



**Statement delivered by Estelle Fach, UNDP, UN-REDD Programme**

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We have seen heard a lot of examples of how the EITI has allowed to increase transparency, provide a space for multi-stakeholder dialogues, and act as a starting point towards better governance.

It may be worth stepping back for a minute and consider what corruption means for development. How do we translate leakages of resources into what they mean for poverty, gender, or environmental outcomes?

Lack of transparency and corruption are not just a matter of numbers. It is a significant impediment to development when they diverts public resources to private gain, and reduce access to public services.

For the poor, women and indigenous peoples, corruption means even less access to jobs, justice or any fair and equal opportunity. As the UN Secretary General pointed previously, it means the vulnerable suffer first, and worst.

Corruption is a major bottleneck to achieving the MDGs: this appeared at the conclusion of the MDG Summit last September and in the action agenda of Summit. If 10 percent of the money lost through corruption was recovered by anti-corruption interventions, about US\$74 billion dollars could be available for poverty reduction and development initiatives in Africa, enough to fund the education, HIV/AIDs, hunger, water and sanitation MDGs combined between 2010 and 2015. The MDG Summit action agenda commits to enhance disclosure practices and promote transparency in financial information, and called on national and multinational efforts to address this issue, including support to developing countries and technical assistance to enhance their capacities.

This being said I'd like to draw the link to another great challenge of our times : climate change, and to a natural resource that we've only touched in passing in this meeting. Climate change and corruption have this in common that their impacts are disproportionately large in developing countries, and, within them, they disproportionately affect the most vulnerable.

UNDP appreciates being invited to this 5th EITI Global Conference, because we see a direct connection with the work we do on climate change, including on REDD+.

For those of you not familiar with that acronym, REDD+ stands for "reducing emissions from deforestation and forest degradation and conservation, sustainable management of forests and enhancement of forest carbon stocks". Deforestation and forest degradation contribute more greenhouse gas emissions worldwide than the entire global transportation sector. So REDD+ is an upcoming financial mechanism to value forests for the carbon they store and capture, and therefore for their contribution to climate change. Encouraging progress was made at the last meeting of parties to the UNFCCC: this is the first time that the importance of stemming the loss of tropical forests for mitigating global climate change with financial support from the industrialized world is enshrined in an international agreement, and a REDD+ framework was delineated.

UNDP, together with FAO and UNEP through the UN-REDD Programme, has identified corruption as a major risk that needs to be prevented and curbed to ensure an effective, equitable and sustainable REDD+ mechanism. UNDP is working to support countries, in their preparation to a REDD+ mechanism, to build national capacities to mitigate corruption risks in this context.

With the notable exception of Liberia, forest resources have not been considered in EITI processes. In REDD+ we are not talking about the timber as the asset, but the carbon stored in standing trees.

Corruption in the forest sector enables authorities to turn a blind eye to practices such as illegal deforestation and forest degradation: we already know that it causes environmental degradation, climate change, and loss of livelihoods. With REDD+ this could also mean significant losses in revenues.

It is estimated that REDD+ revenues could reach 30 billion a year. With these large flows of money it is obvious that opportunities for corruption, rent seeking, and embezzlement will arise. This could undermine confidence not only of investors but also among local stakeholders who are at the forefront

of REDD+ activities, thus preventing the change in the use of forest resources that REDD+ aims at achieving.

This is why development partners like UNDP focus on democratic governance, transparency and anti-corruption as part of the response to climate change.

What does it mean concretely for us? It starts with :

- 1) increasing the understanding and awareness on corruption risks in REDD+ and their impacts
- 2) it means engaging and supporting civil society and other stakeholders on anti-corruption activities for REDD+ , including on participation in oversight and monitoring
- 3) it means strengthening institutional capacity on anti-corruption, for example the capacity of government institutions that oversee the REDD+ processes, of anti-corruption agencies, of parliamentarians, the judiciary, and local government authorities, and of supporting the appropriate legal and administrative frameworks (for example through access to information laws) etc.

EITI experiences and processes can certainly inform transparency mechanisms in REDD+, and vice versa. The multi-stakeholder approaches, and in particular the role of civil society, that are the pillar of the EITI process are well recognized in the support UNDP provides to REDD+ countries (and a lot of the issues that were discussed yesterday during the session on civil society quite resobate). The EITI's mechanisms of disclosure and reconciliation of payments and revenues provide an excellent example to learn from to promote transparency. Mutual learning will be key.

Only by tackling corruption risks and ensure transparency will we have a chance that REDD+ not only mitigates climate change by reducing forest carbon emissions – but also leads to positive, equitable and long term development outcomes.

This is part of our overall effort to ensure that climate finance delivers transformational results.