

POLICY BRIEF

Climate Change Governance

Transparency and Accountability in Climate Finance Governance for the Most Vulnerable in Bangladesh: A Focus on Local Level Governance

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The objective of this policy brief is to inform the decision makers and the wider stakeholders about the importance of improving and in some cases introducing transparency and accountability mechanisms for managing the climate funds available in Bangladesh. Efficient, effective and equitable use of the climate funds is the key to improve the governance of climate change initiatives in Bangladesh. This policy brief has special focus on financing local adaptation and governance of climate change activities in the local level.

Policy Pointers

- Need Integrated National Platform for integrated planning and effective utilization of allocated climate funds especially from the BCCTF and BCCRF
- Highest pro-disclosures - a key to effective climate finance at local level
- Need to involve affected community and the CSOs in the decision making process and monitoring of implementations

Climate change has adverse effects on national and international development, national progress, poverty alleviation schemes, security and survival at the national and international contexts. According to the Global Climate Risk Index 2013, Bangladesh tops the list of countries that are at most risk as a result of climate change over the next 20 years. Impacts of climate change on Bangladesh is illustrated below.

thematic areas of the BCCSAP were identified; 1) Food security, social protection and health; 2) Comprehensive disaster management; 3) Infrastructure; 4) Research and knowledge management; 5) Mitigation and low carbon development; 6) Capacity building and institutional strengthening. Integration of the BCCSAP with the development planning is vital issue and it is required for effective coordination and coherence of climate

Impacts	Level of Impacts	Additional Mortality/ Year		Additional Economic Cost (Million USD/ Yearly)		Additional Person Affected (Yearly)	
		2010	2030	2010	2030	2010	2030
Sea Level Rise	High	-	-	1250	20,000	40,000	45,000
Agriculture	Severe			650	5,500		
Floods, Landslide	Acute	75	100	300	3000	600,000	900,000
Storms	Acute	1750	2500	350	1250	400,000	600,000
Droughts	Severe	-	-	15	75	-	-
Labor Productivity	Acute			3,500	30,000		
Hunger	Acute	9750	15,000	10,000	15,000		

The Bangladesh Climate Change Strategy and Action Plan (BCCSAP), developed by the Ministry of Environment and Forest (MoEF) with the support from different national and international stakeholders is the guiding document for selecting any project under both the BCCTF and BCCRF. For funding in projects and programs, six

finance at the national level.

SIGNIFICANCE TO ADDRESS LOCAL LEVEL CLIMATE FINANCE GOVERNANCE

Climate change impacts are manifest in grassroots level vulnerabilities resulting

from frequent storms and floods, especially in the coastal regions (Table 1). Local level vulnerabilities are different in terms of geographical locations as well as people and produce effects that vary across age, gender, profession, income and assets. The versatility in vulnerabilities justifies the need to capture local or indigenous knowledge through the local government institutions (LGIs) to ensure cost effective climate change adaptation (CCA) measures. LGs are the most appropriate for addressing climate change induced disasters primarily because of their geographical proximity and “LGs (by virtue of their multi-sectoral and area-based mandates) also represent potentially useful institutions within which to “horizontally” align CC adaptation processes, as well as an opportunity to counter the frequently “vertical” alignment on CC issues at the national level (where such issues are often the mandate of a particular ministry)”.

It is widely recognized that the LG has comparative advantage in terms of time, money and access to gather requisite grassroots knowledge and engage with local community to ensure bottom-up planning and play a watchdog role. Notwithstanding, sufficient consultation was not conducted with affected communities during the preparation stage of the BCSSAP and as such, vulnerabilities at the local level were not captured. Moreover, BCCTF and BCCRF were established to implement the programs/project those were defined in the BCSSAP, but TIB unearthed major governance challenges below in the governance of the BCCTF and BCCRF:

Limited access to information (re: contracts, project selection criteria, disbursement) under both the BCCTF and BCCRF ; political consideration in fund approval in some cases, lack of accountability, especially at the local level project implementation stage. Under both the Funds, project applicants have no way of knowing the selection process, namely, why or why not their projects were chosen. Although some documents were disclosed, they were incomplete, inadequate and unclear. Given recent allegations of the prevalence of political influence and conflicts of interest in the allocation of climate resources highlighted in a recent study by TIB, regarding *information regarding source of BCCRF* (e.g. ‘new’ and ‘additional’ funds), it shows that source of finance as ‘credit’ from the World Bank (WB). Moreover, lack of accurate information among field level officials about the actual sources of funds. It is important that WB act as fiduciary manager of the BCCRF that is owned by the Government of Bangladesh but it follows its own disclosure policy though there is national Right to Information (RtI) Act. In this case, to

ensure access of the citizens of Bangladesh the annex-1 countries-funded BCCRF should be brought under the jurisdiction of the RTI Act.

It has been alleged that some projects, which were rejected by the Resilience Fund due to weak project documents, were subsequently approved by the Trust Fund as a result of political interference. Instead of programmatic or comprehensive planning short-term project approach is stressed in the climate fund utilizations;

In some cases, climate change vulnerability (sector as well as geographical location) was not considered adequately in funding allocations; besides, the engagement of the LGs or affected communities in decision-making in respect of funding and project implementation was not obligatory. A case uncovered by TIB where cyclone resilient housing was inadequately constructed under the BCCTF due to corruption on the part of contracted companies confirms the need for greater vigilance at the local level, and better consultations and feedback mechanisms for affected communities throughout the project cycle;

More specifically, findings from tracking projects funded by the BCCRF have provided evidence of the absence of engagement of the local community in the selection of locations of cyclone shelters (TIB, 2013). One of the fundamental reasons for this is that the Trust Fund and Resilience Funds do not consult with each other on the selection of projects and allocation of funds in approving funds for implementation of projects by the same recipient government or non-government agencies;

Under the Public Procurement Rule 2008 of Bangladesh, there is no provision of engaging Third Party Monitoring (TPM) system to monitor the implementation of project. However, World Bank appointed TPM to ensure quality of project works funded by the BCCRF, but that couldn't perform as per expectation due to non-cooperation by contractors. Ultimately the quality of construction has been compromised;

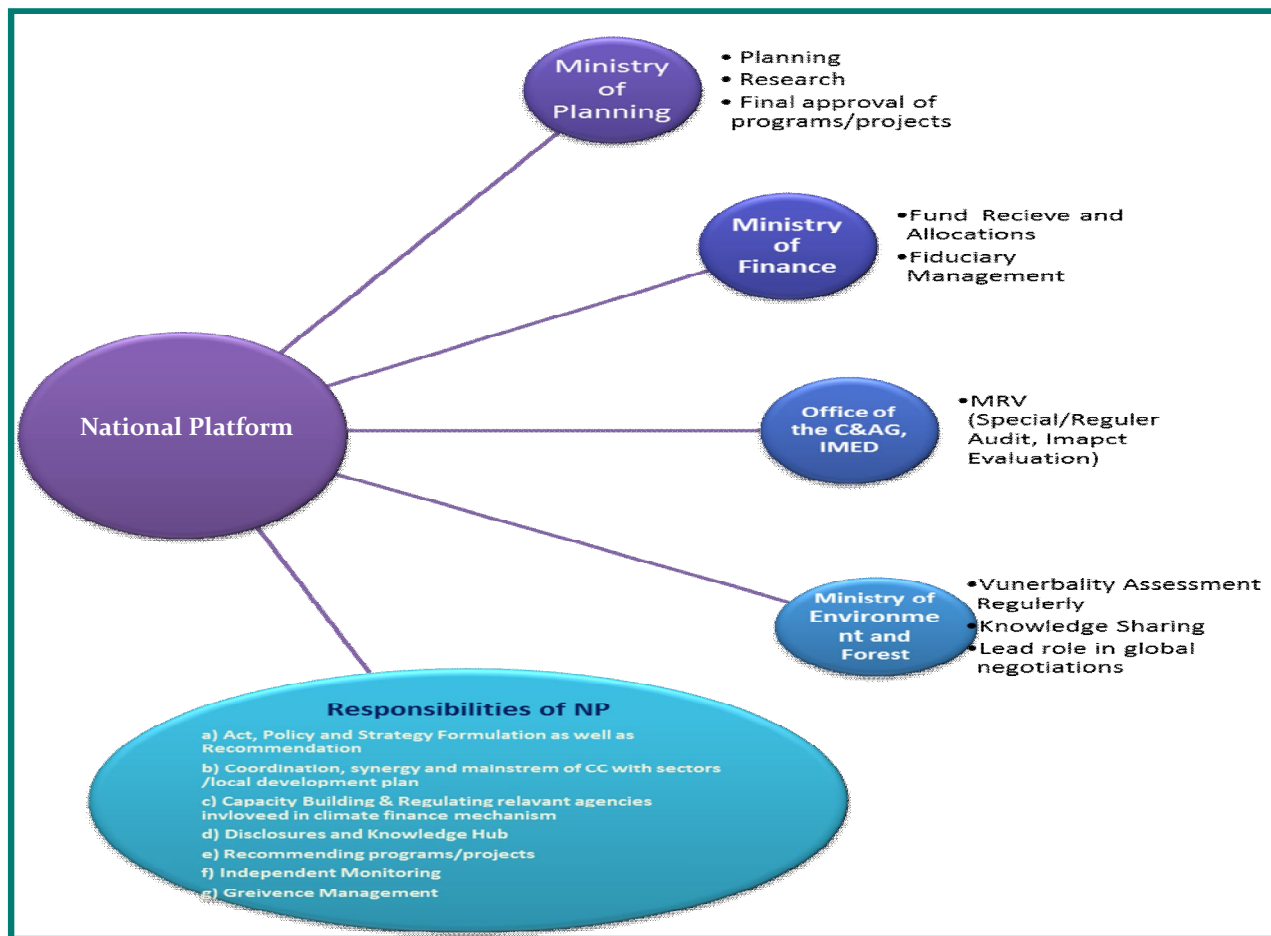
Civil society involvement in climate finance policy development, decision making processes and project monitoring is currently limited, and should be harnessed more proactively by the Government of Bangladesh. There is civil society representation on the decision-making body i.e. Trustee Board of the BCCTF or Governing Council of the Resilience Fund, but given that these representatives are selected by the Government, their independence and impartiality are debatable. TIB's study in the sector has identified that there is no scope for affected communities to share their opinion/s at any level. Greater provisions for independent oversight should therefore be made at the project level to capture the ‘voice’ of affected communities. There is an absence

of parliamentary oversight of fund utilization mechanisms and grievance receipt and redress mechanisms. Moreover, there is limited focus to ensure expected level of integrity, competency and capacity of fund users.

In addition, neither BCCTF and BCCRF policies have any specific provision for a) including LGs in capturing local knowledge on spatial vulnerabilities; b) direct allocations to LGs to ensure effective sustainable and long term climate change adaptation (CCA) and finally c) including LG representatives in decision making bodies of both the BCCTF (Trustee Board) and BCCRF (Governing Council) that is key to any effective adaptation and mitigation efforts.

It has also been evident that as the Chair of both

of C&AG and CSO/think tanks for effective monitoring of implementation of the project. In addition, there is no robust system to receive and address complaints and concerns of victims and witnesses of corruption in the climate finance. It is important to endorse the proposed integrated planning with the development program/project of the Ministry of Planning (MoP) and climate fiscal framework led by the Ministry of Finance (MoF), which would be responsible for the fiduciary management. In reality, under the BCCTF and BCCRF, there is no mechanism to utilize the knowledge and expertise of both MoP and MOF. In this context, to ensure the transparency, accountability, integrity in climate fund governance taking experience of the Philippine Climate Change Commission an integrated



BCCTF and BCCRF Ministry of Environment and Forest (MoEF) could not ensure the expected disclosures on the decision, dissemination of the assimilated knowledge, effective coordinating with relevant stakeholders. Most importantly, MoEF couldn't make accountable the fund recipient government agencies to ensure quality of works through effective utilization of resources due to not having legal mandate to rule over other ministry that is implementing the project funded either by BCCTF or BCCRF. Moreover, it has also been specified that through TIB's study, no effective mechanism was ensured to engage the IMED, the Office

national platform is required not only for the direct access to funds LGs along with government and non-government actors but also ensuring effective utilization of funds considering priorities (vulnerability and availability of funds).

RECOMMENDATIONS

Specific policy reforms are required to ensure integrated planning in CCA and also transparency, integrity and accountability in climate finance, especially at the local level.

Establishment of an integrated National Platform for integrated planning, financing and effective utilization of allocated climate funds. Represented by public representatives, private sector, local government institutions, affected communities, Office of the C&G, CSOs that have no conflict-of-interest, experts and development partners, this Platform would stress on transparency, accountability, integrity and participation of affected communities at all stages of fund governance for developing resilience of climate victims. This platform would be responsible for meaningful coordination, regulating agencies implementing climate funded project, recognizing the observation from citizens either through sharing the output of any research/studies or grievances. This National Platform would ensure due engagement and contribution of all concerned key actors in climate finance in Bangladesh. A panel of technical experts (sector and sub-sector) will provide need-base technical assistance to carry out the activities that has been proposed under the platform.

This platform would collaborate with Ministry of Foreign Affairs for their representation in coordination with country level negotiators in climate change including finance related international negotiations.

Highest pro-disclosures - a key to effective climate finance at both national as well as local level.

Involvement of affected communities and CSOs in the decision making and implementation monitoring process.

WAY FORWARD

Climate finance is not simply about money- it deals with lives and livelihoods of the most climate vulnerable communities. There is no alternative to integrity, transparency and accountability in climate finance governance for achieving resilience of the climate victims of Bangladesh.

NOTES:

This policy brief is the output of the joint collaboration between Transparency International Bangladesh (TIB) and International Center on Climate Change and Development (ICCCAD). This policy brief has been prepared based on several studies on climate finance governance in Bangladesh conducted by Transparency International Bangladesh (<http://www.ti-bangladesh.org/beta3/index.php/en/communications/reports/climate-finance-governance-reports>). Author is grateful TIB colleagues for providing valuable feedback to prepare this brief.

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