria for the selection of new countries to participate and have identified transparency as a key guiding principle in finalising the selection process.<sup>98</sup> In one instance relating to the Scaling Up Renewable Energy Program, where the Sub-Committee decision differed from the recommendations of the expert group, no public explanation of this was offered including to the affected country. When Mongolia was not selected as a pilot country, its government asked for further reasoning, but the Sub-Committee meeting minutes note only that a "general" rather than specific response will be sent.<sup>99</sup>

Although the decisions on funding of investment plans as well as the funding of individual programmes or projects contained therein, as adopted by the Clean Technology Fund Trust Fund Committee or relevant Strategic Climate Fund Sub-Committee, are disclosed to external actors, they do not contain an elaborate explanation or justification. The meeting documents of these bodies sometimes contain comments by participating countries and possible responses to those comments. Beyond those documents, there is little information on the deliberations taking place within the decision-making body. The meetings are open to selected Observers who could keep track of the reasons behind the decision-making process.

However, an increased practice of approval by mail could make it more difficult for Observers to understand why strategies and projects are approved.

While there are no mechanisms in place for appeals against decisions made by the Funds, decisions are taken by consensus by a Committee with balanced representation between donors and eligible recipient countries and this may be acting as a balanced review process. However, from publicly available documents it is unclear what, if any, redress is available for recipient countries that are not represented on the relevant decision-making body.

### **Indicator (3): Whistleblower Protection**

**Throughout the Funds' project cycle are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?**

*Guiding questions for this indicator include, inter alia: Is there any official policy or system for whistleblowing or the exposure of wrongdoing? How is the policy or system enforced? What are the procedures for handling disclosures from whistleblowers and other types of reports of wrongdoing? Are whistleblowers protected from termination, harassment or other forms of reprisals? Have whistleblowers faced adverse consequences for their actions? If so, please describe. What types of compensation or relief are available for whistleblowers who have been retaliated against? Have any whistleblowers been compensated for retaliation? Have employees, contractors and subcontractors, among others, reported wrongdoing? If so, what were the results of the disclosures? Please describe.*

Both confidentiality for whistleblowers and provisions for their protection are key safety assurances for people who see and report wrongdoing. However, the Funds do not have a whistleblower protection policy. The protection of witnesses or victims of corruption within the Funds and their projects very much relies on the institutional policies of the employer of the individual who reports an alleged case.

The World Bank's whistleblower protection rules apply for the staff employed by the World Bank who serve the Funds in three capacities: Trustee to administer the Clean Technology Fund and Strategic Climate Fund Trust Funds, one of six Implementing Entities to implement programmes and projects financed by the Funds, and the Administrative Unit to support the work of the Funds. The relevant rules are contained in the World Bank's Staff Manual.<sup>100</sup> These rules encourage, but do not require, staff to report wrongdoing. After such a report, a review is conducted by the World Bank's Integrity Vice Presidency. The rules of the Staff Manual also forbid reprisals against staff reporting misconduct. If a staff member believes he or she has been retaliated against, they "may seek relief" through an appeals before the Appeals Committee and the Administrative Tribunal or an alternate dispute resolution mechanism, such as the Office of Mediation, while the staff member engaging in retaliation will be subject to disciplinary proceedings. The staff engaged in any of the other Multilateral Development Banks acting as Implementing Entities have to adhere to the whistleblower policies of each respective Multilateral Development Bank. These policies can now be found on the Funds' Transparency and Accountability webpage.

Although the Funds were set up as a partnership between the Multilateral Development Banks and, therefore, did not require an accreditation process, neither Fund policy nor any existing agreement between partners sets out that partners are required to maintain effective whistleblower policies. Notwithstanding, the Multilateral Development Banks have fairly well established whistleblower protection policies. However, that information is not yet accessible through the Funds' Transparency and Accountability webpage.

When it comes to Executing Entities and other downstream contractors (including consultants), it becomes increasingly less clear what protection any of their staff would enjoy if they were to report a case of corruption. It is unclear what protection could be afforded to any national or local public official who reported a case of corruption or fraud and by whom this protection would be guaranteed. Presumably, the appropriate government agency with responsibility for the official's institution would provide protection, but

this is not explained anywhere. Much more clarity is first needed through the Funds themselves on what these policies are, how and for whom they are applied. Identifying any significant gaps, especially where incidences of corruption are more likely than not, can help build a more comprehensive anti-corruption remedial system within the Funds.

#### **Indicator (4): Complaints and Investigation Mechanisms**

##### **Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?**

*Guiding questions for this indicator include, inter alia: Are their explicit procedures for how external actors can lodge complaints against the Funds? Are those procedures publically available? Is there a dedicated body within the Fund body to handle complaints? Are the Funds required to respond to complaints? In practice, how often do the Funds respond to complaints about its activities or actions?*

The Funds do not have a fund-wide complaints mechanism in place. Rather, a number of complaints mechanisms are in place covering the various Fund actors.

There is no complaints or investigatory function in place for Trust Fund Committee and Sub-Committee Members. If an individual intended to make a complaint or allegation of a conflict of interest about a Trust Fund Committee or Sub-Committee Member, documentation relevant to the Funds is silent in terms of by whom and how this would be handled.

As above, there are complaints mechanisms for lodging complaints against World Bank staff applicable to the Administrative Unit, Trustee and World Bank as an Implementing Entity. These mechanisms allow for complaints based on four types of activities: 1) misuse of World Bank Group funds or donor trust funds for personal gain or gain by another; 2) abuse of position for personal gain or gain by another; 3) solicitation or receipt of kickbacks or bribes; 4) embezzlement. The World Bank has a hotline inside and outside of the US, which is “operated by an independent third party” and “open 24 hours a day” with interpreters and the possibility to make calls anonymously. There are also clear rules on what should be included in a complaint and the guidelines on the complaints mechanism are available online and linked from the homepage, if a little bit hidden at the bottom of the page. After such a report, a review is conducted by the World Bank’s Integrity Vice Presidency.<sup>101</sup> The World Bank annual report also publishes statistics since 2011, although these are not disaggregated by the World Bank, so it is impossible to tell to what extent complaints have been made about the Funds.<sup>102</sup> Although at the outset of this research process, reference to the complaints procedure of the World Bank were absent on the Funds’ website, this has since been rectified through the Transparency and Accountability webpage.

The Funds’ policy or practice has been to delegate the registration and investigation of complaints concerning project implementation to its Implementing Entities – the Multilateral Development Banks. Unlike other climate funds, the Funds were set up by the Multilateral Development Banks themselves. As such, there was no accreditation procedure and no guidance given to Multilateral Development Banks in terms of the structure or content of fiduciary standards such as complaints mechanisms. There are also no requirements in terms of the publication of complaints statistics, including how many have been received and how many have been successfully dealt with and closed. This information is, therefore, not disclosed but should be; it provides a fundamental integrity assurance of the work being carried out under the Funds. In very practical terms, non-disclosure has a debilitating impact on the effectiveness of the complaints mechanism functions. Since June 2013, these mechanisms can also be found on the Funds’ Transparency and Accountability webpage. While this is a start, the Funds should go further. At minimum, a summary of the policies and procedure regarding complaints and investigations by the Implementing Entities should be accurate, comprehensive, easy to access and understandable.

Further, in cases where the implementation of Fund activities involves joint partnerships of Implementing Entities or other actors, there should be clarity at the project level on which organisation’s complaints mechanism is designated to address complaints and/or how multiple complaints mechanisms are coordinated at the project level. The latter may also involve consideration of how these Multilateral Development Banks’ complaints mechanisms relate to similar complaints functions operated by national

public institutions such as public ombudsmen and anti-corruption agencies. Furthermore, where Executing Entities and other third parties or contractors are involved, the scope of the Multilateral Development Banks' complaints mechanism in relation to those actors needs to be clarified. Providing this information could be incumbent on Implementing Entities and included in project webpages or websites operated by the Funds, Multilateral Development Banks and other actors having a significant share in the project.

The overall effectiveness of the Funds' self-investigatory functions has not been assessed to date. The absence of disaggregated information from the World Bank on complaints relating to the Funds and from the other implementing Multilateral Development Banks makes it difficult to assess how these are operating in practice. There are important informational gaps which impact on the effectiveness of complaints mechanisms in any context. Further, as the scope of what actually is provided by complaints mechanisms at the national level is not clearly explained, the potential effectiveness of these mechanisms cannot be assessed. The Funds will need to assess effectiveness of policies and procedures at all levels of the Fund and address current weaknesses if it is serious about making the self-investigatory integrity assurance a substantive one and not just a paper-based general commitment and delegation of accountability to downstream actors.

### **Indicator (5): Sanctions**

#### **Are there effective policies and procedures in place to penalise corruption and fraud?**

*Guiding questions include, inter alia: Do the Funds have policies and procedures which require sanctions or punishments for corrupt or fraudulent behaviour or activity be imposed and enforced at all levels of the Funds and throughout the project cycle? What is the scope of the policy coverage? If a policy exists, to what extent has it been applied? Does the policy require that sanctions are determined in a fair and independent manner? Does the policy allow for an appeals process? Is information on these policies and about sanctions imposed publicly available?*

The Funds have some policies regarding penalties and sanctions for Fund actors and associated individual in instances where they engage in corrupt or fraudulent activities, although there are also a number of gaps that require attention.

There is no information available in terms of the circumstances under which the membership of a **Trust Fund Committee or Sub-Committee Member** may be terminated or of other sanctions that could be applicable to them for engaging in corrupt behaviour. It is expected that the only sanctions that apply would ultimately be in the hands of the individual country from which the Committee or Sub-Committee Member comes or in any other relevant legal jurisdiction should the conflict of interest be connected with an act of corruption where an arguable jurisdictional claim exists.

As explained previously, the employees of the **Administrative Unit, Trustee and World Bank (as Implementing Entity)** are employees of the World Bank and, as such, fall under its policies and are subject to its internal investigation and sanctioning procedures for corrupt behaviour. If, following an investigation of the World Bank's Integrity Vice Presidency, a staff member is determined to have acted corruptly in violation of the World Bank's Code of Conduct, then internally any employee faces consequences including loss of employment, forfeiture of salary for a period of time and indefinite illegibility of employment with the World Bank Group. If the corrupt action counts as a crime, the World Bank also refers cases to law enforcement officials.<sup>103</sup>

As introduced above, the original **Multilateral Development Banks** which came together to found the Funds are also the Implementing Entities under the Funds. As explained in the foregoing accountability map section of this report, it is unclear what sanctions are possible if a Fund-funded project undertaken by one of the Multilateral Development Banks was not delivered, delivered at a sub-standard quality or if project funds were lost. Contractual arrangements between the Funds and the individual Multilateral Development Banks could not be located. It is, therefore, unclear to what extent the Multilateral Development Bank is accountable for losses due to corruption. This represents a gap which should be further explored.

Generally, information available on the websites of Multilateral Development Banks is comprehensive in terms of what sanctions and enforcement measures they would apply toward downstream actors such as **National Implementing Entities, Borrowers and Clients**. The policies of the World Bank, for example, suggest that their contractors should also demonstrate a reasonable level of fiduciary and anti-corruption safeguards. In relation to their projects, they also stipulate sanctions against contractors or vendors for corruption or fraud, including:

- Rejection of a proposal for award of contract to a Respondent in respect of a procurement of goods, works or services.
- Cancellation of a portion of Bank finance allocated to a Respondent but not yet disbursed in respect of a contract for the procurement of goods, works or services.
- Reprimand: the Respondent receives a formal “Letter of Reprimand”.
- Debarment: the Respondent is declared ineligible, either indefinitely or for a stated period of time, to become a Bank Counterparty in any new Bank Project.
- Conditional Non-Debarment: the Respondent is required to comply, within stated time periods, with certain remedial, preventative or other measures as a condition to avoid debarment. In the event the Respondent fails to demonstrate its compliance with the prescribed conditions within the time periods established, a debarment would automatically become effective for a period of time.
- Debarment with Conditional Release: the Respondent is declared ineligible for a stated period of time subject to conditional reinstatement pursuant to which the period of debarment is reduced or terminated if the Respondent demonstrates compliance with specified conditions such as the introduction and/or implementation of corporate compliance or ethics programs.
- Restitution: Respondent is ordered to make restitution of diverted funds to any other party.<sup>104</sup>

Furthermore, the specific contractual terms regarding sanctions between the Multilateral Development Bank and borrowers, clients and Implementing Entities at the national level set out further requirements. These usually reference the relevant anti-corruption guidelines of the Multilateral Development Bank in question. For example, the World Bank anti-corruption guidelines set out the general principles, requirements and sanctions applicable to persons and entities who receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of such proceeds.<sup>105</sup> While these guidelines specifically exclude the World Bank’s ability to sanction member countries, the World Bank has alternative means to address these cases. These include the borrower’s contractual obligation to take timely and appropriate action to investigate, terminate agreements or seek restitution from subcontractors and the World Bank’s ability to exercise contractual remedies in the event that the borrower fails to do so. It should be noted, however, that the exemption that the World Bank affords to government officials is functional in nature. To the extent that a government official engages in a sanctionable practice in his or her private capacity, the exemption does not apply and the official is subject to sanction.

This information, however, is not readily available. More information needs to be provided centrally on what sanctions and enforcement capacities exist at the level of borrowers, clients and Implementing Entities at the national level. This information is important public information which is in the wider public interest and needs to be disclosed.

There are no rules that apply at the Fund level to **Observers**. Their own organisational rules, however, should apply. If an individual Observer were to have a conflict of interest in its engagement with the Funds, it is unclear what specific investigation and by whom would ensue and what sanctions would be applied.

While sanctioning processes serve as a key accountability mechanism, their effectiveness has not yet been assessed by the Funds. This assessment should be done on a regular basis to inform further policy development and provide important guidance for the overall functioning of the Funds. It is an important source of credibility and legitimacy for the Funds’ operations.

## **Indicator (6): Civil Society Consultation**

### **Are the Funds required to consult with civil society throughout the project cycle?**

*Guiding questions include, inter alia: Are there policies in place requiring the Funds to actively consult with civil society regarding their decisions or actions? Are there clearly stated and enforced penalties for failures to consult with civil society? In practice, how extensive are consultations between the Funds and civil society? In practice, to what extent are civil society recommendations acted upon?*

Stakeholder consultations throughout the cycle of Fund programmes are progressive but need to be further strengthened.

At the global level, some civil society is able to participate in the Funds' Partnership Forum, which is intended as a forum for information exchange and lessons learned. As such, it provides a venue for consulting with civil society stakeholders, although it does not lead to written outcomes.

At the national level, the Multilateral Development Banks and host country government are expected to engage with relevant domestic stakeholders, including civil society, during the preparation of investment plans.<sup>106</sup> This is important for ensuring that projects are needs-driven and accountable to citizens. Furthermore, in developing the investment plan, it should be ensured that the issues raised are addressed in the identification of investment priorities. According to the guidelines for the Clean Technology Fund and Strategic Climate Fund programmes, a draft of the investment plan should also be made available for public information and comment on a government website at least two weeks prior to its finalisation. No guidelines regarding more active consultation exist.

However, how these engagements play out in actual practice on the ground is dependent on the procedures of the individual Multilateral Development Banks. In the three Strategic Climate Fund Programs as well as the Clean Technology Fund, concerns have been raised over the adequacy of civil society consultations in practice.<sup>107</sup> Examples have been documented where an insufficient number of civil society organisations were involved,<sup>108</sup> where relevant documentation was not made available or made available at short notice,<sup>109</sup> and where consultations took place, but it remained unclear how the results of the consultations were integrated into the investment plan or input was misrepresented.<sup>110</sup> In the case of the Pilot Program for Climate Resilience it has been suggested that despite the broad participation called for, this is aimed more at promoting consent and ensuring buy-in rather than helping to shape the Strategic Program for Climate Resilience.<sup>111</sup> On the other hand, good practices in stakeholder participation have also been identified. For instance, a non-governmental organisation dialogue forum in Cambodia is seen as an example of ensuring civil society participation.<sup>112</sup>

In terms of civil society's involvement beyond implementation plan formulation, including during implementation of the project or activity and during monitoring and evaluation of the project or activity, the Forest Investment Program alone has guidelines setting out that: "Country-level monitoring of programs and projects should be coordinated through a multi-stakeholder national-level steering committee. Pilot country governments should establish, or identify an existing, cross-cutting multi-stakeholder national-level steering committee to assist in program planning, implementation, monitoring and evaluation, which should include representatives of local authorities, indigenous peoples and local communities, NGOs, the private sector, and other members of civil society".<sup>113</sup> The Forest Investment Program Design Document further provided for the establishment of a dedicated grant mechanism to provide grants to indigenous peoples and local communities in country or in regional pilots to support their participation in the development of the Forest Investment Program investment strategies, programmes and projects".<sup>114</sup> This mechanism provides that recipient countries disburse the funding made available to the affected communities.<sup>115</sup>

Issues with stakeholder consultations have been acknowledged by the Strategic Climate Fund and Clean Technology Fund Trust Fund Committees, who have recently re-emphasised the participation of stakeholders at programmatic consultations.<sup>116</sup> In a decision<sup>117</sup> following this document, the Strategic Climate Fund and Clean Technology Fund Trust Fund Committees "(encourage) (...) pilot countries to: a) ensure open and frequent exchange of information with stakeholders (...); b) convene regular (every 1 or

2 years) stakeholder forums on CIF programmes, or include such consultations within existing stakeholder forums (...); c) engage stakeholders (...) in the forums". It further requests countries to:

- a) strengthen outreach to stakeholders (...);
- b) identify stakeholders engaged in relevant sectors during scoping missions to facilitate their participation during joint missions and throughout the development and implementation of the investment plans;
- c) ensure the effective participation of stakeholders at CIF programmatic consultations; share information on stakeholder engagement (...);
- e) consider the issues and constructive suggestions made during the engagement, and ensure that they are addressed substantively in a transparent manner.

However, as the wording of "encouraging" and "requesting" suggests, these are not mandatory requirements.

In short, while on paper, stakeholder consultation in the process of preparing investment plans is important, it is not a hard requirement, meaning that stakeholder consultation in practice may be limited, and will depend on the specific Multilateral Development Bank and country involved. There are no provisions in place governing what happens in cases of non-compliance. Furthermore, beyond this consultation at the early stage of the investment plan identification, there are few provisions in terms of continued consultation throughout the project cycle which is the time at which consultation is particularly needed in order to ensure ongoing accountability throughout implementation by those who are directly affected by the work and who are, in many cases, best placed to identify problems. In their October 2013 meeting, the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees considered a proposal from Observers and, among other decisions, mandated the Administrative Unit to work with Observers in commissioning a paper for consideration at the next joint meeting to present suggestions and ideas to strengthen the engagement of national stakeholders at the country level, including in Fund project design, implementation and monitoring. A budget was also allocated for 2014.<sup>118</sup> While challenges with consultation have been acknowledged by the governing bodies of the Funds and there have been initial steps taken to address these, it remains to be seen to which extent their recommendations will be implemented in practice.

#### **Indicator (7): Observer Participation**

**Are there policies and procedures to enable independent civil society actors to participate meaningfully in the proceedings of the Funds?**

*Guiding questions for this indicator include, inter alia, whether or not civil society actors in their roles as Observers: Have fair access to the meeting through a clear selection or registration procedure; have a seat at the table and are provided with an active role where they can propose agenda items and take part in debates; have access to relevant information in advance so that they can provide meaningful and useful inputs to the discussions; are independent in terms of not having a conflict of interest; are fairly represented in terms of having relevant competencies and fair and relevant geographical representation; and if any constraints they face which could prohibit them from participating, have been taken into account.*

On the policy side, the Funds' procedural rules address all guiding questions in whole or in part. At the global level, the decision-making bodies of the Funds and programmes provide for civil society representatives to join as "active observers", who are designated as representatives of the wider civil society organisation community and regions. As active observers, designated civil society organisation representatives are able to make verbal interventions at meetings, add agenda items and recommend experts to speak on specific agenda items.<sup>119</sup> Observers receive all decision proposals and documents that are sent to Committee Members. Comments received from Observers and other civil society organisations are posted on the Funds' website along with Committee Members' comments. The Funds also provides an orientation programme for new groups of Observers to assist them in carrying out their roles and responsibilities as Fund Observers, to enhance their awareness of the governance system and the operation procedures within the Funds, and to improve the effectiveness of their participation at Trust Fund Committee and Sub-Committee meetings as well as their overall engagement in the Funds.

Orientation materials have been produced to assist and are available on the Funds' website. Travel support for representatives from developing countries "may be provided...upon request".

Despite the space that is given for active Observers and the rights that are afforded to them, there have been concerns raised over the years about participation in the proceedings of the Funds. Such concerns included:

- While Observers now play an active role in both Trust Funds, at the outset the Funds were criticised for failing to engage civil society at the critical time of inception when decisions on the pilot countries were being made.<sup>120</sup> The Funds are, however, looking in detail at this issue now in developing the process for selection of new countries.
- Observers are selected through a process organised by the non-governmental organisation RESOLVE, which has been contracted by the Administrative Unit. This "self-selection" process included interviews with stakeholders, the establishment of criteria for selection, and the establishment of an Advisory Committee. While this process has been rather inclusive, the required access to email and internet meant that civil society organisations from the developed countries were better able to participate than organisations from developing countries.<sup>121</sup>
- There has been some confusion expressed by Observers about their precise role in the Funds.<sup>122</sup> The ability of these Observers to substantially engage as well as the adequate representation for local non-governmental organisations in targeted countries is limited.
- In 2010, concerns were voiced, including availability of resources to engage civil society, a bias towards global civil society over local and lacking redress mechanisms to ensure that concerns are addressed.<sup>123</sup>
- A review of the level of engagement by the International Union for Conservation of Nature finds that generally, the Funds "do not allow observers to provide substantive knowledge and inputs to discussions about investment choices". The activities of Observers are mainly evaluative rather than providing actual input. Finally, the Observers have no direct say in the decision-making process.<sup>124</sup>

In light of these challenges, the Funds have already undertaken work in order to ensure an effective Observer role. For example, they have taken on board civil society recommendations from the 2012 Partnership Forum, including the need for a stronger linkage of Observers at the global and national levels, development and implementation of a stakeholder engagement strategy at the country level, and the importance of capacity building for civil society to provide quality feedback. Indeed, as noted above, in October 2013, the Clean Technology Fund and Strategic Climate Fund decided to sanction further work on the above concerns, and they ear-marked budget towards it.



# INTEGRITY

## Summary

### Overview of Integrity Performance for the Climate Investment Funds

INTEGRITY	PERFORMANCE
<p><b>Indicator (1): Anti-Corruption Rules</b>            Are appointed members and technical staff subject to effective conflicts of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?</p>	<p><b>AVERAGE</b></p>
<p><b>Indicator (2): Integrity Screenings</b>            Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?</p>	<p><b>ABOVE AVERAGE</b></p>
<p><b>Indicator (3): Integrity Training</b>            Are appointed members and technical staff trained on issues of integrity?</p>	<p><b>AVERAGE</b></p>

On **anti-corruption rules**, the Funds' performance was average. This is because, despite existing World Bank policies and procedures applying to the Administrative Unit, Trustee and World Bank as an Implementing Entity, this is not expressly stated. In addition, there is a severe lack of clarity on what policies exist to ensure non-corrupt behaviour on the part of too many actors who exercise decision-making power and influence including the Trust Fund Committees and Sub-Committees. There is also no Fund-wide zero-tolerance for corruption policy. More robust anti-corruption commitments and rules need to be put in place or otherwise disclosed.

On **integrity screenings**, the Funds performed just above average. This is because, even though Multilateral Development Banks exhibit integrity screenings by their own policies and World Bank rules apply to the Administrative Unit and Trustee, there is no requirement of integrity set out in relation to the appointment of Trust Fund Committee or Sub-Committee Members. The key impetus is to provide institutional assurances on the integrity profile demonstrated by individuals, which likewise has a reputational impact. The importance of personal integrity has been absent from Fund policy.

On **integrity trainings**, the Funds displayed average performance. This is because, although there are no visible requirements or commitments to ensure capacity building on integrity throughout the Funds' operations, the World Bank, through its Office of Ethics and Business Conduct, is actively training its own staff which includes Trustee and Administrative Unit staff, and they also reach out to local World Bank offices including those in which Fund activities are being undertaken. They are also making details on that training available through their annual reports. Training of Observers and Trust Fund Committee and Sub-Committee Members is not addressed by the Funds.

## Analysis

### Indicator (1): Anti-Corruption Rules

#### **Are appointed members and technical staff subject to effective conflicts of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?**

*Guiding questions for this indicator include, inter alia: Are there comprehensive codes of conduct written into the guiding documents for the Funds? Are those documents publically available? If they do exist, how are existing codes of conduct enforced? In practice, do appointed members and technical staff comport themselves according to widely accepted standards of professional conduct? What, if any, sanctions exist for non-compliance? Do the Funds have a conflicts of interest policy? If so, what does it cover? Are there any procedures to verify given disclosure reports as accurate?*

**Fund-wide integrity:** Overall, the Funds have not adopted a Fund-wide zero tolerance of corruption policy. This means there is no fundamental principle or commitment of the Funds to ensure anti-corruption at all levels of Fund decision-making and operations. This is a critical choice, which would establish quite clearly the overall intentions of the Funds to adhere to broader principles of integrity and to build a strong culture of anti-corruption within the Funds. Nevertheless, the Funds have taken anti-corruption seriously and has made decisive effort to require that commitment at various levels and for Fund actors. Therefore, the Trust Fund Committees' pro-active political will to adopt such a policy should be relatively simple, and it would be an important precedent setting action.

**Trust Fund Committee and Sub-Committee level integrity:** There are no Fund level provisions such as a code of conduct in place for the Members of the Trust Fund Committees or the Sub-Committees. The Funds' Administrative Unit, however, confirmed that Members of the Trust Fund Committees and Sub-Committees are bound by the rules and procedures of their respective governments, where they exist. As discussed above in relation to the accountability mechanisms, this approach poses challenges in particular by leaving room for potential disparities in interpretations of corruption and in the weight and execution of remedial actions. It further relies on there being competent national institutions mandated to monitor the professional conduct of government representatives sitting on the Trust Fund Committees and Sub Committees. In addition, that information is not required, published or otherwise declared in the context of the Funds. Considering the power these Committee Members wield, such assurances should be publicly stated.

**Administrative Unit and Trustee level integrity:** Both Administrative Unit and Trustee follow World Bank rules. As World Bank staff, each staff member is bound by the World Bank's Code of Conduct.<sup>125</sup> A comprehensive document available on the World Bank website contains details on conflicts of interest, procurement, fighting fraud, corruption, kickbacks, bribery and facilitation payments, duty to report, accuracy of books and records, and upholding fiduciary responsibilities.<sup>126</sup> As discussed above, clear compliance mechanisms are in place to enforce the Code. Since 2004, information on the number and type of sanctions applied to staff members is publicly available through the World Bank Integrity Unit Annual Reports. Nevertheless, in accordance with the staff rules on confidentiality, the names and units of sanctioned staff members are not publicly released and, as a consequence, only aggregated data on sanctions for World Bank Group staff is available, making it difficult to ascertain how effective its application is for those engaging in Fund operations.

**Expert integrity:** As they are contracted by the World Bank as experts to the Funds, World Bank policies should apply. This lack of clarity needs to be resolved. Without question, experts need to be bound by codes of conduct and conflicts of interest policies which denounce corrupt and fraudulent behaviour.

**Observer level integrity:** Despite their lack of decision-making powers, their attendance at Committee meetings and proximity to Trust Fund Committee and Sub Committee Members should mean that Observers are required to make a clear anti-corruption and anti-conflicts of interest commitment. This should also be subject to formal compliance measures.

## National Level Integrity

**Multilateral Development Banks:** Fund standards and requirements on anti-corruption applicable to Multilateral Development Banks could not be found. As noted above, the Multilateral Development Banks set up the Funds, which foresaw the Multilateral Development Banks as the Implementing Entities and, as such, there was no accreditation process as in the other climate funds. Therefore, there are no fiduciary standards against which they were measured. A face to face interview with the Administrative Unit indicated that it was implicit that the Multilateral Development Banks were all comfortable with the level of safeguards each one has in place to deal with such issues.<sup>127</sup> In addition, there is no evidence that suggests an active review or performance evaluation of how anti-corruption or conflicts of interest requirements have actually been employed by Multilateral Development Banks. The content of these policies is disclosed on the Funds' website.

**Borrowers/Clients/Implementing Entities:** As noted above, the anti-corruption requirements for these actors are contained within the agreements entered into between the borrower and the Multilateral Development Bank and in any cross-referenced material as in the case of the World Bank Anti-Corruption Guidelines which set out the behavioural expectations as well as put the onus on the borrower to ensure enforcement in the case of corruption occurring. These are, however, not made public.

**Effectiveness:** The effectiveness of anti-corruption safeguards regarding Fund actors, projects and programmes has not been assessed by the Funds. No indication could be found in Fund documentation that these policies are monitored or have been evaluated to date. The Funds' periodic project and programme progress reviews offer an opportunity for Multilateral Development Banks to provide performance reports.

### Indicator (2): Integrity Screenings

#### **Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?**

*Guiding questions for this indicator include, inter alia: Are integrity screenings or background checks required to be conducted? If so, what do they cover (education, employment history, reference checks, credential verification, criminal records, sanctioning by relevant regulatory authorities, identification as a possible politically exposed person, adverse media coverage and conflicts of interest, among others)? Are they conducted by internal or external bodies?*

This question means to ask what past, if any, corrupt behaviour or cases are taken into consideration when decisions to employ staff, appoint Committee or Sub-Committee Members, or contract services are taken. It is a due diligence question but one which often refers to private information. Assessing this question, therefore, means to not assess informational matters but policy level requirements.

At Fund level, there is no information available from Fund documentation or the Funds' website suggesting that integrity screenings are a requirement or encouraged for any actors engaging in the Funds, including recipients of finance from the Funds.

Requirements that **Committee or Sub-Committee Members** demonstrate integrity for their role are not set out in any of the governance documents of the Funds (design documents and rules of procedure).<sup>128</sup> Selected through consultations among the contributing countries and the recipient countries, general principles such as balanced representation between contributor and recipient countries; regional representation; equity considerations leading to the inclusion of diverse voices; and efficiency and effectiveness in the decision-making process are applied. Only the criterion of "appropriate technical and/or policy expertise" could relate to aspects of integrity screenings and background checks (for example, education and employment history). However, these checks are conducted internally and do not cover all aspects relevant for background checks. As the nomination of Committee and Sub-Committee Members is ultimately in the hands of their governments, any additional integrity requirements would be in their purview. Those considerations are not disclosed.

For **Administrative Unit and Trustee staff**, the World Bank Staff Manual, which applies to them as World Bank employees, specifies that a hiring manager should ensure that the hiring of staff is consistent with the Principles of Staff Employment, Staff Rules and the Code of Professional Ethics.<sup>129</sup> Newly appointed staff must certify that they have read and will comply with standards of professional conduct contained in the Staff Rules which they receive a copy of upon employment. Potential staff members are required to answer questions about qualifications, criminal convictions, and whether they have been terminated or asked to resign from a past position. They also must provide a blanket authorisation for World Bank investigators to follow up on information provided by them in pre-employment screening. Screenings are conducted by an internal body, the World Bank's Corporate Security office. However, there is no information available on the rigour of such investigations or whether it is merely a tick-the-box exercise.

Each **Multilateral Development Bank** acting as Implementing Entity for Fund-funded projects and programmes has its own rules in place in this regard. There seems, however, to be no requirement that Multilateral Development Banks or borrowers are required to conduct integrity screening of Implementing Entities locally or of any other third party contractors. Information on these requirements or non-requirements accessible through the Funds' website is, however, slim.

With respect to civil society **Observers** to the Funds, several criteria can be linked to integrity: "(i) individuals representing observer organizations must be committed to open and transparent communication" and "(i) individuals representing observer organizations must be willing and committed to representing the concerns and interests of their constituents – not only members of their own organizations, but also the larger community to whom they are accountable."<sup>130</sup> The selection principles for private sector Observers to the Funds make no reference to criteria related to the integrity or background of individuals.<sup>131</sup>

**Experts** are primarily chosen on the basis of general principles related to their international status, knowledge, experience relating directly or indirectly to the topic of the programme, and an appropriate balance between regions and gender.<sup>132</sup> As World Bank contract holders, they are, however, also subject to World Bank background checks.

### **Indicator (3): Integrity Training**

#### **Are appointed members and technical staff trained on issues of integrity?**

*Guiding questions for this indicator include, inter alia: Are there requirements for staff to be trained on codes of professional conduct or integrity as part of their orientation? Are appointees and staff required to attend any classes or briefings explaining in detail the respective codes of conduct they are subject to? What, if any, sanctions exist for non-compliance?*

Integrity training means to develop the capacities of employees and others engaging with the Funds on anti-corruption matters. According to available information, no integrity training has been conducted for any Fund actor except the employees of the Trustee, Administrative Unit and World Bank as an Implementing Entity. For them, as World Bank Group employees, training on issues of integrity is mandatory. They also have access to "outreach, communications and training activities" carried out by the Office of Ethics and Business Conduct, which is designed to foster awareness of and adherence to ethical obligations of staff members.<sup>133</sup> Each staff member "may be required" to complete periodic training.<sup>134</sup>

There is also further staff training available from the Integrity Vice Presidency on prevention and detection of fraud and corruption in the World Bank Group and its projects.<sup>135</sup> Although the Office of Ethics and Business Conduct is required to "submit periodic reports to the Office of the President" on its activities, "issues and trends relating to the ethics and business conduct functions, including on matters such as concerns raised by staff members, lessons learned in addressing those issues, and the functioning of the Office's case management system", these are not publicly available.<sup>136</sup> Further information on the content, regularity or attendance of such training could not, however, be located until October 2013 when the *Annual Report* for the Office was made available online. (The links to previous reports are not functioning.) From this report, it can be seen that the Office has a role in supporting orientations at country

offices, in rolling out the new mandatory e-learning on the Code of Conduct (which more than 3,000 staff members took in 2013), and in providing tailored outreach and training when invited to do so by country offices. In 2013, this included training on staff misconduct delivered in International Bank for Reconstruction and Development and International Finance Corporation country offices in Africa, East Asia and the Pacific, Latin America and the Caribbean, and South Asia – regions in which the Funds are funding activities.<sup>137</sup>

# REPORT GLOSSARY

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## TRANSPARENCY INTERNATIONAL PRINCIPLES AND TERMINOLOGY<sup>138</sup>

Corruption as defined by Transparency International is *the abuse of entrusted power for private gain*. It refers to various types of corruption which are further detailed below. Corruption is not inevitable. A number of principles and policies can be implemented which can strengthen climate funds' operations and prevent corruption from creeping in. These include policies aimed at instilling transparency, accountability and integrity as strong principles guiding a fund's operations.

- **Transparency** refers to a characteristic of governments, companies, organisations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions. Acting visibly and understandably promotes participation and accountability and allows people outside an institution to monitor its work and to take action when something is not as it should be.
- **Accountability** is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly<sup>139</sup> – that they are “answerable for their actions and that there is redress when duties and commitments are not met”. This involves an “institutionalised relationship between different actors” where one set of people/organisations are held to account (‘accountees’) by another set (‘accounters’).<sup>140</sup>
- **Integrity** refers to behaviours and actions consistent with a set of moral or ethical standards embraced by individuals and institutions that create a barrier to corruption.

The following terms are used throughout this report:

- **Access to Information** refers to the right by law – often through freedom of information legislation (acts or laws) – to access key facts and data from the government and any public body. Budgets, project approvals and evaluations are typically published although citizens can petition for more materials to be released.
- **Bribery** refers to the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services and donations, among others).
- **Civil Society** is the arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organisations, trade unions and faith-based organisations commonly are included in this sphere, making the term broader than a non-governmental organisation.
- **Code of Conduct** is a statement of principles and values that establishes a set of expectations and standards for how an organisation, government body, company, affiliated group or individual will behave, including minimal levels of compliance and disciplinary actions for the organisation, its staff and volunteers.
- **Conflict of Interest** refers to a situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society organisation, is confronted with choosing between the duties and demands of their position and their own private interests.
- **Disclosure** refers to a provision of information as required under law or in good faith, regarding activities of a private individual, public official, company or organisation. Information can include a political candidate's assets, a company's financial reports, a non-governmental organisation's donors or a whistleblower's accusations.
- **Ethics** are based on core values, a set of standards for conduct in government, companies and society that guides decisions, choices and actions.
- **Whistleblowing** refers to the sounding of an alarm by an employee, director or external person in an attempt to reveal neglect or abuses within the activities of an organisation,

government body or company (or one of its business partners) that threaten public interest, its integrity and reputation. The term in English is largely positive although many languages lack a similar concept with the same connotation.

## CLIMATE FUNDS TERMINOLOGY<sup>141</sup>

- **Adaptation** refers to actions in response to actual or expected climatic stimuli that seek to reduce the vulnerability of natural and human systems to the adverse effects of climate change. Especially important in developing nations, which are expected to be worst affected.
- **The Adaptation Fund** is a fund established to finance adaptation projects and programmes in developing countries particularly vulnerable to the adverse effects of climate change. The Fund became operational in 2009 and is supervised and managed by the Adaptation Fund Board, but also administered by the Global Environmental Facility. The Adaptation Fund is the first financial instrument under the UNFCCC and its Kyoto Protocol that is not based solely on voluntary contributions from developed countries. It receives a 2 per cent share of proceeds from project activities under the Clean Development Mechanism. Consequently, the amount of money that will be available from the Adaptation Fund depends on the extent to which the CDM is used and on the price of carbon. As of July 2010 the Adaptation Fund had received US\$160 million, of which US\$112.5 million was generated through Clean Development Mechanism activities.
- **Climate Investment Funds** are financing instruments under the World Bank (therefore not accountable to the UNFCCC) that aim to drive low-carbon and climate-resilient development.
- **Clean Development Mechanism** is one of the three flexible mechanisms contained in the Kyoto Protocol. It allows emission-reduction projects in developing countries to earn certified emission reduction credits, each equivalent to one tonne of CO<sub>2</sub>. These credits can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol. The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets. The Clean Development Mechanism is also the main source of income for the UNFCCC Adaptation Fund, which was established to finance adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed by a 2 per cent levy on certified emission reduction credits issued by the Clean Development Mechanism.
- **Conference of the Parties** refers to the management body of the UNFCCC. It currently meets once a year to review the Convention's progress. The most recent meeting of the Parties, COP19, took place in Warsaw, Poland in November 2013.
- **Deforestation** refers to direct human-induced conversion of forested land to non-forested land.
- **Global Environment Facility** is an independent financial organisation, set up in 1991 under the World Bank, the Facility provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. These projects benefit the global environment, linking local, national, and global environmental challenges and promoting sustainable livelihoods. In 1994, at the Rio Earth Summit, the Facility was restructured and moved out of the World Bank system to become a permanent, separate institution, and was entrusted to become the financial mechanism for the UNFCCC. The Facility manages the Least Developed Countries Fund and the Special Climate Change Fund and administers the Adaptation Fund.
- **Kyoto Protocol** is an international agreement standing on its own, and requiring separate ratification by governments, but linked to the UNFCCC. The Kyoto Protocol, among other things, sets binding targets for the reduction of greenhouse-gas emissions by industrialised countries. The major distinction between the Protocol and the Convention is that while the Convention encouraged industrialised countries to stabilise greenhouse gas emissions, the

Protocol commits them to do so. The Protocol was adopted in 1997. The detailed rules for the implementation of the Protocol, the “Marrakesh Accords” were adopted at COP 7 in 2001. To date, 192 states have signed and ratified the Kyoto Protocol.

- **Least Developed Countries Fund** refers to a fund established under the UNFCCC in 2001 and operated by the Global Environment Facility that relies on voluntary contributions from developed countries. The Fund supports a work programme to assist Least Developed Country Parties to carry out, inter alia, the preparation and implementation of national adaptation programmes of action.
- **Mitigation** is a human intervention to limit greenhouse gas emissions, either through the reduction of greenhouse gas sources or by enhancing sinks to capture them. Mitigation involves measures to prevent climate change and is distinguished from adaptation, which involves acting to tolerate its effects. Examples include: using fossil fuels more efficiently for industrial processes or electricity generation; switching to solar energy or wind power; improving the insulation of buildings; and expanding forests and other “sinks” to remove greater amounts of carbon dioxide from the atmosphere.
- **Reforestation** refers to the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land.
- **Special Climate Change Fund** is a fund established under the UNFCCC in 2001 and operated by the Global Environment Facility that relies on voluntary contributions from developed countries. The Fund is intended specifically to finance projects relating to: adaptation; technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification in developing countries.
- **UN Framework Convention on Climate Change (UNFCCC)** is an international treaty signed by 154 countries at the UN Conference on Environment and Development in Rio de Janeiro in 1992. The objective of the treaty is to stabilise greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous interference with the climate system. The UNFCCC entered into force in March 1994. The Protocol to the Convention, signed in Kyoto in 1997, has more powerful and legally binding measures.



# ANNEX 1: INDICATORS, SCORING AND GUIDANCE QUESTIONS, AND COLOUR CODING

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The tables below set out the scoring and guidance questions for each indicator under the three criteria of transparency, accountability and integrity. In addition, for each indicator, the scenarios representing weak (red), average (bright orange) and strong (green) performance are detailed. If the scenario does not fall easily into those three categories, the intermediate colours of yellow and dark orange are used.

Criteria	Transparency
<b>Scoring Question</b>	(1) Are there policy provisions in place for public access to information regarding the Funds' administration and operations including activities, outputs and decisions?
<b>Guidance Questions</b>	<p>Do guidelines regarding public access to information/information disclosure exist? Do these guidelines cover both information conveyed through meetings and documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)?</p> <p>If yes, are there deadlines for making such information available?</p> <p>If yes, do the provisions allow for any exemptions of information disclosure and confidentiality? If so, to what extent are these exemptions justified? Are the exemptions weighed against the greater public interest and the right to know?</p> <p>Do the guidelines allow for an appeal procedure to request non-disclosed information?</p>
<b>WEAK</b>	There are no provisions in place.
<b>AVERAGE</b>	There are provisions in place, but they are not comprehensive or time bound.
<b>STRONG</b>	There are clear, comprehensive and time bound provisions in place governing all relevant phases of the project cycle.

Criteria	Transparency
Scoring Question	(2) In practice, can members of the public obtain relevant and timely information on the Funds' policies, procedures, activities, outputs and decisions throughout the project cycle?
Guidance Questions	Is this information: available freely online or available on request; accurate and complete; coherent and understandable; timely and reliable as in required within a certain timeframe or by a specific deadline if one exists, or within a reasonable timeframe if no deadline exists; and regularly updated? If access to information provisions allow for confidentiality/non-disclosure of information, in practice are these provisions interpreted and applied with good justification with regard to the greater public interest and the right to know?
<b>WEAK</b>	There are no provisions in place.
<b>AVERAGE</b>	The information is either available publicly or upon request and is somewhat accurate, complete and timely.
<b>STRONG</b>	There are clear, comprehensive and time bound provisions in place governing all relevant phases of the project cycle.

Criteria	Accountability
Scoring Question	(1)* Do the Funds have effective <b>financial reporting guidelines</b> in place? Are the activities of relevant organisational decision-making body subject to audits? *Where relevant
Guidance Questions	Are the Funds required to submit financial reports? If so, how often? What types of expenditure are required to be documented in these reports? Are there mechanisms in place to vet the validity of any financial reports? In practice, are there examples of inadequate or fraudulent financial reports being filed from the Funds? How often are audits required to be conducted? What activities do these audits cover? Are they performed by internal auditing bodies or external agencies? Are the results of audits available to the public?
<b>WEAK</b>	There are no financial reporting requirements.
<b>AVERAGE</b>	Financial reporting requirements exist but are insufficiently thorough or inconsistently applied.
<b>STRONG</b>	Explicit reporting guidelines are in place and effectively enforced.

Criteria	Accountability
<b>Scoring Question</b>	(2)* Are the Funds' <b>decisions</b> governed by clear and effective <b>accountability mechanisms</b> ? <i>* Where relevant (that is, decision-making bodies only)</i>
<b>Guidance Questions</b>	Are the Funds required to explain its decisions to relevant external actors? Are the decisions of the Funds subject to timely and enforceable review? Are explanations of decisions provided to applicants in a predictable and timely fashion? Are there provisions in place detailing the procedures for affected parties to appeal contested decisions made by the Funds? Are those procedures publically available? In practice, how often are appeals to review decisions granted?
<b>WEAK</b>	The Funds are not required to explain its decisions and there are no appeal or review provisions.
<b>AVERAGE</b>	Procedures for the provision of explanations of decisions as well as for appeal of decisions are in place, but they are unclear and/or ineffective.
<b>STRONG</b>	The Funds provide comprehensive explanations of its decisions on a regular and predictable basis. Clear appeal procedures are publically available and are consistently adhered to.

Criteria	Accountability
<b>Scoring Question</b>	(3) Throughout the Funds' project cycle, are there provisions for <b>effective, independent and enforceable</b> whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors and consultants who would expose any wrongdoing in any Fund-related action?
<b>Guidance Questions</b>	Is there any official policy or system for whistleblowing or the exposure of wrongdoing? How is the policy or system enforced? What are the procedures for handling disclosures from whistleblowers and other types of reports of wrongdoing? Are whistleblowers protected from termination, harassment or other forms of reprisals? Have whistleblowers faced adverse consequences for their actions? If so, please describe. What types of compensation or relief are available for whistleblowers who have been retaliated against? Have any whistleblowers been compensated for retaliation? Have employees, contractors and subcontractors, among others, reported wrongdoing? If so, what were the results of the disclosures? Please describe.
<b>WEAK</b>	Minimum (1) – There is no protection for whistleblowers.
<b>AVERAGE</b>	Midpoint (3) – Provisions exist to protect whistleblowers, but they are incomplete, poorly enforced and/or individuals who expose wrongdoing are still subject to reprisals in practice.
<b>STRONG</b>	Maximum (5) – Whistleblowers are provided with comprehensive protection both in law and in practice.

Criteria	Accountability
<b>Scoring Question</b>	(4) Are there independent and effective mechanisms in place to register and investigate <b>complaints about corruption or fraud</b> ?
<b>Guidance Questions</b>	Are their explicit procedures for how external actors can lodge complaints against the Funds? Are those procedures publically available? Is there a dedicated body within the Fund body to handle complaints? Are the Funds required to respond to complaints? In practice, how often do the Funds respond to complaints about its activities or actions?
<b>WEAK</b>	Minimum (1) – There are no provisions to handle complaints.
<b>AVERAGE</b>	Midpoint (3) – There are provisions in place to manage complaints, but they do not respond in a consistent manner.
<b>STRONG</b>	Maximum (5) – There is a clear and accessible complaints procedure that is consistently applied.

Criteria	Accountability
<b>Scoring Question</b>	(5) Are there effective policies and procedures in place to penalise corruption and fraud?
<b>Guidance Questions</b>	Do the Funds have policies and procedures which require sanctions or punishments for corrupt or fraudulent behaviour or activity be imposed and enforced at all levels of the Funds and throughout the project cycle? What is the scope of the policy coverage? If a policy exists, to what extent has it been applied? Does the policy require that sanctions are determined in a fair and independent manner? Does the policy allow for an appeals process? Is information on these policies and about sanctions imposed publicly available?
<b>WEAK</b>	There are no effective policies and procedures in place to penalise corruption and fraud.
<b>AVERAGE</b>	There are policies and procedures are in place to penalise corruption or fraud but they are insufficient and/or inconsistent.
<b>STRONG</b>	There are effective policies and procedures in place to penalise corruption and fraud at all levels of the Funds.

Criteria	Accountability
<b>Scoring Question</b>	(6) Are the Funds required to <b>consult with civil society throughout the project cycle</b> ?
<b>Guidance Questions</b>	Are there policies in place requiring the Funds to actively consult with civil society regarding their decisions or actions? Are there clearly stated and enforced penalties for failures to consult with civil society? In practice, how extensive are consultations between the Funds and civil society? In practice, to what extent are civil society recommendations acted upon?
<b>WEAK</b>	There is no consultation between the Funds and civil society.
<b>AVERAGE</b>	There are provisions requiring consultation, but consultation is irregular, limited and/or recommendations are rarely acted upon.
<b>STRONG</b>	Comprehensive and meaningful consultation between the Funds and civil society takes place on a regular basis.

Criteria	Accountability
<b>Scoring Question</b>	(7) Do independent <b>civil society actors participate</b> meaningfully in the proceedings of the Funds?
<b>Guidance Questions</b>	Are members of civil society allowed to participate in meetings? If so, is that role primarily participatory or observational? In practice, are members of civil society allowed meaningful access to Fund proceedings? Which civil society actors regularly participate? How are they selected? Do they have ties to appointed members?
<b>WEAK</b>	Civil society representatives are not allowed to participate in any of the Funds' proceedings.
<b>AVERAGE</b>	Civil society representatives may attend proceedings, but their participation is largely passive.
<b>STRONG</b>	Civil society representatives are afforded access and provided the opportunity to contribute meaningfully to proceedings.

Criteria	Integrity
<b>Scoring Question</b>	(1) Do the Funds have a policy and respective guidelines which require individual employees of Fund actors or approved members to be bound by an <i>effective</i> code of conduct which requires ethical and anti-corrupt behaviour and prohibits corrupt or fraudulent behaviour including conflicts of interest?
<b>Guidance Questions</b>	<p>Are there comprehensive codes of conduct written into the guiding documents for the Funds? Are those documents publically available? If they do exist, how are existing codes of conduct enforced?</p> <p>In practice, do appointed members and technical staff comport themselves according to widely accepted standards of professional conduct? What, if any, sanctions exist for non-compliance?</p> <p>Do the Funds have a conflict of interest policy? If so, what does it cover (including additional employment, inside information, private/business interests, policy advice, gifts and other forms of benefit, and personal, family and community expectations and opportunities)?</p> <p>Are appointments to the Funds made on a clear set of professional criteria? In practice, are the professional backgrounds of nominated members relevant to the mandate of the Funds or body they would be serving under?</p> <p>Who appoints these members? Are sitting members in the Funds subject to disclosure requirements?</p> <p>Are there any procedures to verify given disclosure reports as accurate?</p>
<b>WEAK</b>	There are no guidelines related to professional conduct. There is no conflict of interest policy, appointments are not based on a clear process or criteria, and there are no disclosure requirements.
<b>AVERAGE</b>	Guidelines exist, but they are not comprehensive and/or actively monitored or enforced. A conflict of interest policy exists, appointments are made on the basis of a clear process and criteria, and disclosure requirements exist. However, these are neither sufficient nor comprehensive enough to meet comparable international standards.
<b>STRONG</b>	Clearly established, comprehensive guidelines exist, are available publically and are actively enforced. An effective conflict of interest policy exists, appointments are made based on clear criteria, and there are clear and comprehensive disclosure requirements in place and regularly enforced.

Criteria	Integrity
<b>Scoring Question</b>	(2) Are appointed members and technical staff subject to <b>integrity screenings or background checks</b> prior to employment?
<b>Guidance Questions</b>	<p>Are integrity screenings or background checks required to be conducted?</p> <p>If so, what do they cover (for example, education, employment history, reference checks, credential verification, criminal records, sanctioning by relevant regulatory authorities, identification as a possible politically exposed person, adverse media coverage, and conflicts of interest, among others)? Are they conducted by internal or external bodies?</p>
<b>WEAK</b>	There is no requirement for integrity screenings or background checks to be conducted.
<b>AVERAGE</b>	Screenings or checks are required, but they are either not conducted or not comprehensive and/or conducted by independent actors.
<b>STRONG</b>	Comprehensive screenings and checks are required prior to employment and carried out by independent actors.

<b>Criteria</b>	<b>Integrity</b>
<b>Scoring Question</b>	(3) Are appointed members and technical staff <b>trained on issues of integrity</b> ?
<b>Guidance Questions</b>	Are there requirements for staff to be trained on codes of professional conduct or integrity as part of their orientation? Are appointees and staff required to attend any classes or briefings explaining in detail the respective codes of conduct they are subject to? What, if any, sanctions exist for non-compliance?
<b>WEAK</b>	There is no integrity training that takes place.
<b>AVERAGE</b>	Evidence of some actors being trained is available, but for other actors, such training is unknown. Training may be offered but optional and not required.
<b>STRONG</b>	Integrity training is required and there are clear and widely enforced penalties for non-participation.

# ANNEX 2: COUNTRY LEVEL CORRUPTION AND GOVERNANCE DATA

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The following table draws on two data sources – Transparency International’s *Corruption Perceptions Index 2012*<sup>142</sup> and the World Economic Forum’s *Global Competitiveness Report 2013-2013*.<sup>143</sup> The 2012 index scores countries and territories based on how corrupt their public sector is perceived to be, with 0 signalling highly corrupt and 100 very clean. Countries scoring under 35 are generally considered to have endemic corruption. Due to the large number of activities funded under Fund Programs, the table shows only the top three recipients of funds under each of the four Fund Programs. It shows that 8 out of these 12 recipient countries fall below this line.

The World Economic Forum’s *Global Competitiveness Report 2012-2013* assesses 12 pillars of competitiveness including that of “institutions”. This pillar includes a set of indicators on ethics and corruption in public institutions as well as indicators on private sector ethics. The value column reports the country’s score on each indicator on a scale of one to seven, with seven being the most desirable outcome. The rank column reports the country’s position among the 144 economies covered by the report. The indicators suggest some challenges for the countries in receipt of Fund money. For example, on the indicator “diversion of public funds” all countries score under the half way mark while for the indicator “favouritism in decisions of government officials”, only Cambodia, Indonesia and Morocco score over the half-way mark.



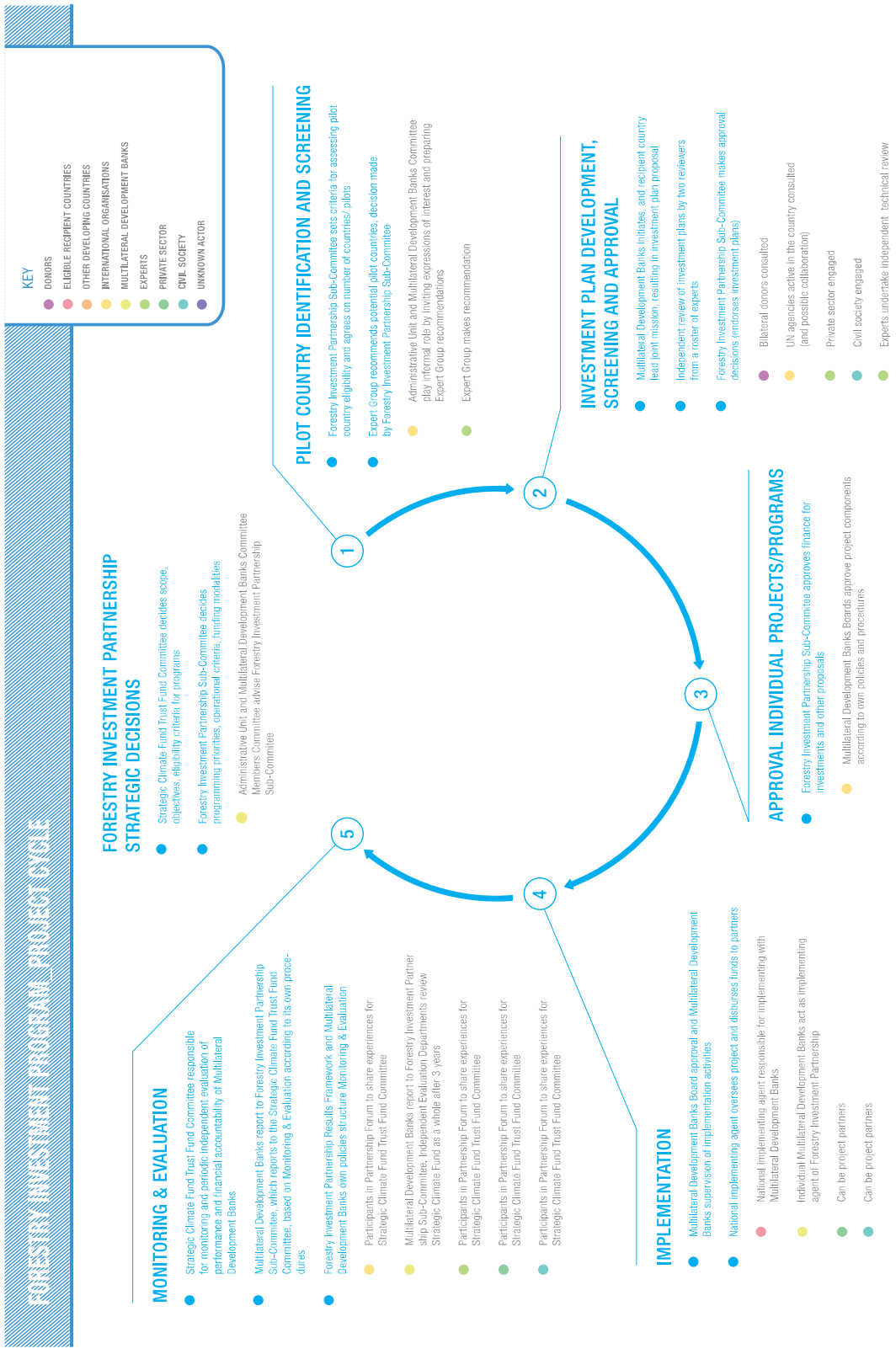
**Table 1: The Corruption Performance of the Top Three Countries per Fund Receiving Funding**

CLIMATE INVESTMENT FUNDS	COUNTRY	TOTAL APPROVED AMOUNT IN US\$ MILLIONS	CPI SCORE	1.03 DIVERSION OF PUBLIC FUNDS		1.05 IRREGULAR PAYMENTS AND BRIBES		1.07 FAVOURITISM IN DECISIONS OF GOVERNMENT OFFICIALS		1.08 WASTEFULNESS OF GOVERNMENT SPENDING		1.12 TRANSPARENCY OF GOVERNMENT POLICYMAKING		1.18 ETHICAL BEHAVIOUR OF FIRMS		1.19 STRENGTH OF AUDITING AND REPORTING STANDARDS		1.22 STRENGTH OF INVESTOR PROTECTION 0-10 (BEST)	
				VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK
Clean Technology Fund	Mexico	465.09	34	2.9	88	3.4	88	3	77	3.3	67	4.4	64	3.8	76	4.8	55	6	39
	South Africa	450	43	3	84	4.6	47	2.6	110	3.4	62	4.8	35	4.3	48	6.6	1	8	10
	Morocco	322	37	3.2	57	4.2	60	3.6	42	3.4	60	4.4	53	4	67	4.3	89	5	80
	Burkina Faso	2.25	38	2.5	118	3.2	112	2.8	90	3.2	92	4.4	60	4.1	54	4	109	3.7	120
	Indonesia	1.23	32	3.4	65	3.2	111	3.8	35	3.8	32	4.2	82	3.6	96	4.4	87	6	39
	Ghana	1	45	3.2	70	3.1	115	3.3	69	3.4	66	4	90	3.8	75	4.4	79	6	39
	Kenya	25	27	2.8	93	3	125	2.5	120	3.1	81	3.8	105	3.6	102	4.4	81	5	80
	Nepal	21.36	27	2.7	105	2.9	129	3	72	3.1	83	3.8	116	3.2	125	3.9	115	5.3	65
	Honduras	4.2	28	2.7	101	3.6	87	2.3	125	3.1	93	4.2	79	3.8	79	4.8	57	3	130
	Bangladesh	56.5	26	2.6	107	2.2	144	2.2	135	3.2	71	3.9	101	2.9	139	3.7	127	6.7	24
	Cambodia	55.6	22	3.4	60	3.2	107	3.5	48	3.8	36	4	95	3.8	40	3.9	118	5.3	65
	Mozambique	50.1	31	2.3	128	3.6	88	2.9	83	2.8	102	4.3	70	3.2	122	3.9	116	6	39
Forest Investment Program																			
Scaling Up Renewable Energy Program																			
Pilot Program for Climate Resilience																			

# ANNEX 3: PROJECT CYCLE AND GOVERNANCE STRUCTURE MAPS

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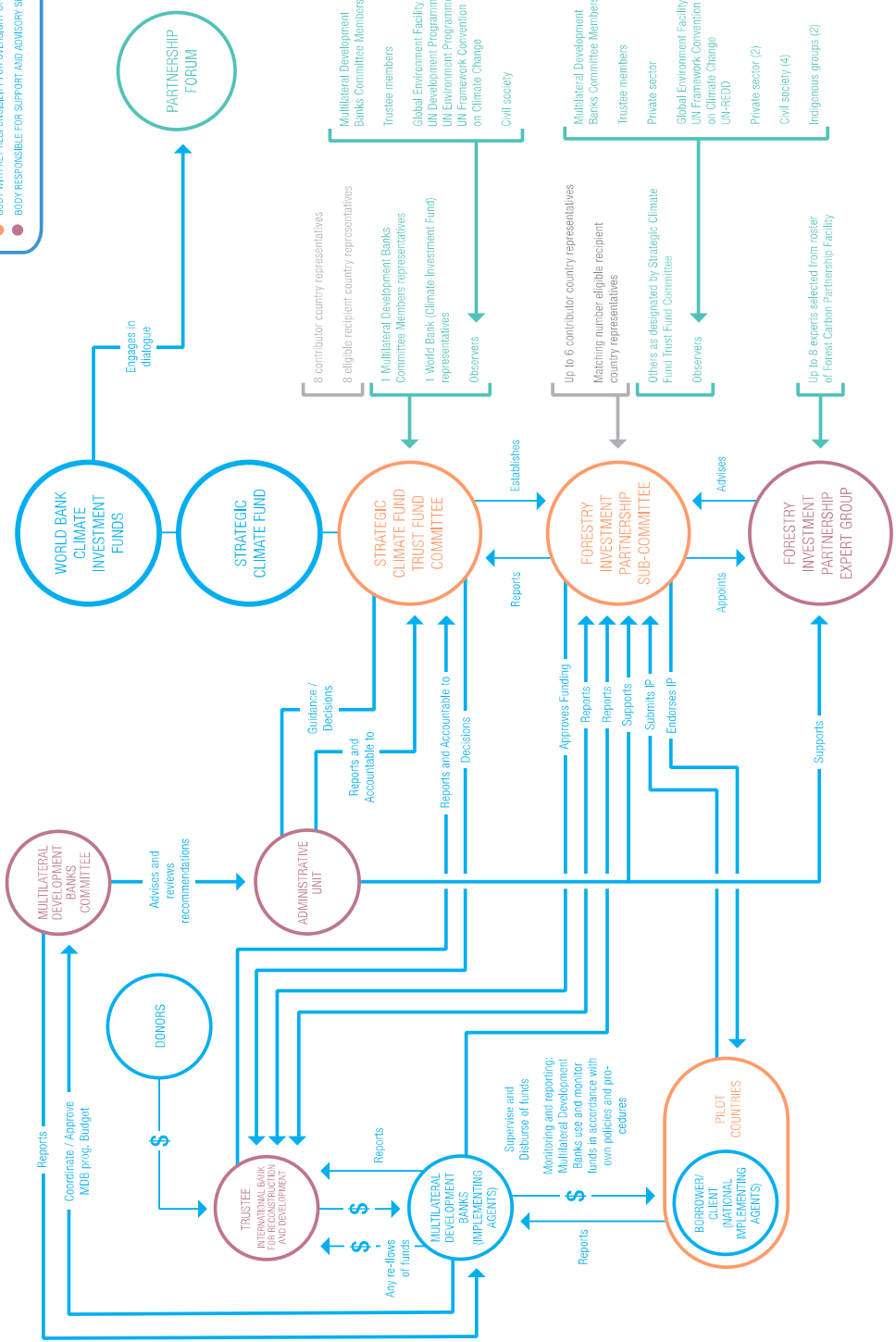
To supplement those already presented within the body of this report (the Scaling Up Renewable Energy Programme project cycle and governance structure and the Clean Technology Fund governance structure), the following maps outline the project cycle and governance structure of each the remaining Climate Investment Programme (The Forest Investment Program, the Pilot Programme for Climate Resilience and the Clean Technology Fund).

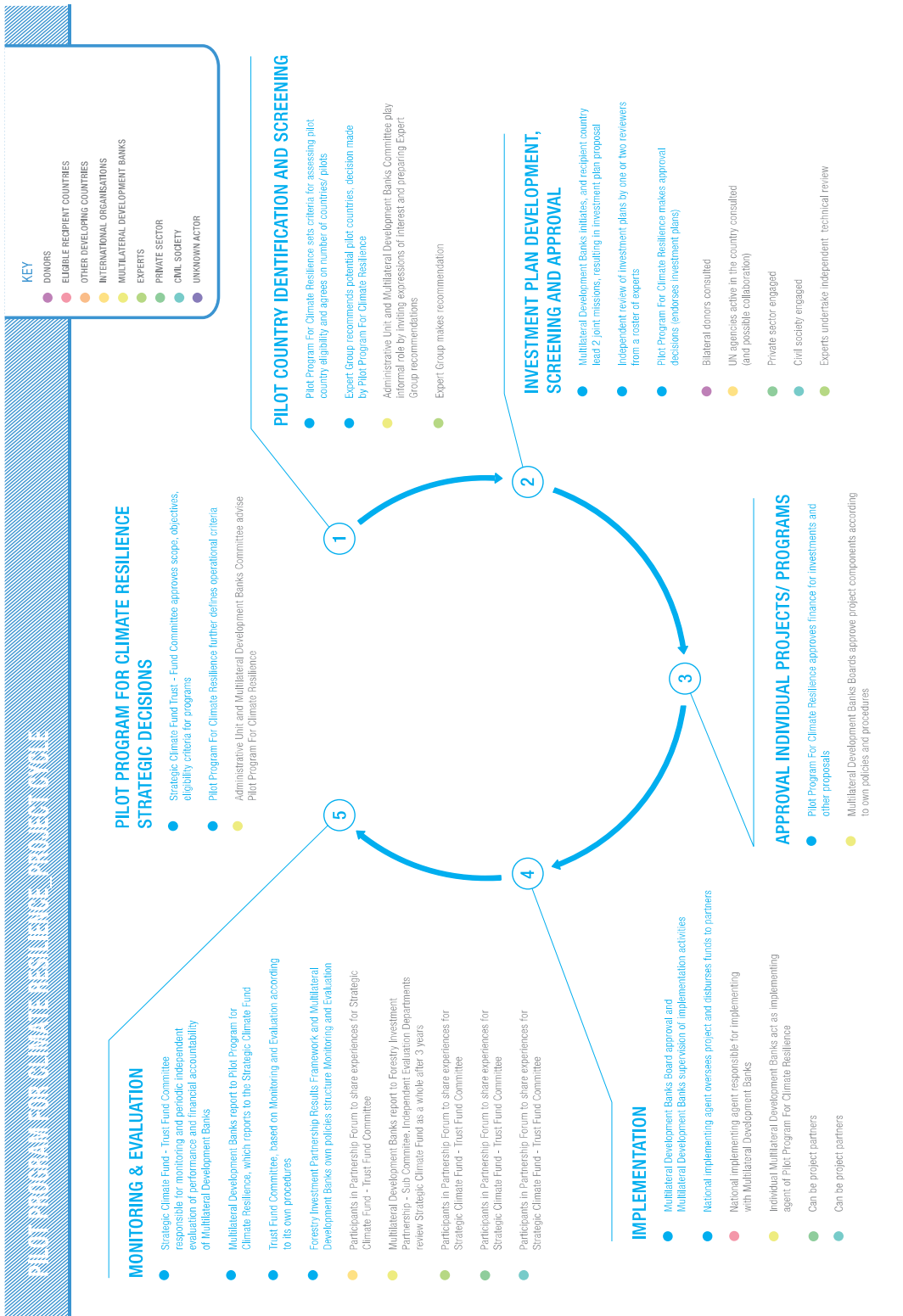


# FOREST INVESTMENT PROGRAM GOVERNANCE STRUCTURE

**KEY**

- HAS A VOTING ROLE ON COMMITTEE / BOARD
- HAS AN ADVISORY OR OBSERVATION ROLE ON COMMITTEE / BOARD BUT NO VOTE IN DECISIONS
- BODY WITH KEY RESPONSIBILITY FOR OVERSIGHT OF FUND
- BODY RESPONSIBLE FOR SUPPORT AND ADVISORY SERVICES

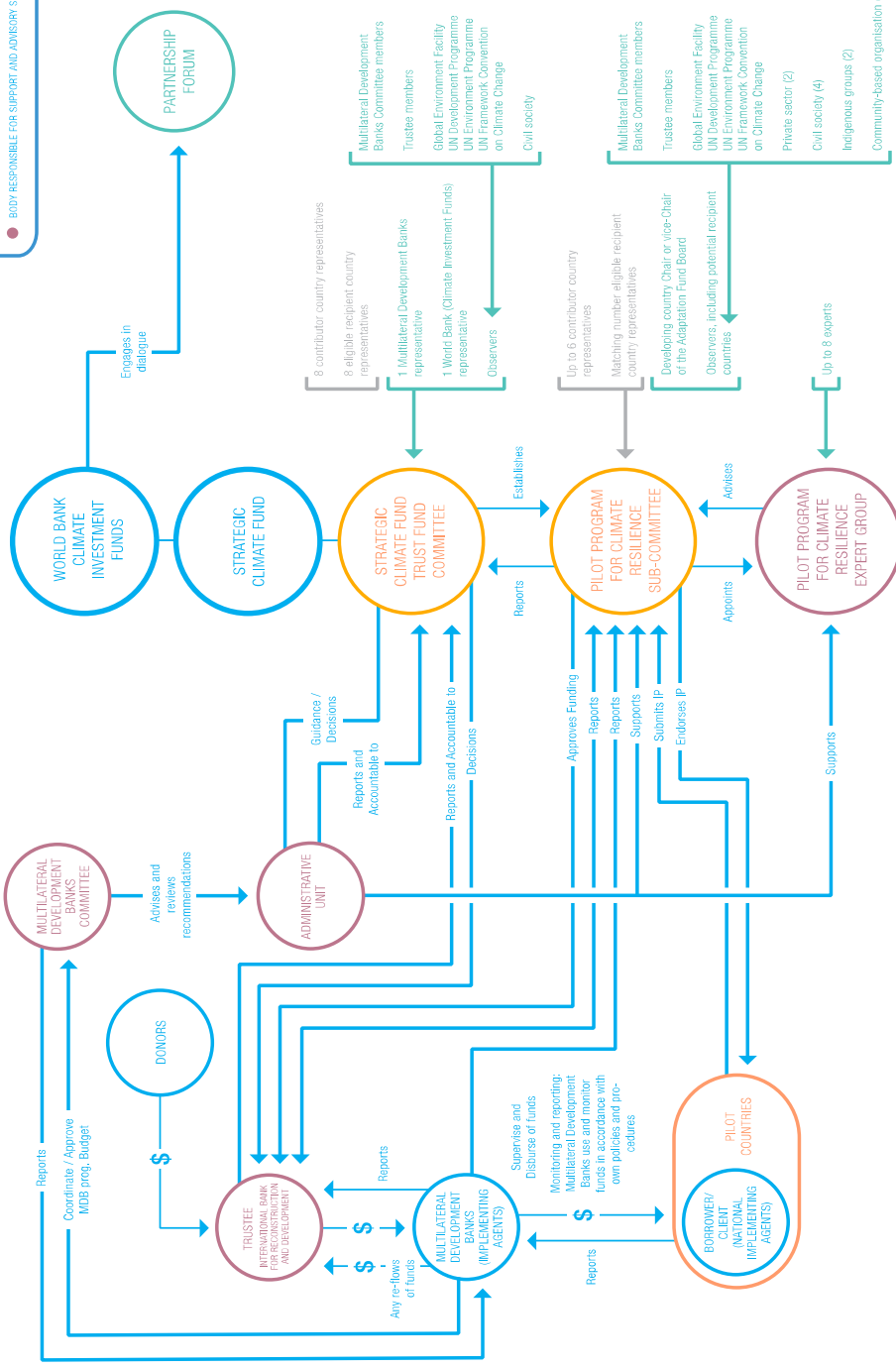




# PILOT PROGRAM FOR CLIMATE RESILIENCE GOVERNANCE STRUCTURE

**KEY**

- HAS A VOTING ROLE ON COMMITTEE/ BOARD
- HAS AN ADVISING ROLE ON COMMITTEE/ BOARD BUT NO VOTING RIGHTS
- BODY WITH KEY RESPONSIBILITY FOR OVERSIGHT OF FUND
- BODY RESPONSIBLE FOR SUPPORT AND ADVISORY SERVICES





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# ENDNOTES

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- <sup>1</sup> The peer reviewers were the Bank Information Centre and the World Resources Institute. The report also incorporates comments from the Climate Investment Funds Administrative Unit and Trustee.
- <sup>2</sup> See: *Ten Things to Know About Climate Change in 2012*, Nakhoda, S. et al. 2012. [www.odi.org.uk/publications/6975-ten-things-know-about-climate-finance-2012](http://www.odi.org.uk/publications/6975-ten-things-know-about-climate-finance-2012)
- <sup>3</sup> See: Decision 1/CP.16 *The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention*, UNFCCC 2010. [http://unfccc.int/files/meetings/cop\\_16/application/pdf/cop16\\_lca.pdf](http://unfccc.int/files/meetings/cop_16/application/pdf/cop16_lca.pdf)
- <sup>4</sup> See: *Global Corruption Report: Climate Change*, Transparency International 2011. [www.transparency.org/whatwedo/pub/global\\_corruption\\_report\\_climate\\_change](http://www.transparency.org/whatwedo/pub/global_corruption_report_climate_change)
- <sup>5</sup> Transparency International worked with the Stockholm Environment Institute to develop the mapping and assessment methodology and to run it for the Climate Investments Funds, the Global Environment Facility and the Adaptation Fund. Transparency International further worked with Tim Cadman and Inken Reimer to carry out a mapping and assessment of the UN-REDD and Forest Carbon Partnership Facility.
- <sup>6</sup> The Climate Investment Funds, the Global Environment Facility, Least Developed Countries Fund and Special Climate Change Fund, the Adaptation Fund, the UN-REDD Programme, the Forest Carbon Partnership Facility, and the Clean Development Mechanism. Climate Funds such as those listed are not “institutions” in and of themselves but are funds or partnerships supported by other institutions and financed by trust funds. For the purposes of this report, all funds/mechanisms will commonly be referred to as “Funds”.
- <sup>7</sup> See: *Anti-Corruption Plain Language Guide*, Transparency International. [www.transparency.org/whatwedo/pub/the\\_anti\\_corruption\\_plain\\_language\\_guide](http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide)
- <sup>8</sup> See: *Financial Status of the Clean Technology Fund (30 June 2013)*, Climate Investment Funds 2013a. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF\\_SCF\\_TFC.11\\_Inf.4\\_Report\\_on%20the\\_financial\\_status\\_of\\_the\\_CTF.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_TFC.11_Inf.4_Report_on%20the_financial_status_of_the_CTF.pdf); and *Financial Status of the Strategic Climate Fund (30 June 2013)*, Climate Investment Funds 2013b. [https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF\\_SCF\\_TFC.11\\_Inf.5\\_Report\\_on%20the\\_financial\\_status\\_of\\_the\\_SCF.pdf](https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_TFC.11_Inf.5_Report_on%20the_financial_status_of_the_SCF.pdf)
- <sup>9</sup> The assessment criteria and indicators used were drawn from a number of existing Transparency International research products, including: The National Integrity System Assessment Methodology, [http://transparency.org/files/content/nis/NationalIntegritySystem\\_Background\\_and\\_Methodology.pdf](http://transparency.org/files/content/nis/NationalIntegritySystem_Background_and_Methodology.pdf); The Analysing Corruption in the Forestry Sector Tool, [http://issuu.com/transparencyinternational/docs/2010\\_forestgovernanceriskmanual\\_en?mode=window&backgroundcolor=%23222222](http://issuu.com/transparencyinternational/docs/2010_forestgovernanceriskmanual_en?mode=window&backgroundcolor=%23222222); The Corruption Risk Assessment Tool for the European Economic Area and Norway Financial Mechanism 2009-2014, [www.arhiv.svlr.gov.si/en/areas\\_of\\_work/european\\_territorial\\_cooperation/international\\_financial\\_mechanisms/the\\_eea\\_financial\\_mechanism\\_and\\_the\\_norwegian\\_financial\\_mechanism/](http://www.arhiv.svlr.gov.si/en/areas_of_work/european_territorial_cooperation/international_financial_mechanisms/the_eea_financial_mechanism_and_the_norwegian_financial_mechanism/); and The Public Procurement Due Diligence Tool, <http://gateway.transparency.org/tools/detail/24>.
- <sup>10</sup> See: *Global Climate Finance: A Governance Risk Assessment Toolkit*, Transparency International 2012.
- <sup>11</sup> See: *CIF Disbursement Report (13 March 2013)*, Climate Investment Funds 2013. [https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF\\_Disbursement\\_Report\\_Dec\\_31\\_2012\\_0.pdf](https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF_Disbursement_Report_Dec_31_2012_0.pdf)
- <sup>12</sup> Ibid.
- <sup>13</sup> See: *Governance Framework for the Clean Technology Fund (December 2011)*, Clean Technology Fund 2011a. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF%20Governance%20Framework-FINAL.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF%20Governance%20Framework-FINAL.pdf) (Paras. 53-55); and *Governance Framework for the Strategic Climate Fund (December 2011)*, Scaling Up Renewable Energy Program 2011. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SCF%20Governance%20Framework-FINAL.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SCF%20Governance%20Framework-FINAL.pdf) (Paras. 56-58)

<sup>14</sup> See: *Corruption Perceptions Index 2012*, Transparency International 2012.

[http://cpi.transparency.org/cpi2012/in\\_detail/](http://cpi.transparency.org/cpi2012/in_detail/)

<sup>15</sup> See: *Global Competitiveness Report 2012-2013*. World Economic Forum, 2012.

[www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)

<sup>16</sup> National Endowment for Democracy, *Institutionalizing Horizontal Accountability: How democracies can fight corruption and the abuse of power*. As referenced from the Transparency International Anti-Corruption Plain Language Guide, see:

[www.transparency.org/whatwedo/pub/the\\_anti\\_corruption\\_plain\\_language\\_guide](http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide)

<sup>17</sup> See: *Definitions*, Transparency and Accountability Initiative (undated). [www.transparency-initiative.org/about/definitions](http://www.transparency-initiative.org/about/definitions)

<sup>18</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.

<sup>19</sup> A Partnership Forum was incorporated into the Climate Investment Funds process to serve as a regular venue in which all stakeholders could share Fund-related ideas and experiences and engage in dialogue on the Funds' strategic directions, results and impacts. The Forum is designed as an annual gathering of the spectrum of all stakeholders engaged in the Funds. The stakeholders who convene together at the Forum include representatives of donor and eligible recipient countries, Multilateral Development Banks, UN and UN agencies, Global Environment Facility, UN Framework Convention on Climate Change (UNFCCC), the Adaptation Fund, bilateral development agencies, non-governmental organisations, indigenous peoples, private sector entities, and scientific and technical experts.

<sup>20</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> Strategic Climate Fund, 2011.

<sup>24</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.

<sup>25</sup> See: *Note on the Selection of Members of the CTF and SCF Trust Fund Committees and Pilot Programme for Climate Resilience Sub-Committee of the Climate Investment Funds (8 March 2010)*, Climate Investment Funds 2010.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/NoteonRoleSelectionCIFCommitteeMembers0308\\_2010rev\\_2\\_1.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/NoteonRoleSelectionCIFCommitteeMembers0308_2010rev_2_1.pdf)

<sup>26</sup> Strategic Climate Fund, 2011.

<sup>27</sup> For all Sub-Committees this includes members of the Multilateral Development Bank Committee and the Trustee, Global Environment Facility, UNFCCC and other relevant UN actors such as UN-REDD technical secretariat and Forest Carbon Partnership Facility secretariat for the Forest Investment Program, Chair or Vice-Chair of the Adaptation Fund Board for the Pilot Program for Climate Resilience and UN Environmental Programme for Scaling Up Renewable Energy Program. In addition, each Sub-Committee has four civil society organisations, two private sector actors, and indigenous participants.

<sup>28</sup> Strategic Climate Fund, 2011.

<sup>29</sup> See: *Design Document for the Forest Investment Program, a Targeted Program under the Strategic Climate Fund (7 July 2009)*, Forest Investment Program 2009a.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest\\_Investment\\_Programme\\_Design\\_Document\\_July\\_final.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest_Investment_Programme_Design_Document_July_final.pdf); *Design Document for the Program on Scaling Up Renewable Energy in Low Income Countries, a Targeted Program under the Strategic Climate Fund (1 June 2009)*, Scaling Up Renewable Energy Program 2009.

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<sup>30</sup> See: *Guidelines for Joint Missions to Design Pilot Program for Climate Resilience Pilot Programs (Phase I) (18 June 2009)*, Pilot Program for Climate Resilience 2009.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Pilot\\_Programme\\_for\\_Climate\\_Resilience\\_joint\\_mission\\_guidelines\\_final\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Pilot_Programme_for_Climate_Resilience_joint_mission_guidelines_final_0.pdf); *Scaling Up Renewable Energy Program Financing Modalities (4 June 2010)*, Scaling Up Renewable Energy Program 2010c.

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- <sup>31</sup> See: *Forest Investment Program Operational Guidelines (June 2010)*, Forest Investment Program 2010. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest Investment Programme Operational Guidelines final.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest%20Investment%20Programme%20Operational%20Guidelines%20final.pdf); *Criteria for Selecting Expert Group Members under the Program for Scaling Up Renewable Energy in Low Income Countries* (26 March 2010), Scaling Up Renewable Energy Program 2010. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Scaling Up Renewable Energy Programme Criteria for Selecting Expert Group Members under Scaling Up Renewable Energy Programme final.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Scaling%20Up%20Renewable%20Energy%20Programme%20Criteria%20for%20Selecting%20Expert%20Group%20Members%20under%20Scaling%20Up%20Renewable%20Energy%20Programme%20final.pdf); and Pilot Program for Climate Resilience, 2009.
- <sup>32</sup> Forest Investment Program, 2009a.
- <sup>33</sup> Pilot Program for Climate Resilience, 2011.
- <sup>34</sup> Scaling Up Renewable Energy Program, 2009.
- <sup>35</sup> Scaling Up Renewable Energy Program, 2010; See: *Criteria for Selecting Expert Group Members under the Forest Investment Program, Terms of Reference and Working Modalities (11 November 2009)*, Forest Investment Program 2009. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest Investment Programme criteria for selecting expert group final.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Forest%20Investment%20Programme%20criteria%20for%20selecting%20expert%20group%20final.pdf); and *Criteria for Selecting Expert Group Members under the Pilot Program for Climate Resilience* (6 November 2008), Pilot Program for Climate Resilience 2008. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Pilot Programme for Climate Resilience Expert Group selection criteria Revised Nov 6 0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Pilot%20Programme%20for%20Climate%20Resilience%20Expert%20Group%20selection%20criteria%20Revised%20Nov%206%200.pdf)
- <sup>36</sup> Forest Investment Program, 2009a; Pilot Program for Climate Resilience, 2011; Scaling Up Renewable Energy Program; 2009.
- <sup>37</sup> See: *Procedures for the Preparation of Independent Technical Reviews of Pilot Programme for Climate Resilience and Scaling Up Renewable Energy Program Investment Plans*, Climate Investment Funds 2011a. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Procedures for the Preparation of Independent Technical Reviews of Pilot Programme for Climate Resilience and Scaling Up Renewable Energy Programme Investment Plans 0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Procedures%20for%20the%20Preparation%20of%20Independent%20Technical%20Reviews%20of%20Pilot%20Programme%20for%20Climate%20Resilience%20and%20Scaling%20Up%20Renewable%20Energy%20Programme%20Investment%20Plans%200.pdf); and *Procedures for the Preparation of Independent Technical Reviews of Forest Investment Program Investment Plans*, Climate Investment Funds 2011. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FINAL Procedures for the Preparation of Independent Technical Reviews of Forest Investment Programme IPs November 2011.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FINAL%20Procedures%20for%20the%20Preparation%20of%20Independent%20Technical%20Reviews%20of%20Forest%20Investment%20Programme%20IPs%20November%202011.pdf)
- <sup>38</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.
- <sup>39</sup> Ibid.
- <sup>40</sup> See: *Guidelines for Inviting Representatives of Civil Society to Observe Meetings of the CIF Trust Fund Committees (20 April 2009)*, Climate Investment Funds 2009. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Guidelines%20for%20Inviting%20Reps%20of%20Civil%20Society...pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Guidelines%20for%20Inviting%20Reps%20of%20Civil%20Society...pdf)
- <sup>41</sup> Forest Investment Program, 2009a; Pilot Program for Climate Resilience, 2011; Scaling Up Renewable Energy Program; 2009.
- <sup>42</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.
- <sup>43</sup> The International Bank for Reconstruction and Development is one of the five institutions that make up the World Bank Group.
- <sup>44</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.
- <sup>45</sup> Ibid.
- <sup>46</sup> Ibid.
- <sup>47</sup> Ibid.
- <sup>48</sup> See: *Legal Arrangements Between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and the International Bank for Reconstruction and Development* (World Bank) regarding the services to be provided by the Trustee for the **Adaptation Fund** in UNFCCC Document: FCCC/KP/CMP/2008/11/Add.2 at pp. 12-20 at <http://unfccc.int/resource/docs/2008/cmp4/eng/11a02.pdf#page=1> (accessed 10 October 2013). A similar agreement could not be found for the CIFs.
- <sup>49</sup> Strategic Climate Fund, 2011; See: *The Clean Technology Fund (9 June 2008)*, Clean Technology Fund 2008. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean Technology Fund paper June 9 final.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean%20Technology%20Fund%20paper%20June%209%20final.pdf)
- <sup>50</sup> Ibid.

- <sup>51</sup> Pilot Program for Climate Resilience, 2009; Forest Investment Program, 2010; and See: *Scaling Up Renewable Energy Program Programming Modalities and Operational Guidelines* (8 November 2010), Scaling Up Renewable Energy Program, 2010d. [www.climateinvestmentfunds.org/cif/node/2903](http://www.climateinvestmentfunds.org/cif/node/2903)
- <sup>52</sup> Clean Technology Fund, 2011a.
- <sup>53</sup> Forest Investment Program, 2010; Scaling Up Renewable Energy Program, 2010d; and Pilot Program for Climate Resilience, 2009.
- <sup>54</sup> Clean Technology Fund, 2008, 2011a; Forest Investment Program, 2010; Strategic Climate Fund, 2011.
- <sup>55</sup> Strategic Climate Fund, 2011.
- <sup>56</sup> Clean Technology Fund, 2011a; Strategic Climate Fund, 2011.
- <sup>57</sup> For example, see the following World Bank webpages: <http://fifitrustee.worldbank.org/index.php?type=fund&ft=scf>; <http://fifitrustee.worldbank.org/index.php?type=fund&ft=ctf>.
- <sup>58</sup> See: World Bank, (2011a), project appraisal document for Geothermal clean energy investment project. Available at <http://documents.worldbank.org/curated/en/2011/06/14517549/indonesia-geothermal-clean-energy-investment-project>
- <sup>59</sup> See: *Strategic Climate Fund Forest Investment Program Loan Agreement*, Strategic Climate Fund 2012a. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/LCR/2012/07/24/30B7D90B7CBF5C985257A4500515FC1/1\\_0/Rendered/PDF/RAD1177961105.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/LCR/2012/07/24/30B7D90B7CBF5C985257A4500515FC1/1_0/Rendered/PDF/RAD1177961105.pdf)
- <sup>60</sup> See: *Guidelines: On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*, World Bank 2006. [http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/285741-1343934891414/8787489-1348161897151/061015\\_WB\\_Anti-CorruptionGuidelines.pdf](http://siteresources.worldbank.org/PUBLICSECTORANDGOVERNANCE/Resources/285741-1343934891414/8787489-1348161897151/061015_WB_Anti-CorruptionGuidelines.pdf)
- <sup>61</sup> Clean Technology Fund, 2011a, 2011b; Strategic Climate Fund, 2008, 2011.
- <sup>62</sup> Climate Investment Funds, 2009.
- <sup>63</sup> Strategic Climate Funds, 2011.
- <sup>64</sup> See: *Selection Criteria for Civil Society Observers to the Climate Investment Funds*, RESOLVE 2011. [www.resolve.org/site-cif/files/2011/10/Civil\\_Society\\_Organisation-Observers-Criteria\\_Revised-2011.pdf](http://www.resolve.org/site-cif/files/2011/10/Civil_Society_Organisation-Observers-Criteria_Revised-2011.pdf)
- <sup>65</sup> Clean Technology Fund, 2008; Strategic Climate Fund, 2008a .
- <sup>66</sup> Clean Technology Fund, 2011b; Strategic Climate Fund, 2008.
- <sup>67</sup> Note, since 2010, there is a new World Bank Access to Information Policy, which would not be easily cross-referenced from this reference.
- <sup>68</sup> See: *Note on Disclosure of Documents Prepared for Purposes of the Climate Investment Funds (15 May 2009)*, Climate Investment Funds 2009a. [www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Note\\_on\\_disclosure\\_of\\_Documents\\_may\\_2009\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Note_on_disclosure_of_Documents_may_2009_0.pdf)
- <sup>69</sup> Ibid.
- <sup>70</sup> Ibid.
- <sup>71</sup> See: *Australian Multilateral Assessment March 2012: Climate Investment Funds (CIFs)*, AusAID 2012. [www.ausaid.gov.au/partner/Documents/cifs-assessment.pdf](http://www.ausaid.gov.au/partner/Documents/cifs-assessment.pdf)
- <sup>72</sup> See, for example, Forest Investment Program, 2009a, which states that “the Forest Investment Program programming, approval and supervision processes will follow the Multilateral Development Bank’s policies and procedures, including the relevant Multilateral Development Bank’s disclosure policy”.
- <sup>73</sup> See: *Aid Transparency Index*, Publish What You Fund 2012. [www.publishwhatyoufund.org/files/2012-Aid-Transparency-Index\\_web-singles.pdf](http://www.publishwhatyoufund.org/files/2012-Aid-Transparency-Index_web-singles.pdf)
- <sup>74</sup> Ibid.
- <sup>75</sup> Ibid.
- <sup>76</sup> See: *Access to Information Policy (1 July 2010)*, World Bank 2010. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/06/03/000112742\\_20100603084843/Original/548730Access011y0Statement01Final1.docx](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/06/03/000112742_20100603084843/Original/548730Access011y0Statement01Final1.docx)
- <sup>77</sup> See: *IFC Weakens World Bank’s Transparency Commitment*, Bretton Woods Project 2011a. [www.brettonwoodsproject.org/2011/09/art-568902/](http://www.brettonwoodsproject.org/2011/09/art-568902/)
- <sup>78</sup> See: *An Overview of the CIF Information for Observers: CIF Governance and Programming Information*, Climate Investment Funds 2012a.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/OrientationMaterial\\_2012\\_DRAFT\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/OrientationMaterial_2012_DRAFT_0.pdf)

<sup>79</sup> See: *Progress Report on CIFs Compliance with International Aid Transparency Initiative (IATI)*, Climate Investment Funds 2012d.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean Technology Fund Strategic Climate Fund Inf 5 IATI Compliance Report.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean_Technology_Fund_Strategic_Climate_Fund_Inf_5_IATI_Compliance_Report.pdf)

<sup>80</sup> See: *Rules Of Procedure for Meetings of the Trust Fund Committee of the Clean Technology Fund*, Climate Investment Funds 2011b.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean Technology Fund%20Rules%20of%20Procedure%20for%20Fund Committee-FINAL.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean_Technology_Fund%20Rules%20of%20Procedure%20for%20Fund_Committee-FINAL.pdf); and Strategic Climate Fund, 2008.

<sup>81</sup> Climate Investment Funds, 2009.

<sup>82</sup> See: *Equitable Adaptation Finance*, ActionAid 2009. [http://www.usclimatenetwork.org/resource-database/equitable\\_adaptation\\_finance.pdf](http://www.usclimatenetwork.org/resource-database/equitable_adaptation_finance.pdf)

<sup>83</sup> See: *Climate Investment Funds (CIFs): An Overview*. Congressional Research Service (CRS) report to Congress (June 2010), Lattanzio, R.K. 2010. <https://www.fas.org/sqp/crs/misc/R41302.pdf>

<sup>84</sup> It should be noted that the United States, as well as the United Kingdom and France, have expressed a desire for some advance disclosure of investment plans and for observer participation in these sessions.

<sup>85</sup> See: *Looking Ahead for Lessons in the Climate Investment Funds: A Report on Emerging Themes for Learning* (4 March 2010), Radner, J. 2010.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Lessons%20Learnt%20Report%20FULL%20VERSION%203%208%202010\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Lessons%20Learnt%20Report%20FULL%20VERSION%203%208%202010_0.pdf)

<sup>86</sup> A footnote to one of the tables in the disbursement reports indicates that “private sector project-specific disbursements are not publicly available”.

<sup>87</sup> The Strategic Climate Fund publishes a semi-annual disbursement report, which includes information about Multilateral Development Bank disbursements. Information about disbursements to private parties is not included in these reports. See: *Strategic Climate Fund (Strategic Climate Fund): Disbursement Report (6 March 2012)*, Strategic Climate Fund 2012.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Strategic Climate Fund Disbursement Report Dec 31 2011 0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Strategic_Climate_Fund_Disbursement_Report_Dec_31_2011_0.pdf). A recent Clean Technology Fund disbursement report states that “the Multilateral Development Banks will make efforts to provide in future reports more detailed information on disbursements, including disbursements by Multilateral Development Banks at the project and country levels for public sector projects and programs and more qualitative information on the nature and progress of disbursing funds under private sector programs when confidentiality requirements do not permit public release of quantitative information”. See: *Clean Technology Fund (Clean Technology Fund): Disbursement Report (28 August 2012)*, Clean Technology Fund 2012.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean Technology Fund Disbursement Report June 30 2012.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean_Technology_Fund_Disbursement_Report_June_30_2012.pdf)

<sup>88</sup> See: *Getting to Work: A Review of the Operations of the Clean Technology Fund (November 2010)*, Nakhooda, S. 2010. [http://pdf.wri.org/working\\_papers/getting\\_to\\_work\\_2010-11-30.pdf](http://pdf.wri.org/working_papers/getting_to_work_2010-11-30.pdf)

<sup>89</sup> Strategic Climate Fund, 2012.

<sup>90</sup> Publish What You Fund, 2012.

<sup>91</sup> Climate Investment Funds, 2013c; and See: *Update of Compliance with IATI (16 October 2013)*, Climate Investment Funds 2013e.

[www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean Technology Fund Strategic Climate Fund Trust Fund Committee.11\\_Inf.8\\_Update\\_of\\_Compliance\\_with\\_IATI\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Clean_Technology_Fund_Strategic_Climate_Fund_Trust_Fund_Committee.11_Inf.8_Update_of_Compliance_with_IATI_0.pdf)

<sup>92</sup> Climate Investment Funds, 2009b.

<sup>93</sup> See: *Status of Involvement of the Bank in the Climate Investment Funds (CIF's) (July 2010)*. African Development Bank 2010. [www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Status%20of%20Involvement%20of%20the%20Bank%20in%20the%20Climate%20Investment%20Funds%20\(CIFs\)%20-%2009%2009%202010%5B1%5D.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Status%20of%20Involvement%20of%20the%20Bank%20in%20the%20Climate%20Investment%20Funds%20(CIFs)%20-%2009%2009%202010%5B1%5D.pdf)

<sup>94</sup> Ibid.

<sup>95</sup> See: *CIF IE Financial Reporting under Special Purpose*, Climate Investment Funds undated. [http://fiftrustee.worldbank.org/webroot/data/CIF\\_SCF\\_FS\\_MA\\_1.pdf](http://fiftrustee.worldbank.org/webroot/data/CIF_SCF_FS_MA_1.pdf)

<sup>96</sup> See: *Strategic Climate Fund Special Purpose Financial Statements, December 31, 2011 and 2010*, World Bank 2012e. [http://fiftrustee.worldbank.org/webroot/data/CIF\\_Strategic\\_Climate\\_Fund\\_FS\\_1.pdf](http://fiftrustee.worldbank.org/webroot/data/CIF_Strategic_Climate_Fund_FS_1.pdf)

<sup>97</sup> See: *Towards an Understanding of the Political Economy of the Pilot Programme for Climate Resilience*. IDS Bulletin 42(3), Seballos, F. and Kreft, S. 2011. <http://onlinelibrary.wiley.com/doi/10.1111/j.1759-5436.2011.00220.x/abstract>

<sup>98</sup> See: *Climate Investment Funds Monitor 8 (October 2013)*, Bretton Woods 2013. [www.brettonwoodsproject.org/publications/climate-investment-funds-monitor-8/](http://www.brettonwoodsproject.org/publications/climate-investment-funds-monitor-8/)

<sup>99</sup> See comments by Armenia after the Scaling Up Renewable Energy Program Sub-Committee meeting of 8 November 2010, available at:

[http://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CommentFiles/armenia\\_120710.pdf](http://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CommentFiles/armenia_120710.pdf)

<sup>100</sup> See: *Staff Manual*, World Bank 2012d.

[http://siteresources.worldbank.org/INTSTAFFMANUAL/Resources/StaffManual\\_WB\\_web.pdf](http://siteresources.worldbank.org/INTSTAFFMANUAL/Resources/StaffManual_WB_web.pdf)

<sup>101</sup> Ibid.

<sup>102</sup> See: *Reports*, World Bank 2013f.

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/ORGUNITS/EXTETHICS/0,,contentMDK:23259529~menuPK:8806019~pagePK:64168445~piPK:64168309~theSitePK:593304,00.html> (accessed 5 November 2013 when links to annual reports pre-2013 were not functioning).

<sup>103</sup> See: *Living Our Values. Code of Conduct (February 2013)*, World Bank 2013c.

[http://siteresources.worldbank.org/INTETHICS/Resources/ethics\\_code\\_2013-Mar13-CRA.pdf](http://siteresources.worldbank.org/INTETHICS/Resources/ethics_code_2013-Mar13-CRA.pdf). This Code of Conduct explicitly outlines a range of actions to be proactively avoided including personal, business and other conflicts of Interest, fraud, and corruption, including an advisory on kickbacks, bribery, facilitation payments and money laundering.

<sup>104</sup> See: *Revised Enforcement Policy and Procedures*, European Bank for Reconstruction and Development 2009. [www.ebrd.com/downloads/integrity/epp.pdf](http://www.ebrd.com/downloads/integrity/epp.pdf)

<sup>105</sup> World Bank, 2006.

<sup>106</sup> Consultations with civil society are formally required in the Clean Technology Fund / Strategic Climate Fund process. For example, the Pilot Program for Climate Resilience programming document states that the Pilot Program for Climate Resilience process “will involve a broad range of stakeholders from cross-sectoral government departments, non-government actors, including civil society groups and highly affected communities, and the private sector” (Pilot Program for Climate Resilience, 2009a).

<sup>107</sup> Seballos, F. and Kreft, S., 2011; and See: *Climate Investment Funds Monitor 5 (April 2012)*, Bretton Woods Projects 2012. <http://www.brettonwoodsproject.org/wp-content/uploads/2013/10/CIFsMonitor5.pdf>

<sup>108</sup> Transparency International Kenya raised concerns about the fact that only one Kenyan non-governmental organisation was consulted in the preparation of Kenya’s investment plan, see: [http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CommentFiles/CRP\\_5\\_0.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CommentFiles/CRP_5_0.pdf). Similarly, private sector and civil society stakeholders in Turkey complained about being left out of the consultation process, see: *Climate Finance in Turkey. The Contribution of the World Bank Clean Technology Fund to Transforming the Turkish Energy Sector*, Berne Declaration 2011. [www.evb.ch/cm\\_data/Climate\\_Finance\\_in\\_Turkey\\_Full\\_Report\\_Berne\\_Declaration\\_2011.pdf](http://www.evb.ch/cm_data/Climate_Finance_in_Turkey_Full_Report_Berne_Declaration_2011.pdf)

<sup>109</sup> See: *Climate Change Investment through the Pilot Program for Climate Resilience in Tajikistan*, Oxfam 2011. [www.oxfam.org/sites/www.oxfam.org/files/climate-resilience-tajikistan-240111-en.pdf](http://www.oxfam.org/sites/www.oxfam.org/files/climate-resilience-tajikistan-240111-en.pdf) In the preparation of the Pilot Program for Climate Resilience for Tajikistan, it was pointed out by local non-governmental organisations “that consultation only occurred during the three short joint missions, with no attempt to engage in debate and consultation between those events, and no in-country focal point for Pilot Program for Climate Resilience amongst the Multilateral Development Banks”. The consultations were one day meetings for a select few non-governmental, who did not have prior access to documentation. See also: Bretton Woods Project, 2012.

<sup>110</sup> Berne Declaration, 2011. For instance, in the Philippines, stakeholders complained about the misrepresentation of consultations in the country’s investment plan.

<sup>111</sup> See: *Prioritising Pilot Program for Climate Resilience Investments in Mozambique: The Politics of ‘Country Ownership’ and ‘Stakeholder Participation’*, Shankland, A. and Chambote, R. 2011. *IDS Bulletin* 42(3), 62-69.





<sup>138</sup> All terminology is adapted from Transparency International's *Anti-Corruption Plain Language Guide*. Available at:

[www.transparency.org/whatwedo/pub/the\\_anti\\_corruption\\_plain\\_language\\_guide](http://www.transparency.org/whatwedo/pub/the_anti_corruption_plain_language_guide)

<sup>139</sup> National Endowment for Democracy, 2009.

<sup>140</sup> [www.transparency-initiative.org/about/definitions](http://www.transparency-initiative.org/about/definitions)

<sup>141</sup> All terminology is adapted from Transparency International's *Global Corruption Report: Climate Change. A User's Guide*. Available at:

[http://www.transparency.org/whatwedo/pub/global\\_corruption\\_report\\_climate\\_change](http://www.transparency.org/whatwedo/pub/global_corruption_report_climate_change)

<sup>142</sup> Transparency International, 2012.

<sup>143</sup> World Economic Forum, 2012.



