



# **Climate Finance and Local Government Institutions: Governance in Project Implementation**

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# ***Climate Finance and Local Government Institutions: Governance in Project Implementation***

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## Preface

Transparency International Bangladesh (TIB) works with a vision of Bangladesh where government, politics, businesses, civil society and people's lives will be free from the influence of corruption, and all government, private and non-governmental organisations will run their operations with transparency, accountability and integrity. TIB is committed to build a strong and effective social movement to prevent corruption and ensure good governance in the country by undertaking research, advocacy and civic engagement initiatives.

This diagnostic study on *Climate Finance and Local Government Institutions: Governance in Project Implementation* is aimed at identifying governance challenges in implementing projects by the Local Government Institutions (LGIs) with climate funds. TIB selected this area for research since climate finance governance and local governance are among priority areas of its research, advocacy and engagement interest.

The Government of Bangladesh has undertaken a number of significant nationally and internationally acclaimed initiatives to address climate vulnerabilities, one of which is the creation of Bangladesh Climate Change Trust Funds (BCCTF) drawing upon annual national budgetary allocations. While industrialized countries in general who have been mainly responsible for climate change have so far failed to provide Bangladesh climate funds as pledged, the BCCTF so far remains the most important source of funding to address ill effects of climate change in Bangladesh. Among many other public institutions, the LGIs have for good reasons emerged as the leading users of the BCCTF implementing a significant number of projects with grants from this fund.

The study highlights some positive aspects of the selected projects, which include a few innovations to reduce climate vulnerabilities, monitoring visits by the BCCTF and Local Government Division (LGD) officials at the initial and post implementation stages, which can be viewed as good practice for quality assurance. However, the study also reveals that there have been various governance challenges such as political influence and conflict of interest in project approval, resulting in some cases in inconsistencies of allocation of funds with climate change related vulnerabilities. There have been instances of deficit of transparency and community participation and hence lower than desired level of accountability and equitable distribution of project benefits. Based on its findings TIB recommends a few specific changes in relevant laws, policies and guidelines and reconstitution of the BCCT Board of Trustees to ensure policy decisions including project approval free of conflict of interest. We also recommend continued and higher levels of budgetary allocation to the BCCTF to meet the growing needs in the sector and to circumvent arbitrary slicing of project budget to meet an objective widest possible coverage, without due consideration to technical merit.

We are grateful to senior officials of the Government, especially in the Local Government Division (LGD), Monitoring, Inspection and Evaluation Wing of the LGD, Ministry of Environment and Forests and BCCT who provided the necessary information to conduct the study and generously gave us the opportunity to share draft findings of the study before it has been launched. We are also grateful to all other individuals at various institutions and levels who helped us by providing information and input including the affected communities, LGI representatives, officials, relevant government officials, and experts.

I am grateful to Advocate Sultana Kamal, Chair of the Board of Trustees of TIB who guided and inspired us on behalf of the Board. Prof. Dr. Sumaiya Khair, Deputy Executive Director, and Mohammad Rafiqul Hassan, Director, Research and Policy of TIB supervised the overall research process and provided necessary guidance. I congratulate Nahid Sharmin, Deputy Programme Manager, Farhana Rahman, Programme Manager, Gulam Mohiuddin, Programme Manager, and Abu

Said Md. Juel Miah, Senior Programme Manager for conducting the study, and thank other colleagues for their support including feedback in every relevant stages of the study.

We hope that concerned authorities and other stakeholders, especially the Local Government Division of the Minis, Ministry of Environment and Forests and Bangladesh Climate Change Trust (BCCT), media and the civil society would find this study useful. Any suggestions and feedback are warmly welcome.

**Dr. Iftekharuzzaman**  
Executive Director

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## Abbreviations and Glossary

ADP	Annual Development Programme
ASAP	Adaptation for Smallholder Agriculture Programme
BCCRF	Bangladesh Climate Change Resilience Fund
BCCSAP	Bangladesh Climate Change Strategy and Action Plan
BCCT	Bangladesh Climate Change Trust
BCCTF	Bangladesh Climate Change Trust Fund
BWDB	Bangladesh Water Development Board
CAG	Comptroller and Auditor General
CHT	Chittagong Hill Tracts
CSC	Community Score Card
DPHE	Department of Public Health Engineering
EIA	Environmental Impact Assessment
FGD	Focus Group Discussion
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GEF	Global Environment Facility
GoB	Government of Bangladesh
IEE	Initial Environmental Examination
IMED	Implementation, Monitoring and Evaluation Division
KII	Key Informant Interview
LDCF	Least Developed Countries Fund
LGD	Local Government Division

MoEF	Ministry of Environment and Forests
MoLGRDC	Ministry of Local Government, Rural Development and Cooperatives
LGED	Local Government Engineering Department
LGI	Local Government Institution
MP	Member of Parliament
NAPA	National Adaptation Programme of Action
PIC	Project Implementation Committee
PKSF	Palli Karma-Sahayak Foundation
PP	Project Proposal
PPCR	Pilot Programme for Climate and Resilience
Paurashava	Municipality. Town level local government system in Bangladesh
PSC	Project Steering Committee
TIB	Transparency International Bangladesh
TLCC	Town Level Coordination Committee
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
Upazila Parishad	Sub-district level local government institution in Bangladesh. Second tier of local government system in Bangladesh
Union Parishad	Union Council. Lowest tier of the local government system in Bangladesh
UN-REDD	United Nations- Reducing Emissions from Deforestation and Forest Degradation
Zila Parishad	District Council. The highest tier of local government system in Bangladesh operating in rural/regional level

# Chapter 1

## Introduction

### 1.1.1 Background of the study

The Government of Bangladesh (GoB) has taken a number of significant initiatives, which prove that the Government pays utmost importance to enhancing capacity of the people to tackle climate change induced risks and vulnerabilities. The initiatives include formulation of the National Adaptation Programme of Action (NAPA) in 2005 (updated in 2009); formulation of the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2008 (updated in 2009); formation of the Bangladesh Climate Change Trust Fund (BCCTF) in 2009 and the Bangladesh Climate Change Resilience Fund (BCCRF) in 2010; and enactment of the Climate Change Trust Act 2010. These initiatives demonstrate sincere commitments of the GoB towards combating adverse effects of climate change.

Apart from the BCCTF and BCCRF, the GoB has been able to raise climate funds from a number of bilateral and multilateral sources. The bilateral source includes the UK's International Climate Fund. On the other hand, the multilateral sources include Adaptation for Smallholder Agriculture Programme (ASAP), Global Environment Facility (GEF) 4-6, Green Climate Fund (GCF), Least Developed Countries Fund (LDCF), Pilot Programme for Climate and Resilience (PPCR), and United Nations - Reducing Emissions from Deforestation and Forest Degradation (UNREDD). However, the BCCTF raised from the revenue budget of the GoB is the biggest climate fund raised so far by the Government (see Table 1).

**Table 1: Climate Finance in Bangladesh**

Sources of Fund	Name of Fund	Number of Project	Amount (Crore Taka)*	
			Fund size (approved)	Disbursement
Revenue Budget	BCCTF	378	3100 (2009-17) <sup>1</sup>	2624.68 (2009-16) <sup>2</sup>
Bilateral	UK's International Climate Fund	2	509.98 <sup>3</sup>	-
Multilateral	ASAP, GEF 4, GEF 5, GEF 6, GCF, LDCF, PPCR, and UNREDD	20	1593.11 <sup>4</sup>	409.93 <sup>5</sup>
Multilateral	BCCRF	10	1469.26 (2010-14) <sup>6</sup>	587.78 (2011-14) <sup>7</sup>
<b>Total</b>		410	6672.35	362239

\*Bilateral and multilateral funds were shown in USD and are converted here in BDT with the exchange rate of 78.58 BDT/USD<sup>8</sup>

<sup>1</sup><http://www.bcct.gov.bd/index.php/trust-fund> (last accessed on 19th December 2016)

<sup>2</sup>BCCT (2016) Seven Years of BCCTF, Bangladesh Climate Change Trust, Ministry of Environment and Forest, GoB

<sup>3</sup><http://www.climatefundsupdate.org/data> (last accessed 26 December 2016)

<sup>4</sup> ibid

<sup>5</sup>ibid

<sup>6</sup>The World Bank (2014) – Annual Report 2014 of Bangladesh Climate Change Resilience Fund

<sup>7</sup><https://www.bccrf-bd.org/Project.html> (last accessed on 19th December 2016)

Local Government Institutions (LGIs) play a crucial role in the local level development process in Bangladesh. In rural or regional areas, there are three tiers of LGIs – Union Parishad<sup>9</sup> (UP), Upazila Parishad<sup>10</sup> (UzP), and Zila Parishad<sup>11</sup> (ZP). In cities and towns, there operate different kinds of LGIs – City Corporations operate in big cities where Paurashavas<sup>12</sup> exist in towns. Recent literature suggests that financing the LGIs can be one of the key determinants of success in the climate adaptation initiatives. It is widely argued that since the LGIs have diverse set-ups in rural and urban areas and they have mandate to mobilise and disburse resources to support development initiatives, their leadership should be regarded as crucial to combat local level climate vulnerabilities (IIED, 2014<sup>13</sup>).

It is noteworthy that the GoB has been financing the LGIs in addressing climate change vulnerabilities at local level by engaging them through a significant number of projects undertaken with the climate change trust fund i.e. the BCCTF. As of June 2016, the Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC) received 142 projects from the BCCTF, which is the highest in terms of number of projects received by different ministries (BCCT 2016)<sup>14</sup>. Under the MoLGRDC, Local Government Division (LGD) is the implementer of all projects allocated for the entire Ministry with a budget amounting to 578.4 crore BDT<sup>15</sup>. Zila Parishad, Paurashava, City Corporation, Local Government Engineering Department (LGED), and Department of Public Health Engineering (DPHE) have been involved in implementing these projects.

However, the fund allocation and engagement scenario suggests that the LGD has engaged most of the LGIs operating mainly in cities and towns through the BCCTF projects. The UzPs and UPs, which are based at the very vicinity of rural people in the real sense, are still missing from the consideration of getting funds for tackling climate change vulnerabilities in rural communities. The LGIs have received a total of 108 BCCTF projects as of June 2016. Among them, only 14 projects that have been considered for Zila Parishads offer the option to get implemented for the people living in rural areas. Rest 94 projects have been designed for the people living in cities and towns as the funds have been allocated for the Paurashavas and City Corporations. The allocated money if gets compared between rural and urban LGIs, it is much higher in urban LGIs than that of in rural ones. A total of 291.51 crore taka (82% of total allocation for the LGIs) have been allocated to City Corporations and Paurashavas whereas 62.45 crore taka (18% of total allocation for the LGIs) to Zila Parishads<sup>16</sup>. This scenario shows a clear discrimination in building capacity of climate

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<sup>8</sup> 13<sup>th</sup> December 2016

<sup>9</sup> Union level LGI, the lowest tier of rural/regional level local government system in Bangladesh

<sup>10</sup> Sub-district level LGI, the second tier of rural/regional level local government system in Bangladesh

<sup>11</sup> District level LGI, the highest tier of rural/regional level local government system in Bangladesh

<sup>12</sup> Town level LGI. It means municipality that operates in small and medium level of towns meeting some specific criteria.

<sup>13</sup> IIED Briefing April 2014 – Climate Finance Governance in Bangladesh: Synergies in the financial landscape

<http://pubs.iied.org/17227IIED>

<sup>14</sup> ibid

<sup>15</sup> <http://www.bcct.gov.bd/index.php/trust-fund> (last accessed on 2nd November 2016)

<sup>16</sup> Calculated from the project wise allocation. <http://www.bcct.gov.bd/index.php/trust-fund> (last accessed on 2nd November 2016)

affected people living in rural areas as well as in allocating funds to the LGIs operating at the vicinity of rural people.

Alongside the gaps in prioritising rural level LGIs, significant concerns have been observed in media and relevant reports which are about how effectively the LGIs have been able to utilise climate funds they have received so far from the BCCTF for building capacity of local people to tackle climate vulnerabilities. Overall allocation and use of climate funds have been reflected in media and research reports and significant allegations and numbers of instances of misallocation and misuse of climate funds have been reported. TIB's previous assessments also reveal such instances of misallocation and misuse of the funds (TIB, 2013<sup>17</sup> and 2014<sup>18</sup>). The allegations include:

- Climate change vulnerability was not considered sufficiently in selecting project locations;
- Partisan political influence took place in the process of project approval;
- Lack of accountability was also observed throughout the project cycle;
- Participation of local people was not considered in designing the projects;
- Disclosure of accurate information about the projects was absent.

This study has intended to create a room for discussion on how efficiently and effectively the LGIs have been able to use climate funds received so far from the BCCTF by using governance lenses. This report has critically reflected on the governance challenges in LGIs to implement climate funded projects to tackle climate vulnerabilities of local people and come up with some specific recommendations to draw attention of concerned authorities.

## **1.2 Objective and research questions**

The objective of this study is to look into the governance challenges in the implementation of climate funded projects by the LGIs. In order to reach this objective following research questions have been taken into consideration:

- a. What are the major gaps and strong points in the LGIs implemented BCCTF projects from the governance perspective?
- b. What are the enabling or disabling factors behind existing performances of the projects as well as their implications in achieving expected results through the projects?

## **1.3 A snapshot on the climate change situation in Bangladesh**

Bangladesh is widely familiar as one of the most vulnerable countries to the adverse impacts of climate change<sup>19</sup>. It is widely well known for its geographical location and diversities of

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<sup>17</sup>[https://www.ti-bangladesh.org/beta3/images/max\\_file/cfg\\_pub\\_Assesment\\_CFG\\_11-13.pdf](https://www.ti-bangladesh.org/beta3/images/max_file/cfg_pub_Assesment_CFG_11-13.pdf) (last accessed on 2nd November 2016)

<sup>18</sup>[https://www.ti-bangladesh.org/beta3/images/2014/fr\\_wp\\_CFG\\_National\\_Consultation\\_14\\_bn.pdf](https://www.ti-bangladesh.org/beta3/images/2014/fr_wp_CFG_National_Consultation_14_bn.pdf)

<sup>19</sup>“Climate change refers to a change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and that is in addition to natural climate variability observed over comparable time periods” (IPCC, 2007: 5).

inevitable natural disasters like cyclone, tidal surge, flood, salinity, drought, tornado etc. These disasters hugely cause loss of life, damage to infrastructure and economic assets, and negatively impact on lives and livelihoods of the poor and marginalised people. The UNDP identifies Bangladesh to be the most vulnerable countries to the tropical cyclones and the sixth most vulnerable country to floods (UNDP, 2004<sup>20</sup>). Bangladesh is also vulnerable to sea level rise. Climate Change Vulnerability Index 2015<sup>21</sup> also confirms that Bangladesh is the top most climate vulnerable nation in the world due to its geographical location, geophysical conditions and population density.

The contribution of Bangladesh in the global warming is negligible. For instance, the emission of Carbon dioxide created by Bangladesh is only 0.37 metric ton of the global total. However, the impact of climate change in Bangladesh is immense considering the intensities and types of climatic events, vulnerabilities and risks. Bangladesh has four climate risks hotspots, which include cyclone risk hotspots, flood risk hotspots, drought risk hotspots, and salinity risk hotspots (Rashid et. al., 2009<sup>22</sup>).

Climate change is a global phenomenon. Global actors especially the industrialised countries i.e. the highest carbon emitters are the culprits of global warming who have put the poorest into vulnerable situation. However, the impacts of climate change are both global and local, which have necessitated that the solutions to climate change vulnerabilities should be addressed both at global and local levels. Since the developing countries are not responsible for global warming, developed countries have agreed to provide funds to the vulnerable countries to take adaptive measures under the United Nations Framework Convention on Climate Change (UNFCCC) (Fenton et. al., 2014<sup>23</sup>).

It is expected that the international community would raise funds for local vulnerable communities so they can adapt to climate change. Given the needs of local level capacity building to tackle climate change risks, recent climate discourses have included the crucial part of involving local institutions and vulnerable communities and the discussion on taking local climate issues into account as collective action problems (Jorgensen et. al., 2015<sup>24</sup>). Thus the international communities have come to a consensus to tackle it together by raising funds for the vulnerable countries to help them adapt to the climate vulnerabilities as well as by taking measures to cut carbon emission.

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<sup>20</sup>UNDP (2004) A Global Report: Reducing Disaster Risk: A Challenge for Development, [www.undp.org/bcpr](http://www.undp.org/bcpr)

<sup>21</sup>[http://reliefweb.int/sites/reliefweb.int/files/resources/Climate\\_Change\\_2015\\_Press\\_Countries\\_V01.pdf](http://reliefweb.int/sites/reliefweb.int/files/resources/Climate_Change_2015_Press_Countries_V01.pdf) (last consulted on 3rd November 2016)

<sup>22</sup>Rashid, M.; Singha, D.; and Imam, H (2009) - *Climate Change Vulnerability in Bangladesh*, Dustha Shastha Kendra (DSK), Dhaka

<sup>23</sup>Adrian Fenton, Daniel Gallagher, Helena Wright, Saleemul Huq & Charles Nyandiga (2014) Up-scaling finance for community-based adaptation, Climate and Development, 6:4, 388-397, DOI: 10.1080/17565529.2014.953902

<sup>24</sup>Kirsten Jørgensen, AnuJogesh & Arabinda Mishra (2015) Multi-level climate governance and the role of the sub-national level, Journal of Integrative Environmental Sciences, 12:4, 235-245, DOI: 10.1080/1943815X.2015.1096797

## 1.4 LGIs in implementing climate funded projects

The LGIs are the significant institutions at local level which are closely involved with social, political and economic lives of the people living in rural and urban areas. Bottom-up approaches that recognise the crucial factors of local contexts, local actors and institutions (Fenton et. al., 2014<sup>25</sup>) are essential for building resilience at local level. Local governments are considered to be the key players in local climate governance (Mah and Hills's 2014<sup>26</sup>). The role of the LGIs in reducing vulnerability to climate change has been recognised in UNDP's Adaptation Policy Frameworks for Climate Change. The UNDP has foreseen the role of local government in preventing local climate damage and disasters (UNDP, 2004). It is also widely acknowledged that building local level capacity including the LGIs in reducing vulnerability of affected areas is crucial (Mintz 2008).

Recent discussions also suggest that the LGIs can play a significant role in climate adaptation initiatives. It is argued that local adaptation activities are likely to address local climate change impacts like flooding, droughts, cold waves, heavy rainfall, etc. (Sippel and Jenssen, 2009<sup>27</sup>). It is therefore suggested to engage the LGIs in local adaptation processes so that they can address climate vulnerabilities through decentralised decision making process and by applying bottom-up

### Box 1: About the BCCTF

approach, and can play a crucial role in facilitating community based adaptation to climate change.

Financing the LGIs by the GoB to tackle local climate vulnerabilities is therefore a visionary decision. It has been mentioned earlier that the MoLGRDC i.e. the LGD as the implementer is the highest project recipient agency of the BCCTF. Again, the LGIs have received most of the projects (108) among the institutions under the LGD. It is therefore significant to mention that the LGIs have been able to draw attention to get climate funds to tackle local climate vulnerabilities (see Figure 3).

The GoB has raised the BCCTF with the help of its own revenue budget, which is managed by the Bangladesh Climate Change Trust (BCCT), a statutory body of the Ministry of Environment and Forests (MoEF) regulated afterwards under the Climate Change Trust Act 2010. The vision of the BCCT is to enhance capability to create climate resilient Bangladesh. The GoB has allocated 3100 crore BDT for the BCCTF during the last seven fiscal years, from FY 2009-10 to FY 2016-17<sup>1</sup>. As of June 2016, 431 projects have been undertaken with the funds from the BCCTF. Of them, 378 projects<sup>1</sup> have gone under the implementation process through government, semi-government and autonomous agencies. A total of 161 projects completed their implementation phases by June 2016 while nine projects have been cancelled on account of misconduct of rules (BCCT, 2016)<sup>1</sup>.

The LGIs those have received climate funds from the BCCTF have formulated their projects in line with the themes defined in the BCCSAP, 2009. The themes are as follows:

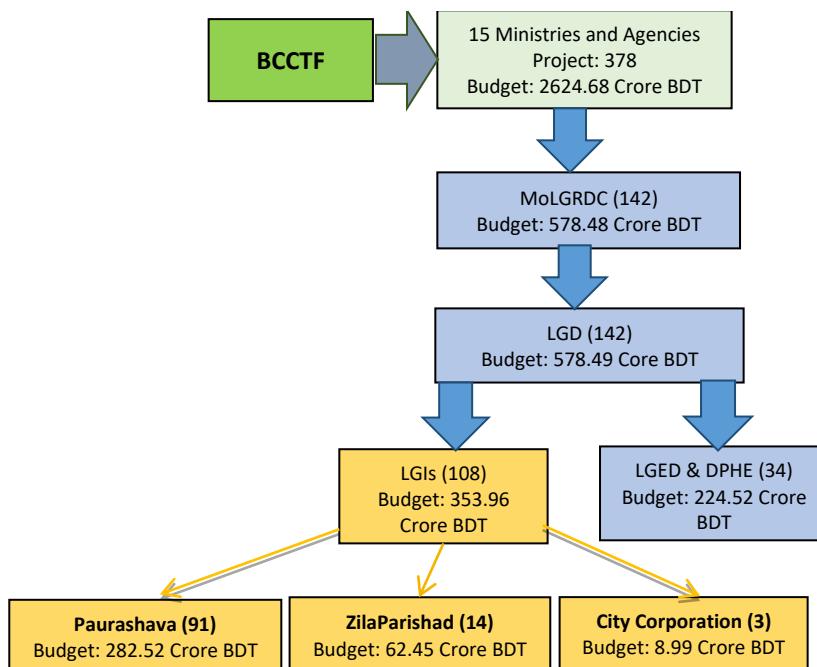
<sup>25</sup>Adrian Fenton, Daniel Gallagher, Helena Wright, Saleemul Huq & Charles Nyandiga (2014) Up-scaling finance for community-based adaptation, *Climate and Development*, 6:4, 388-397, DOI: 10.1080/17565529.2014.953902

<sup>26</sup>Daphne Ngar-ying Mah & Peter Hills (2016) An international review of local governance for climate change: implications for Hong Kong, *Local Environment*, 21:1, 39-64, DOI: 10.1080/13549839.2014.920313

<sup>27</sup>What about local climate governance? A review of promise and problems, <http://ssrn.com/abstract=1514334>

- a. Infrastructure development
- b. Comprehensive disaster management
- c. Food security, social protection and health
- d. Research and knowledge management
- e. Mitigation and low carbon development, and
- f. Capacity building and institutional strengthening.

**Figure 1: Funding flow towards the LGIs from the BCCTF**

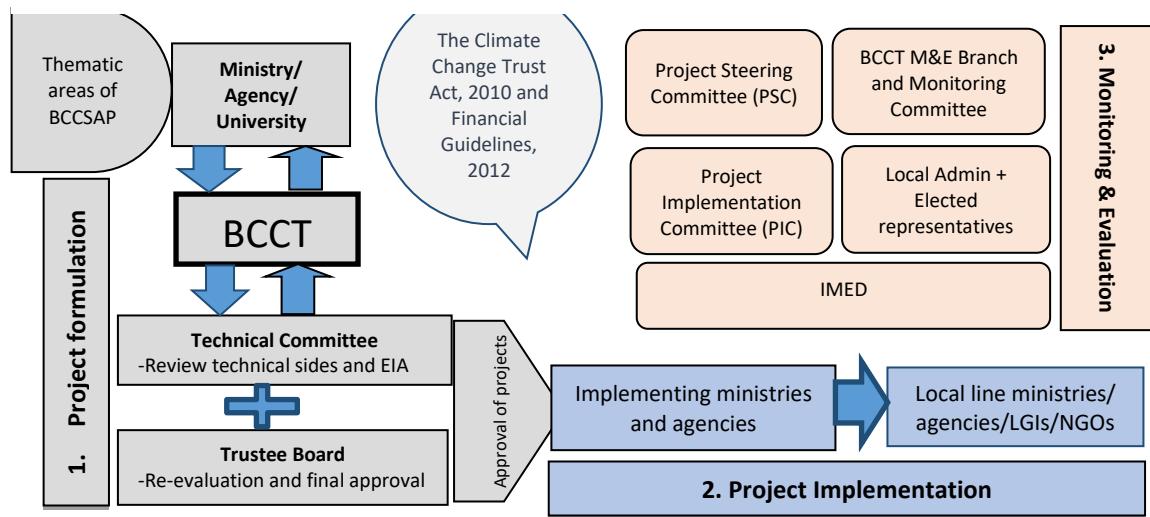


Like other agencies the LGIs follow the procedures set by the BCCT for planning, implementation and monitoring of the projects. The Figure 2 shows that BCCT maintains a project formulation phase which is initiated by the relevant ministry or agency. BCCT is comprised of a Technical Committee that reviews project proposals received from the ministries or agencies and seeks approval from the Trustee Board, the final project approval authority of the BCCTF. Upon getting approval of the projects relevant ministries or agencies implement their projects where a number of entities are involved in monitoring to ensure quality of the projects. The operation of entire project cycle is guided by the BCCSAP, 2009<sup>28</sup>; The Climate Change Trust Act, 2010<sup>29</sup>; and the Financial Guidelines of Government Projects under Climate Change Trust Fund, 2012.

<sup>28</sup><http://www.bcct.gov.bd/images/180814/Bangladesh%20Climate%20Change%20Strategy%20and%20Action%20Plan%202009.pdf> (last accessed on 13<sup>th</sup> November 2016).

<sup>29</sup>[http://www.bcct.gov.bd/images/180814/Climate%20Change%20Trust%20Act\\_2010.pdf](http://www.bcct.gov.bd/images/180814/Climate%20Change%20Trust%20Act_2010.pdf) (last accessed on 13<sup>th</sup> November 2016).

**Figure 2: Project Cycle in BCCT funded projects**



## 1.5 Rationale of the study

This study has been commissioned for six reasons. Firstly, the MoLGRD,C has received the highest number of climate funded projects from the BCCTF among the recipient ministries and all projects have been implemented (or under the implementation of) by the LGD. Again, the LGIs have received most of the projects under the LGD. For this reason, TIB has commissioned this study putting the LGIs implemented BCCTF projects at the centre.

Secondly, this study has considered concerns and allegations raised around the allocation and utilisation of climate funds including the BCCTF. Given the situation, this research has intended to look into how the LGIs have taken care of the governance values in the processes of implementing BCCTF projects.

Thirdly, there is less in-depth research done so far on climate financing that focuses on the projects implemented by the LGIs, though TIB tracked the activities of four projects undertaken by the LGIs at a limited scale. In order that minimising that gap, TIB has commissioned this study to reflect on the governance challenges of LGIs to implement climate finance projects.

Fourthly, literature suggests that the role of local government is not properly transcended in the climate change project planning and implementation process, though it is indicated in different policy documents that involvement of LGIs is crucial in addressing local climate vulnerabilities. In the BCCSAP 2009, the MoLGRDC has been regarded as one of the main ministries involved in climate change actions. As mentioned earlier, Upazila and Union Parishads have not been involved in the climate change actions undertaken with the funds from the BCCTF. This study has been commissioned to highlight the necessity of the lower tiers of the LGIs to lead the local level climate actions.

Fifthly, capacity building and institutional strengthening is one of the major pillars of the BCCSAP 2009. According to this pillar, the government has decided to build capacity of the ministries and agencies, e.g. Ministry of Food and Disaster Management, Bangladesh Water Development Board, Local Government Engineering Department, Ministry of Women and Children Affairs, Department of Health, National Agricultural Research System (BCCSAP 2009). It is identified in the 7<sup>th</sup> Five Year Plan that the LGIs do not have adequate skills to respond to adverse impact of climate change (page 460). The Plan has also identified that it is a challenge for the relevant ministries to build capacity of the LGIs to combat climate vulnerabilities (page 461). However, the LGIs have not received much attention in the BCCSAP regarding building institutional capacity. This study can put forward the discussion on capacity building needs of the LGIs to address local climate vulnerabilities.

Finally, local government and climate finance governance are two of the major priority areas of TIB. As part of continuing its effort to work on these sectors in order that improving good governance TIB has felt it indispensable to commission this study.

## **1.6 Scope of the study**

The study targets the audience who are closely involved in the actions combating adverse impacts of climate change from different positions and by different means. The target audiences are the concerned ministries and agencies i.e. the LGD, MoEF, DoE, BCCT, IMED, CAG, MoF, MoLaw, LGIs, concerned donor communities, and the climate finance governance experts. The major task under this research is to look into the governance challenges as well as ways forward in creating effective use of climate funds to build resilient communities in Bangladesh. Therefore, this study's scope has been limited to:

- Selected BCCTF projects channelled through the LGD and implemented by the LGIs; not all projects implemented by other agencies of the LGD or other ministries or departments or funded from other climate funds.
- Adaptive project cycle management (from design to monitoring and evaluation) of only selected six projects
- The LGIs that are directly implementing BCCTF projects – Zila Parishad, Paurashava and City Corporation; not all types of LGIs that are not directly involved in implementing BCCTF projects. For example, Upazila and Union Parishads are not implementing any BCCTF projects.
- Selected governance indicators (legitimacy, equity, coherence, participation, transparency, efficiency, accountability and integrity); not all indicators popularly used in assessing governance situation of any institution or department or agency.

## **1.7 Structure of the report**

The report is divided into five chapters. The first chapter is all about the background, objectives and rationales of the study and gives some information on climate change situation in Bangladesh, climate finance and the role of LGIs in implementing climate financed projects to build local resilience. The second chapter includes the methodology of

the research. The third chapter covers overall analysis and discussion of the selected projects. The fourth chapter highlights a causal analysis of the governance situation in the LGI implemented BCCTF projects. The last but not the least chapter comes up with conclusions and recommendations of the research.

# Chapter 2

## Methodology

### 2.1 Conceptual framework

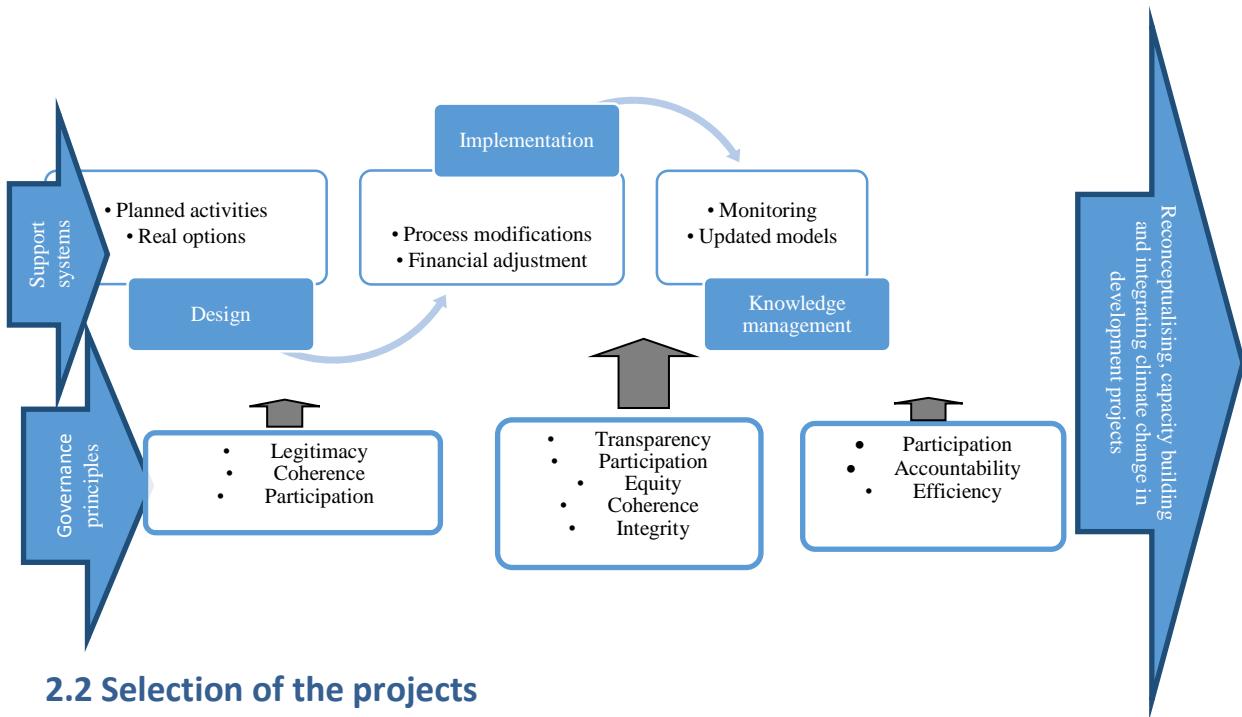
In order to conceptualise governance of the projects on climate change this study has adapted a conceptual framework from Mah and Hills's (2014<sup>30</sup>) concept of local climate governance and Colombo and Byer's (2012<sup>31</sup>) approaches for adapting to climate change at the project level. Colombo and Byer (2012) suggest three phases of the projects—design, operational (implementation) and informational (knowledge management), which are planned for adapting to climate change projects. They argue that in climate change projects there should have clear adjustments between planned activities and reality in the design phase. Reality might suggest to modify the project implementation process and that would require financial adjustment. It is important in the climate change projects to make sure that indigenous knowledge is blended with updated scientific knowledge for building sustainable solutions. Monitoring information as part of knowledge management might contribute to the process of the blending. Furthermore, Mah and Hills (2014) emphasise on the building blocks of good governance in local climate projects based on the ideas of Printer (2002). The building blocks comprise of three components – values, indicators and support systems (Printer, 2002 in Mah and Hills, 2014). In this study the values or principles like equity, coherence, legitimacy, participation, efficiency, transparency, accountability and integrity have been used as governance indicators to assess the governance scenario in the LGI implemented BCCTF projects. Support systems include decision making process, planning and coordination, implementation structures, etc (Printer, 2002 in Mah and Hills, 2014). Based on the Mah and Hills's (2014) ideas, the indicators have been spelt out in the analytical framework in Figure 5.

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<sup>30</sup>Daphne Ngar-yin Mah& Peter Hills (2016) An international review of local governance for climate change: implications for Hong Kong, *Local Environment*, 21:1, 39-64, DOI: 10.1080/13549839.2014.920313

<sup>31</sup>Andrew F. Colombo & Philip H. Byer (2012) Adaptation, flexibility and project decision-making with climate change uncertainties, *Impact Assessment and Project Appraisal*, 30:4, 229-241, DOI: 10.1080/14615517.2012.731189

**Figure 3: Conceptual Framework<sup>32</sup> of the study**



## 2.2 Selection of the projects

For this study, six projects have been purposively selected from the list of the projects implemented by the LGIs with funds from the BCCTF. The projects have been selected in a way that the diversities of the projects could be captured and reflected in the analysis of the data. To this end, the location of the projects, climate hotspot, type of LGIs, timeframe of implementation, thematic areas, size of budget etc have been taken into consideration. The study has selected the projects from different climate hotspots (drought, cyclone, flood and salinity). From the list of 91 projects implemented by the Paurashavas, four projects have been selected from different areas. From the list of 14 projects implemented by the Zila Parishads, one project has been selected while more one project has been selected from the list of three projects implemented by the City Corporations. In terms of the type of LGIs, the study has considered following combination:

- 1 City Corporation (from cyclone prone areas)
- 1 Zila Parishad (from cyclone and salinity affected areas)
- 4 Paurashavas (one from drought prone areas, one from flood prone areas, one from hilly but unspecified hotspot areas, and another from unspecified hotspot or non-significant disaster prone areas).

In terms of the timeframe of the project implementation, the study has selected three completed and three ongoing projects. In terms of thematic areas as defined in the BCCSAP 2009, four LGIs focusing on infrastructure and comprehensive disaster management as part of adaptation or building resilience in communities and one LGI focusing on mitigation and low carbon development have been selected for this study. One LGI has not mentioned on which thematic area has been covered by that project. However, it has been found that the project activity is related to comprehensive disaster management. This is to mention that no

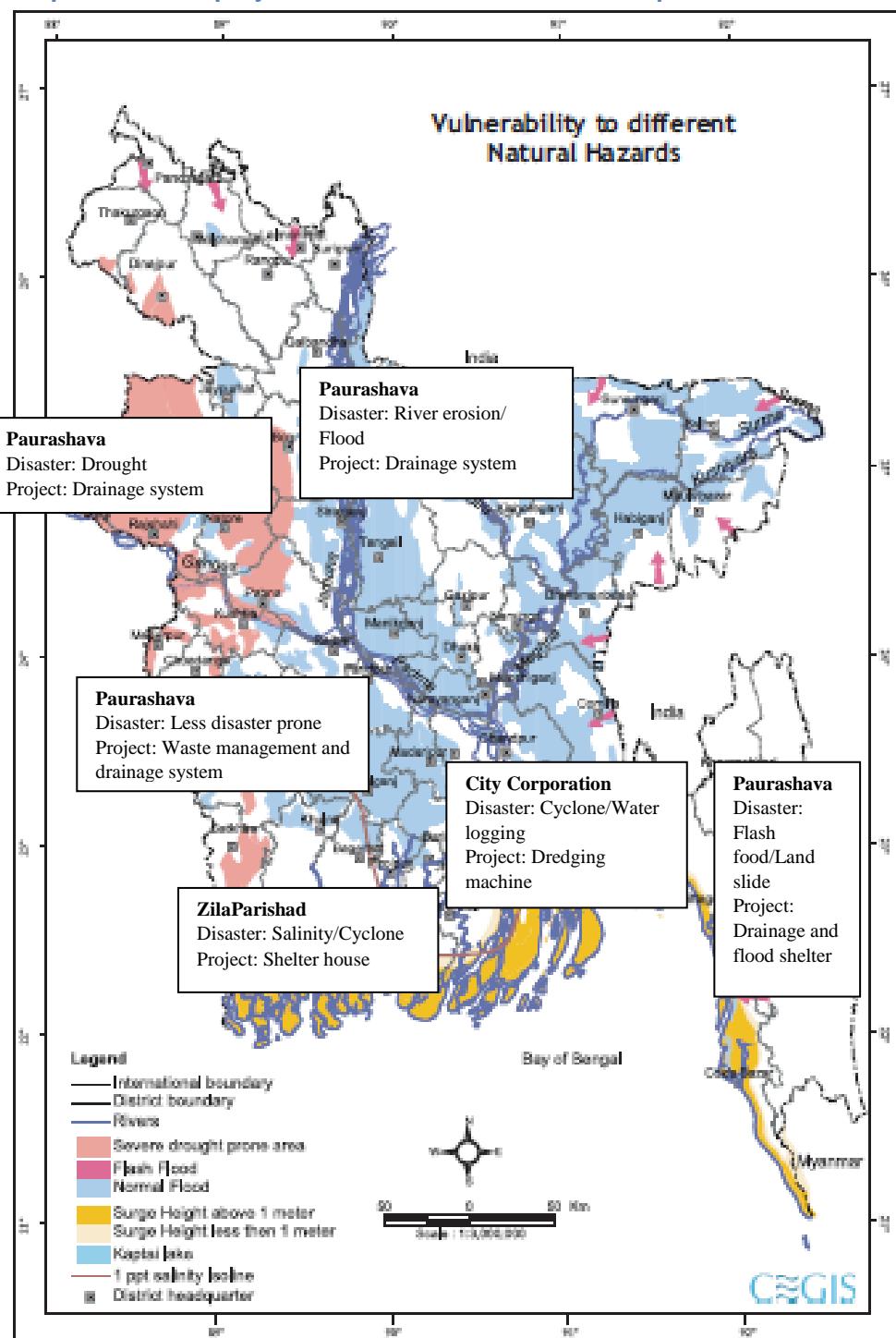
<sup>32</sup>Adapted from Colombo and Byer, 2012; and Mah and Hills, 2014

BCCTF projects under the LGIs have been found addressing the thematic areas around food security, social protection and health, research and knowledge management, and capacity building and institutional strengthening.

**Table 2: Key features of the selected projects**

Selected Project	Type of intervention	Hotspot type	Type of LGI	Thematic area	Period of approval	Budget (BDT)	Status during data collection
<b>Project 1</b>	Drainage system development	Drought	Bazar level Pourashava	Infrastructure	2014-15	2.00 crore	Ongoing
<b>Project 2</b>	Disaster resistant house development	Cyclone and salinity	Zila Parishad	Infrastructure	2013-14	4.00 crore	Ongoing
<b>Project 3</b>	Climate resilient town development	Hilly area: Unspecified hotspot	District level Pourashava	Infrastructure	2011-12	1.69 crore	Completed
<b>Project 4</b>	Dredging machine purchase	Cyclone	City Corporation	Disaster management	2009-10	3.99 crore	Completed
<b>Project 5</b>	Drainage system development	Flood and river erosion	Upazila level Pourashava	Infrastructure	2014-15	2.00 crore	Ongoing
<b>Project 6</b>	Solid waste management	Unspecified hotspot	Upazila level Pourashava	Mitigation	2011-12	3.12 crore	Completed

Map 1: Selected project locations at the climate hotspots<sup>33</sup>



## 2.3 Methods of data collection

This research has followed qualitative research methods including participatory statistics for collecting primary data from the field. Furthermore, secondary data have also been used in the analysis. Community Score Card (CSC), Key Informant Interview (KII), Social Map, Focus

<sup>33</sup> Vulnerability map designed by the CEGIS

Group Discussion (FGD) and Observation have been applied in the field to collect primary data. KIIs and FGDs have been conducted with the project staffs, contractor, labourers, people's representatives and the secretaries of the selected LGIs, and the beneficiary of the projects as well as community people to look into the strong and weak points of the projects regarding their compliance to good governance. CSCs and social map have been used with the beneficiaries of the project in communities. In addition to that, KIIs have been applied with the climate finance governance and local government experts, relevant government officials to identify major gaps and strong points in the BCCTF projects implemented by the LGIs as well as in policies and guidelines that guided the project implementation. Furthermore, some KIIs have also been conducted with relevant stakeholders as and when deemed necessary at local level in order to verify the information extracted through different sources.

With the purpose of collecting secondary data, the study team has reviewed relevant policies and laws namely BCCSAP, 2009; Climate Change Trust Act, 2010; Financial Guidelines, 2012; Public Procurement Act, 2008; as well as government circulars, proposal of selected six projects, BCCT webpage, project completion report, monitoring report, relevant published research reports, articles, etc.

**Table 3: Research question-wise methods and tools**

Research questions	Respondents	Methods	Tools
<b>Weak and strong points in the project implementation from the governance perspectives?</b>	Climate change and LGIs experts, relevant government officials, Project staff & LGIs representatives, Contractor, Labourers, Relevant authorities and informants	Key Informant Interview (KII)	Interview Guide
<b>Enabling and disabling factors for current governance practices?</b>	Community beneficiaries	Social map, Focus Group Discussion (FGD) Community Scorecard	Checklist Scorecard

The study has covered a total of 419 respondents by applying four tools (see in Table 3).

**Table 4: Distribution of respondents by different tools**

Tools	Number of respondents							
	Project 1	Project 2	Project 3	Project 4*	Project 5	Project 6	National	Total
<b>Key Informant Interview (KII)</b>	6	7	7	6	7	5	10	48
<b>Focus Group Discussion (FGD)</b>	19	28	12	NA	36	42	NA	137
<b>Community</b>	20	36	16	NA	30	26	NA	128

Scorecard								
Social Map	17	26	22	NA	32	9	NA	106
Total	62	97	57	6	105	82	10	419

\*Project 4 was not implemented in communities, therefore FGD, Community Scorecard and Social Map has not been applicable there.

## 2.4 Data analysis

In this research, the study team has examined to what extent the governance values maintained by the LGIs in the BCCTF projects by using a set of indicators demystified in the following diagram:

**Figure 4: Analytical Framework**

Project cycle	Governance values	Indicators
Design	Legitimacy	Increasing trend of climate induced natural disasters Needs assessment in communities
	Coherence	Consistency of plans with climate vulnerabilities
	Participation	Involvement of communities in needs assessment
Implementation	Transparency	Accessible information about area and beneficiary selection as well as plans and budget
	Participation	Involvement of community people as active owner
	Equity	Selection of most climate vulnerable communities Priority to most vulnerable community people Project benefits to most vulnerable people
	Coherence	Consistency between plans and implementation
	Integrity	Fairness in tendering process Fairness in area and beneficiary selection
Monitoring and Evaluation	Accountability	Monitoring, evaluation and audit by authorities Monitoring by the people's representatives
	Participation	Involvement of community people in monitoring
	Efficiency	Quality of project activities Blending local knowledge with scientific solutions Project outputs reduce climate vulnerabilities Sustainability of project outputs in reducing future risks

## 2.5 Study timeframe

The study has been conducted during March 2016 - November 2016. However, the timeframe that the study has considered for data collection is FY 2009-10 – FY 2015-16.

**Table 5: Gantt-chart of the Study Timeframe**

Task	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Finalise concept note										
Tools development										

Data collection										
Data transcription										
Data analysis and report writing										
Team sharing										
In house sharing and final report										

## Chapter 3

### Analysis and Discussions

#### 3.1 Major gaps and strong points in the design phase

From the selected projects and consultation with national level stakeholders it was found both strong points and gaps in the

design phase of the LGI implemented BCCTF projects. The significant strong point is as follows:

***Unconventional issues addressed by two projects other than the typical infrastructural development:*** It was found that two projects among the selected ones took different kinds of initiatives by using the BCCTF. The project implemented by a Zila Parishad in the salinity and cyclone prone areas worked on building household based disaster resilient houses for the poor. Another project in less disaster prone areas took initiative on waste management.

However, the study found a many gaps in the design phase, which are discussed below:

#### Box 2: Eligibility criteria of the projects

- Any proposed project must fall under one of the 44 programmes categorised under six thematic areas as specified in BCCSAP, 2009.
- The Project Proposal (PP) must include a specific plan of action aiming to address any of the risks of climate change.
- To avoid duplication with any other projects, a certificate from the head of the proposing ministry or agency has to be attached.
- A project can be implemented by a maximum of three implementing agencies where one agency will take the lead.
- A project under the BCCTF is to be completed usually within 2 years. In special cases, the Trust Board can extend the duration.
- The estimated expenditure of a project should be limited within Tk 15 crore.
- Normally, the project is to be implemented by the existing manpower of the implementing agency.
- The recruitment of foreign consultants is not permitted.
- A detailed design of construction work, if any, and estimated cost of the project will have to be submitted separately with the project proposal.
- Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) must be submitted with the proposal, where applicable.

***Adverse impacts of climate change were not assessed before designing the proposals:*** No projects taken under the study conducted any assessment on whether there were any adverse impacts or even potential threats or risks or vulnerabilities of the people or ecosystems of the LGIs areas induced by climate change. Without any prior assessment in the form of need assessment or vulnerability analysis the LGIs submitted their proposals for BCCT funds and got approval of their projects. The BCCT also approved the projects without verifying the needs of the project areas. Rather they banked only on the project proposals submitted by the LGIs. It was found that the LGIs always proposed higher budget in their proposals that the BCCT could not afford for and asked for a revision. A concerned official argued:

We asked for the revision of budget because of resource constraints and we also wanted to cover more areas with limited resources (KII).

The above mentioned statement interprets the BCCT intends to prioritise making more coverage with their funds over making long term or sustainable solutions and creating models for building resilience to climate change.

***Poor legitimacy found in maximum projects as community participation in the design phase ignored:*** It was found that no LGIs taken under the study conducted any kind of needs assessment to assess vulnerability of the people to climate change. The LGIs did not even involve their elected representatives (Councillors) in the process of assessing needs in any form. The Councillors informed that in most of the cases Executive Engineer of the LGIs and the Mayors developed the project proposals (PPs).

***Most of the projects not found coherent with the phenomena of climate change vulnerabilities and risks:*** The BCCT sets an eligibility criterion that the PPs must include a specific plan of action aiming to address any of the risks of climate change. However, the study found most of the selected LGI implemented projects tried to create a connection between human made disasters and climate change. For example, a Paurashava in the drought prone areas addressed water logging problem. There the water logging is caused by the unavailability of natural water draining systems. The people of the Paurashava converted the adjacent natural water bodies into highland in an unplanned way. Once the heavy rainwater could naturally drain out to the natural water bodies, which was found no more functioning and hence causing water logging in some areas. However, the Paurashava showed this crisis as an impact of climate change. In another Paurashava in a non-disaster prone area, it was shown that they would establish garbage management system as well as drainage system to combat water logging, where none of those solutions were found to be closely related with climate change induced disasters and vulnerabilities.

The project in the CHT was claimed to be addressing water logging caused by heavy rainfall and flash flood. The Engineer of the Paurashava argued that the adjacent river could no longer drain out water during heavy rainfall. He further argued, the river has lost its capacity due to decreased navigability induced by over siltation. He also argued that the siltation took place due to unplanned activities like hillside cutting, building rubber dams at the upstream. So, he argued for dredging the river which could effectively make a sustainable solution to water logging.

***Most of the projects addressed regular development agenda of the LGIs with BCCT funds:*** The BCCT has a clear eligibility criterion that suggests to avoid duplication with any other projects. The first objective of the BCCT as defined by the Climate Change Trust Act 2010 also puts emphasis on “to use the fund of the Trust in facing the risk arising from climate change as a special case out of the development or non-development budget of the Government.” However, it was found that developing drainage systems was a regular activity of any Paurashava which was required to further considering the expansion of Paurashava areas. In most of the cases the expansion took place in an unplanned way by leaving no spaces to discharge water during heavy rainfall. In many cases, the natural wetlands and ponds had been turned into highland and thus could no more discharge water

during heavy rainfall. In most of the project areas, the housing and roads construction did not consider keeping low lying lands alive to continue the natural water discharging systems. Eventually that unplanned activity led to water logging crisis.

Paurashavas under the LGD have their own fund to develop and maintain drainage systems to manage these crises through their regular development activities. However, the selected LGIs were found taking the BCCT funds as an opportunity to continue their regular development activities. The Paurashava personnel also confirmed that they considered the BCCT fund as an extra source of fund for continuing their regular works; not necessarily to address climate induced vulnerabilities. A Paurashava personnel argued:

LGD can allocate up to 70 lac taka, whereas we have the opportunity to get more funds from the BCCTF which is even up to 15 crore taka. For that reason, we applied for BCCT funds to use in our development activities (KII).

In all projects it was also found that the LGIs submitted their PPs to the BCCT with ambitious budget amounting up to 15 crore taka. However, the BCCT suggested the LGIs to revise their PPs and cut down budget and go for resubmission. It was evident that the water logging induced by climate change was shown as the rationale for developing the projects with a clear objective to get bigger funds. Thus the legitimacy of the maximum projects was not found going with the real objective of the BCCTF.

***Personal and political connection applied in getting project approval:*** In most of the selected projects, the approval of the project took place through personal and political connection of the respective Mayors with BCCT Trustee Board or Technical Committee members especially the most concerned Ministers or Secretaries. In many cases when the Paurashavas felt that they needed budget to further their development activities, which required more than a crore taka, they immediately thought of preparing and submitting proposal for BCCT funds. In many cases the LGD could allocate up to 70 lacs taka from its own budget, which deemed insufficient to carry out bigger development activities of the LGIs. Since the BCCTF has the provision to provide more funds amounting up to 15 crore taka, the Paurashavas submitted their PPs for BCCT funds by establishing rationale of their projects and linking with climate change. The BCCT also approved those projects where there was close political connection between the Mayors and the Ministers of most relevant ministries. For example, the Mayor of the Paurashava selected from the CHT had close political connection with a former Minister for MoEF and they were from same place of origin, which helped him get funds from the BCCT. The Mayor of the Paurashava selected from the drought prone areas had close relations with another influential Minister and member of the Trustee Board by which he was able to get his project approved.

***Infrastructural development centric project implementation:*** The BCCSAP 2009 identifies six pillars for implementing BCCTF projects: (a) Food security, social protection and health; (b) Comprehensive disaster management; (c) Infrastructure development; (d) Research and knowledge management; (e) Mitigation and low carbon development; and (f) Capacity building and institutional development.

It was found that most of projects implemented by the LGIs are related to infrastructure development. Among the selected LGI implemented projects all were found finally turning into infrastructural development projects, though there were different plans in some cases as stated in the PPs. For example, the selected project in the CHT planned to focus on food security, social protection and health alongside infrastructural development. However, the entire plan turned into the infrastructural development. The Paurashava in the less disaster prone areas had a plan to carry out activities contributing to low carbon development. However, they could only build some waste disposal points and transfer stations as well as drainage systems. But they did not work in communities to build awareness on raising responsibilities of the households for waste disposal. As a result, the waste management systems did not work in a stipulated manner.

**Table 6: Coverage of thematic areas by the selected projects**

PROJECT	THEMATIC AREAS STATED IN PROPOSAL	THEMATIC AREAS COVERED IN REALITY
PROJECT 1	Infrastructure	Infrastructure
PROJECT 2	Infrastructure	Infrastructure
PROJECT 3	Food Security, Social Protection and Health, Infrastructure	Infrastructure
PROJECT 4	-	Comprehensive disaster management
PROJECT 5	Infrastructure	Infrastructure
PROJECT 6	Mitigation and low carbon development	Infrastructure

**No feasibility study carried out:** In some projects, the LGIs failed to assess the real scenario and thus failed to come with doable plans. Actually no selected LGIs carried out feasibility study and thus they came up with faulty designs. For example, the Paurashava in the less disaster prone areas anticipated that the holdings of the Paurashava would spend money for waste disposal. In reality, the households were unwilling to spend money for this purpose. Moreover, the people were not made aware for sorting out their wastage by types so that the Paurashava could recycle some wastes. At the end of the project it was found that the waste disposal centres remained unused, no recycle of waste took place as the Paurashava failed to get cooperation from the people. It happened since the Paurashava did not carry out any feasibility study on how the households would take into account the waste disposal systems as well as their monetary contribution as expected.

### 3.2 Major gaps and good points at the operational stage

This study found some **good points** in the selected LGI implemented BCCTF projects at their implementation phase. Some of them are discussed below:

**Information disclosure observed in two projects:** It was found in two selected projects, specifically in the drought prone and flood prone areas (two Paurashavas), that they displayed billboard at the project locations to open basic project information.

### Box 3: Key provisions in the operational phase

- The Project Director will submit financial statement in the manner prescribed by the CAG to the authority of CCTF.
- If the released fund remains unspent the reason must be explained.
- The payment of bills can be made against the voucher after the procurement is done.
- The accounting procedure of the revenue budget of the Government must be followed in maintaining the accounts of the projects.
- The financial regulations and circulars issued by the Finance Division of the Ministry of Finance will be applicable in administering the expenses of training, seminars and workshops.
- Rental expenses of project office cannot be paid from the project fund.
- No vehicle can be procured from the Trust Fund for the daily transportation of the project employees to their office.
- The unspent money of an instalment should normally be adjusted with the proposal for fund release of next instalment.
- Monthly and quarterly expenditure reports must be sent to BCCT regularly in the specified form.
- Legal action will be taken against the concerned persons whenever any irregularities are observed in the financial management of a project.
- The money that remains unspent after the completion of a project must be returned to BCCT through cheque.
- Project Director is required to send the project closing

### Open tender in vendor selection

**process found in two projects:** The projects selected from salinity and cyclone prone areas (Zila Parishad and City Corporation) maintained open vendor selection process. They made the circular open through newspaper, notice board as well as sending notices to enlisted contractors.

**Most of the projects maintained consistency between plans and execution:** Three projects among the selected ones followed their action plans in the implementation processes.

However, the study found a many **gaps** in the selected projects at their implementation phase, which are discussed below:

### No prompt display of project information in most of the projects:

Neither the study team nor the community people in four project areas could confirm about the information displayed in open spaces in communities. Among the displayed ones (displayed in two projects), the community people informed about a Paurashava that they displayed the information board at project sites after completion of project activities, which they did to manage the probable monitoring visit of concerned authorities after the completion of the project.

**Project documents not available on the website:** No documents of the projects implemented with the funds from the BCCTF including the project proposal, need assessment report, monitoring report, progress report, evaluation report, audit report found available on the websites of the BCCT or the MoEF or the LGD or the respective LGIs. However, on the BCCT website consolidated annual reports, relevant policies, guidelines and laws as well as the list of the projects including project locations and budget were available.

**Lack of transparency in vendor selection process:** Public Procurement Act, 2008 states that the procuring entity shall provide all necessary information to all

prospective applicants, tenderers or consultants required for the preparation of the application, tender, quotation or proposal. In most of the selected projects it was found that tender was not made open at the public media. A contractor of a project in the CHT informed that he got informed about the tender from the Mayor of the Paurashava and the Mayor himself asked him to participate in the vendor selection. Same happened in the selected Paurashava from the flood prone areas. The Secretary of the Paurashava selected from the drought prone areas informed that they made an open circular through a local newspaper which he could neither name nor show the paper cutting.

**Abuse of power in vendor selection process:** Allegations were found in most of the selected projects about the abuse of power especially of the Mayor of the Paurashavas in vendor selection process. For example, in the project of flood prone areas the Mayor of the Paurashava favoured five contractors among the six due to having close political affiliation with them. In the selected Paurashava in drought prone areas, the Mayor of the Paurashava favoured one of his close friends. A KII respondent informed:

The Mayor informed his friend about the tender. The ceiling was announced. His friend was suggested to collect quotations from other contractors and submit in different names. The

**Box 5: Deprivation of elected Mayor of implementing project due to different political affiliation**

Climate Change Trust Act 2010 says, “[t]he projects or programmes relating thereto shall be implemented by the concerned Ministry, Division or Organisation in accordance with the guidelines relating to climate change and the projects or programmes shall have to be prepared complying with the directions of the Board of Trustees (Climate Change Trust Act 2010: Article 7B). However, the City Corporation selected from the cyclone prone areas that received fund from the BCCT for the purpose of purchasing a dredging machine was not finally allowed to implement the project. It is alleged that this happened because the Mayor who was in charge of the project during the implementation phase was not elected as a ruling party supported Mayor. This is to mention that during the proposal submission the then Mayor was a ruling party supporter who did not win the election. The MoEF did not continue the project with the Mayor who was elected from the opposition party supporters. For that reason, the Ministry withdrew the fund from the City Corporation and handed over the responsibility to the DoE. DoE purchased the machine and finally handed over to the City Corporation.

**Box 4: Selection of proxy contractor to avoid tax and VAT**

Under the CHT Regulations, 1900 the indigenous peoples in the CHT enjoy tax exemption from paying directly to the government. It was found that the Paurashava selected from the CHT awarded the contracts to two contractors, both of whom were from the indigenous communities. It was alleged that this was done to dodge tax and VAT. It was also informed by a key informant that the works were done mainly by a Bengali contractor who was not shown on paper and was a close relative of the Paurashava Secretary. It was also informed that the exempted money was distributed among the key decision makers of the Paurashava.

winning contractor was selected through lottery. Though the process was literally fair, the ultimate winner of the tender was his friend.

**Participation of people as active owner ignored in all cases:** The project implemented by the Zila Parishad had the provision to directly benefit vulnerable people in communities. However, the Parishad did not engage community people to select most vulnerable areas and eligible beneficiaries for the project. They engaged Union Parshads and some brokers in selecting and contacting the beneficiaries. In other selected projects, no initiatives were taken from the LGIs to create ownership of the people of the project activities during the implementation phase.

**Most vulnerable and affected locations ignored while less affected locations prioritised:** The goal of the BCCT as defined by the Climate Change Trust Act 2010 is “to make necessary action plan for capacity building for adjustment of the people or groups of people of the affected and risky areas resulting from climate change, upgrading their life and livelihood and facing the long term risk, and to take measures for implementation thereof.” According to this goal the most affected and vulnerable communities and people should be taken under coverage of the BCCTF projects, which goes with the issue of equity. However, in some projects the equity issues were ignored in selecting

intervention areas as well as the beneficiaries. For example, in the project of drought prone areas, drainage system development was planned for the Mayor’s ward, though the water logging problem was not evident in that ward as it still looked like a village. People of that ward could not recognise any point where water could stay for a long time on the roads or other places that might cause severe water logging.

It was found in the project implemented by the Zila Parishad, some locations selected for building disaster resilient houses for the poor were found to be located on the high lands having less vulnerability to flooding during storm surges whereas some other lower areas having more vulnerability were not considered for the project. Moreover, in the project selected from the CHT, a retaining wall was

#### **Box 6: Irregularities in selecting direct beneficiaries**

In the salinity and cyclone prone areas, the selected Zila Parishad carried out the plan to provide 100 disaster resistant houses to the vulnerable households. Direct observation, several KIIs and FGDs confirmed that many of the households that received houses were less eligible compared to the households who had more vulnerability to cyclone and tidal surge. The ineligible households got the houses by means of nepotism and bribes. It was found through observation that some beneficiaries had even concrete houses before getting the new one. Relatives of the brokers/agents or the agent himself (for example, a madrasa teacher), relatives of local UP representatives, ruling political party members got houses by dint of nepotism and irregularities. The beneficiaries informed that they had to spend 10000-80000 taka during the construction. They had to bear a partial carrying cost (to carry the materials home from the last dropping point), refreshment cost for the masons, along with partial material cost for rod and cement since the masons told them the materials provided to them would not ensure quality construction. Their spending capacity up to 80000 taka proves that they were not necessarily such a poor to get entitled for the support.

constructed behind the Paurashava building to protect Paurashava premises from landslides while the areas which were most vulnerable to landslides were ignored from the interventions.

***Creating burden on direct beneficiaries:*** The project implemented by the Zila Parishad in salinity and cyclone prone areas had direct support to the vulnerable households. The beneficiaries who received houses informed that the project created extra burden on them. They informed, the masons asked them to provide extra rod and cement when they found the materials went short, though those were completely supposed to be covered by the project. In addition to that, the beneficiaries had to bear carrying cost of raw materials as well as to look after the refreshment of the masons. Based on the information provided by the beneficiaries it was found that they were bound to bear a cost ranging from taka 10,000 to 80,000 (see details in Box 6).

***Lack of consistency between the project plan and execution:*** In accordance with the Climate Change Trust Act 2010 the implementing agency preserves the right to modify the plans and budget for the sake of better adaptation, mitigation, technology development and transfer, capacity building and funds for facing adverse effect of climate change. However, in some projects, the study found some unscrupulous practices of modification. For example, for the selected City Corporation, the project was approved and fund was transferred to the project account. City Corporation also prepared the tender invitation process. In the meantime, the project director was changed through an executive order of the MoEF. The City Corporation was ordered to transfer the fund and handover the project documents to the Director of DoE, the newly assigned project director, with immediate effect. Finally, the DoE purchased the dredging machine for the City Corporation and handed over in a way that the City Corporation's role was limited to being a beneficiary of the project; but not an implementing agency (see details in Box 4). In another project implemented by a Paurashava in the drought prone areas, a retaining wall was built in a location replacing the plan of building a drainage system which was not planned before.

The study also found partial implementation in some projects. For example, the Paurashava in the drought prone areas implemented three components, though the plan included four components and was supposed to be completed by June 2016. The team visited the area for data collection in July 2016 but found partial completion of three components while traced no construction of the fourth component. It was found in the project of flood prone areas that the Paurashava stopped completing a drain construction as the owner of the land raised complaints and was not agreed to cut his trees (see Picture 2). In another project in the less disaster prone areas the Paurashava

**Box 7: Project implementation on disputed land**

In the selected project in the CHT the flood shelter cum school was built on a disputed land which was basically owned by the Zila Parishad. However, the Paurashava did not seek permission before constructing the building. Since the Parishad continued to claim ownership of the land, the teachers of the school expressed their self-doubt with the study team.

could not mobilise the holding members to spend money for waste disposal. There was a plan to carry out awareness raising programmes to make the households understand their responsibilities in waste disposal. The project ended up but the Paurashava did not carry out those programmes.

### **3.3 Major gaps and good points in monitoring and evaluation phase**

The study has identified some **good points** of the projects in their monitoring and evaluation phase. Some of them are discussed below:

**Project visits made by the BCCT at the initial phase:** It was found that the BCCT team visited all projects at their initial stages to comply with the obligation to make a visit before releasing the first instalment.

**Project visits made by the LGD after completion of the projects:** It is also obligatory to make a visit to the project area for releasing the final instalment. For that reason, it was found that the LGD team visited all completed projects.

**One project evaluated by the Implementation, Monitoring and Evaluation Division (IMED):** It was also found that the IMED evaluated a project among the selected completed projects under the study.

**Spontaneous complaints sharing from the beneficiaries and addressed by the LGI representative:** In one project, some beneficiaries informed their Paurashava Mayor about the discrepancies that they noticed in the project activities. The beneficiaries informed that they Mayor took into account their complaints. A beneficiary informed:

They (masons) were constructing a retaining wall. I told them it did not look straight. But they did not give importance to my words. The wall fell down after a few days. The Mayor came there one day to visit. We shared him about the discrepancies. As he instructed, the contractor was bound to rebuild the wall (FGD).

Here are also some **gaps** of the projects in their monitoring and evaluation phase which are discussed below:

**No qualitative monitoring from the BCCT in maximum cases:** As indicated above in most of the projects that the BCCT visited the project areas during the initial stages. The community people recognised that they found some high officials visiting the project sites. However, in some projects people could not confirm about any such visit of concerned authority. The modality of their visits proves that they did not manage to cover all components of the projects. Onward from the first visit the BCCT started relying on the reports submitted by the implementing LGIs. The reports could include only quantitative progress of the projects; not about the quality of the works.

**Local people were not involved in monitoring:** The community people informed that they were not involved in monitoring of the project activities during the implementation phase. In no projects the people could recognise that the LGIs formed a community based committee to monitor quality of the project activities. However, in some cases, the community people themselves raised issues in an informal manner when they found discrepancies in the implementation. For example, in the project of salinity and cyclone prone areas, the direct beneficiaries monitored the construction of the houses that they received through the project.

**No complaints mechanism:** The community people could not recognise that the projects in any six LGIs had any kind of complaint mechanisms that could help them reach the BCCT or LGD or other entities with complaints. There was no complaint box or contact number of the focal points of BCCT, LGIs or the contractors where they could place their complaints. However, in some cases as mentioned above, the community people placed their complaints with the LGIs representatives after getting them in their localities.

**Limited oversight by the LGIs:** It was found in all selected projects that the respective Mayor, Secretary and in some cases some Councillors were involved in the oversight of the project activities. However, most of the Councillors whose wards were not covered through the projects were found having no involvement in the oversight mechanism.

**Lack of efficiency found in some projects:** It was found in some cases that the project completion got delayed. The LGIs claimed that tender invitation and vendor selection process killed time. They also claimed they needed to change their plans due to the rise of sudden problems, which made them to take extra time. For example, the project in the drought prone areas changed a plan, for building a retaining wall to protect an area from erosion, after reducing a component on drain construction. That change took extra time.

**Community perceptions indicate poor governance in maximum projects:** It was found in most of the projects that the people expressed their perceptions on the quality of the project outputs. In the project implemented by the Zila Parishad in the salinity and cyclone prone areas, the beneficiaries showed that the new houses constructed for them started getting damaged (see picture 1). Moreover, the beneficiaries expressed unhappiness to observe that the water reservoirs constructed for them were unlikely to reserve adequate

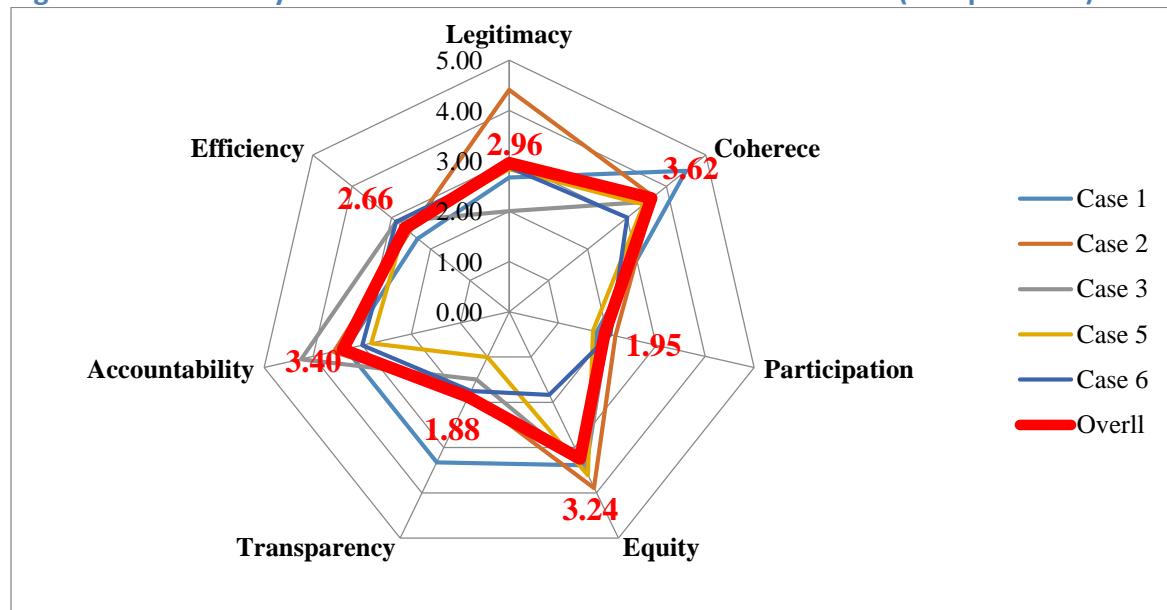
#### **Box 8: Monitoring provisions in BCCTF projects**

- Implementing ministries or agencies monitor the project activities through Project Steering Committee (PSC) and Project Implementation Committee (PIC).
- BCCT has its own mechanism for monitoring and evaluation of CCTF projects. Headed by a Director, there is a Monitoring and Evaluation Branch that receives Monthly Progress Report from the Project Directors, sends inspection team for field visits, and convenes regular monitoring meetings with Project Directors. Headed by the Deputy Managing Director of the Trust, there is also a Monitoring Committee that analyses the monitoring reports and puts forward its recommendation for proper implementation of the projects.
- Local administration has been engaged in the monitoring process to ensure local oversight. The administrative officers and the elected representatives also discuss these projects in the district coordination meetings.

water (capacity not to meet more than 15 days in the dry season). In the project of a Paurashava in the flood prone areas, the people were dissatisfied as the Paurashava prepared a faulty design of the location and thus could not complete the drain construction (see picture 2). In the project of a Paurashava in the less disaster prone areas, the transfer plants constructed under the project or waste management remained unused. Instead, the plants were found being used in different purposes (see picture 3). In a nutshell in some cases the beneficiaries found the project outputs not being serving them in a sustainable manner. It happened as they were not consulted at any phase of the project or their local indigenous knowledge was not considered in designing the project.

Figure 5 shows a comparative picture about the selected projects based on the community scores except the project 4 (a City Corporation in cyclone prone areas) as that project did not have any community intervention. The Figure shows that only the Project 2 (a Zila Parishad in the salinity and cyclone prone areas) had strong legitimacy according to the community perception. The Project 1 (a Paurashava in the drought prone areas) had strong coherence between plans and execution in line with existing problems. The Project 3 (a Paurashava in the CHT) had strong accountability mechanism. Other projects (two Paurashavas in flood prone areas and less disaster prone areas respectively) did not have any strong governance practices. All projects had weak governance practices in terms of some indicators, specifically the participation, transparency and efficiency.

**Figure 5: Community Scores on Governance Practices in Five Cases (except case 4)**

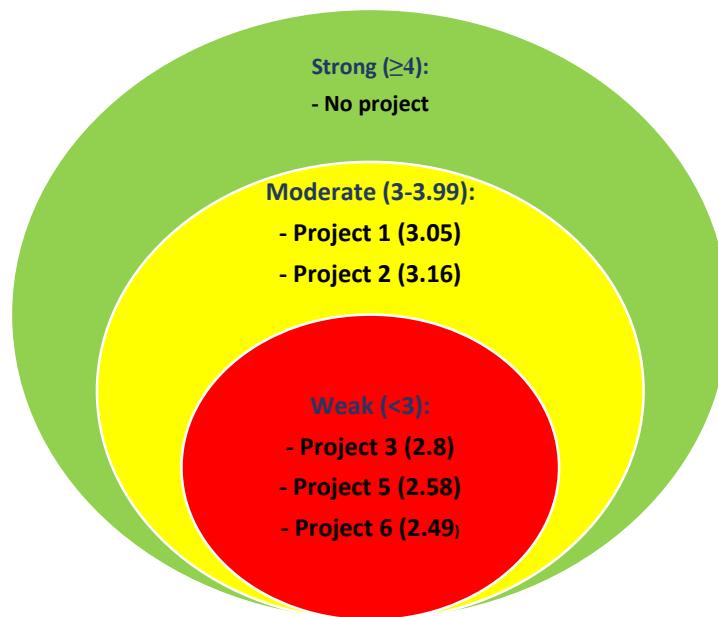


Score: <3 = Weak, 3-3.99 = Moderate, and  $\geq 4$  = Strong

If the community scores are analysed project by project, it will be found that no selected projects achieved strong scores (score  $\geq 4$  out of 5) from the community. However, two projects (projects from the drought prone areas and salinity and cyclone prone areas respectively) were found having moderate governance practices (score 3.1-3.99). Most of

the projects (projects from the CHT, flood prone areas and less disaster prone areas) were found having weak governance practices (score  $<3$ ). The overall score of five projects is 2.81 out of 5, which means that weak governance practices are evident in the LGI implemented BCCTF projects (see Figure 6).

**Figure 6: Governance Practices in Five Projects Based on Community Perceptions (except case 4)**



# Chapter 4

## Causes and Consequences of Governance Deficiencies

### 4.1 Causes of governance deficiencies in LGI implemented projects

The research identified some causes of inadequate governance situation in the LGI implemented BCCTF projects. The causes are:

**Gaps in laws, policies and guidelines:** The BCCTF projects followed the BCCSAP, 2009; the Climate Change Trust Act, 2010; and the Guidelines for Project Formulation, Processing, Approval, Revision, Implementation, Release and Use of Fund of the Projects of the Government, Semi-government and Autonomous Organizations under Climate Change Trust Fund, 2012. A number of experts and national level stakeholders informed that the BCCSAP 2009 was prepared for meeting international requirements. An expert also indicated that the policies and act were formulated in a manner to fulfil the requirements for getting funds from the Green Climate Fund (GCF). Another expert argued that National Adaptation Programme of Action (NAPA) 2005 (amended in 2009) incorporated a comprehensive picture of climate change and ways out to address climate vulnerabilities. However, the BCCSAP, 2009 could not include such a comprehensive plan. Another expert mentioned that BCCSAP 2009 neither reflected the need of local people nor could measure the national interest as it took into account the international requirements.

The study team also identified a number of gaps in climate change related laws and policies. Some are as follows:

- a. The BCCSAP, 2009:** The BCCSAP, 2009 has been the guiding document for all kinds of climate change related interventions in Bangladesh including the projects developed with the BCCTF. This document has set some specific programmes and sub-programmes under six pillars. However, the BCCSAP has failed to address crucial governance values like transparency, participation and equity. These values are well recognised in global policy papers and funding mechanisms. For example, Paris Agreement included transparency emphasising in article 13 and the GCF accreditation process requires strong transparency and accountability measures.
- b. The Climate Change Trust Act, 2010:** The Climate Change Trust Act, 2010 has not included the necessary governance values like participation, transparency and equity. This gives a scope to put excuses to avoid these values when they plan and implement projects. Lack of these elements increases the risk of corruption which is evident in the study findings.
- c. Financial Guidelines, 2012:** There are a several gaps identified in the Guidelines, which are as follows:

- It is stated in the Guidelines that PP must be submitted four months before the starting period mentioned in the PP. However, it can be violated if the Trustee Board Chair approves. Through this option the Guidelines provide supreme authority to the Chair instead of ensuring collective decision making.
- It is also stated that the implementing agencies will mention the rationale of the project and based on that the Technical Committee will assess the necessity of the project. However, it did not necessitate to submit any authentic supportive document like needs assessment or vulnerability analysis by which the committee could understand the needs of the projects.
- It is also stated that the Technical Committee can ask for the revision of PPs but there is no mention about how they would make the assessment without any authentic document like needs assessment or vulnerability analysis.
- It is further stated that the MoEF will have the authority in any special case to recruit the project director. It helps to create the scope to deprive the implementing agencies of making real ownership of the projects.

**Gaps in coordination for oversight and accountability:** The national level experts found huge gaps in the accountability mechanism of the BCCTF projects. An expert informed that the MoEF is supervising the BCCTF, however, without enough enforcement authority. He further argued that the Ministry of Finance has no oversight role on the use of the BCCTF. It was also found that the Implementation, Monitoring and Evaluation Division (IMED) of the Ministry of Planning does not cover all BCCTF projects for monitoring and evaluation. The BCCT officials informed that they sought support from the IMED but did not get their proactive support for all projects. Monitoring and Evaluation Branch of the BCCT depends on the monthly reports received from the Project Directors. As indicated before, the report could provide a quantitative picture of a project but not the qualitative progress or about quality implementation. It was supposed to engage local administration for the oversight of the project. However, their oversight was found almost irregular in the selected projects. Moreover, the community people were not getting priority in monitoring of the project activities. It was expected that the BCCTF projects would be audited by the Comptroller and Auditor General (CAG) of Bangladesh. However, it was not found that the CAG office has the capacity to cover all BCCTF projects. Moreover, it was found that their priority in auditing climate projects is less than that of other regular audit priorities.

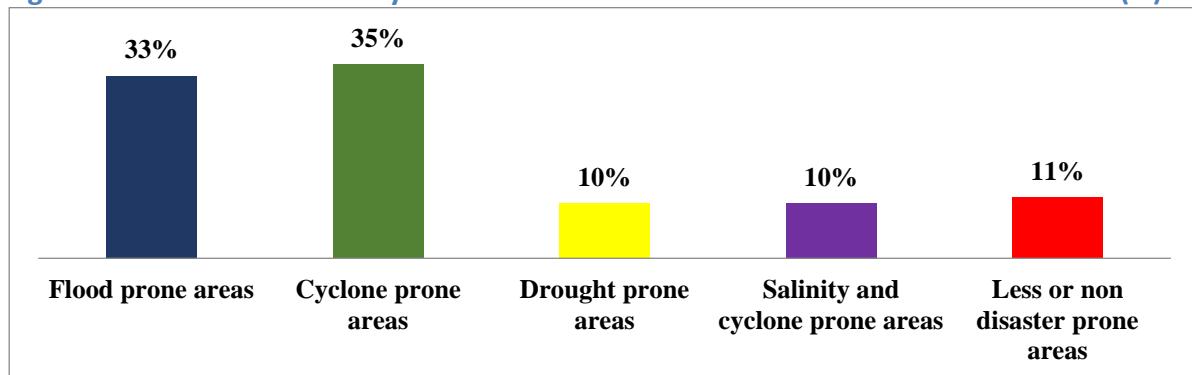
**Capacity deficiencies in the BCCT:** It was found from several discussions with national level experts that the BCCT has a lot of capacity constraints particularly on the technical issues of climate change. An expert mentioned that capacity and knowledge about the fund management is a technical task. However, the BCCT does not have adequate capacity and human resources to deal with diverse climate projects. Another expert argued that it is crucial to build capacity of the BCCT staffs on climate change related knowledge and skills. Another expert argued that BCCT has huge shortage of human resources.

**Gaps in project review and approval process:** It was found that the BCCT Technical Committee banked fully on the proposals submitted by the LGIs. They usually looked into whether the proposals included the thematic areas defined in the BCCSAP 2009. It was

found the Committee asked the LGIs to resubmit their proposal with reduced budget. The Committee also set the ceilings without appraising the real needs. There is an instruction in the Climate Change Trust Act that there should have been a feasibility study where applicable. However, no example of a feasibility study carried out and submitted by the selected LGIs. Feasibility study could help in at least two projects to assess people's opinion where their involvement was required for the success of the projects. It was also found that the Technical Committee and Trustee Board approved the projects without verifying real needs by applying any justifiable mechanism.

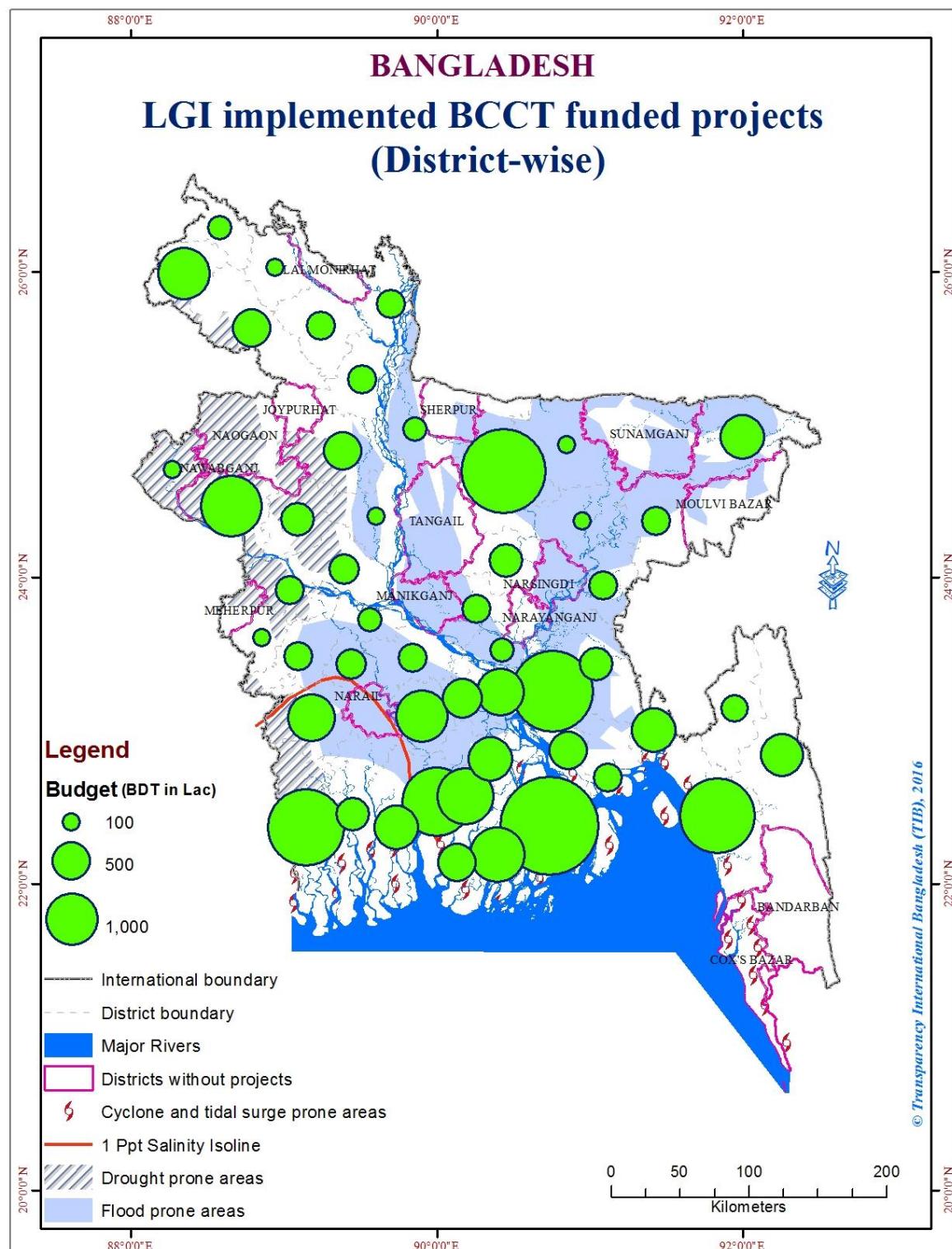
***Inconsistencies between climate change vulnerabilities and allocation of funds:*** It was found from the discussion with donors and national level stakeholders that a few members in the Trustee Board and Technical Committee of some relevant ministries are active in the meetings and project approval processes. It was found in the LGIs implemented projects that the BCCT funds had been allocated to the LGIs located in non-climate hotspot areas (see Figure 8). It was also found that 11% funds among the total funds allocated to the LGIs had been distributed to less or non-disaster prone areas. In some cases, allocation of funds was made to such projects which were inconsistent with local climatic condition or hotspot types. For example, a number of projects relating to water logging were allocated in drought prone areas. Moreover, it was found that the concentration of the BCCTF projects is more in some particular areas where the LGIs made close political connections with the ministers having influences in the Trustee Board (see map 2).

**Figure 7: Climate vulnerability versus allocation of BCCT funds disbursed to the LGIs (%)<sup>34</sup>**



<sup>34</sup> With the data on 108 LGI implemented BCCT projects approved up to June 2016.  
<http://www.bcct.gov.bd/index.php/trust-fund> (last accessed on 19th December 2016)

Map 2: Concentration of LGI implemented BCCTF projects<sup>35</sup>



<sup>35</sup> With the data on 108 LGI implemented BCCT projects approved up to June 2016.  
<http://www.bcct.gov.bd/index.php/trust-fund> (last accessed on 19th December 2016)

**Gaps in BCCT formulation and delegation of authority:** The BCCT was formulated in a way that it has been developed as a separate entity from where other ministries and departments receive funds to tackle climate change impacts. Through its current institutional arrangements, the BCCT acts on the priority to manage the funds only; not works on building capacity of implementing agencies or carrying out quality monitoring of the project activities in line with the frameworks on building climate resilient communities. It was also found that the BCCT team has authority deficiencies to hold the implementing agencies accountable for proper implementation of projects. An expert argued that the BCCT cannot act properly to oppose projects having distant relations with climate change due to the influences of some powerful Trustee Board members. It was also found that the BCCT team placed their appeal to the IMED and CAG to evaluate and audit of the projects respectively. However, BCCT team's voices were not heard properly.

#### 4.3 Consequences of governance deficiencies in LGI implemented BCCTF projects

The governance deficiencies in BCCTF-LGIs projects pose some clear consequences, which are as follows:

**Poor effectiveness of project outputs:** It was found in most of the selected projects that the community people informed

**Picture 2: Quality of construction in building disaster resilient house**



the implementing agencies accountable for proper implementation of projects. An expert argued that the BCCT cannot act properly to oppose projects having distant relations with climate change due to the influences of some powerful Trustee Board members. It was also found that the BCCT team placed their appeal to the IMED and CAG to evaluate and audit of the projects respectively. However, BCCT team's voices were not heard properly.

**Picture 1: Drain construction stopped due to disputes with land owners**



about low quality in some project outputs. As stated before, in a project implemented in the salinity and cyclone prone areas, the beneficiaries showed that the new houses constructed for them started



getting damaged (see picture 1). Moreover, the beneficiaries expressed unhappiness to see that the water reservoirs built for them for rainwater harvesting were unlikely to serve them

for more than 15 days in the dry season. The project in the flood prone areas could not complete a drain construction due to the disagreement of a land owner (see picture 2). It was found that the land owner was not consulted before to get his consent for using his land to build a drainage system. The waste transfer stations built by a Paurashava in the less disaster prone areas remained unused, though were expected to be used for waste management. Instead, the plants were found being used in different purposes (see picture 3). It was also found in the selected project in the CHT that the teachers of the school cum flood shelter expressed their worries about the future of their school amid the disputes between the Zila Parishad and Paurashava.

***Uncertainty in achieving long term sustainable solutions to climate change vulnerabilities:*** In most of the project locations, navigability crisis in the adjacent rivers due to over siltation as well as destroying natural water reservoirs or wetlands due to unplanned expansion of urban areas were found to be the root causes of the water logging. However, the LGIs did not address the roots causes rather managed the problems in a way that the long term or sustainable solutions to the vulnerability to disasters would not be achievable. In some projects, it was found the drains constructed under the BCCTF projects reversely intensified water logging situation in the rainy season. Because the rivers and canals having navigability crisis were found losing water reserving capacity and thus reversely releasing extra water to the localities through the constructed drains. Thus, many of the project components in the selected areas appeared as short term solutions to the vulnerabilities of community people.

***No significant knowledge on climate change enhanced among the implementing LGIs:*** It was expected that the implementing agencies would have enhanced knowledge and skills on addressing climate vulnerabilities through the experience of implementing BCCTF projects. However, it was found in the field that the projects were dealt mainly by the LGIs' Secretary, Mayor, and Engineer. The Councillors of Paurashava selected from the drought prone areas informed that the project did not engage them in implementing the project. If they were engaged, it would have created an opportunity to shape their practical knowledge domain with the lessons on how to address climate vulnerabilities. This could have been an important lesson to take home and use afterwards in their regular development activities. Moreover, the projects did not have any capacity building initiative like training, exchange visit etc. For that reason, the projects could not enhance significant knowledge among the implementing LGIs.

# Chapter 5

## Conclusion and Recommendations

### 5.1 Conclusion

Governance deficiencies are evident in the selected LGI implemented BCCTF projects. The study has applied eight governance indicators to assess the governance scenario and found that the selected projects grossly ignored the importance of community participation. No projects could address all governance values with strong and even moderate manner. Legitimacy issue was strongly addressed in only one project. In another project, the issue of accountability was addressed strongly. Coherence was strongly observed in a different project. However, the issues of equity, efficiency, and transparency were poorly addressed in most of the projects and in a few projects they were moderately addressed. In a nutshell, the concerns about the use of climate funds raised in different media have some justified ground and it can be stated that the LGIs have huge improvement areas in utilising climate funds in tackling local climate vulnerabilities.

It is also evident that a few policy and institutional gaps as well as discrepancies in fund allocation process due to unfair influences of some Trustee Board members i.e. abuse of power and poor visionary plans and decisions around using the BCCT funds have instigated inadequate governance practices in the projects. The relevant laws and guidelines have not guaranteed that the projects must ensure the governance values especially participation, equity, efficiency and transparency. The laws and guidelines indicate some values like legitimacy, coherence and accountability, however, have not demystified how these values could be abided by in a strong manner. Moreover, some institutional capacity gaps in the BCCT as well as in the accountability and monitoring mechanism of concerned authorities have been evident through this research which contributed in making improper use of the funds.

### 5.2 Recommendations

Given the governance scenario in the LGIs implemented BCCTF projects, the study has come up with following recommendations:

Recommendations	Responsible Authority
<ol style="list-style-type: none"><li><b>Reformulate BCCT Trustee Board:</b> BCCT Trustee Board should be constituted with the members from climate change experts, representatives of civil society, and those having no partisan political interest</li></ol>	Ministry of Environment and Forests (MoEF)
<ol style="list-style-type: none"><li><b>Increase BCCT Funds:</b> BCCT funds should be increased to further the initiatives in different sectors for ensuring long term solutions to climate change vulnerabilities</li></ol>	Ministry of Finance (MoF)

<b>3. Approve projects after verification of local climate vulnerabilities:</b> Verification of local climate vulnerability should be mandatory before approving any project	MoEF
<b>4. Strengthen capacity of the LGIs:</b> LGIs' capacity building should get high priority so that they can address climate change impacts as well as mainstream the climate vulnerabilities in their regular activities in an effective manner. In addition to that, Union and Upazila Parishads should be included in climate financing	LGD, BCCT
<b>5. Revise the role and strengthen capacity of the BCCT:</b> BCCT's role should not be confined to managing funds – capacity development of the implementing agencies and quality monitoring of the projects should also be of their priorities. This should be clearly spelt out in the guidelines. BCCT capacity should also be strengthened by increasing human resources according to the needs	MoEF
<b>6. Amend laws, policy and guidelines:</b> Participatory needs assessment, feasibility study, effective involvement of community people, capacity building of implementing agencies, transparency, equity, effective accountability mechanism should be incorporated in the laws, policy and guidelines to make them mandatory in all steps of the BCCTF projects	MoEF and Ministry of Law
<b>7. Enhance information disclosure mechanism:</b> All information on the projects including plans, activities, budget, M&E report, audit report should be disclosed and made available on the webpage. To get the community people well informed about the project information, citizen charter, bill board etc should be used in the project areas	BCCT, LGD, LGIs
<b>8. Enhance coordination for strengthening accountability mechanism and monitoring system:</b> Accountability mechanism and monitoring system as well the role of relevant departments and institutions i.e. the IMED, CAG, MoEF, LGD etc should be clearly defined in the documents so that accountability mechanism can be functional in a coordinated manner. It is also crucial to define the role of the citizens in the monitoring process	CAG, IMED, MoEF, LGD, BCCT

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