COMBATING CORRUPTION IN CLIMATE CHANGE RELATED-INVESTMENT

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* The views expressed in this presentation do not necessarily represent the views of member countries of the OECD or OECD Working Group on Bribery

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Climate Finance:
The USD 100 billion a year goal

- Developed country Parties to the UNFCCC committed to mobilise jointly USD 100 billion a year by 2020 for climate action in developing countries;

- Climate finance reached USD 62 billion in 2014 and USD 52 billion in 2013, equivalent to an annual average over the two years of USD 57 billion (OECD, 2015);

- How do we ensure that these funds are not diverted through corruption?

How the OECD fights corruption in climate finance

- OECD Anti-Bribery Convention
  - OECD Working Group on Bribery evaluates countries' efforts to implement the Convention and investigate and prosecute allegations of bribery in international business, including where this relates to bribery to obtain public-funded post-disaster reconstruction contracts.
- OECD Principles for Integrity in Public Procurement
  - A policy instrument to help governments prevent waste, fraud and corruption in public procurement, relevant to procurement in the context of post-disaster reconstruction.
- Recommendation of the Development Assistance Committee on Anti-Corruption Proposals for Bilateral Aid Procurement
  - Members work closely with development partners to combat corruption in all development co-operation efforts; this includes development assistance to natural disaster zones.
  - The DAC is also tracking bilateral and multilateral climate-related external development finance flows, thus increasing transparency.

Investing in the clean energy transition

- Investment in renewable energy and low carbon technology;
- Investment in emissions reduction regulation (e.g. energy and carbon taxation; emissions trading; reforms to previous support for fossil fuels);
- Investment in infrastructure adapted to these new forms of energy;
- Over the next 15 years, around USD 90 trillion globally will be invested in cities, land use and energy infrastructure anyway (OECD).

Corruption Risks in Climate Investment

- Energy sector particularly exposed:
  - significant degree of regulation (e.g. permits, licenses, environmental certification);
  - significant degree of interaction with public officials (e.g. many national energy companies are State-owned or controlled);
- Increased regulation can lead to fraud and corruption to avoid it (e.g. Volkswagon)
- Susceptibility of carbon offset schemes to corruption (e.g. allegations of bribery in UNFCCC JI scheme);
- Where there are significant amounts of public funding available, there is greater risk of corruption in the administration of those funds.

What can be done to combat corruption in the context of climate change investment?

- Increased corruption risk awareness and mitigation initiatives;
- Active enforcement of laws relating to integrity in public procurement and combating bribery in international business;
- Collaboration with the private sector (including SOEs in the energy sector) to ensure strong and effective anti-bribery compliance programmes;
- Independent implementation and oversight of new regulatory schemes related to climate change mitigation.

Further information

www.oecd.org/corruption

www.oecd.org/env/cc

www.oecd.org/dac/environment-development/climate-change-development