



GEF/LDCF.SCCF.18/Inf.04
May 26, 2015

18th LDCF/SCCF Council Meeting
June 04, 2015
Washington, D.C.

**GEF SECRETARIAT RESPONSE
TO TRANSPARENCY INTERNATIONAL**

INTRODUCTION

1. During the 17th LDCF/SCCF Council Meeting on October 30th, 2014, a Council member brought to the attention of the Council a report prepared by Transparency International (TI) titled: Protecting Climate Finance, an anti-corruption assessment of the Global Environment Facility's Least Developed Countries Fund and Special Climate Change Fund.
2. Following a brief exchange on the main conclusions and recommendations as presented in a communication from TI to the GEF CEO, the Council decided that: "The Secretariat will study the report, and send a preliminary response that will be shared with the Council. Any relevant issues will be brought to the attention of the Council". (See paragraph 14 of the Joint Summary of the Chairs).
3. In compliance with this decision the letter from the CEO responding to the communication from TI is attached.



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Naoko Ishii
CEO and Chairperson

May 14th, 2015

Ms. Lisa Elges
Head, Climate Finance Integrity Programme
Transparency International

Dear Ms. Elges,

Thank you for your letter of October 14, 2014, sharing with us TI's recent report "Protecting Climate Finance: An Anti-corruption Assessment of the Global Environment Facility's Least Developed Countries Fund and Special Climate Change Fund".

I am pleased to note TI's recognition of the strengths of the GEF's existing transparency framework, including its policies on access to information, the World Bank policies that ensure investigation and sanctioning of GEF Secretariat and Trustee as well as of the fiduciary standards that Partner Agencies are expected to meet.

The principle driving our approach is that no level of corruption is to be tolerated in GEF-financed operations. As you have noted, the GEF Partner Agencies are subject to the GEF minimum fiduciary standards and their compliance has been assessed. The standards make specific reference to the issue of corruption as part of the procurement processes and the investigation function. These ensure that all Agencies have measures in place to prevent corruption as well as to independently and objectively address any cases that may be identified.

I am pleased to inform you that the report was discussed by the LDCF/SCCF Council at its meeting on October 30, 2014. The Council expressed its appreciation for the report, and reiterated the importance attached to a strong anti-corruption framework for the two funds.

I greatly appreciate the report's recommendations on ways to further strengthen the GEF's anti-corruption framework. Allow me to briefly comment on a few of the recommendations, and also to note that these measures apply to the whole of the GEF and not only to the LDCF/SCCF.

On whether we can conduct periodic accreditation reviews, and on disaccreditation, this is a matter for our Council. Insofar as all agencies have been found to be compliant with the GEF

minimum fiduciary standards we rely on the internal controls of each agency to ensure that these are strictly adhered to. The GEF works as a partnership among its Agencies and if misconduct were to be determined the Council can be informed so that necessary action can be taken.

On your point on the conflict resolution mechanism, the GEF has a conflict resolution mechanism headed by a Conflict Resolution Commissioner that is subsidiary to that of the Partner Agencies. When a complaint is brought to the attention of the GEF Secretariat, the Commissioner contacts the Agency in question to ascertain that the agency's systems are indeed being used and, if needed, facilitates any further conversations leading to a resolution of the questions or challenges posed. Discretion and anonymity are ensured and the Secretariat can recommend remedial actions as may be necessary. I agree that the GEF's website should include the links to the conflict resolution systems of all its Partner Agencies in order to contribute to further public access to these systems. This has already been done.

Finally, I agree with your point on public participation. This has been a distinguishing characteristic of the GEF since its inception. The Public Involvement Policy (PIP) was adopted in 1996 and it has since been complemented with policies on social and environmental standards as well as on gender mainstreaming. All projects are required to hold consultation with stakeholders during the design and implementation phases in order to ensure buy-in and validation. New guidelines on the implementation of this policy have been put in place and a process for the review of the PIP has been initiated with broad participation. At the same time a new evaluation of the GEF CSO Network will be undertaken by the Independent Evaluation Office at the request of the Council.

I hope these comments address your recommendations and that they will make the GEF a stronger institution. I look forward to our continued collaboration.

Sincerely,



Naoko Ishii
CEO and Chairperson