

Remarks on “**Grand Corruption and Climate Change**”
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Convention Against Corruption

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Thank you, Madam Chair!

Your Excellencies, Distinguished Delegates, Ladies and Gentlemen,

On behalf of UNDP, I am delighted to be a part of this distinguished panel this morning. In my brief remarks this morning, let me highlight three key issues:

- First, how big is the corruption issue in the context of the climate change agenda?
- Second, what are the grand corruption risks in both climate adaptation and mitigation activities?
- Third, what are the measures that could be taken to prevent and combat grand corruption, in the context of climate change?

UNDP published a report titled “**Tackling corruption risks in climate change**” in 2010, just before the 16th Session of the Conference of the Parties (COP16) to the **United Nations Framework Convention on Climate Change**.

This UNDP report, along with Transparency International’s Global Corruption Report on Climate Change published in 2011, in a way, contributed to the global discourse, particularly in the way we look at the climate change agenda from a governance perspective.

Today, we clearly see the effects of climate change. Climate change is real. It is happening. And so is corruption. The costs of corruption in climate action and in climate-related sectors are huge and devastating.

The recent COP25 clearly demonstrated that not enough is being done to meet the three climate goals. There are also inadequate discussions about climate change as a governance and Anti-corruption issue. And without tackling corruption in climate action and climate-related sectors, it is almost impossible to reduce emissions 45 per cent by 2030, achieve climate neutrality by 2050, and stabilise global temperature rise at 1.5°C by the end of the century.

Data and evidence clearly illustrate that the costs of corruption in climate-related sectors are staggering.

1. According to Interpol, the cost of corruption in the **global forestry sector** is some **US \$29 billion** annually.¹
2. According to a UNEP-Interpol report², **illegal timber trade** by organized crime groups is estimated to be worth between **US \$30 and 100 billion** annually, accounting **between 10% and 30%** of the global legal trade and significantly hampering the REDD+ initiatives – initiatives that aim to address the issue of **deforestation and forest degradation**, which are the second leading cause of global warming.
3. Similarly, according to some estimates, **total investments to offset the effects of climate change** is almost **USD 700 billion** by 2020³. But we also know that many countries vulnerable to climate change are also performing poor in terms of fighting corruption, meaning that a vast amount of money could be lost in corruption if climate change funds are channelled through uncoordinated channels, with gaps in regulations.
4. **Corruption at a policy level is even more damaging.** Ultimately it has an impact on people, biodiversity, land, and the environment. For example, according to OECD, it will require **US \$6.3 trillion each year until 2030**⁴ in infrastructure investment to meet development goals; yet, according to TI and other estimates, up to 33% of this investment could be lost through corruption, that could thus lead to disasters and negative impacts on people’s lives and livelihood.

Moving on to my second point on corruption risks in climate adaptation and mitigation activities, why should we consider climate change a governance issue? According to the UNDP report on “**Tackling corruption risks in climate change**”, there are many corruption risks in both mitigation and adaptation activities that could seriously undermine climate action or exacerbate the effects of climate change.

In terms of climate adaptation activities, according to the Global Commission on Adaptation, **US \$1.8 trillion** in investment is needed by 2030 to prepare for the effects of global warming, concentrated in five categories—weather warning systems, infrastructure, dry-land farming, mangrove protection and water management.

Corruption can occur in many areas of adaptation activities, such as: influencing project and regulatory design, manipulating procurement contracts (e.g. energy and water infrastructure projects are complex and involve many sub-contractors and stakeholders, increasing vulnerabilities to corrupt practices), and inservice delivery (e.g. water, food and health services) to local communities

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<https://www.interpol.int/content/download/5150/file/Uncovering%20the%20Risks%20of%20Corruption%20in%20the%20Forestry%20Sector.pdf>

²

<https://www.interpol.int/content/download/5158/file/Green%20Carbon,%20Black%20Trade%20-%20Illegal%20Logging,%20Tax%20Fraud%20and%20Laundering%20in%20the%20World%27s%20Tropical%20Forests%20EN.pdf>

³ https://www.transparency.org/topic/detail/climate_change

⁴ <https://www.oecd.org/environment/cc/climate-futures/policy-highlights-financing-climate-futures.pdf>

In climate mitigation activities, corruption has the potential to undermine the very benefits that a well-designed REDD+ mechanism may bring, i.e. mitigation emission, reduce poverty and improve livelihoods. The corruption risks that may affect REDD+ are likely to differ depending upon the particular phase being considered – mainly readiness phase (capacity building) or implementation phase. For example, the REDD+ readiness phase is more likely to be affected by state capture, effected through grand corruption and political corruption to influence the design of the national REDD+ framework.

Corruption can occur in many areas of national REDD+ frameworks: Design (e.g. land use planning, land and natural resource tenure, allocation of carbon rights, setting emission levels); Implementation (e.g. land administration, land use zoning designation, carbon rights, carbon measurements); and Administration of revenues and benefit distribution (e.g. fund-based approach, market-based approach).

In closing, let me highlight some measures to prevent and combat grand corruption in the context of climate change, based on UNDP's lessons learned. As mentioned above, corruption can undermine adaptation and mitigation activities not only by exacerbating the negative effects on climate change, but also by reducing the amount of resources for climate action. We still need to do more:

First, strengthen collaboration and knowledge exchange between the anti-corruption community and the climate/environment community. Almost all people now agree that climate change is about life and death, but we also have to raise awareness to the climate/environment community of the severe impacts of corruption on climate change. If corruption exists at current levels, and when there are inadequate mechanisms or corruption risk mitigation measures in a country, any big investments on climate change may be undermined. Thus, there is a need to effectively integrate anti-corruption into climate action and climate-related activities and actions.

Second, strengthen governance arrangements to reduce discretion in decision-making processes and enhance integrity and compliance in the management of funds. There are many corruption risks in global funds, whether climate-related or others (e.g. health, malaria, etc.). When there are inadequate mechanisms or risk mitigation measures in a country, channelling resources through funds may not secure the intended outcomes.

Third, overall, whether in dealing with climate-related grand corruption or any other cases of grand corruption, we need effective national and international mechanisms to effectively investigate and prosecute cases of grand corruption. We know that both investigation and prosecution of corruption involving vast quantities of assets as well as return of stolen assets have been challenging. Moreover, corruption and impunity go hand in hand. So, Member States should prioritize the prevention of and responses to grand corruption, including the agreement on the definition of grand corruption, developing and implementing effective strategies to counter this problem.

Thank you.