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PREFACE

In 2012, Transparency International working with the Stockholm Environment Institute undertook a process to map out lines of accountability within the Adaptation Fund as well as an assessment of the fund's performance against key criteria of transparency, accountability and integrity. This document contains a summary of the main findings and the key recommendations for reform.

THE ADAPTATION FUND 2013

EXECUTIVE SUMMARY

PROTECTING CLIMATE FINANCE: AN ANTI-CORRUPTION ASSESSMENT OF THE ADAPTATION FUND is the first in a series of reports by Transparency International aimed at analysing the policies and practices that seven multilateral climate funds have in place to prevent corruption and enable accountability. The purpose of this study was to contribute to the positive development and strengthening of the Fund to support effective achievement of its objectives to deliver adaptation finance and results for developing countries.

Established in 2007, the Adaptation Fund aims at supporting adaptation projects in developing countries that are "particularly vulnerable" to climate change. It is the first global fund that allows countries to directly receive grant finance without having to go through intermediaries. As of December 2013, the Adaptation Fund Board has approved US\$184 million for climate resilience projects through a range of agricultural, food/water security, coastal zone reinforcement and flood prevention activities.

Transparency International's assessment of the Fund reviewed both its governance arrangements and its transparency, accountability, and integrity policies and practices against a set of twelve indicators. The study involved preliminary desk research and subsequent interviews with the Fund Secretariat. Peer reviews were further engaged to validate or question the findings. As a result, Transparency International has identified both best practices and some areas where the Fund's policies should be strengthened.

Overall, the Fund aspires to and exhibits a number of best practices regarding **transparency**. It ensures the publication of accurate, comprehensive, clear, coherent and timely information on its executive functions, projects and programmes, and it publishes its climate finance information as part of the International Aid Transparency Initiative. The webcasting of its open Board meetings has been an important advance.

Still, its Open Information Policy should be strengthened to ensure that information regarding the anticorruption rules and safeguards of downstream actors, such as implementing bodies, is disclosed and made easily accessible on its website. Further, the transparency of the Fund's decision-making Board and its Committees can be further bolstered by a more consistent and less discretionary approach to closed meetings.

In terms of **accountability** at the Fund level, clear and comprehensive processes defined by World Bank policies are in place to ensure the investigation and sanctioning of the Fund's Secretariat and Trustee. However, the Fund's executive-level accountability needs further rules and procedures regarding Board or individual Board member behaviour. This means more sufficient assurances that investigative, review and sanctioning processes are honest, independent and impartial.

Project-level accountability is delegated to the Fund's implementing entities. The effectiveness of this arrangement is important yet difficult to assess given the scant availability of easily accessible information regarding what specific anti-corruption rules apply to contractors or subcontractors. Clarity is lacking, for example, regarding whether malpractice should be dealt with internally within organisations or by the Fund itself. Similarly, requirements for and the extent to which complaints mechanisms and whistleblower protection are provided by these actors begs much greater clarification and understanding. Downstream accountability, therefore, needs to be much better demonstrated in clear and consistent ways.

Citizens have a key role to play in advancing the anti-corruption agenda. As watchdogs and/or independent consultants they can help ensure the **integrity** and effectiveness of decision-making processes. Adaptation Fund policies are advanced regarding civil society participation both as Observers at the Fund Board meetings and as consulted stakeholders at the project level. However, such participation can be strengthened to enable more open, meaningful engagement and better uptake of citizens' concerns.

Finally, the Fund progressively sets fiduciary standards for its implementing entities. These seek to ensure a comprehensive corruption prevention approach. Requirements should, however, be broadened to the level of a Fund-wide zero-tolerance of corruption policy. This will be an important advance for setting accountability standards, defining values and creating a culture of zero-tolerance at all stages and levels of the Fund's operations.

As an international organisation entrusted with public money, the Adaptation Fund will need to take on a Fund-wide zero-tolerance of corruption policy and improve access to information on key anti-corruption assurances throughout project cycles. This information is essential to ensure both downstream and upstream accountability for the prevention and deterrence of corruption. Already the Fund has made significant important advances in this direction. Transparency International welcomes and supports the Fund's ongoing efforts to strengthen and evolve a clear, comprehensive and consistent set of policies to demonstrate its overall global accountability.

INTRODUCTION

Climate change is arguably our greatest ever challenge. Addressing it effectively will test the boundaries of multilateral cooperation, requiring transformational shifts in our political and financial economies and a refashioning of lifestyle, infrastructure and technology on a global scale.

The response to climate change has ushered in a new era in international financing, demonstrating the growing recognition of countries' differing historic responsibilities for global warming. In 2009, industrialised nations pledged to support developing countries in their efforts to scale up climate change adaptation, forest conservation and clean energy technology development. Donor governments claim to have provided more than US\$30 billion in climate finance between 2010 and 2012. The 2009 commitment was to increase that annual cash transfer to US\$100 billion by 2020.

Recent years have seen a burgeoning of new bodies tasked with channelling, allocating and spending climate finance. At the global level, it is broadly anticipated that the <u>Green Climate Fund</u>, which has emerged as a potential new source of public and private finance though the United Nations processes (UN Framework Convention on Climate Change), may become the major conduit for climate funds. Until this time, the finance architecture remains comprised of a patchwork of multilateral funds – all of which operate according to their own rules and procedures.

In 2011, Transparency International's *Global Corruption Report on Climate Change* ⁴ highlighted the risks implicit in a funding landscape characterised by complexity and fragmentation. When responsibility for effective spending is shared among a multitude of actors and sites, holding decision-makers accountable becomes cumbersome. Initial investigations into the governance of climate funding bodies further pointed to instances of inadequate transparency and lacking or compromised independent oversight across important decision-making processes.

Meanwhile, corruption risks remain prevalent in many of the countries and sectors where climate money is most needed. It is too early in the history of climate finance for many corruption cases to have come to light, but it is not too early for precautionary action. Unless reforms are made to the current climate regime, there is a risk that fair and effective spending will be undercut by corruption in the form of capture or undue influence, creative accounting or reporting, and the mismanagement, embezzlement or misappropriation of public resources. Amid global financial crises and ever-growing constraints on the public purse, these are situations that the world simply cannot afford.

The good news is that positive change is still possible. The current funding constellation may be complex, but it does provide us with a laboratory of differing approaches to the task of climate adaptation and mitigation. The challenge now is to examine these approaches to ascertain what has worked well, what has not and why. Maximising the effectiveness of future climate investment will require that the various anti-corruption strengths and weaknesses inherent in these arrangements inform the funding arrangements of the future.

It is in this context that Transparency International, in collaboration with expert researchers, ⁵ embarked upon an anti-corruption assessment of key multilateral climate funds. ⁶ Assessed funds include the Adaptation Fund, the two Climate Investment Fund Trust Funds, the Least Developed Countries Fund, the Special Climate Change Fund, the Forest Carbon Partnership Facility, and the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD). In parallel, Transparency International conducted national climate finance mapping and governance assessments in six countries: Bangladesh, Dominican Republic, Kenya, Maldives, Mexico and Peru.

At the global level, Transparency International assessed the multilateral funds' preventative policies regarding how well transparency, accountability and integrity were demonstrated and required. This was further supplemented with an accountability analysis that reviewed Fund policies to deal with corruption

by different actor bodies (for example, a Board or a Secretariat) and individuals (for example, Board Members and Secretariat staff). For both studies, the lines of accountability between actors were examined as part of a broader accountability mapping.

Accountability here is understood as "the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly". An accountability framework comprises policies that dictate how people should and should not behave as well as structures and systems to monitor compliance and detect and sanction wrongdoing. As such, accountability arrangements act as both a deterrent to corruption and a safety net to catch and address it if and when it occurs – only, however, if these arrangements are strong and clearly understood and enforced by staff, contractors, consultants and beneficiaries. This is where transparency and accountability intersect and mutually reinforce one another – one is insufficient without the other. These assessments seek to understand the nature, scope and strength of climate funds' accountability frameworks and how transparent, practicable and effective those frameworks are to the people they involve.

Strengthening accountability and minimising risks of corruption are important foundations and catalysts for achieving climate finance's intended transformational impacts – to transition to climate capable growth and sustainable development – with the required level of velocity. The findings of Transparency International's global and national studies are intended to improve knowledge of climate finance accountability and corruption risk mitigation strategies amongst key stakeholders – including civil society organisations, public and private sector actors – to develop their capacity to contribute to the development, implementation and oversight of climate policy and projects. The assessment results will be monitored over time to track changes. Periodic reports on such developments will incentivise efforts for reforms, and they will feed into discussions on the design of new national and global bodies such as the Green Climate Fund.

This report presents the main findings of Transparency International's assessment of the **Adaptation Fund**. Established in 2007 through the UNFCCC Kyoto Protocol, the Adaptation Fund aims at supporting concrete adaptation projects in developing countries that are "particularly vulnerable" to climate change, in an effort to reduce the adverse effects facing countries, sectors and communities. It is the first global fund that allows countries to directly receive grant finance without having to go through intermediaries. The Fund has both a unique governance structure and revenue stream. It has balanced developing and developed country representation on its decision-making Board and it is sourced from a 2 per cent share of proceeds from Clean Development Mechanism projects and donor contributions. As of September 2013, the Fund Board has approved US\$184.3 million for climate resilience projects through a range of agricultural, food/water security, coastal zone reinforcement and flood prevention activities.

This report is divided into two parts: an **accountability mapping** and an **anti-corruption assessment**. The mapping attempts to gain clarity over the Adaptation Fund's accountability framework, which includes its key decision-making bodies and individuals, who is accountable to whom, and according to what rules or standards. This mapping establishes a blueprint from which to conduct a more in-depth assessment of the Adaptation Fund's ability to resist corruption within its ranks. The **anti-corruption assessment** assesses both preventive and remedial approaches to corruption within the Fund through an analysis of the ambition, scope and strength of its relevant policies and procedures. The mapping and assessment methodology involved desk research and interviews with the engagement of the Fund, peers and research consultants. The research approach is detailed in Annex 1 of this report.

It should be noted that the intent of this study is to examine the governance policies, procedures and practices of climate funds. Examining only those policies, however, will not necessarily provide a full, worthy assessment of the overall transparency, accountability and integrity framework in which these funds operate. In many cases, this would involve additional research into non-executive actors "within" the funds' delegated accountability functions, including actors at the country level. While this study does attempt to map the roles of these actors in relation to the funds and highlights where informational gaps exist, it does not assess these actors in terms of the effectiveness of their policies. Further study into the implementation of projects in-country would be required to comment extensively on the funds' broader operations. This is beyond the scope of the current research.

METHODOLOGY

The methodology used followed a two-part process, producing both an **accountability map** and an **anti-corruption assessment**.

The **accountability map** sets out the different actors and bodies operating within the Adaptation Fund and their lines of accountability to one another. It also pinpoints anti-corruption policies that govern the Fund and its staff. Regarding individual behaviour, the availability of **rules or standards** which govern unethical, corrupt or fraudulent behaviour — as well as the mechanisms in place to detect and act upon corruption in the Fund's operations — is assessed.

The **anti-corruption assessment** takes this first step further and probes the scope and level of ambition of these rules, standards and processes.

The analysis aims first and foremost to provide a qualitative assessment. It analyses the Fund's policies and practices against 12 anti-corruption indicators, representing principles and practices in the areas of transparency, accountability and integrity. This qualitative assessment is conducted through defined scoring and guiding questions. These are listed in summary form in the table below. It is also presented in the form of a five-colour coding system running from weak (red) to strong (green). More detail on the indicators and individual scoring and guiding questions can be found in Annex 1.

Assessment Indicators

TRANSPARENCY

Indicator (1): Policy Level Transparency

Are there policy provisions in place for public access to information regarding the Fund's administration and operations including activities, outputs and decisions?

Indicator (2): Practice Level Transparency

In practice, can members of the public obtain relevant and timely information on the Fund's policies, procedures, activities, outputs and decisions throughout the project cycle?

ACCOUNTABILITY

Indicator (1): Financial Reporting and Audits

Does the Fund have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?

Indicator (2): Accountability (Answerability) Mechanisms

Are the Fund's decisions governed by clear and effective accountability mechanisms?

Indicator (3): Whistleblower Protection

Throughout the Fund's project cycle, are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors and consultants who would expose any wrongdoing in any Fund-related action?

Indicator (4): Complaints and Investigation Mechanisms

Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?

Indicator (5): Sanctions

Are there effective policies and procedures in place to penalise corruption and fraud?

Indicator (6): Civil Society Consultation

Is the Fund required to consult with civil society throughout the project cycle?

Indicator (7): Observer Participation

Do independent civil society actors participate meaningfully in the proceedings of the Fund?

INTEGRITY

Indicator (1): Anti-Corruption Rules

Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?

Indicator (2): Integrity Screenings

Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?

Indicator (3): Integrity Training

Are appointed members and technical staff trained on issues of integrity?

This research was informed primarily by publicly available material on the Adaptation Fund's website and, to some extent, the websites of the UNFCCC and Implementing Entities. This was complemented by follow-up interviews with the Adaptation Fund Secretariat and inputs received through a peer review process. As a quality control measure, Transparency International then reviewed all content for accuracy and credibility. Input from the funds was validated, and corrections were made as necessary and appropriate.

More detail on the methodology can be found in Transparency International's *Global Climate Finance Governance Risk Assessment Toolkit.*¹¹

KEY FINDINGS AND RECOMMENDATIONS

Transparency International's two-part mapping and assessment of the Adaptation Fund's anti-corruption accountability framework reveals a number of both strengths and challenges for short- and long-term considerations by the Fund and others. In this section, the key findings and recommendations of the mapping and assessment are presented. A more detailed analysis can be found in the ensuing full report.

The table below summarises the Adaptation Fund's anti-corruption safeguard rating in the areas of transparency, accountability and integrity. Performance is rated as **red/weak** (indicating lacking policies and insufficient practices), **orange/average** (demonstrating that policies and practices exist but improvements are needed), or **green/strong** (signalling the Fund-wide and sufficient implementation of adequate policy and practices). Gradations in-between indicate that certain indicators fall between categories, with **dark orange** representing below average and **vellow** representing above average.

Overall the Fund performed best in its policies and practices for transparency in financial and business reporting. However, good accountability and integrity policies and practices were not sufficiently demonstrated at the Fund level. As an international entity entrusted with public money, the Fund will need to take on a Fund-wide zero-tolerance of corruption policy and improve access to information on key accountability assurances to safeguard people and money from corruption throughout project cycles.

Summary of Adaptation Fund Assessment Performance

TRANSPARENCY	PERFORMANCE
Indicator (1): Policy Level Transparency Are there policy provisions in place for public access to information regarding the Fund's administration and operations including activities, outputs and decisions?	AVERAGE
Indicator (2): Practice Level Transparency In practice, can members of the public obtain relevant and timely information on the Fund's policies, procedures, activities, outputs and decisions throughout the project cycle?	ABOVE AVERAGE
ACCOUNTABILITY	PERFORMANCE
Indicator (1): Financial Reporting and Audits Does the Fund have effective financial reporting guidelines in place? Are the activities of the relevant organisational decision-making body subject to audits?	STRONG
Indicator (2): Accountability (Answerability) Mechanisms Are the Fund's decisions governed by clear and effective accountability mechanisms?	BELOW AVERAGE

Indicator (3): Whistleblower Protection Throughout the Fund's project cycle, are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors and consultants who would expose any wrongdoing in any Fund-related action?	AVERAGE
Indicator (4): Complaints and Investigation Mechanisms Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?	ABOVE AVERAGE
Indicator (5): Sanctions Are there effective policies and procedures in place to penalise corruption and fraud?	AVERAGE
Indicator (6): Civil Society Consultation Is the Fund required to consult with civil society throughout the project cycle?	BELOW AVERAGE
Indicator (7): Observer Participation Do independent civil society actors participate meaningfully in the proceedings of the Fund?	BELOW AVERAGE
INTEGRITY	PERFORMANCE
Indicator (1): Anti-Corruption Rules Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?	ABOVE AVERAGE
Indicator (2): Integrity Screenings Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?	AVERAGE
Indicator (3): Integrity Training Are appointed members and technical staff trained on issues of integrity?	AVERAGE

KEY FINDINGS

The following section provides justification for the performance assessments awarded to the Adaptation Fund for its transparency, accountability and integrity provisions.

Note: Reference is made in this section to a number of Adaptation Fund bodies. Please consult pages 22-34 for a description of their roles and responsibilities.

Transparency

Transparent Reporting

The Fund exhibits some exemplary best practices in terms of publishing accurate, comprehensive, clear, coherent and timely information on its executive functions, projects and programmes as well as its climate finance information as part of the International Aid Transparency Initiative.

These achievements are particularly noteworthy in light of the fact that the information disclosed is incumbent on the Secretariat, which has a total of six staff and therefore limited capacity. As far as possible, the Fund should promote these best practices internally and externally for other funds.

Executive Decision-Making Transparency

The transparency of the Fund Board and Committee meetings wavers between openness and opacity, requiring a more consistent approach in favour of public interests.

On the one hand, open Board meetings are webcast and invite the physical participation of Observers with very few restrictions. However, Board Committee meetings are closed and Board meetings themselves can be closed at the Chair's discretion. Justification for closed sessions appears to be insufficiently weighed against the greater public interest where citizens should have the right to know how and on what basis decisions are taken by public officials to spend or allocate public money.

Information Requests and Appeals

The Fund lacks a procedure whereby stakeholders can request or submit an appeal for the release of information that is not disclosed.

An information request and appeals procedure should be built into the Fund's Open Information Policy. This is an accepted procedure which enables stakeholders to gain access to unreleased information or documentation. It promotes greater accountability and public debate on what information should or should not be in the public domain. The procedure also aims to solicit and challenge justifications for any non-disclosure so maintained.

Anti-Corruption Rules - Disclosure

Information regarding the anti-corruption rules and safeguards of Implementing Entities, Executing Entities and Designated Authorities was not disclosed at the Fund level.

Critical for holding these actors to account, this information needs to be easily accessible at the Fund level or through the Fund website. One impeding factor is likely the Board's own Open Information Policy, which requires that all information obtained through the accreditation process be held confidential. National Designated Authorities are not accredited. Given the degree of influence that they exercise, however, it is significant that there is seemingly no public information on the accountability rules applicable to them.

The Fund's Open Information Policy does not sufficiently justify or explain why information obtained regarding Implementing Entities through accreditation processes should be kept confidential.

In order to be accredited, Implementing Entities must demonstrate that they have anti-corruption rules and safeguards in place, including financial reporting and procurement rules, complaints mechanisms, whistleblower protection, and a commitment to zero-tolerance of corruption. However, there is no disclosure of the nature or scope of these rules and safeguards at the Fund level. Given the fundamental purpose of these rules to ensure integrity and accountability in the greater public interest, the current rationale for non-disclosure is not sufficiently explained or justified.

The anti-corruption rules and requirements of Executing Entities and further subcontractors are not disclosed at the Fund level. This information is essential to ensure both downstream and upstream accountability for the prevention and deterrence of corruption and fraud.

At the Fund level, project or programme information does not explain how and against what criteria Executing Entities are selected by Implementing Entities. The same applies for other organisations that are subcontracted by Implementing or Executing Entities. This information, along with contractual terms of any entity or subcontractor which stipulate anti-corruption and accountability requirements and which determine remedial measures and sanctions for corrupt or fraudulent conduct, should be transparent and easily accessible at the Fund level vis-à-vis a main source for project and programme information.

Accountability

Lines of Accountability

Accountability in terms of institutional relationships between Fund bodies is identifiable in most cases. The only anomaly is the Secretariat, which requires further clarification.

Accountability relationships are clear as pertaining to the UN Conference of Parties to the UNFCCC's Kyoto Protocol, the Adaptation Fund Board, its Trustee, Committees and Panels, Implementing and Executing Entities.

The Board's Interim Secretariat is the Global Environment Facility. While the Secretariat works for and reports to the Board, the agreement establishing the Facility as the Fund's Secretariat is between the Facility and the Conference of Parties. This situation begs clarification as to where accountability actually lies.

The lines of individual accountability of World Bank employees engaged with the Fund are clear, as are those of its Secretariat staff and experts serving on the Board's Accreditation Panel. Needing further clarity are the accountability relationships of Board Members, National Designated Authorities, Implementing and Executing Entity employees, Observers, and locally consulted stakeholders.

Board Members are accountable to the Board for conflicts of interest. Their accountability for corrupt, fraudulent or unethical behaviour or activities beyond conflicts of interest is not defined or explained at the Fund level. The same applies to National Designated Authorities, who should be accountable to their governments. However, no information is provided at the Fund level that identifies to whom they are accountable nationally and by what rules.

Employees of Implementing and Executing Entities should be accountable internally within their organisations. The rules and scope of that accountability, however, is not disclosed at the Fund level. Similarly, principles and guidelines pertaining to ethical/non-corrupt behaviour appear to be non-existent for Fund Observers and locally consulted stakeholders.

Integrity

Anti-Corruption Rules - Substance

A Fund-wide zero-tolerance of corruption policy is starkly missing.

While the Fund requires its Implementing Entities to commit to a zero-tolerance of corruption policy, currently no such policy applies to the Fund Board – that is, that it should refrain from condoning, supporting or otherwise failing to address corrupt behaviour within the Fund. This stark absence is worrying given its importance for setting accountability standards, defining values, and creating a culture of zero-tolerance of corruption within all stages and levels of the Fund.

Codes of conduct setting out ethical and anti-corruption rules and standards are in place and applied for most but not all Fund actors. However, the rules need to be more comprehensive and consistent.

The Code of Conduct applicable to the Board and its Secretariat covers conflicts of interest only. It should address other corrupt behaviour such as taking bribes or kickbacks, accepting exorbitant gifts and misrepresentation. It should also contain positive requirements for ethical behaviour.

The Trustee's liability to the Conference of Parties to the UNFCCC's Kyoto Protocol is limited to cases of gross negligence or wilful misconduct. Greater clarity and guidance are needed to understand what would happen in less serious cases.

The agreement between the Conference of Parties and the Trustee (World Bank) sets out liability for gross negligence and wilful misconduct, which would involve most serious corrupt or fraudulent acts. This does not, however, explain the scope and limitations of its liability for other less serious corrupt behaviour and actions. If these are indeed covered within the definition of gross negligence and wilful misconduct, this should be confirmed.

Observer integrity is currently not demonstrable. Principles and guidance regarding their ethical and non-corrupt behaviour are lacking.

The integrity of civil society and all other non-governmental actors, such as Fund Observers or locally consulted stakeholders, needs to be assured in relation to the influence they wield within the Fund. This can begin with Observers being bound by the Board's Code of Conduct.

The effectiveness of anti-corruption rules and safeguards is not monitored and has not yet been evaluated by the Fund.

No documentation could be found which indicated that the Fund's anti-corruption performance is being monitored or has been evaluated at any level. Regarding Implementing Entities, no reporting requirements or actual reports exist which demonstrate anti-corruption performance in relation to the Fund. An evaluation should be a part of any entity's accreditation review. Monitoring should be a regular action which should rely on and require Implementing Entities to report on their performance throughout the project cycle. Demonstrating effectiveness will lend much greater legitimacy and credibility to good governance requirements.

Appeals

Procedures to appeal decisions of the Board and National Designated Authorities are absent in current Fund policy.

The Board has endeavoured to offset this gap through consultations with dissatisfied parties. A formal procedure which establishes a clear channel for accountability would, however, better empower complainants to file an appeal. Regarding National Designated Authorities, procedures may exist at the country level to allow appeals, but this information is not available or easily accessible through the Fund.

Investigations

There is no established Board accountability process by which the Conference of Parties can hold the Board accountable should the Board fail to address or condone corruption within the Fund.

While the Board is fully accountable to the Conference of Parties, there is no concrete process by which the Board should be held accountable specifically in cases where corruption or fraud would undermine any Fund objective or activity and where the Board would do nothing to address it. The Conference of Parties lacks an independent body to provide oversight or investigatory functions with respect to the Fund

Board. Establishing an impartial process to hold the Board to account would significantly strengthen the legitimacy and credibility of the Fund's overall global accountability.

The Board's internal accountability policy – whereby Board Members are accountable to the Board – demands more sufficient assurances that investigative, review and sanctioning processes are honest, independent and impartial.

The current accountability framework provides that individual Board Members are accountable to their peers. In light of international relations and politics, this raises questions regarding the independence, impartiality and integrity of this arrangement.

The World Bank's investigatory and sanctioning processes that govern both the Secretariat and the Trustee are clear and comprehensive. This is a best practice that should be promoted.

The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. These best practices should be promoted for institutions and actors operating or required to operate similar accountability processes. The World Bank should consider ways to enable enhanced information sharing and technical advisory services to do so.

Implementing Entities are responsible for investigating – internally or externally – the misuse of funds in projects and programmes under their control. However, more information is needed to understand the scope, quality, consequences and coordination of these functions in relation to the overall accountability of the Fund.

The Board recently determined that Implementing Entities should investigate any misuses of Fund money. Investigations can be executed vis-à-vis the Entity's own internal procedures or by external "investigator(s) acceptable to the Board". This advance helps clarify the accountability arrangement during implementation. Important now is that guidelines or standards outline the required scope or jurisdiction of such investigations. How the Board will address or pursue an investigation's outcome needs to be explained, as well as how such functions should be coordinated across Implementing Entities.

Whistleblower Protection

While the Fund calls for appropriate whistleblower protection throughout project and programme implementation, too little information was available at the Fund level to satisfy this assurance. This needs to be addressed with urgency.

As a part of their accreditation, Implementing Entities are to explain how they **manage** such protection. However, beyond this it was not evident what real protection is afforded to whistleblowers throughout Fund operations, particularly downstream at the project level, where corruption is more likely to happen.

Complaints Mechanisms

Fund policy does not designate a complaints mechanism at the executive level of the Fund. The Fund has established a complaints officer role vis-à-vis the Secretariat whose mandate is limited to cases of corruption or fraud associated with Implementing Entities. Ideally, an independent mechanism should be established to receive and address complaints regarding Board Members. Availing such a mechanism would strengthen the credibility and legitimacy of the Board by providing a way by which corrupt or unethical behaviour of Board Members could be reported and addressed.

To make its complaints mechanism for anti-corruption accessible and effective at the project level, the Fund needs to provide the necessary information for victims and witnesses before they make a complaint.

Fund policy requires that its implementing actors have mechanisms for registering and investigating complaints regarding corruption or fraud. The names of these "complaints mechanisms" are published on

the Fund's website. This is a good start, but the data provided is insufficient for people to understand fully the implications of reporting – for example, it lacks details relating to anonymity, confidentiality, procedure and required evidence, among others. Accessing this information from multilateral agencies is not too difficult, but many national counterparts provide only an email address on the Fund's website.

Sanctions

While sanctions are in place to disaccredit or terminate the Board's agreements with Implementing Entities, it is not clear that such sanctions are attributable to the misuse of funds or other corrupt actions.

The Board establishes sanctions for Implementing Entities including the suspension and cancellation of their accreditation, the suspension and termination of their legal agreements, and, in some instances, the repayment of Fund money. Where the disbursement of funds is not in line with project or programme objectives or where there are financial irregularities, it may be required that funds are repaid or that contracts may be suspended, respectively. However, the misuse of funds or any other corrupt activity – particularly where no corrective action is taken – does not appear to result in the accreditation or contract termination of Implementing Entities.

While clear and comprehensive sanctioning procedures by most Multilateral Implementing Entities do exist, the Fund itself has not demonstrated how and to what extent sanctions are required, applied and enforced by its accredited actors.

Accreditation criteria do not specifically require that Implementing Entities demonstrate what sanctions they apply in connection with their self-investigatory functions. Because this information is not disclosed at the Fund level, it is difficult to assess which remedial measures are in place across actors at project and programme implementation level, or how comprehensive they are.

Civil Society Participation

While requirements for Observer participation at Board meetings are not restrictive, the degree to which they can contribute to meeting discussions is limited. The roles of Observers deserve strengthening.

Access to open Board meetings only requires that representatives of organisations accredited with the UNFCCC register online. However, Observers are only allowed to give interventions after an agenda item has been discussed and they are not allowed to propose agenda items.

Fund policy provides an opportunity for stakeholders to be consulted during the project design approval and implementation stages of the project cycle. This should be promoted and extended to include stakeholder consultations during project monitoring and evaluation stages as well.

The Fund enables key stakeholder consultations during the project cycle whereby some guidance and rules are emerging for such engagement during project development and approval stages. Stakeholder consultations during the implementation stage need to be strengthened and provisions for engagement during monitoring and evaluations stages are needed. Full project cycle engagement stands as a best practice demonstrated in other fora.

RECOMMENDATIONS

Transparency

Transparent Reporting

The Adaptation Fund Board should:

- Require that information be made available on or through the Fund's website regarding to whom
 the staff and employees of Implementing and Executing Entities should be accountable internally
 within their organisations.
- Require that Implementing Entities have an information disclosure policy and that those policies be accessible vis-à-vis the Fund's website.
- Ensure that its Secretariat has sufficient resources and capacity to enable the level of transparency recommended herewith.

Executive Decision-Making Transparency

The Adaptation Fund Board should:

 Provide clear explanations for decisions to not disclose Fund-related information and to not open Board or Board Committee meetings to public participation. Such explanations should weigh the reason for the decision against the public's broader right to know.

Information Requests and Appeals

The Adaptation Fund Board should:

 Develop and adopt an information requests and appeals procedure whereby requests may be made for the release of non-disclosed information.

Anti-Corruption Rules and Disclosure

The Adaptation Fund Board should:

- Amend its Open Information Policy to allow the disclosure of key fiduciary and anti-corruption accountability information on Implementing Entities that is obtained through the accreditation process.
- Require that key accountability information on Implementing Entities, Executing Entities and other
 actors contracted to carry out Adaptation Fund projects is disclosed, easily accessible and
 understandable on or through the Fund's website. This information should provide assurances
 that adequate complaints mechanisms, whistleblower protection, investigatory functions,
 sanctions, financial audits and procurement procedures are in place to prevent and punish
 corruption.
- Require also the disclosure of the contractual terms which specify anti-corruption requirements
 and penalties existing in any contractual agreement concluded by the Board, its Implementing
 and Executing entities, and with any other actor who carries out Fund projects or programmes.

National Designated Authorities should:

Provide to the Secretariat for publication on the Fund's website information or web links regarding
to whom they are accountable in cases of corruption or fraud, what authority is empowered to
investigate and penalise them, and according to what rules or standards they may be held
accountable.

Accountability

Lines of Accountability

As an entity entrusted with public money, the Adaptation Fund needs to provide better proof to the public that that money will be shielded from corruption. Equally, assurances are needed that the Fund will respond to and punish incidences of corruption in a timely and satisfactory manner if and when it occurs. Without absolute clarity on the policies and procedures in place throughout the Fund's operations, it becomes far harder to enforce anti-corruption standards and monitor their effectiveness. Enhanced transparency and accessibility of information on the specific accountability arrangements within the Fund, and between the Fund and its implementing partners, would strengthen the Adaptation Fund's financial integrity— and offer increased guarantees of the quality and sustainability of funded programmes and projects. As such,

The Conference of Parties, the Global Environment Facility and the Adaptation Fund Board should:

 Clarify how they are accountable to each other as institutions and on what terms in cases of corruption or fraud.

The **Adaptation Fund Board** should:

• Clarify to whom its Board Members are accountable if they behave corruptly or unethically in connection with their Fund responsibilities.

Integrity

Anti-Corruption Rules – Substance

The Adaptation Fund Board should:

- Adopt a Fund-wide zero-tolerance of corruption policy which should, inter alia:
 - Set anti-corruption rules and ethical conduct codes that establish standards for expected behaviour and define punishable corrupt and fraudulent acts. These should apply to all stakeholders engaged in Fund procedures and consultations.
 - Demand and ensure these rules are applied, complied and enforced through Fund operations.
 - o Promote and enable integrity training for individuals working for the Fund at all levels.
- Require that the effectiveness of required anti-corruption and integrity safeguards by Implementing and Executing Entities is consistently monitored and periodically evaluated vis-àvis accreditation reviews, project evaluations and progress reports.

The Conference of Parties, the Trustee and the Adaptation Fund Board should:

 Publicly clarify the accountability of the Trustee regarding cases of corruption or fraud that do not amount to acts involving gross negligence or wilful misconduct.

Investigations

The Adaptation Fund Board and the Conference of Parties should:

- Take steps to articulate an appropriate accountability process for both the Board should the Board fail to address or condone corruption within the Fund and Board Members should they act corruptly.
- Establish independent, impartial bodies to ensure oversight and investigatory functions.

The **Adaptation Fund Board** should:

 Develop and adopt policies and guidelines regarding the investigation of the misuse of funds in projects and programmes. This should include clear roles, responsibilities and requirements of Implementing Entities or external investigators, and it should also include the consequences of such an investigation for the accreditation and contractual agreement between the Board and the Implementing Entity.

Appeals

The **Adaptation Fund Board** should:

 Develop and adopt a formal appeals procedure to respond to requests that Fund decisions be explained, reviewed or revoked.

Whistleblower Protection

The Adaptation Fund Board should:

Clarify urgently the information on whistleblower protection that is available at the Fund level.

Complaints Mechanisms

The Adaptation Fund Board should:

- Establish an independent complaints mechanism to strengthen their credibility and legitimacy
 through providing a way by which corrupt or unethical behaviour of Board Members can be
 reported and addressed by third parties.
- Provide a sufficient level of essential, accurate information which victims and witnesses would want and need to know in order to make a complaint regarding alleged abuses at the project level.

Sanctions

The **Adaptation Fund Board** should:

- Clarify or determine that the investigatory functions of Implementing Entities include capacities to impose and enforce sanctions when wrongdoing occurs.
- Amend its policy and model legal agreement with Implementing Entities to allow the misuse of funds to be potential grounds for terminating accreditation and contractual agreements.

Civil Society Participation

The Adaptation Fund Board should:

- Develop and adopt policies and guidelines for Implementing Entities to ensure formal arrangements for key stakeholder consultations throughout project cycles, including the monitoring and evaluation stage.
- Ensure that the Fund's website provides a space to inform and facilitate Observer participation.

MAPPING AND ASSESSMENT: FULL REPORT

THE ADAPTATION FUND: AN OVERVIEW

Established under the UNFCCC Kyoto Protocol in 2007, the Adaptation Fund aims at supporting projects in developing countries that are "particularly vulnerable to climate change, in an effort to reduce the adverse effects facing countries, sectors and communities.¹² Unlike its forerunners, the Fund's governing board is comprised of a majority of representatives from developing countries. It is the first global fund to make use of a "direct access" funding arrangement which allows countries a simplified and accelerated way to access and manage funds without those funds having to pass through intermediary (multilateral or bilateral) bodies.

The Adaptation Fund has a unique revenue stream – a two per cent share of proceeds from Clean Development Mechanism projects and donor contributions. To date, Spain and Sweden are the biggest donors, each giving around US\$50 million, followed by Germany and the UK providing around US\$15 million each. Belgium, Finland, France, Japan, Monaco, Norway and Switzerland have also made smaller contributions.

The Fund's resources are disbursed in the form of grants. As of December 2013, 30 projects totalling US\$184.3 million have been approved by the Adaptation Fund Board. Most projects aim to build climate resilience through a range of agricultural, food/water security, coastal zone reinforcement and flood prevention activities. These projects are taking place in countries globally with a relatively even geographical distribution, and they are implemented by a range of international and national organisations. The UN Development Programme is by far the most predominant implementing actor, having a 50 per cent share of all projects.

Both from a country and a business perspective, these projects operate in challenging contexts where there are significant risks that corruption could undermine them. In the absence of identifiable corruption risk assessments conducted by the Fund or its implementing partners ahead of project design or implementation, it is difficult to assess what precise risks might be incumbent on specific projects. However, Transparency International's *Corruption Perceptions Index 2012*¹⁵ and the World Economic Forum's *Global Competitiveness Report 2013-2013*¹⁶ provide some important information which suggests that preventative measures should be employed to ensure quality project results and the efficient and effective use of climate finance. Transparency International's 2012 index, for example, shows that perceptions of corruption are very high in more than half of Adaptation Fund recipient countries. Meanwhile the World Economic Forum's *Global Competitiveness Index* shows that "favouritism in decisions of government officials" is problematic in most countries while the "diversion of public funds" is serious in at least six countries. Annex 2 of this report provides a table listing all Adaptation Fund project recipient countries, Implementing Entities and approved project funding, displayed in relation to the levels and types of corruption perceived in those countries.

THE ACCOUNTABILITY MAPPING

Overview

The accountability mapping of the Adaptation Fund reviews the relationships between key actors in the Fund in an attempt to ascertain to whom they are accountable and how they are held to account. In this context, accountability is understood as the process by which individuals, agencies and organisations

(public, private and civil society) are held responsible for executing their powers properly, ¹⁷ are "answerable for their actions", and are subject to "redress when duties and commitments are not met".

First the **main stages of the project cycle** are introduced and then the programme **bodies** are introduced in terms of their role, composition and relationship with other actors. This is followed by an examination of the accountability of:

- Fund bodies towards other internal or external actors.
- Individuals (employees or appointed members) who act within those bodies.

These accountability arrangements are then analysed in terms of the policies in place to regulate how "accountees" are held accountable to "accounters". This involves analysis of the:

- Rules or standards that define the expected conduct of those bodies and individuals and the "criteria by which they might validly be judged".
- Process by which they may be investigated for failure to meet those rules or standards.
- Process by which they are answerable and permitted to defend themselves regarding any allegations or findings on their conduct.
- Availability of sanctions (punishments or penalties) and enforcement.¹⁸

Adaptation Fund Project Cycle, Actors, and Accountability Overview

As illustrated in the map on the following page, the main stages of the Adaptation Fund project cycle include:

- Project Proposal Submission
- Project Review
- Project Approval
- Implementation
- Monitoring and Evaluation

An additional element to the Fund's decision-making cycle involves:

Accreditation of Implementing Entities

IMPLEMENTING ENTITY ACCREDITATION

- A Designated Authority of a country nominates an implementing Entity.
 The Accreditation Panel recommends accreditation of the implementing Entity to the Adaptation Fund Board, which grants or rejects the request.
- Designated Authority nominates an Implementing Entity.

- DONORS
- ELIGIBLE RECIPIENT COUNTRIES
- INTERNATIONAL ORGANISATIONS OTHER DEVELOPING COUNTRIES
- MULTILATERAL DEVELOPMENT BANKS
- EXPERTS
- PRIVATE SECTOR CIVIL SOCIETY
- UNKNOWN ACTOR

MONITORING & EVALUATION

Implementing Entity chosen by the Party / Implementing Entities. Designated Authority endorses the proposal submission. To the Secretariat by the National / Regional / Multilateral

PROPOSAL SUBMISSION

- Private sector should be consulted at national level
- Civil society should be consulted at national level

After project / programme approval and the signing of a contract between the implementing Entity and the Adaptation Fund Board, the Trastee disburses funds to the Implementing Entity, which is responsible for implementation (through an Executing Entity). Independent evaluator to be selected by the Implementing Entity The Implementing Entity conducts an evaluation and submits a report to the Ethics and Finance Committee, through the Adaptation Fund Secretariat. Comments to be requested from key stakeholders IMPLEMENTATION

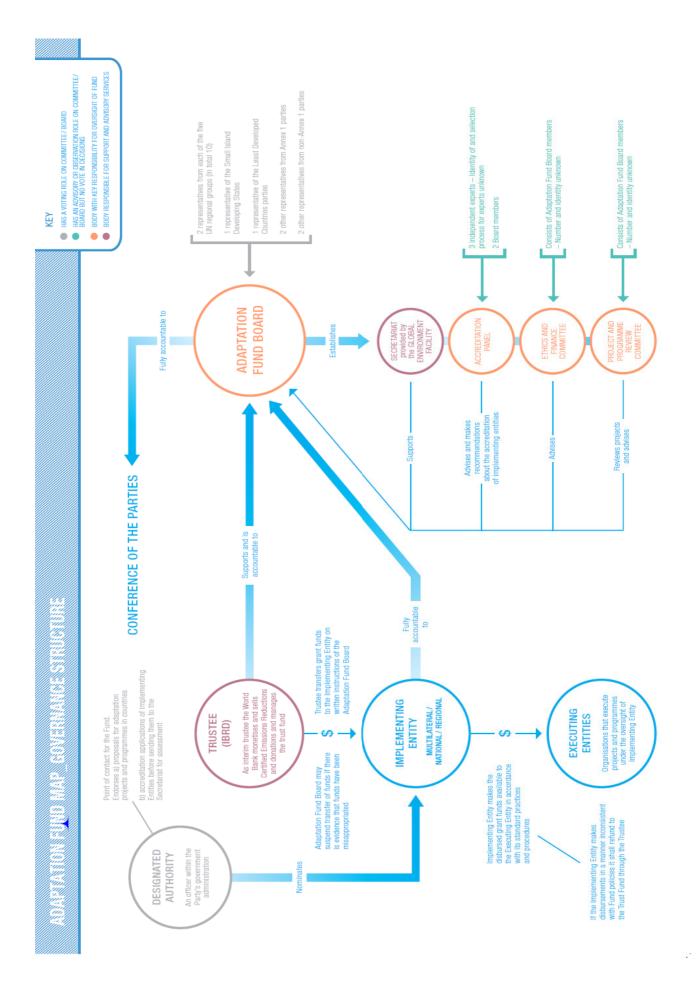
PROJECT APPROVAL

- The Adaptation Fund Board decides, based on the Project And Programme Review Committee recommendation
- Private sector observers can participate in meetings
- Civil society observers can participate in meetings •

The Secretariat screens all proposals for consistency and provides a technical review based on the criteria approved by the Adaptation Fund Board.

PROJECT SCREENING

- - The Secretariat forwards proposals and technical reviews to the Project and Programme Review Committee. The Project and Programme Review Committee reviews proposals and gives recommendations to the Adaptation Fund Board for a decision
- The private sector may comment on proposals through The Adaptation Fund website .
- Civil society may comment on proposals through the Adaptation Fund website .



Key actors that perform decision-making, supportive and/or implementing roles include the Adaptation Fund Board, its Secretariat, Accreditation Panel, Project and Programme Review Committee, and its Ethics and Finance Committee. The governance structure also extends to the Fund's donors; Trustee; Multinational, National and Regional Implementing Entities; Executing Entities; National Designated Authorities; Observers; and other national stakeholders in recipient countries. The World Bank plays a key role in the governance structure as it serves as both the Fund's Trustee and one of its Implementing Entities. In its relationship with the Global Environment Facility, which serves at the Fund's interim Secretariat, the World Bank also holds the employment contracts of all Global Environment Facility staff as well as of other non-secretarial Fund employees, such as consultants and experts. Each of these actors are now considered in turn.

Adaptation Fund Board

Composition and Functions

The **Adaptation Fund Board** comprises 16 Members and an additional 16 Alternates. All are government officials representing regional or other country group constituencies. They become Board Members by first being identified by their respective governments, then nominated by the relevant constituent groups, and finally elected by the Conference of Parties. Board Members are required to have appropriate technical, adaptation and/or policy expertise.

Clearly, the Board wields the most decision-making power of all the Fund's bodies. It supervises and manages the operation of the Fund and is central throughout the project cycle. In terms of strategy and modalities, it makes recommendations for decisions by the Conference of Parties on strategic priorities, operational policies and guidelines, additional rules of procedure, and legal arrangements concerning the Secretariat and Trustee services. At the project approval stage, Board Members are responsible for approving projects and programmes. At the monitoring and evaluation stage, they review and sign off on performance reports and ensure evaluations and audits are carried out. In order to further assist the Board in the performance of its functions, Members also establish panels, committees and working groups as elaborated below. At the implementation stage, the Board enters into agreements with Implementing Entities governing the use of Adaptation Fund funds and instructs the Trustee to transfer them. It also approves the accreditation of Implementing Entities at the accreditation stage.

Accountability for Individuals

Board Members are individually accountable to the Board itself for carrying out their functions and for being free from conflicts of interest. The latter is articulated in the Fund's Code of Conduct, ¹⁹ which provides a clear definition and admonishment of conflicts of interest. Should a conflict of interest be suspected, Board Members are in the first instance accountable to the Board – that is, the Board investigates within its ranks, and the subject of the accusation is given the opportunity of a Board hearing. If the Board determines that a conflict of interest did exist, its policy would allow it to propose to the Conference of Parties that the membership be terminated. No other penalties or sanctions exist. Any further punitive actions would most likely rest with the individual's national government or any other relevant legal jurisdiction.

Key Findings and Recommendations

This accountability policy demonstrates clear resolve by the Fund to ensure the integrity of its Board Members. This integrity is further supported by the Board's policy to vote by consensus, which limits the possibility of particular interests from influencing decision-making processes. However, there are two main shortcomings which, if addressed, could further advance the Fund's internal accountability processes:

The Fund's rules, including the Code of Conduct, do not address corrupt behaviour beyond conflicts of interest such as taking bribes, accepting exorbitant gifts and misrepresentation. The rules also do not appear to contain positive requirements for ethical behaviour. In the absence of these rules, it is not clear how and on what basis the Board would deal with

- corrupt or unethical behaviour either by Board Members themselves or behaviour that influences Board decisions.
- The Fund's internal accountability policy, whereby Board Members are accountable to the Board, may be effective. However, the independence and impartiality of this process deserves closer scrutiny and investigation. Notwithstanding, the credibility of the accountability process should be strengthened by the installation of a more neutral and independent investigatory body to provide oversight, judgement and sanctions.

To address these accountability gaps, the **Adaptation Fund Board** should:

- Develop and adopt more robust rules governing the integrity and anti-corruption of Board Members which address both ethics and corrupt behaviour to be avoided.
- Develop and adopt accountability policies to ensure that investigatory and sanctioning
 processes are in place to assure accountability for unethical and corrupt behaviour by Board
 Members. This should include assurances of the independence and impartiality of the Board
 and its procedures to hold Board Members to account for integrity breaches.

To address these accountability gaps, the **Conference of Parties** should:

 Consider the possibility of establishing an independent accountability body or committee for the Fund to provide oversight and investigatory functions and issue and enforce sanctions as required.

Accountability as Body

The Adaptation Fund Board, as an entity, is fully accountable to the UNFCCC Conference of Parties.²⁰ The terms of that accountability refer largely to the functions of the Board itself and its requirement to report to the UNFCCC. The policies of both entities appear to be silent on accountability rules and processes relating to corruption.

Key Findings and Recommendations

- Relevant policies do not seem to stipulate accountability of the Board itself for practicing, condoning, supporting or otherwise failing to address corrupt behaviour within the Fund. This stark absence is worrying given its importance for setting accountability standards, defining values and creating a culture of zero-corruption tolerance within all stages and levels of the Fund.
- A clear, independent and impartial process to ensure accountability of the Board is not set out in identifiable policy documents. That does not necessarily mean that the Conference of Parties would not hold the Board accountable. If, for example, a decision taken by the Board were influenced by corrupt behaviour and the Board did nothing to address that, it would likely be accountable, or at least answerable, to the Conference of Parties. However, how and by what process that accountability could be realised through investigatory and sanctioning processes is not elaborated at the policy level. Despite practical and political challenges of the Fund Board being held accountable to an inter-governmental process such as the Conference of Parties, accountability terms and processes need to be clarified to assure sufficient levels of impartiality, integrity and independence.

To address these issues, the **Conference of Parties** and/or the **Fund Board** should:

- Develop and adopt policies and guidelines which set out the accountability of the Board itself
 to the Conference of Parties for practicing, condoning, supporting or otherwise failing to
 address corrupt behaviour within the Fund and the Board.
- Develop and adopt policies and guidelines which define a clear, independent and impartial
 process to ensure the accountability of the Board. This could include the establishment of an
 independent committee under the Conference of Parties to ensure the Board's accountability
 by providing oversight and investigatory functions as well as by issuing and enforcing
 sanctions as required.

Adaptation Fund Board Committees and Panel

Composition and Functions

The **Project and Programme Review Committee** consists of Board Members and Alternates, although the numbers are not specified. The Chair and Vice-Chair of the Board are elected through a nomination process. They may seek advice or assistance from external experts chosen from a roster prepared by the Secretariat. The Committee assists the Board in tasks related to project and programme review and provides recommendations and advice. During the project cycle, it reviews projects and programmes submitted to the Board by eligible parties, and it makes recommendations to the Board on project and programme approval, cancellation, termination and suspension.

The **Ethics and Finance Committee** is similarly composed of Board Members and Alternates with an elected Chair and Vice-Chair, and it may seek further advice or assistance from external experts. The Committee provides advice to the Board on issues of conflicts of interest, ethics, finance and audit. It has an on-going role through all stages of the project cycle, but it is probably most critical at the monitoring and evaluation stage. Specific functions include:

- monitoring the Fund's portfolio of projects and programmes, including the production of an annual report to the Board on the overall status and progress towards results
- reviewing and advising on the budget for the operating expenses of the Board, Secretariat and Trustee
- reviewing the Fund's financial statements
- reviewing the performance of the Fund and its National and Multilateral Implementing Entities
- developing for Board approval a Code of Conduct for Board and Secretariat staff
- overseeing the implementation of the Code of Conduct and addressing consequences of its breach
- identifying incidences of conflicts of interest and related follow-up procedures
- overseeing the activities of the Secretariat involving recruitment and procurement of services and "other activities related to the area of responsibility of the Committee"
- overseeing "the activities of the Trustee in areas relevant to the responsibility of the Committee"

The **Accreditation Panel** is composed of five members selected by the Board. This includes two Board Members or Alternates designated by the Board as Chair and Vice-Chair and three external experts with demonstrated capacity in their field of work – selected by the Board from a list of experts compiled by the Secretariat. The Panel advises the Board on the accreditation of Implementing Entities according to the Fund's legal and fiduciary standards so that those entities can receive direct financial transfers to carry out adaptation projects and programmes. To do so, the Panel reviews applications for accreditation and makes recommendations to the Board. At the implementation stage, the Panel can further advise on the suspension, cancellation or re-accreditation of Implementing Entity accreditation as appropriate.

Accountability as Individuals and Fund Bodies

As these Committees and the Panel are established by the Board as its sub-units, and because they are comprised almost entirely of Board Members, their accountability is not distinct from the Board (as described in the previous section). The same accountability rules and processes would apply. In the case of the Accreditation Panel, which includes **non-board member experts or consultants**, their accountability as individuals should be similar to that of the Fund's Secretariat staff (described in the next section) insofar as these experts or consultants have been hired by and are under contract to the World Bank.

Adaptation Fund Board Secretariat

Composition and Functions

The Adaptation Fund Board Secretariat is provided by the Global Environment Facility, which was designated as the Interim Secretariat of the Fund.²¹ Currently, six Secretariat staff members work within the wider Global Environment Facility team under the oversight of the Board's Ethics and Finance Committee. They are recruited and hired by the World Bank.²²

The Secretariat provides research, advisory and administrative services to the Board and its Committees. Throughout the project cycle, it plays an important role in the initial screening and technical review of projects and programmes based on criteria established by the Board. The core team of six is supported in this work by the wider Global Environment Facility staff, who cross-review proposals, and by the Facility's Chief Executive Officer, who signs off on all technical reviews. This is not official procedure but has been internally adopted as process within the Secretariat. Following approval, the Secretariat drafts standard legal agreements between the Board and the Fund's Implementing Entities. It also makes all necessary arrangements for Board meetings and maintains all records. If required, the Secretariat buys support services from the Global Environment Facility (such as project review services).

Accountability as Individuals

The Adaptation Fund's Secretariat staff are bound by the same Code of Conduct as the Board, which, as stated above, clearly defines and wards against conflicts of interest. As with the Fund Board, at each Board meeting, Secretariat members are obliged to declare any conflict of interest and, if necessary, recuse themselves from participation. However, if this Code is violated by any staff member, it would seem to be the prerogative of the Board itself to take action, as no bespoke procedure exists to investigate and sanction staff members in such cases.

On another level, the Secretariat staff also follows both World Bank and Global Environment Facility administrative rules. For example, the performance review of the Secretariat Manager is conducted by the Global Environment Facility's Chief Executive Officer in consultation with the Board. As World Bank staff, each Secretariat member is also bound by the Bank's Code of Conduct, ²³ which explicitly outlines a range of actions to be proactively avoided including personal, business and other conflicts of interest, fraud, and corruption. Unlike the Adaptation Fund's own Code of Conduct, the World Bank's includes an advisory on kickbacks, bribery, facilitation payments and money laundering, and it highlights best practices regarding procurement and fiduciary responsibilities.

If a Secretariat staff member were to act corruptly, allegedly or otherwise, it would be dealt with through the World Bank's investigatory functions as a part of its overarching anti-corruption policy. The World Bank has its Integrity Vice Presidency, which functions as an independent unit appointed by the Board to investigate and pursue sanctions related to allegations of fraud and corruption in World Bank Groupfinanced activities. This function applies to all staff and employees, including consultants hired by the World Bank. In cases where an allegation of internal corruption is investigated and proven, any employee faces consequences including loss of employment, forfeiture of salary for a period of time or indefinite illegibility of employment with the World Bank Group. In cases where the corrupt action counts as a crime, the World Bank also refers these cases to law enforcement officials.

Key Findings and Recommendations

In sum, the following findings are observed:

- Rules and standards, investigatory processes, and sanction systems governing both the
 accountability for function and for anti-corruption of the Secretariat are sufficiently robust.
 The investigatory function of the World Bank involves an established independent body and
 procedures. Sanctions are clear and enforceable. Taken together, the accountability system
 to address corrupt or unethical behaviour by Secretariat staff represents good practice.
- The Secretariat staffs' accountability to the Board or to the Conference of Parties (see below)

is also important but seems to lack sufficient explanation. At present, the staff do not appear to be accountable for their conduct at the Fund level but rather to the World Bank. This is true even though the Secretariat's main functions are serving the Board (and not the World Bank). To allay this confusion, clarity is needed to define the appropriate thresholds of accountability amongst the Board, the Global Environment Facility, the World Bank and the Conference of Parties.

In response to these findings, the **Global Environment Facility**, the **World Bank** and/or the **Fund Board** should:

- Seek ways to promote the observed best practice by sharing information (including lessons learned) and providing technical advice to other relevant funds and actors to develop similar models.
- Clarify the accountability of the Secretariat staff to the Board and the Conference of Parties.

Accountability as Body

Arrangements for the Global Environment Facility to serve as the Interim Secretariat of the Adaptation Fund Board are set out in the Memorandum of Understanding between the Conference of Parties and the Global Environment Facility Council.²⁴ This agreement, along with subsequent Board policies,²⁵ clearly define the Secretariat's **functions** in relation to the Board. However, from the available documentation reviewed, policy determinations regarding the accountability of the Facility to the Conference of Parties could not be identified.

Key Findings and Recommendations

The following findings were observed:

• The accountability of the Global Environment Facility to the Conference of Parties for either the failure to perform required functions or for corrupt or unethical behaviour is not addressed in reviewed policy documents. These documents did not mention particular rules or standards requiring that the Secretariat perform its functions ethically or with integrity or to avoid corrupt or fraudulent behaviour. Likewise, no reference could be found regarding any procedures to which the Conference of Parties is required to investigate or impose sanctions against the Facility should the Facility fail, for any reason, to perform its functions.

To address this situation, the **Global Environment Facility**, the **World Bank** and/or the **Fund Board** should:

- Clarify the accountability of the Facility to the Conference of Parties, or make known if that accountability is defined elsewhere in policy documentation.
- Develop and adopt clear rules and guidelines which set out the accountability of the Secretariat itself to the Conference of Parties for practicing, condoning, supporting or otherwise failing to address corrupt behaviour within the Fund, and they should set out a clear, independent and impartial process to ensure the accountability of the Secretariat. This could include the establishment of an independent committee under the Conference of Parties to ensure the Board's accountability by providing oversight and investigatory functions and by issuing and enforcing sanctions as required.

The Trustee

Composition and Functions

The World Bank serves as the Fund's Trustee on an interim basis.²⁶ The Trustee is responsible for managing the investments, accounting and financial reporting for the Adaptation Fund Trust Fund. It also receives contributions and establishes and maintains appropriate records and accounts. This requires that it identifies contributions and other receipts, enters into contribution agreements with donors, and records all funding decisions made by the Adaptation Fund Board to monitor the funding status.²⁷ Its main role during the project cycle is at the implementation stage where it disburses funds in accordance with Board

decisions. Various departments within the World Bank are responsible for providing Trustee services, including Treasury, Controller, Legal, and the Concessional Finance and Partnerships Vice-Presidency.

Accountability as Individuals

The Trustee staff are World Bank staff. As such, they are governed by World Bank rules and employment contracts. Corrupt behaviour by Trustee staff is dealt with in the same way as for Secretariat staff (see previous section on Secretariat staff).

Accountability as Body

The Trustee is contracted by and is accountable to the Conference of Parties on behalf of the Adaptation Fund. The terms of the legal agreement between the Conference of Parties and Trustee confirm the potential liability of the Trustee, that is, the World Bank, as an organisation to the Conference of Parties in cases where the Trustee fails to perform its functions as a result of its own gross negligence and wilful misconduct. In such cases, the World Bank would carry the burden of "any (resulting) liabilities, claims, losses, costs or expenses". That liability, however, would not include actions whereby the World Bank relies "in good faith on any written decision, instruction, direction or guidance of the Conference of Parties, Adaptation Fund Board or any Authorized Designees, without further inquiry or investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith." The agreement provides for a dispute resolution procedure to address any disputes, controversies or claims. The said agreement also gives the Conference of Parties the power to terminate its contract with the Trustee at any time.

Key Findings and Recommendations

Considering the above, the below finding is observed:

• The contractual arrangement between the World Bank and the Conference of Parties defines the terms of their accountability. However, the threshold for accountability is high – unless a very serious case of gross negligence or wilful misconduct by the World Bank were to be determined, its liability may not be invoked. Greater clarity and guidance are needed to understand what would happen in less serious cases and also what mitigating actions could or should be taken by the World Bank to limit its liability. For example, if a World Bank staff member had received kickbacks for mismanaging the Fund's accounts intentionally, it is unclear to what extent internal corrective action would serve to mitigate its liability.

To clarify this situation, Conference of Parties and the World Bank should:

 Explain further the scope and limitations of its liability for corrupt behaviour and actions within the World Bank as Trustee. The World Bank may consider a commentary or Frequently Asked Questions (FAQs) response to enable more open understanding of its accountability to the Conference of Parties.

The National Designated Authority

Composition and Functions

The National Designated Authority is an official (not an entity or organisation) who works for the public administration of the receiving country. They are not contracted by the Fund. Each recipient country is required to select a National Designated Authority to represent its government in its relations with the Fund Board and Secretariat. Parties communicate their choice to the Secretariat by a letter signed by a Minister, Secretary (at Cabinet level) or Ambassador. This selection does not require approval by the Board; it is entirely at a country's discretion. In practice, most of these Authorities are higher ranking staff of Environment, Foreign Affairs or Finance Ministries.²⁹

The Authority is responsible for the endorsement on behalf of the national government of accreditation applications from potential National, Regional or Sub-Regional Implementing Entities, and it is also responsible for the endorsement of projects and programmes proposed by Implementing Entities. Their

role is therefore generally limited to the accreditation and proposal submission stages of the project cycle.

Accountability as Individuals

In terms of accountability for corrupt behaviour in relation to their Fund functions, the National Designated Authority would presumably be accountable under the national rules, processes and procedures governing his or her actions. However, there is no information published on the Fund's website which explains what accountability rules or processes apply to these actors at the country level. There is also no indication that the Authority's government is accountable to the Fund for his or her unethical or corrupt behaviour.

Key Findings and Recommendations

Given the importance of the National Designated Authority in relation to the Adaptation Fund, the following key findings are observed:

Little information regarding National Designated Authorities is provided at the Fund level.
Without investigating into the circumstances in each country, it is difficult to ascertain to
whom they report and are accountable to at the national level. Likewise, in terms of anticorruption, it is also difficult to understand what rules or standards apply to each Authority
and by what processes they may be held to account. This is important information to enable
public accountability.

To improve accountability, the **Board** and/or the **Conference of Parties** should:

- Require that governments disclose appropriate information regarding how National
 Designated Authorities acquire their position, what their responsibilities entail, to whom they
 report, what anti-corruption rules apply to them, and to whom and by what processes they
 are held accountable for failure to carry out responsibilities and for unethical or corrupt
 behaviour or activities.
- To the extent that such a requirement is contentious, governments demonstrating best practice should disclose this information nationally for their citizens and should request that this information be linked into the Adaptation Fund website for wider stakeholder knowledge.
- Citizens should demand the disclosure of such information through the best appropriate and accessible government source as well as the Adaptation Fund website.

Implementing Entities

Composition and Functions

Implementing Entities are multinational, national or regional legally registered organisations that are responsible for project and/or programme implementation (often through an Executing Entity), monitoring and reporting. They receive direct financial transfers from the Fund's Trustee in order to carry out adaptation projects and programmes. As of March 2013, there are 15 National, 10 Multilateral and 1 Regional Implementing Entities. These are chosen by the relevant country party following endorsement by the National Designated Authority and final accreditation by the Board. Accreditation rules require Implementing Entities to meet and demonstrate the legal and fiduciary standards adopted by the Board – that is, the entity must be able to demonstrate financial integrity and management capacity, institutional capacity and transparency, and self-investigative powers before it is approved.

During the project cycle, Implementing Entities are active in the proposal submission stage, where they take the lead in developing the submission for final approval by the national government through its National Designated Authority. At the implementation stage, they are responsible for ensuring coordinating work on the ground. During monitoring and evaluation, they submit updates and annual reports to the Board through the Secretariat. Implementing Entities must ensure that capacity exists to measure and monitor the results of Executing Entities at the country level. All completed projects and programmes are subject to terminal evaluation by an independent evaluator selected by the Implementing Entity.

Implementing Entities under the Adaptation Fund can be multinational, national or regional legally registered organisations that are accredited by the Adaptation Fund Board to implement, monitor and report on projects and/or programmes. At the time of writing, there are 12 National Implementing Entities (Argentina, Belize, Benin, Costa Rica, India, Jordan, Kenya, Mexico, Rwanda, Senegal, South Africa and Uruguay), two regional ones (the West African Development Bank and the Sahara and Sahel Observatory) and ten multilaterals (the African Development Bank; Asian Development Bank; Inter-American Development Bank; International Fund for Agricultural Development; UN Development Programme; UN Environment Programme; UN Educational, Scientific, and Cultural Organisation; UN World Food Programme; World Bank; and the World Meteorological Organisation).

Accountability as Individuals

Each Implementing Entity determines its own rules on accountability for its staff and employees. It is beyond the scope of this report to investigate and assess the anti-corruption safeguards and codes and investigatory and sanctioning processes and procedures of each entity. Some of these matters are, however, addressed in the assessment part of this report.

Accountability as Body

Implementing Entities are accountable to the Adaptation Fund Board. Accountability for preventing and deterring corruption is articulated through the terms of accreditation and the project or programme contract concluded with Implementing Entities.

First, through their **accreditation process**, Implementing Entities need to demonstrate financial integrity and management capacity, institutional capacity and transparency, and self-investigative powers. This includes a zero-tolerance of corruption policy.³⁰ It is on this basis (among other considerations) that they are accredited. However, to what extent the Entities actually have and execute these fiduciary functions is not apparent at the Fund level.³¹ In fact, the Fund's recently promulgated "Open Information Policy" dictates that, "sensitive information on an institution's fiduciary standards" and "confidential information such as internal audit reports" should not be disclosed.³² This lack of transparency is problematic from an accountability perspective as well as in setting a baseline to assess whether or not Implementing Entities are actually performing on these safeguards.

Public documentation does not reveal whether the Board has monitored or evaluated this performance and to what outcomes. In theory, an evaluation would likely come at the end of an accreditation period, which is five years for the Fund. The policy does state that an accreditation review is to be conducted and that guidelines are to be developed for this process.³³

In terms of sanctionable actions, policy documents do not stipulate whether failure to ensure these safeguards would result in any type of corrective action and by what process. However, the accreditation of Implementing Entities can be suspended or cancelled should they make false statements or provide intentionally false information to the Board both at the time of accreditation or in submitting a project or programme proposal.³⁴ It has established an internal review process to do so but has not determined a procedure for investigating this type of wrongdoing.

Second, the **model legal agreement**³⁵ which should be concluded between the Board and an Implementing Entity, stipulates certain obligations and penalties in relation to the use and disbursement of Fund money by Implementing Entities. The Fund does not disclose its actual agreements with Entities, so the following discussion assumes that all of the terms of the model contract apply but also notes that the real terms may be different. Actions which would require the entity to repay Fund money on account of their performance include:

- The entity making "any disbursements of the Grant in a manner inconsistent with the [Adaptation Fund] Operational Policies and Guidelines, and these inconsistencies cannot be resolved... The Implementing Entity shall refund to the [Adaptation Fund] Trust Fund, through the Trustee, any such disbursements".
- The entity does not ensure that Fund money "is used exclusively" for the purposes of the

project or programme approved by the Board. This implies (but is not certain) that the entity must ensure that all actors it further subcontracts to carry out project actions also do this. If the funds are used for other purposes, then they must be refunded.

While the model agreement defines these actions and consequences, it does not specify a procedure or processes by which such determinations of misuse or diversion of project funds are made. However, a recent Board policy document states that, "If the Board becomes aware of any allegation or evidence of misuse of funds, it will notify the Implementing Entity of such allegation or evidence so that the Implementing Entity can handle [it]". An Implementing Entity is required to "investigate the alleged misuse using its own internal investigators or hire investigator(s) acceptable to the Board". Such investigations need to be "consistent with the general principles and guidelines for investigation based on the International Financial Institutions Principles and Guidelines for Investigation". The policy also requires the Implementing Entity to "provide regular updates to the Board on any investigation and a final report on the conclusions of the investigation as well as provide regular up-dates on actions taken to address any illegal or corrupt practice involving the Fund's funds". The policy also received the such as a provide regular up-dates on actions taken to address any illegal or corrupt practice involving the Fund's funds".

Other actions may result in the suspension of a project managed by an Implementing Entity, if the Board were to conclude the project objectives were no longer achievable. These include "but are not limited to":

- financial irregularities in the implementation of the project or programme
- poor implementation performance
- a material breach of its contract with the Board³⁷

In such cases, the model legal agreement outlines an accountability process whereby prior to a final Board decision, "The Implementing Entity shall be given an opportunity to present its views to the Board, through the Secretariat; and/or the Implementing Entity may make any reasonable proposal to promptly remedy the financial irregularities, material breach or poor implementation performance". The recently amended Board policy document expands the above condition to also include Designated Authorities in addition to Implementing Entities.³⁸

In addition, if the accreditation of an Implementing Entity is cancelled, the contract between the Board and the Implementing Entity is automatically terminated.³⁹

While above actions refer and likely would include corrupt behaviour, the model contract does not spell out specific penalties for corruption or fraud. It does require that Implementing Entities must "immediately inform the Board in the event the Grant funds are not being used or have not been used for the implementation of the Project or of any illegal or corrupt practice... [and] keep the Board informed of the progress of any formal investigation concerning the misuse of Grant funds and provide a final report to the Board on the findings of such investigation upon its conclusion". However, it does not stipulate that these actions will incur either contract suspension or termination or a requirement to pay back funds. It also does not require that the Implementing Entity include provisions regarding corruption and illegal practices "in any agreements that the Implementing Entity enters into with Executing Entities to which the Implementing Entity makes Grant funds available" as it does require concerning, for example, terrorism.

As for accountability further downstream, little information is available at the Fund level regarding what Implementing Entities do require of their subcontractors. A cursory review of the Implementing Entities' websites shows a wide range of standards and approaches to anti-corruption policies, investigative functions and remedial measures. In most cases, information available on the Multilateral Implementing Entity websites is easily accessible⁴⁰ and comprehensive in terms of policy commitment, codes of conduct or ethics, sanctions and enforcement, and their scope of applicability. It is clear to whom Multilateral Implementing Entity employees are accountable, for what kind of corrupt behaviour and what the potential sanctions are. What is not entirely clear is when or what cases would be handed over to local legal authorities and how and if a waiver of immunities and privileges would be required.

In the case of the World Bank, for example, organisational policies and procedures suggest that their contractors should also demonstrate a reasonable level of fiduciary and anti-corruption safeguards. In relation to their projects, the World Bank stipulates sanctions against contractors/vendors for corruption or

fraud, including the blacklisting of companies. However, as the contracts are not disclosed or otherwise difficult to access through the Fund's website, it is difficult to determine to what extent these terms are built into subcontractual relationships.

Key Findings and Recommendations

From the above study, the following findings are observed:

- Anti-corruption rules and safeguards for Implementing Entities are built into the accreditation
 policies and contractual instruments of the Adaptation Fund. The safeguards appear to be
 comprehensive in scope. However, information on what safeguards actually are in place for
 each Implementing Entity is not available or sufficiently accessible at the Fund level. This
 seems to be due to the Fund's policy to not disclose information obtained through the
 accreditation process. It is, therefore, difficult to assess the actual safeguards provided
 without analysing each entity individually.
- Likewise, it is difficult to assess the effectiveness of these safeguards with respect to the Fund. This is because the Fund's policy does not yet allow for an accreditation review and because the Board does not appear to have monitored or evaluated the performance of Implementing Entities in realising these safeguards. No documentation could be found on requirements for (or evaluation reports of) Implementing Entities on this performance area. While some Implementing Entities report generally on their anti-corruption performance, this information is difficult to disaggregate in order to pinpoint their performance in relation to Fund projects.
- The Fund establishes sanctions for Implementing Entities, including the suspension and cancellation of their accreditation, the suspension and termination of their legal agreements, and, in some instances, the repayment of Fund money. What is not clear, however, is if those penalties apply in cases of misused funds or other corrupt acts.
- The Board operates an accountability procedure by which sanctions may be imposed. In cases of the misuse of funds, it also delegates investigatory functions to either the internal investigator of an Implementing Entity or to external "investigator(s) acceptable to the Board". It is not entirely clear, however, how these different processes link up requiring further explanation and policy development.
- Based on available information at the Fund level, accountability arrangements could not be identified between Implementing Entities and subcontractors should corruption occur further downstream during project implementation.

To address these concerns and strengthen accountability arrangements with respect to corruption prevention and deterrence, the **Fund Board** should:

- Reform and implement policies and guidelines which allow for the disclosure of anti-corruption rules and safeguards and accountability mechanisms (including complaints mechanisms, whistleblower protection, investigatory functions, sanctions issuance and enforcement) of Implementing Entities, which they are required to demonstrate as part of their accreditation. That information should be available or, at minimum, easily accessible at the Fund level in connection with each Fund project or programme. This could take the form of an information document on the accountability framework and anti-corruption measures produced for each project or programme.
- Develop and adopt policies and guidelines that require the evaluation and monitoring of the
 effectiveness of anti-corruption rules and safeguards and accountability processes operated
 by Implementing Entities. The evaluation should be part of an entity's accreditation review.
 Monitoring should be a regular action which should require Implementing Entities to report on
 their performance throughout the project cycle.
- Amend current sanction policies to include corruption and fraud as an action which could result in the suspension or cancellation of accreditation and/or legal agreements with Implementing Entities.
- Require that Implementing Entities also ensure that their subcontractors take preventative
 and remedial measures against corruption and fraud in carrying out project actions. To the
 extent that Implementing Entities are fully accountable for project finance to the Board, they

- should ensure that their agreements with any subcontractor contain provisions for remedial actions, including available sanctions in cases of corruption or fraud.
- Determine a process or procedure whereby alleged misconduct of Implementing Entities may be investigated prior to them being answerable to the Board and issued sanctions.

Executing Entities

Composition and Functions

Executing Entities are public, private or civil society organisations which are responsible for carrying out adaptation projects and programmes supported by the Fund. At the proposal submission stage, they operate through Implementing Entities to provide relevant information. During implementation, Executing Entities operate under the guidance of the Implementing Entity, submitting updates for reporting upwards to the Board during the monitoring and evaluation stage. In terms of actual project or programme delivery, they play one of the most important roles in ensuring the quality and completion of work. In terms of how Executing Entities are selected, there are no procedural rules or accreditation procedures provided by the Fund. These rules and procedures are presumably provided by each Implementing Entity. Consolidated information on what these rules and procedures are in each case is not available at the Fund level and requires further research into the operations of each and every Implementing Entity.

Accountability as Individuals

Each Executing Entity determines its own rules on accountability for its staff and employees. It is beyond the scope of this report to investigate and assess the anti-corruption safeguards and codes and investigatory and sanctioning processes and procedures of each entity. Some of these matters are, however, addressed in the assessment part of this report.

Accountability as Body

Executing Entities are not accredited by the Fund. They are contracted by and should be accountable to Implementing Entities. However, because the contracts between Implementing Entities are not disclosed or not easily accessible, for example, in relation to project information on the Fund's or the Implementing Entities' website, it is unclear what their contractual obligations are to ensure anti-corruption and liabilities.

Generally, information about Executing Entities is obscure. On the Adaptation Fund website, references are buried in project descriptions which tend to merely list the names of the organisations, often without functioning web links. Further searching is required to find out who these organisations are and what their fiduciary and anti-corruption policies are. To give an example, at the time of this writing, the name of the Executing Entity for a project in the Maldives⁴¹ had not been updated from the Ministry of Housing and Environment, which has since been reorganised into two new ministries – the Ministry of Housing and Infrastructure and the Ministry of Environment and Energy. It is thus unclear which ministry is now the Executing Entity or whether both are. In either case, neither website is very informative on its anti-corruption policies and procedures.

Key Findings and Recommendations

In light of the above discussion, the following findings are observed:

• Despite the important role that Executing Entities assume in developing and implementing project or programme work – which involves significant public and non-public procurement and contracting and decision-making – there is a stark lack of information regarding their accountability and anti-corruption requirements and actual rules, safeguards and practices at the Fund level. There is likewise an informational void regarding both how and based on what criteria these entities are selected by Implementing Entities and who they further contract to carry our project work and by what processes. Presumably this information exists, but it is not easily accessible at the Fund level where project information is listed.

To address these informational gaps, the **Fund Board** should:

- Require that Implementing Entities disclose how and on what criteria they have selected Executing Entities. That information should be easily accessible at the Fund level in conjunction with the relevant project information.
- Require that Implementing Entities disclose, at minimum, the terms of their contracts with Executing Entities, which stipulate anti-corruption and accountability requirements and which determine remedial measures and sanctions for corrupt or fraudulent conduct.
- Require that the actual anti-corruption safeguards and accountability measures employed by Executing Entities are disclosed and accessible at the Fund level in conjunction with the relevant project information.

Observers

Composition and Functions

Observers are individuals who represent organisations accredited under the UNFCCC. Observers can participate in any open session of Board meetings and are given the opportunity to give input by the Chair unless there is an objection from another Board Member. At the proposal screening stage, observers can comment on technical reviews. They cannot, however, participate in the meetings of the Project and Programme Review Committee, the Ethics and Finance Committee or the Accreditation Panel – all of which hold closed sessions.

Accountability as Individuals

At the Fund level, there are no rules that apply to observers – for example, the conflicts of interest policy does not apply to them, meaning that they are accountable to their organisations only. The largest Observer "constituencies" is the <u>Adaptation Fund NGO Network</u>. It is a coalition of 78 non-governmental organisations and interested stakeholders which follows "the development of the Adaptation Fund and its funded projects". The Network itself does not have any official status within the Fund. It has not yet adopted a code of conduct or conflicts of interest policy internally. Still, if a member of the <u>Adaptation Fund NGO Network</u> were to act on a conflict of interest in its engagement with the Adaptation Fund, it is unclear what policy could apply and what specific investigation would ensue, by whom, and what sanctions would be applied.

Key Findings and Recommendations

Observer accountability policies and guidelines are wanting. Defining constituency representation, roles and responsibilities, and ethical commitments, could lend greater legitimacy and sustainability to Observer participation.

To improve accountability, the **Fund Board** should:

 Develop and adopt policies and guidelines regarding Observer accountability, including principles regarding constituency representation, responsibilities and a requirement that Observers also be bound by the Fund's Code of Conduct.

Local or Affected Stakeholders

Composition and Functions

Key stakeholders should be consulted prior to the final approval of Fund projects and programmes, including affected minority groups and indigenous peoples – with attention particularly focused on vulnerable and marginalised groups. According to Fund policy, "The results of the consultative process must be reflected in the project design" – with a note that, "Under extraordinary circumstances, the consultation of a specific stakeholder can be deferred to the implementation stage, if it enables a more effective consultation". Stakeholder consultations are also required during the implementation phase, and the suggestions and concerns of stakeholders are to be documented.⁴³

Accountability as Individuals

No policy provisions regarding the accountability of consulted stakeholders could be identified.

Key Findings and Recommendations

• The role of stakeholders in contributing via consultations to both project approval and implementation is highly important. However, no rules or safeguards are in place to ensure their ethical behaviour and the integrity of consultations processes. Measures to do so could help strengthen the credibility of these key processes.

To take a positive step forward, the **Fund Board** should:

 Develop guiding principles to ensure the integrity of participation and conduct of consultation processes.

THE ASSESSMENT

In this section, the main findings of the assessment are set out under each of the three criteria. These findings elaborate both on good practices observed as well as areas requiring more attention. The specific elaboration of a best, middle and worst case scenario is reflected by the colour scale. This is elaborated in the *Global Climate Finance: A Governance Risk Assessment Toolkit* and summarized in the Annex 1 to this report.

TRANSPARENCY

Summary

Overview of Transparency Pefrormance for the Adaptation Fund

TRANSPARENCY	PERFORMANCE
Indicator (1): Policy Level Transparency Are there policy provisions in place for public access to information regarding the Fund's administration and operations including activities, outputs and decisions?	AVERAGE
Indicator (2): Practice Level Transparency In practice, can members of the public obtain relevant and timely information on the Fund's policies, procedures, activities, outputs and decisions throughout the project cycle?	ABOVE AVERAGE

The Fund is assessed average regarding its policies and procedures to provide **access to information**. Welcomed are the recent advances of the Fund to adopt an Open Information Policy and to commit to the International Aid Transparency Initiative. The Fund's recently adopted Open Information Policy promises that all information should be disclosed. However, the exceptions to this rule were significant, including insufficiently justifiable reasons for closed Board and Committee meetings and exclusions on publishing information that Transparency International deems to be in the greater public interest. There is also a lack of guidance or requirements for information disclosure by implementing agents, the absence of an appeals procedure for people to request non-disclosed information, and a policy requirement not to disclose information regarding the anti-corruption safeguards and integrity management systems of key implementing actors.

In terms of **transparency** practice, the Fund's performance is above average. It provides timely access to accurate, comprehensive and coherent information regarding its projects and programmes as well as its accreditation activities. It has adopted a number of exemplary best practices, including its comprehensive project progress reports which detail implementation advances, its webcasting of Board meetings, and unrestricted approach to Observer participation. However, the policy weaknesses addressed impact on its practices to disclose key information as well as to keep Board Committee meetings closed.

Analysis

Indicator (1): Policy Level Transparency

Are there policy provisions in place for public access to information regarding the Fund's administration and operations including activities, outputs and decisions?

This question was also informed by the following sub-questions: Do guidelines regarding public access to information or information disclosure exist? Do these guidelines cover both information conveyed through meetings and documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)? If yes, are there deadlines for making such information available? If yes, do the provisions allow for any exemptions of information disclosure and confidentiality? If so, to what extent are these exemptions justified? Are the exemptions weighed against the greater public interest and the right to know? Do the guidelines allow for an appeal procedure to request non-disclosed information?

The Conference of the Parties decided in 2005 that the operation of the Adaptation Fund shall (among others factors) be guided by "sound financial management and transparency".⁴⁴ Transparency is a core principle of the Fund.

In July 2013, the Adaptation Fund Board adopted an Open Information Policy, which underlines strong commitments to proactive disclosure of information. It signifies the Board's overall approach to "disclose information unless there is a compelling reason for confidentiality". The policy commits the Board to publishing information on its website including working documents discussed during Board meetings, committee reports and recommendations, reports of all Board meetings, project and programme proposals (prior to Secretariat review), Board decisions on proposals, project technical reviews by the Secretariat, and project and programme performance reports. The policy also stipulates what confidential information shall not be disclosed for the following reasons:

- International relations meaning the name of entities applying for accreditation to the Fund (until they are actually accredited), the accreditation application and corresponding supporting documentation of those entities, and the Accreditation Panel's "assessment of the analysis of applications by applicant entities" because assessments "contain sensitive information on an institution's fiduciary standards and confidential information such as internal audit reports".
- Personal information as relating to personal security and safety meaning, "Information whose disclosure may pose a risk to the security or safety of any individual, including Adaptation Fund Board secretariat staff, Board members and alternates, contractors and beneficiaries".
- Commercially sensitive information meaning, "Procurement information is limited to the number of bidders and bid amounts" and, "Information obtained from Adaptation Fund project participants marked as proprietary and/or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law".
- Information that is exempt from disclosure under other policies or regulations.

The policy also guards the right of the Board and its Committees to hold closed sessions because it "needs space to consider and debate, away from public scrutiny". The further explanation is that because the Board votes by consensus, "it needs room to develop that consensus" and that requires "[preserving] the integrity of its deliberative processes by facilitating and safeguarding the free and candid exchange of ideas".

The policy is clear in terms of what the Fund discloses and does not disclose. The policy seems to be an articulation of the Fund's recent practice. The policy reflects a common acceptance of disclosure principles amongst international public or private organisations such as the World Bank. However, it falls short as a comprehensive information disclosure policy for the following four reasons:

• **No Information Requests or Appeals Process:** The Fund does not provide for a procedure whereby information can be requested, or appeals can be made when information

is not disclosed. **No full project cycle disclosure commitments or requirements:** The Fund does not require that its Implementing or other downstream contractors should have an information disclosure policy. It further does not provide guidance on what information should or not should be disclosed. In some cases, Implementing Entities have their own information disclosure policy. A review of the Multilateral Entities, however, revealed that not all do. Information regarding activities, outputs and decisions during implementation by implementing partners is therefore often less publicly accessible, timely, comprehensive and comparable than information that is included on the Adaptation Fund website.

• Exclusion of public interest information: Information regarding public procurement and contracting, fiduciary and anti-corruption safeguards of accredited entities, and the contractual obligations of actors within the Fund regarding the safeguarding of public money is arguably in the greater public interest, even more so if it is sensitive. 45 One of the key principles of freedom of information laws for public bodies is that, "Exceptions should be clearly and narrowly drawn and subject to strict "harm" and "public interest" tests". 46 The Global Transparency Initiative has pointed out that exceptions to disclosure by the World Bank tend to be "vastly overbroad", especially with respect to the provisions on protecting the commercial interests of third parties and internal deliberations and that, in line with good practice standards, "a requirement of harm" should be imposed for all these exceptions. Article 19 adds:

Even if it can be shown that disclosure of the information would cause substantial harm to a legitimate aim, the information should still be disclosed if the benefits of disclosure outweigh the harm. For example, certain information may be private in nature but at the same time expose high-level corruption within government. The harm to the legitimate aim must be weighed against the public interest in having the information made public.

• Closed Meetings: The reasons given for why Board or Committee meetings should be closed lacks sufficient weight against the broader public's right to know. Citizens and stakeholders should be able to have access to meetings where public government officials acting as Board Members deliberate and decide issues on their behalf. Closed meetings are usually justified when deliberations concern matters such as public health and safety, law enforcement or investigation, employee or personnel matters, privacy, commercial matters, and security matters. As the current rationale falls short of these concerns, a much more substantial justification is needed to sustain the closed-door approach.

Also, in 2013, the Fund signed onto the International Aid Transparency Initiative. ⁴⁸ This recognises that information on aid (and also climate finance) needs to be regularly published and freely available if it is going to help effective spending, evaluation and accountability, and that in order to promote more effective aid, all donors need to provide their aid information in a common format that meets the needs of recipient governments and civil society. The Initiative offers a common standard for publishing aid information and satisfies four pillars of transparent aid – ensuring data is published in a manner that is timely, comprehensive, accessible and comparable.

The Fund's Trustee, the World Bank, is required to abide by the World Bank's Access to Information Policy.⁴⁹

Indicator (2): Practice Level Transparency

In practice, can members of the public obtain relevant and timely information on the Fund's policies, procedures, activities, outputs and decisions throughout the project cycle?

This question was also informed by the following sub-questions: Is this information available freely online or available on request; accurate and complete; coherent and understandable; timely and reliable, as in, required within a certain time frame or by a specific deadline if one exists, or within a reasonable timeframe if no deadline exists; and regularly updated? If access to information provisions allow for confidentiality/non-disclosure of information, in practice are these provisions interpreted and applied with good justification with regard to greater public interest and the right to know?

In terms of its transparency practice, the Adaptation Fund has performed relatively well. This transparency in practice is apparent in the Fund's ranking of 17 out of 72 – and first among climate funds – on the *Publish What You Fund Aid Transparency Index 2012*, before being signatory to the International Aid Transparency Initiative. Furthermore, the Fund has attracted praise from some quarters for the opportunities it offers to the public, notably through access to its Board meetings, accurate, complete and timely information on the Fund's policies and procedures, and the availability of meeting documents to the public in advance, in order to allow for comments and the inclusion of all stakeholders in project evaluations. The Secretariat informs about the pipeline of projects and programmes, which contains information about the approval dates, the Implementing Entity involved, and the amount granted. In addition, it includes information about the disbursement of funds. Decisions during and between Board meetings are also published openly.

Meeting Openness and Participation: Board meetings are generally, but not always, open to public participation. Open segments are streamed live on their website in a way that is easy to access and use. Instructions on how to physically participate at a meeting as an Observer are simple. Such participation is not restrictive for civil society organisations. However, operations and decisive recommendations taken by the Project and Programme Review Committee and the Ethics and Finance Committee are less transparent as meetings are not open to the public. Some have suggested that access to closed meeting could be enabled by introducing an accreditation procedure for Observers.

Accreditation: The Operational Policies and Guidelines⁵³ of the Fund describe the joint processes of earning accreditation and securing funding for projects and programmes. Reports of the meetings of the Accreditation Panel are presented at each Board meeting and additionally published online through the Secretariat. The reports include information on the accreditation or rejection decisions regarding implementing agencies as well as applications in the pipeline.

Proposal Submission and Selection: Clear instructions are provided for interested countries as to how to submit a project or programme proposal, including proposal submission materials and the Fund's project and programme review criteria. Project proposals are published on the Fund's website prior to approval by the Board, allowing interested persons and entities to comment on the proposed projects. The Project and Programme Review Committee meeting reports have been publicly available since the 13th Board meeting in 2011. Post-approval technical reviews of projects are also published online. Information about proposal acceptance or rejection decisions and the justification for decisions is discussed at Board meetings and a summary of those discussions is publicly available. However, these reports do not provide information regarding the strengths and weaknesses of different proposals, particularly those which did not get approved.

Project Implementation: Information on project implementation is accessible through the Adaptation Fund website for six projects in Ecuador, Honduras, Nicaragua, Pakistan, Senegal and the Solomon Islands. This information is packaged as a comprehensive progress report which includes a project overview, financial data (including expenditures, disbursement scheduled and co-financing), a risk assessment (including mitigation actions), an implementation progress rating which identifies milestones, expected progress and actual progress, project indicators which describe intended outputs, baseline assumptions, progress achieved and overall project targets, lessons learned for project management and climate change adaptation generally, and a results tracker of outputs and outcomes targeted to check progress. This information is highly substantive.

However, regarding the other 23 projects (2 approved in 2013, 10 approved in 2012 and 11 in 2014), such information is not yet available. For some projects, links to project websites and other information is provided. Generally, if the practice of publishing project progress reports is maintained, this will greatly address a persistent concern that project information in the hands of Implementing Entities and national governments is not easily accessible to the public.

Finance: The Adaptation Fund scored low on the *Publish What You Pay Aid Transparency Index 2012* for its organisational level transparency. This was partly due to its failure to provide access to its total and disaggregated budget, tenders and audits.

Governance – Accountability and Integrity: The Fund publishes on its website detailed information regarding is governance structure, including the roles of its different actors and a clear reporting framework. It explains how accountability is organised within the Fund. However, as explained elsewhere in this report, information regarding the fiduciary and anti-corruption safeguards of Implementing Entities is not easily accessible and often not clear. The accountability between actors – in particular, who is accountable to whom and on what terms in cases of corruption or fraud – remains obscure. While this transparency of accountability term is a very important assurance in the greater public interest, the rules on confidentiality regarding information disclosure appear to be hindering better transparency. The disclosure of contracts between actors required to perform certain functions and/or to carryout Fund projects and programmes is generally poor. At minimum, key information in contracts which define accountability rules, procedures and sanctions should be disclosed at the Fund level. Other factors may also be impeding better transparency.⁵⁴ Information disclosure on these matters is crucial.

Evaluation: All final evaluations should be fully disclosed to relevant policy-makers, operational staff, beneficiaries and the public in general. However, as no project has been finalised to date, it remains to be seen how monitoring and evaluation will be undertaken in practice and whether all the information will be publicly available. In 2011, the Fund's first *Annual Performance Report* reviewed active projects and programmes and the Fund's efficiency and effectiveness.

ACCOUNTABILITY

Summary

Overview of Accountability Performance for the Adaptation Fund

ACCOUNTABILITY	PERFORMANCE
Indicator (1): Financial Reporting and Audits Does the Fund have effective financial reporting guidelines in place? Are the activities of relevant organisational decision-making body subject to audits?	STRONG
Indicator (2): Accountability (Answerability) Mechanisms Are the Fund's decisions governed by clear and effective accountability mechanisms?	BELOW AVERAGE
Indicator (3): Whistleblower Protection Throughout the Fund's project cycle, are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?	AVERAGE
Indicator (4): Complaints and Investigation Mechanisms Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?	ABOVE AVERAGE
Indicator (5): Sanctions Are there effective policies and procedures in place to penalise corruption and fraud?	AVERAGE
Indicator (6): Civil Society Consultation Is the Fund required to consult with civil society throughout the project cycle?	BELOW AVERAGE
Indicator (7): Observer Participation Do independent civil society actors participate meaningfully in the proceedings of the Fund?	BELOW AVERAGE

The Adaptation Fund has made and is continuing to make efforts to put in place mechanisms to ensure accountability throughout its operations. On **financial matters**, the Fund's performance was strong, as both clear guidelines and auditing practices are observed. On having a clear and effective **appeals mechanism**, the Fund was rated below average because no formal appeals procedure exists. However, informal practices to address dissatisfaction are happening. **Protecting whistleblowers** was rated average because – even though required of Implementing Entities – it was not demonstrated that such protection is in place and working at the Fund level. The Fund's website did not provide information explaining what real protection is afforded to whistleblowers throughout Fund operations, particularly downstream where corruption is more likely to happen.

In assessing the Fund's self-investigatory functions, both the complaints and the sanctions mechanisms were reviewed. On **complaints mechanisms**, the overall rating was just above average. The Fund itself

can receive complaints but has no mandate to investigate them. Fund policy requires Implementing Entities to have anti-corruption hotlines and investigation procedures. However, the Fund does not set principles or standards for how these hotlines should be operated. Further inquiry showed that the policies of Implementing Entities were inconsistent, such as with regard to accessibility, confidentiality and evidence requirements. The Fund also does not provide information on the respective Implementing Entity policies, or otherwise sufficiently demonstrate the scope and effectiveness of these functions.

The Adaptation Fund's performance on **sanctions** was assessed as average. This is because the Fund needs a more consistent and clear policy-level approach to penalising wrongdoing at all levels of its operations. This takes note of the fact that many Multilateral Implementing Entities do actually have policies and practices in place to issue and enforce sanctions. However, the Fund has not demonstrated how and to what extent sanctions are required, applied and enforced by its accredited actors. Given the strong deterring impact sanctions have to safeguard against corruption and fraud, the Fund can do much more to develop and demonstrate its disciplinary capacities.

On both civil society consultation processes and meeting participation, the Fund was given a below average rating. Generally, the informal openness and willingness of the Fund Board and Secretariat to engage with civil society at all levels are remarkable, but this does not sufficiently translate into concrete policies and procedures. In terms of meaningful meeting participation, while there is a clear policy in place to allow more or less unrestricted civil society access to Board meetings, the closure of Committee meetings (where the majority of Board decisions are formed) is a significant non-access problem. A more proactive, *formal* civil society engagement policy would help participation gear up to be more active and meaningful. The civil society "presence" on the Fund's website is absent, as is information regarding how, when and where they may engage with the Fund.

Civil society consultation is required at minimum at the pre-project approval stage of the project cycle. A move to enable consultations throughout project implementation has been taken but remains conceptual. More visibility to demonstrate the effectiveness of consultations is needed.

Analysis

Indicator (1): Financial Reporting and Audits

Does the Fund have effective financial reporting guidelines in place? Are the activities of relevant organisational decision-making body subject to audits?

Guiding questions for this indicator include: Is the Fund required to submit financial reports? If so, how often? What types of expenditure are required to be documented in these reports? Are there mechanisms in place to vet the validity of any financial reports? In practice, are there examples of inadequate or fraudulent financial reports being filed from the Fund? How often are audits required to be conducted? What activities do these audits cover? Are they performed by internal auditing bodies or external agencies? Are the results of audits available to the public?

The Adaptation Fund has many provisions in place to ensure sound financial management.⁵⁵ Fiduciary standards governing the use, disbursement and reporting of funds require Implementing Entities to adhere to broadly accepted good practices in terms of reporting and independent audit and to manage and disburse funds efficiently (with safeguards) to recipients on a timely basis.⁵⁶ The Fund's policy requires that the Fund's Trustee and its Implementing Entities produce regular financial reports and audited financial statements on relevant incomes and expenditures. Financial reports are available on the Fund's website, as is the Fund's single audit (the most recent one available in documentation section of the Adaptation Fund site, however, is from June 2011)⁵⁷ although there is a link from the home-page. Audit reports of Implementing Entities are not available.

An *Annual Performance Report* produced by the Fund reports on the efficiency of the Fund and effectiveness to track whether its portfolio is being implemented as intended, standards are being met, and resources are being used efficiently.⁵⁸ Relatively minor challenges persist, such as information on financial reporting being fragmented across different documents.

Indicator (2): Accountability (Answerability) Mechanisms

Are the Fund's decisions governed by clear and effective accountability mechanisms?

Guiding questions for this indicator include: Is the Fund required to explain its decisions to relevant external actors? Are the decisions of the Fund subject to timely and enforceable review? Are explanations of decisions provided to applicants in a predictable and timely fashion? Are there provisions in place detailing the procedures for affected parties to appeal contested decisions made by the Fund? Are those procedures publically available? In practice, how often are appeals to review decisions granted?

The Board has the power to approve or reject projects and to suspend and cancel them. It also has the power to accredit and disaccredit Implementing Entities. For both areas of decision-making, the Fund's policy requires that the Board provides an explanation.⁵⁹ In practice, the Board does provide substantial explanations in relation to both accreditation and project approval matters. This information is found in Board meeting reports and as such is not easy to relate to either Implementing Entities or projects. Linking this information would provide a more transparent approach to the Fund's accountability.

Significantly, the Fund does not have an appeals policy or procedure for anyone to appeal these decisions. The absence of an agreed procedure hinders anyone who wishes to contest Board decisions. Clearly, appeals procedures lend greater credibility to executive decisions as they facilitate greater accountability. The need for an appeals procedure has been somewhat mitigated by the Board's policy to vote by consensus, and partially by the fact that it has not to date rejected any project proposal. ⁶⁰ Proposals needing a makeover have been declared unsuccessful, but the Board always provides reasons why and suggestions to improve the project concept.

At the national level, National Designated Authorities play an important role in decision-making by approving the accreditation applications of Implementing Entities and project proposal submissions by those Entities. The Fund is silent, however, with regard to these Authorities' accountability requirements. The Fund's policy does not require that these Entities explain their decisions (to approve or not approve). It also does not require or allow for the decisions of these Authorities to be appealed or otherwise subject to review. At minimum, the Fund should establish accountability principles for these Authorities and request that they provide information on their accountability requirements and procedures at the national level. This information should be available in particular to local communities and citizens that are particularly affected by a Fund's project or Implementing Entity.

Indicator (3): Whistleblower Protection

Throughout the Fund's project cycle, are there provisions for effective, independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?

Guiding questions for this indicator include, inter alia: Is there any official policy or system for whistleblowing or the exposure of wrongdoing? How is the policy or system enforced? What are the procedures for handling disclosures from whistleblowers and other types of reports of wrongdoing? Are whistleblowers protected from termination, harassment or other forms of reprisals? Have whistleblowers faced adverse consequences for their actions? If so, please describe. What types of compensation or relief are available for whistleblowers who have been retaliated against? Have any whistleblowers been compensated for retaliation? Have employees, contractors and subcontractors, among others, reported wrongdoing? If so, what were the results of the disclosures? Please describe.

Both confidentiality and whistleblower protection are key safety assurances for people who see and report wrongdoing. However, the Adaptation Fund itself does not have a Fund-wide whistleblower protection policy. No protection is provided for Board members or Observers in terms of them suffering retaliation on account of having "blown the whistle." The protection of witnesses or victims of corruption within the Adaptation Fund and its projects very much relies on the institutional policies of the staff who report an alleged case.

The Fund's Secretariat and the Trustee are covered by the whistleblower protection extended to World Bank employees. ⁶¹ These rules encourage staff to report wrongdoing concerning other World Bank staff, employees or any other actor associated with World Bank projects. So long as the wrongdoing fits within these boundaries, Adaptation Fund Secretariat and Trustee staff would be protected. The rules also forbid reprisals against staff reporting misconduct. If a staff member believes he or she has been retaliated against, they "may seek relief" while the staff member engaging in retaliation will be subject to disciplinary proceedings. ⁶³

Further, the Fund does require – as a part of its accreditation procedure of Implementing Entities – that Entities explain in their applications how they manage whistleblower protection. While this is anticipated, the Fund does not provide any guidelines, recommendations or any specific principles or standards for what the whistleblower protection policy should entail. Notwithstanding, many but not all of the Multilateral Implementing Entities have fairly well established whistleblower protection policies. That information is relatively easily accessible through the complaints mechanisms web links on the Adaptation Fund website. This is not the same with National and Regional Implementing Entities, where online information varies dramatically. It would be better to have accessible on the Adaptation Fund website a summary of the whistleblower protection policies and links to online resources of each Implementing Entity.

When it comes to Executing Entities and other downstream contractors (including consultants), it becomes increasingly less clear what protection any of their staff would enjoy if they were to report a case of corruption. It is unclear what and by whom protection could be afforded to National Designated Authority or any other national or local public official who reported a case of corruption or fraud. Presumably, the appropriate government agency would provide protection but this is not explained anywhere. Much more clarity is first needed through the Adaptation Fund itself on what these policies are, how and for whom they are applied. Identifying any significant gaps, especially where incidences of corruption are more likely than not, can help build a more comprehensive anti-corruption remedial system within the Fund.

Indicator (4): Complaints and Investigation Mechanisms

Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?

Guiding questions for this indicator include, inter alia: Are their explicit procedures for how external actors can lodge complaints against the Fund? Are those procedures publically available? Is there a dedicated body within the Fund body to handle complaints? Is the Fund required to respond to complaints? In practice, how often does the Fund respond to complaints about its activities or actions?

In March 2012, the Fund designated a Secretariat staff member to receive complaints, including those related to corruption and fraud, in relation to project implementation.⁶⁴ The mechanism does not extend to complaints regarding the functioning of the Secretariat, the Board, the Trustee, National Designated Authorities or Observers. While a complaints officer "position" has been established, the Fund has yet to empower that role or any other body within with investigatory functions - the possibility of which is still under review. The complaints officer role seems to be one more of a complaints referral mechanism. To submit a complaint, one simply needs to write an e-mail to the complaints officer. While simple, the procedure is absent of any further information regarding anonymity, confidentiality, content and evidence, types and time period of responses, effective remedies or sanctions, whistleblower protection, and rules on abuse of the mechanism. ⁶⁵ This information normally is required and supportive of a complaints mechanism. So far, the complaints officer has said that she has not yet received any complaints regarding corruption or fraud. As such, no Fund-wide complaints mechanism can be said to exist. This means that at the executive level of the Fund a mechanism to handle complaints of Adaptation Fund staff and the Board in relation to their specific functions is absent. Regarding Board Members, the investigatory body is the Board itself. If a complaint or allegation of a conflict of interest concerning a Board Member were to be communicated to the Board (the channels and procedures for such a complaint being not defined), the Board itself would investigate and determine what appropriate action should be taken. This has usually involved a hearing within the Board with the "accused" Board Member pursuant to investigatory actions. This particular procedure is not clearly explained and a learning-by-doing practice

has not evolved into a Board policy on this matter. Greater clarification is needed.

Regarding the Secretariat and the Trustee, being contractually World Bank staff, they as well as the Fund's Committee Experts are under the World Bank's own investigatory function. The relevant rules are contained in the World Bank's staff manual. ⁶⁶ These rules encourage staff to report wrongdoing concerning other World Bank staff, employees or any other actor associated with World Bank projects. After such a report, a review is conducted by the World Bank's Integrity Vice Presidency. ⁶⁷ So long as the wrongdoing fits within these boundaries, complaints by and of Adaptation Fund Secretariat and Trustee staff would be taken on and investigated by the Integrity Vice Presidency.

Regarding non-executive level complaints, the Fund's policy or practice has been to delegate the registration and investigation of complaints concerning project implementation to its Implementing Entities. As a part of its accreditation procedure of Implementing Entities, it requires them to demonstrate in their applications "evidence of an objective investigative function for allegations of fraud and corruption". This includes explicating "(1) The structure and process/procedures within the organization to handle cases of fraud and mismanagement and undertake necessary investigative activities; (2) Data on cases of violation of code of conduct/ethics and frauds reported over last two years be provided in terms of number of cases, types of violations and summary of status/action taken; and (3) Periodical oversight reports of the ethics function/ committee be attached for the last two years". 68

As discussed above, this information is not disclosed but should be, as it provides a fundamental integrity assurance of climate change adaptation work. In very practical terms, non-disclosure has a debilitating impact on the effectiveness of the complaints mechanism functions.

Again, beginning in March 2012, the names, contact details and possibly the website of the self-investigatory functions of the Implementing Entities are listed on the Adaptation Fund website. ⁶⁹ This contact information is clear and accessible. However, to have the essential information one would need to know or consider before making a complaint about corruption or fraud, one needs to refer to the policies and procedures of each Implementing Entity. For the Multilateral Implementing Entities, this information is in most cases comprehensive and well-defined. ⁷⁰ Their self-investigation units for the most part are independent as they are normally established directly by their Boards; staff are appointed or selected by the Board and report to it directly. They are mandated to investigate cases of corruption and fraud within the organisations by all staff and employees and usually any third party associated with their projects and business more generally.

However, the same information is not easily accessible for National⁷¹ and Regional Implementing Entities. The complaints mechanism listing on the Adaptation Fund website often provides only a contact name and email address. This level of information is unsatisfactory, in particular because, as accredited entities, they should have been required to provide this information more substantially. At minimum, a summary of the policies and procedures regarding complaints and investigations by the Implementing Entities should be accurate, comprehensive, easy to access and understandable.

Further, in cases where the implementation of Adaptation Fund projects involves joint partnerships of Implementing Entities or other actors which involve possible co-financing arrangements, clarity is needed at the project level on which organisation's complaints mechanism is designated to address complaints and/or how multiple complaints mechanisms are coordinated at the project level. The latter may also involve consideration of how these Multilateral Implementing Entity complaints mechanisms relate to similar complaints functions operated by national public institutions such as public ombudsmen and anti-corruption agencies.

Where Executing Entities and other third parties or contractors are involved, the scope of the Implementing Entity's complaints mechanism in relation to those actors needs to be also clarified at the project level. Information available through the Fund's website does not explain whether or not the Implementing Entities themselves would require that their contractors also have self-investigatory functions, thereby delegating this function to downstream actors. Providing this information should be incumbent on Implementing Entities and included in project web pages or sites operated by the

Adaptation Fund, Implementing Entities and other actors having a significant share in the project.

The overall effectiveness of the Adaptation Fund's self-investigatory functions has not been assessed to date. Clearly, there are important informational gaps which impact on the effectiveness of complaints mechanisms in any context, and these need to be dealt with. Further, the scope of what actually is provided by complaints mechanisms at the national level is not clearly explained, and their effectiveness is not monitored and has not been evaluated. The Adaptation Fund will need to assess the effectiveness of policies and procedures at all levels of the Fund and address current weaknesses if it is serious about making the self-investigatory integrity assurance a substantive one – and not just a paper-based general commitment and delegation of accountability to downstream actors.

Indicator (5): Sanctions

Are there effective policies and procedures in place to penalise corruption and fraud?

Guiding questions include, inter alia: Does the Fund have policies and procedures which require sanctions or punishments for corrupt or fraudulent behaviour or activity be imposed and enforced at all levels of the Fund and throughout the project cycle? What is the scope of the policy coverage? If a policy exists, to what extent has it been applied? Does the policy require that sanctions are determined in a fair and independent manner? Does the policy allow for an appeals process? Is information on these policies and about sanctions imposed publicly available?

The Adaptation Fund has some policies regarding penalties and sanctions of Fund actors and associated individuals.

The membership of a **Board Member** may be terminated if she or he were to have a serious conflict of interest. If the Board would determine that one of its members has a conflict of interest, its policy would allow it to propose to the Conference of Parties — an assembly of 192 countries — the termination of the membership of any Member or Alternate for causes including breach of the conflict of interest provision. Obviously, such a determination is sensitive and presents political challenges, in particular if the final decision is left to the entire Conference of Parties. Nevertheless, the deterrent effect would seem to have a reasonable impact even if politically the final outcome might result differently. Further sanctions beyond the removal from position within the Board would ultimately be in the hands of the individual country from which the Board Member comes, or in any other relevant legal jurisdiction should the conflict of interest be connected with an act of corruption where an arguable jurisdictional claim exists. Regarding the Board itself, no sanctions or procedures exist to issue sanction should the Board condone or omit to address corruption in the Fund.

As explained previously, the employees of the **Fund Secretariat and the Trustee** are employees of the World Bank and, as such, are under its policies and subject to its internal investigation and sanctioning procedures for corrupt behaviour. If, following an investigation of the World Bank's Integrity Vice Presidency,⁷² a staff member is determined to have acted corruptly in violation of the World Bank's code of conduct,⁷³ then internally any employee faces consequences including loss of employment, forfeiture of salary for a period of time and indefinite illegibility of employment with the World Bank Group. If the corrupt action counts as a crime, the World Bank also refers cases to law enforcement officials.

Regarding the Secretariat and The Trustee, as organisations deemed to function as such for the Fund by way of a Memorandum of Understanding in the case of the former or Agreement in the case of the latter with Conference of Parties, no particular sanctions have been established should they act corruptly. The Terms and Conditions in these legal documents include specific reference to the applicability of World Bank policies and procedures.

As introduced above, **Implementing Entities** under the Fund can be multinational, national or regional legally registered organisations which are accredited by the Adaptation Fund Board to implement, monitor and report on projects and/or programmes approved by the Board.

As explained in the accountability map part of this report, Implementing Entities are accountable to the Fund for corruption/anti-corruption on three accounts: having and ensuring financial integrity and management capacity, institutional capacity and transparency and self-investigative powers which

includes a zero-tolerance of corruption policy; ⁷⁴ misappropriating project funds; ⁷⁵ and making false statements or providing intentionally false information to the Board either at the time of their accreditation to the Board or in submitting a project or programme proposal. ⁷⁶ In the latter two cases, the Board can cancel or suspend the accreditation ⁷⁷ of the Implementing Entity. The policy is silent as to whether failure to meet and ensure the gamut of fiduciary standards would lead to an administrative penalty.

The Board can also cancel, suspend or terminate projects or programmes.⁷⁸ Any other sanctions towards Implementing Entities in relation to cases of corruption or fraud are likely determined by the terms of the contract between the two organisations. This information is not disclosed anywhere on the Fund's website.

However, and quite importantly, Fund accreditation requirements do not include demonstrating availability of sanctions and the capacity to enforce those sanctions in cases of corruption and fraud. As discussed below, while most Multilateral Implementing Entities already have a fairly robust system naming, issuing and enforcing sanctions, this same level of capacity is not necessarily demonstrable for National and Regional Implementing Entities. Because using and imposing sanctions has a high deterrent effect and reinforces the investigatory function as a whole, the effectiveness of National and Regional Implementing Entities may be hampered. Meanwhile, performance discrepancies may arise amongst projects as a common standard is not applied.

Regarding **Multilateral Implementing Entities**, generally, information available on their websites is comprehensive in terms of what sanctions and enforcement measures they would apply toward Executing Entities or other third parties. The policies of the World Bank and the UN Development Programme suggest that their contractors should also demonstrate a reasonable level of fiduciary and anti-corruption safeguards. In relation to their projects, they also stipulate sanctions against contractors/vendors for corruption or fraud including:

- **(A) Rejection of Proposal:** The respondent's proposal for award of contract in respect of a procurement of goods, works or services is rejected.
- **(B) Cancellation of Finance:** A portion of World Bank finance allocated to a respondent, but not yet disbursed, in respect of a contract for the procurement of goods, works or services is cancelled.
- **(C) Reprimand:** The respondent receives a formal "Letter of Reprimand".
- **(D) Debarment:** The respondent is declared ineligible, either indefinitely or for a stated period of time, to become a World Bank counterparty in any new World Bank project.
- **(E) Conditional Non-Debarment:** The respondent is required to comply, within stated time periods, with certain remedial, preventative or other measures as a condition to avoid debarment. In the event that the respondent fails to demonstrate its compliance with the prescribed conditions within the time periods established, a debarment would automatically become effective for a period of time.
- **(F) Debarment with Conditional Release:** The respondent is declared ineligible for a stated period of time subject to conditional reinstatement pursuant to which the period of debarment is reduced or terminated if the respondent demonstrates compliance with specified conditions such as the introduction and/or implementation of corporate compliance or ethics programmes.
- **(G) Restitution:** The respondent is ordered to make restitution of diverted funds to any other party.⁷⁹

The World Bank and its Group, ⁸⁰ the Inter-American Development Bank, ⁸¹ the African Development Bank, employ all sanctions with the exception of A and B⁸³, as listed above. However, as the specific contractual terms regarding sanctions between Multilateral Implementing Entities and third parties are not disclosed, this makes it difficult to understand concretely the scope and impact of such sanctions. Further, there is generally an ambivalence regarding when and what cases would eventually be handed over to local legal authorities – which, in some cases, requires waivers of immunities and privileges.

National and Regional Implementing Entities are highly diverse regarding what they publish on their websites. Some have no information while others have the whole anti-corruption package. More information needs to be provided centrally on what sanctions and enforcement capacities National and Regional Implementing Entities have. This is important public information which is in the wider public interest and needs to be disclosed.

As introduced above, **Executing Entities** actually carry out adaptation projects and programmes supported by the Fund under the oversight and contract of Implementing Entities. Because the Implementing Entity accreditation requirements stipulate that they should ensure that all other external sources adhere to a zero-tolerance of corruption policy, and because corruption within or by Executing Entity staff can result in a Board decision to suspend transfer of funds to an Implementing Entity, it is likely that Executing Entities have some contractual obligations to ensure anti-corruption and liabilities toward the Implementing Entity if and when corruption would happen. However, because the contracts between Implementing Entities and their Executing Entities are generally not disclosed it is difficult to assess what sanctions are in place. In fact, our review of Multilateral Entities revealed that international financial institutions such as the World Bank and the Asian Development Bank demonstrate much better practice in publishing their contracts with governments. In almost all cases, United Nations agencies did not disclose. This is a practice which needs to be much better aligned in the public interest. At minimum, the anti-corruption rules, procedures and available sanctions should be disclosed at all level of publicly financed projects as far as possible.

If the individual acting as **National Designated Authority** acts corruptly, she or he is accountable under the national rules, processes and procedures that are applicable to the country's public administration. What administrative, criminal or civil sanctions would apply to each and every National Designated Authority is unknown via the Fund. Given the power invested in Authorities to endorse both Implementing Entities and projects or programmes, a clear statement of its integrity and accountability would be important public information and another important integrity assurance. This would include information about binding institutional and legal anti-corruption requirements such as a code of conduct and conflicts of interest policy, the authority to which she or he is accountable, the authority or body which has the power to receive and investigate him or her in cases of corruption, information on investigatory processes including appeals, and information on what sanctions she or he would be subject to if a determination of corrupt behaviour were to be made.

There are no rules that apply at the Fund level to **Observers** – for example, the conflicts of interest policy does not apply to them. The largest Observer constituency, the <u>Adaptation Fund NGO Network</u>, does not have any official status within the Fund. It has not yet adopted a code of conduct or conflicts of interest policy internally.⁸⁴ Still, if a member of the network were to act on a conflict of interest in its engagement with the Adaptation Fund, it is unclear what policy could apply and what specific investigation would ensue, by whom, and what sanctions would be applied.

While complaints and sanctioning mechanisms serve as a key accountability mechanism, their effectiveness has not yet been assessed by the Fund. This assessment should be done on a regular basis to inform further policy development and provide important guidance for the overall functioning of the Fund. It is an important source of credibility and legitimacy for the Fund's operations.

Indicator (6): Civil Society Consultation

Is the Fund required to consult with civil society throughout the project cycle?

Guiding questions include, inter alia: Are there policies in place requiring the Fund to actively consult with civil society regarding their decisions or actions? Are there clearly stated and enforced penalties for failures to consult with civil society? In practice, how extensive are consultations between the Fund and civil society? In practice, to what extent are civil society recommendations acted upon?

Stakeholder consultations throughout the project cycle are progressive but need to be further strengthened throughout the project cycle. These are required as part of project eligibility criteria. For this, Implementing Entities must consult stakeholders in preparing project proposals. It is also required

that once a project proposal has been received by the Fund Board, it is published on the Fund's website, ⁸⁶ so interested persons and entities can comment on the proposed projects. ⁸⁷ Once a project has been approved, the Fund requires that a framework allowing for stakeholders' views to be heard during project implementation be submitted and that "whenever possible" a strategy and timetable for this should be provided. It also requires demonstration that stakeholder inputs have been taken on board. ⁸⁸

However, the Fund's policy could be further strengthened in four areas: implementation and monitoring stages of the project cycle, the evaluation phase, the accreditation processes, and compliance. First, recent Fund guidance suggests that civil society or local stakeholders should be consulted throughout a project's implementation. Project progress reviews which are applied to a specific template and are available online in connection with some projects do not provide for field reporting on such consultations, however. Evidence that this is happening at the Fund level is therefore lacking. Involving local stakeholders in the monitoring of Fund projects throughout their implementation provides a key source of information to help guide and possibly re-direct implementation so that projects meet their stated goals, particularly when those aims are related to local community adaptation matters. From an anti-corruption perspective, project monitoring helps identify problems which, if corrected early on, can help save public resources from being misspent or misused.

Second, the Fund's policy is silent regarding the role of local stakeholder consultations in the evaluation of projects. As no evaluations appear to have yet been conducted, it was not possible through this study to assess whether or not in practice such consultations were effected. Involving local stakeholder in project evaluation provides a critical third party review which should help inform improved implementation process in the future.

Third, the Fund's policy does not require that local stakeholder consultations are conducted with respect to the accreditation of Implementing Entities. Whereas the selection and the behaviour of Implementing Entities is critical to the eventual success of the Fund's goals and objectives, the view of local actors regarding these Entities should be fully taken on board to avoid future problem and to detect inappropriate conduct when it happens. 89

Fourth, although the Fund appears to be open to and endorses local stakeholder consultations, its policy does not provide for sanctions or other compliance measures should consultation not happen according to what is hoped. By instituting compliance measures into the Fund's overall approach to encourage stakeholder consultations, the Fund's principles would be significantly strengthened.

In terms of effectiveness, there is no independent or other substantive assessment⁹⁰ of civil society consultations within the Adaptation Fund. It is therefore difficult to assess to what extent civil society recommendations are acted upon and impact decisions or actions. Also, from the project and programme proposals, it is difficult to assess how extensive the consultations between the proponents and civil society have been.

Indicator (7): Observer Participation

Are there policies and procedures to enable independent civil society actors to participate meaningfully in the proceedings of the Fund?

Guiding questions for this indicator include, inter alia, whether or not civil society actors in their roles as Observers: Have fair access to the meeting through a clear selection or registration procedure; have a seat at the table and are provided with an active role where they can propose agenda items and take part in debates; have access to relevant information in advance so that they can provide meaningful and useful inputs to the discussions; are independent in terms of not having a conflict of interest; are fairly represented in terms of having relevant competencies and fair and relevant geographical representation; and if any constraints they face which could prohibit them from participating, have been taken into account.

On the policy side, the Adaptation Fund's procedural rules only address the first three sub-questions. That is, any civil society Observer can participate in Board meetings so long as they are a member or

associate of an organisation which is accredited to the UNFCCC, and they need to register online in advance to be able to participate in the meeting. Other than this, access is not guaranteed. Board meetings are, in principle, open to attendance for Observers, unless the Board decides that a meeting or part of a meeting will be closed. If there is no objection from Board Members, Observers can be invited by the Chair to make presentations relating to matters under consideration by the Board. This means that Observer engagement during Board meetings is often limited to interventions only permitted after discussion on a particular agenda item has finished. To compensate for this low level of formal input from Observers, the Board has initiated an informal civil society dialogue prior to its Board meetings to enable civil society to suggest agenda items. Also, meeting documentation is to be sent to all persons invited to Board meetings at least four weeks in advance of the meeting.

There remain, however, a number of areas where the Fund's policy could be further strengthened to enhance Observer participation at executive level meetings. First, as discussed above, all Board Committee meetings are closed and not open to civil society participation. Second, current policy should be strengthened to require that Observers declare that they have any conflict of interest prior to Board meetings. Similarly, the quality of Observer participation can be fortified by requiring a demonstration of particular competencies of civil society Observers or their geographical representation. At the same time, policy advances are needed which help facilitate Observer participation, such as providing travel support to participate in meetings or core resources to engage in providing inputs to meetings — which are known constraints for civil society stakeholders globally. Further, the Fund does not have an established "Observer presence" on its website. This type of information portal for Observers would be an important area of progress for the Fund. Finally, the effectiveness of Observer participation has not yet been evaluated by the Fund. This should be a priority area to keep under review as a part of the Fund's overall accountability scheme.

INTEGRITY

Summary

Overview of Integrity Performance for the Adaptation Fund

INTEGRITY	PERFORMANCE
Indicator (1): Anti-Corruption Rules Are appointed members and technical staff subject to effective conflicts of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?	ABOVE AVERAGE
Indicator (2): Integrity Screenings Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?	AVERAGE
Indicator (3): Integrity Training Are appointed members and technical staff trained on issues of integrity?	AVERAGE

On anti-corruption rules, the Fund was assessed above average. This is because both the Board and Secretariat are bound by a conflicts of interest policy, the World Bank employees working for the Trustee, the Secretariat and Technical experts on the Board's Committees are all bound by the World Bank's anti-corruption policy, and because all Implementing Entities are required to have a zero-tolerance of corruption commitment. Most Multilateral and some National Implementing Entities disclose their own codes of conduct, which include conflicts of interest. However, improvements are needed. The Fund needs to ensure a comprehensive Fund-wide anti-corruption policy and it needs to demonstrate the effectiveness of how anti-corruption rules are applied and enforced at all levels of the Fund. It needs to ensure that these rules are disclosed and easily accessible at the Fund level on or through its website.

On integrity screenings, the Fund's performance was average. This is because the Fund does not have a policy requiring a demonstration of past ethical behaviour and a personal commitment to integrity for Board membership or Fund employment. No documentation could be found as to whether integrity screenings are actually conducted. However, the World Bank's policy to conduct integrity screenings affecting its employees at the Secretariat, the Trustee and technical experts was also weighed. Improvements are needed to develop and apply integrity criteria for individuals to have key roles within the Fund. This is important because they provide institutional assurances on the integrity profile demonstrated by individuals and aid in avoiding reputational impacts.

On integrity trainings, the Fund rates average. This is because there are no visible requirements, commitment or action to ensure capacity building on integrity throughout the Fund's operations – even for project and programme delivery – and there is no visible effort to demonstrate that such training is required.

Analysis

Indicator (1): Anti-Corruption Rules

Are appointed members and technical staff subject to effective conflicts of interest policies and codes of conduct warding against corrupt or fraudulent behaviour?

Guiding questions for this indicator include, inter alia: Are there comprehensive codes of conduct written into the guiding documents for the Fund? Are those documents publically available? If they do exist, how

are existing codes of conduct enforced? In practice, do appointed members and technical staff comport themselves according to widely accepted standards of professional conduct? What, if any, sanctions exist for non-compliance? Does the Fund have a conflicts of interest policy? If so, what does it cover? Are there any procedures to verify given disclosure reports as accurate?

Fund-wide integrity: Overall, the fund has not adopted a Fund-wide zero tolerance of corruption policy. This means there is no fundamental principle or commitment of the Fund to ensure anti-corruption at all levels of Fund decision-making and operations. This is a critical choice which would establish quite clearly the overall intentions of the Fund to adhere to broader principles of integrity and to build a strong culture of anti-corruption within the Fund. Nevertheless, the Fund has taken anti-corruption seriously and has made decisive effort to require that commitment at various levels and for Fund actors. Therefore, the Board's pro-active political will to adopt such a policy should be relatively simple, and would be an important precedent setting action.

Board-level integrity: There is a specific Code of Conduct for **Adaptation Fund Board Members** which is publicly available online. The Code is essentially a Conflicts of Interest Policy. It is binding for the Board and Alternate Members upon their appointment, at which time they must take an "oath of service". Accordingly, at each Board meeting, each Board Member or Alternate Board Member must disclose the following information prior to the Board's deliberation of a subject matter for which she or he has an actual or perceived conflict of interest:

- activities, including business, government or financial interests, which might influence her or his ability to discharge her or his duties and responsibilities objectively
- any financial, contractual or personal relationship or link with an Implementing Entity seeking
 or receiving funding from the Fund, or any relationship with an Executing Entity involved in a
 project or programme proposal submitted to or in execution under the Adaptation Fund
- activities or interests of her or his spouse or personal partner or dependent that would influence her or his work with respect to the subject matter being considered by the Board or its advisory bodies
- any actual or perceived conflict of interest of a direct or indirect nature of which she or he is aware and which she or he believes could compromise in any way the reputation or performance of the Board or its advisory bodies

In terms of the process followed for enforcement, the Ethics and Finance Committee discusses the implementation of the code of conduct at every meeting and reminds Board Members to bring any issue to its attention. Stronger measures to ensure compliance with the Code exist, such as eventual Board membership termination as discussed above.

The Code of Conduct, however, does not have any positive requirements for Board Members to act ethically, honestly or with integrity. It also does not specifically demand an abstention from corrupt or fraudulent behaviour or conduct. Presumably, Board Members and their Alternates are bound by greater integrity and anti-corruption behaviour rules demanded by their employers. As with the situation of National Designated Authorities below, that information is not required, published or otherwise declared in the context of the Adaptation Fund. Considering the power Board Members wield, such assurances should be publicly stated. So, notwithstanding the comprehensive conflicts of interest obligations, further robust commitments are wanting.

Secretariat and Trustee -level integrity: The **Secretariat**, being functionally accountable to the Board, is bound by its Code of Conduct which, as stated above, clearly defines and wards against conflicts of interest. As with the Board, at each Board meeting staff members must declare a conflict of interest and if and when necessary recuse themselves from participation. As well as being accountable to the Adaptation Fund Board, the Secretariat follows both World Bank and Global Environment Facility administrative rules. As World Bank staff, each staff member is bound by the World Bank's Code of Conduct, 97 which explicitly outlines a range of actions to be proactively avoided, including personal, business and other conflicts of Interest, fraud, and corruption as well as an advisory on kickbacks, bribery, facilitation payments and money laundering. As discussed above, clear compliance mechanisms are in

place to enforce the Code. **The Trustee** follows the same requirements and rules as the Secretariat, except that it is unclear which requirements they would be bound to from the Board's Code of Conduct.

From the Code of Conduct, it is unclear if these standards mentioned above also apply to the **four independent experts on the Accreditation Panel (non-Board members).** Presumably, if contracted by the World Bank as experts to the Fund, then World Bank policies should apply. Considering the high level of influence experts and advisors have on Board policies and decisions, this lack of clarity needs to be resolved. Without questions, experts and advisors need to be bound by codes of conduct and conflicts of interest policies which denounce corrupt and fraudulent behaviour.

Observer-level integrity: Any **Observer** at Board meetings is not bound by any code of conduct or conflicts of interest policy. Considering the various informal and formal engagements Observers have with the Fund, and their perceived intention to influence Board decisions despite their lack of decision-making powers, their integrity begs formal assurances, including being subject to a clear anti-corruption and anti-conflict of interest commitments that should also be subject to formal compliance measures.

National Level Integrity

Designated Authorities; No information is available vis-à-vis the Fund as to what code of conduct or conflicts of interest policies **National Designated Authorities** are bound to. Presumably they are under some integrity and anti-corruption behaviour rules within their institutions, but that information is not required, published or otherwise declared in the context of the Fund. Considering the power these Authorities wield in terms of endorsing both projects and Implementing Entities, such assurances should be publicly stated.

Implementing Entities: As a part of their accreditation requirements, **Implementing Entities** should demonstrate that they have a zero-tolerance of corruption policy and "policies and framework to deal with fraud, financial mismanagement and other forms of malpractice by Implementing Entity staff or from any external sources associated directly or indirectly with the projects". In this context, they should provide documentation including their "code of conduct/ethics applicable to the staff", "documentation establishing avenues for reporting non-compliance/violation/misconduct and business conduct concerns", and "details of policies and procedures relating to managing conflict of interest and whistleblower protection". They should also give "evidence of an objective investigation function for allegations of fraud and corruption". That evidence includes "the structure and process/procedures within the organization to handle cases of fraud and mismanagement and undertake necessary investigative activities". These requirements are robust but miss the call for sanctions, penalties and their enforcement.

Fund policy or guidance documents do not elaborate on any specific requirements or explanations of what the content of such polices should be. The content of these policies is not disclosed on the Fund's website. However, an initial examination into some of these Entities' actual policies revealed that most Multilateral Implementing Entities do have clear and comprehensive anti-corruption policies, which demonstrate most of these requirements. They demonstrate capacities and experiences in making such policies work. The same level of information and assurances was not always available regarding National and Regional Implementing Entities. This is an important informational and potential capacity gap which needs to be addressed.

Effectiveness

The effectiveness of anti-corruption safeguards regarding Fund actors, projects and programmes has not been assessed by the Fund. No indication could be found in Fund documentation that these policies are monitored or have been evaluated to date. The Fund's accreditation review process and periodic project and programme progress reviews offer an opportunity for Implementing Entities to provide performance reports.

Indicator (2): Integrity Screenings

Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?

Guiding questions for this indicator include, inter alia: Are integrity screenings or background checks required to be conducted? If so, what do they cover (education, employment history, reference checks, credential verification, criminal records, sanctioning by relevant regulatory authorities, identification as a possible politically exposed person, adverse media coverage and conflicts of interest, among others)? Are they conducted by internal or external bodies?

This question intends to ask what past, if any, corrupt behaviour or cases, are taken into consideration when decisions are made to employ staff, appoint Board Members, accredit Implementing Entities or contract services. It is a due diligence question, but one which often refers to private information. Assessing this question therefore means to not assess informational matters but policy level requirements.

The Adaptation Fund does not require that **Board Members or Alternate Board Members** demonstrate integrity in their role. Neither the Operational Policies and Guidelines nor documents by the Conference of Parties specify that integrity screenings or background checks are required for potential Board Members. The only requirement for appointment to the Board is that Members have appropriate technical, adaptation and/or policy expertise, and no personal financial interest in any aspect of a project activity or a body presenting a project for approval to the Board. Board and Alternate Members are appointed by their national governments, any additional integrity requirements would be in their purview. Those considerations are not disclosed.

As for the **Secretariat** and **Trustee** staff, as World Bank Group employees they are subject to integrity screening during their employment process. This is elaborated in the World Bank staff manual. ⁹⁹ Potential staff members are required to answer questions about qualifications, criminal convictions, and whether they have been terminated or asked to resign from a past position. They also must provide a blanket authorisation for World Bank investigators to follow up on information provided by them in preemployment screening. ¹⁰⁰

Regarding **Implementing Entities**, as part of their accreditation process they are asked to provide "data on cases of violation of code of conduct/ethics and frauds reported over last 2 years... in terms of number of cases, types of violations and summary of status/action taken" and "periodical oversight reports of the ethics function/committee... for the last 2 years".

No requirement could be found for Implementing Entities to conduct integrity screenings of their Executing Entities or any other third party contractor. Most Multilateral Implementing Entities have clear internal policies to conduct due diligence and presumably they do. Still, information on these requirements or non-requirements at the Fund level is extremely sparse.

There is no other information on integrity screening or requirements of any other actor within the Adaptation Fund, including **Advisors** or **Experts**, **National Designated Authorities** and **Observers**.

Indicator (3): Integrity Training

Are appointed members and technical staff trained on issues of integrity?

Guiding questions for this indicator include, inter alia: Are there requirements for staff to be trained on codes of professional conducts or integrity as part of their orientation? Are appointees and staff required to attend any classes or briefings explaining in detail the respective codes of conduct they are subject to? What, if any, sanctions exist for non-compliance?

Integrity training means to develop the capacities of employees on anti-corruption matters. According to available information, no integrity training has been conducted for any Fund actor except the Trustee and Secretariat employees. For them, as World Bank Group employees, training on issues of integrity is mandatory. They also have access to "outreach, communications and training activities" carried out by the

Office of Ethics and Business Conduct, which is designed to foster awareness of and adherence to ethical obligations of staff members. ¹⁰¹ Each staff member "may be required" to complete periodic training. ¹⁰²

There is also further staff training available from the Integrity Vice Presidency on prevention and detection of fraud and corruption in the World Bank Group and its projects. Although the Office of Ethics and Business Conduct is required to "submit periodic reports to the Office of the President" on its activities, "issues and trends relating to the ethics and business conduct functions, including on matters such as concerns raised by staff members, lessons learned in addressing those issues, and the functioning of the Office's case management system", these are not publicly available. Further information on the content, regularity or attendance of such training could not, however, be located until October 2013 when the *Annual Report* for the Office of Ethics and Business Conduct was made available online. (The links to previous reports are not functioning.) From this report it can be seen that the Office of Ethics and Business Conduct has a role in supporting orientations at country offices, in rolling out the new mandatory e-learning on the Code of Conduct (which more than 3,000 staff members took in 2013), and in providing tailored outreach and training when invited to do so by country offices. In 2013, this included training on staff misconduct delivered in International Bank for Reconstruction and Development and International Finance Corporation country offices in Latin America and the Caribbean, East Asia and the Pacific, South Asia, and Africa – regions in which the Climate Investment Fund is funding activities.

REPORT GLOSSARY

TRANSPARENCY INTERNATIONAL PRINCIPLES AND TERMINOLOGY¹⁰⁶

Corruption as defined by Transparency International is *the abuse of entrusted power for private gain*. It refers to various types of corruption which are further detailed below. Corruption is not inevitable. A number of principles and policies can be implemented which can strengthen climate funds' operations and prevent corruption from creeping in. These include policies aimed at instilling transparency, accountability and integrity as strong principles guiding a fund's operations.

- **Transparency** refers to a characteristic of governments, companies, organisations and individuals of being open in the clear disclosure of information, rules, plans, processes and actions. Acting visibly and understandably promotes participation and accountability and allows people outside an institution to monitor its work and to take action when something is not as it should be.
- **Accountability** is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for executing their powers properly¹⁰⁷ that they are "answerable for their actions and that there is redress when duties and commitments are not met". This involves an "institutionalised relationship between different actors" where one set of people/organisations are held to account ('accountees') by another set ('accounters')". ¹⁰⁸
- *Integrity* refers to behaviours and actions consistent with a set of moral or ethical standards embraced by individuals and institutions that create a barrier to corruption.

The following terms are used throughout this report:

- Access to Information refers to the right by law often through freedom of information legislation (acts or laws) to access key facts and data from the government and any public body. Budgets, project approvals and evaluations are typically published although citizens can petition for more materials to be released.
- **Bribery** refers to the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages (taxes, services and donations, among others).
- *Civil Society* is the arena, outside of the family, state and market where people associate to advance a common set of interests. Voluntary and community groups, non-governmental organisations, trade unions and faith-based organisations commonly are included in this sphere, making the term broader than a non-governmental organisation.
- Code of Conduct is a statement of principles and values that establishes a set of
 expectations and standards for how an organisation, government body, company, affiliated
 group or individual will behave, including minimal levels of compliance and disciplinary
 actions for the organisation, its staff and volunteers.
- **Conflict of Interest** refers to a situation where an individual or the entity for which they work, whether a government, business, media outlet or civil society organisation, is confronted with choosing between the duties and demands of their position and their own private interests.
- Disclosure refers to a provision of information as required under law or in good faith, regarding activities of a private individual, public official, company or organisation.
 Information can include a political candidate's assets, a company's financial reports, a non-governmental organisation's donors or a whistleblower's accusations.
- **Ethics** are based on core values, a set of standards for conduct in government, companies and society that guides decisions, choices and actions.
- **Whistleblowing** refers to the sounding of an alarm by an employee, director or external person in an attempt to reveal neglect or abuses within the activities of an organisation,

government body or company (or one of its business partners) that threaten public interest, its integrity and reputation. The term in English is largely positive although many languages lack a similar concept with the same connotation.

CLIMATE FUNDS TERMINOLOGY 109

- Adaptation refers to actions in response to actual or expected climatic stimuli that seek to
 reduce the vulnerability of natural and human systems to the adverse effects of climate
 change. Especially important in developing nations, which are expected to be worst affected.
- The Adaptation Fund is a fund established to finance adaptation projects and programmes in developing countries particularly vulnerable to the adverse effects of climate change. The Fund became operational in 2009 and is supervised and managed by the Adaptation Fund Board, but also administered by the Global Environmental Facility. The Adaptation Fund is the first financial instrument under the UNFCCC and its Kyoto Protocol that is not based solely on voluntary contributions from developed countries. It receives a 2 per cent share of proceeds from project activities under the Clean Development Mechanism. Consequently, the amount of money that will be available from the Adaptation Fund depends on the extent to which the CDM is used and on the price of carbon. As of July 2010 the Adaptation Fund had received US\$160 million, of which US\$112.5 million was generated through Clean Development Mechanism activities.
- Climate Investment Funds are financing instruments under the World Bank (therefore not
 accountable to the UNFCCC) that aim to drive low-carbon and climate-resilient
 development.
- Clean Development Mechanism is one of the three flexible mechanisms contained in the Kyoto Protocol. It allows emission-reduction projects in developing countries to earn certified emission reduction credits, each equivalent to one tonne of CO2. These credits can be traded and sold, and used by industrialized countries to a meet a part of their emission reduction targets under the Kyoto Protocol. The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets. The Clean Development Mechanism is also the main source of income for the UNFCCC Adaptation Fund, which was established to finance adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed by a 2 per cent levy on certified emission reduction credits issued by the Clean Development Mechanism.
- Conference of the Parties refers to the management body of the UNFCCC. It currently
 meets once a year to review the Convention's progress. The most recent meeting of the
 Parties, COP19, took place in Warsaw, Poland in November 2013.
- Deforestation refers to direct human-induced conversion of forested land to non-forested land.
- Global Environment Facility is an independent financial organization, set up in 1991 under the World Bank, the Facility provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. These projects benefit the global environment, linking local, national, and global environmental challenges and promoting sustainable livelihoods. In 1994, at the Rio Earth Summit, the Facility was restructured and moved out of the World Bank system to become a permanent, separate institution, and was entrusted to become the financial mechanism for the UNFCCC. The Facility manages the Least Developed Countries Fund and the Special Climate Change Fund, and administers the Adaptation Fund.
- Kyoto Protocol is an international agreement standing on its own, and requiring separate
 ratification by governments, but linked to the UNFCCC. The Kyoto Protocol, among other
 things, sets binding targets for the reduction of greenhouse-gas emissions by industrialised
 countries. The major distinction between the Protocol and the Convention is that while the
 Convention encouraged industrialised countries to stabilise greenhouse gas emissions, the

- Protocol commits them to do so. The Protocol was adopted in 1997. The detailed rules for the implementation of the Protocol, the "Marrakesh Accords" were adopted at COP 7 in 2001. To date, 192 states have signed and ratified the Kyoto Protocol.
- Least Developed Countries Fund refers to a fund established under the UNFCCC in 2001
 and operated by the Global Environment Facility that relies on voluntary contributions from
 developed countries. The fund supports a work programme to assist Least Developed
 Country Parties to carry out, inter alia, the preparation and implementation of
 national adaptation programmes of action.
- Mitigation is a human intervention to limit greenhouse gas emissions, either through the
 reduction of greenhouse gas sources or by enhancing sinks to capture them. Mitigation
 involves measures to prevent climate change and is distinguished from adaptation, which
 involves acting to tolerate its effects. Examples include: using fossil fuels more efficiently for
 industrial processes or electricity generation; switching to solar energy or wind power;
 improving the insulation of buildings, and expanding forests and other "sinks" to remove
 greater amounts of carbon dioxide from the atmosphere.
- **Reforestation** refers to the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land.
- Special Climate Change Fund is a fund established under the UNFCCC in 2001 and
 operated by the Global Environment Facility that relies on voluntary contributions from
 developed countries. The fund is intended specifically to finance projects relating to:
 adaptation; technology transfer and capacity building; energy, transport, industry, agriculture,
 forestry and waste management; and economic diversification in developing countries.
- UN Framework Convention on Climate Change (UNFCCC) is an international treaty signed by 154 countries at the United Nations Conference on Environment and Development in Rio de Janeiro in 1992. The objective of the treaty is to stabilise greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous interference with the climate system. The UNFCCC entered into force in March 1994. The Protocol to the Convention, signed in Kyoto in 1997, has more powerful and legally binding measures.

ANNEX 1: INDICATORS, SCORING AND GUIDANCE QUESTIONS, AND COLOUR CODING

The tables below set out the scoring and guidance questions for each indicator under the three criteria of transparency, accountability and integrity. In addition, for each indicator, the scenario representing weak (red), average (bright orange) and strong (green) performance are detailed. If the scenario does not fall easily into those three categories the intermediate colours of yellow and dark orange are used.

Criteria	Transparency
Scoring Question	(1) Are there policy provisions in place for public access to information regarding the Fund's administration and operations including activities, outputs and decisions?
Guidance Questions	Do guidelines regarding public access to information/information disclosure exist? Do these guidelines cover both information conveyed through meetings and documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)? If yes, are there deadlines for making such information available? If yes, do the provisions allow for any exemptions of information disclosure and confidentiality? If so, to what extent are these exemptions justified? Are the exemptions weighed against the greater public interest and the right to know? Do the guidelines allow for an appeal procedure to request non-disclosed information?
WEAK	There are no provisions in place.
AVERAGE	There are provisions in place but they are not comprehensive or time bound.
STRONG	There are clear, comprehensive and time bound provisions in place governing all relevant phases of the project cycle.

Criteria	Transparency
Scoring Question	(2) In practice, can members of the public obtain relevant and timely information on the Fund's policies, procedures, activities, outputs and decisions throughout the project cycle?
Guidance Questions	Is this information: available freely online or available on request; accurate and complete; coherent and understandable; timely and reliable as in required within a certain time frame or by a specific deadline if one exists, or within a reasonable timeframe if no deadline exists; and regularly updated? If access to information provisions allow for confidentiality/non-disclosure of information, in practice are these provisions interpreted and applied with good justification with regard to greater public interests and the right to know?
WEAK	There are no provisions in place.
AVERAGE	The information is either available publicly or upon request and is somewhat accurate, complete and timely.
STRONG	There are clear, comprehensive and time bound provisions in place governing all relevant phases of the project cycle.

Criteria	Accountability
Scoring Question	(1)* Does the Fund have effective financial reporting guidelines in place? Are the activities of relevant organisational decision-making body subject to audits? * Where relevant
Guidance Questions	Is the Fund required to submit financial reports? If so, how often? What types of expenditure are required to be documented in these reports? Are there mechanisms in place to vet the validity of any financial reports? In practice, are there examples of inadequate or fraudulent financial reports being filed from the Fund? How often are audits required to be conducted? What activities do these audits cover? Are they performed by internal auditing bodies or external agencies? Are the results of audits available to the public?
WEAK	There are no financial reporting requirements.
AVERAGE	Financial reporting requirements exist but are insufficiently thorough or inconsistently applied.
STRONG	Explicit reporting guidelines are in place and effectively enforced.

Criteria	Accountability
Scoring Question	(2)* Are the Fund's decisions governed by clear and effective accountability mechanisms ? * where relevant (that is, decision-making bodies only)
Guidance questions	Is the Fund required to explain its decisions to relevant external actors? Are the decisions of the Fund subject to timely and enforceable review? Are explanations of decisions provided to applicants in a predictable and timely fashion? Are there provisions in place detailing the procedures for affected parties to appeal contested decisions made by the Fund? Are those procedures publically available? In practice, how often are appeals to review decisions granted?
WEAK	The Fund is not required to explain its decisions and there are no appeal or review provisions.
AVERAGE	Procedures for the provision of explanations of decisions as well as for appeal of decisions are in place but they are unclear and/or ineffective.
STRONG	The Fund provides comprehensive explanations of its decisions on a regular and predictable basis. Clear appeal procedures are publically available and are consistently adhered to.

Criteria	Accountability
Scoring Question	(3) Throughout the Fund's project cycle, are there provisions for effective , independent and enforceable whistleblower protection for any Fund-related executive members, employees, contractors, subcontractors, and consultants who would expose any wrongdoing in any Fund-related action?
Guidance Questions	Is there any official policy or system for whistleblowing or the exposure of wrongdoing? How is the policy or system enforced? What are the procedures for handling disclosures from whistleblowers and other types of reports of wrongdoing? Are whistleblowers protected from termination, harassment or other forms of reprisals? Have whistleblowers faced adverse consequences for their actions? If so, please describe. What types of compensation or relief are available for whistleblowers who have been retaliated against? Have any whistleblowers been compensated for retaliation? Have employees, contractors and subcontractors, among others, reported wrongdoing? If so, what were the results of the disclosures? Please describe.
WEAK	Minimum (1) – There is no protection for whistleblowers.
AVERAGE	Midpoint (3) – Provisions exist to protect whistleblowers but they are incomplete, poorly enforced and/or individuals who expose wrongdoing are still subject to reprisals in practice.
STRONG	Maximum (5) – Whistleblowers are provided with comprehensive protection both in law and in practice.

Criteria	Accountability
Scoring Question	(4) Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?
Guidance Questions	Are their explicit procedures for how external actors can lodge complaints against the Fund? Are those procedures publically available? Is there a dedicated body within the Fund body to handle complaints? Is the Fund required to respond to complaints? In practice, how often does the Fund respond to complaints about its activities or actions?
WEAK	Minimum (1) – There are no provisions to handle complaints.
AVERAGE	Midpoint (3) – There are provisions in place to manage complaints but they do not respond in a consistent manner.
STRONG	Maximum (5) – There is a clear and accessible complaint procedure that is consistently applied.

Criteria	Accountability
Scoring Question	(5) Are there effective policies and procedures in place to penalise corruption and fraud?
Guidance Questions	Does the Fund have policies and procedures which require sanctions or punishments for corrupt or fraudulent behaviour or activity be imposed and enforced at all levels of the Fund and throughout the project cycle? What is the scope of the policy coverage? If a policy exists, to what extent has it been applied? Does the policy require that sanctions are determined in a fair and independent manner? Does the policy allow for an appeals process? Is information on these policies and about sanctions imposed publicly available?
WEAK	There are no effective policies and procedures in place to penalise corruption and fraud.
AVERAGE	There are policies and procedures are in place to penalise corruption or fraud but there insufficient and/or inconsistent.
STRONG	There are effective policies and procedures in place to penalise corruption and fraud at all levels of the Fund.

Criteria	Accountability
Scoring Question	(6) Is the Fund required to consult with civil society throughout the project cycle ?
Guidance Questions	Are there policies in place requiring the Fund to actively consult with civil society regarding their decisions or actions? Are there clearly stated and enforced penalties for failures to consult with civil society? In practice, how extensive are consultations between the Fund and civil society? In practice, to what extent are civil society recommendations acted upon?
WEAK	There is no consultation between the Fund and civil society.
AVERAGE	There are provisions requiring consultation, but consultation is irregular, limited and/or recommendations are rarely acted upon.
STRONG	Comprehensive and meaningful consultation between the Fund and civil society takes place on a regular basis.

Criteria	Accountability
Scoring Question	(7) Do independent civil society actors participate meaningfully in the proceedings of the Fund?
Guidance Questions	Are members of civil society allowed to participate in meetings? If so, is that role primarily participatory or observational? In practice, are members of civil society allowed meaningful access to Fund proceedings? Which civil society actors regularly participate? How are they selected? Do they have ties to appointed members?
WEAK	Civil society representatives are not allowed to participate in any of the Fund's proceedings.
AVERAGE	Civil society representatives may attend proceedings, but their participation is largely passive.
STRONG	Civil society representatives are afforded access and provided the opportunity to contribute meaningfully to proceedings.

Criteria	Integrity
Scoring Question	(1) Does the Fund have a policy and respective guidelines which require individual employees of Fund actors or approved members to be bound by an <i>effective</i> code of conduct which requires ethical, anti-corrupt behaviour and prohibits corrupt or fraudulent behaviour including conflicts of interest?
Guidance Questions	Are there comprehensive codes of conduct written into the guiding documents for the Fund? Are those documents publically available? If they do exist, how existing codes of conduct enforced?
	In practice, do appointed members and technical staff comport themselves according to widely accepted standards of professional conduct? What, if any, sanctions exist for non-compliance?
	Does the Fund have a conflicts of interest policy? If so, what does it cover? (Additional employment, inside information, private/business interests, policy advice, gifts and other forms of benefit, personal, family and community expectations and opportunities)
	Are appointments to the Fund made on a clear set of professional criteria? In practice, are the professional backgrounds of nominated members relevant to the mandate of the Fund or body they would be serving under?
	Who appoints these members? Are sitting members in the Fund subject to disclosure requirements?
	Are there any procedures to verify given disclosure reports as accurate?
	There are no guidelines related to professional conduct.
WEAK	There is no conflict of interest policy, appointments are not based on a clear process or criteria, and there are no disclosure requirements.
	Guidelines exist but they are not comprehensive, and/or actively monitored or enforced.
AVERAGE	A conflicts of interest policy exists, appointments are made on the basis of a clear process and criteria, and disclosure requirements exist. However, these are neither sufficient nor comprehensive enough to meet comparable international standards.
STRONG	Clearly established, comprehensive guidelines exist, are available publically and are actively enforced. An effective conflicts of interest policy exists, appointments are made based on clear criteria and there are clear and comprehensive disclosure requirements in place and regularly enforced.

Criteria	Integrity
Scoring Question	(2) Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?
Guidance Questions	Are integrity screenings or background checks required to be conducted? If so, what do they cover (education, employment history, reference checks, credential verification, criminal records, sanctioning by relevant regulatory authorities, identification as a possible politically exposed person, adverse media coverage, and conflicts of interest, among others)? Are they conducted by internal or external bodies?
WEAK	There is no requirement for integrity screenings or background checks to be conducted.
AVERAGE	Screenings or checks are required but they are either not conducted or not comprehensive and/or conducted by independent actors.
STRONG	Comprehensive screenings and checks are required prior to employment and carried out by independent actors.

	Integrity
Scoring Question	(3) Are appointed members and technical staff trained on issues of integrity ?
Guidance Questions	Are there requirements for staff to be trained on codes of professional conducts or integrity as part of their orientation? Are appointees and staff required to attend any classes or briefings explaining in detail the respective codes of conduct they are subject to? What, if any, sanctions exist for non-compliance?
WEAK	There is no integrity training that takes place.
AVERAGE	Evidence of some actors being trained is available but for other actors such training is unknown. Training may be offered but optional and not required.
STRONG	Integrity training is required and there are clear and widely enforced penalties for non-participation.

ANNEX 2: COUNTRY LEVEL CORRUPTION AND GOVERNANCE DATA

The following table draws on two data sources – Transparency International's *Corruption Perceptions Index 2012*¹¹⁰ and the World Economic Forum's *Global Competitive Report 2013-2013*. The *Corruption Perceptions Index 2012* scores countries and territories based on how corrupt their public sector is perceived to be, with 0 signalling highly corrupt and 100 very clean. Countries scoring under 35 are generally considered to have endemic corruption. The table shows that 13 out of 27 Adaptation Fund recipient countries fall below this line.

The World Economic Forum's *Global Competitiveness Index 2012-2013* assesses 12 pillars of competitiveness including that of "institutions". This pillar includes a set of indicators on ethics and corruption in public institutions as well as indicators on private sector ethics. The value column reports the country's score on each indicator on a 1–7 scale, with 7 being the most desirable outcome. The rank column reports the country's position among the 144 economies covered by the index. The indicators suggest some challenges for the countries in receipt of Adaptation Fund money. For example, on the indicator "favouritism in decisions of government officials", with the exception of Mauritius which scores over the half-way mark, all countries score at or under the half-way mark. The "diversion of public funds" indicator shows six countries scoring under 2.5.

Table 1: The Corruption Performance of Countries Receiving Adaptation Fund Funding

COUNTRY	IMPLEMENTING ENTITY	APPROVED AMOUNT IN USS	AMOUNT TRANSFERRED IN US\$	CPI	1.03 DIVERSION OF PUBLIC FUNDS	RSION	1.05 IRREGULAR PAYMENTS AND BRIBES	BULAR S AND ES	1.07 FAVOURTISM IN DECISIONS OF GOVERNMENT OFFICIALS		1.08 WASTEFULNESS OF GOVERNMENT SPENDING		1.12 TRANSPARENCY OF GOVERNMENT POLICYMAKING		1.18 ETHICAL BEHAVIOUR OF FIRMS		1.19 STRENGTH OF AUDITING AND REPORTING STANDARDS		1.22 STRENGTH OF INVESTOR PROTECTION, 0– 10 (BEST)	VGTH TOR ON, 0-
					VALUE	RANK	VALUE	RANK	VALUE	RANK V.	VALUE	RANK V	VALUE R	RANK	VALUE R/	RANK V	VALUE	RANK	VALUE	RANK
Argentina	Unidad para el Cambio Rural (UCAR)	\$5,640,000	\$2,322,273	35	6:	140	5.9	126	6 .	143	N	136	3.2	137	ъ Т	138	89 87	120	4.7	94
	World Bank	\$4,296,817	\$584,154																	
Cambodia	UNEP	\$4,954,273	\$1,107,231	22	3.4	09	3.2	107	3.5	48	3.8	36	4	95	3.8	40	3.9	118	5.3	65
Colombia	UNDP	\$8,518,307	\$1,842,089	36	2.3	130	3.5	96	5.6	105	2.8	104	4.1	83	3.5	112	4.4	84	8.3	5
Cook Islands	UNDP	\$5,381,600	\$772,020								N O N	No data								
Djibouti	UNDP	\$4,658,556	\$1,046,122	36								No data								
Ecuador	WFP	\$7,449,468	\$2,647,029	32	5.6	109	3.2	109	3.1	62	က	101	4	96	3.1	131	4	107	4	110
Egypt	WFP	\$6,904,318	\$1,617,003	32	5.6	113	3.4	100	က	74	2.5	113	3.8	113	3.8	73	4.1	104	5.3	65
Eritrea	UNDP	\$6,520,850	\$889,329	25								No data								
Georgia	UNDP	\$5,316,500	\$1,044,125	52	4.7	30	5.6	26	3.4	21	3.5	25	8.4	36	1.4	22	4.3	94	7	17
Honduras	UNDP	\$5,620,300	\$2,957,066	28	2.7	101	3.6	87	2.3	125	3.1	93	4.2	6/	3.8	6/	4.8	22	က	130
Jamaica	Planning Institute of Jamaica (PIOJ)	\$9,965,000	\$3,451,897	38	3.1	72	8.8	78	3.5	112	8 8	101	3.7	118	3.6	95	5.3	32	5.3	65

\$7,	\$7,860,825	\$1,589,200	30	2.5	123	2.7	132	N	141	2.3	127	3.8	107	3.2	127	4.4	9/	Ŋ	80
\$5,104,925		\$1,314,206	32	2.5	124	2.9	130	2.2	131	2.9	117	က	141	3.1	135	3.3	134	5.7	52
\$8,989,225		\$5,370,464								S	No data								
\$7,803,605	ιΩ	\$2,015,156	25	2.6	11	က	122	2.1	140	2.4	117	3.5	131	3.1	138	3.2	128	3.7	120
\$9,119,240	40	\$876,773	22	3.8	48	4.7	44	3.7	38	4.7	20	4.7	42	4.4	43	5.6	52	7.7	13
\$5,500,000	000	\$1,037,849	36	2.3	129	3.2	114	2.3	130	N	138	3.9	102	3.6	130	3.9	125	6.3	29
\$5,500,950	950	\$3,777,310	59	2.7	104	3.4	86	3.2	75	3.3	81	3.7	120	3.6	101	4.2	96	2	80
906	\$3,906,000	\$2,643,224	27	က	9/	3.1	119	2.9	96	3.4	62	3.8	109	3.5	108	4.4	98	6.3	29
530	\$6,530,373	\$1,736,070	52								No data	ಥ							
732	\$8,732,351	\$1,483,563								Z	No data								
619	\$8,619,000	\$8,619,000	36	2.5	122	3.5	94	2.5	115	3.1	91	<u>1.</u>	8	4.	80	7.4	49	ю	130
533	\$5,533,500	\$3,096,377								Ž	No data								
86	\$7,989,727	\$2,801,000	7	40 3.5	57	3.9	20	3.6	44	4	56	4.3	99	4	61	Ŋ	46	9	39
8	\$5,008,564	\$729,541	(.)	35 3	78	3.1	116	3.3	26	3.1	82	4	93	3.5	109	3.9	114	2	80
6	\$2,929,500	\$407,100		17							No	No data							
ŏ	\$9,967,678	\$330,000		5	56	5.5	88	4	35	9.	95	ω	56	ω	34	9.	12	Ŋ	80

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ENDNOTES

- ¹ The peer reviewers were Sven Harmeling of GermanWatch and Britta Horstmann of the German Development Institute. Experts from within the Adaptation Fund who were interviewed as part of the assessment include representatives of the Secretariat (Marcia Levaggi, Manager; Daouda Ben Oumar Ndiaye, Adaptation Officer; and Mikko Ollikainen, Adaptation Officer) and a representative of the Trustee (Jonathan Caldicott).
- ² See: *Ten Things to Know About Climate Change in 2012*, Nakhooda, S. et al. 2012. www.odi.org.uk/publications/6975-ten-things-know-about-climate-finance-2012
- ³ See: Decision 1/CP.16 The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, UNFCCC 2010. http://unfccc.int/files/meetings/cop 16/application/pdf/cop16 lca.pdf
- ⁴ See: *Global Corruption Report: Climate Change*, Transparency International 2011. www.transparency.org/whatwedo/pub/global corruption report climate change
- ⁵ Transparency International worked with the Stockholm Environment Institute to develop the mapping and assessment methodology and to run it for the Climate Investments Funds, the Global Environment Facility and the Adaptation Fund. Transparency International further worked with Tim Cadman and Inken Reimer to carry out a mapping and assessment of the UN-REDD and Forest Carbon Partnership Facility.
- ⁶ The Climate Investment Funds, the Global Environment Facility, Least Developed Country Fund and Special Climate Change Fund, the Adaptation Fund, the UN-REDD Programme, the Forest Carbon Partnership Facility and the Clean Development Mechanism. Climate Funds such as those listed are not "institutions" in and of themselves but are funds or partnerships supported by other institutions and financed by trust funds. For the purposes of this report, all Funds/Mechanisms will commonly be referred to as "Funds".
- ⁷ See: Transparency International's *Anti-Corruption Plain Language Guide* available at: www.transparency.org/whatwedo/pub/the anti corruption plain language guide
- ⁸ See: *Background of the Adaptation Fund*, Adaptation Fund Board 2010. www.adaptation-fund.org/sites/default/files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf .3%20Background%20of%20the%20Adaptation%20Fund.files/AFB.B.11.lnf
- ⁹ Of the 30 projects approved to date, five are implemented by National Implementing Entities Centre de Suivi Ecologique, Senegal; Agencia Nacional de Investigacion e Innovacion, Uruguay; The Planning Institute of Jamaica; Unidad para el Cambio Rural, Argentina and the Ministry of Natural Resources in Rwanda. The remaining 25 projects are implemented by Multilateral Implementing Entities. The United Nations Development Programme has the largest share of projects with 16, followed by the World Food Programme with four projects.

 ¹⁰ The assessment criteria and indicators used were drawn from a number of existing Transparency
- ¹⁰ The assessment criteria and indicators used were drawn from a number of existing Transparency International research products, including: *The National Integrity System Assessment Methodology*, http://transparency.org/files/content/nis/NationalIntegritySystem Background and Methodology.pdf, *The Analysing Corruption in the Forestry Sector Tool*,

http://issuu.com/transparencyinternational/docs/2010 forestgovernanceriskmanual en?mode=wind ow&backgroundColor=%23222222; The Corruption Risk Assessment Tool for the European Economic Area and Norway Financial Mechanism 2009-2014,

www.arhiv.svlr.gov.si/en/areas of work/european territorial cooperation/international financial mechanisms/the eea financial mechanism and the norwegian financial mechanism/; and *The Public Procurement Due Diligence Tool*, http://gateway.transparency.org/tools/detail/24.

www.transparency.org/whatwedo/pub/the anti corruption plain language guide

http://unfccc.int/cooperation and support/financial mechanism/adaptation fund/items/4264.php

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/ENVIRONMENT/EXTGLOBALENVIRONM ENTFACILITYGEFOPERATIONS/0,,contentMDK:20480552~menuPK:1223732~pagePK:148956~pi PK:216618~theSitePK:286243,00.html

fund.org/sites/default/files/Rules%20of%20procedure%20of%20the%20Adaptation%20Fund%20Bo ard.pdf. See also: Note on the Memorandum of Understanding between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding Secretariat Services to the Adaptation Fund Board (Agenda Item 13), Global Environment Facility 2009. www.thegef.org/gef/sites/thegef.org/files/documents/C.35.6.pdf ²⁶ Adaptation Fund Board, 2010: Para. 5

http://unfccc.int/resource/docs/2008/cmp4/eng/11a02.pdf

¹¹ See: Global Climate Finance: A Governance Risk Assessment Toolkit, Transparency International 2012a. Unpublished.

¹² Adaptation Fund Board, 2010.

¹³ See: Adaptation Fund contributors on the Climate Funds Update website at: www.climatefundsupdate.org/data

¹⁴ See: footnote 9.

¹⁵ See: Corruption Perceptions Index 2012: Full Source Description, Transparency International 2012. http://cpi.transparency.org/cpi2012/in_detail/

¹⁶ See: *Global Competitiveness Report 2012-2013*, World Economic Forum 2012. www3.weforum.org/docs/WEF GlobalCompetitivenessReport 2012-13.pdf

¹⁷ See: Institutionalizing Horizontal Accountability: How Democracies can Fight Corruption and the Abuse of Power, National Endowment for Democracy 2009. As referenced in the Transparency International Anti-Corruption Plain Language Guide, see:

¹⁸ See: *Definitions*, Transparency and Accountability Initiative undated. www.transparencyinitiative.org/about/definitions

¹⁹ See: Code of Conduct, Adaptation Fund Board 2013. www.adaptationfund.org/sites/default/files/CODE%20OF%20CONDUCT 0.pdf ²⁰ See:

²¹ See; Report of the Conference of the Parties Serving as the Meeting of the Parties to the Kvoto Protocol on its Fourth session, Held in Poznan from 1-12 December 2008, UNFCCC 2009. http://unfccc.int/resource/docs/2008/cmp4/eng/11.pdf. In February 2013, the Conference of Parties decided to extend this arrangement until 2014.

²² For more information regarding the relationship between the World Bank and the Global Environment Facility, please refer to the following website, among others:

²³ See: Living Our Values. Code of Conduct (February 2013), World Bank 2013b. http://siteresources.worldbank.org/INTETHICS/Resources/ethics code 2013-Mar13-CRA.pdf ²⁴ See: UNFCCC, 2009.

²⁵ See: Rules of Procedure of the Adaptation Fund Board. Adaptation Fund Board 2010c. www.adaptation-

²⁷ See: FCCC/SBI/2007/L.30; Decision 1/Conference of Parties.3, Adaptation Fund, UNFCCC 2007b. http://unfccc.int/resource/docs/2007/sbi/eng/l30.pdf

²⁸ See: FCCC/KP/Conference of Parties/2008/11/Add.2; Legal Arrangements Between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and the International Bank for Reconstruction and Development (World Bank) regarding the services to be provided by the Trustee for the Adaptation Fund, UNFCCC, 2008: 12-20.

- ²⁹ See: *Parties' Designated Authorities*, Adaptation Fund Board undated3. <u>www.adaptationfund.org/page/parties-designated-authorities</u>
- ³⁰ For further clarification, please refer to the assessment sections on Accountability and Integrity.
- ³¹ Available information on anti-corruption policies, rules and investigatory and sanctioning procedures needs to be searched through each Implementing Entity. This information tends to be available in various forms on most multilateral and some national websites. Because of this, finding consistent and comprehensive accountability information concerning all Implementing Entities has proved very difficult
- proved very difficult
 ³² See: *Open Information Policy (Adopted in July 2013)*, Adaptation Fund Board 2013a. https://adaptation-fund.org/sites/default/files/Open%20Information%20Policy_0.pdf
 (Para. 8)
- ³³ See: *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, Adaptation Fund Board 2013b. www.adaptation-
- fund.org/sites/default/files/OPG%20amended%20in%20November%202013.pdf (Paras. 35 and 36)
- ³⁴ See: *NIE Accreditation Toolkit*, Adaptation Fund undated3. http://www.adaptation-fund.org/sites/default/files/Accreditation%20Toolkit%20English.pdf
- ³⁵ See: *Model Legal agreement*, Adaptation Fund undated 4. https://www.adaptation-fund.org/sites/default/files/Revised%20AGREEMENT%20as%20of%20Nov%202013 0.pdf
- ³⁶ Adaptation Fund Board, 2013b: Para. 65
- ³⁷ Adaptation Fund Board, 2013b: Para. 69
- ³⁸ Adaptation Fund Board, 2013b: Paras. 70-71
- ³⁹ Adaptation Fund undated 4: Para. 14
- ⁴⁰ The UNESCO website is very difficult to access information on internal accountability and integrity requirements and sanctions of staff and others.
- ⁴¹ See: Increasing Climate Resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island, Adaptation Fund 2011. www.adaptation-fund.org/project/1631-increasing-climate-resilience-through-integrated-water-resource-management-programme-ha
- ⁴² See: *Principles of Transparency and Accountability* (In German), Germanwatch 2009. http://germanwatch.org/de/3461
- ⁴³ See: Guidance Document for Project and Programme Proponents to better prepare a request for funding, Adaptation Fund Board 2012i. http://www.adaptation-fund.org/sites/default/files/AFB.PPRC .8.4%20Guidance%20document%20for%20project%20proponents final.pdf
- See: Decision 28/Conference of Parties.1, Initial Guidance to an Entity Entrusted with the Operation of the Financial Mechanism of the Convention, for the Operation of the Adaptation Fund, UNFCCC 2006. www.adaptation-fund.org/sites/default/files/28-CMP 1.pdf
- ⁴⁵ Article 19 adds that disclosure "restrictions whose aim is to protect governments from embarrassment or the exposure of wrongdoing can never be justified". See: *The Public's Right to Know, Principles on Freedom of Information Legislation,* Article 19 1999.

www.article19.org/data/files/pdfs/standards/righttoknow.pdf

- ⁴⁶ Article 19, 1999: Principle 4
- ⁴⁷ Article 19, 1999: Principle 7
- ⁴⁸ See: *Report of the Twentieth Meeting of the AFB*, Adaptation Fund Board 2013c. <u>www.adaptationfund.org/sites/default/files/AFB20</u> Report.pdf (p. 20)
- ⁴⁹ See: *The World Bank Policy on Access to Information*, World Bank 2010a. www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/06/03/000112742 2010060 3084843/Original/548730Access0I1y0Statement01Final1.docx

- ⁵⁰ See: *Aid Transparency Index (2012)*, Publish What You Fund 2012. www.publishwhatyoufund.org/files/2012-Aid-Transparency-Index web-singles.pdf
- ⁵¹ Key documents available on the Adaptation Fund website include: (1) The Operational Policies and Guidelines of the Fund; (2) Key Conference of Parties decisions that contain decisions pertaining to the Adaptation Fund; (3) Legal documents; (4) Rules of Procedure; (5) Proposal Submission Materials including criteria for selecting projects/programmes.
- ⁵² See: *The Operationalization of the Adaptation Fund: Lessons Learned*, Adaptation Fund 2011a. <u>www.adaptation-fund.org/article/1387-operationalization-adaptation-fund-lessons-learned</u>; and see: *Civil Society and the Adaptation Fund*, Germanwatch 2011. http://germanwatch.org/klima/11-06-gw-afb-side-event.ppt
- ⁵³ Adaptation Fund Board, 2013b.
- ⁵⁴ Ibid
- ⁵⁵ According to Decision 5/Conference of Parties.2, the Adaptation Fund shall operate inter alia with "... (g) Sound financial management, including the use of international fiduciary standards; (h) Clearly defined responsibilities for quality assurance, management and implementation; (i) Independent monitoring, evaluation and financial audits".

http://unfccc.int/resource/docs/2006/cmp2/eng/10a01.pdf#page=28

- ⁵⁶ See: *Report on Fiduciary Standards for Implementing Entities 2009*, Adaptation Fund Board 2009. www.adaptation-fund.org/sites/default/files/AFB.B.6.4 Fiduciary Standards.pdf.
- ⁵⁷ See: Single Audits, Adaptation Fund undated2. https://adaptation-fund.org/page/single-audits
- ⁵⁸ See: *Annual Performance Report 2011*, Adaptation Fund Board 2011. http://adaptation-fund.org/sites/default/files/AFB.EFC. 7.4.Rev . 20Performance%20Report.pdf 59 Adaptation Fund Board, 2013b.
- ⁶⁰ The Germanwatch Adaptation Fund Project Tracker, Germanwatch 2012. http://af-network.org/4889
- ⁶¹ See: Staff Manual, World Bank 2012d. Available at:

http://siteresources.worldbank.org/INTSTAFFMANUAL/Resources/StaffManual WB web.pdf

- ⁶² As provided by the staff rules, staff members may seek relief through: (1) appeals before the Appeals Committee and the Administrative Tribunal or (2) an alternate dispute resolution mechanism, such as the Office of Mediation.
- ⁶³ World Bank, 2012d.
- ⁶⁴ See: Adaptation Fund Board, 2012d.
- ⁶⁵ Complainants are invited to leave a message and the Secretariat will review and "respond accordingly".
- ⁶⁶ World Bank, 2012d.
- ⁶⁷ Ibid
- ⁶⁸ Adaptation Fund Board, 2009.
- ⁶⁹ Adaptation Fund Board, 2013b.
- ⁷⁰ The web link to the United Nations Educational, Scientific and Cultural Organization Complaints Mechanism is not functional. Navigating through the organisation's website has also been difficult in attempts to find relevant information concerning complaints submission and investigations.
- ⁷¹ Guidelines for National Implementing Entities require that they demonstrate "the ability to take on the responsibility of the full project cycle in an environment free from direct and indirect fraud and corruption from its own staff and from third parties and have the ability to resolve any allegations thereof in a transparent and complete manner involving required authorities as needed". See: *Guidelines for Designated Authorities to Select an NIE*, Adaptation Fund Board undated.

www.adaptation-

fund.org/system/files/Guidelines%20for%20Designated%20Authorities%20to%20select%20an%20N

- ⁷² The World Bank's self-investigatory function as explained under indicator/section 4 above.
- ⁷³ World Bank, 2013b. This document explicitly outlines a range of actions to be proactively avoided including personal, business and other conflicts of interest, fraud, and corruption including an advisory on kickbacks, bribery, facilitation payments and money laundering.
- ⁷⁴ For further clarification, see Assessment sections on Accountability and Integrity.
- ⁷⁵ Adaptation Fund Board, 2013b: 7
- ⁷⁶ Ibid
- ⁷⁷ Accreditation of these Entities involves first an endorsement by the National Designated Authority or the government where an Adaptation Fund project takes place. National Implementing Entities need the approval of their Designated Authorities. A guidance note to National Designated Authorities recommends that a conviction by the Authority that the potential National Implementing Entity has a zero-tolerance for fraud policy which is demonstrated by its top management. Thus the potential Implementing Entity should have the ability to take on the responsibility of the full project cycle in an environment free from direct and indirect fraud and corruption from its own staff and from third parties and have the ability to resolve any allegations thereof in a transparent and complete manner involving required authorities as needed. That endorsement together with the Entities Application is reviewed by the Accreditation Panel which then further makes its accreditation recommendations to the Board for its final approval.
- ⁷⁸ See: Project and Programme Review Committee: Terms of Reference, Adaptation Fund Board undated 4. www.adaptation-

fund.org/sites/default/files/Project%20and%20Programme%20Review%20Committee.pdf

- ⁷⁹ See: Revised Enforcement Policy and Procedures, European Bank for Reconstruction and Development 2009, www.ebrd.com/downloads/integrity/epp.pdf
- 80 See: Sanctions Procedures, as Adopted by the World Bank as of April 25 2012, World Bank 2012b.

http://siteresources.worldbank.org/EXTOFFEVASUS/Resources/WBGSanctions Procedures April2 012 Final.pdf

- ⁸¹ See: Sanctions Procedures of the Inter-American Development Bank, Inter-American Development Bank 2011. http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=36233155 82 See: Sanctions Procedures of the African Development Bank Group, African Development Bank Group 2013. www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/The%20Sanctions%20Procedures%20of%20the%20AfDB.pdf
- 83 See: Integrity Principles and Guidelines, Asian Development Bank 2012. www.adb.org/sites/default/files/integrity-principles-guidelines.pdf ⁸⁴ Germanwatch, 2009.
- ⁸⁵ See: Request for Project/Programme Funding from the Adaptation Fund, Adaptation Fund 2013. https://www.adaptation-fund.org/sites/default/files/OPG%20ANNEX%204 Combined.pdf
- 86 See: Proposals and Concepts Under Review, Adaptation Fund undated. www.adaptationfund.org/submittedproposals
- ⁸⁷ Adaptation Fund Board, 2010.
- ⁸⁸ See: Guidance Document for Project and Programme Proponents to Better Prepare a Request for Funding, Adaptation Fund Board 2012. www.adaptation-

fund.org/sites/default/files/AFB.PPRC .8.4%20Guidance%20document%20for%20project%20propo nents final.pdf

- ⁸⁹ See: *Adaptation Fund NGO Newsletter No. 5 (February 2013)*, Adaptation Fund NGO Network 2013. http://germanwatch.org/klima/AFN-NGO-Newsletter-4-120628-web.pdf
- ⁹⁰ In a December 2011 Board meeting, it was also noted that the scope of the consultation process was not provided enough; the role that communities, local governments and non-governmental organisations, or universities will play in the implementation of the project/programme was not sufficiently explained and vulnerable communities have not been consulted in the project/programme proposals. See: *The Adaptation Fund Project Review Process: Lessons Learned,* Adaptation Fund Board 2011b. www.adaptation-

 $\frac{fund.org/sites/default/files/AFB.PPRC}{ct\%20Review\%20Process.pdf} .7.3\%20Lessons\%20learned\%20on\%20the\%20AF\%20Proje$

91 See: Decision 1/CMP.3, Adaptation Fund.

http://unfccc.int/resource/docs/2007/cmp3/eng/09a01.pdf#page=3

- ⁹² Adaptation Fund Board, 2010.
- 93 Adaptation Fund Board, 2010c (Para. 43)
- ⁹⁴ Adaptation Fund Board, 2010.
- ⁹⁵ See: *Code of Conduct for the Adaptation Fund Board*. Adaptation Fund Board 2010a. www.adaptation-

 $\frac{fund.org/sites/default/files/Code\%20of\%20Conduct\%20for\%20the\%20Adaptation\%20Fund\%20Boar \\ \underline{d.pdf}$

- ⁹⁶ The oath of service requires each Board Member to "disclose immediately to the Adaptation Fund Board any interest in any matter under discussion before the Adaptation Fund Board which may constitute a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate of the Adaptation Fund Board and [the member] shall refrain from participating in the work of the Adaptation Fund Board in relation to such matter". See: Adaptation Fund Board 2009 (Para. 28).
- 97 World Bank, 2013b.
- ⁹⁸ See: Decision 1/Conference of Parties.3, Adaptation Fund, UNFCCC 2007. Available at: http://www.adaptation-fund.org/sites/default/files/Decision 1-Conference of Parties.3.pdf
 ⁹⁹ World Bank, 2012d.
- 100 See: F00011 Personal History Form, World Bank 2013d.
 http://irispublic.worldbank.org/85257559006C22E9/DOC VIEWER?ReadForm&I4 KEY=3FF49099
 056A712885256C9000646009D47EE6188DBAA3E785257012006A99E3&I4 DOCID=F48BAE365
- 65C0F1E852575A200771CF6&

 101 See: Staff Rule 3.00, World Bank, Office of Ethics and Business Conduct (EBC) 2013a.

 http://irispublic.worldbank.org/85257559006C22E9/DOC_VIEWER?ReadForm&l4_KEY=3FF49099
 056A712885256C9000646009D47EE6188DBAA3E785257012006A99E3&l4_DOCID=9F44449853
 22118D852577A7004B7F73&
- 102 Ibid
- ¹⁰³ See: Vice Presidency for Institutional Integrity Terms of Reference, World Bank 2011. http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/ORGUNITS/EXTD OII/0,.print:Y~isCURL:Y~contentMDK:20548280~menuPK:1701719~pagePK:64168445~piPK:64168309~theSitePK:588921,00.html
- 104 World Bank, EBC, 2013a.
- ¹⁰⁵ See: *FY13 Annual Report*, World Bank, Office of Ethics and Business Conduct (EBC) 2013. http://siteresources.worldbank.org/INTETHICS/Resources/EBC Annual Report 10-23-2013.pdf
- All terminology is adapted from Transparency International's *Anti-Corruption Plain Language Guide* available at: www.transparency.org/whatwedo/pub/the anti corruption plain language guide

www.transparency.org/whatwedo/pub/global corruption report climate change

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¹⁰⁷ National Endowment for Democracy, 2009. As referenced in the Transparency International Anti-Corruption Plain Language Guide, see:

www.transparency.org/whatwedo/pub/the anti corruption plain language guide

108 Transparency and Accountability Initiative, undated.

109 All terminology is adapted from Transparency International's *Global Corruption Report: Climate* Change. A User's Guide available at:

¹¹⁰ Transparency International, 2012.
111 World Economic Forum, 2012.

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