



13th International
Anti-Corruption Conference
IACC

Global Transparency:
fighting corruption for a sustainable future.
Athens, Greece | 30 October - 2 November 2008

WORKSHOP REPORT FORM

Number and title of workshop 6.5: Financing for Climate Change: An opportunity for improved global governance or the next resource curse?

Date and time of workshop
November 2nd 11.00 – 13.00

Moderator
David Nussbaum, WWF -UK

Rapporteur: Toby Quantrill, WWF and Robert Barrington, TI(UK)

Panellists (Name, institution, title)

Shane Tomlinson: E3G: Programme leader; Systems for Change
Chandrashekar Krishnan: Transparency International (UK), Executive Director
Oliver Tickell: Independent author and journalist
Peter Zaman: Clifford Chance: Partner

Main Issues Covered

Opportunities presented by the UNFCCC process to negotiate successor to Kyoto protocol and principal of common but differentiated responsibility

Commonality between carbon revenue flows (including adaptation finance) and existing Overseas development Aid

Existing levels of actual and potential risk in three areas: Carbon markets, Governance mechanisms and finance delivery

Existing weaknesses in the carbon credit market, especially relating to the non-effectiveness (in reducing Greenhouse gasses in atmosphere) of currently traded carbon credits and the important role of civil society in monitoring and reporting the quality of carbon products

The importance of carbon markets as part of the system to combat climate change and the



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need to make them more effective, including questions of overall viability of the markets as a mechanism to solve climate change in light of recent crisis in financial markets and the links between increasing consumption and increasing carbon emissions and the relative importance of market mechanisms versus regulation and other options including greater public sector funding and involvement

Cases of corruption have not yet been proven within carbon market, but presentation of clear evidence of significant risk for corruption in four key areas: policy capture, conflict of interest, authentication of credits and direct misappropriation of funds

The need to frame anti-corruption issues within rapidly emerging institutions for dealing with climate change



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Main Outcomes

Greater understanding of key issues outlined above

Main Outputs

Series of recommendations from panel on using anti corruption to improve process on climate change actions

- Embed a strong sense of the anti corruption agenda within the UNFCCC climate negotiation process
- Bring anti corruption and climate communities together
- Seek short term win wins but also be prepared to examine other high risk areas for corruption
- Review corruption risks within existing institutions eg CDM board and approvals process and consider an independent advisory council (including civil society) for CDM
- Bring useful principals (eg common but differentiated responsibility) from Climate debate into anti-corruption debate
- Form working group to generate proposals and principles to feed in to UNFCCC process
- Consider moving to a tax on carbon and/or Cap and trade mechanism for 'upstream' production of fossil fuels and other Greenhouse gases
- Need a global system to create climate revenues that allows for both top down and bottom up implementation rather than 'one size fits all'
- Consider mixing regulation, taxation and market mechanisms in new post Kyoto system
- Current system has systemic weaknesses and requires overhaul to reduce corruption risks
- Look at using existing mechanisms for handling carbon finance to avoid new resource curse eg Trust Funds, EITI, mutual accountable frameworks



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Recommendations, Follow-up Actions

- **Build anti-corruption mechanisms into both the governance and implementation procedures of any future post-Kyoto system**
- **Call on the environmental and anti-corruption communities to work together more actively to ensure this outcome.**
- Develop an e-mail list and working group to facilitate points (1) and (2) above



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Workshop Highlights (including interesting quotes)

Lot's of people making money from carbon markets, but not those that actually need to!

There is a huge job for civil society to drive carbon 'discredits' out of the market place...the buyer must beware and the NGOs must hold them to account

The carbon market is the only game in town; we should make the most of it and improve the game

Is there a way that we can save this planet from runaway climate change without using a market mechanism?

The great danger is that corruption could undermine public and political confidence in the mechanisms for combating climate change and make them ineffective and we have seen recently in the finance markets the effects of loss of confidence

Signed
