



**PROTECTING CLIMATE FINANCE
AN ANTI-CORRUPTION ASSESSMENT OF THE
FOREST CARBON PARTNERSHIP FACILITY**

Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it.

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PREFACE

In 2013, Transparency International, working with Dr. Tim Cadman, undertook a process to map out lines of accountability within the Forest Carbon Partnership Facility (FCPF) as well as an assessment of the FCPF's Readiness 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.

EXECUTIVE SUMMARY

Protecting Climate Finance: An Anti-Corruption Assessment of the Forest Carbon Partnership Facility is the last 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 FCPF's Readiness Fund to support the effective achievement of its objectives.

Established in 2008, the FCPF aims to assist developing countries in their efforts to reduce emissions from deforestation and forest degradation, and foster conservation, sustainable management of forests, and enhancement of forest carbon stocks (REDD+) by providing value to standing forests. It aims to do this through two funds: the Readiness Fund and the Carbon Fund. As of December 2013, the Readiness Fund has approved grants of over US\$45 million¹, whereas the Carbon Fund has not yet disbursed any funds. Although both Funds are described in this document, only the former is assessed.

Transparency International's assessment of the Readiness Fund reviewed both its governance arrangements and its transparency, accountability, and integrity policies and practices against a set of 12 indicators. The study involved preliminary desk research and a subsequent interview with the Facility Management Team. Peer reviews were further engaged to validate or question the findings.² As a result, Transparency International has identified both best practices and some areas where the Fund's policies should be strengthened.

Overall, the Fund has made a commitment to operate with **transparency** and to provide open access to the information produced through its work. It has put in place guidance clearly listing the information to be made available, together with responsible parties and timelines. In practice, it further ensures the regular publication of information on its executive functions and activities.

However, there is still much room for improvement. It should ensure that information regarding the anti-corruption rules and safeguards of downstream actors, such as Delivery Partners and REDD+ Country Participants, is disclosed and made easily accessible on its website. In addition, the transparency of the FCPF's Participants Committee can be bolstered by making provision for webcasting of meetings. Finally, it could further improve its performance by making its financial information available according to International Aid Transparency Initiative (IATI) standards.

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 Facility Management Team (the Fund's Secretariat) and its Trustee. However, further rules and procedures regarding the Participants Committee are required to ensure full accountability at the Fund's executive level. This means gaining sufficient assurances that honest, independent and impartial processes are in place to investigate, review and sanction the behaviour of the Committee and its individual Members.

Accountability at the national level is delegated to the Fund's Delivery Partners. The effectiveness of this arrangement is important but difficult to assess given the scant availability of easily accessible information regarding which specific anti-corruption rules are applied by Delivery Partners. For example, clarity is lacking regarding which whistleblowing procedures and complaints mechanisms are in place. Therefore, downstream accountability needs to be demonstrated in much clearer and more consistent ways.

Citizens have a key role to play in advancing the anti-corruption agenda. As watchdogs and/or independent consultants, they can help to ensure the integrity and effectiveness of decision-making processes. Fund policies and processes are in place regarding civil society participation, both as Observers at Participants Committee meetings and as consulted stakeholders in-country. However, putting these into practice at the national level has been challenging and the Fund faced criticism for its failures in ensuring consultation in its early years. Its recent improvements have however also been

recognised. The Fund must continue to strengthen its performance in this area to ensure more open, meaningful engagement and better uptake of citizens' concerns.

Finally, the Fund cannot be said to have a comprehensive corruption prevention approach in place for all of the actors falling within its remit. The FCPF can draw on the anti-corruption policies and procedures of the World Bank for many of its actors such as the Facility Management Team, Trustee and World Bank as Delivery Partner, and through its Common Approach has put in place minimum standards expected of its newer Delivery Partners. However gaps remain, including the absence of a Fund-wide zero-tolerance of corruption policy. Furthermore, standards of conduct required from Fund actors and sanctions for falling short of those standards are not clearly set out at the Fund level.

As an international mechanism entrusted with public money, the FCPF will need to take on a Facility-wide zero-tolerance of corruption policy and improve access to information on key anti-corruption assurances. This information is essential to ensure both downstream and upstream accountability for the prevention and deterrence of corruption. As set out above, the Fund has already made some 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 2012.³ The 2009 commitment was to increase that annual cash transfer to US\$100 billion by 2020.⁴

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 [Green Climate Fund](#), which has emerged as a potential new source of public and private finance through the United Nations processes (UN Framework Convention on Climate Change, UNFCCC), 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*⁵ 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,⁶ embarked upon an anti-corruption assessment of key multilateral climate funds.⁷ 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”.⁸ 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 speed and urgency. 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 and 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 **Forest Carbon Partnership Facility’s Readiness Fund**. Starting operations in 2008, the Facility was set up by the World Bank. It is a global partnership focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, sustainable management of forests and enhancement of forest carbon stocks and is designed to complement the UNFCCC negotiations on REDD+ by demonstrating how REDD+ can be applied at the country level and by learning lessons from this early implementation phase. It is made up of two funding mechanisms – the Readiness Fund and the Carbon Fund. Under the Readiness Fund, each REDD+ Country Participant prepares itself for REDD+ by developing the necessary policies and systems. The Carbon Fund, which became operational only in 2011, will provide payments for verified emission reductions from REDD+ programmes in countries that have made considerable progress towards REDD+ readiness. A total of US\$650 million has been raised for the two Funds: US\$260 million from 15 donors for the Readiness Fund, and US\$390 million from 11 financial contributors for the Carbon Fund. The Readiness Fund has disbursed US\$9.9 million and the Carbon Fund has not yet disbursed any funding.⁹ Although both Funds are introduced in this report, only the first is assessed in greater detail.

This report is divided into two parts: an **accountability mapping** and an **anti-corruption assessment**. The mapping attempts to gain clarity over the FCPF’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 FCPF’s Readiness 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 FCPF, peers and research consultants. The research approach is detailed in Annex I 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 Forest Carbon Partnership Facility and their lines of accountability to one another. It also pinpoints anti-corruption policies that govern the Facility 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 for the FCPF Readiness Fund.

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.¹⁰ 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 protecting 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 FCPF website and, to some extent, the websites of the Readiness Fund's Delivery Partners. This was complemented by a follow-up interview with the Facility Management Team 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 fund 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 Forest Carbon Partnership Facility’s anti-corruption accountability framework reveals a number of both strengths and challenges for short- and long-term consideration by the FCPF’s Readiness 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 full report that follows.

The table below summarises the Readiness 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 policies and practices). Gradations in colour indicate that certain indicators fall between two categories, with **dark orange** representing below average and **yellow** representing above average.

Overall the Fund performed best in its policies and practices for accountability. However, good 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 adopt a Fund-wide zero-tolerance of corruption policy and improve access to information on key accountability assurances to protect against corruption.

Summary of Forest Carbon Partnership Facility’s 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	
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?	ABOVE AVERAGE

<p>Indicator (2): Accountability (Answerability) Mechanisms Are the Fund's decisions governed by clear and effective accountability mechanisms?</p>	AVERAGE
<p>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?</p>	AVERAGE
<p>Indicator (4): Complaints and Investigation Mechanisms Are there independent and effective mechanisms in place to register and investigate complaints about corruption or fraud?</p>	AVERAGE
<p>Indicator (5): Sanctions Are there effective policies and procedures in place to penalise corruption and fraud?</p>	BELOW AVERAGE
<p>Indicator (6): Civil Society Consultation Is the Fund required to consult with civil society throughout the project cycle?</p>	ABOVE AVERAGE
<p>Indicator (7): Observer Participation Do independent civil society actors participate meaningfully in the proceedings of the Fund?</p>	ABOVE AVERAGE
INTEGRITY	
<p>Indicator (1): Anti-Corruption Rules Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct protecting against corrupt or fraudulent behaviour?</p>	AVERAGE
<p>Indicator (2): Integrity Screenings Are appointed members and technical staff subject to integrity screenings or background checks prior to employment?</p>	AVERAGE
<p>Indicator (3): Integrity Training Are appointed members and technical staff trained on issues of integrity?</p>	AVERAGE

KEY FINDINGS

The following section provides justification for the performance assessments awarded to the Forest Carbon Partnership Facility's Readiness Fund for its transparency, accountability and integrity provisions.

Note: Reference is made in this section to a number of FCPF bodies. Please consult pages 28-42 for a description of their roles and responsibilities.

Transparency

Transparent Reporting

The Fund exhibits mixed performance in its policies and practices on reporting.

The Fund does require a range of narrative and financial reports to be submitted by fund actors on an annual basis. Narrative reports can be easily found on the individual REDD+ Country Participant page on the FCPF website. Although a range of financial information is made available through the regularly updated FCPF Dashboard, more detailed financial reporting and audits could not be located through the Facility's website, making meaningful monitoring of financial matters by external parties difficult.

Executive Decision-Making Transparency

The Participants Committee is generally open although more can be done to ensure greater transparency in favour of public interests.

On the one hand, the FCPF lists a number of Observers, including representatives from civil society and forest-dwelling communities, who can take part in Participants Committee meetings, although without a right to vote. This list of Observers was further extended by the Rules of Procedure which foresees the admission of additional Observers by the Facility Management Team. However, at the same time, these rules permit the co-chairs to exclude such Observers from individual agenda items at their discretion. Furthermore, Committee meetings are not webcast.

Details on decisions taken by the Participants Committee, including reasoning and recommendations for improvements, are not always readily accessible.

Resolutions of the Participants Committee are made available through the relevant meetings section of the FCPF website. Assessments of both the Technical Advisory Panel and a sub-set of the Participants Committee are available on the REDD+ Country Participant pages in multiple languages. Although the Facility Management Team is required to do a completeness check before funding is advanced, making all documentation available together on REDD+ Country Participant pages would allow broader monitoring of the changes requested.

Information Requests and Appeals

The Fund does not articulate a procedure whereby stakeholders can request or submit an appeal for the release of undisclosed information.

The Fund's Note on Access to Information was designed to set out how the World Bank Policy on Access to Information applies to the Readiness Fund. In doing so, it sets out the list of documents that should be made available at each step of the readiness process, who is responsible for making those documents available and the timelines that should be observed. However, it is missing two essential pieces of information that are provided for in the World Bank policy. Firstly, it fails to provide any information on how requests for information can be made and secondly, it fails to set out how to appeal a decision not to make information available. The note is also not readily accessible but located in the Annex to official Fund Agreements.

Anti-Corruption Rules – Disclosure

Information regarding the anti-corruption rules and safeguards of Delivery Partners and national-level focal points is not readily accessible at the Fund level.

As this information is critical for holding these actors to account, it needs to be easily accessible at the Facility level, such as through the FCPF website, rather than being left to the discretion of each of the individual Fund actors to disclose. Although national-level focal points are not clearly visible as a Fund actor (the website only lists Participants, Delivery Partners, Facility Management Team, Technical Advisory Panels and Official Observers) but instead listed within Readiness Preparation Proposals, their accountability is crucial given their proximity and involvement in the implementation of Fund activities at the national level. However, no information on the accountability rules applicable to them is available.

Most relevant contractual arrangements which set out rights and obligations of the parties, including anti-corruption provisions, are disclosed through the Fund website.

Whilst grant agreements and agreements between the Trustee and Delivery Partner could be located, REDD+ Country Participant agreements could not be accessed.

Accountability

Lines of Accountability

Accountability in terms of institutional relationships between bodies engaged in the Facility can be clearly identified in most cases. The exceptions are the Participants Committee and World Bank as Delivery Partner, which require further clarification.

The Participants Committee is the main decision-making entity within the Facility and reports on an annual basis to the Participants Assembly on the decisions that it has taken during the preceding year. It is however not clear what actions would be taken in a case where the Participants Committee failed to take corrective action in the face of corruption within the Fund.

The Fund Trustee has entered into Transfer Agreements with the two newer Delivery Partners – the United Nations Development Programme and the Inter-American Development Bank. These agreements set out the standards required of these entities in terms of their engagement with the Fund. However, there is no such agreement in place for the World Bank, making it unclear what action would be taken against the Bank and by whom, were it to fall short of the same standards. Whilst the World Bank is not expected to enter a transfer agreement effectively with itself, applicable World Bank operational policies including recourse to the Inspection Panel, and anti-corruption rules should be elaborated.

The lines of individual accountability of World Bank employees engaged with the Fund are clear (that includes staff within the Facility Management Team, Trustee and World Bank as Delivery Partner). However greater clarity is needed on the individual accountability of Participants Committee Members, individuals employed by Delivery Partners, individuals working for the national focal point, Observers and locally consulted stakeholders.

Participants Committee Members are accountable to the Participants Committee itself for conflicts of interest. However, 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 REDD+ Country Participant focal point staff members, 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 Delivery Partners should be accountable internally within their organisations. However, the rules and scope of that accountability is not disclosed at the Fund level. Similarly, principles and guidelines pertaining to ethical/non-corrupt behaviour appear to be in place only for the Northern NGO Observers. Nothing could be found that would apply to locally consulted stakeholders.

Integrity

Anti-Corruption Rules – Substance

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

Although World Bank anti-corruption policies apply to World Bank staff within the fund, no fund-wide policy applies within the Fund. In particular, the Participants Committee is not subject to any anti-corruption requirements – 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 across all stages and levels of the Fund.

Codes of conduct setting out ethical and anti-corruption rules and standards are partially in place, including for the Participants Committee. Delivery Partners comply with their own existing rules and standards. However, the existence of such standards for all Fund actors is not clear.

Instead of a comprehensive Code of Conduct, the Participants Committee is subject to a conflict of interest requirement. This requirement does not cover other corrupt behaviour, such as taking bribes or kickbacks, accepting exorbitant gifts, or misrepresentation. Nor does it set out positive requirements for ethical behaviour. Codes of conduct applicable to Delivery Partners are not readily accessible through the FCPF. There is no information available on the codes of conduct in place for other Facility actors with the exception of the Northern NGO Observer who must also make a conflict of interest declaration.

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

The integrity of civil society and all other non-governmental actors, such as Observers, should be strengthened in relation to the influence they wield within the Fund. Their independence and impartiality cannot be assumed. Observers should continue to strengthen the requirements they set for themselves on this point.

The effectiveness of anti-corruption rules and safeguards is not consistently monitored or evaluated by the Fund.

Little evidence could be found to indicate that the Fund's anti-corruption performance – at any level – is being monitored or has been evaluated. In addition, regarding Delivery Partners, no reporting requirements demonstrating their anti-corruption performance in relation to the Fund exist.

Appeals

Procedures to appeal decisions of the Participants Committee are absent in current Fund policy.

Although the Participants Assembly can overturn decisions of the Participants Committee and the Participants Committee makes provisions for the explanation of its decisions to relevant external actors in a predictable and timely fashion, a formal procedure which establishes a clear channel for accountability would better empower complainants to file an appeal.

Investigations

Although a conflict of interest declaration is in place, there is [no accountability framework](#) requiring, for example, that individual Participants Committee Members are accountable to their peers.

Rules for an effective, independent and impartial mechanism should be put in place. Ideally, an independent body should be established by the Participants Committee to address issues of accountability concerning individual Committee Members. As set out above, the ambit of expected behaviour of Participants Committee Members should also be widened in line with a more robust Facility-wide zero-tolerance anti-corruption policy.

The [World Bank's investigatory and sanctioning processes](#) that govern the Facility Management Team, the Trustee and the World Bank as Delivery Partner are clear and comprehensive. This is an example of 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 examples of best practice 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.

Delivery Partners are responsible for [investigating – internally or externally – the misuse of funds in projects and programmes under their control.](#)

Under the Common Approach it has put in place for Delivery Partners, the Fund has committed to improve procedures for raising and resolving grievances. These must be promoted to encourage those engaging with the Fund to take action in cases of wrongdoing – thereby increasing the possibility that any such action faces punishment. In addition, guidance should be given to REDD+ Country Participants so that they can put in place or strengthen existing grievance mechanisms. 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.

[Whistleblower Protection](#)

There is no mention made of the importance or need for [whistleblowing](#) protection at Fund level. Whilst Delivery Partners have whistleblower protection in place, too little information is available at the Fund level to satisfy this assurance. This needs to be urgently addressed.

In shortlisting new Delivery Partners, compliance with the Global Environment Facility (GEF) fiduciary safeguards, which include a requirement to have whistleblowing protection in place, was a key criterion. However, Delivery Partners were not required to explain how they managed such protection. It is therefore not clear what real protection is afforded to whistleblowers throughout Fund operations, particularly downstream at the country level, where corruption is more likely to happen.

[Complaints Mechanisms](#)

Fund policy does not designate a [grievance mechanism at the executive level](#) of the Fund.

Currently there is no way through which corrupt or unethical behaviour of Participants Committee Members could be reported and addressed. Making such a mechanism available would strengthen the credibility and legitimacy of the Participants Committee, by providing a means for corrupt or unethical behaviour by individual Committee Members to be reported and addressed.

The Fund has taken steps to ensure that both [Delivery Partners and REDD+ Country Participants](#) have adequate complaints mechanisms in place.

Through the Common Approach it has designed for new Delivery Partners, and its guidelines for REDD+ Country Participants, the Fund seeks to ensure adequate mechanisms are in place to receive and handle complaints at the country level. Additional financial support is also made available so this can be achieved. However concerns remain that country mechanisms are not always fit for purpose. Furthermore, the Common Approach requires Delivery Partners to make “a list of the staff [...] responsible for initially evaluating complaints, timely responding to them, and seeking their early resolution” available on the FCPF website. This has not yet been put in place for any of the Delivery Partners.

Despite the support provided to Delivery Partners and REDD+ Country Participants, insufficient action has been taken to ensure the effectiveness of these complaints mechanisms.

In order to make its complaints mechanism for anti-corruption accessible and effective at the national level, the Fund needs to provide the necessary information for victims and witnesses before they make a complaint. Details of complaints mechanisms actually in place are not published on the Fund’s website. This will become increasingly important as more such mechanisms are put in place.

Sanctions

Although “appropriate action”¹² can be taken against a Participants Committee Member who falls foul of the Fund’s conflict of interest provisions, it is not clear what such action would entail.

There is a lack of clarity around the type of sanctions that can be applied to Committee Members both at the Fund level and through the national processes that they are subject to.

While clear and comprehensive sanctioning procedures may exist within Delivery Partners and with regards to national focal points, the Fund itself has not demonstrated how and to what extent sanctions are required, applied and enforced by them.

Information on the sanctions imposed by Delivery Partners or national-level entities for those found to have acted corruptly is not disclosed at the Fund level. As such, it is difficult to assess how comprehensive remedial measures in place across all actors are. Given the strong deterrent impact sanctions have in safeguarding against corruption and fraud, much more could be done to demonstrate and verify disciplinary capacities at all stages within the Fund.

Civil Society Participation

While provisions for Observer participation at Participant Committee meetings foresee some restrictions, the degree to which Observers can contribute to meeting discussions in practice has been strong.

A number of Fund Observers are identified in the *FCPF Charter* and the Rules of Procedure permit the participation of additional Observers. However this latter group can be excluded from specific agenda items at the discretion of the co-chairs – in practice this has not yet happened. And while Observers can input on specific agenda items, they are not allowed to propose agenda items.

Fund policy provides an opportunity for a range of stakeholders to be consulted during the design, approval, implementation and reporting stages of the FCPF Readiness Grants. The importance of the role stakeholder consultations play in the evaluation process should be emphasised.

The Fund enables key stakeholder consultations throughout the whole project cycle, requires a budgeted participation and consultation plan to be put in place, and provides detailed guidance to support countries in maximising the effectiveness of consultations. Recognition of the need for consultation during evaluation is however absent.

The FCPF has recently made grants available to build the capacity of civil society and indigenous people to engage with the Fund.

This rapidly increased pot of finance has been welcomed by civil society and indigenous people's groups as a hugely important contribution towards increasing opportunities for them to engage effectively in consultation processes. However progress towards starting the funds flowing has stalled.

RECOMMENDATIONS

Transparency

Transparent Reporting

The **FCPF Participants Committee** should:

- Ensure that financial reporting is more consistently made available through the Fund. This includes regular financial reports and annual audits.
- Consider following the lead of the Adaptation Fund and Climate Investment Funds and make the Fund's financial information available according to the IATI standards. These offer common standards for publishing aid information and satisfy four pillars of transparent aid – ensuring data is published in a manner that is timely, comprehensive, accessible and comparable.

Executive Decision-Making Transparency

The **Participants Committee** should:

- Consider providing webcasted sessions of their meetings to make them even more open and accessible to the public. This would complement existing actions to actively engage civil society and indigenous actors as participants in the Participants Committee's decision-making processes.
- Provide clear explanations for choosing to exclude Observers from specific agenda items. Such explanations should weigh the reason for the decision against the public's broader right to know.

Information Requests and Appeals

The **Participants Committee** should:

- Ensure that the note on information disclosure setting out what information should be made available, by whom and according to what timeline, is more readily accessible at the Fund level.
- Elaborate further on how requests for information can be made and appeals against failure to disclose information can be lodged and processed.

Anti-Corruption Rules and Disclosure

The **Participants Committee** should:

- Make it a requirement that key accountability information on Delivery Partners, national focal points and any other actors contracted to carry out FCPF work is disclosed, easily accessible and understandable, and made available 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.

National focal points should:

- Provide to the Facility Management Team, for publication on the Fund's website, information or web links regarding who they are accountable to in cases of corruption or fraud, which authority

is empowered to investigate and penalise them, and according to which rules or standards they may be held accountable.

Accountability

Lines of Accountability

As an entity entrusted with public money, the Forest Carbon Partnership Facility needs to provide better proof to the public that this money will be shielded from corruption. Equally, the Fund needs to give assurances that it will respond to and punish incidences of corruption in a timely and satisfactory manner if and when they occur. 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 FCPF's financial integrity – and offer increased guarantees of the quality and sustainability of funded activities. As such:

The **Participants Committee** should:

- Clarify what action would be taken against the Participants Committee as a body were it to fail to respond to charges of corruption within the Fund, and also clarify to whom individual Participants Committee Members would be accountable, should they behave in a corrupt or unethical way in connection with their Fund responsibilities.
- Clarify in relation to the World Bank as Delivery Partner, how it would be held accountable to the Fund in cases as set out in the Transfer Agreements with the United Nations Development Programme and the Inter-American Development Bank.

Integrity

Anti-Corruption Rules – Substance

The **Participants Committee** should:

- Adopt a Fund-wide zero-tolerance policy on corruption which should, inter alia:
 - Set **anti-corruption rules and ethical codes of conduct** that establish standards for expected behaviour and define punishable corrupt and fraudulent acts. It should also include positive requirements for ethical behaviour. These should apply to all stakeholders engaged in Fund procedures and consultations.
 - Demand and ensure these rules are applied, complied with and enforced throughout Fund operations.
 - 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 Delivery Partners and national focal points is consistently monitored and periodically evaluated through evaluations and progress reports.

FCPF Observers should:

- Ensure codes of conduct and compliance procedures are in place for all Observers.

Appeals

The **Participants Committee** should:

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

Investigations

The **Participants Committee** should:

- Take steps to articulate an appropriate accountability process for the Participants Committee, should it fail to address or condone corruption within the Fund, and for Participants Committee Members, should they act corruptly.
- Establish independent, impartial bodies to ensure oversight and investigatory functions. The model being developed by the Green Climate Fund could serve as an example.
- Promote the investigations procedures of Delivery Partners and those applicable to the national focal points to encourage those engaging with the Fund to take action in cases of wrongdoing – thereby increasing the possibility that any such action will result in punishment.

Whistleblower Protections

The **Participants Committee** should:

- Clarify urgently at the Fund level what whistleblower protections are available to Fund actors.

Complaints Mechanisms

The **Participants Committee** should:

- Establish an independent complaints mechanism to strengthen their credibility and legitimacy by providing a way for corrupt or unethical behaviour of Participants Committee Members to 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 country level. This includes complying with the Common Approach requirements and making contact points for each Delivery Partner available through the FCPF website.

Sanctions

The **Participants Committee** should:

- Clarify or determine that the investigatory functions of Delivery Partners include capacities to impose and enforce sanctions when wrongdoing occurs.
- Amend its policy and model Transfer Agreement with Delivery Partners to make the misuse of funds to be potential grounds for terminating contractual agreements and status as Delivery Partner.

Civil Society Participation

The **Participants Committee** should:

- Clarify that consultation plans should cover all stages of the project cycle including the evaluation phase for all countries and not only for those that proceed to submit Readiness Packages.

The **Facility Management Team** should:

- Ensure that the Observers section of the Fund's website is improved to better inform and facilitate Observer participation.
- Make every effort to ensure access to funds through phase 2 of their Capacity Building Programme is provided without delay.

MAPPING AND ASSESSMENT: FULL REPORT

THE FOREST CARBON PARTNERSHIP FACILITY: AN OVERVIEW

Operational since 2008, and developed and managed by the World Bank, the Forest Carbon Partnership Facility is a global partnership of governments, businesses, civil society and indigenous peoples. It is focused on financing projects and programmes in developing countries to manage forests in sustainable ways and to conserve and grow forest carbon stocks.¹³ The FCPF has two separate funding mechanisms: the Readiness Fund and the Carbon Fund. Together they pursue the objectives of building capacity for REDD+ in developing countries in tropical and sub-tropical regions, and piloting a programme of performance-based incentive payments in selected countries, in order to set the stage for a future global REDD+ carbon market.

The **Readiness Fund** provides grants to countries to prepare for REDD+ by developing the necessary policies and systems and setting up REDD+ national management arrangements, including proper environmental and social safeguards.¹⁴ As of December 2013, the Readiness Fund has received almost US\$260 million from the European Commission and 14 developed countries – Canada and Germany being the largest providing US\$41 million and US\$53 million respectively.¹⁵

The Fund's resources are disbursed in the form of grants to national governments (usually ministries) through the FCPF's Delivery Partners: the World Bank, the Inter-American Development Bank, the United Nations Development Programme and the United Nations Food and Agriculture Organization.¹⁶ Countries eligible for funding need to be situated in tropical or sub-tropical environments and to have a demonstrated the need for engaging and implementing a REDD+ programme.¹⁷ A total of 37 countries have been selected to participate in the Readiness Fund¹⁸ and US\$12.6 million has been disbursed.¹⁹

The **Carbon Fund** which became operational in 2011 is intended to provide support to build on the positive outcomes of the Readiness Fund and link countries with payments for the purchase of their avoided greenhouse gas emissions. For countries that have made considerable progress towards REDD+ readiness, the Carbon Fund aims to pilot performance-based payments for verified emissions reductions. The goal is to provide incentives to reduce emissions while protecting forests, conserving biodiversity and enhancing the livelihoods of forest-dependent peoples and local communities.²⁰ In terms of financing, the Fund receives contributions from both public and private sources. The Carbon Fund is considered a public-private partnership whereby the private sector, in addition to governments, provides funding as well as "management capacity and experience with innovative financial instruments".²¹ By December 2013, the European Commission, seven developed countries and three private entities had contributed to the Carbon Fund.²²

The Carbon Fund has not yet disbursed payments to any recipient countries. However, the FCPF Annual Report for 2012 envisages that "about five forest countries participating in the FCPF whose Readiness Packages have been endorsed by the Participants Committee will enter into an Emission Reductions Purchase Agreement (ERPA) for an average amount of US\$30-\$40 million". It is further set out that it is anticipated that such agreements will cover a period of five years and involve programmes at the level of an administrative jurisdiction within a country or at the national level, to "align with the proposed national REDD+ Strategy and management framework".²³

Both from a country and a business perspective, the programmes funded under the FCPF 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 Facility or its Delivery Partners ahead of programme design or implementation, it is difficult to assess what precise risks might be incumbent on specific funded activities. However, Transparency International's *Corruption Perceptions Index 2012*²⁴ and the World Economic Forum's *Global Competitiveness Report 2012-2013*²⁵ 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 with only two Readiness Fund recipient countries scoring over 50 on a scale where 0 is very corrupt and 100 very clean. Meanwhile the World Economic Forum's *Global Competitiveness Report* shows only three countries achieving a score of over 50 per cent on "diversion of public funds", and only seven achieving the same on "irregular payments and bribes". Annex II of this report provides a table listing all FCPF recipient countries, Delivery Partners and approved funding, displayed in relation to the levels and types of corruption perceived in those countries.

Since the Readiness Fund aims to strengthen or develop policies, systems and or institutions for REDD+ delivery, there is a possibility that corruption risks may be addressed. Readiness actions include assessing and fortifying the REDD+ implementation framework which includes "institutional, economic, legal and governance arrangements". Country strategies can identify and propose reforms for implementation barriers "such as issues of institutional capacity and coordination, fiscal transparency, law enforcement, (and) corruption".²⁶ Given the above illustration of corruption risks, adopting such strategies would be an important measure in many of the Readiness Fund recipient countries destined to be recipients of the Carbon Fund as well.

THE ACCOUNTABILITY MAPPING

Overview

The accountability mapping of the Forest Carbon Partnership Facility reviews the relationships between key actors in the two Funds 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, are “answerable for their actions”, and are subject to “redress when duties and commitments are not met”.²⁷

First the **main stages of the project cycle** are introduced and then the Fund **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 enforcement²⁸

Forest Carbon Partnership Facility Project Cycle, Actors and Accountability Overview

The FCPF’s ‘project cycle’ can be understood as a series of phases and steps leading to a country’s national programme for receiving carbon finance through REDD+. The first two phases focus on building a national system where carbon emissions reductions can be measured, payments for those reductions can be made and the uses of that money can be planned. The latter phase centres on implementing and ensuring the integrity of national carbon financing schemes. These phases are described below and illustrated in the figures on pages 24-27.

Phase 1 – Readiness Formulation

- **Readiness Plan Idea Note submission, review and approval:** In order to participate in the FCPF, a country submits an outline of what needs to be done locally to put in place a REDD+ strategy, management and implementation framework, and environmental and social impact assessments to the Facility Management Team for further review and assessment by the Participants Committee.
- **Readiness Preparation Proposal submission, review and approval:** If its Readiness Plan Idea Note is successful, then a country may enter into a ‘REDD+ Country Participation Agreement’ with the Trustee of the Readiness Fund. This enables the release of a sum of up to US\$200,000 (Readiness Preparation Proposal Formulation Instalment) for each country to develop a Readiness Preparation Proposal. The Readiness Preparation Proposal is a more advanced proposal designed to help a country to prepare itself for REDD+, either under the FCPF or the UN-REDD Programme. It documents the actions that a country proposes to implement to achieve the core elements of REDD+. Once a country has formulated a Readiness Preparation Proposal, it again submits the document to the Facility Management Team for review and assessment by the Participants Committee.

Phase 2 – Readiness Preparation

- **Readiness Preparation Proposal approval:** The Participants Committee approves the Readiness Preparation Proposal. A Readiness Preparation Grant Agreement is concluded between the country and the Trustee. Grants of up to US\$3.6 million are available.
- **Readiness Preparation Proposal implementation:** A country undertakes actions which it has committed to do in its Readiness Preparation Proposal.
- **Readiness Preparation Proposal monitoring:** The country must submit a mid-term report on progress with these activities to the Participants Committee. This report is also reviewed by the World Bank as part of its due diligence.
- **Readiness Package compilation:** Following Readiness Preparation Proposal implementation, countries wishing to receive carbon payments for emissions reductions must further submit a Readiness Package. This is a collection of required documents which includes: 1) a REDD+ strategy; 2) an Implementation framework; 3) a Monitoring Reporting and Verification (MRV) system; 4) a Reference Level scenario (REL); and 5) safeguards. The R-Package has a national scope: it includes all major activities undertaken for REDD+ Readiness, not just those financed by the FCPF.
- **Readiness Package endorsement:** The Participants Committee reviews and decides whether to endorse the Package.

Phase 3 – Carbon Financing

- **Emission Reductions Program Idea Note submission, review and approval:** A country or entity that is authorised by the country submits an Emission Reductions Program Idea Note to the Facility Management Team for review.
- **Carbon finance allocations from Carbon Fund Tranches:** Carbon Fund Participants can allocate different pots of money to buy emissions reductions from specific individual or groups of countries. These may combine finance from different groupings of both public and private sector Carbon Fund Participants. These groupings are called Tranche Participants. If Tranche Participants deem a reviewed Emission Reductions Program in a REDD+ country to be worthy of financing, they then allocate money from a Tranche to purchase emission reductions in that country.
- **Country notification (and approval):** At the same time, a letter of intent between the World Bank and the REDD+ Country Participant or its authorised entity is signed.
- **Emission Reductions Program assessment and approval:** Following the above actions, the World Bank and Carbon Fund Participants conduct a due diligence review which includes an assessment of environmental and social safeguards. The Participants Committee assesses and certifies the overall readiness of the REDD+ country Participant.
- **Emission Reductions Purchase Agreement conclusion:** Carbon Fund Participants, the REDD+ country (or its authorised entity) and the World Bank negotiate and conclude an Emission Reductions Purchase Agreement between the Trustee and the REDD+ Country Participant.
- **Emission Reductions Program and Purchase Agreement implementation and monitoring:** The Carbon Fund Participants and the REDD+ Country Participants ensure that the Program is implemented, carbon emissions reductions are verified and payments are made. Regular reports on performance are required. Assessment of performance reports will be via an international or other compliance regime, or through an independent reviewer approved by the Participants Committee. The Trustee is responsible for checking that the Emission Reductions Program complies with the applicable Operational Policies and Procedures and Purchase Agreement provisions. Payments from the Trustee will depend on the verification report and compliance with the requirements outlined above. Finally, the Trustee accounts for the Emission Reductions delivered to the Tranche of the Carbon Fund, and allocates a pro rata share of Emission Reductions to each Tranche Participant.

READINESS FUND – IDEAL PROJECT CYCLE

KEY

- DONOR PARTICIPANTS
- REDD+ COUNTRY PARTICIPANTS
- MULTILATERAL DEVELOPMENT BANKS
- INTERNATIONAL ORGANISATIONS
- CIVIL SOCIETY
- PRIVATE SECTOR
- EXPERTS
- NATIONAL AUTHORIZED ENTITIES
- NON-GOVERNMENTAL ORGANIZATION

PHASE 2 – READINESS PREPARATION

The Readiness Package is endorsed

Members of the Technical Advisory Panel review the Readiness Package
The Participants Committee reviews and decides whether to endorse the Package

For countries wishing to receive carbon payments for emissions reductions, a Readiness Package - a collection of documents including a REDD+ strategy, an Implementation framework; a Monitoring Reporting and Verification system; a Reference Level scenario, and safeguards is compiled

The REDD+ Country Participant prepares the documentation
The Readiness Package is submitted via the Facility Management Team

The Readiness Preparation Plan implementation is monitored

The Delivery Partner submits annual reports
The REDD+ Country Participant submits a mid-term report
The mid-term report is reviewed by the Delivery Partners as part of their due diligence

Members of the Technical Advisory Panel review the report.
The Participants committee reviews and approves the mid-term report

The Readiness Preparation Plan is implemented

The REDD+ Country Participant plans and implements activities as set out in the Readiness Preparation Proposal
Technical Advisory Panel guidance and advice can be called on
Relevant Delivery Partner provides support

A Readiness Preparation Grant agreement for up to USD 3.6 million is signed with the REDD+ Country Participant and a first instalment is released

Following approval, the Trustee enters into a Grant Agreement with the REDD+ Country Participant
The Trustee transfers the funds

PHASE 1 – READINESS FORMULATION

The draft Readiness Plan Idea Note outlining what needs to be done in the country to put in place a REDD+ strategy, management and implementation framework is prepared and submitted

The country prepares a draft Readiness Plan Idea Note
Information sharing and dialogue with stakeholders including civil society, forest dwelling communities and private sector should begin at this stage
The relevant Delivery Partner country office provides support
The Readiness Plan Idea Note is submitted through the Facility Management Team

The draft Readiness Plan Idea Note is reviewed and approved

A sub-set of the Technical Advisory Panel reviews the document and submits their opinion to the Participants Committee for final decision
Participants Committee review Readiness Plan Idea Note and approve it or return it with comments for further work

A participation agreement and grant agreement is signed with the REDD+ Country Participant and a Readiness Preparation Proposal Formulation instalment of up to USD 200,000 is released

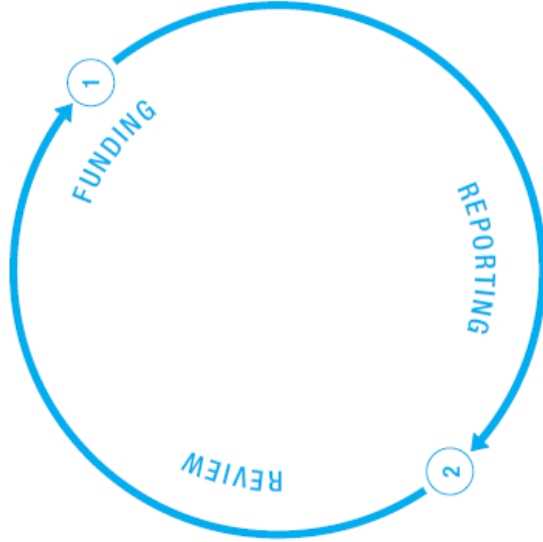
Following approval, the Trustee enters into a Participation Agreement and a Grant Agreement with the REDD+ Country Participant
The Trustee transfers the funds

The Readiness Preparation Proposal - a more advanced proposal documenting the actions that a country proposes to implement to achieve the core elements of REDD+ - is formulated

The country prepares a draft Readiness Preparation Proposal
More advanced consultation with stakeholders including civil society, forest dwelling communities and private sector should take place including preparation of a consultation and participation plan
The Country Office of the relevant Delivery Partner provides support
The document is submitted through the Facility Management Team

The Readiness Preparation Proposal is reviewed and approved

A sub-set of the Technical Advisory Panel reviews the document and submits their opinion to the Participants Committee for final decision.
Participants Committee review the Readiness Preparation Proposal and approve it or return it with comments for further work



CARBON FUND – IDEAL PROJECT CYCLE

KEY

- DONOR: CARBON FUND PARTICIPANTS
- REDD+ COUNTRY PARTICIPANTS
- MULTILATERAL DEVELOPMENT BANKS
- INTERNATIONAL ORGANISATIONS
- CIVIL SOCIETY
- PRIVATE SECTOR
- EXPERTS
- NON-GOVERNMENTAL ORGANIZATION

STAGE 7

The Emission Reduction Programme is implemented, emission reductions verified and payments made

- Ensure the Programme is implemented and submit regular reports
- Performance reports are assessed via an international or other compliance regime, or through an independent reviewer approved by the Participants Committee
- The Trustee is responsible for checking that the Emissions Reductions Programme complies with the applicable Operational Policies and Procedures and Purchase Agreement provisions
- Trustee will make payments upon verification
- Trustee accounts for the Emissions Reductions delivered to the Tranche of the Carbon Fund, and allocates a pro rata share of Emissions Reductions to each Tranche Participant

STAGE 6

The Emissions Reductions Purchase Agreement is negotiated and signed

- Negotiate and signs agreement
- Negotiate agreement and tranche member commits funding to part of the Programme
- World Bank negotiates agreement
- Trustee sign agreement

STAGE 5

The Emission Reduction Programme Document is reviewed and selected

- The World Bank conducts a due diligence review, programme appraisal and safeguards assessment
- Participants Committee assesses and certifies the overall readiness of the REDD+ Country
- If Tranche Participants deem a reviewed Emissions Reduction Programme in a REDD+ country worthy of financing, they then allocate money from a Tranche of money to purchase emissions reductions in that country

STAGE 1

A draft Emissions Reduction Programme Idea Note - that outlines the country's ideas for progressing REDD+ to the "results-based" payment phase - is prepared and submitted

- Prepare the note
- Carbon Fund donors use the note to evaluate and select initiatives to further pursue with FCPF Participant countries
- World Bank provides support
- The note is submitted through the Facility Management Team

STAGE 2

The draft Emissions Reduction Programme Idea Note is reviewed

- The Facility Management Team reviews the note and liaises with the country
- Technical Advisory Panel members review the note
- Individual Carbon Fund Tranche Participants decide whether to accept the proposed activities into the pipelines

STAGE 3

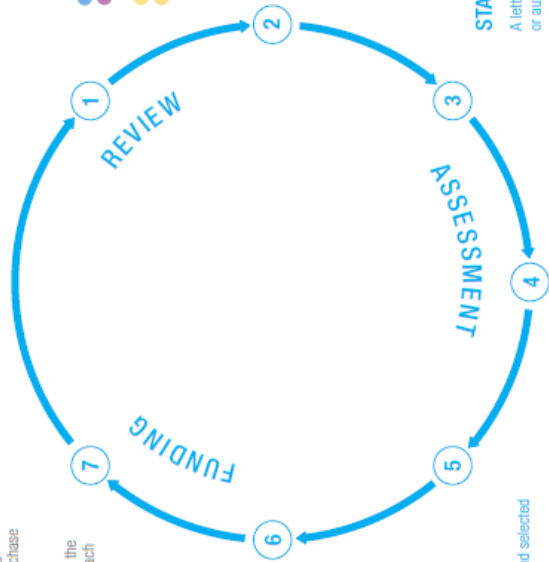
A letter of intent is entered into between the REDD Country Participant or authorised entity and the Trustee

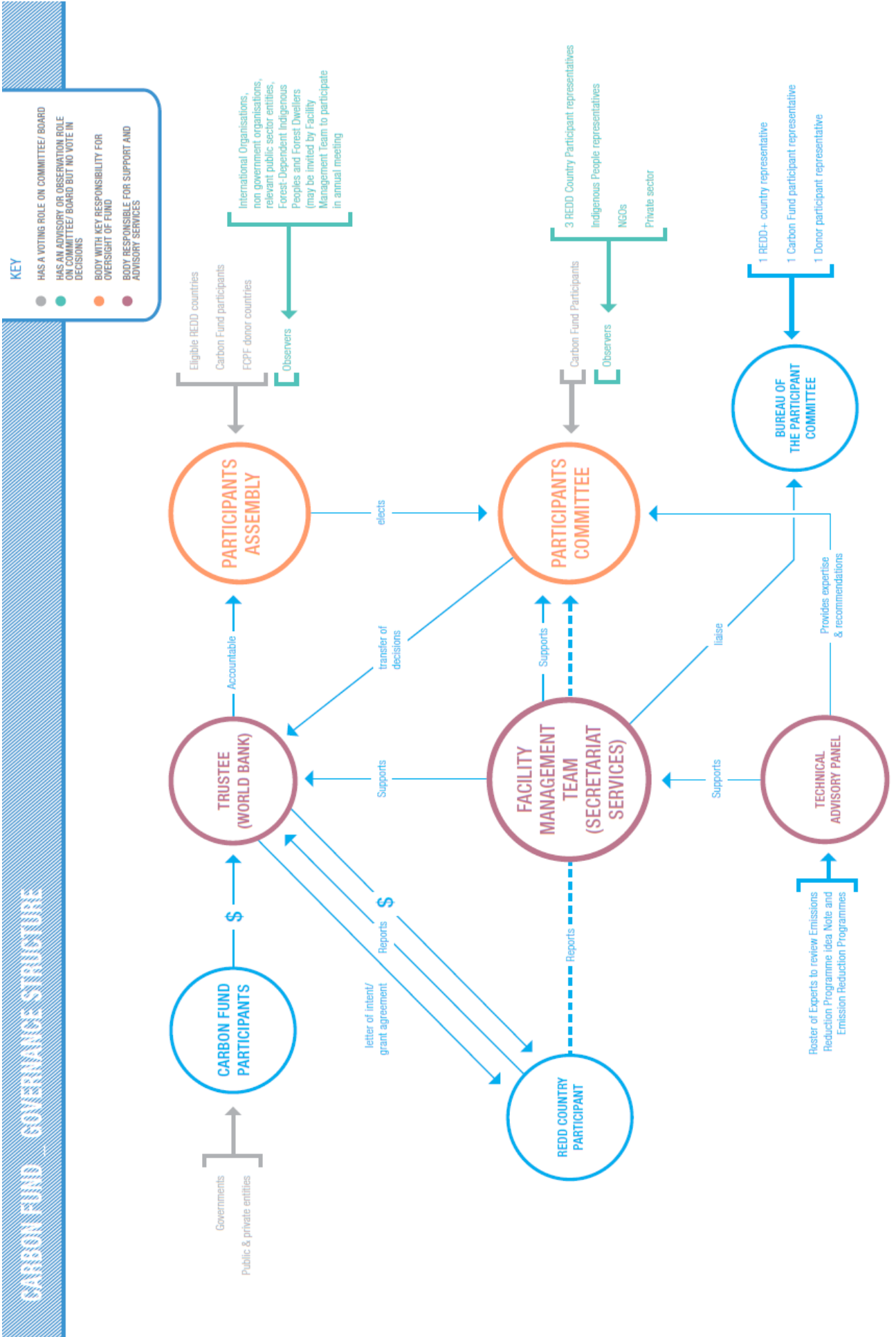
- Trustee signs agreement
- REDD+ Country Participant or authorized entity signs agreement

STAGE 4

A draft Emission Reduction Programme Document is prepared and submitted

- Prepares the document
- Supports the preparation and signs the agreement
- Submits the document





The FCPF's governance structure includes a number of principle actors which perform decision-making, supportive and/or implementing roles throughout the Readiness Fund and Carbon Fund project cycles. These actors include the Participants Assembly, the Participants Committee, the Bureau of the Participant Committee, the Facility Management Team, the Technical Advisory Panel, the Trustee, Delivery Partners, Observers and other national stakeholders where the FCPF's projects and programmes take place. Each of these actors is then analysed in turn according to its roles throughout the project cycle and its accountability, particularly as relates to corruption or fraud.

Participants Assembly

Composition and Functions²⁹

The Participants Assembly is the decision-making body of the Facility. It includes all of the REDD+ Country Participants. The Facility Management Team can also invite eligible REDD+ countries, eligible donors and eligible prospective Carbon Fund Participants, which have expressed interest in participating in the Facility, and representatives of relevant international organisations, relevant non-governmental organisations (NGOs), forest-dependent indigenous peoples and forest dwellers, and relevant private sector entities to attend annual meetings as Observers. The vice president of the Sustainable Development Network of the World Bank or his or her representative chairs annual meetings of the Participants Assembly.

In its annual meetings, the Assembly fulfills a number of functions. First, it provides general guidance to the Participants Committee (see below), as well as reviewing the decisions of the Committee during the previous year. It has the power to overturn some decisions by a two-thirds majority of REDD+ Country Participants and a two-thirds majority of Donor Participants and Carbon Fund Participants collectively who are present at the meeting. In such a case, the Participants Committee would reconsider the decision at a subsequent meeting. The Participants Assembly also elects the representatives who will sit on the Committee through separate (donor and REDD+ country) constituency meetings. The annual meetings of the Assembly also serve as a forum for exchanging information and sharing knowledge among Participants and Observers

Accountability as Individuals

It is not expressly stated to whom Participant Assembly members are individually accountable. Any codes of conduct, investigative processes and punitive actions would most likely rest with the individual's national government.

Accountability as a Body

The Participants Assembly is the highest governing body of the FCPF and no higher accountability exists. Furthermore no official accountability to Donor Participants or Carbon Fund Participants could be found.

Key Findings and Recommendations

The following findings were observed:

- The accountability of Participants Assembly Members for corrupt or unethical behaviour is not addressed in reviewed policy documents. These documents did not mention particular rules or standards requiring the Assembly to perform its functions ethically or with integrity or to avoid corrupt or fraudulent behaviour.

To address this situation, the **Participants Assembly** should:

- Develop and adopt clear rules and guidelines which set out the ethical standards expected of Participants Assembly Members. This could entail the development of a code of conduct, covering conflict of interest and corrupt behaviour more broadly such as taking bribes, accepting exorbitant gifts, and misrepresentation. It should also include positive requirements for ethical behaviour.
- Develop and adopt clear rules and guidelines concerning the investigation and imposition of sanctions for behaviour which is shown to be contrary to this code.

The **constituencies meeting** at the Participants' Assembly should:

- Ensure criteria developed for elections of Participants Committee representatives include requirements regarding the ethical standards expected of those elected.

Participants Committee

Composition and Functions³⁰

The Participants Committee is the governing body of the FCPF charged with making decisions on all aspects of importance to the Readiness Fund and Carbon Fund. It meets at least twice per year. Elected by the Participants Assembly for a one-year term, it has 28 members. Fourteen members come from donors contributing to the FCPF (either the Readiness or Carbon Funds). The other 14 come from REDD+ Country Participants. They are representatives of their respective governments or organisations and serve at the discretion of their governments or organisations. Voting is by consensus but if this fails, decisions will be taken by a two-thirds majority of those present and voting at the meeting.

In relation to the **Readiness Fund**, the Committee reviews the **Readiness Idea Notes** and **Readiness Preparation Proposals** put forward by countries, decides on allocation of a grant for preparing a Readiness Preparation Proposal, endorses some or all of the elements of the Readiness Preparation Proposal, and approves the annual budget of the Readiness Fund. The Participants Committee also participates in **Readiness Preparation Proposal monitoring** and requires a mid-term report on progress in these activities. Finally, the Participants Committee also reviews and endorses the **Readiness Package**.

In relation to the **Carbon Fund**, the Committee adopts guidelines and provides advice such as on ways to determine how to attribute emission reductions. It further establishes a list of parties able to deliver services related to Emission Reductions Programs and approves conditions of **Emission Reductions Payment Agreements**.

The Participants Committee has a further role in evaluating the operation of the FCPF, approving the Annual Budget, reporting to the Participants Assembly at each of its annual meetings and approving the establishment of Ad Hoc Technical Advisory Panel(s) as necessary to provide it with technical advice and findings in order to fulfil its functions. They have a role in addressing defaults concerning failure to pay contributions to the Funds or failure to exercise obligations under the Funds. Finally, up to eight members of the Participants Committee, including five REDD+ Country Participants and three financial contributors serve as the **Bureau of the Participants Committee** to liaise with and provide guidance to the Facility Management Team during inter-sessional periods.³¹

Accountability as Individuals

Since the outset, the FCPF Charter required Committee Members to declare potential conflicts of interest in relation to REDD+ activities that came before them for a decision. Furthermore, the Charter stated that the Facility Management Team would determine whether that conflict was sufficient for the Member to be excluded from participating in the decision in question. The Charter also allowed for further guidelines relating to conflicts of interest to be proposed by the Facility Management team (see below) for consideration by the Participants Committee.

In 2013, the Charter was further clarified to provide for other stakeholders to be notified of a declaration of conflict of interest. It also clarified the course of action to be taken where necessary declarations were not made, with the Facility Management Team empowered to determine 'appropriate action' to take after consultation with the other Carbon Fund Participants. No indication of the scope of such action is provided. It finally provided a new role for the other Participant Committee Members to challenge the decision of the Facility Management Team on whether or not a conflict of interest should exclude a Member from participating in a specific decision.³²

From our analysis, it is not evident that there are any further preventative measures in place such as codes of conduct for Participants Committee Members. There is therefore no indication of what standards are expected of Participants Committee Members or how they would be held accountable for corrupt

actions beyond conflicts of interests. Given that the Committee can also vote by a majority if a consensus cannot be reached, having such rules in place will be important.

In the meantime, without further clarity on this issue, it is likely that Committee Members are accountable to their national governments or organisations and the codes of conduct and other integrity and accountability tools which they adhere to will depend upon the provisions of their respective country/organisation. However, based on their method of appointment to the Participants Committee as set out above, it is conceivable that they may also be accountable to their constituencies, but no documentation is available which sets out any such accountability.

Accountability as a Body

The Participants Committee is required to report on an annual basis to the Participants Assembly on the decisions it has taken during that year. The Participants Assembly has the power to overturn a decision of the Participants Committee. In the event of such a decision, the Participants Committee reconsiders the issue at its next meeting. There is however no provision made for a situation in which the Participants Committee fails to act. For example, if the Committee fails to take action to investigate and sanction a case of corruption that comes to its attention, it is not clear how it would be held to account for this failure.

Key Findings and Recommendations

The accountability rules in place do not demonstrate clear resolve by the Readiness and Carbon Funds to ensure the integrity of Participants Committee members. Although the policy on conflicts of interests is a positive requirement, two shortcomings remain which should be addressed in order to further advance the Funds' internal accountability processes:

- In the absence of ethical rules applicable to Participants Committee members, it is not clear on what basis the Participants Committee would deal with corrupt or unethical behaviour by its members.
- The Funds are also missing an accountability process through which Participants Committee members can be held accountable by the Participants Committee as well as sanctioned for misbehaviour.

To address these accountability gaps the **Participants Committee** should:

- Introduce a code of conduct covering corrupt behaviour more broadly, such as taking bribes, accepting exorbitant gifts and misrepresentation. It should also include positive requirements for ethical behaviour.
- Develop and adopt policies to ensure that investigatory and sanctioning processes are in place to assure accountability for unethical and corrupt behaviour by Participants Committee Members.

The **Participants Assembly** should:

- Clarify the accountability of the Participants Committee to the Participants Assembly, 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 Participants Committee to the Participants Assembly for practising, condoning, supporting or otherwise failing to address corrupt behaviour within the Readiness Fund, and set out a clear, independent and impartial process to ensure the accountability of the Participants Committee.

Facility Management Team

Composition and Functions

The Facility Management Team is the group of World Bank staff which coordinates and oversees the work of the FCPF. It is housed within the Bank's Carbon Finance Unit, which is in the Environment Department. The Facility Management Team includes staff with regional, legal and carbon finance experience.

The responsibilities of the Facility Management Team include the administrative aspects of running the FCPF, which includes providing assistance to countries to develop their **Readiness Plan Idea Notes** and **Readiness Preparation Proposals** and **Emission Reductions Program Idea Notes** and **Emission Reduction Programs**, reviewing them once submitted, coordination of the Technical Advisory Panels, coordination with other international entities such as the UN-REDD Programme and the Global Environmental Facility (GEF), facilitating the meetings of the Participants Committee, fundraising among donors and preparing the annual budgets.³³ They are also the point of contact for civil society.

Accountability as Individuals

The FCPF Charter endorses indemnification of individuals associated with the Facility Management Team against any loss, liability, cost, claim, action, demand or expense provided it has not resulted from their gross negligence or wilful misconduct.³⁴ Other than this provision the Charter is silent in terms of the standards of conduct required from individuals within the Facility Management Team. However, as employees of the World Bank, the Bank's Code of Conduct will apply and as such contains the standards of conduct that are expected from Facility Management Team members.

The Bank's Office of Ethics and Business Conduct has responsibility for internal misconduct and compliance. Were Facility Management Team members to act corruptly, allegedly or otherwise, it would be dealt with through the Bank's investigatory functions as a part of its overarching anti-corruption policy. In cases where an allegation of corruption were investigated and proven, consequences include loss of employment, forfeiture of salary for a period of time, or indefinite ineligibility for employment with the World Bank Group. In cases where the corrupt action is serious enough to be a crime, the Bank also refers these cases to law enforcement officials.

Accountability as Body

As set out above, the Facility Management Team is provided by the World Bank and is established under the Charter.³⁵ There is no further elaboration of the accountability of the Facility Management Team to the governing bodies of the FCPF. There appears to be no mention of particular criteria or standards – including any provision or requirement for the Facility Management Team to perform its functions ethically or with integrity, or to avoid corrupt or fraudulent activities. Likewise, there is no reference to any procedures available to the Participant's Committee for investigating or imposing sanctions against the Facility Management Team should it fail for any reason to perform its said functions.

Key Findings and Recommendations

In summary, the following findings are observed:

- Rules and standards, investigatory processes and sanction systems governing anti-corruption for staff of the Facility Management Team are sufficiently robust. The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. It is not however readily discernable at the level of the Fund that these rules apply.
- The Facility Management Team's accountability to the Participant's Committee is also important but seems to lack sufficient explanation.

In response to these findings, the **Participant's Committee** should:

- Clarify at the Fund level the rules applicable to individuals within the Facility Management Team.
- Clarify the accountability of the Facility Management Team to the Participant's Committee.

Technical Advisory Panels³⁶

Composition and Functions

Technical Advisory Panels are ad hoc panels set up by the Participants Committee(s) or Facility Management Team to provide them with technical advice and information. The Facility Management Team is responsible for establishing a roster of experts³⁷ and proposing members of an Ad Hoc Technical Advisory Panel, as well as proposing their terms of reference for consideration and approval by the body

that establishes the panel. Members of the Technical Advisory Panel receive short-term consultancy contracts from the World Bank.³⁸

One or more Technical Advisory Panels can be established during the project cycle to make recommendations to the Participants Committee about whether or not to approve a **Readiness Plan Idea Note**, a **Readiness Preparation Proposal** or a **Readiness Package**. The Technical Advisory Panels have a similar role in the Carbon Fund, where they make recommendations on **Emission Reductions Program Idea Notes**, **Emission Reductions Programs** and **Emission Reductions Purchase Agreements**.

Accountability as Individuals

The FCPF Charter notes that “each Ad Hoc Technical Advisory Panel shall be independent, impartial and proportionate to the tasks being undertaken”. The Charter provides no further detail in terms of how the Facility Management Team are to go about forming the roster, what would be required of panel members in terms of integrity, or on the accountability of the individuals that form the panel.

The Terms of Reference used by the Facility Management Team however contains a conflict of interest clause for members of the Panels, making them responsible for identifying to the Facility Management Team prior to performing work on any given task, any potential conflicts of interest between the work they are asked to perform and their financial or other substantive relations with a country, any organisations involved in a task or assessed by a task, the World Bank, or any financial interests.³⁹ There is however no indication of what penalties can be applied for failure to make this disclosure.

Although there is no further detail in the relevant documentation listed above in terms of accountability should corruption occur, as the Advisory Panel members are contracted by the World Bank, they are subject to World Bank policies. As such, the individual Advisory Panel members will fall under the World Bank Code of Conduct and if an Advisory Panel member were to act corruptly – allegedly or otherwise – it would be dealt with through the World Bank’s procedures, as set out above for the Facility Management Team.

Key Findings and Recommendations

The following findings are observed:

- The Terms of Reference for Technical Advisory Panel members do have conflict of interest provisions in place although there is no indication what penalties are in place for failure to make a disclosure.
- Despite content on conflict of interest, content on avoidance of corruption and positive requirements for integrity is lacking.
- Likewise, no reference could be found regarding procedures for the investigation or imposing of sanctions against Technical Advisory Panel members who engage in such conduct.

To address this situation, the **Facility Management Team** should:

- Confirm at the Fund level that World Bank codes of conduct and investigation and sanctioning policies are applicable to the Technical Advisory Panel members.
- Broaden the conduct requirements set out in the Terms of Reference to cover not just conflict of interest but corrupt behaviour more broadly, such as taking bribes, accepting exorbitant gifts and misrepresentation, as required by the World Bank. Positive requirements for ethical behaviour should also be included.

The Trustee

Composition and Functions

The World Bank serves as the Trustee of the FCPF’s two Funds.⁴⁰ With respect to the Readiness Fund, the World Bank manages the funds donated to the Fund by Donor Participants as well as the allocation of funds to REDD+ Country Participants. The Trustee enters into transfer agreements with Delivery Partners. Following approval of the **Readiness Plan Idea Note** and **Readiness Preparation Proposal**,

the Trustee also enters into relevant participation and grant agreements with REDD+ Country Participants. During the readiness preparation phase, the Bank also has a role in **Readiness Preparation Proposal monitoring** through review of the mid-term report submitted to the Participants Committee. For the Carbon Fund, the Trustee is responsible to draft **Emission Reductions Partnership Agreements** for Emission Reductions Programs, negotiating agreements with the Carbon Fund Participants and REDD+ Country Participants. It also releases payments to the country or its authorised entity.

Accountability as Individuals

As Trustee services are provided by the World Bank, all individuals hold World Bank contracts. See Facility Management Team for more details on individual accountability.

Accountability as Body

As set out above, the Trustee is provided by the World Bank and is established under the Charter.⁴¹ There is no further elaboration of the accountability of the Trustee to the governing bodies of the FCPF. There appears to be no mention of particular criteria or standards – including any provision or requirement for the Trustee to perform its functions ethically or with integrity, or to avoid corrupt or fraudulent activities. Likewise, there is no reference to any procedures available to the Participant’s Committee to investigate or impose sanctions against the Trustee should it fail for any reason to perform its said functions. It is therefore unclear whether there is a contractual means by which the Trustee can be held accountable. This requires further clarity and elaboration.

Key Findings and Recommendations

Considering the above, the following findings are observed:

- Rules and standards, investigatory processes, and sanction systems governing anti-corruption for staff of the Trustee are sufficiently robust. The investigatory function of the World Bank involves an established independent body and procedures. Sanctions are clear and enforceable. It is not however readily discernable at the level of the Fund that these rules apply.
- The Trustee’s accountability to the Participant’s Committee is also important but seems to lack sufficient explanation.

In response to these findings, the **Participant’s Committee** should:

- Clarify at the Fund level the rules applicable to individuals within the Trustee.
- Clarify the accountability of the Trustee to the Participant’s Committee.

Delivery Partners

Composition and Functions

Delivery partners are responsible for channeling FCPF Readiness Fund grants and providing REDD+ readiness support services to specific countries. They receive direct financial transfers from the Fund’s Trustee in order to carry out this work. They have no role under the FCPF Carbon Fund.

At the outset, the World Bank was the only eligible Delivery Partner for the FCPF Readiness Fund. However in 2010 the FCPF was opened up to Multiple Delivery Partners. This led to the addition of the Inter-American Development Bank (IDB), the United Nations Development Programme (UNDP) and the United Nations Food and Agriculture Organization (FAO) as Delivery Partners in 2011. The Participants Committee approved the UNDP as the Delivery Partner for Cambodia, Central African Republic, Honduras, Panama, Paraguay, Papua New Guinea and Suriname, and the IDB as the Delivery Partner for Guyana, Guatemala, and Peru.⁴² Transfer agreements were signed between the Trustee and the IDB and the UNDP in 2012. However, implementation of FCPF-financed readiness preparation activities has only just commenced in two the countries that selected Delivery Partners other than the World Bank – grant agreements between IDB and Guatemala and UNDP and Cambodia have been signed.

During the **project cycle**, Delivery Partners become active after the Committee has taken the decision to allocate funds from the FCPF to a country participant at **Readiness Preparation Proposal approval stage**. The Delivery Partner decides on the basis of assessment documents and a due diligence process whether to sign a Readiness Preparation Grant Agreement with the country in order to channel funds. During **Readiness Preparation Proposal implementation** the Delivery Partner supervises REDD+ readiness activities and produces and publicly discloses periodic monitoring and audited financial reports. They must also review and produce their own assessment of the mid-term report produced by the REDD+ Country Participant for presentation to the Participants Committee. Finally, once the Readiness Preparation Grant is fully disbursed, the Delivery Partner files a completion report.⁴³

Accountability as Individuals

The Transfer Agreement entered into with the Trustee sets out that Delivery Partners are responsible for the use and administration of the funds they receive and for the supervision of the activities financed by these funds in accordance with their own “regulations, rules, policies and procedures including those in respect of the procurement of goods and services, financial management, reporting arrangements and [their] framework to combat fraud and corruption.”⁴⁴ As such, each Delivery Partner 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

When initially embarking upon the process of selecting pilot Delivery Partners, a list of six potential Delivery Partners was assembled. One of the key considerations taken into account in drawing up this list was that the listed entities were either the implementing entities or executing agencies under the Global Environment Facility (GEF) and either already met, or their divisions handling FCPF activities were expected to meet by 2012, the GEF minimum fiduciary standards; and that they intend to apply at least the same level of standards that are being applied under GEF projects.⁴⁵ This includes demonstration of financial integrity and management capacity, institutional capacity and transparency, and self-investigative powers. Thus from the outset, the FCPF sought out a commitment to high standards on the part of new Delivery Partners.

In addition to this initial screening, there are a range of provisions governing the accountability of the Delivery Partners set out in the Transfer Agreements that the Trustee subsequently entered into with the newly selected Delivery Partners.⁴⁶ Within these agreements, it is clearly stated that Delivery Partners are accountable to the FCPF Participants Committee and are required to submit regular financial reports to the Participants Committee and to Donor Participants through the Trustee and narrative reports to the Participants Committee. Although the agreements confirm that the policies and procedures of the Delivery Partner apply at all times, these must however be at least equivalent to the protection afforded in the Common Approach framework – designed to provide all Delivery Partners with a common platform for risk management and quality assurance in the REDD+ readiness preparation process, using the safeguard policies of the World Bank as a minimum acceptable standard. There is further a requirement for Delivery Partners to put in place and report on the progress of establishing an accountability mechanism in line with the requirements of the Common Approach which forms an Annex of the Agreement.

The Transfer Agreements also stipulate certain obligations and penalties in relation to the use and disbursement of Fund money by Delivery Partners. As noted above, there was also an expectation that the Delivery Partners would have a framework to combat fraud and corruption in place and this is expressly referenced in the Transfer Agreement as applying to the administration of funds received and the supervision of activities. There is further express provision that the Delivery Partner will be held liable for loss or damage that comes about as a result of its gross negligence or wilful misconduct. This would seem to indicate that losses that come about as a result of failure to address corruption would be borne by the Delivery Partner. Furthermore, if irregularities are found and having been notified, the Delivery Partner fails to remedy them, they can be required to repay funds to the Fund. The agreement is however silent as to the availability of additional remedies such as exclusion as Delivery Partner.

Key Findings and Recommendations

From the above study, the following findings are observed:

- The FCPF does not have anti-corruption rules and safeguards built into an accreditation process for Delivery Partners. It however took compliance with Global Environment Facility fiduciary standards as a starting point in shortlisting potential Delivery Partners.
- Although the fund has analysed safeguards in place for each Delivery Partner and the Bank Information Center has done so independently, information on what safeguards are in place for each Delivery Partner is not sufficiently accessible at the Fund level.
- Likewise, it is difficult to assess the effectiveness of these safeguards with respect to the FCPF. This is because the FCPF does not appear to monitor or evaluate the performance of Delivery Partners in this regard.
- The Fund establishes only one sanction for Delivery Partners, which is the repayment of Fund money. There is no reference to the potential for cancellation of individual agreements or loss of the Delivery Partner role.
- Transfer Agreements could only be located for the UNDP and the IDB. It is unclear whether the World Bank as the original Delivery Partner under the FCPF Readiness Fund is subject to any particular accountability requirements.

To address these concerns and strengthen accountability arrangements with respect to corruption prevention and deterrence, the **FCPF Participants Committee** should:

- Actively disclose the anti-corruption rules and safeguards, and accountability mechanisms (including complaints mechanisms, whistleblower protection, investigatory functions, and the issue and enforcement of sanctions) of Delivery Partners, such as they are required to demonstrate as part of their accreditation under the Global Environment Facility fiduciary standards. That information should be available or, as a minimum requirement, easily accessible at the Fund level in connection with each REDD+ Country Participant's readiness preparation activities.
- 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 Delivery Partners.
- Amend current sanction policies to include the potential sanctions of Agreement cancellation or removal as Delivery Partner in severe cases of corruption and fraud, and ensure that an adequate process or procedure is put in place whereby alleged misconduct of Delivery Partners may be investigated prior to them being answerable to the Participant's Committee and issued with sanctions.

Donor Participants/Carbon Fund Participants

Composition and Functions

Donors are known as Donor Participants if they contribute to the Readiness Fund or Carbon Fund Participants if they contribute to the Carbon Fund. Donors contribute funds (with a minimum contribution of US\$5 million) to the Readiness or Carbon Funds through the World Bank as Trustee. The FCPF has 18 financial contributors (comprising developed countries, private sector participants, and one NGO). Donors participate in the project cycle through their membership of the Participants Assembly and the Participants Committee as described above.

Whilst funds in the Readiness Fund are pooled and allocated towards the development and implementation of Readiness Preparation Proposals for selected countries, the Carbon Fund, which was intended as a public-private partnership, is designed differently. Once a submitted Readiness Package is endorsed by the Committee, the REDD+ Country Participant or a private entity from that country that has been approved by the REDD+ Country Participant may submit Emission Reductions Programs to the Facility Management Team for consideration by the Carbon Fund Participants.

Under the Charter, the Trustee of the Carbon Fund was given the power to organise the Fund in one or more Tranches, in which case each Tranche would operate as a separate trust fund. Subsequently two such Tranches were formed. Emissions reductions generated under Tranche A programmes are not subject to any restrictions whereas emissions reductions generated under Tranche B are subject to

restrictions – that is, they must be cancelled once acquired. If the Emission Reductions Program submitted is selected by the Carbon Fund Participants, the Trustee of the relevant Tranche(s) of the Carbon Fund may enter into an Emission Reductions Payment Agreement with the REDD+ Country Participant or any public or private entity approved by this REDD+ Country Participant.

Accountability as Individual

See above under Participants Committee and Assembly.

Accountability as Body

The only accountability set out in the Charter for Donor Participants or Carbon Fund Participants relates to default in making contributions to the Funds. Donor Participants can be removed from their role if they fail to make contributions committed under the Readiness Fund. If they fail to rectify a default within three months of an official warning they lose voting rights, and after six months their donor participation agreement is terminated.⁴⁷ For the Carbon Fund, a Participant ceases to be a Participant within 15 days of receiving notice of default unless the Committee decides otherwise. If the defaulter's interest cannot be sold on within three months of the notice, the former Participant will lose all rights including to Emission Reductions already paid for.⁴⁸

REDD+ Country Participants

Composition and Functions

Developing countries participating in either the Readiness Fund or the Carbon Fund are known as REDD+ Country Participants.

A total of 44 countries are now participating in the FCPF **Readiness Fund**. Thirty-six of them were selected when the FCPF was set up and eight additional countries were selected by the Participants Committee in December 2013. In terms of the involvement during the project cycle, each participant country under the Readiness Fund prepares a **Readiness Project Idea Note**, enters into a 'REDD+ Country Participation Agreement' with the Fund and applies for funding to prepare a **Readiness Preparation Proposal**. Once this proposal is submitted, the Participants Committee can approve a Readiness Preparation Grant to **implement** the proposal. To date, nine countries have signed and received their Readiness Preparation Grant, and started implementation.

Under the **Carbon Fund**, a REDD+ country that has signed a Readiness Preparation Grant Agreement can submit an **Emission Reductions Project Idea Note** to the Facility Management Team. Only when the country has submitted its **Readiness Package** and it has been endorsed by the Participants Committee can it proceed. At this stage, either the country or its authorised entity signs a **Letter of Intent** with the World Bank and then enters an **Emission Reductions Purchase Agreement** with the relevant Tranche of the Carbon Fund before continuing to implement its **Emission Reductions Program**. Ten of the forty-four countries participating in the Readiness Fund have presented early ideas or Emission Reductions Project Idea Notes. Costa Rica is the first country to have been accepted into the pipeline of the Carbon Fund and signed a Letter of Intent in 2013.

Accountability as Individuals

See above under Participants Committee and Assembly.

Accountability as Body

The role of participating countries was first set out in the FCPF Charter.⁴⁹ Within the Charter, and as set out above, it is envisaged that REDD+ Country Participants enter into a number of further agreements with the Fund Trustees as they move through the different stages. To date, a number of countries have entered into two such agreements: the REDD+ Country Participation Agreement at the outset and subsequently, the Readiness Preparation Grant Agreements to access funding to implement their

Readiness Preparation Proposal. No Emission Reductions Payment Agreements have yet been entered into.

The **Charter** requires REDD+ Country Participants to report to the Participants Committee on the progress made in accordance with the timeframe and requirements set out in any additional agreements entered into with the Trustee such as the two listed above. It further provides that where the REDD+ Country Participant defaults on delivery under these agreements they will lose their privileges under the Charter. There is no further consideration given to the standards of behaviour required of the REDD+ Country Participant in this document other than reference to the applicability of the World Bank's Standard Conditions for Grants which apply to grants made by the World Bank out of its various funds.

The World Bank's Standard Conditions for Grants⁵⁰ which are not cross-referenced through the Charter or available on the FCPF website do make provisions concerning accountability for corruption of the REDD+ Country Participant. These provisions provide for cancellation, suspension and refund of funds in specific circumstances:

- Recipients can have their right to withdraw funds from the grant account suspended "if the Bank determines that any representative of the Recipient (or the Member Country, if the Recipient is not the Member Country, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or the Member Country or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur."
- Recipients can have their right to withdraw funds from the grant account terminated by the World Bank for the same reasons as set out above.
- Recipients can also be required to refund to the Trust fund amounts used and lost due to engaging in corrupt, fraudulent, collusive or coercive practices and failing to take appropriate and timely action to address such practices when they occur.

The provisions do not however refer to the investigation process which would be followed in the instances above although it is likely that World Bank procedures would apply.

REDD+ Country Participation Agreements are not made available on the FCPF website nor are they required to be disclosed under the FCPF Readiness Fund Disclosure Guidance.⁵¹ This makes an assessment of their contents impossible. It is therefore unclear to what extent they include additional provisions or guidance regarding the behaviour expected from participating countries or the investigation and sanctioning processes which would be followed should those countries fail to comply with anti-corruption provisions. Given that the World Bank Standard Conditions for Grants expressly provide that the grant agreement terms will apply over the Standard Conditions where there is conflict, it would be important to clarify the contents of such grant agreement terms.

REDD+ Readiness Preparation Grant Agreements are made available via the FCPF website. An assessment of the agreements signed reveals reference to the Standards Conditions as well as to *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*.⁵²

These guidelines first set out a definition of fraud and corruption as including: corrupt practices involving the exchange of a benefit to influence decisions; fraudulent practices involving intentional misrepresentation in order to mislead another party to obtain benefit or to avoid an obligation; collusive practices involving arrangements between two or more parties designed to achieve an improper purpose; coercive practices involving improperly influencing the actions of another party through harm or threats of harm; and obstructive practices involving taking steps to impede a World Bank corruption investigation or to prevent it from exercising its contractual rights of audit or access to information.

The guidelines go on to set out the obligations of the "borrower", including requirements to:

- Take all appropriate measures to prevent fraud and corruption in connection with the use of the loan. Such measures can include adopting appropriate fiduciary and administrative practices and institutional arrangements and ensuring all those coming into contact with the project receive a copy of the Guidelines and are made aware of their contents.

- Immediately report to the Bank any allegations of fraud and corruption in connection with the use of Loan proceeds that come to its attention.
- Take timely and appropriate action to address fraud and corruption if the Bank determines it has taken place.
- Incorporate similar provisions in its agreements with each recipient of Loan proceeds to give full effect to the Guidelines, including provisions for termination of such agreement and for restitution of any amount lost through fraud or corruption.
- Cooperate fully with representatives of the Bank in any investigation into allegations of fraud and corruption in connection with the use of Loan proceeds.

The guidelines also provide for obligations of “other recipients of Loan proceeds”. In the same way as direct borrowers, they have similar obligations to put in place preventative measures, report allegations to the Bank, cooperate with investigations, take action to terminate agreements and seek restitution when fraud or corruption is revealed, and require any entity they contract with to undertake similar actions.

Finally, sanctions to be applied in cases where corruption or fraud is detected are set out. The guidelines note that the World Bank has the right to sanction any individual or entity other than a member country in accordance with its sanctions policies and procedures. This includes declaring the entity or individual ineligible, for a defined period of time or indefinitely, to participate in any Bank-funded project as main contractor, sub-contractor or actor otherwise benefiting from such a project.

Key Findings and Recommendations

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

- Although information on accountability and anti-corruption requirements and actual rules, safeguards and practices applicable to REDD+ Country Participants are available, these are spread across a number of documents, their applicability is not always clear and they are not clearly set out or cross-referenced at the level of the Facility.

To address these informational gaps, the **Participants Committee** should:

- Require that the actual anti-corruption safeguards and accountability measures applicable to REDD+ Country Participants are disclosed and accessible at the Fund level.

Private Sector

Composition and Functions

The private sector can play two roles under the Forest Carbon Partnership Facility. In the case of the Carbon Fund they can be donors or Carbon Fund Participants (see “Donor Participants / Carbon Fund Participants” above). To date there are two Carbon Fund Participants.⁵³

A further role that they are expected to play is in the implementation of Emission Reductions Programs. If approved by the participant country, Private Sector entities will be permitted to enter into Emission Reductions Program Agreements and thereby receive performance-based payments for emission reductions.

Accountability as Individual

In relation to their function as donor, see above under Participants Committee and Donor Participants/Carbon Fund Participants. In relation to their second function, it is not clear which policies and procedures would apply. However it is certain that they will have to enter into an **Emission Reductions Program Agreement** with the World Bank acting as Trustee to the Carbon Fund. If those agreements refer to the same World Bank documents as the existing FCPF agreements such as the *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*, it is likely that the entity that employs the individual would be under an obligation to have anti-corruption policies and procedures in place. This would indicate that the entity’s own policies and procedures would apply.

Accountability as Body

In relation to their function as donor, see above under Participants Committee and Donor Participants/Carbon Fund Participants. In relation to their second function, it is not yet clear what the accountability of the Private Sector entity would be under the Emission Reductions Program Agreements. However if the *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants* apply, it is likely that the entity would be covered by the requirements and sanctions set out therein. This would include having to put in place a number of measures to prevent corruption and being subject to being declared ineligible, in the short-term or indefinitely, to participate in any way in World Bank-funded projects or to pay back funding affected if they are found to have acted fraudulently or corruptly.

Key Findings and Recommendations

From the above study, the following findings are observed:

- Although two private sector entities are Carbon Fund Participants, the Private Sector is not yet playing a very active role in the FCPF. It is however intended that they will play an active role in the Carbon Fund which was deliberately established as a public-private partnership. There is however little information available through the FCPF of the anti-corruption policies and procedures that such entities either have or are required to have in place.

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

- Actively disclose the anti-corruption rules and safeguards, and accountability mechanisms (including complaints mechanisms, whistleblower protection, investigatory functions and the issue and enforcement of sanctions) of Private Sector entities engaging with the Carbon Fund. That information should be available or, at minimum, easily accessible at the Facility level.
- 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 these private sector entities.

Observers

Composition and Functions

Carbon Fund or Readiness Fund participants that are not members of the Participants Committee may attend the meetings of the Participants Committee as Observers. Furthermore, the FCPF Charter sets out that one representative from each of the following groups can attend the meetings of the Participants Committee as Observers: relevant International Organisations, relevant Non-Governmental Organisations (NGOs), Forest-Dependent Indigenous Peoples and Forest Dwellers Organisations, relevant Private Sector entities, the UN-REDD Programme and the UNFCCC Secretariat. Selection of representatives for these groups is facilitated by the Facility Management Team.⁵⁴ In addition to these Observers, the Rules of Procedure of the Participant's Committee provide that the Facility Management Team, in consultation with the Bureau of the Participants Committee, may invite any other entity to participate in a meeting as an Observer. Nevertheless this final group of Observers can be excluded from participating in an agenda item by decision of the co-chairs.⁵⁵ In practice there are now four formal CSO Observers and five Indigenous People Observers.

Observers receive meeting documentation in advance in the same way that full Members do. Whilst Observers have no voting rights, they can be invited by the co-chairs to express their views on topics or issues related to the adopted agenda of the meeting. If inter-sessional work is undertaken, the core group of Observers identified in the FCPF Charter can raise questions or make comments concerning the proposed action. The Facility Management Team is then required to provide clarification on the questions or comments raised.

Accountability as Individual

The UN-REDD Programme and the UNFCCC have internal processes for identifying an individual to act as Observer but NGOs, International Organisations and the Private Sector have to undergo a selection process to identify entities that will provide Observers for the FCPF. The FCPF website includes Terms of Reference and some details on the selection processes for the first two. There is however no information available on the Private Sector process. Of these two, only the Northern NGO Terms of Reference make provisions against corruption. Their Terms of Reference require Observers to disclose the scope of their organisation's funding from multilateral development banks, export credit agencies, and governments in areas relevant to FCPF activities and programming, and agree to declare any potential conflict of interest that may arise during its tenure as Observer.⁵⁶

There are no policies and procedures that apply to observers at the Facility level. It would therefore be expected that the Observers' own institutional policies and procedures against corruption would apply to the individual acting as Observer to the Funds. However, although there is a dedicated section on the FCPF website for Official Observers, this does not include a listing of the Observers selected through the processes listed above. Were an Observer to act on a conflict of interest in its engagement with the Funds, it is therefore unclear what policy could apply and what specific investigation would ensue, who would lead it, and what sanctions would be applied.

Accountability as Body

In respect of the NGO Observers, it has been proposed for the 2014 elections to establish a recall provision in the event their performance falls below expectations.⁵⁷ This is positive as it means that in addition to any sanctions the individual may be subject to by its own organisation, the organisation it represents can also be sanctioned by the wider group.

Key Findings and Recommendations

From the above study, the following findings are observed:

- With the exception of the Northern NGO Observers, accountability policies and guidelines for Observers are wanting.

To improve accountability and lend greater legitimacy to Observer participation, the **Participants Committee** should:

- Ensure that information on all Observers is made available through the FCPF website, ideally including links to the ethical requirements of their respective organisations.
- Consider facilitating the definition of ethical commitments for all Observers.

Local or Affected Stakeholders

Composition and Functions

Stakeholders include affected communities and indigenous peoples, including vulnerable and marginalised groups. Under the FCPF, key stakeholders should be consulted in decisions throughout the formulation and execution of REDD policies and programmes. The Readiness Preparation Proposal template provides specific guidelines on national readiness management arrangements and stakeholder consultation and participation. Consultations need to be set out in detail in submitted documents and guidelines are in place for consultation principles and methods.⁵⁸

Since 2008, the FCPF has also been making funds available to civil society through a programme to build the capacity of Indigenous Peoples and Civil Society Organisations (CSOs) to engage in REDD+ and contribute to national readiness efforts. The programme further aims to strengthen mechanisms for inclusion, accountability, and participation.⁵⁹ It operates in parallel to and feeds into (while not being part of) the readiness programmes by preparing Indigenous Peoples and Southern CSOs to engage with and strengthen the process at all its stages.

Fifteen small grants worth over US\$1.2 million were approved in 2013 (three from Asia, three from Africa and nine from Latin America). Activities funded include support for multi-stakeholder dialogues and collaboration between government, Forest-Dependent Peoples and Southern CSOs, and community-level monitoring of and reporting on various aspects of the overall REDD+ process.

Beginning as a relatively small programme with capacity-building funds of US\$1 million for five years dedicated to Indigenous People's organisations, the capacity-building programme has since scaled up in a second phase to involve more significant funding (US\$3.99 million) and to include Southern CSOs. Under this second phase of the capacity building programme, it is intended that capacity-building grants will be managed by six regional Indigenous Peoples and CSO "intermediary" organisations (one indigenous and one civil society per region).⁶⁰

Each of the regional intermediary organisations will be responsible for selecting and supporting small capacity-building projects within their regions. A general set of eligibility criteria for project selection has been agreed upon, but regional intermediaries retain the flexibility to adopt a competitive small grants scheme or targeted regional work programmes around prioritised topics or themes, depending on the regional context. The second phase of the programme which is intended to channel US\$ 3.4 million in remaining funding has however encountered significant delays and funding is not expected to flow until 2015.

Accountability as Individuals

No policy provisions regarding the accountability of consulted stakeholders could be identified. For individual employees of NGOs operating as regional coordinators for the capacity-building programme and those receiving funds, it is anticipated that they too would be subject to any policies and procedures their organisations have in place.

Accountability as Body

As noted above, the capacity-building programme is now managed on a regional level through six intermediaries selected through a competitive process. This selection was performed on the basis of agreed criteria including the organisation's representativeness, regional credibility, track record on REDD+, experience in collaborating regionally, fiduciary and safeguards capacity, and the capacity to address grievances and provide redress mechanisms. Furthermore, prior to the operationalisation of the flow of funds to the regional intermediaries, a number of processing steps related to due diligence for small and micro grants in line with World Bank procedures will be conducted.

The regional intermediaries were also supported to complete the necessary fiduciary and safeguards capacity-building and training on relevant World Bank grant procedures.⁶¹ It has also been clarified that the relationship with intermediaries is intended to be in line with the *Bank Procedures for Small Recipient-Executed Trust Fund Grants*.⁶² These procedures are however not readily available for review. Although the names of these organisations are revealed in documents on the FCPF site, no agreement has yet been entered into with them.

Key Findings and Recommendations

From the above study, the following findings are observed:

- The role of stakeholders in contributing via consultations to decisions throughout the formulation and execution stages is highly important. However, no rules or safeguards are in place to ensure their ethical behaviour and the integrity of consultation processes. Measures to do so could help strengthen the credibility of these key processes.
- Although there were comprehensive criteria and procedures in place in terms of selecting and vetting regional intermediaries, there is little information available through the FCPF which provides assurance that appropriate policies and procedures are in place within these organisations.
- Furthermore neither the procedures applicable to the Small Recipient-Executed Trustee Fund Grants nor the agreement entered into between the regional intermediaries and the

World Bank are available. This makes it very hard therefore to ascertain accountability relationships.

To take a positive step forward, the **Participants Committee** and **Facility Management Team** should:

- Develop guiding principles to ensure the integrity of participation and conduct of consultation processes.
- Actively disclose anti-corruption rules and safeguards and accountability mechanisms (including complaints mechanisms, whistleblower protection, investigatory functions, and the issue and enforcement of sanctions) of the regional intermediaries. That information should be available or, at minimum, easily accessible at the Facility level.
- Make the *Bank Procedures for Small Recipient-Executed Trust Fund Grants* available on the FCPF website.
- At a minimum, make finalised agreements with regional intermediaries, a list of the grant recipients and the amount received available on the FCPF website.

THE ASSESSMENT

In this section, the main findings of the assessment of the **FCFP Readiness Fund** 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 upon in *Global Climate Finance: A Governance Risk Assessment Toolkit* and summarised in Annex 1 of this report.

TRANSPARENCY

Summary

Overview of Transparency Performance for the FCPF Readiness Fund

TRANSPARENCY	PERFORMANCE
<p>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?</p>	<p>AVERAGE</p>
<p>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?</p>	<p>ABOVE AVERAGE</p>

The Fund is assessed as average regarding its policies and procedures to provide **access to information**. Despite the absence of a clear statement of its commitment to transparency in its founding documents, the FCPF has made efforts to ensure transparency. The Readiness Fund has a Note on Information Disclosure in place which sets out how the World Bank's *Policy on Access to Information* applies, including setting out specific documents to be disclosed, responsible parties and timelines. However, these guidelines are often hard to access and information on disclosure policies of Delivery Partners which are relied on are also not easily accessible through the Facility. Finally, no information is provided in terms of what procedures are in place for people to request non-disclosed information or an appeals procedure to challenge refusal to make information available.

In terms of **transparency practice**, the Fund's performance is above average. It provides timely access to accurate, comprehensive and coherent information regarding its grants to country-level Readiness Preparation Proposal activities. Evaluations, when conducted, are made available. The majority of contracts entered into within the Facility between Trustee and Delivery Partner, and Delivery Partner and REDD+ Country Participant are disclosed. However, weaknesses remain such as the failure to webcast Participants Committee meetings and the fact that financial reporting and audits required from the various Fund actors are not readily accessible.

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 information conveyed through both 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?

Although a strong commitment to ensuring transparency in the Facility's operations is notably absent from the FCPF Charter, the Charter does contain some provisions concerning disclosure. The Facility Management Team is required to comply with the World Bank's *Policy on Disclosure of Information* and to make certain documents available to participants and the public. These include: information submitted by REDD+ Country Participants; reports and conclusions of the Participants Committee; "where appropriate", findings and advice from the Ad Hoc Technical Advisory Panels; and any other information "as deemed appropriate" by the Facility Management Team. The Trustee "may disclose" any Participation Agreement, any other agreements entered into by the Bank as Trustee of the relevant Fund and information with respect to the Fund in accordance with the Bank's *Policy on the Disclosure of Information*. As such, some provisions are made in line with the World Bank disclosure requirements of 2002. It should be noted however that the 2002 information disclosure policy referenced in the Charter was replaced by the 2010 *Access to Information Policy* which provides greater rights in terms of access to information held by the World Bank.⁶³

In addition to the provision in the Charter, a number of other documents contain requirements concerning information disclosure for the Fund and those operating within its structure:

- As noted above, since 2010, the World Bank has adopted the *Access to Information Policy*, replacing its *Policy on Disclosure of Information* which continues to be referenced in the Charter as set out above.⁶⁴ This new World Bank policy offers greater commitments to disclosure than its predecessor. Available in five languages, the policy is based on five core principles: 1) maximising access to information; 2) setting out a clear list of exceptions; 3) safeguarding the deliberative process; 4) providing clear procedures for making information available; 5) recognising requesters' right to appeals processes. This policy, however, applies only to the International Bank for Reconstruction and Development and the International Development Association and not to the World Bank Group, thereby excluding the International Finance Corporation. The International Finance Corporation has its own policy which has been criticised for being weaker than its public sector counterpart and for allowing sweeping exceptions.⁶⁵ The applicability of these policies to the Facility's Funds remains unclear.
- The Readiness Fund has a brief guidance document on disclosure of information in place.⁶⁶ This document, which is appended to its agreements with Delivery Partners, confirms that Fund activities must comply with disclosure requirements and should be in line with the World Bank's *Access to Information Policy*, the Inter-American Development Bank's *Access to Information Policy* and the United Nations Development Programme's *Information Disclosure Policy*. These are not cross-referenced from the document, but a table is included which provides additional guidance on documents to disclose, the party responsible for disclosure, timelines and the medium of disclosure. No information is provided in terms of options for requesting information, appealing refusal to provide such information, or on penalties for breaching the relevant policies.
- The rules of procedure for meetings of the Participants Committee make little provision to ensure transparency. Although they do stipulate that documentation for meetings must be made available in advance, and expand the potential for additional Observers beyond those outlined in the FCPF Charter to participate, they also make provision for the meeting co-chair to exclude those additional Observers from any agenda item without specifying a reason.⁶⁷

- A number of provisions are also in place regarding the information disclosure requirements for Delivery Partners. The Transfer Agreement entered into with the Delivery Partner recognises that “Access to information is particularly important in the case of REDD+ readiness, given the relative novelty of the agenda, the complexity of some of the issues, and the potential impacts of some of the decisions that have to be made. FCPF Readiness Fund activities should be undertaken based on adequate information, which requires timeliness, quality, format that is culturally-appropriate and publicity. Without such information, effective consultations cannot be conducted and the right decisions cannot be made.” Furthermore, the Common Approach which forms a part of that agreement provides that all Delivery Partners shall comply with the FCPF’s *Guidance on Disclosure of Information* as well as their own disclosure policies.
- The jointly developed UNREDD and FCPF guidelines on stakeholder engagement are designed to help guide consultations at the national level. These guidelines provide that consultations should be premised on transparency and timely access to information: “In the context of REDD+, timely information dissemination at all levels and in a culturally appropriate manner is a prerequisite to meaningful consultations. Stakeholders should have prior access to information on the proposed consultation activities. Sufficient time is needed to fully understand and incorporate concerns and recommendations of local communities in the design of consultation processes. Public awareness and information, education and communication campaigns are important vehicles for ensuring that stakeholders understand the objectives of REDD+, the related risks and opportunities, and their potential role in the process, and can – if they decide to do so – make informed and substantive contributions to the formulation of REDD+ strategies and policies.”⁶⁸

As a package, these rules make provision for significant access to information within the Fund. For example, it is clear what information should be disclosed, by whom and within what timeframe. It is clear that information in the public interest should be shared and that disclosure should only be restricted on a narrow basis. However some weaknesses remain:

- There is no clear overall commitment to ensuring transparency contained within the FCPF’s founding documents. Although this commitment is evident across a range of other Facility documents as set out above, a clear statement in this vein would be beneficial.
- Although a range of documents exist confirming the right to information and the obligation on actors within the two Funds to make that available, these documents are often difficult to access, contained within Annexes to contracts which are not readily accessible through the Fund’s website. For those seeking to exercise their right to information, it would be beneficial to make it easier to locate documents on the FCPF website.
- It is not set out clearly that when information is not disclosed or otherwise deemed confidential, justifications should be given which clearly weigh the reason for non-disclosure against the greater right of the public to know information which is in the public’s interest.
- An official procedure, contact point or other publicly known method for any person to request information from the FCPF or one of its actors cannot be easily found. Neither is it clear whether an information appeals procedure exists. This would cover a situation when information is requested but not disclosed and would provide for a formal procedure ending in an official ruling on disclosure.
- Although Delivery Partners all have information disclosure policies in place, neither these nor their contents, including timelines, exceptions, opportunities to request information and to appeal refusals are readily accessible through the FCPF website.
- Participants Committee meetings are not webcast and the co-chair is permitted to close certain agenda items from broader participation without providing reasons for closure, thus reducing the opportunities for the public to participate in Executive decision-making.

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?; Is it accurate and complete, coherent and understandable, timely and reliable (as in, required within a certain timeframe 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, are these provisions, in practice, interpreted and applied with good justification with regard to greater public interest and the right to know?

In terms of its transparency practice, the FCPF Readiness Fund has performed relatively well with no areas of significant weakness emerging.

Meeting Openness and Participation: Participants Committee meetings are generally open to public participation although the co-chairs are given the right to exclude Observers not listed in the FCPF Charter from participating in discussion on specific agenda items. As set out above, the *Rules of Procedure* envisage that further Observers in addition to those identified in the FCPF Charter may be admitted. However, the process by which this is administered is not readily available. Furthermore, video-streaming is not offered for those not physically present at meetings.

Proposal Submission and Selection: Eligible REDD+ countries are selected by the Participants Committee to take part in the FCPF. The Participants Committee has recently adopted a resolution which sets out the criteria upon which additional countries will be selected. These include quality of the Readiness Preparation Proposal submitted, the commitment of the selected Delivery Partner to support the country, the availability of resources and “other factors” considered relevant by the Participants Committee, such as availability of funding from non-FCPF sources and the level of commitment to REDD+. ⁶⁹

Relevant policies and procedures such as eligibility criteria, the contents of the Readiness Preparation Proposal, country-level consultation and sign-off processes and procedures to review proposals are now contained within the detailed Readiness Preparation Proposal document which is available in English, French and Spanish. ⁷⁰ There is however no operational guidance in place which clearly sets out what process should be followed for the submission of a Readiness Package.

The process followed in assessing the Readiness Preparation Proposals is also set out in FCPF documentation. Although a review of the guidelines by the Participants Committee was envisaged, the 2011 document setting out the process has not yet been updated. ⁷¹ The Facility Management Team, Technical Advisory Panel, World Bank and Participants Committee all have a role in the review process. The Facility Management Team conducts a first check and decides in consultation with the submitting country if it is complete and ready for forwarding to the Technical Advisory Panel. The Technical Advisory Panel team for the country in question is made up of six to ten people and their feedback must be shared with the country prior to the finalisation of its document. A World Bank Task Team carries out due diligence on the elements of the proposal seeking FCPF resources, looking in particular at compliance with World Bank policies. This results in a Readiness Preparation Proposal Assessment Note. The Facility Management Team makes final documents public two weeks before the scheduled Participants Committee discussion. Working groups of Participants Committee representatives conduct a preliminary assessment of the document ahead of the full meeting for presentation at the meeting. Although options in terms of the decisions the Participants Committee can make are not detailed in this document, it does note that a proposal can be submitted up to three times, suggesting that it can be approved or rejected with recommendations for improvement. The documentation is also clear on the 12 standards that will be applied by the Advisory Panel and Participants Committee in reviewing Readiness Preparation Proposals.

In terms of the documentation developed during this process, much of it is made publicly available. Readiness Preparation Proposals, reviews by the Technical Advisory Panel and the review by the Participants Committee representatives are published on the FCPF website in multiple languages. However, publication at the national level has been criticised. Initially concerns were voiced that the publication of multiple versions of Readiness Preparation Proposals in short timeframes led to confusion and undermined trust. ⁷² Further details on input from the wider Participants Committee are only published in the co-chairs conclusions if further revisions to the Readiness Preparation Proposal are required.

Project Implementation: The FCPF Dashboard, circulated prior to each Participants Committee meeting, provides an overview of up-to-date information on participating countries. This includes a table detailing the status of each country in terms of their engagement with the FCPF, such as whether they have submitted a Readiness Preparation Proposal, whether their Proposal has been assessed and whether they have signed a Readiness Preparation Agreement. In addition, the table provides details on Delivery

Partners, key dates for document and report submission, and of financial disbursements. Further information in the short Dashboard document includes brief details of process status and issues by country.⁷³ Whilst it is a very useful overview document, there is nothing specific on the FCPF website to direct viewers to this particular page, and the title 'Dashboard' does not clearly indicate the type of information to be found there.

Individual country information is made available through biannual *country progress sheets*. These provide details on individual components such as progress on Readiness Preparation Proposal preparation and readiness grants, national REDD+ readiness management arrangements, stakeholder consultation and communication. Participant countries who have signed grant agreements are also required to submit mid-term progress reports and completion reports.⁷⁴ These are comprehensive reports covering progress on implementation of the Readiness Preparation Proposal component by component, a description of national arrangements for REDD+ readiness preparation and progress on consultation, participation and awareness-building, and a range of appendices including expenditures and commitments since the grant was received.⁷⁵ Finally, annual reports are required from Delivery Partners.⁷⁶ These include reporting on overall progress towards achieving objectives, progress against activities, a status update on each Readiness Preparation Proposal component, details on coordination with other initiatives, consultations, capacity constraints and information on disbursements. Information on risk assessments and mitigation actions are however missing. All reports are available on the individual REDD+ Country Participant's webpages.⁷⁷

Contracts or agreements entered into between the Trustee and Delivery Partner, and the Delivery Partner and the REDD+ Country Participant are also made available. Grant agreements are readily accessible on the individual country pages and Transfer Agreements entered into between the Trustee and the Delivery Partner are also accessible through the Delivery Partner section of the website. Participant agreements with REDD+ Country Participants are however missing.

Finance: REDD+ Country Participants agree in the grant agreements they enter into with the Trustee to submit quarterly financial reports. They are further required to have financial statements audited annually.⁷⁸ The Trustee is required to submit an annual single audit.⁷⁹ Delivery Partners are also required to submit annual financial reports.⁸⁰ None of these reports are readily accessible on the FCPF website or linked to on external websites. The FCPF Dashboard discussed above does however set out summaries of statistics for disbursements per country and grant type (formulation grants of less than US\$200,000 or preparation grants of less than US\$3.8 million). FCPF-relevant tenders are also not published.

Governance – Accountability and Integrity: The FCPF publishes detailed information regarding its governance structure, including the roles of its different actors on its website. It explains how accountability is organised within the two Funds. However, as explained elsewhere in this report, information regarding the fiduciary and anti-corruption safeguards of Delivery Partners 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. Information disclosure on these matters is crucial.

Evaluation: No requirement could be found calling for a final evaluation of the funding provided. A mid-term evaluation of the Democratic Republic of the Congo REDD+ Readiness Preparation Proposal activities was carried out on the request of the government.⁸¹ However this is the only evidence of such an evaluation having taken place. An overall evaluation of the Facility was however undertaken in 2011 after two years of operation and this along with the management response is readily available.⁸²

ACCOUNTABILITY

Summary

Overview of Accountability Performance for the Forest Carbon Partnership Facility

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?	ABOVE AVERAGE
Indicator (2): Accountability (Answerability) Mechanisms Are the Fund's decisions governed by clear and effective accountability mechanisms?	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?	AVERAGE
Indicator (5): Sanctions Are there effective policies and procedures in place to penalise corruption and fraud?	BELOW AVERAGE
Indicator (6): Civil Society Consultation Is the Fund required to consult with civil society throughout the project cycle?	ABOVE AVERAGE
Indicator (7): Observer Participation Do independent civil society actors participate meaningfully in the proceedings of the Fund?	ABOVE AVERAGE

The FCPF has made some efforts to put in place mechanisms to ensure accountability.

On **financial matters**, the FCPF achieved above average performance as clear guidelines and auditing practices are generally observed. However, Delivery Partners are not *required* to undergo an audit and many documents are not made publicly available.

More work needs to be done to put in place a clear and effective **appeals mechanism**. The Fund performed average because although decisions are explained, there is no procedure for appealing executive decisions.

Protecting whistleblowers was rated average because, even though in place for all Delivery Partners, the Facility Management Team and the Trustee, it was not demonstrated that such protection is in place and working at the Fund level. The FCPF website does 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 average. At the global level there is no complaints-handling procedure in place. However, there are detailed guidelines in place for both Delivery Partners and REDD+ Country Participants. The Fund does not provide information on relevant Delivery Partner policies or national-level mechanisms nor does it yet envisage the need to demonstrate the scope and effectiveness of these functions.

The FCPF's performance on **sanctions** was assessed as below 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 Delivery Partners 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 Delivery Partners. 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 **civil society consultation processes**, the Fund performed above average. On paper, the openness and willingness of the Fund to engage with civil society at all levels is strong. Civil society consultation is urged from the outset and throughout the readiness phase. Detailed guidance is available to help Delivery Partners and REDD+ Country Participants go about consultations. However these are not binding and there are no provisions in place setting out what happens in the case where consultations are not adequately provided for. More visibility to demonstrate the effectiveness of consultations is also needed.

In terms of meaningful **meeting participation**, the Fund's performance is just above average. Provision is made for additional Observers but they can be excluded from participating in decisions on certain agenda items for reasons that are not clear. Funding can be made available for representatives from the South to participate in meetings, but this is not guaranteed. Finally the FCPF website is lacking adequate information on Observers including a listing of who the current Observers are and the obligations that they are under.

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 FCPF has many provisions in place to ensure sound financial management. The lines of accountability, timelines, and provisions for financial reporting and auditing are in place and well documented. Although the Charter does not make any reference to the importance of sound financial management and reporting for any actor other than the Trustee, other contractual arrangements bridge this gap.

The FCPF Charters sets out the requirements to be met by the Trustee in terms of submitting a single audit within six months of the end of the World Bank financial year to the Participants. A financial

statement audit can also be requested by a participant.⁸³ It is not however clear how these reports are vetted as a review of agendas suggests that they are not tabled at Participants Committee meetings.

Delivery Partners are expected to maintain its records according to its own policies and procedures and to submit annual financial reports as well as an audit at the end of the Transfer Agreement period.⁸⁴ However the Transfer Agreement does not provide for auditing to take place in every instance. It does however provide that the decision whether or not to require an audit will be made together with the Participants Committee. As these reports are not publicly disclosed, it is not clear whether they are in fact audited.

Finally, REDD+ Country Participant are required to submit quarterly financial reports and annual independently audited reports to the World Bank as Delivery Partner according to its *standards conditions for grants made by the World Bank out of various funds*.⁸⁵ As no grant agreements have yet been entered into with Delivery Partners other than the World Bank, the exact rules applicable in such cases are not yet known.

Although the FCPF documents listed above require financial reports and audits, reports are not readily accessible online.

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 publicly available? In practice, how often are appeals to review decisions granted?

Under its Charter, the FCPF is required to explain its decisions annually to an internal body, the Participants Assembly. The Participants Assembly may review decisions made by the Participants Committee, and may overturn the decisions made by the Participants Committee. If a decision is overturned, the Participants Committee reconsiders its decisions at its next meeting.⁸⁶

The FCPF also makes provisions for the explanation of its decisions in a predictable and timely manner to relevant external actors. In terms of the decisions that are taken within the Facility's two Funds, these relate not only to those of the Participants Committee in approving funding to prepare and implement Readiness Preparation Proposals, but also to decisions of other actors at various stages in the project cycle. Such decisions include: validation of Readiness Preparation Proposals at the national level prior to submission, decisions on the adequacy of progress reports and on monitoring and evaluation of performance.

First, on the validation of Readiness Preparation Proposals at the national level prior to submission to the Facility Management Team, there is no clear process set out which should be followed at this stage to validate the Proposals. The *Guidelines on Stakeholder Engagement in REDD+ Readiness*, which are annexed to the R-PP template, do however require REDD+ Country Participants to establish mechanisms for grievance and accountability, and to make them accessible during the consultation process and throughout the implementation of REDD+ policies and measures. Delivery Partners are required to assist REDD+ Country Participants to develop, utilise, and institutionalise effective in-country grievance and accountability mechanisms in accordance with the FCPF *Guidelines for Establishing Grievance and Redress Mechanisms at the Country Level*.⁸⁷ However, a recent review of the R-PP for Suriname suggests that, in practice, affected parties may not be afforded opportunities to contest decisions. For example: "For addressing grievances and conflicts, a temporary three-tier approach will be set up, starting with the REDD+ Steering Committee. If issues cannot be resolved at this level, they can be submitted to the Bureau for Contact with the People in the Cabinet of the President and as an ultimate solution to the Parliamentary Commission on Climate Change. Considering that Suriname law provides no remedies for indigenous and tribal peoples as collectives, there is no judicial recourse if the above mentioned 'remedies' fail to uphold their rights."⁸⁸

When it comes to making a decision on the Readiness Preparation Proposal, the Technical Advisory Panel for the country under review makes recommendations to the Participants Committee. A sub-set of the Participants Committee also reviews the proposal and presents its assessment at the Participants Committee meeting. In practice, revisions can be proposed and sent back to the REDD+ Country Participant to incorporate before resubmitting, or the proposal can be accepted with recommendations for next steps. Those which are not approved are discussed in the co-chairs summary of the Participants Committee meeting. For those that are approved, the reasoning and next steps are set out in individual resolutions. The Facility Management Team produces a summary report outlining the key issues identified during the Participants Committee discussion and that the Committee recommends the country consider in its Readiness Preparation Plan activities and address in a progress report submitted at the end of the first phase of the activities. This is attached as an Annex to the relevant resolution. Although these resolutions are made available on the meeting area of the FCPF website, they are not linked to the country pages.

On the submission of progress reports, there are clear guidelines on the timing of their submission. Although these reports are publicly available, there are no guidelines available to guide the review of those reports and follow up or provide for appeals to decisions to release further funds on the basis of these reports. In terms of monitoring and evaluating performance, there is no requirement to conduct an evaluation at the end of FCPF-funded readiness activities. A REDD+ Country Participant that completes implementation of its Readiness Plan may prepare a Readiness Package for submission to the Facility Management Team. The Package represents the final product of the readiness process. Only then will the Package, representing the work that was undertaken under the Readiness Plan, be reviewed and endorsed by the Participants Committee. The work undertaken by countries who do not wish to proceed to access funding under the Carbon Fund would therefore not be subject to review.

The FCPF does not however have an appeals policy or procedure which allows for decisions to be appealed. Although REDD+ Country Participants can raise issues at the annual Participants Assembly, for anyone else wishing to contest Participants Committee decisions, it is not clear whether it would be possible in the absence of an agreed procedure. Clearly, appeals procedures lend greater credibility to executive decisions as they facilitate greater accountability. Despite the absence of an appeals procedure for executive or other decisions, this question has not, however, been predominant. A partial explanation for this is that Readiness Preparation Proposals needing a makeover are generally provided with reasoning, details on the required amendments and an opportunity to resubmit.

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 FCPF itself does not have a Facility-wide whistleblower protection policy. The protection of witnesses or victims of corruption within the Facility very much relies on the institutional policies of the staff who report an alleged case.

The Facility Management Team, Trustee and World Bank as the primary Delivery Partner are all covered by the whistleblower protections extended to World Bank employees.⁸⁹ 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, the Facility Management

Team, Trustee and World Bank 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”⁹⁰ while the staff member engaging in retaliation will be subject to disciplinary proceedings.⁹¹

For Delivery Partners other than the World Bank, Transfer Agreements and the Common Approach are silent on whistleblowing and protection against retaliation. Although this is the case, the additional Delivery Partners were shortlisted on the basis that they were in compliance with the fiduciary requirements set out by the Global Environment Facility. These include requirements to have whistleblowing protections in place. As such, both entities that have already signed Transfer Agreements (the United Nations Development Programme and Inter-American Development Bank) have whistleblowing protection in place. That information is not however accessible through the FCPF website. It would be better to have a summary of the whistleblower protection policies and links to online resources of each Delivery Partner accessible on the FCPF website.

When it comes to REDD+ Country Participants, it becomes increasingly less clear what protection any of their staff would enjoy if they were to report a case of corruption. The grant agreements entered into between the World Bank as Delivery Partner and the REDD+ Country Participant refer to the applicability of the World Bank *Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants*. These include a requirement that the recipient adopt “appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Loan are used only for the purposes for which the Loan was granted.” Beyond this requirement, however, it remains unclear for each individual country what protection could be afforded – and by whom – to any 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 FCPF itself on what these policies are and how and for whom they are applied. Identifying any significant gaps can help build a more comprehensive anti-corruption remedial system within the Facility.

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 publicly available? Is there a dedicated body within the Fund 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?

The FCPF does not have a Facility-wide complaints and investigation mechanism in place. Nor is there a Facility-level referral system for complaints. There are however requirements for Delivery Partners, support for REDD+ Country Participants and some individual actors within the Facility fall under the institutional policies and procedures of their individual entities.

No complaints or investigatory function is set out for Participants Committee Members. If a complaint or allegation of a conflict of interest about a Participants Committee Member were to be communicated to the Participants Committee (the channels and procedures for such a complaint being not defined), it is unclear how that would be pursued and investigated, and how appropriate actions would be determined.

Although a formal mechanism to handle complaints about the Facility Management Team and the Trustee in relation to their specific functions does not exist, members of these bodies as well as Technical Advisory Panel members would fall under World Bank complaints and investigatory functions, since they are contractually World Bank staff. These allow for complaints based on four types of activities: 1) misuse of World Bank Group funds or donor trust funds for personal gain or gain by another; 2) abuse of position for personal gain or gain by another; 3) solicitation or receipt of kickbacks or bribes; 4) embezzlement. The World Bank has a hotline inside and outside of the US, which is “operated by an independent third party” and “open 24 hours a day” with interpreters and the possibility to make calls anonymously. There are also clear rules on what should be included in a complaint and the guidelines on the complaints mechanism are available online and linked from the Bank’s homepage, albeit somewhat hidden at the bottom of the page. After such a report, a review is conducted by the World Bank’s Integrity Vice

Presidency.⁹² The World Bank annual report also publishes statistics since 2011, although these are not disaggregated by the World Bank, so it is impossible to tell to what extent complaints have been made about the funds.⁹³ The applicability of these policies and procedures are however not clarified in relation to the FCPF.

With respect to the Delivery Partners, much work has been undertaken to ensure they have adequate complaints-handling and investigatory procedures in place. According to a Participants Committee Resolution in 2010 and as set out in the *Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners*, each Delivery Partner “will follow its fiduciary framework, regulations, rules, policies, guidelines and procedures in administering the funds transferred by the Trustee.”⁹⁴ As such, all Delivery Partners follow their own policies and procedures in terms of taking in and investigating complaints, including complaints relating to corruption.

In addition, the Common Approach document provides clear and detailed requirements for Delivery Partners on making an accountability mechanism specific to the FCPF available. These requirements include:

- Ensuring access to accountability mechanisms that are at least equivalent to World Bank protections. These accountability measures should be designed at a minimum to address grievances of people alleging an adverse effect related to the implementation of the Readiness Preparation Proposal and failure to comply either with the Delivery Partner’s own policies and procedures or with the Common Approach. In addition, the accountability mechanism must be independent, transparent, effective and accessible to affected people.

Delivery Partners already having such a mechanism are required to take the necessary measures, if any, to make it available with respect to the Common Approach and projects implemented under it. Those without such a mechanism are required to commit to provide one in the future, and report on the timetable and progress to the Participants Committee. In addition, they are required to make an independent safeguard expert or consultant available to receive and provide expert guidance on eligible complaints until a suitable mechanism is in place.

Finally, the Delivery Partner is further required to make available on the FCPF website “a list of the staff in charge of supporting or supervising each Readiness Preparation Proposal, or other contact information for responding to complaints regarding administration of the grant. They are then responsible for initially evaluating complaints, timely responding to them, and seeking their early resolution.”

- Providing assistance to Pilot Countries’ efforts to comply with *Guidelines for Establishing Grievance and Redress Mechanisms at the Country Level*.

Although the World Bank, Inter-American Development Bank and United Nations Development Programme have complaints and investigation functions in place, information on the applicable policies and procedures is not currently publicised at Facility level.

REDD+ Country Participants are expected to comply with requirements set out in the *Guidelines on Stakeholder Engagement in REDD+ Readiness*, which are annexed to the Readiness Preparation Proposal template. These require the establishment of mechanisms for grievance and accountability, and ensuring they are accessible to potential complainants during the consultation process and throughout the implementation of REDD+ policies and measures. The FCPF *Guidelines for Establishing Grievance and Redress Mechanisms at the Country Level* guide this process. The FCPF further makes grant funding available to REDD+ Country Participants to enhance their capacity for dispute resolution.⁹⁵

However, the interaction of the various complaint mechanisms available – those of Delivery Partners and those available at the national level, such as those operated by public ombudsmen and anti-corruption agencies – is not elaborated upon. The overall effectiveness of complaints and investigatory functions throughout the facility has also not been assessed to date nor does there seem to be any plan to do so. Clearly, there are important informational gaps which impact on the effectiveness of complaints mechanisms in any context, and these need to be dealt with.

The FCPF has made strides to ensure effective mechanisms to redress grievance are available through Delivery Partners and at the national level. Gaps still remain however at the executive level, in particular with regard to complaints relating to actions or decisions of the Participants Committee. Greater clarity could also be provided regarding other actors such as the Facility Management Team and the Trustee. The FCPF should also commit to assessing the effectiveness of policies and procedures at all levels of the Facility to ensure complaints and investigations are adequately carried out.

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 to 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 FCPF has some policies regarding penalties and sanctions of Fund actors and associated individuals.

It is not clear what sanctions are available for members of the **Participants Committee** were they to act improperly. The FCPF Charter now provides that “appropriate action” can be taken against a member should they fail to reveal a conflict of interest. It is not made clear however what such action could entail. Further sanctions beyond those proposed by the Participants Committee would ultimately be in the hands of the individual country from which the Participants Committee 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 Participants Committee itself, no sanctions or procedures exist to issue sanctions, should it condone or omit to address corruption in the Fund.

As explained previously, the employees of the **Facility Management Team** and **Trustee** are employees of the World Bank and, as such, are subject to its policies and subject to its internal investigation and sanctioning procedures for corrupt behaviour. If, following an investigation by the World Bank’s Integrity Vice Presidency, a staff member is determined to have acted corruptly in violation of the World Bank’s Code of Conduct,⁹⁶ the employee faces consequences including loss of employment, forfeiture of salary for a period of time and indefinite ineligibility for employment with the World Bank Group. If the corrupt action counts as a crime, the World Bank also refers the case to law enforcement officials.

As explained in the Accountability Map part of this report, a number of requirements are in place for **Delivery Partners**. Each of them was required prior to admission as Delivery Partner to have met, at minimum, Global Environment Facility fiduciary standards. This includes demonstration of financial integrity and management capacity, institutional capacity and transparency, and self-investigative powers. In addition, there are a range of provisions governing the accountability of the Delivery Partners set out in the Transfer Agreements signed with the Trustee. These agreements also stipulate certain obligations and penalties in relation to the use and disbursement of Fund money by Delivery Partners. There is further express provision that the Delivery Partner will be held liable for loss or damage that comes about as a result of its gross negligence or wilful misconduct. This would seem to indicate that losses that come about as a result of failure to address corruption would be borne by the Delivery Partner. In addition, if irregularities are found and after notification thereof, the Delivery Partner fails to remedy them, they can be required to repay funds to the Fund. The agreement is however silent as to the availability of additional remedies such as exclusion as Delivery Partner.⁹⁷

Regarding sanctions applied by **Delivery Partners** generally, they may determine their own rules on accountability for their staff, employees and other third parties. Information available on their websites is comprehensive in terms of what sanctions and enforcement measures they would apply. The policies of the World Bank, United Nations Development Programme and Inter-American Development Bank suggest that their contractors should also demonstrate a reasonable level of fiduciary and anti-corruption safeguards. They also stipulate sanctions against contractors/vendors for corruption or fraud including: rejection of proposed contracts, cancellation of finance, reprimands, debarment, conditional non-

debarment and debarment with conditional release and restitution.⁹⁸ There is generally an ambiguity 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 focal point entities who work with the World Bank as Delivery Partner are contractually required to apply World Bank policies and procedures such as those on procurement, anti-corruption and financial standards. Little is published on the FCPF website on what the applicable rules are. If an individual acting within such an agency acts corruptly, she or he is accountable under the national rules, processes and procedures that are applicable to the country's public administration. However what administrative, criminal or civil sanctions would apply to each and every focal point cannot be ascertained via the FCPF. A clear statement of its accountability would be important public information and an important assurance of its integrity. This would include information about binding institutional and legal anti-corruption requirements such as a code of conduct and conflict of interest policy, the authority or body which has the power to receive and investigate individuals in cases of suspected corruption, information on investigatory processes including appeals and information on the sanctions to which an individual would be subject if a determination of corrupt behaviour were to be made.

With regard to **Observers**, a conflict of interest policy is in place which requires every observer organisation to disclose the scope of their organisation's funding with the multilateral development banks, export credit agencies, and governments in areas relevant to FCPF activities and programming, and to agree to declare any potential conflict of interest that may arise during its tenure as Observer. Furthermore, a new recall mechanism has been introduced which allows the removal of an elected Observer in a situation where a fixed number of other Observers feel it has not fulfilled its duties.⁹⁹ Although it is not expressly stated, this would presumably also apply in cases where the Observer fails to disclose a relevant conflict of interest.

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?

The FCPF Charter sets out operating principles for the Facility including requiring compliance with the World Bank's *Operational Policies and Procedures*, taking into account the need for effective participation of Forest-Dependent Indigenous Peoples and Forest Dwellers in decisions that may affect them, respecting their rights under national law and applicable international obligations.¹⁰⁰

The first component of the RPP template entitled "organise and consult" includes two sub-components on consultation: the first on information sharing and early dialogue with key stakeholder groups, and the second on consultation and participation.¹⁰¹ The first of these two sub-components consists of a summary of the activities undertaken before the submission of the RPP and is intended "to pave the way for later broad consultations" by establishing a two-way dialogue. The second sub-component looks forward in time and provides a framework for engagement of stakeholders during readiness preparation in the development of REDD+ institutional arrangements, policies and programmes to address deforestation, forest degradation and other REDD+ activities.

The FCPF, together with the UN-REDD Programme, released principles and guidance for effective stakeholder engagement in April 2012.¹⁰² Some of the principles include:

- That consultation processes should include a broad range of relevant stakeholders at the national and local levels and also include the specific acknowledgement of diversity, differences in interests and stakes, and vulnerable groups.

- Recognition of the importance of transparency and timely access to information in appropriate formats.
- Recognition that consultations with indigenous peoples must be carried out through their own existing processes, organisations and institutions.
- Impartial, accessible and fair mechanisms for grievance, conflict resolution and redress must be established and accessible during the consultation process and throughout the implementation of REDD+ policies, measures and activities.
- Consultations should start prior to the design phase of the project or programme and should be applied at every stage of the REDD+ process, including planning, implementation, monitoring and reporting. Each country should develop a consultation and participation plan with an appropriate budget and finance plan.
- Records of consultations and reports on the outcome of the consultations should be prepared and publicly disclosed in a culturally appropriate form, including in local languages. Consultation processes should clearly document how views gathered through the consultation process have been taken into account and, where they have not, explanations provided as to why.

In terms of the guidance, the document also sets out eight practical steps on how to conduct individual consultations. This detailed documentation on principles and practical steps to be followed is a positive step. It is useful in a situation where REDD+ Country Participants have widely varying levels of understanding of, and support for, involvement of non-state interests. For example, civil society in the Central African Republic pointed to ‘certain inadequacies’ in the consultation process in the preparation of the Readiness Preparation Proposal. They noted that only one of the ten workshops carried out was held outside the capital and criticised the way in which organisations were designated in the Readiness Preparation Proposal to represent the views of the Central African Republic’s civil society. They further noted that there had been no specific consultations of indigenous peoples, despite the fact that they are principal stakeholders in the REDD+ process.¹⁰³

Whilst there are numerous guidelines in place and the World Bank’s own evaluation has found that the inclusiveness of the Bank’s approach to REDD+ readiness “has gone a long way towards alleviating concerns on the part of civil society organisations about the process, and increased confidence in its fairness”,¹⁰⁴ some concerns have also been expressed. There are for example no clearly stated and enforceable penalties for failures to consult with civil society: “The lack of binding requirements seriously undermines public accountability of the FCPF to civil society and potentially affected communities. There are few mandatory requirements in the proposed [Readiness Preparation Proposal] guidelines, which generally use optional terms like ‘should’, ‘could’, ‘may’.”¹⁰⁵

In terms of effectiveness, there is no independent or other substantive assessment of civil society consultations within the FCPF. It is therefore difficult to assess to what extent civil society recommendations are acted upon and influence decisions or actions. However recent comments from FCPF Observers have been positive. During the December 2013 meeting of the Participants Assembly, the Indigenous Peoples representatives’ praised the new focus on Indigenous People’s engagement and increased efforts for capacity-building and training for Indigenous Peoples. They also noted the increased confidence Indigenous People place in the FCPF. The civil society representatives further noted the evolution and maturation of the Facility over the years in particular on issues such as stakeholder engagement.¹⁰⁶

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 Facility's Charter and rules of procedure address, in part, four of the six sub-questions listed above.¹⁰⁷

- As set out above, the Charter sets out that two representatives from civil society – one from the North and one from the South – and one representative of Forest-Dwelling Communities are selected as Observers to the FCPF. The respective groups are responsible for putting in place “on the basis of the proposal from the Facility Management Team, as appropriate, a process for selecting their representatives for participating as observers in the meetings of the Participants Committee.” This process is documented on the website of the facilitating NGO and only partially on the FCPF website.¹⁰⁸ Currently serving Observers are not easily identifiable from the website.
- Representatives of organisations other than those expressly set out in the Charter can be invited to participate as Observers in Participants Committee meetings by the Facility Management Team. They too can make comments on agenda items but the co-chairs can decide to limit this right to those Observers set out in the Charter.
- Observers are permitted to participate in discussions on agenda items but are not allowed to vote. As above however some Observers can be excluded from participating in specific agenda items.
- The Charter provides that funding *may* be provided for the representative of forest-dwelling communities to attend Committee meetings. The wording on this in the Charter is weak and does little to remove a common impediment to participation.
- The rules of procedure set out that all participants in Participants Committee meetings including Observers *shall* receive meeting documentation at least 14 calendar days in advance.

In addition to the provisions listed above, the process for identifying Northern Observers has included the development of Terms of Reference in which there are detailed provisions around the criteria Observers should fulfil and a clause on conflict of interest seeking to insulate those chosen from improper external influence. No such documentation could be located through the FCPF website for Southern NGO Observers or forest-dwelling community observers.

The Facility does not allow for the webcasting of its meetings and, therefore, participation is limited to those who are in the room. In practice, as noted above, Observers additional to those officially elected are permitted access into Participants Committee proceedings, although the process for achieving this is not entirely clear. Finally, there is no dedicated and active section for Observers on the FCPF website to communicate up-to-date information about Observers, their roles and their input to the Fund.

INTEGRITY

Summary

Overview of Integrity Performance for the Forest Carbon Partnership Facility

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

On anti-corruption rules, the Fund was assessed as average. This is because the Participants Committee has a conflict of interest requirement in place and World Bank employees working for the Trustee, the Facility Management Team and the World Bank as the original Delivery Partner are all bound by the World Bank’s anti-corruption policy. Newer Delivery Partners also have their own policies in place. However, there is no facility-wide zero-tolerance policy in place. The Fund does not make efforts to demonstrate how effectively anti-corruption rules are applied and enforced at all levels. It also does not ensure that applicable rules are disclosed and easily accessible at the Fund level on or through its website.

On integrity screenings, the FCPF’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 Committee membership, Fund employment or for Observers. 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 which include those at the Facility Management Team, the Trustee and the World Bank as the original Delivery Partner was also taken into account. Improvements are needed to develop and apply integrity criteria for individuals who 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 also performs averagely. However, some training is available to those holding World Bank contracts, and the UNDP as Delivery Partner has already put in place training due to its engagement under the UN-REDD Programme. However there is no evidence that Committee Members or Observers have access to any integrity training. Furthermore, there are no visible requirements, commitments or action to ensure capacity-building on integrity throughout the Fund’s operations.

Analysis

Indicator (1): Anti-Corruption Rules

Are appointed members and technical staff subject to effective conflict of interest policies and codes of conduct protecting 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 publicly 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 conflict of interest policy? If so, what does it cover? Are there any procedures to verify submitted disclosure reports as accurate?

Facility-wide integrity: Overall, the FCPF has not adopted a zero-tolerance of corruption policy. This means there is no fundamental principle or commitment by the FCPF to ensure anti-corruption at all levels of decision-making and operations. This is a critical choice which would establish quite clearly the overall intentions of the FCPF to adhere to broader principles of integrity and to build a strong culture of anti-corruption within the Facility's two Funds.

Participants Committee: As set out above, each member is subject to a conflict of interests policy. Whilst this requirement in the Charter has recently been updated to allow for action to be taken against a Participants Committee member who fails to make a declaration, it remains unclear what kind of action that might be. Beyond this conflicts of interest disclosure, there is no code of conduct that places positive requirements on Participants Committee members to act ethically, honestly or with integrity. There is no requirement expressed to abstain from corrupt or fraudulent behaviour or conduct. Presumably, Participants Committee members are bound by greater integrity and anti-corruption behaviour rules demanded by their employers. However, if this is the case, that information is not required, published or otherwise declared in the context of their function in the Facility. Considering the power Participants Committee members wield, such assurances should be publicly stated.

Facility Management Team and Trustee-level integrity: As World Bank employees, individuals within both the Facility Management Team and the Trustee are subject to the World Bank's Code of Conduct,¹⁰⁹ which explicitly outlines a range of actions to be proactively avoided, including personal, business and other conflicts of interest, fraud, and corruption. The Code also contains an advisory on kickbacks, bribery, facilitation payments and money laundering. As discussed above, clear compliance mechanisms are in place to enforce the Code.

It is unclear if the World Bank rules also apply to the **Technical Advisory Panel members**. Presumably, if contracted by the World Bank as experts, then World Bank policies should apply. Considering the high level of involvement that Technical Advisory Panel members have in the run-up to important decisions by the Participants Committee, this lack of clarity needs to be resolved. Without question, they need to be bound by codes of conduct and conflict of interest policies which denounce corrupt and fraudulent behaviour.

Delivery Partners: Employees of the World Bank as delivery Partner are subject to the same rules as set out above for the Facility Management Team and the Trustee. The UN Development Programme has clearly set out the rules applicable to its staff in a 2010 document which makes requires staff to abide by the *Standards of Conduct for the International Civil Service*. Staff members are also referred to the UN Secretary-General's Bulletin "Status, basic rights and duties of UN Staff Members".¹¹⁰ In addition to setting out guiding principles, including the importance of qualities such as honesty, truthfulness, impartiality and incorruptibility in ensuring integrity, these documents also list types of misconduct for which action will be taken. These include the taking of bribes, failure to disclose interests or gifts, favouritism and fraud. There are also detailed provisions set out for the enforcement of the Standards of Conduct document, for the investigation of misconduct and for the actions that can be taken in the case where misconduct is confirmed. There is however no information on applicable codes of conduct or conflict of interest policies relating to Delivery Partners available on the FCPF website.

Observer-level integrity: Official Northern Observers to Participants Committee meetings are subject to a conflict of interest requirement: “In order to avoid conflicts of interest, observer organisations must disclose the scope of their organisation’s funding with the multilateral development banks, export credit agencies, and governments in areas relevant to FCPF activities and programming and agree to declare any potential conflict of interest that may arise during its tenure as Observer.” Although no formal compliance measures are set out, a recall provision is now in place which could potentially be employed in the case of a breach. No information could however be found on further applicable anti-corruption rules applicable to these Observers or on any policies in place for other Observers. Considering the various informal and formal engagements Observers have with the Fund, and their perceived intention to influence Participant Committee decisions despite their lack of decision-making powers, their integrity begs formal assurances, including being subject to clear anti-corruption and anti-conflict of interest commitments that should also be subject to formal compliance measures.

National REDD+ focal points: No information is available explaining what code of conduct or conflict of interest policies such entities are bound to vis-à-vis the FCPF. Presumably they are subject to 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 FCPF.

The effectiveness of anti-corruption safeguards regarding FCPF actors, projects and programmes has not been assessed. No indication could be found in Fund documentation that these policies are monitored or have been evaluated to date.

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 Participants Committee Members, select Delivery Partners or contract services. It is a due diligence question, but one which often refers to private information. This question therefore is intended to assess policy-level requirements, not informational matters.

The FCPF does not require that **Participants Committee Members** demonstrate integrity in their role. Neither the Charter nor other Facility documents such as the Rules of Procedure specify that integrity screenings or background checks are required for potential Participants Committee Members. There are no requirements set out in the Charter concerning the qualification of Participants Committee Members other than they should be an officer, director, employee or official of a Participant.¹¹¹ As Participants Committee Members are appointed by their national governments or entities, any additional integrity requirements would be in their purview. Those considerations are not disclosed.

As for the **Facility Management Team, Trustee staff and Technical Advisory Panel**, as World Bank Group contract holders they are subject to integrity screening during their employment process. This is elaborated in the World Bank staff manual.¹¹² Potential staff members are required to answer questions about qualifications, criminal convictions, and whether they have previously had their employment terminated or been 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 pre-employment screening.¹¹³

Regarding **Delivery Partners**, there is no evidence that, prior to their engagement as Delivery Partners, any assessment was undertaken as to their control over staff integrity. For example, there is no requirement for Delivery Partners to provide access to data on cases of violations of codes of conduct or ethics over the recent years (such as number of cases, types of violations and summaries of status and

action taken). If Delivery Partners have clear internal policies in place to conduct due diligence prior to the appointment of staff, this information is not made available at the Facility level.

There is no other information on integrity screening or requirements of any other actor within the FCPF, including for **national focal points** 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.

For the Facility Management Team, Trustee and World Bank as Delivery Partner, 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.¹¹⁴ Each staff member “may be required” to complete periodic training.¹¹⁵

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.¹¹⁶ 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.¹¹⁷ 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 the 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.¹¹⁸

According to available information, no integrity training has been conducted to date for FCPF Participants Committee Members, Technical Advisory Panel members or Observers. Also, no information is available about any specific integrity training held for or by the Inter-American Development Bank in relation to their performance relating to the FCPF. This may have happened, but if it has, then it has not been transparent. The United Nations Development Programme does, however, under the UN-REDD Programme provide training to its staff not only to help programming countries but also to lead by example on ethics and integrity. Its ethics training provides an overview of the ethics policies applicable within the UN system, including ethical dilemmas that employees might face in their role as international civil servants.¹¹⁹

REPORT GLOSSARY

TRANSPARENCY INTERNATIONAL PRINCIPLES AND TERMINOLOGY¹²⁰

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 properly¹²¹ – 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’).¹²²
- **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 governments and public bodies. 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 TERMINOLOGY¹²³

- **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. It is 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 Forest Carbon Partnership Facility Participants Committee, but also administered by the Global Environmental Facility. The Forest Carbon Partnership Facility 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 (CDM). Consequently, the amount of money that will be available from the Forest Carbon Partnership Facility depends on the extent to which the CDM is used and on the price of carbon. As of July 2010 the Forest Carbon Partnership Facility had received US\$160 million, of which US\$112.5 million was generated through CDM 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 industrialised countries to meet a part of their emission reduction targets under the Kyoto Protocol. The mechanism stimulates sustainable development and emission reductions, while giving industrialised 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 Forest Carbon Partnership Facility, 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 Forest Carbon Partnership Facility 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 organisation, set up in 1991 under the World Bank, to provide 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 Forest Carbon Partnership Facility.
- **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	<p>Do guidelines regarding public access to information/information disclosure exist? Do these guidelines cover information conveyed both through meetings and by documentation? If yes, do these apply to all phases of the project cycle (appointment, accreditation, application, reporting, disbursement, management, implementation, monitoring and evaluation)?</p> <p>If yes, are there deadlines for making such information available?</p> <p>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?</p> <p>Do the guidelines allow for an appeal procedure to request non-disclosed information?</p>
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 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 the relevant organisational decision-making body subject to audits? <i>*where relevant</i>
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 not sufficiently 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 ? <i>* where relevant (that is, decision-making bodies only)</i>
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 publicly 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 the 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 publicly 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	There is no protection for whistleblowers.
AVERAGE	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	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 publicly 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	There are no provisions to handle complaints.
AVERAGE	There are provisions in place to manage complaints but they are not applied in a consistent manner.
STRONG	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 that sanctions or punishments for corrupt or fraudulent behaviour or activity are 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 on 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 in place to penalise corruption or fraud, but they are 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 enforceable 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 to proceedings and provided with the opportunity to contribute meaningfully.

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	<p>Are there comprehensive codes of conduct written into the guiding documents for the Fund? Are those documents publicly available? If they do exist, how are existing codes of conduct enforced?</p> <p>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?</p> <p>Does the Fund have a conflict of interest policy? If so, what does it cover (for example, additional employment, inside information, private/business interests, policy advice, gifts and other forms of benefit, personal, family and community expectations and opportunities)?</p> <p>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?</p> <p>Who appoints these Members? Are sitting Members in the Fund subject to disclosure requirements?</p> <p>Are there any procedures to verify submitted disclosure reports as accurate?</p>
WEAK	<p>There are no guidelines relating to professional conduct.</p> <p>There is no conflict of interest policy, appointments are not based on a clear process or criteria, and there are no disclosure requirements.</p>
AVERAGE	<p>Guidelines exist but they are not comprehensive, and/or actively monitored or enforced.</p> <p>A conflict 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.</p>
STRONG	<p>Clearly established, comprehensive guidelines exist, are available publicly and are actively enforced.</p> <p>An effective conflict of interest policy exists, appointments are made based on clear criteria and there are clear and comprehensive disclosure requirements that are regularly enforced.</p>

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 conduct 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*¹²⁴ and the World Economic Forum’s *Global Competitive Report 2013-2013*.¹²⁵ 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 11 out of 19 Forest Carbon Partnership Facility countries who have received grants 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 FCPF money. For example, on the indicator “favouritism in decisions of government officials”, with the exception of Indonesia which scores over the half-way mark, all countries score at or under the half-way mark. The “diversion of public funds” indicator shows again only one country – Costa Rica – achieving over the half-way score.

Table 1: The Corruption Performance of Countries Receiving Forest Carbon Partnership Facility Readiness Fund Funding

COUNTRY	TITLE	DELIVERY PARTNER	APPROVED AMOUNT IN US\$ MILLIONS	AMOUNT TRANSFERRED IN US\$ MILLIONS	CPI SCORE	1.03 DIVERSION OF PUBLIC FUNDS		1.05 IRREGULAR PAYMENTS AND BRIBES		1.07 FAVOURITISM IN DECISIONS OF GOVERNMENT OFFICIALS		1.08 WASTEFULNESS OF GOVERNMENT SPENDING		1.12 TRANSPARENCY OF GOVERNMENT POLICY MAKING		1.18 ETHICAL BEHAVIOUR OF FIRMS		1.19 STRENGTH OF AUDITING AND REPORTING STANDARDS		1.22 STRENGTH OF INVESTOR PROTECTION, 0-10 (BEST)		
						VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE	RANK	VALUE
Cameroon	Readiness preparation formulation grant	World Bank	0.2	0.19	26	2.2	133	2.9	128	2.6	108	2.6	108	4.2	73	3.4	113	3.7	124	4.3	101	
Colombia	Readiness preparation formulation grant	World Bank	0.2	0.2	36	2.3	130	3.5	96	2.6	105	2.8	104	4.1	83	3.5	112	4.4	84	8.3	5	
Costa Rica	Readiness preparation formulation grant	World Bank	0.2	0.16	54	3.8	49	4.3	56	3.3	52	2.7	105	4.5	52	4.6	39	4.7	62	3	130	
Costa Rica	Readiness preparation grant	World Bank	3.6	0.38																		
Democratic Republic of Congo	Readiness preparation formulation grant	World Bank	0.2	0.19	21																	
Democratic Republic of Congo	Readiness preparation grant	World Bank	3.4	2.2																		
El Salvador	Readiness preparation formulation grant	World Bank	0.2	0.15	38	2.6	110	3.4	102	2.4	125	2.2	130	3.6	125	3.4	118	4.3	90	3	130	

Ethiopia	Readiness preparation formulation grant	World Bank	0.2	0.2	33	3.4	62	3.3	105	3	71	3.9	29	3.5	129	3.5	103	4	106	4.3	101
Ethiopia	Readiness preparation grant	World Bank	3.6	0.4																	
Ghana	Readiness preparation formulation grant	World Bank	0.2	0.2	45	3.2	70	3.1	115	3.3	69	3.4	66	4	90	3.8	75	4.4	79	6	39
Ghana	Readiness preparation grant	World Bank	3.4	0.71																	
Indonesia	Readiness preparation formulation grant	World Bank	0.2	0.2	32	3.4	65	3.2	111	3.8	35	3.8	32	4.2	82	3.6	96	4.4	87	6	39
Indonesia	Readiness preparation grant	World Bank	3.5	1.57																	
Kenya	Readiness preparation formulation grant	World Bank	0.2	0.17	27	2.8	93	3	125	2.5	120	3.1	81	3.8	105	3.6	102	4.4	81	5	80
Lao PDR	Readiness preparation formulation grant	World Bank	0.2	0.17																	
Liberia	Readiness preparation formulation grant	World Bank	0.2	0.18	41	4.4	38	4	66	4	30	4.2	22	4.5	50	4.4	44	4.4	78	3.7	120
Liberia	Readiness preparation grant	World Bank	3.6	0.3																	
No data																					

Mozambique	Readiness preparation formulation grant	World Bank	0.2	0.09	31	2.3	128	3.6	88	2.9	83	2.8	102	4.3	70	3.2	122	3.9	116	6	39
Nepal	Readiness preparation formulation grant	World Bank	0.2	0.2	27	2.7	105	2.9	129	3	72	3.1	83	3.8	116	3.2	125	3.9	115	5.3	65
	Readiness preparation grant	World Bank	3.6	0.5																	
Nicaragua	Readiness preparation formulation grant	World Bank	0.2	0.2	29	2.7	104	3.4	98	3.2	75	3.3	81	3.7	120	3.6	101	4.2	96	5	80
Republic of Congo	Readiness preparation formulation grant	World Bank	0.2	0.19	26	No data															
Republic of Congo	Readiness preparation grant	World Bank	3.4	0.62																	
Thailand	Readiness preparation formulation grant	World Bank	0.2	0.2	37	3	82	3.7	80	2.8	86	3.2	70	4	89	3.9	68	4.9	53	7.7	13
Uganda	Readiness preparation formulation grant	World Bank	0.2	0.16	29	2	139	3	124	2.5	113	2.4	120	4.4	59	3.6	89	4.1	105	4	110
Vanuatu	Readiness preparation formulation grant	World Bank	0.2	0.13	No data																
Vietnam	Readiness preparation grant	World Bank	3.8	0																	31

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ENDNOTES

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² The peer reviewers for this report were Niranjali Amerasinghe of CIEL and Joshua Lichtenstein from the Bank Information Center. Input from the Facility Management Team of the FCPF has also been incorporated.

³ See: www.odi.org.uk/publications/6975-ten-things-know-about-climate-finance-2012

⁴ See: <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=2>.

⁵ Transparency International, *Global Corruption Report: Climate Change 2011*, (Earthscan, London and Washington D.C: Transparency International, 2011).

⁶ 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 Forest Carbon Partnership Facility. 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.

⁷ The Climate Investment Funds, the Global Environment Facility, Least Developed Country Fund and Special Climate Change Fund, the Forest Carbon Partnership Facility, the UN-REDD Programme and the Forest Carbon Partnership Facility. 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”.

⁸ See:

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- ¹⁶ See: <http://www.forestcarbonpartnership.org/delivery-partners>.
- ¹⁷ See: *Selection of New REDD+ Countries in the FCPF, 6 December 2013 (FMT Note 2013 – 5)*. FCPF 2013h.
<https://forestcarbonpartnership.org/sites/fcp/files/2013/Dec2013/PC16%20FMT%20Note%20on%20Selecting%20New%20Countries%20-%202012-06-13-1.pdf>
- ¹⁸ See: <http://www.forestcarbonpartnership.org/redd-country-participants>. At this point, Equatorial Guinea has yet to sign a Participation Agreement.
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³¹ See: *Rules of Procedure for meetings of the Participants Committee*, FCPF 2011c.

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³³ IBRD 2013, Article 14.1

³⁴ IBRD 2013, Article 20

³⁵ IBRD 2013, Article 14

³⁶ IBRD 2013, Article 13

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⁴⁵ See: *Forest Carbon Partnership Facility, 7th Participants Committee Meeting, November 2-3, 2010 Washington, DC, Resolution PC/7/2010/4*, FCPF 2010b.

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⁵³ The FCPF Annual Report from 2013 notes that further expansion of this number is not expected in the short-term due to the fall in interest from the Private Sector caused by the slow progress in the UNFCCC negotiation process.

⁵⁴ IBRD 2013, Article 11.6

⁵⁵ See *Rules of Procedure for meetings of the Participants Committee* (as amended October 2011), FCPF 2011c.

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⁵⁷ *Ibid*

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⁶⁴ See: *Access to Information Policy (1 July 2010)*, World Bank 2010. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2010/06/03/000112742_20100603084843/Original/548730Access011y0Statement01Final1.docx

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⁸⁷ See: *Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners*, 10 August 2011, FCPF 2011.

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⁸⁸ See: *Comments on Suriname's RPP*, Forest People's Programme 2013.

<http://www.forestpeoples.org/sites/fpp/files/publication/2013/03/comments-suriname-rpp-march-20132.pdf>

⁸⁹ See: *World Bank Staff Manual*, World Bank 2012.

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⁹⁰ 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.

⁹¹ See *World Bank Staff Manual*, World Bank, 2012.

⁹² *Ibid.*

⁹³ See: *Reports*, World Bank 2013.

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<http://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/4a.Civil%20society%20statement%20on%20CAR%20RPP-REDD%20March%202011.pdf>

¹⁰⁴ See: *Global Program Review*, Vol 6 (3), FCPF and Independent Evaluation Group 2012, http://www.redd-monitor.org/wordpress/wp-content/uploads/2012/11/fcpf_gpr.pdf

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