TIB-TM Integrity Talk on Climate Finance Governance

Concrete Experiences and Results on Transparency Accountability and Integrity in Climate Finance-Bangladesh

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26 April 2018, Bangkok
THE ADAPTATION CHALLENGE

- Climate change already have severe effects on the livelihood of the citizens of Bangladesh and as such, is most vulnerable to climate change.

- Coastal communities already face poverty challenges and they need to adjust their livelihoods, employ alternative technologies, and find new ways of managing scarce resources. Therefore, there is a clear need to adaptation.

- Indeed, climate change adaptation has become an issue of human rights and justice in view of the daunting costs that the impacts of climate change pose.
CLIMATE FINANCE: UNRESOLVED ISSUES AT INTERNATIONAL LEVEL

- Actual fund disbursement against pledge
- Loans vs grants
- Additionality of climate finance with ODA
- Lack of transparency in accounting system
- Structuring institutions for climate finance in a more effective, equitable, and accountable manner

How climate change funding is disbursed, managed and governed at international level will determine whether it would truly meet the needs of poor and vulnerable countries.
CLIMATE FINANCE: UNRESOLVED ISSUES AT NATIONAL LEVEL

- Bangladesh Climate Change Strategy and Action Plan (BCCSAP), outlines six thematic areas of investment
- Bangladesh Climate Change Trust Fund Act (2010) which underscores how the trust fund will be managed

However, project tracking by TIB has identified governance challenges in planning, accessing, implementing, monitoring and evaluation of climate projects on

- Building embankment and afforestation
- Construction of cyclone shelters, roads, growth centers
- Construction of housing for climate affected people
- Improvement of drainage system
- Bio-gas plant
EXAMPLES OF CHALLENGES (CONSTRUCTION OF CYCLONE SHELTER AND ROAD)

- Undue influence in project selection
- Limited/No disclosure of information on decisions, procedures, activities
- Project and beneficiary selection process
- Project reports—M&E, advancement, completion
- Role of affected local people and stakeholders in project monitoring and Evaluation
- Absence of grievance redress mechanism at all stages of fund management
CLIMATE FINANCE: UNRESOLVED ISSUES AT NATIONAL LEVEL

Major challenge remains in policy level are

- Policy to structuring institutions for climate finance in a more effective, equitable, and accountable manner
- Strong code of conduct and measures for conflict of interest & corruption control
- No obligation for local level risk assessment in project preparations in all projects
- Mechanism for internal control on financial and auditing compliance
- No policy on human resource, knowledge & technical skills for climate finance implementing agencies
PATHWAY TO ENHANCE TRANSPARENCY

- Ownership (country and citizen), alignment with vulnerability and national policy, harmonization, managing for results, mutual accountability

- Strengthening transparency, accountability, participation and capacity of stakeholders and institutions (Planning, accessing finance, delivering finance, monitoring, reporting and verification)

- TI Bangladesh, Transparency Maldives and AdaptationWatch recently conducted a study on climate finance to
  
  o **Assess** the national quality of governance standards;
  o **Examine** the ability of national institutions to prioritize, deliver monitor projects;
  o **Formulate** recommendations to improve governance standards
  o **Agree collaboratively** on a set of minimum governance standards on which all stakeholders can work together to improve it.
PATHWAY TO ENHANCE TRANSPARENCY

- To conduct the study we analyzed four components of climate finance at different stages of climate financing (prioritize, access, deliver and monitor) bleeding with the

- five key governance indicators (transparency, accountability, participation, integrity, and coherence)

- Four major stakeholder groups (international aid agencies, public sector, private sector and NGOs) who are involved in prioritizing, accessing, delivering and monitoring climate finance asked to give their score on governance indicators

- A total of 26 stakeholders were interviewed
PATHWAY TO ENHANCE TRANSPARENCY

* Likert scale: 1=Strongly Disagree, 2=Somewhat Disagree, 3=Neither Agree nor Disagree, 4=Agree, 5=Strongly Agree
PATHWAY TO ENHANCE TRANSPARENCY

Figure 5: Average scores across five governance criteria for international aid agencies

Figure 6: Average scores across five governance criteria for the public sector

Figure 7: Average scores across five governance criteria for the private sector

Figure 8: Average scores across five governance criteria for the NGO sector

* Likert scale: 1 = Strongly Disagree, 2 = Somewhat Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, 5 = Strongly Agree
PATHWAY TO ENHANCE TRANSPARENCY (KEY FINDINGS)

- Existing standards could have been higher in prioritization if there was more public participation, proactive disclosure of information and coordination in decision-making.

- Coordination among relevant actors, aligning national policies with international policy, public disclosure of selection and rejection of a project, and interactive complaint handling could ensure better standards to access climate funds.

- Adopting a strong code of conduct, strengthening supervision at the field level, effective consultation for public engagement, establishing a multi-layer stakeholder forum & capacity building of project actors can raise the standards to deliver climate finance.

- Public disclosure of monitoring, evaluation and auditing reports, introducing social accountability tools to monitor projects and result based monitoring and public hearing can enhance transparency, accountability, and integrity to better monitor climate finance.
PATHWAY TO ENHANCE TRANSPARENCY (WAY FORWARD)

- Identify policy gaps and update national policies
- Prioritize funds and projects
- Form a multi-stakeholder forum for coordination (private, public, CSOs, NGOs, project beneficiaries)
- Support the National Designated Authority (NDA) and potential National Implementing Entities (NIEs) to develop their capacity to access global climate funds
- Conduct comprehensive needs assessments, SIA and EIA
- Meaningful stakeholder consultation and collaboration with relevant actors to implement and deliver climate funds and projects
- Apply a code of conduct to resist undue influence
- Engage citizens to monitor project activities
- Ensure a third party independent monitoring system
Thank You

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