

Executive Summary

Transparency International

Climate change is arguably the greatest governance challenge the world has ever faced. Addressing it requires a degree of urgency, trust, cooperation and solidarity that tests the limits of conventional mechanisms and institutions to manage public goods. It requires transformational shifts in our economies that may eventually dwarf the dramatic changes brought on by the Industrial Revolution. Climate change affects livelihoods and challenges lifestyles. It exerts immense pressure on the social and political fabric of communities around the world, against the backdrop of tremendous uncertainty about the precise scope and pace of the next steps that will be taken to remedy it, particularly at the global level.

A robust system of climate governance – meaning the processes and relationships at the international, national, corporate and local levels to address the causes and effects of climate change – will be essential for ensuring that the enormous political, social and financial investments by both the public sector and the private sector made in climate change mitigation and adaptation are properly and equitably managed, so that responses to climate change are successful. The stakes are high: we must invest significantly to achieve a low-carbon future, and we must make sure this investment is effective. Despite difficulties in reaching consensus at the international level, states, companies and civil society actors are converging around the need to establish clear rules and compliance mechanisms for addressing climate change. Good governance of the climate can enhance the process, making it more transparent, accessible and equitable for all.

Climate change is not just a challenge to established approaches to governance, however; it also transcends established typologies of corruption. Corruption is defined by Transparency International as the *abuse of entrusted power for private gain*. *Entrusted power* is not only the power a citizen confers to a public office holder. It is the power that future generations have vested in all of us, in our stewardship role for the planet. Likewise, *abuse for private gain* goes beyond corruption in the forms it so often takes – the misappropriation of funds, bribery in the awarding of contracts, and nepotism, all of which undermine good climate governance – and extends to new arenas. These include the distortion of scientific facts, the breach of principles

of fair representation and false claims about the green credentials of consumer products – evidence of which is documented in this report. Such practices can be devastating in a policy arena in which uncertainty abounds and trust and cooperation are essential.

Why is corruption, in particular, a risk in addressing climate change? As the *Global Corruption Report* explores at length, the efforts to prevent and respond to climate change will have an enormous price tag. Where huge amounts of money flow through new and untested financial markets and mechanisms, there is always a risk of corruption. Some estimate total climate change investments in mitigation efforts alone at almost US\$700 billion by 2020. Public investments of no less than US\$250 billion per annum will eventually flow through new, relatively uncoordinated and untested channels. In addition, pressure already exists to ‘fast-track’ solutions, further enhancing the risk of corruption.

Corruption risks are also high because of the level of complexity, uncertainty and novelty that surrounds many climate issues. Essential concepts, such as what should count as a forest, or how to establish additionality (meaning whether projects could happen in any case without support), are still being debated. Rules for geoengineering, perhaps the most risky and consequential human intervention in our biosphere, are still largely absent. New tools to measure the environmental integrity of carbon offsets are relatively untested. Early evidence presented in this report suggests that there are many regulatory grey zones and loopholes that are at risk of being exploited by corrupt interests. Careful monitoring, quick learning and an active approach to closing entry points for corruption are essential to ensure that strong governance enables the success of these new tools and instruments at this most critical stage.

Another aspect of climate governance that demands urgent attention is the inequality of the current processes for individuals and groups most directly affected by climate change. Contributions to the *Global Corruption Report* shed light on those most adversely affected by climate change: indigenous and rural poor communities in remote locations, the urban poor living in precarious settlements, and displaced persons who require resettlement. All these groups share commonalities. They bear the brunt of the effects of climate change; they are meant to be the main beneficiaries of adaptive action; and yet they are usually the most marginalized voices in the political system. This starkly highlights the need for accountable climate governance.

An overarching message of the *Global Corruption Report* is that *a dramatic strengthening of governance mechanisms can reduce corruption risk and make climate change policy more effective and more successful*. The quality of climate governance – the degree to which policy development and decisions are participatory, accountable, transparent, inclusive and responsive, and respect the rule of law – will help determine how well it addresses

inherent corruption risks. The report brings together more than 50 recognized experts to present the first comprehensive analysis of corruption and climate change, and it includes a set of policy recommendations.

Making climate governance work: designing processes for accountability and integrity

The scale and complexity of the climate change challenge and the financial investments required to make it work mean that a well-coordinated system of accountable decision-making is essential.

Important decisions on climate change are taken in many institutional settings – more than the spotlight on some high-profile international meetings would suggest

Overwhelming attention to high-profile intergovernmental meetings on climate change makes their outcomes seem uniquely critical. Although this arena is extremely important, action is dispersed across a multitude of fora and actors from international to local level, reflecting the extraordinary scope and diversity of climate policy issues.

There are currently more than 500 multilateral environmental agreements, many relevant to climate change. Important climate decisions are not deliberated and decided upon only by conferences of state parties in Copenhagen or Cancún. The overall response to climate change is perhaps even more critically shaped in many national and regional venues, from Beijing, Brussels and Brasilia to Delhi and Washington. Many new hybrid initiatives that link public and private stakeholders play a role, and so do cities and local governments that can notch up the standards of commitments – or water them down.

The extent of transparency, accountability and inclusive participation varies widely across these policy-making fora. Standards need to be consistently high to pave the way for sound climate policies that avoid the many potential risks of policy capture and forum-shopping, regulatory arbitrage and hold-ups that are associated with such a dispersed governance landscape and that all have the potential to undermine effective global action.

The attention and record attendance that a few key climate policy processes enjoy make it easy to overlook persistent disparities in influence, even in these settings

High visibility does not equal effective transparency and attendance does not equal proportionate influence. Transparency practices for the United Nations Framework Convention on Climate Change (UNFCCC), the most visible forum for climate

policy-making, lag behind established standards practised in other settings. Likewise, record turnout and attention for the Copenhagen summit and a handful of other headline events cannot mask persistent disparities in representation. In Copenhagen, the top five polluting countries were able to field more than three times the number of official delegates than the five countries considered to be most affected by climate change. By 2009 the combined number of registered observer organizations to the UNFCCC from Canada, the UK and the US had reached more than 400, while on the developing country side only Brazil, China and India managed to register more than 10 groups. In sum, high-profile international venues for climate policy-making may garner sufficient attention and raise prospects for better climate governance instruments, but there is a long way to go to achieve an effective and inclusive voice for all stakeholders.

The lobbying landscape is diversifying, and the associated risk of undue influence is higher than ever

The advent of green industries as lobbyists, as a counterweight to lobbying by energy and other sectors dominated by the need for fossil fuels, might suggest that by now a rather balanced spectrum of interests underpins deliberation about climate policies. As the *Global Corruption Report* documents, this is not the full picture. At US national level, oil and gas interests alone outspent the clean energy sector by a factor of eight in lobbying in 2009. In the European Union, business groups contributed more than twice the number of policy positions to an important climate policy deliberation process in 2004 than environmental groups.

Even an equal presence of both green and brown lobbying does not guarantee climate policies in the public interest. As the report shows, double policy capture may occur when a lack of action on polluters exists alongside strong support for influential green interests. Mandatory lobbying registries are still not required in the majority of Organisation for Economic Co-operation and Development (OECD) countries, however, and the quality of internal and external disclosure by businesses on their level of public engagement and activities related to climate change remains mixed.

Elsewhere in the world, the matrix of interests and influence does not bode well for balanced consideration of all interests. In China and India, for example, the actors in the fossil fuel and power sector likely to lose most from progressive climate policies are often large, state-controlled conglomerates with close linkages to the highest echelons of political power. All this requires that close attention be paid in order to avoid policy capture and results that serve the few rather than the many, which would be bad for accountability and bad for the planet.

Mitigation: strategies for reducing carbon emissions

Mitigation efforts aim to slow climate change by reducing the amount of greenhouse gases (GHGs) emitted globally, or increasing the capacity to capture emissions in natural sinks, such as forests, or through technological innovation. Leading mitigation approaches include the establishment of carbon markets, mandated emission standards and energy efficiency policies, and voluntary initiatives to move towards a low-carbon economy. Even though some of these approaches are at relatively early stages of development, adequate governance safeguards should be put in place from the outset to ensure that they can best achieve their objectives.

A robust system for the measuring, reporting and verification (MRV) of emissions is crucial to transparency, and ultimately to the success of mitigation strategies

Accurate MRV is critical, not only to reducing GHG emissions at the national level but also to enable investors to make informed decisions about business sustainability. Although many methods and initiatives are currently in place to measure, report and verify emissions, more resources and training are needed to improve this information. In developing countries, a lack of technical capacity or financial resources makes the development of ongoing emissions data collection difficult, and a lack of expert reviewers may mean that formal reporting on national emissions is not subject to sufficiently robust verification.

Without stringent MRV requirements in developing and developed countries alike, the risks include incentives for industries to exaggerate their baseline emissions data so as to make ‘reductions’ easier at a later date. The use of unreliable emissions data in carbon markets can result in the over-allocation of carbon credits, making efforts to reduce emissions less ambitious than they ought to be. The result is mitigation strategies that do not reduce emissions and that support the market in the short term only through possible windfall profits for some major polluters, with the climate losing out.

The need to measure, report and verify extends beyond emissions, as the entire industry emerging around the green economy needs to establish the legitimacy of its no- or low-carbon growth credentials. While government attempts to support green technologies are laudable, regulatory oversight must keep pace with expanding industrial activity, as financial incentives have already led some project developers to falsely claim projects to be finished in order to reap heightened profits.

As a critical mechanism for mitigation, carbon markets need safeguards to reduce the risk of corruption, as well as to ensure their sustainability and capacity to reduce greenhouse gas emissions

Carbon markets have been adopted in a number of regions and countries as a method for reducing GHG emissions, and the value of leading carbon markets has now reached some US\$144 billion. These initiatives hold the potential to reduce emissions, but they are also politically created and publicly funded markets trading in an intangible commodity.

The European Union's Emissions Trading Scheme (ETS) has shown that carbon markets are susceptible to undue influence from vested interests, which in the case of the ETS may have contributed to the over-allocation of carbon permits. The result was windfall profits of €6–8 billion for Europe's four largest power producers.¹ Weak governance of these critical markets can create a lose-lose scenario, in which over-allocation of permits and the resulting low carbon prices provide a disincentive for business to find new low-carbon means of production, and potentially can bring about market collapse.

The path to a green economy should create opportunity for developing countries by addressing governance concerns directly; the risk if it does not is that global inequalities will be sustained and deepened

The roll-out of renewable energy sources, such as solar and wind power, is crucial to mitigation and requires considerable private investment. According to a recent study in the North Africa region, however, almost 70 per cent of the potential investors interviewed considered regulatory risk, including corruption, to be likely – and a serious impediment to investment.

Significant changes will need to be introduced to bring about a viable low-carbon infrastructure. Many countries believed to be characterized by weak governance or corruption will have a central role to play in this transition. For example, some of the new land required for biofuels, which are slated to comprise 10 per cent of global transport fuels by 2030, is being sought in countries that rank below global averages in the control of corruption, the rule of law and political stability indicators.

Not only land but also minerals such as lithium (demand for which is expected to grow dramatically with the coming of electric cars, for example) are often found in countries that lack strong governance and integrity systems. As these natural resources become crucial to the low-carbon economy, steps must be taken to guarantee transparency in the flows of money that governments receive for access to them. The drive to prevent climate change should not result in a new resource curse, a *green* resource curse, condemning poorer countries to miss the opportunity for economic

development while others profit from their wealth in the growth of the green economy. Existing standards such as the Extractive Industries Transparency Initiative (EITI) can play an important role in this regard.²

Building effective adaptation to climate change

Strengthening citizen participation is essential to adaptation governance, as adaptation will take place in countries with high corruption risks

Systems need to be put in place to make sure that the planning and prioritization of projects is transparent and encourages local ownership and long-term sustainability by ensuring the participation of those most directly affected. The introduction of 'direct access' to funds through the Kyoto Protocol Adaptation Fund requires that national entities will need to be established for managing adaptation funds, and that they are equipped with the resources and capacity to fulfil their fund allocation and monitoring role. To date, however, only US\$200,000 has been designated per country for the development of national adaptation programmes of action (NAPAs) in the least developed countries, and it is still unclear how much money will be provided for capacity-building.

In addition, effective adaptation governance ultimately also depends on the functioning of other checks and balances, including courts, law enforcement and a vigorous media and civil society. Broader systems of governance need to be strengthened in many countries where adaptation is needed most. None of the 20 countries most affected by climate change score higher than 3.6 on the Corruption Perceptions Index, in which 0 is extremely corrupt and 10 is very clean. Strengthening adaptation processes is essential, and yet it must be a part of broader governance reforms.

Oversight at the implementation stage is critical to the success of adaptation programmes

Much adaptation to climate change will consist of large-scale infrastructural development, such as enhancing flood control systems or protecting drinking water from salt water infiltration. In construction costs alone, corruption is currently estimated to cost the developing world some US\$18 billion a year. Adaptation without oversight presents a twofold risk of diverted funds *and* substandard work, however, which may put populations at even more risk of climate extremes. In Turkey, where an earthquake killed 11,000 people in 1999, a half of all structures failed to comply with building regulations. Important lessons can be learnt from the

humanitarian and development sectors to enhance understanding of how to avoid corruption undermining adaptation efforts, as well as from existing multi-stakeholder initiatives such as the Construction Sector Transparency Initiative (CoST).³

Strengthening coordination, mutual accountability and operational transparency in the governance of adaptation funds is essential to building the trust needed for sustainable climate change policy

The disbursement of adaptation funding extends across various bilateral and multilateral streams, including six specific bilateral climate funds, two World Bank Climate Investment Funds and the UNFCCC and Kyoto Protocol funds, including the new Green Climate Fund. All have diverse governance systems and different rules of engagement, making accountability to those affected by climate change rather complicated. Nearly a half of US pledges for fast-start funding made in Copenhagen and Cancún are to be routed through the World Bank in 2011, and therefore subject to its governance frameworks.

An effective common reporting framework for adaptation funding is essential for tagging and tracking funds that come through the system. At present it remains difficult to distinguish between official development assistance and dedicated ‘new and additional’ adaptation funding. Fixed criteria for ‘new and additional’ funds will ease measurement and reduce the risks of manipulation. They will also allow the clarity that is necessary for development and adaptation funding to have an impact that is coordinated and of greatest benefit to those most harmed by changes to Earth’s climate.

A focus on forestry

Forests play a pivotal role in climate policy, yet a track record of entrenched corruption in the sector demands preventative and proactive action

Enhancing forestry governance is a priority of the highest order to mitigate climate change. High international demand for timber, weak land ownership rights and marginalized indigenous communities present singular challenges to accountable and sustainable forestry. Each year US\$10–23 billion worth of timber is illegally felled or produced from suspicious origins. These practices are aided by legal loopholes and deeply engrained corruption schemes, whereby local power brokers use forest assets not only for personal enrichment but also for buying political support or influence.

These factors need to be addressed early on for REDD (Reducing Emissions from Deforestation and Forest Degradation), as the major international initiative to leverage forest policies for climate change. REDD readiness programmes (pledges currently amount to around US\$3.5 billion) have the potential to address some of the national-level capacity loopholes, but are not a panacea for addressing corruption in the sector.

Robust systems for monitoring and reporting are essential to reducing corruption risks and ensuring the sustainability of forest projects

Funds of up to US\$28 billion a year are expected to flow once REDD programmes are fully operational. As has already been observed in mitigation initiatives such as the UN Clean Development Mechanism (CDM), robust monitoring mechanisms have to be put in place in order to avoid the inappropriate validation of projects, the verification of fictitious projects and the overestimation, double-counting or fraudulent trade of carbon credits. These risks are particularly salient for forestry. Oversight in the forest sector is difficult, since much activity takes place in remote areas. Ensuring the sustainability of forests and the security of carbon credits means that measures need to be put in place to ensure that deforestation does not begin once the financial benefits of REDD have been realized (permanence), or relocate to other areas where REDD programmes are not in place (leakage).

Public participation at the local level is essential to the success of forestry governance

Forest communities' full participation in the REDD process is crucial to make sure that they reap the benefits of the REDD programme and that finances to curb deforestation are not diverted. Putting local communities in charge of managing their forests, or at least giving them a big role in this process, can lead to improved forest conditions and local livelihoods. Forest communities are already becoming victims of fraud as carbon brokers and project developers have moved aggressively to secure carbon rights through non-transparent negotiations with government officials. Increased funding for forests will need to be matched with strong coordination and oversight in order to ensure that the money reaches the communities that need it yet does not increase incentives for corruption.

Actions for sustainable climate governance

The *Global Corruption Report* clearly demonstrates that better climate governance will ultimately require the genuine commitment and cooperation of all stakeholders,

from governments and business to non-governmental organizations (NGOs), scientists and society at large. Moreover, integrity in climate policy requires an entire system of interlocking checks and balances. Key ingredients and areas for action include the following.

Generating and making publicly available accurate information

This is in terms of who is responsible for what emissions, who is advocating for what policy, which money goes where and for what, what sized carbon footprint should accompany consumption or investment choices, and so on. This kind of disclosure is essential to assign responsibilities more clearly and improve accountability among stakeholders.

Tracking, benchmarking and comparing the capacity and performance of emitters, regulators, funders and governments

Benchmarking diagnostics generate invaluable pressure for accountability, help detect red flags for corruption and identify priorities for governance reform. Some early examples are described in this report and illustrate how important these mechanisms can be, showing, for example, underperformance on the part of key verification providers in carbon markets and the lack of monitoring capacity for forest carbon issues.

Matching capacity at all levels to the scale of the challenge

A mismatch in enforcement or monitoring capacity means that on-site spot checks are too infrequent – or even completely absent – to be a deterrent, and effectively sanctions corrupt practices. A mismatch between the supply and demand of specialized skills means that key experts end up wearing multiple hats and the potential for conflicts of interests grows. A mismatch between financial flows and the capacity for financial management opens the door to corruption.

Anchoring climate governance firmly in existing frameworks for integrity and accountability

Climate governance must draw on a wide range of existing accountability mechanisms. It can invoke and support the UN Convention against Corruption; it can use and help to develop anti-corruption mechanisms, from ombudsmen to whistleblowing mechanisms; and it can engage with and foster the growing range of social accountability initiatives, from social audits to collaborative monitoring, that are springing up at community level.

A major scaling up of investment and considerable economic change awaits us as a result of climate change. We must accompany this process with the best possible governance we can, to ensure the equitable outcomes we need for the planet and for future generations. Based on the findings of the *Global Corruption Report*, Transparency International makes the following key proposals to climate stakeholders.

Recommended actions for governments

1 *Incentivize and design key climate policy instruments so as to promote independence and reduce conflict of interest*

Governments need to make sure that relevant oversight bodies are staffed by salaried professionals, with technical expertise, who have proven themselves to be free from conflicts of interest stemming from personal stakes in carbon markets, offset or adaptation projects or additional representative roles in climate negotiations. Governments should also push for project validators to be hired and paid for their services through a centralized fund rather than by project developers. Environmental agencies and government watchdogs cannot act effectively if they offer services to, or have stakes in, the very same bodies they are meant to regulate. The financial crisis showed us that misaligned incentives and conflicts of interest in rating agencies, for example, can bring markets to the brink of collapse. A repeat of this debacle in the carbon markets would spell both financial and climate disaster.

2 *Ensure transparency in flows of funding for mitigation and adaptation*

State parties to the UNFCCC must develop standard criteria for reporting on the financing of projects. Monitoring, reporting and evaluation systems need to be adaptable to various contexts, while enabling systematic reporting.

International finance mechanisms should provide clear and consistent guidance to national implementing agencies on the required standards for managing adaptation in their countries, from planning processes through to the management of funds, the implementation of projects and final evaluation. States need to ensure that mitigation and adaptation funds also increase national monitoring and reporting capacity. In the context of adaptation, countries with strong national systems should then be in a position to access financing directly from international financing mechanisms in order to fulfil adaptation activities, with an emphasis on domestic accountability – from governments to people – in the determination of funding priorities.

3 Monitor and oversee national climate policy and projects effectively

Government subsidies and support for the development of low-carbon infrastructure must be matched by strong oversight and regulatory institutions in order to protect public funds against fraud, particularly when the introduction of infrastructure is technically complex and requires specialized knowledge. National entities should exist with the capacity to monitor the disbursement and implementation of funds and apply tools for identifying corruption in the implementation of projects. They should also create space for independent civil society input into monitoring efforts.

4 Treat anti-corruption safeguards as integral elements in the design of adaptation and mitigation action

It is essential to build checks and balances into the core structures of climate policies as and when they are built. If the financial crises of recent years offer a central lesson, it is that oversight and regulation find it very difficult to play catch-up and restore order after markets have collapsed and trust has evaporated amid fraudulently inflated asset bubbles. Getting oversight and regulations for the carbon market correct from the start is essential in order to avoid a similar fate. Likewise, the green economy provides a boon for some commodities, from lithium in Bolivia to biofuels in Indonesia and to land for solar energy projects in North Africa. Putting in place public financial management and sound oversight before the revenues start flowing is essential for those countries that stand to profit. The opportunity offered by the green economy must not transform into a green resource curse, similar to the pernicious effect that failed governance has had on oil-rich countries.

5 Step up policy coordination and bring key departments into line on climate change issues

Inconsistencies, ambiguities and loopholes in conjunction with poor policy coordination across departments present potential opportunities for exploitation in terms of arbitrage and corruption. Climate change is the archetypical cross-cutting issue and naturally concerns many parts of the executive arm of government; not everyone is walking in the same direction, however. Climate policies and governance are often inconsistent and ill-coordinated at best and subject to explicit inter-departmental power struggles at worst. Strong leadership, clearly assigned responsibilities and vigorous inter-agency coordination are key, and they need to be strengthened everywhere so as to corruption-proof climate governance.

6 Build robust mechanisms for representation and public engagement that can cope with the increased public demand

Climate change has entered public consciousness to stay. The ensuing upsurge in attention and engagement is understandable, since everyone is a stakeholder – and a custodian of future generations and our common planet. The 90,000 comments received on a key UNFCCC report and record turnouts for the global climate change summits have strained established mechanisms for consultation and engagement to their limit, however. More educational outreach and capacity-building are required if people are to contribute meaningfully, and if governments are to process, channel and aggregate all this attention.

Recommended actions for business

7 Be a powerful voice in climate policy through open engagement and disclosure; it is an essential plank of corporate citizenship and a marker of commitment to climate change

Reporting carbon footprints and carbon policies is not enough. The role of businesses in shaping the response to climate change goes beyond their own emissions. Businesses fight for their interests with lobbying powers that no other interest group can match in scale and sophistication, and they do so increasingly on issues related to climate change. Companies must disclose their climate policy engagement. As important shapers of policy outcomes, they bear responsibility to account for their positions, for the coalitions they participate in and the causes and groups they support. At the international level, business can also play an important part in demanding policy frameworks that set ambitious, fair and sustainable parameters, and should do so openly and in cooperation with other relevant stakeholders.

Once companies know what is expected of them, they are in a position to put more productive energy into how to get there, including disclosing their efforts.

8 While going green, adhere to strong compliance, an anti-corruption regime and best corporate governance practice

Business opportunities in adaptation or mitigation activities, such as large-scale infrastructure construction projects or public tenders in other fields, pose many well-known corruption challenges for the private sector. Various tools and action templates to counter these risks effectively are available, from internal training and transparent compliance systems to joint action initiatives such as integrity pacts, the EITI and the CoST to stamp out corruption in specific high-risk situations.

Businesses need to embrace these tools firmly and transfer them to their climate-change-related activities.

Given the high percentage of mitigation costs that will have to be borne by companies participating in the financial markets, the time is right to embed the highest standards for transparency and accountability in these emerging market mechanisms.

9 Commit ample resources to transparency, the disclosure of carbon emissions and green climate action

Good internal oversight mechanisms must include transparency. Major companies are now reporting systematically on emissions, but this reporting needs to be easily interpretable by non-expert groups and mainstreamed into sustainability reporting in order to reach the widest group of stakeholders.

Reporting on green action can also extend to other governance areas, such as internal codes of conduct. Such reporting should include the involvement of the board of directors, be set against benchmarks that measure progress over time, be accessible to stakeholders and the broader public when applicable and include independent processes of verification.

Accurate and publicly accessible reporting needs to be accompanied by a strong commitment not to abuse marketing techniques for ‘greenwashing’ products in an attempt to make them more palatable to climate-change-aware customers. Lifestyle changes and appropriate consumer choices are critical to avoiding a climate crisis. Companies that misrepresent the climate impact of their products fatally undermine this information flow, stall progress in moving towards a climate-friendly economy and, ultimately, erode consumer trust.

Recommended actions for civil society

10 Undertake independent oversight and monitoring in terms of governance and corruption risk in climate change issues

Increasingly, civil society has a critical role to play in measuring countries’ commitments to reduce emissions, including the quality of monitoring and reporting, as well as the disbursement and implementation of climate funding. The fulfilment of these activities could be strengthened by incorporating anti-corruption tools and indicators into existing assessment criteria, however, and promoting ‘open budget’ and other public sector transparency tools in the climate change arena.

11 Encourage the public's participation in and oversight of policy development at the local, national and international levels

Civil society must play a bridging role, ensuring that the public is aware of national climate policies and decision-making on local projects. Civil society also needs to assist communities to engage with international schemes and, in the case of REDD, ensure that local communities understand carbon rights and retain the use of their resources.

Climate governance includes civil society's active engagement in national and international policy development, which goes some way to guarantee that the voices of the most marginalized are heard. Civil society must nonetheless advocate for a more sustained commitment from institutions and businesses that public participation has to be secured in local, national and international decision-making processes, including the UNFCCC.

Civil society in relevant countries should also seek to engage governments in the development of national action plans for adaptation, mitigation actions and their REDD readiness programmes in order to make sure that transparency and accountability are duly incorporated.

12 Build broader coalitions for integrity in climate governance and ensure that the interests of all stakeholders are represented and taken into account

Civil society is, arguably, more coordinated and sophisticated in its engagement on climate than on any other global public policy issue. Civil society will be even more effective in the climate change arena, however, if it consolidates its diverse areas of experience, from the environment to development, to humanitarian assistance and human rights, to the anti-corruption movement. With environmental NGOs in the lead, civil society coalitions have already taken great steps forward in presenting a unified voice, but much more can be done to raise visibility and create common approaches that cut across different NGO sectors. Conversely, much more can be done to integrate and mainstream anti-corruption approaches into the work of climate change organizations. It is hoped that the *Global Corruption Report* will contribute to greater NGO cooperation on this urgent issue.

Notes

1. Richard Baldwin, *Regulation Lite: The Rise of Emissions Trading*, Law, Society and Economy Working Paper no. 3/2008 (London: London School of Economics, 2008).
2. See <http://eiti.org/>.
3. See www.constructiontransparency.org.