Dhaka Integrity Dialogue-2: Climate Finance and Governance in South Asia

Climate Change Adaptation Finance in Bangladesh: Governance Standards and Challenges

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The study conducted by:

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Background of the Study

- The largest portion of climate fund is used in climate change adaptation

- International experience and national level work on Climate Finance including field level tracking climate adaptation projects have identified governance deficit as the key challenge.
The need to explore the possibility of mutually agreeable standards of Governance has been widely highlighted.

Hence a baseline survey on climate change adaptation finance governance was undertaken involving relevant stakeholders from public, private, NGO and International Agencies as a means to determine a mutually agreed set of standards for adaptation finance governance.

**Outcomes/Objectives**

- Assess the prevailing state of governance in CCA Finance
- Examine sector specific overall institutional ability to prioritize, access, deliver and monitor CCA finance
- Recommend ways and targets to improve the state of governance
Research Method – Multi-stakeholder involvement

Governance Elements
- Transparency
- Accountability
- Participation
- Coherence
- Integrity

CCA Finance
- Prioritise
- Delivery
- Access
- Monitor

Major Stakeholder Groups
- International Aid Agencies
- Public Sector
- Private Sector
- NGOs
<table>
<thead>
<tr>
<th>Components of CCA Finance</th>
<th>Stages</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritize</td>
<td>Planning</td>
<td>Country utilize scientific evidence of climate vulnerability, adaptation plans, projections of impacts, and a review of innovative solutions and practices to prioritize adaptation actions in planning stage</td>
</tr>
<tr>
<td>Access</td>
<td>Getting fund</td>
<td>Country’s ability (existence of a range of different institutional tools, mechanisms, and modalities) to both access CCA finance directly for project, as well as combining or blending funding from multiple sources in order to support projects</td>
</tr>
<tr>
<td>Deliver</td>
<td>Spending</td>
<td>Transfer of funds to the agency that will implement adaptation projects that also includes the ability to tap into and develop skills locally, and to coordinate implementation across a wide variety of projects</td>
</tr>
<tr>
<td>Monitor</td>
<td>MRV</td>
<td>Capacity to monitor, report, and verify (MRV) financial flows, expenditures, results of those projects, to verify the accuracy of information</td>
</tr>
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</table>
**Research Method:**

**Respondents Stakeholder Groups**

- **Data collection method:** Online survey
- **Selection of respondents:** Adaptation fund provider, manager, implementer & MRV actors (e.g. public, NGOs etc.) of Bangladesh participated in the survey
- **Number of Respondents:** 35
- **Data collection period:** 15th January to 5th March 2017

### International Funders, Aid Agencies and I-NGOs

- **E.g.:**
  - Australian High Commission
  - Christian Aid
  - Water Aid
  - British Council

### Public Sector Stakeholders

- **E.g.:**
  - BCCTF
  - MOP
  - MOHFW
  - MODM&R
  - MOA
  - MOWR
  - BIDS

### NGOs

- **E.g.:**
  - RDRS
  - DAM
  - CNRS
  - CLEAN
  - Aranyak Foundation
  - BASA
  - NGO Forum for Public Health

### Private Sector Stakeholders

- **E.g.:**
  - IDCOL
  - IDLC
  - BRAC University
  - Jahangirnagar University
  - The Daily Star
  - ATN Bangla Ltd.
  - Channel24
  - The Daily Prothom Alo
Component wise state of governance in adaptation finance

1 = Strongly Disagree, 2 = Somewhat Disagree, 3 = Neither Agree or Disagree, 4 = Agree, 5 = Strongly Agree
Indicator wise state of governance in adaptation finance

1 = Strongly Disagree, 2 = Somewhat Disagree, 3 = Neither Agree or Disagree, 4 = Agree, 5 = Strongly Agree
Stakeholder wise state of governance in adaptation finance

1 = Strongly Disagree, 2 = Somewhat Disagree, 3 = Neither Agree or Disagree, 4 = Agree, 5 = Strongly Agree
## Summary of findings

### Component wise strong and weak governance elements

<table>
<thead>
<tr>
<th>Component</th>
<th>Strong</th>
<th>Nether strong nor weak</th>
<th>Weak</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prioritise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coherence (3.4)</td>
<td>Participation (3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparency (3.1)</td>
<td>Accountability (3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrity (3)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Access</strong></td>
<td>Coherence (3.4)</td>
<td></td>
<td>Transparency (2.9)</td>
</tr>
<tr>
<td></td>
<td>Accountability (3.1)</td>
<td>-</td>
<td>Participation (2.8)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Integrity (2.8)</td>
</tr>
<tr>
<td><strong>Deliver</strong></td>
<td>Coherence (3.3)</td>
<td>Participation (3.0)</td>
<td>Accountability (2.9)</td>
</tr>
<tr>
<td></td>
<td>Transparency (3.1)</td>
<td></td>
<td>Integrity (2.9)</td>
</tr>
<tr>
<td><strong>Monitor</strong></td>
<td>Coherence (3.2)</td>
<td>Transparency (3)</td>
<td>Participation (2.7)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accountability (3)</td>
<td>Integrity (2.9)</td>
</tr>
</tbody>
</table>

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Adaptation Finance Governance Assessment:
Qualitative Comments and Findings

### Qualitative Findings

**Priorities**
- Bangladesh is reviewing its strategy and action plan on climate change and development of national adaptation plan is in progress.
- Ministry of Environment and Forest have initiated to carry out area wise vulnerability risks assessment; however, following issues need to be considered to ensure governance in prioritizing:
  - Need to ensure proper vulnerability as well as impacts assessment
  - Bottom-up approach in design of project/program
  - Integration of climate change with development projects/programs is yet to be adopted properly

**Access**
- Lack of institutional capacity (fiduciary/fund management, environmental and socio-economic assessment)
- Inadequate disclosures of information about future Climate Finance (Sources, mode of finance - grant vs. loan etc.)
- Absence of meaningful participation of the stakeholders especially affected people in adaptation fund related decision making process Coordination among adaptation fund actors
## Qualitative Findings

### Deliver

- Inadequate knowledge and understanding of local officials of the implementing entity
- Lack of accountability
- Inadequate participation of CSOs and local community in decision making as well as project design
- Limited disclosure, political influence in project approval and award of the contract
- Absence of coordination among stakeholders

### Monitor

- Strong legal mandate of C&AG for audit
- IMED has potential to ensure effective monitor, report and verification; however
- Coordination gap among monitoring and auditing authorities (BCCTF, IMED, C&AG) exists
- Absence of mechanism to include affected community in monitoring implementation
Way forward

- Specify climate finance allocation based on scientific evidence
- Disclosing public information with a priority
- Among government stakeholders, Ministry of Finance & BCCTF can play a key coordinator role in climate financing and project implementation.
- Multi-layer stakeholder’s forum could help to accelerate the public-private joint interventions and develop a dynamic strategy to address the issue based on its priority.
Way forward...

- Prioritizing a publicly accessible and transparent system (e.g. following e-tendering, well-defined TOR for independent assessment, dissemination of technical/project evaluation reports, and relevant government documents etc.) for making the process visible and transparent.

- To ensure a strong delivery mechanism for climate projects, government should take the key role where they need to collaborate with other stakeholders and focus on the bottom-up approach.

- To strengthen the climate fund monitoring system, stakeholders should have a people’s oriented approach and engage communities more in the monitoring activities.
THANK YOU

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