Climate Finance Policy and Integrity (CFPI) Project

Ensuring integrity in climate policy-making and in climate finance decision-making and delivery at all levels

The International Context

Increased transparency, accountability and integrity are needed to ensure the effectiveness of actions to mitigate and adapt to climate change. As the volume of climate finance is bound to increase, corruption risks remain serious in many countries galvanizing public support in therefore critical to address environmental, social and economic challenges brought on by global warming. While TI has provided three years of initial capacity support including TI’s work in promoting better policies, practices and systems, much more work needs to be done so that climate goals are achievable, increased resources are available and benefits become calculable.

TI’s project aims to ensure that corruption and corrupt behaviour cannot and do not undermine climate change mitigation ambition, effective and equitable allocation of climate finance and ultimately the delivery of climate projects and their intended adaptation and mitigation targets. This outcome is pursued by focused global and national advocacy, monitoring and capacity building actions aimed at policy and practice improvements for better transparency and accountability and for effective and fair responses when things go wrong.

At the national level, the project builds on country-level work in five countries: Bangladesh, Kenya, Maldives, Mexico and Peru and in three additional countries which will receive Green Climate Fund finance in 2016. (The selection of the three additional countries will be based on a proposal to the BMUB and the BMUB’s approval.) Through country-led initiatives, the project aims to strengthen global and regional cooperation and partnerships of civil society actors engaged with adaptation, REDD+ and clean energy/technology policies and finance. In doing so, it aims to support improved networks or communities of practice in each climate thematic area with a view to achieving greater impact and sustainability of civil society.

At the global level, the project aims to focus on the governance policies and practices of the Green Climate Fund as they are shaped throughout 2015-2017. Secretariat staff will provide recommendations and advocate for best practices to be adopted by the Board and the Secretariat. Such policies include ethics and conflicts of interest, accountability, monitoring frameworks, accreditation, (enhanced) direct access, information disclosure, grievance and anti-corruption compliance mechanisms, and procurement. Regarding the latter, TI’s office in South Korea aims to be engaged in monitoring the procurement of the Green Climate Fund (GCF) secretariat as well as the procurement of gifts received by Board Members. In addition, TI will sustain its advocacy and monitoring of multilateral funds including the Adaptation fund, the Climate Investment Funds, the Global Environmental Facilities (GEF), Least Developed Countries Fund (LDCF)/ Special Climate Change Fund, FCPF and UN REDD. The work will promote best practices and urge for key fiduciary
reforms. The work remains critical and important as the funds continue to receive and spend public climate money as the GCF take time to become operationalised, and because the same actors and institutions are likely to merge or coordinate with the GCF. Their policies and practices therefore remain critical even as their longevity may be volatile.

The project draws on the research, assessment, learning and monitoring products TI has developed through BMUB financing. It further leverages TI’s other main advocacy work on sustainable development, financial integrity and financing for development, which addresses similar issues of financial accountability and transparency.

National-level situation

Across all project countries, perceptions of corruption remain exceedingly high or endemic. In 2014, TI’s Corruption Perception Index scored the project countries on a scale of 0 (most corrupt) to 100 (least corrupt) as follows: Mexico (35), Peru (38), Bangladesh (25), Kenya (25) while Maldives was not scored due to lack of sufficient data. Meanwhile, all countries face serious climate change mitigation and adaptation challenges requiring urgent action and finance. To date, most have received significant readiness and project finance to stave off serious climate change.

Since 2011, the five TI chapters engaged in this project have made important inroads in building local capacities to monitor climate finance and to push for governance reforms needed to ensure fair decision-making and the effective use of climate finance. Still, greater concentrated efforts are needed to scale-up monitoring of high risk projects, advocating for anti-corruption reforms, and strengthening cooperation with civil society and other key stakeholders in order to inspire relevant reforms and create a decisive impact. Each country situation is described in detail below.

The Bangladesh National Context

TI-Bangladesh’s research and monitoring work has uncovered serious weaknesses in the national climate governance architecture including: systematically poor disclosure of information; political influence in selecting contractors; violation of public procurement rules; lack of accountability and proper monitoring in project implementation; poor quality of construction; and lack of accountability due to absence of effective complaint redresses mechanisms. The Chapter’s research also identified a worrying mismatch between the amounts of climate funds allocated with the relative climate vulnerability of the regions, identifying suspected conflicts of interest in the selection of projects.

TIB has achieved progress in policy and practice reforms to improve the governance of climate finance in the country. The nationally-funded Bangladesh Climate Change Trust Fund (BCCTF) introduced several reforms, including introducing a project monitoring and evaluation system, and launching investigations into allegations of corruption and mismanagement and the subsequent suspension of funding to implicated projects. Following TIB’s request the Office of the Comptroller and Auditor General has also started special audits of BCCTF projects. The Government has further committed to developing a vulnerability assessment as a basis for prioritisation of the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), which is expected to reduce the scope of approval of climate projects on the basis of personal or group interests.
In terms of engagement of citizens and civil society, TI B has achieved significant progress in the past years, spreading its work on climate finance governance across 29 districts in Bangladesh through its networks of anti-corruption volunteers.

**Climate Finance Policy and Integrity (CFPI) Project**

In this context TI has undertaken the Climate Finance Policy and Integrity (CFPI) project which will focus on specific policy and practice reforms that TI B has identified as crucial to deter and correct corruption and corrupt behavior.

A key objective of the project is to advocate for an independent platform for effective and equitable use of climate funds in the future. This will be done by identifying gaps and supporting capacity development of the government’s National Designated Authority on governance issues, as well as advocating for an open and transparent selection processes both for the National Implementation Entities (NIE) and projects in the pipeline for accessing funds from the GCF. TI B will continue to push for an obligatory provision for all climate finance actors to engage affected communities in decision-making and monitoring of project implementation, as well as for more pro-active disclosures of information in decision-making process. TI B will employ its network of youth and community volunteers to further expand adaptation project monitoring to a greater scope of climate-affected regions in the country. TI B will continue to draw lessons through this local monitoring work on the governance strengths and weakness in project design, implementation and evaluation in the country, feeding up lessons to the national, regional and global level, and advocating for redress of specific cases of corruption that are identified through the monitoring process.

**Desired outcomes**

- A new climate change agreement embraces ambitious climate change adaptation and mitigation goals as policy makers are urged to negotiate outcomes based on transparency and integrity;
- Strong transparency, accountability and anti-corruption policies and practices adopted and implemented by climate funds, in particular the GCF and accredited implementing agencies, ensure equitable and efficient allocation and use of public resources to achieve optimum mitigation and adaptation goals. This in turn attracts increased financial contributions to the GCF thus increasing its ability in deterring serious climate change impacts. Institutionalisation of anti-corruption safeguards will ensure more sustainable developments;
- The enforcement of policies is complimented by TI B’s monitoring work as an early warning mechanism. Anticorruption reforms and clear regulatory signals on climate change adaptation finance requirements will trigger increased sustainable investments where such resources are needed to support sustainable development;
- Improved financial integrity policies, practices and their enforcement reduces loss of public resources, thereby increasing the availability of public funds to tackle climate change and drive sustainable development;
- Stakeholders and affected communities of climate financed projects are better safeguarded against potential abuses affecting their well-being, rights and livelihoods. Through increased knowledge, skills and greater organisation, citizens’ (especially local and indigenous communities’) voices will be heard and integrated into policies and programmes. Complaints mechanisms will help to ensure that private and public sector commitments to sustainable development are not discouraged by corruption;
Climate vulnerable people and future generations will suffer less physical loss and damage due to climatic impacts and less loss of personal rights and freedoms. Also, biodiversity can potentially be preserved, especially where biodiversity is big and highly threatened by deforestation and climate change.

**Target groups**

The primary target groups are global and national climate change adaptation finance stakeholders including:

- Key Global Partners on Policy: Multilateral climate funds, with prioritisation of GCF, and other actors like Pilot Program for Climate Resilience (PPCR) from Climate Investment Funds (CIF), Adaptation Fund, Global Environmental Facilities (GEF), Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), The Forest Carbon Partnership Facility (FCPF), UN REDD etc;
- International and regional climate financing bodies, including multilateral development banks and agencies: GCF CSO network, GEF CSO network, CIF observers, UN-REDD and FCPF observers, Germanwatch, Adaptation Fund NGO network, U4/CMI REDD integrity programme, Institute for Policy Integrity, International Institute for Sustainable Development (IISD), World Resources Institute (WRI), UNDP, United Nations Environment Programme (UNEP), Global Witness, Heinrich Böll Foundation, Overseas Development Institute (ODI), Oxfam, Adelphi, GIZ, UNFCCC Standing Committee on Finance, World Bank, European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), African Development Bank (AfDB), The United Nations Convention against Corruption (UNCAC) and United Nations Framework Convention on Climate Change (UNFCCC) states parties, multilateral processes for SDGs including United Nations Department of Economic and Social Affairs (UNDESA), UNDP, UN Statistical Commissions, South Asian Association Regional Conference (SAARC), Asian Development Bank (ADB), African Development Bank (AfDB);
- National climate finance institutions: Bangladesh Climate Change Trust (BCCT), Bangladesh Climate Change Resilience Fund (BCCRF), Ministry of Finance, Economic Relations Division (ERD) as National Designated Authority (NDA) for the GCF and National Implementing Entities (NIEs), Ministry of Environment and Forest (MoEF), Bangladesh Water Development Board (BWDB), Department of Forest, Local Government and Engineering Division (LGED), Department of Environment, Ministry of Power, Energy and Mineral Resources (MoPEMR) and other national climate finance actors.

**Action areas**

- **Research and Policy support** - follow-up studies/surveys/monitoring for national climate finance policy and practice reforms and to follow-up the implementation of climate financed projects;
- **Advocacy and Communication** (national and regional)- for creating awareness through advocacy and monitoring actions to sensitize policy makers and climate finance actors to reform or improve national adaptation policies and practice
- **Networking** and develop communities of practice- to develop strategic partnership and facilitate knowledge exchange and cooperation
- **Capacity building**- for leadership and sustainability of new actors to engage in policy advocacy and monitoring of climate change adaptation finance projects and provide regional and global meeting opportunities for key stakeholders to build capacities, and strengthen partnership;
Applying existing tools and best practices

Several proven tested anti-corruption tools and processes developed and successfully applied in many countries in different sectors will be applied in this initiative. These include: climate change adaptation finance project tracking, national online climate finance tracking and grievance reporting tools, climate governance E-learning courses, best practice and policy reports, policy briefs, project updates, press releases, blog articles and innovative video documentary, infographics and other audio-visual materials, and Advice and Information Desks (AI-Desks).

Timeline and Resources

The project has been designed to run for two years, from August 2015 to December 2017. The project is funded by the German Ministry of Environment International Climate Initiative. It supports the programme’s key design and development tools and funds global and national level implementation through the TI Secretariat in Germany and five project partners in Bangladesh, Kenya, Maldives, Mexico and Peru. Total project fund for TIB is €185,426 which is equivalent to BDT 1,57,61,210.

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