

# **Climate finance transparency at country and local level**

Unexpected consequences of opaqueness?

Some disturbing evidence from Perú

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Durban, Nov. 28 2011

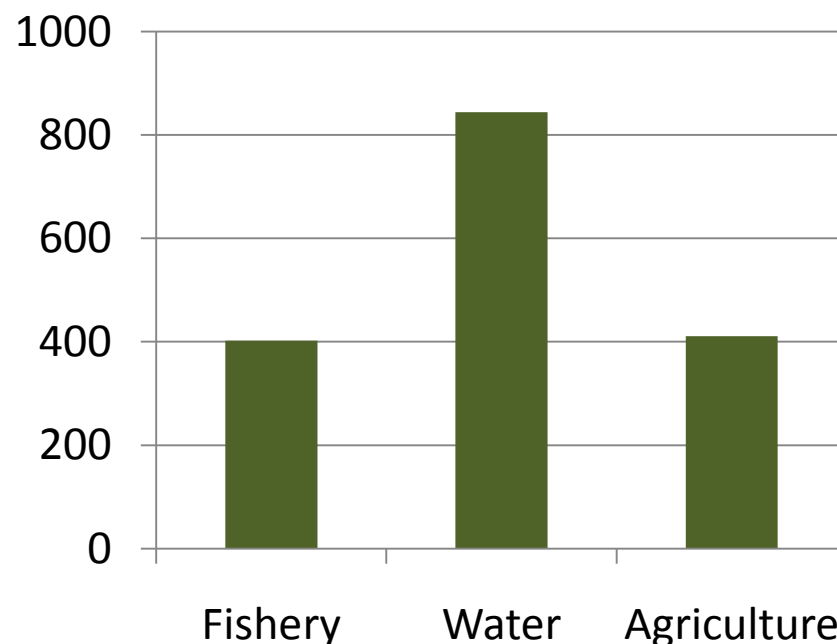
Lots of money needed to face huge challenges

**HIGH VULNERABILITIES, HIGH  
EXPECTATIONS**

# Vulnerabilities (and money needed to face them)

Sector	Region	Vulnerabilities
Water provision	Coast	Retreat of glaciers and change in the rainfall patterns.
Agriculture	Highlands (potato) and Jungle (rice)	Change in the rainfall patterns and more severe freezing (highlands).
Fishery	Coast and lakes	Rising in water temperature and floods.

**Financial and investment flows needed for adaptation in vulnerable sectors by 2030 (millions US\$)**



# A current picture of the funds

## National level

- The Ministry of Environment manages projects valued aprox. US\$150 millions (2011).
- The main source is the national treasury, but a considerable 1/3 comes from foreign agencies/ investment.
- Other sectors and decentralized governments also implement projects in this field: potentially 2000 bodies only at local level investing.

Source of the funds (%)

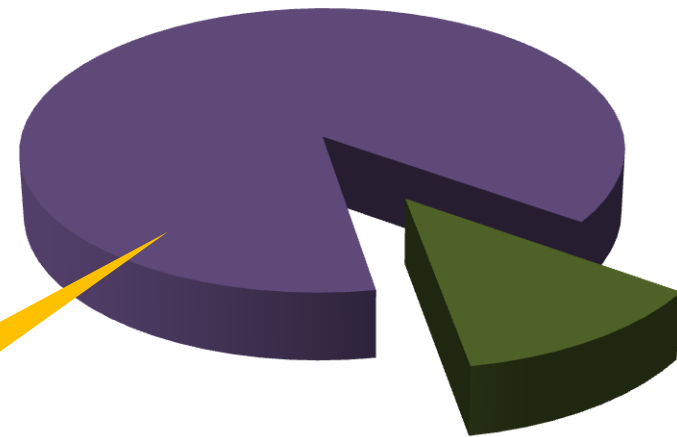


- National treasury
- Foreign cooperation

# Local level/ Regional Government of Cusco

- 12 projects for adaptation and/or mitigation:
  - Implementing 9 of them.
  - 3 profiles under evaluation.
- About US\$ 30 millions.

Funds come from...



95% comes from royalties, not from a fixed source

- National treasury
- Foreign coop.

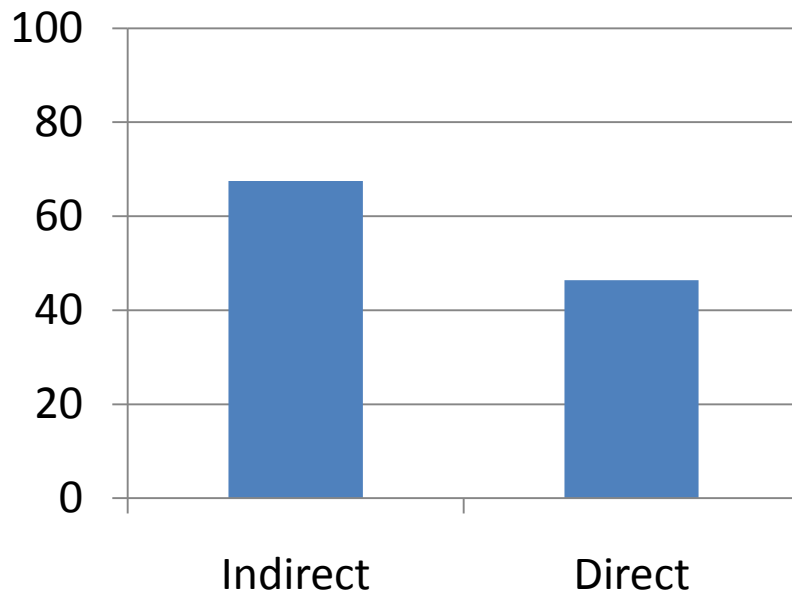
# OPAQUENESS AND CORRUPTION

# Lack of transparency

- Recent research have adressed low levels of transparency in the management of environment-related funds, projects and decisions.

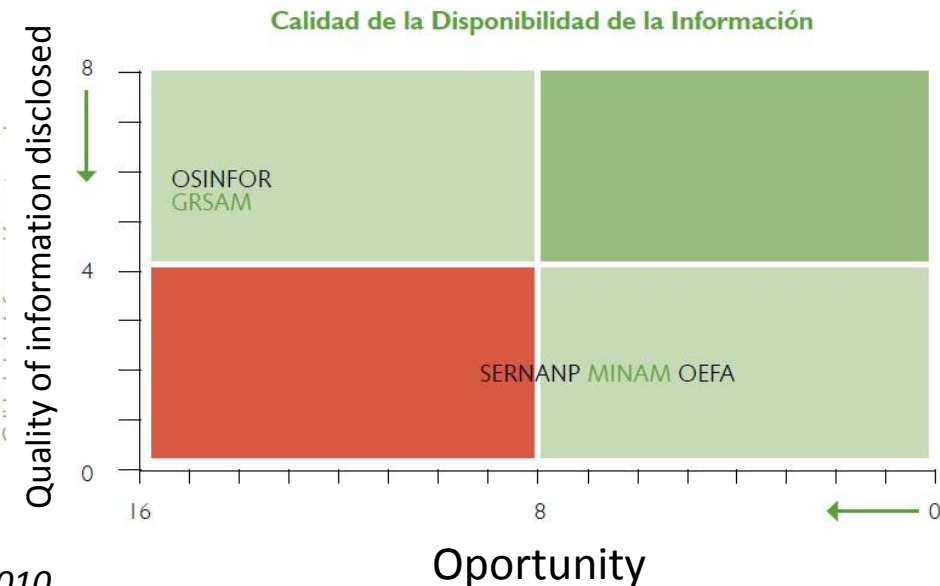
# Transparency levels: forestry

**Transparency of web pages:  
Public institutions whose  
policies have impact over  
forests (2010)**



*DAR, Transparencia en Sector Forestal 2010*

- Levels of transparency of environmental agencies are below national average.





# Transparency in climate finance

- Preliminary findings by an ongoing research by Proética and Environmental Law Association (SPDA) show that information related directly with climate change is not complete: projects are usually listed, but financial information is missing.
- In the case of foreign funds, only some donors are visible easily (if a citizen wants to know something he/she has to make their own research - which is against transparency principles).
- There is a lack of order to keep and show information. Many data bases and hardly linked.

# Controls

- Up to 5 MRV existing standards.
- Foreign money is not subjected to national audits of the Comptroller office.
- Audit reports are not public.
- There are a lot of regimes to manage the funds from foreign cooperation depending on the donor policies and decisions.
- National treasury funds are supposedly to be tracked by national control bodies, but they lack of capacities, personel and funds to act according to the magnitude of the challenge.

# An unexpected guest: organized crime



Illegal logging



Illegal mining



Drug cartels



Bribe

Public officers  
Hheads of communities



Sponsor

Candidates (mayors,  
regional governments,  
Congress)

(And they have  
succeeded in some  
cases)

# Consequences



Environmental: deforestation and endanger water sources



Social: Displacement, enslavery, prostitution, no access to health or water, violence

Political:  
Illegal miners pay 5 kg of gold/ month (US\$ 300,000) to a congressman



**THE GOOD NEWS ARE...**

- There is political will of the new government (which has 4 months in office) to put order and shine some light.
- There is a very interesting proposal to implement the National Climate Change Programme, which is expected to channel the funds and monitor the decisions and the usage of them.
- There is an opportunity window open.

# Points of coincidence with the National Commission on CC

- Reactivate the working group on climate finance, created by the NCCC time ago.
- Create the Roundtable to Monitor Climate Finance.
- To implement a climate finance tracking system inside the framework of the NPCC.
- Define the % of GDP earmarked for adaptation and mitigation projects implemented at all levels of government.
- Improve the transparency web pages according to the law on transparency and access to information.
- Tag in the National Budget funds for adaptation and mitigation.
- Strengthen the leadership role of the Ministry of Environment and the NCCC.



CLIMATE FINANCE  
LET'S MAKE EVERY  
DOLLAR COUNT







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