Climate Adaptation Finance
Governance Standards

Dhaka 19 September 2017

Ian Tellam, ADAPTIFY
• Adaptify (Netherlands)
• Both ENDS (Netherlands)
• Brown University’s Climate and Development Lab (USA)
• Université Libre de Bruxelles, Centre d'Etudes du Développement durable (Belgium)
• ENDA Tiers Monde (Senegal)
• Grupo de Financiamiento Climático para América Latina y el Caribe (Mexico)
• International Centre for Climate Change and Development (Bangladesh)
• Institute for Social and Environmental Transition (Nepal & USA)
• Nur University (Bolivia)
• Oxford Climate Policy (UK)
• Pan African Climate Justice Alliance (Kenya)
• Stockholm Environment Institute (Sweden)
• Transparency International (Germany, Bangladesh, the Maldives)
• University of Colorado-Boulder’s Environmental Studies Program (USA)
Where should it come from?

Polluter pays principle

Compensation for loss and damage (not charity)

New, and additional to existing overseas development assistance
How should it be accessed?

National systems to directly access, manage and be accountable for climate finance

Facilitation and project management function played by multilateral, international, and bilateral entities not used to access international public finance
Climate Finance

How it should be spent?

Strategically to leverage transformational changes in key sectors (health, water, energy, transport, agriculture)

Blended with regular financial instruments: grants; equity; (concessional) loans; guarantees; credit lines; and performance based payments.

*public climate finance should not be provided as debt*
The current problem

complex and fragmented funding landscape

complicating the ability of stakeholders
to track financial flows
to ascertain who should be held accountable for decisions and results.
lack of coordinated actions

Climate Finance
Climate Finance

The solution
Raise standards of governance
Standard

noun

1. a **level of quality** or attainment.

synonyms: quality, level, grade, caliber, merit, excellence
"the standard of her work"

2. an idea or thing used as a measure, norm, or model in comparative evaluations.
"the wages are low by today's standards"
There are many types of standards

- Health & Safety
- Education
- Services
- Food
- Products
HOW STANDARDS PROLIFERATE:
(SEE: A/C CHARGERS, CHARACTER ENCODINGS, INSTANT MESSAGING, ETC.)

**SITUATION:**
There are 14 competing standards.

**14?! RIDICULOUS!**
We need to develop one universal standard that covers everyone's use cases.

**YEAH!**

**SOON:**

**SITUATION:**
There are 15 competing standards.
There are also standards for governance
Examples of governance standards

Private sector governance standards

Improving corporate governance standards: the work of the OECD and the Principles
Organisation for Economic Cooperation and Development

Public sector governance standards

The Good Governance Standard for Public Services

The Independent Commission on Good Governance in Public Services

UK Commission on Good Governance in Public Services
governance standards + climate finance = ?
Climate Finance Governance Standards Methodology

Piloted in Maldives and Bangladesh during 2016-17
UNDP framework taken as starting point

Components of Climate Finance (UNDP, 2012)
Readiness for Climate Finance

A Framework for understanding what it means to be ready to use climate finance
5 criteria selected from survey of literature on governance indicators

- Transparency
- Accountability
- Participation
- Coherence
- Integrity
4 stakeholder groups identified

- International Funding Agencies
- Government
- Business
- NGOs
All elements combined into a single framework

**Financial Planning**
- Assess needs and priorities, and identify barriers to investment
- Identify policy-mix and sources of financing

**Accessing Finance**
- Directly access finance
- Blend and combine finance
- Formulate project, programme, sector-wide approaches to access finance

**Delivering Finance**
- Implement and execute project, programme, sector-wide approaches
- Build local supply of expertise and skills
- Coordinate implementation

**Monitor, Report & Verify**
- Monitor, report, and verify flows
- Performance-based payments

---

**Pentagon Diagram**
- Transparency
- Accountability
- Participation
- Coherence
- Integrity

**Grid**
- International Funding Agencies
- Government
- Business
- NGOs
## Framework used to design stakeholder survey

<table>
<thead>
<tr>
<th>Climate Finance Component</th>
<th>Governance Criteria</th>
<th>Stakeholders</th>
<th>Indicators</th>
<th>Survey Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLANNING</td>
<td>Transparency</td>
<td>International aid agencies</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public sector</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NGOs</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accountability</td>
<td>International aid agencies</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public sector</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NGOs</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participation</td>
<td>International aid agencies</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public sector</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NGOs</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coherence</td>
<td>International aid agencies</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public sector</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NGOs</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Integrity</td>
<td>International aid agencies</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public sector</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private sector</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>NGOs</td>
<td>20</td>
<td></td>
</tr>
</tbody>
</table>
Stakeholders

Key stakeholders selected from government, business, NGOs and international funding agencies.

Interviews held *in person* as much as possible.

Data *anonymised* using respondent ID numbers.
Stakeholder Survey

Climate Adaptation Finance Governance Standards - Transparency Maldives

Please provide the respondent ID number that was sent to you in order to fill out this form.

Short answer text

About the Survey

This survey deals with the prioritization, access, delivery and monitoring of climate adaptation finance; and asks how each of these phases meet criteria of transparency, accountability, participation, integrity, and coherence with relevant policies and strategies.

Your answers will be used to produce a baseline assessment, which will clarify any areas in which improvements may be needed, and which will be the first step towards agreement on governance standards for climate adaptation finance.

Governance is determined by the interplay between key stakeholders, and with regard to the governance of climate adaptation finance four major stakeholder groups can be considered: i.e., International funders and agencies; the public sector; the private sector; and CSOs.
1 Prioritisation

This phase of climate change adaptation finance is essentially a planning phase, where countries utilize scientific information to make decisions about which sorts of adaptation actions should be prioritized in their particular context. This involves assessing needs within the country, setting priorities to differentiate between needs, and identifying potential barriers to action.

1.1 Transparency

This question is on the extent to which various stakeholders are transparent in their prioritisation of climate adaptation finance. Examples of good transparency would be policies in place for public access to information; documents available online and/or in hard copies; briefings published regularly; briefings held for stakeholders; or information provided in annual reports.

Stakeholders are transparent regarding the ways in which they are prioritising climate adaptation finance.

<table>
<thead>
<tr>
<th>Stakeholder Type</th>
<th>Strongly Disagree</th>
<th>Somewhat Disagree</th>
<th>Neither Agree nor Disagree</th>
<th>Somewhat Agree</th>
<th>Strongly Agree</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Aid Agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government Agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Companies and Investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSOs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Optional) Additional comments?
Stakeholder survey results (scores and comments) → National Baseline Assessments
National stakeholder workshops

Baseline assessment validated

Agreements made on actions to raise governance standards
Stakeholder agreements

National Governance Standards

Bangladesh
Climate Adaptation Finance Governance Standard

Maldives
Climate Adaptation Finance Governance Standard
# National Climate Finance Governance Standards

## Selected examples

### Maldives

<table>
<thead>
<tr>
<th>Delivery of climate finance by donor agencies</th>
</tr>
</thead>
</table>

- Minimum governance standards for delivery of climate adaptation finance by donor agencies

- It must be ensured that project implementation entities conduct meaningful participation sessions in the form of stakeholder workshops, capacity building workshops and community meetings or surveys.

- An effective accountability mechanism tasked with addressing grievances must be established.

- The potential social impacts of projects must be scrutinized to predict the likely consequences they would have on local communities.

- It must be ensured that implementing entities conduct independent audit assessments and unbiased monitoring and evaluation reports for project activities according to a pre-planned schedule. These should then be published in an accessible manner.

- Progress reports should be compiled by project implementing entities and they must be published and disseminated in an easily accessible manner.
### Bangladesh

#### Monitoring of climate finance by the public sector

<table>
<thead>
<tr>
<th>Minimum governance standards for monitoring of climate adaptation finance by the public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ All the climate adaptation projects should be overseen by an independent climate change governance related authority/platform.</td>
</tr>
<tr>
<td>▪ Public disclosure of all monitoring and evaluation and audit reports is required through user-friendly online portals or locally adapted communication tools.</td>
</tr>
<tr>
<td>▪ Use of social accountability tools by implementing stakeholders should be ensured. The targeted institutions should internalize this process.</td>
</tr>
<tr>
<td>▪ Public hearings should be ensured by all implementing entities so that community raise their voice on the quality of implementation of climate projects.</td>
</tr>
<tr>
<td>▪ Sharing of information about the project in an understandable way for the local community people.</td>
</tr>
<tr>
<td>▪ Capacity building of beneficiaries for citizens-led monitoring is required.</td>
</tr>
</tbody>
</table>
National Climate Finance Governance Standards

All elements of climate finance governance covered

- Financial Planning
  - Assess needs and priorities, and identify barriers to investment
  - Identify policy-mix and sources of financing

- Accessing Finance
  - Directly access finance
  - Blend and combine finance
  - Formulate project, programme, sector-wide approaches to access finance

- Delivering Finance
  - Implement and execute project, programme, sector-wide approaches
  - Build local supply of expertise and skills
  - Coordinate implementation

- Monitor, Report & Verify
  - Monitor, report, and verify flows
  - Performance-based payments

Transparency
Accountability
Participation
Coherence
Integrity

International Funding Agencies
Government

Business
NGOs
National Climate Finance Governance Standards

COMPLIANCE

Stakeholder Perception Survey

Agree improvements

ANNUAL CYCLE

Climate Finance Stakeholder Forum

Compliance Report
National Climate Finance Governance Standards

EXPECTED IMPACT

- Improved standards of governance
  - Better coordination of efforts
  - Larger pipeline of better quality climate change investments
  - Faster decarbonisation of the economy
  - Improved resilience to increased climate variability and climate change
Thank you