

## Side event at COP21: Accountability of results based finance-build on the best and learn when things go wrong

4 December, 2015, Paris, France

On 4 December 2015, as part of the COP21 in Paris, Carbon Market Watch together with Both ENDS and Transparency International organized a side event on accountability of results based finance.

Eva Filzmoser from Carbon Market Watch reflected on the experience with Clean Development Mechanism (CDM) projects and explicitly highlighted the fact that the CDM does not have an accountability mechanism. Presenting case studies and negative impacts implemented projects can have, this was underlined as one of the biggest shortcomings in this mechanism's set up. Dr. Sumaiya Khair from Transparency International Bangladesh underlined the lack of transparency, accountability, public participation and cases of corruption when implementing projects financed by the Adaptation Fund (AF). She raised the urgent need for an accountability mechanism to deal with irregularities. The last speaker of the panel, Paul Wolvekamp from Both ENDS reflected on the opportunities and challenges of the Green Climate Fund (GCF) and highlighted the importance to build on the lessons learnt from the CDM, the AF and other funding institutions with special regards to the existing gaps in accountability mechanisms and the social as well as environmental implications that can result from implemented projects.

The civil society panel was joined by the high level panellists Bram Schim van der Loeff from the European Investment Bank (EIB), Diana Harutyunyan from the CDM Board and Michael Kracht from the Adaptation Fund. The panellists shared experiences and developments from their respective institutions and addressed the highlighted shortcomings regarding effective accountability mechanisms by the speakers as well as from the floor.

The lively debate was opened and moderated by Lisa Ann Elges from Transparency International who underlined the need for transparency and accountability as an essential part of climate finance.

Below is a more detailed summary of the respective presentations:

**Eva Filzmoser** from Carbon Market Watch shared her experience with monitoring harmful projects implemented under the CDM and briefly presented three case studies. She underlined that the CDM has no safeguard system or mandate to appropriately address the cases where human rights violations, displacement of people and negative practices take place. The absence of an effective accountability mechanism was highlighted as a major shortcoming in the current modalities and procedures of this mechanism. On a positive note, she applauded the CDM's reform of local stakeholder consultation rules as a big landmark for local communities. Nevertheless, she called for an accountability mechanism in the Paris agreement and an institutional safeguard system under UNFCCC that would ensure accountability in all climate mechanisms.

**Dr. Sumaiya Khair** from Transparency International Bangladesh reflected on the experience gained with tracking seven climate funded projects in Bangladesh. She underlined that these projects have been compromised due to lack of transparency, accountability, public participation and cases of corruption. She highlighted that in several cases wrong project information was given to the public, risk and scientific assessment was not completed and severe impacts were caused on social and

environmental level. Respectively, she raised the urgent need for an accountability mechanism to deal with irregularities.

**Paul Wolvekamp** from Both ENDS reflected on the opportunities and challenges of the Green Climate Fund. He stressed that the GCF is facing delays with putting in place an integrity unit and redress mechanism, which may cause challenges for affected communities. He underlined that the GCF has an opportunity to learn from the good and the bad experience of other funding institutions and that it is crucial to ensure that it is not outsourcing the accountability management to other entities-especially those that do not follow strict safeguards.

**Michael Kracht**, Adaptation Fund Board member, underlined that being transparent and accountable is important for international climate efforts and sustainable development in the countries. Challenged with a question of a corruption case under the Adaptation Fund, he emphasized that it is important to acknowledge the different layers of the operational side of this multilateral fund. Concluding on the crucial role of civil society and the importance to strengthen the voice of actors involved, he highlighted accountability and transparency as corner stones for effective climate finance.

**Diana Harutyunyan**, CDM Board member, reflected on the transparency of the CDM as well as its existing safeguards, including local and global stakeholder consultation, third party verification as well as the availability of project information to the public. In her expressed view, the fact that from more than 7000 registered projects under the CDM, only a small number of project has caused harmful effects shows that existing safeguards are already well placed. However, she also acknowledged that further improvement of the CDM's modalities and procedures is necessary in the coming years.

**Bram Schim van der Loeff**, Board member of the European Investment Bank, underlined that the EIB successfully build on the lessons learnt from other financing institutions. He presented a newly developed system by the EIB called ACEE, which stands for access, credible, effective and efficient. Those elements include for example that cases can be brought before the board at any time and stage of implementation, compliance review as well as mediation, policy advice and technical assistance. All four elements are thereby crucial to ensure the effective work of a compliance mechanism.