Climate Finance and Governance in Project Implementation: The Case of Bangladesh Water Development Board

Executive Summary

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1. Background and Rationale of the Research

Bangladesh Water Development Board (BWDB) has been working as the principal agency of the government for managing water resources of the country since its inception. BWDB is also one of the agencies who have been implementing climate projects, especially those funded by the Bangladesh Climate Change Trust Fund (BCCTF). The Board has been involved in implementation of a total number of 141 climate finance projects (till July 2017) receiving a total amount of about BDT 1132 crore, which is about 40% of the total funds BCCTF has allocated so far.

Climate finance is comparatively a new and unchartered domain for Bangladesh as a country. The country has been gradually gaining experience over the years and improving the management of projects. Collective efforts of the government and relevant stakeholders are, however, bringing positive changes in this regard. Corruption was reported in different news media about various projects implemented by BWDB. Deficits in governance often facilitated the incidences of corruption. Ensuring good governance is now even more crucial when it comes to climate finance projects. To access the global funds directly, one has to comply with the strict fiduciary standards set by the funders. BWDB is one of the applicants from Bangladesh to obtain accreditation as a National Implementing Entity (NIE).

Transparency International Bangladesh (TIB) has been working on climate finance governance since 2011. TIB has been exploring the governance status of climate finance in Bangladesh through tracking the climate finance projects at local level, conducting national and regional level research, and also conducting various advocacy works. Considering BWDB’s vast involvement and importance as one of the key implementing agencies for climate finance projects and its potential of accreditation as NIE, this study was undertaken to explore the governance status of Climate Finance Projects implemented by BWDB and identify the governance challenges provide recommendations as the way forward.

2. Aims and Objectives of the Research

The main aim of this study was to explore the governance challenges in climate fund usage by BWDB. Specific objectives were:

1. Reviewing of the existing and relevant acts, policies, guidelines, and identify the provisions related to governance;
2. Exploring governance challenges in climate project implementation and the reasons behind identified challenges;
3. Providing recommendations to overcome the governance challenges.

3. Scope of the Research

The study selected six climate projects implemented by BWDB which are funded by BCCTF. The results are discussed based on the six selected projects, which provide an indication about the overall scenario but may not be equally applicable for all projects. Governance status was explored and analyzed on the basis of four governance indicators, namely: transparency, accountability, integrity and participation.
4. Research Methodology
Six climate finance projects implemented by BWDB were selected for this study on the basis of climatic risk zones, types of activities, project duration and amount of budget. The study was based on both qualitative and quantitative data. Research data were collected from both direct and indirect sources. Key Informant Interviews (KII) and Group Discussions (GD) were used in qualitative data collection and the data collection continued till it reached a saturation point. A checklist for the KII and GD was prepared and used during the data collection process. A survey was conducted to collect quantitative data for this study by using structured questionnaire. A total number of 600 respondents participated in the survey. The sample was selected through systematic sampling technique with a five household interval starting from the project location. Collected data were analyzed by considering the aims of the research using on analytical framework.

5. Study Findings

5.1 Limitations in Existing Legal Framework
Relevant laws, policy and guideline to the selected four governance indicators (Transparency, accountability, people’s participation and integrity) were reviewed to identify the provisions for BWDB implemented climate projects. However, few challenges within the existing legal framework are found given below:

- There is no clear instruction about the content, duration and maintenance of the information board at the ‘Right to Information Act 2009’ and BCCTF project implementation guideline.
- Neither the BCCT nor BWDB have specific direction to establish grievance redressal mechanism in their act/policies/guidelines.
- In contractor selection, E-tendering process is considered a standard which reduces the scope for corruption. However, E-tendering process ends with the submission of tenders. Evaluation and selection of submitted tenders are still being done in traditional manual system, which keeps the window of corruption open.
- There is a specific guideline for people’s participation in different phases of a project in the water resource sector. However, no legal provision was kept by the BCCT in their act or guidelines in this area. Hence, it is a challenge in terms of climate finance governance.

5.2 State of Governance: Transparency
In this study, state of transparency in BWDB implemented climate projects were observed by exploring proactive and demand-based disclosure of project information.

5.2.1 Legal Framework and Institutional Provisions to Ensure Transparency
‘National Water Act 2013’, states that any person, organization or institution which is empowered under the water act is bound to comply with the ‘Right to Information Act 2009’ regarding disclosure of their activities/projects. In accordance with the ‘Right to Information Act 2009’, BWDB has the following provisions to ensure transparency in its project implementation activities:

- Appointing a designated ‘Information Providing Officer’ in each office;
- Informing project beneficiaries and the local community about the project;
Providing information board on the project sites to disseminate information about the projects among the community;
- Updating and publishing the website information on climate projects and publish those;
- Establishing an effective demand-based information disclosure system.

5.2.2 State of Transparency: Challenges/Observations
- One local office of BWDB which is implementing a climate project has no designated information providing officer.
- About 92% of the local community responded that they were not informed about the project’s activities, budget and other relevant information.
- Schedule of the infrastructure work was not disclosed to the local people in any project by the contractor or BWDB.
- In three projects, no information boards were installed in the project area. In another two projects, information board was installed at the beginning of project implementation, but the board was withdrawn before the completion of project; and in another project, it had five different project implementation areas, but the information board was installed in only one area.
- Important information like where to contact for more information, where to contact for filing complaints, details of the contractor were missing in the installed boards.
- Website of the central office of BWDB includes a list of all completed and continuing projects since its inception, which is a list of more than 700 projects. However, there is no separate list of climate projects that created difficulty for someone who is trying to identify them. Among the six projects of this research, two local offices did not have any website. The remaining four local offices have their own websites, but the name of the project is only given there; project proposals, progress reports and other information about the project have not been provided.
- About 89% respondents said that they did not know where to go for information about the project.
- Eight survey participants informed that they asked the implementing authority to provide project-related information, but authority did not respond to that request.

5.3 State of Governance: Accountability
In this study, monitoring and evaluation system, auditing and grievance redress mechanism were explored to assess the state of accountability.

5.3.1 Legal Framework and Institutional Provisions for Ensuring Accountability
‘Bangladesh Climate Change Trust Act 2010’ and ‘The Guideline of the Bangladesh Climate Change Trust Fund for project formulation, processing, approval, correction, implementation, fund release and uses 2012’ have specific instructions for the stakeholders and their duties to ensure accountability in implementing climate projects. According to the above-mentioned legal framework, stakeholders and their responsibilities are mentioned below:
5.3.2 State of Accountability: Challenges and observations

- In all six projects, local office representatives undertook regular visits to oversee progress of the work executed by the selected contractors. They have to submit a progress report of the work on a monthly basis. However, no report was found including information about the gaps and challenges identified during their visit to the project location.
- BWDB local offices implementing climate projects and other development project with their limited human resources and logistics.
- No monitoring and evaluations were conducted by the BWDB central monitoring and evaluation team in the six projects selected for this research.
- The task force assessed the quality and quantity of infrastructure material in all six projects. However, infrastructures in two projects were noticeably damaged within the project period, which put a question mark about the effectiveness of their assessment.
- BCCT representatives visited all the projects twice, at the start of the projects and before releasing the last financial instalment. But no evaluations were conducted upon completion of the projects yet.
- Local representatives visited four projects to see the progress and state of ongoing work. However, there were no written reports on their visits and observations.
- None of the selected six projects were evaluated by the IMED.
- None of the selected projects was audited by the C&AG office.
- The survey data showed that about 93% people did not have any idea about how and where they could submit complaint. In most of the cases, the implementing authorities mentioned that there was no provision for formal grievance redress system in projects implemented by BWDB. But BWDB officials claimed that they were very positive in this regard and took any complaint seriously. The research team asked for written evidence, which was not found.

5.4 State of Governance: Community Participation
In this study, this indicator was assessed by exploring people’s participation in design, implementation and monitoring of the projects.

5.4.1 Legal Framework and Institutional Provisions to Ensure Participation
The section 6.2.D of the ‘Bangladesh Water Development Board Act 2000’ has included the provision of people’s participation in project design, implementation and maintenance. In addition to that, ‘National Water Policy’ and the "Guidelines for People's Participation (GPP) in Water
Development Projects" remain part of project planning by all institutions and agencies involved in public sector management of water resources. In the Guidelines for participatory water management, community people are considered as one of the stakeholders for water sector projects (section 2.2). According to the guidelines, people's participation will be ensured in different phases of project cycle through the following activities:

- Local level meetings, discussions, identifying problems and developing a problem solving process;
- Social assessment involving both beneficiaries and project affected persons as well as those living inside and adjacent to the proposed scheme area;
- Soliciting the opinion of women;
- Assessing the capacity of local stakeholders for participation in different levels of project cycle, initiating the process of forming Water Management Organization (WMO) and assessing the need for training/orientation;
- Organizing pre-project meetings at the local level;
- Using various techniques and methods during feasibility studies, such as participatory rural appraisals, focus group discussions and discussion meetings with the local people;

5.4.2 State of Participation: Challenges

- No community level problem identification meetings were held in the projects under this study.
- No social evaluation took place in any of the project areas this study covered.
- Participation of women was not ensured in any of the projects, nor was their opinion taken.
- No assessment was conducted for community peoples capacity development training requirement
- No participatory rural appraisals, focus group discussions and discussion meetings conducted with the community in any of the project areas this study covered.

5.5 State of Governance: Integrity

In the research, the state of integrity in BWDB-implemented climate projects was assessed through exploring the approval of projects, contractor selection, quality control and anti-corruption mechanism in project activities.

5.5.1 Legal Framework and Institutional Provisions to Ensure Integrity

Based on the provisions of the National Integrity Strategy (NIS), BWDB formed an ‘Ethics Committee’ consisting of 14 members, where the Director General of BWDB acted as President of the committee on September 3, 2013. The committee was formed with the following operational mandate:

- Identifying the successes and challenges in ensuring integrity within BWDB and its field operations, and preparing action plans to overcome the identified challenges;
- Nominate/select the persons responsible for implementing the action plans on integrity;
- Implementation and monitoring of the action plans; and
- Sending progress report to the National Integrity Strategy Implementation Unit.
In addition, the BCCT guidelines instruct the implementing agencies to follow the Public Procurement Act 2006 and the Public Procurement Rules 2008 with regard to any purchase as well as selection of contractors.

5.5.2 State of Integrity: Challenges and Observations

- No activity of the Ethics Committee was found at the local level in the selected projects during any period of the project cycle.
- During the contractors selection E-tendering process was used in all six projects.
- In group discussions, the community people mentioned that they had no idea about the contractor selection process. However, the research team found in every project that work was actually done on sub-contract basis which is illegal and both contractors and subcontractors are politically influential.
- In four projects, it was found that unethical influences were used in the approval. This kind of influence put hindrance on ensuring support for the most vulnerable areas and populations from the climate fund.
- In two projects, community blamed the contractors for poor quality of work. This issue was resulted in even clashes between the local community and the contractors’ men.
- In one case, the quality of work was so poor that the embankment and road built by the project was noticeably damaged within the project period.
- In one project, the contractor was involved in brickfield business. He took the soil from the canal excavation to his own brickfield instead of laying them to protect the bank of the canal.
- In one project, the contractor sold some 10-15 trees from road (Project site) at an average price of BDT 28,000 and then embezzled the money during the rebuilding of an embankment. Nobody protested about that as the contractor was a powerful individual in the locality.
- In one project, the contractor used electricity from a nearby shop but did not pay the bill upon completion of work. As a response, the local people took control of his bulldogger machine.

6. Causal Analysis of Identified Governance Challenges

- BCCT-funded climate projects are firstly forwarded by the respective ministry of the applicant agency and it goes through an assessment of the BCCT Technical Committee. After technical review, it is submitted to the BCCT Trustee Board for selection and funding approval. This Trustee Board consists of mostly ministers from different ministries. There is lack of accountability mechanism for the trustee board in their selection and approval of climate projects.
- The project selection and approval process for funding is often influenced politically, that leads to selecting projects and allocating funds in less vulnerable areas with regard to climate change.
- There is a knowledge gap in the implementing agencies about the existing legal framework. This gap is specially observed in case of proactive information disclosures, people’s participation and accountability mechanism.
- For BCCT-funded climate projects, in theory an accountability mechanism consists of seven different stakeholders. However, most of the stakeholders are inactive and there is lack of coordination among the stakeholders.
• No formal complaint mechanism or grievance redress system exists. Because of that, the number of reported irregularities and corruption was found to be quite low. Moreover, reported irregularities and corruption were not properly investigated and taken to the trial phase.
• Unlike many other sectors, there is a definite guideline and also law for people’s participation in the projects in water resource sector. But there is a knowledge gap at the implementation level, and in some cases the implementing agencies did not take the existing policy into consideration during project implementation.

7. Overall Findings of the Study
• BCCTF representatives visited all six projects twice, before the project approval and before the last financial instalment
• Central task forces visited all six projects area to assess the quality of the construction materials and the quantity
• BWDB local offices implementing climate projects and other development project with their limited human resources and logistics
• The state of governance has been found to be inadequate and insufficient in BWDB-implemented climate projects overall; climate projects are not given adequate importance and attention due to smaller allocations than the regular development budget projects. In addition to that some of the stakeholders are involved in irregularities and corruption collectively
• Absence of meaningful participation of concerned stakeholders in curbing irregularities and corruption made the overall governance system weak
• Lack of direction about grievance redress mechanism in the legal frameworks of both BWDB and BCCT is a drawback for ensuring accountability in project implementation.
• Lack of accountability in project selection cum approval as well as political influences, the projects are being implemented often in less vulnerable areas with regard to climate vulnerability
• Inadequate measures were observed in both proactive and demand-based information disclosures
• The overall accountability mechanism involves a large pool of stakeholders but the mechanism remains weak since most of the stakeholders are inactive and there is no coordination among the stakeholders
• Stakeholders involved in ensuring integrity are mostly inactive and that is impacting on the overall climate project implementations enabling window of opportunities for irregularities and corruption
• For water sector projects implementation, there are specific laws and guidelines for ensuring people’s participation in the implementation, in reality that has not been done

8. Recommendations:
• Specific instructions about the contents of information board as well as its management need to be incorporated in existing law/policies.
• Provisions for establishing grievance redress mechanism and independent third party monitoring & evaluation should be included in the existing legal framework.
• The sharing of all relevant information (project proposal, monitoring reports, evaluation reports, audit report, tender, project design, implementation area, budget etc.) through the websites, information boards, citizen charter and other media must be ensured
Assigning a designated information officer in every local offices and ensure on demand discloser of information about the project
- Providing importance tonon-technical aspects of the project besides the technical issues
- Establishing an effective grievance redress mechanism involving all relevant stakeholders.
- Need to assess climate vulnerabilities properly before the approving any climate project
- Activation of ethics committee and publishing the reports they produce
- Establishing an effective mechanism of reporting corruption and protecting the person who has reported
- Effective implementation of the Guidelines for People's Participation in water sector (GPP)
- Involving community people in project implementation to create ownership and promote effective adaptation
- PIC based project implementation, if necessary after reforming the law/policy, need to be activated
- Need to capacitate local people for the effective use and of project infrastructures through providing necessary capacity building inputs