

# ADAPTATION FINANCE GOVERNANCE STANDARDS COUNTRY REPORT- BANGLADESH

**A NEW APPROACH PILOTED IN  
BANGLADESH AND THE MALDIVES**



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## RESEARCH ADVISERS

### **Dr. Iftekharuzzaman**

Executive Director, Transparency International Bangladesh (TIB)

### **Professor Dr. Sumaiya Khair**

Advisor, Executive Management, Transparency International Bangladesh (TIB)

## STUDY TEAM

**M. Zakir Hossain Khan**, Senior Programme Manager, Climate Finance Governance, TIB

**Md. Mahfuzul Haque**, Programme Manager, Climate Finance Policy and Integrity, TIB

**Gulam Mohiuddin**, Programme Manager-Research, Climate Finance Governance, TIB

**Md. Razu Ahmad Masum**, Assistant Manager-Research, Climate Finance Governance, TIB

**Md. Newazul Moula**, Deputy Programme Manager- Research, Climate Finance Governance, TIB

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### **Transparency International Bangladesh (TIB)**

MIDAS Centre (Level 4 & 5)

House-05, Road-16 (New) 27 (Old)

Dhanmondi, Dhaka-1209, Bangladesh

Tel: +880 2 9124788-89, 9124792 Fax: +880 2 9124915

info@ti-bangladesh.org

[www.ti-bangladesh.org](http://www.ti-bangladesh.org)

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## Acronyms

BCCTF	Bangladesh Climate Change Trust Fund
BCCSAP	Bangladesh Climate Change Strategy and Action Plan
BCCRF	Bangladesh Climate Change Resilience Fund
CCA	Climate Change Adaptation
CLEAN	Coastal Livelihood and Environmental Action Network
CSO	Civil Society Organization
EIA	Environment Impact Assessment
ERD	Economic Relation Division
FSF	Fast Start Finance
GCF	Green Climate Fund
GDP	Gross domestic product
IDCOL	Infrastructure Development Company Limited
IMED	Implementation Monitoring and Evaluation Division
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
MoEF	Ministry of Environment and Forest
MoP	Ministry of Planning
MoHFW	Ministry of Health and Family Welfare
MRV	Monitor, Report, and Verify
NAPA	National Adaptation Plan for Action
NDA	National Designated Authority
NGOs	Non-governmental Organizations
NIE	National Implementing Entities
NIS	National Integrity Strategy
OC&AG	Office of the Comptroller and Auditor General
PPCR	Pilot Program for Climate Resilience
SDGs	Sustainable Development Goals
ToR	Terms of Reference
TIB	Transparency International Bangladesh
TM	Transparency Maldives
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change

## EXECUTIVE SUMMARY

Transparency International Bangladesh (TIB) has been conducting research on climate finance governance since 2011. Over the years, TIB research has identified much progress to counter the governance challenges in climate finance in Bangladesh. Meanwhile, more and more international mechanisms and targets are recognizing the importance of inclusive and transparent climate actions—target 13 of the Sustainable Development Goals, for example, emphasizes the mobilization of adaptation funds through the implementation of meaningful adaptation actions in developing countries in a transparent manner. To better understand the progress being made to address adaptation finance governance challenges, it is imperative to know the existing standards and track the progress accordingly. Aiming to track the progress in governance standards, a participatory framework based on governance components (prioritizing, accessing, delivering and monitoring effectiveness) along with good governance criteria (transparency, accountability, participation, integrity and coherence) is used in this study to evaluate the governance quality of adaptation finance.

The purpose of the study is to contribute to the positive development and strengthening of climate funds and projects to support sufficient and efficient funding, and effective project completion. The study went through the existing climate finance governance landscape in Bangladesh to identify the minimum standards needed to achieve good governance in adaptation finance.

Against this backdrop, this study brought together the key climate finance stakeholders in Bangladesh to agree on baseline standards of adaptation finance governance and outline steps that need to be taken by each stakeholder group in order to strengthen and improve adaptation finance governance in the country. This study gives an overall synopsis to portray the existing fiduciary standards, strengths and weaknesses that need to be addressed to raise the bar to establish inclusive governance standards in adaptation finance projects.

Although this approach is still a work in progress, the initiative successfully convened the key stakeholders working on climate finance at the national level in Bangladesh and facilitated an open discussion on some of the most contentious problems relating to adaptation finance transparency, accountability, integrity and coherence. Further, these stakeholders jointly agreed on detailed specific measures that, if complied with, will raise standards. Meanwhile, stakeholders can be involved in a structured dialogue to identify ways in which the methodology can be improved over time. Therefore, there is a need for more inclusive governance processes.

# INTRODUCTION

An assessment of climate finance governance carried out by TIB in 2013, revealed a complex and fragmentary funding landscape that is complicating the efforts to track financial flows and to ascertain who should be held accountable for climate finance policy, allocation, disbursement and participation related decisions and results.<sup>1</sup> These findings were echoed in the event, ‘Integrity Dialogue on Climate Change Adaptation Finance Transparency: Accountability and Participation’ that was held on 29 March 2016.<sup>2</sup> At that event, the participants agreed that Bangladesh and other climate-vulnerable countries must work together to build individual and collective capacity to ensure the highest level of integrity, transparency and accountability to offset a range of governance deficits in climate finance, which can adversely affect the effective adaptation efforts of vulnerable countries. They also agreed that a clear and consistent system of budget classification and fiduciary standards for adaptation funds can help scale up the existing standards and that enhanced support is needed to have in place better accountability metrics, state audits and performance evaluations of all climate projects. Against this backdrop, Transparency International (TI), TI Bangladesh (TIB), Transparency Maldives (TM) and AdaptationWatch decided to collaborate to develop governance standards to guide concerned stakeholders to assess progress on adaptation finance governance.

Considering the imminent challenge of climate change, the Government of Bangladesh (GoB) has undertaken initiatives at both policy and implementation level in harmony with global efforts. These include the formulation of a National Adaptation Programme of Action (NAPA) and the Bangladesh Climate Change Strategy and Action Plan (BCCSAP, 2009) and the creation of the Bangladesh Climate Change Trust Fund (BCCTF) from its own revenue budget. GoB has climate change specific clauses in its 7<sup>th</sup> Five Year Plan, Vision 2021<sup>3</sup> and Perspective Plan of Bangladesh 2021<sup>4</sup>, all of which aspire for an accountable and transparent governance system. Apart from that, GoB has also adopted a National Integrity Strategy (NIS) that recognizes the necessity to promote values and principles of integrity and practices as part of individual and institutional activities.<sup>5</sup> In the backdrop of relatively low access to global climate funds in Bangladesh, BCCTF, with an allocation of USD 400 million, is the largest climate fund, which shares 26 percent of total available climate finance in Bangladesh. Other available climate funds are the Bangladesh Climate Change Resilience Fund (BCCRF), Pilot Programme for Climate Resilience (PPCR), Least Developed Countries Fund (LDCF), Green Climate Fund (GCF) and Fast Start Finance (FSF). Recognizing that governance challenges prevail in climate finance globally and nationally, the Paris Agreement has emphasized adaptation planning and prioritizing projects based on that adaptation plan and strengthening cooperation among stakeholders through fund transferring (Article 7).<sup>6</sup> The Agreement also emphasized, "assisting developing country Parties in identifying effective adaptation practices, adaptation needs, priorities, support provided and received for

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<sup>1</sup> Transparency International Bangladesh (2013) *An Assessment of Climate Finance Governance*. Available at: [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)

<sup>2</sup> Transparency International Bangladesh (2013) Available at: <https://www.ti-bangladesh.org/beta3/index.php/en/cfg/173-climate-events/integrity-dialogue/5307-dhaka-integrity-dialogue-2>

<sup>3</sup> Centre for Policy Dialogue (2007) *Bangladesh Vision 2021*. Available at: <http://cpd.org.bd/bangladesh-vision-2021/>

<sup>4</sup> General Economics Division (2012) *Perspective Plan (2010-2021)*. Available at: [http://bangladesh.gov.bd/sites/default/files/files/bangladesh.gov.bd/page/6dca6a2a\\_9857\\_4656\\_bce6\\_139584b7f160/Perspective-Plan-of-Bangladesh.pdf](http://bangladesh.gov.bd/sites/default/files/files/bangladesh.gov.bd/page/6dca6a2a_9857_4656_bce6_139584b7f160/Perspective-Plan-of-Bangladesh.pdf)

<sup>5</sup> The Government of Bangladesh (2013) *An Independent Review of National Integrity Strategy (NIS)*. Available at: [http://cabinet.portal.gov.bd/sites/default/files/files/cabinet.portal.gov.bd/publications/90749cbc\\_ee7d\\_4a08\\_9acc\\_ce795235dc6e/C\\_D\\_SPEC\\_GOV'T\\_POLIC\\_bn\\_2\\_210.pdf](http://cabinet.portal.gov.bd/sites/default/files/files/cabinet.portal.gov.bd/publications/90749cbc_ee7d_4a08_9acc_ce795235dc6e/C_D_SPEC_GOV'T_POLIC_bn_2_210.pdf)

<sup>6</sup> United Nations (2015) *Paris Agreement*. Available at: [https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

adaptation actions and efforts, and challenges and gaps, in a manner consistent with encouraging good practices; and improving the effectiveness and durability of adaptation actions".<sup>7</sup> Despite various global and national efforts, Bangladesh remains at the very top of the list in terms of climate change impact and vulnerability (Article 7.7. d).<sup>8</sup> It is estimated that Bangladesh could experience an annual loss of 2 percent of the GDP by 2050 and 9.4 percent of GDP by 2100 due to climate change.<sup>9</sup> Alarming, compared to mitigation the contributions of developed countries for adaptation are low.<sup>10</sup> The overall approved amount is USD 15,380 million against the total pledge of USD 29,227 million.<sup>11</sup> Despite contributing less than 0.35% to global emissions, the inadequate fund flow creates a challenge for countries like Bangladesh where one-fourth of its population live in coastal areas which are under imminent threat of climate change.<sup>12, 13</sup>

## OBJECTIVE OF THE STUDY

Given its vulnerability to effects of climate change, adaptation finance is important for Bangladesh. It is equally important to raise governance standards in adaptation finance if Bangladesh wants to access climate funds effectively. In this context, it is necessary for Bangladesh and other developing countries to work together for building individual and collective capacity to ensure the highest level of transparency, accountability and integrity in this field and to share knowledge on adaptation finance governance. It is also imperative to identify the future roles of governments, CSOs and think-tanks in taking this forward. Against this backdrop, TIB decided to collaborate with Transparency International (TI), Transparency Maldives and members of the AdaptationWatch network to carry out a study with the following objectives:

- Assess the national quality of governance standards for adaptation finance;
- Examine the ability of national institutions to prioritize, deliver and monitor adaptation finance;
- Formulate recommendations to improve governance standards and agree collaboratively on a set of minimum governance standards for adaptation finance, against which all stakeholders can work together to improve overall governance in Bangladesh.

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<sup>7</sup>United Nations (2015) *Paris Agreement*. Available at:

[https://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

<sup>8</sup> Germanwatch (2017) *Global Climate Risk Index 2017*. Available at: <http://germanwatch.org/en/download/16411.pdf>

<sup>9</sup>Asian Development Bank (2014), *Bangladesh Could See Climate Change Losses Reach Over 9% Of GDP – Report*. Available at: <http://www.adb.org/news/bangladesh-could-see-climate-change-losses-reach-over-9-gdp-report>

<sup>10</sup> UNFCCC (2017) Report of the Standing Committee on Finance. Available at:

[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/2016\\_ba\\_technical\\_report.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2016_ba_technical_report.pdf)

<sup>11</sup> Climate Funds Update (2017) Available at: <http://www.climatefundsupdate.org/data>

<sup>12</sup> European Parliament (2008) Climate Change Impacts and Responses in Bangladesh. Available at: <http://www.pedz.uni-mannheim.de/daten/edz-ma/ep/08/EST19195.pdf>

<sup>13</sup>MOEF (2015) Intended Nationally Determined Contributions (INDC). Available At:

[http://www4.unfccc.int/ndcregistry/PublishedDocuments/Bangladesh%20First/INDC\\_2015\\_of\\_Bangladesh.pdf](http://www4.unfccc.int/ndcregistry/PublishedDocuments/Bangladesh%20First/INDC_2015_of_Bangladesh.pdf)



# METHODOLOGY

The methodology of the study involved a five-step procedure for assessing and agreeing on steps to achieve the minimum quality of governance standards for adaptation finance in Bangladesh.

**STEP 1:** Four climate finance components were identified at different stages of climate financing (prioritize, access, deliver and monitor) and adopted from UNDP's Readiness for Climate Finance report<sup>14</sup> :

Components	Definition
<b>Prioritize</b>	Country utilizes scientific evidence of climate vulnerability, adaptation plans, projections of impacts of actions and a review of innovative solutions and practices to prioritize adaptation actions in planning stage.
<b>Access</b>	Country's ability (existence of a range of different institutional tools, mechanisms, and modalities) to access finance directly for projects and also to blend funding from multiple sources in order to support projects.
<b>Deliver</b>	Transfer of funds to the organizations that will implement adaptation projects; also includes the ability to tap into and develop skills locally, and to coordinate implementation across a wide variety of projects.
<b>Monitor</b>	Capacity to monitor, report, and verify (MRV) financial flows, expenditures, results of climate projects and to verify the accuracy of information.

Table 1: Four core components of Adaptation Finance Governance

## STEP 2

Five key governance indicators (transparency, accountability, participation, integrity, and coherence) were used for assessing good governance at different stages of adaptation finance.

## STEP 3

Four major stakeholder groups (international aid agencies, public sector, private sector and NGOs) were identified who are involved in prioritizing, accessing, delivering and monitoring climate finance to assess their practices at different stages of adaptation financing based on the five governance indicators. A total 35 participants from 4 stakeholder groups (04 from International aid agencies, 07 from the public sector, 07 from NGOs and 08 from the private sector) were interviewed from Bangladesh for their views on baseline standards of adaptation finance governance (see Table 2, below for a full list).

<b><u>International Aid Agencies</u></b> Australian High Commission Christian Aid Bangladesh Water Aid Bangladesh British Council (PRAKASH)	<b><u>Public Sector Stakeholders</u></b> BCCTF MoP* MoHFW* MoDMR* MoA* MoWR* BIDS*	<b><u>NGOs</u></b> RDRS* DAM* CNRS* CLEAN* Aranyak Foundation BASA* NGO Forum for Public Health	<b><u>Private Sector Stakeholders</u></b> IDCOL* IDLC LTD* BRAC University Jahangirnagar University The Daily Star ATN Bangla Ltd. Channel24 The Daily ProthomAlo
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Table 2: Participants of the online survey (\*) Ministry of Planning (MoP), Ministry of Health and Family Welfare (MoHFW), Ministry of Disaster Management and Relief (MoDMR), Ministry of Agriculture (MoA), Ministry of Water Resources (MoWR), Bangladesh Institute of Development Studies (BIDS), Rangpur Dinajpur Rural Service (RDRS), Dhaka Ahsania Mission (DAM), Center for Natural Resource Studies (CNRS), Coastal Livelihood and Environmental Action Network (CLEAN), Bangladesh Association for Social Advancement (BASA), Infrastructure Development Company Limited (IDCOL), Industrial Development Leasing Company (IDLC) LTD.

<sup>14</sup> UNDP (2012) Readiness for Climate Finance: A framework for understanding what it means to be ready to use climate finance. Available at: [http://www.undp.org/content/undp/en/home/librarypage/environment-energy/low\\_emission\\_climateresilientdevelopment/-readiness-for-climate-finance.html](http://www.undp.org/content/undp/en/home/librarypage/environment-energy/low_emission_climateresilientdevelopment/-readiness-for-climate-finance.html)

## **STEP 4**

In this stage, a four-step process of data collection was followed:

### **DESIGN ONLINE QUESTIONNAIRE AND PREPARE DATA TABLE**

A data table on key stakeholders was prepared based on a secondary review and then key individuals from different stakeholder groups were identified to take part in the survey. To match the specific adaptation finance context of Bangladesh, and based on a review of secondary reports on climate finance governance, adaptation finance tracking reports and key informant interviews, indicators were chosen for each of the five governance criteria across each of the four components of climate finance governance. Each indicator was then framed as a statement and listed in a questionnaire that could be carried out online.

### **CONDUCT ONLINE SURVEY**

The link to the online questionnaire was sent to selected respondents via email. Respondents were asked to evaluate the different statements to measure their agreement on whether the indicators of good governance were being met. For each statement, the respondent indicated their level of agreement using a 5-point Likert scale (1= Strongly Disagree, 2 = Somewhat Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree). A unique code for each respondent was generated to ensure confidentiality of the response. When online respondents asked for any clarification, a small number of face-to-face interviews were carried out with them by extracting the unique codes. Their responses were properly documented and manually incorporated into the online database.

### **DATA COMPILATION**

In this stage, the online survey responses were compiled and scores on respective indicators were aggregated to prepare the draft report. This stage also involved an additional desk-based literature review and gathering of supplementary qualitative information. Aggregation of indicators was done using an “equal weighting,” method, whereby an average score was produced for each group of stakeholders and indicators.

### **VALIDATION WORKSHOP WITH KEY STAKEHOLDERS**

This stage involved a day long research validation workshop held in Dhaka, Bangladesh on 12 March 2017<sup>15</sup>, where key stakeholders including survey participants reviewed and discussed the findings of the report. The objective of the workshop was to reach an agreement on the current baseline standards of governance and to identify the measures needed to be taken by the stakeholders in order to achieve the minimum standards for adaptation finance good governance. This workshop enabled participants to examine the assessment details in an interactive manner and reach a consensus on targets that they have stated for each of the selected indicators. These targets, therefore, represent the minimum quality-of-governance standards for adaptation finance in Bangladesh (Annex 2)

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<sup>15</sup> Transparency International Bangladesh (2017), Available At: <https://www.ti-bangladesh.org/beta3/index.php/en/media-release/5190-call-for-improving-governance-standards-in-bangladesh-s-adaptation-fund>

## STEP 5

A draft report is produced by analyzing the online survey results and incorporating the feedback of the workshop participants following the below framework (Figure 1) for drafting minimum quality-of-governance standards for adaptation finance.

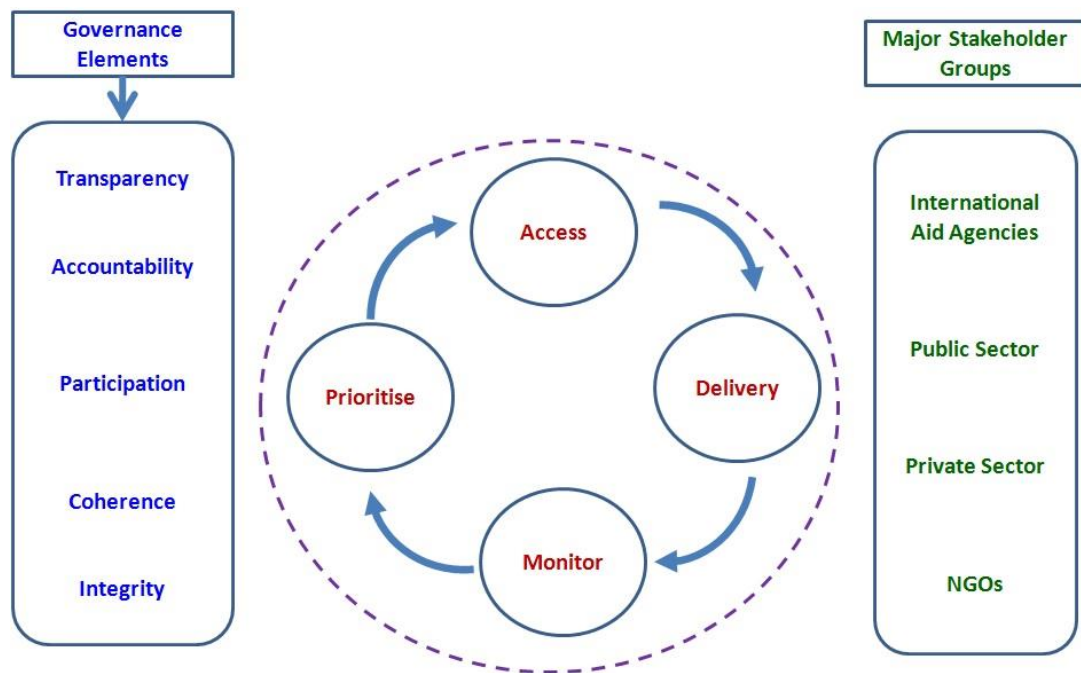
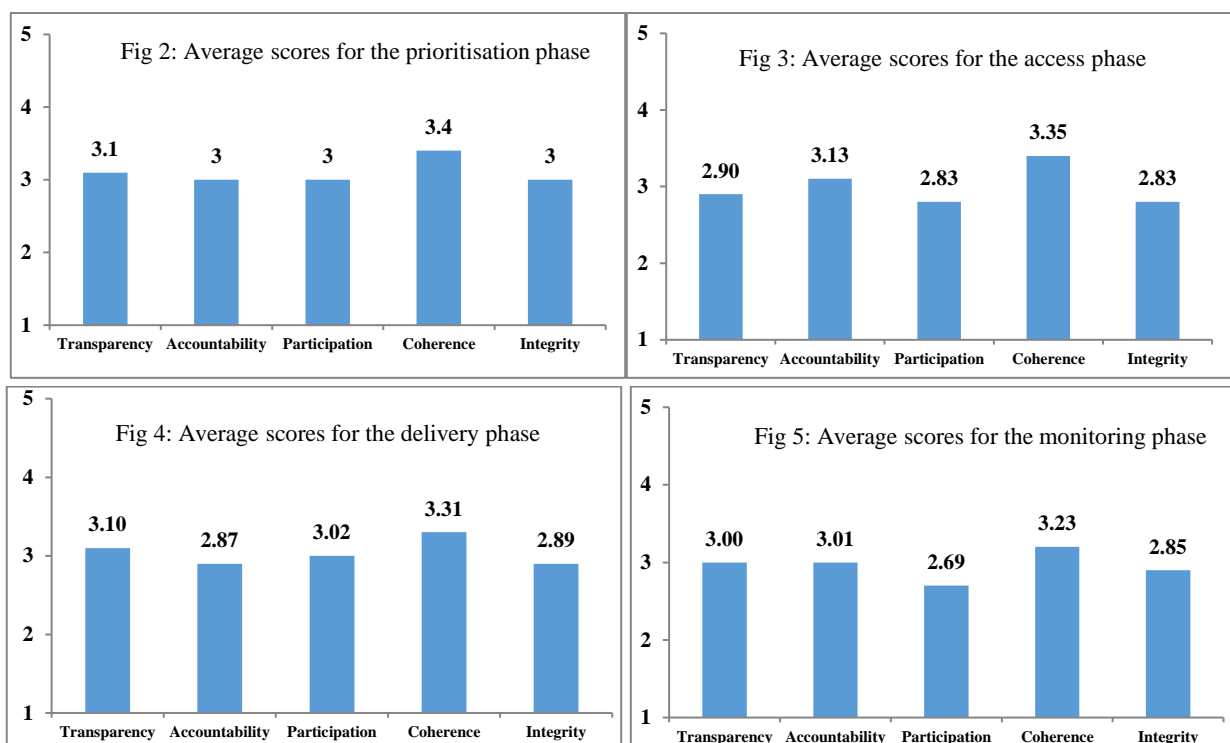


Figure 1: Analytical framework of the study

# RESULTS OF THE ONLINE SURVEY

## GOVERNANCE STANDARDS OF FOUR COMPONENTS OF ADAPTATION FINANCE

Overall, the survey results hover around three (3.00) for all four components (Annex 1), indicating agreement that some good governance practices are being followed, but there is scope for improvement across all phases of adaptation finance governance in Bangladesh. Figure 2, below shows the average survey score for each component. A more detailed discussion of the findings for each component of adaptation finance governance of each phase in Bangladesh is as follows.



\*Likert scale: 1=Strongly Disagree, 2 =Somewhat Disagree, 3=Neither Agree nor Disagree, 4=Agree, 5=Strongly Agree

### PRIORITIZE

The component based overall score for prioritization is 3.12 on the scale of 5.00 (figure 2). For prioritization, stakeholders scored above 3.00 for most of the indicators while coherence is rated better than other indicators (figure 3).

### ACCESS

The component-based overall score for accessing adaptation funds is 3.01 (figure 2). In terms of accessing adaptation finance, survey participants scored coherence (3.35) and accountability (3.13) higher than the other Indicators (figure 4).

### DELIVERY

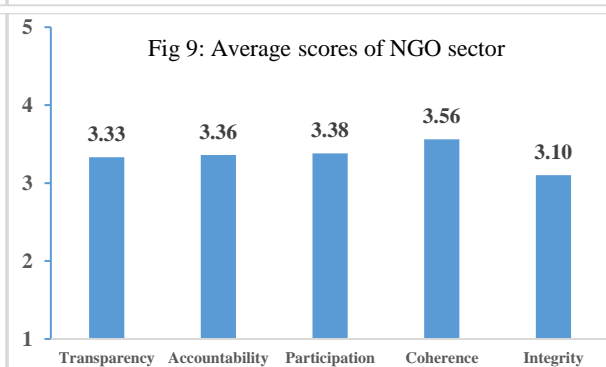
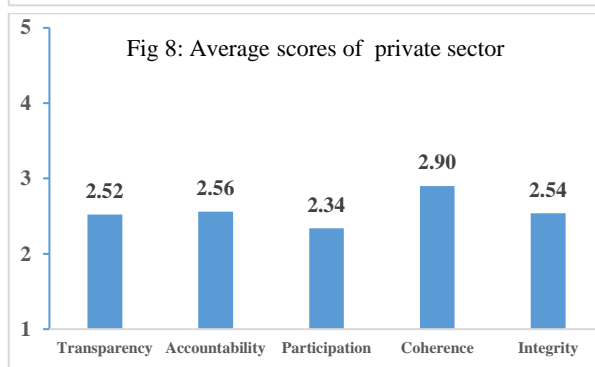
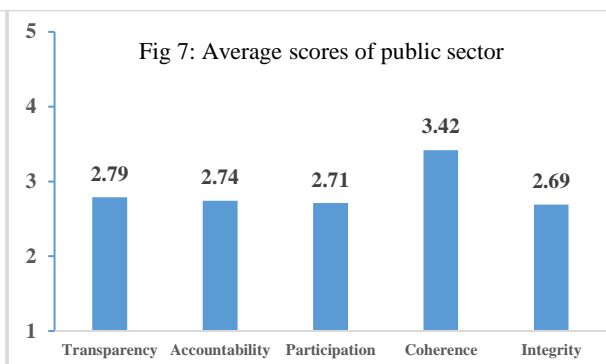
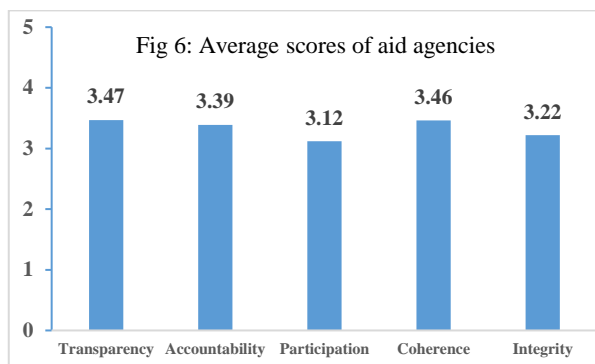
The component based overall score for delivering adaptation finance is 3.03 (figure 2). The survey result indicates better standards in coherence (3.31) and transparency (3.10) in delivering adaptation funds (figure 5).

### MONITOR

The component-based overall score for monitoring is 2.96 (figure 2). In terms of monitoring, the survey result of governance indicators indicates that the coherence criteria (3.23) better meets good standards of governance than the other criteria (figure 6).

## GOVERNANCE STANDARDS BASED ON STAKEHOLDER GROUPS

Overall, the average indicator based survey results for stakeholder groups hover between 2.5 and 3.5 (Annex-1) indicating agreement that all groups are following some good governance practices in relation to adaptation finance in Bangladesh, but there is also a huge scope for improvement in the average scores across five governance criteria for international agencies.



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

The survey results indicate that international aid agencies and NGOs are following slightly more good governance standards than the private and public sector, but some level of improvement is required across all stakeholder groups.

### INTERNATIONAL AID AGENCIES

The indicator-based average score for international aid agencies is 3.33 (Annex-1). Stakeholders rated transparency 3.47, the highest among all the indicators (figure 7).

### PUBLIC SECTOR

The indicator-based average score for the public sector is 2.87 (Annex 1) while coherence is rated higher (3.42) by the stakeholders among the other indicators (figure 8).

### PRIVATE SECTOR

The indicator-based average score for the private sector is 2.57 (Annex 1) while coherence received the highest rating of 2.90 (figure 9).

### NON-GOVERNMENT ORGANIZATIONS (NGOS)

The indicator-based average score for governance standards for NGOs is 3.34 (Annex 1) while coherence received the highest score of 3.56 (figure 10).



# RESEARCH VALIDATION WORKSHOP

The above scores were discussed in person with the stakeholders in the research validation workshop. Despite the government undertaking coherent and consistent actions with national policy, those gathered asserted that a lot more needs to be done to improve the standards. Stakeholders agreed that higher scores cannot be achieved without ensuring robust fiduciary standards, proper needs assessments, environmental and social impact assessments, proactive disclosure of information and participation of affected stakeholders in all phases of the project.



Picture 1: Research Validation Workshop

## RECOMMENDATIONS TO REACH HIGHER STANDARDS OF ADAPATION FINANCE GOVERNANCE ACROSS EACH COMPONENT

During the research validation workshop, after the discussion of verifiers for each indicator, the participants agreed on the following areas to improve the score of component-based standards:

- Existing standards could have been higher in **prioritization** if there was more public participation, proactive disclosure of information and coordination in decision-making
- Coordination among relevant actors, aligning national policies with international policy, public disclosure of selection and rejection of a project, and interactive complaint handling could ensure better standards to **access** adaptation funds
- Adopting a strong code of conduct, strengthening supervision at the field level, effective consultation for public engagement, establishing a multi-layer stakeholder forum and capacity building of project actors can raise the standards to **deliver** adaptation finance
- Public disclosure of monitoring, evaluation and auditing reports, introducing social accountability tools to monitor projects and result based monitoring and public hearing can enhance transparency, accountability, and integrity to better **monitor** adaptation finance.

## RECOMMENDATIONS TO REACH HIGHER STANDARDS OF ADAPATION FINANCE GOVERNANCE ACROSS EACH STAKEHOLDER GROUP

The feedback of stakeholder groups from an interactive session at the research validation workshop gave more indication about where each group needs to improve across the different components of adaptation finance governance, and this is explained further in the following section.

### INTERNATIONAL AID AGENCIES

To achieve higher standards, stakeholders had the following recommendations to international aid agencies to improve adaptation finance governance:

- Adequate funding consistent with national and international policies and strategies
- Capacity building of stakeholders (e.g MoEF, ERD, potential NIEs ) to prioritize, directly access, deliver and monitor projects
- Enhance proactive disclosure of project information and agreements
- Establish effective coordination amongst public, private and NGO stakeholders.

## **PUBLIC SECTOR**

To enhance access to adaptation funds, stakeholders emphasized the development of capacity-building initiatives and ensuring more citizen engagement in decision-making. However, stakeholders had the following recommendations specifically for the public sector:

- Initiate a process to define ‘climate finance’ through public consultation
- Create a separate annual climate budget with a separate budget code for transparent reporting
- Conduct a scientific assessment in collaboration with MoP and MoEF to prioritize vulnerability based projects
- Update National Adaptation Plan (NAP) and BCCSAP
- Integrate climate actions and policies with Five Year Plan of Government
- Formation of a multi-sectoral stakeholder forum for decision-making, knowledge sharing and meaningful participation
- Develop a system ensuring online and offline disclosure of project documents, agreements, verifiable audit and monitoring reports
- Capacity building initiative for citizens and project implementing authority for monitoring (e.g project tracking, public hearing)
- Ensure social and environmental impact assessment
- Introduce citizen friendly complaints, grievance redress mechanism
- Strengthen internal and external audit system by Office of the Comptroller and Auditor General of Bangladesh (OC&AG) and monitoring by Implementation Monitoring and Evaluation Division (IMED)
- Independent monitoring, evaluation and audit
- Develop and apply the code of conduct for fund and project staff to ensure integrity.

## **PRIVATE SECTOR**

Stakeholders suggested the following areas of improvement for the private sector:

- Increase coordination and collaboration amongst international aid agencies, public sector and NGOs for capacity building to access monitor and deliver adaptation finance
- Adopt e-tendering and transparent procurement process
- Engage climate-related technical experts (planning, financial) for effective decision making
- Ensure social and environmental impact assessments to address citizen grievances.

## **NON-GOVERNMENT ORGANIZATIONS (NGOS)**

Stakeholders suggested the following areas for improvement for NGOs:

- Prioritize community-led adaption projects for climate financing
- Well defined Terms of Reference (ToR) to ensure public participation
- Proactive disclosure of information about beneficiary selection, beneficiary selection criteria
- Ensure social and environmental impact assessment to address citizen grievance
- Focus on capacity building and awareness raising for citizen lead monitor
- Organize regular meeting with project beneficiaries and share monitoring and evaluation reports.

## **AGREEING ON ADAPTATION FINANCE GOVERNANCE STANDARDS FOR BANGLADESH**

Based on the discussions and agreements at the research validation workshop, the adaptation finance governance standards for Bangladesh were drafted (for details please see Annex 2). Participants agreed to strengthen mutual collaboration and cooperation to enhance institutional capacity aiming to raise the quality of governance in order to reach these agreed standards. It was also agreed by all that more concerted advocacy is required to access global climate funds. Based on the discussion, some major agreements of the stakeholders are as below:

- a)** Identify policy gaps, update BCCSAP and the National Adaptation Programmes of Action (NAPAs) and prioritize funds and projects under the supervision of the Standing Committee on Ministry of Forest and Environment in coordination with Economic Relation Division (ERD)
- b)** Form a multi-stakeholder forum in coordination between private and public entities, CSOs, NGOs and project beneficiaries for inclusive, coherent and participatory adaptation financing
- c)** Comply with fiduciary standards, build institutional capacity, conduct comprehensive needs assessments, and social and environment impact assessments to access climate funds
- d)** Conduct meaningful stakeholder consultation and apply a code of conduct to resist undue influence in accessing and approving funds
- e)** Support the National Designated Authority (NDA) and potential National Implementing Entities (NIEs) to develop their capacity to access global climate funds by transferring empirical and institutional knowledge of BCCTF
- f)** Effective collaboration with relevant actors to implement and deliver adaptation funds and projects in a transparent, accountable manner
- g)** Enhance governance standards at the project implementation level (e.g ensure transparent procurement and beneficiary selection, disclosure of information and introduce strong complaint and grievance-redress mechanism)
- h)** Engage citizens to monitor project activities and introduce an effective monitoring and evaluation system, user-friendly online database that includes verifiable MRV and stakeholder consultation reports to enhance transparency
- i)** Conduct independent audit by OC&AG and monitoring by IMED
- j)** Ensure a third party independent monitoring system for all climate projects to verify the outcome of projects.

## LESSONS LEARNED

As mentioned earlier, this was a pilot study of a new methodological framework, which helped to learn about and assess the present standard of adaptation finance governance in Bangladesh.

Broadly speaking, the following lessons were learned through this research:

- a)** Amongst stakeholders, climate change impacted communities are the key group to whom all the stakeholders aspire to serve. Therefore, their opinion could be obtained in this assessment to validate the governance standards more accurately
- b)** In future studies, the Likert Scale that provides the opportunity to respond with a more neutral answer such as “neither agree nor disagree” could be eliminated to get more definitive survey results. However, TIB's earlier experiences of using the Likert Scale have shown that the respondent usually prefers a neutral answer if such option is available in the questionnaire. Particularly in corruption-related survey, respondents from public and private sector remains reluctant to provide specific opinions or statement
- c)** Survey respondents were informed in advance about their presence at the validation workshop at which the identity of the concerned respondents could be disclosed. That might have pushed the stakeholders to select “neither agree nor disagree” option in most of the answers, which is another impediment for accurate and unbiased online survey rating
- d)** The result of the study shows that stakeholders tend not to take any risk about their responses of the survey questionnaire. This methodological challenge needs a remedy in the next assessment
- e)** As described, some questions and assessment criteria for prioritizing, accessing, delivering, monitoring adaption finance is confusing to stakeholders which could be eliminated in the follow-up study.

## NEXT STEPS

The outcome of this assessment provides a synopsis of the governance standards of adaptation finance in Bangladesh. The survey findings have set a baseline. However, any comparison of results will only be possible once further iterations of the study have been conducted to compare against the baseline findings and provide a better picture of the governance standards as well as improvement. Notably, this research validated the fact that following an evaluative framework, the governance quality of climate finance can be measured. The evaluative framework (prioritizing, accessing, delivering and monitoring), combined with key criteria of good governance (transparency, accountability, participation, integrity and coherence) successfully assessed the performance of the four major stakeholder groups (International aid agencies, NGOs, private and public sector). It is expected that from the findings, the major stakeholders will be able to have a holistic view of their existing status, progress and pitfalls. Therefore, collaboration and further exploration of synergies is desired among the stakeholders for ensuring maximum utility of climate finance. The overall institutional capabilities have to be improved and a clear mandate has to be built so that an enhanced capacity to manage and coordinate climate investments grow among stakeholders.

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## Annex 1: Scores for Adaptation Finance Governance Standards

Components	Transparency	Accountability	Participation	Coherence	Integrity	Overall
<b>Prioritize</b>	3.1	3.04	3.01	3.43	2.97	3.12
<b>Access</b>	2.9	3.13	2.83	3.35	2.83	3.01
<b>Deliver</b>	3.1	2.87	3.02	3.31	2.89	3.03
<b>Monitor</b>	3	3.01	2.69	3.23	2.85	2.96
<b>Average</b>	3	3.01	2.89	3.33	2.89	3.03

INTERNATIONAL AID AGENCIES	Transparency	Accountability	Participation	Coherence	Integrity	Average
<b>Prioritize</b>	3.42	3.36	3.2	3.59	3	3.32
<b>Access</b>	3.23	3.51	3	3.39	3.18	3.26
<b>Deliver</b>	3.62	3.22	3.31	3.44	3.42	3.4
<b>Monitor</b>	3.6	3.47	2.97	3.41	3.26	3.34
<b>Average</b>	3.47	3.39	3.12	3.46	3.22	3.33

PUBLIC SECTOR	Transparency	Accountability	Participation	Coherence	Integrity	Average
<b>Prioritize</b>	3.14	2.85	2.97	3.62	2.97	3.11
<b>Access</b>	2.74	2.89	2.66	3.44	2.71	2.89
<b>Deliver</b>	2.71	2.44	2.77	3.35	2.47	2.75
<b>Monitor</b>	2.57	2.76	2.44	3.26	2.62	2.73
<b>Average</b>	2.79	2.74	2.71	3.42	2.69	2.87

PRIVATE SECTOR	Transparency	Accountability	Participation	Coherence	Integrity	Average
<b>Prioritize</b>	2.59	2.43	2.33	2.88	2.68	2.58
<b>Access</b>	2.41	2.63	2.33	2.96	2.46	2.56
<b>Deliver</b>	2.52	2.54	2.5	2.93	2.54	2.6
<b>Monitor</b>	2.58	2.64	2.19	2.81	2.5	2.54
<b>Average</b>	2.52	2.56	2.34	2.9	2.54	2.57

NGOs	Transparency	Accountability	Participation	Coherence	Integrity	Average
<b>Prioritize</b>	3	3.5	3.54	3.65	3.25	3.46
<b>Access</b>	3	3.48	3.33	3.62	2.97	3.35
<b>Deliver</b>	3	3.26	3.49	3.52	3.15	3.37
<b>Monitor</b>	3	3.18	3.15	3.45	3.03	3.2
<b>Average</b>	3.33	3.36	3.38	3.56	3.1	3.34

SELF-SCORES				
SCORES FROM (Below)	International Aid Agencies	Public Sector	Private Sector	NGOs
<b>International Aid Agencies</b>	3.93	3.22	2.68	3.97
<b>Public Sector</b>	3.64	3.27	2.92	3.82
<b>Private Sector</b>	2.93	2.21	2.01	2.72
<b>NGOs</b>	3.2	2.73	2.68	3.5

## ANNEX 2: ADAPTATION FINANCE GOVERNANCE STANDARDS FOR BANGLADESH

### Preamble

TIB's research work on climate finance governance, particularly an institutional assessment of climate finance governance in 2013,<sup>16</sup> has revealed a complex and fragmentary funding landscape that is complicating the efforts to track financial flows and to ascertain who should be held accountable for decisions and results. These findings were echoed in the event, 'Integrity Dialogue on Climate Change Adaptation Finance Transparency: Accountability and Participation' that was held on 29 March 2016<sup>17</sup>. At that event, it was agreed that Bangladesh and other climate-affected countries must work together to build individual and collective capacity to ensure the highest level of integrity, transparency and accountability. It was also identified that harmonized fiduciary standards for all climate funds and clear and consistent systems of budget classification will raise the bar of climate governance standards of Bangladesh. Along with that better accountability metrics, state audits and performance evaluations of all climate projects are prerequisites. Against this backdrop, the study Adaptation Finance Governance Standards Assessment outlines the minimum quality of governance standards based on the four major components (prioritization, access, deliver and monitor) of adaptation finance in Bangladesh. In order to fashion this document, a rigorous consultative process with stakeholders was undertaken. A total 35 participants from four stakeholder groups (four from International aid agencies, seven from government agencies, seven from NGOs and eight from private sector) were interviewed to agree on baseline standards of adaptation finance governance in Bangladesh. A one-day interactive workshop was then conducted where these stakeholders reviewed the findings of the baseline assessment, suggesting recommendations and agreeing on minimum standards of good governance in adaptation finance. During the workshop, all stakeholders proposed a formation of a governance group that would meet annually to review progress by all stakeholders towards these minimum standards. Thus, this document is intended to be used as a self-monitoring tool for all stakeholders to analyze their progress in upholding the quality of adaptation finance governance. Transparency International Bangladesh will also use this document, annually, to revisit the findings of the baseline study.

### Stakeholder groups

Good governance is determined by the interplay between key stakeholders in a certain sector. In adaptation finance, various stakeholder groups are involved in decision-making, planning, implementing, monitoring and evaluation of funds and projects. The stakeholder groups range from different global decision-making bodies (e.g. UNFCCC) to grass root level citizens (e.g. beneficiary of a certain climate project). Considering the interplay of different stakeholders in Bangladesh, broadly four major stakeholder groups were identified in this study for assessing the governance standards of adaptation finance governance. These four stakeholder groups are:

- A. International aid agencies
- B. Public sector
- C. Private sector and
- D. Non-Government Organizations (NGOs)

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<sup>16</sup> M. Zakir Hossain Khan, Mahfuzul Haque and Mohua Rou (2013), *An Assessment of Climate Finance Governance Bangladesh*. Available at: [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)

<sup>17</sup> Transparency International Bangladesh (2013), Available at: <https://www.ti-bangladesh.org/beta3/index.php/en/cfg/173-climate-events/integrity-dialogue/5307-dhaka-integrity-dialogue-2>

## A. International Aid Agencies

Although the scope of this research is national rather than international, it is important to consider the influence of international funding agencies, particularly when individuals from these agencies work closely with country partners. It is likely that these funding agencies may participate in priority setting, assist in accessing climate funding and help to monitor progress. While institutional capacity is a major challenge<sup>18</sup> & <sup>19</sup>, a major portion of global climate finance channels to Bangladesh through bilateral and multilateral aid agencies and financial institutions. In this backdrop, aid agencies act as a medium to channel climate finance in Bangladesh, which is pledged by developed nations. Moreover, these agencies provide bilateral funding support directly to specific climate projects implemented by public sector, NGOs and private agencies<sup>20</sup>. However, global climate funds such as the GCF and Adaptation Fund (AF) have a direct access mechanism for the receiving country institutions<sup>21</sup>. Therefore, International aid agencies play an influential role in adaptation finance to ensure good governance in decision making for funding activities. The following minimum standards were agreed for international aid agencies:

### Minimum governance standards for prioritization of adaptation finance

- Multi-level stakeholder forums are formed for decision making and prioritization of adaptation finance projects and programs
- Sector and location specific vulnerability assessments are conducted to prioritize projects
- Transparent beneficiary selection criteria is set and project needs assessments are conducted

### Minimum governance standards for accessing adaptation finance

- Global level advocacy is conducted for providing timely and adequate adaptation funds based on national need and priority
- A system is developed for sharing information describing the rationale for project selection, activities, budget system of monitoring and evaluation
- An effective complaint handling mechanism is developed and deployed
- Social and environmental safeguards are considered
- An effective coordination mechanism is developed among donors before finalization of the proposals to identify areas of collaboration and to avoid duplication of activities.

### Minimum governance standards for delivering adaptation finance

- Proactive disclosure of information is ensured at project locations so that citizens can monitor the project
- Project related information is disseminated through TV, Radio and other social media
- A code of conduct is developed for the project implementing authorities to ensure governance related compliance
- Bottom-up approaches are followed to ensure participation from all stakeholders
- A thorough evaluation is carried out of the implemented projects to assess the impact of the projects
- Training, orientation and capacity building initiatives for climate finance stakeholders are enhanced.

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<sup>18</sup> ActionAid Bangladesh (2012), Ensuring Access for the Climate Vulnerable in Bangladesh: Financing Local Adaptation, Available at: <http://icccad.net/wp-content/uploads/2015/12/Financing-Local-Adaptation-publication.pdf>

<sup>19</sup> Mohammad Mejbahuddin (2015), Accessing Green Climate Fund; Challenges and opportunities. Available at: [http://erd.portal.gov.bd/sites/default/files/files/erd.portal.gov.bd/page/1a7e22cf\\_6faf\\_488a\\_86ff\\_d57855ea38cc/Challenges%20%26%20Opportunities%20in%20Accessing%20GCF%20Fund.pdf](http://erd.portal.gov.bd/sites/default/files/files/erd.portal.gov.bd/page/1a7e22cf_6faf_488a_86ff_d57855ea38cc/Challenges%20%26%20Opportunities%20in%20Accessing%20GCF%20Fund.pdf)

<sup>20</sup> M. Zakir Hossain Khan, Mahfuzul Haque and Mohua Rou (2013), *An Assessment of Climate Finance Governance Bangladesh*. Available at: [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)

<sup>21</sup> GIZ (2016), Enabling Access to the Funds. Available at: <https://www.giz.de/en/downloads/giz2016-en-enabling-access-to-funds.pdf>

## Minimum governance standards for monitoring adaptation finance

- Capacity building initiatives for project beneficiaries, IMED, OC&AG and implementing entities to audit, monitor and oversight project outcomes
- A result based monitoring and evaluation system is produced by setting evaluation criteria
- Practice local community and citizens-led monitoring of projects and apply social accountability tools to ensure accountability
- Capacity building initiatives exist for project beneficiaries to monitor the outcome of projects
- Disclosure of monitoring and evaluation of reports and organize periodic coordination meeting with the relevant stakeholders.

## B. Public Sector

The public sector includes national and local institutions, which mostly refers to government organizations, agencies and statutory bodies. In Bangladesh, the public sector plays a multi-functional role, from funding through to monitoring and evaluation, in adaptation finance governance. The public sector also plays a substantive role in prioritizing adaptation finance as soon as it is accessed and delivered for implementation; the public sector is responsible for implementing 66 percent of BCCTF funded activities<sup>22</sup> and 83 percent of BCCRF funded activities<sup>23</sup>. Thus, without good governance in the public sector, financing for climate projects in Bangladesh will not benefit the most vulnerable people. The public sector also plays a key role to coordinate with concerned agencies to ensure proper application of the MRV. Local project implementing organizations also conduct the project need assessment, and set project priorities for funding. Being a local level implementer, they also implement the projects, assess the progress and evaluate the results to ensure sustainability of projects. Examples of national and local institutions are the Bangladesh Water Development Board, the Local Government Engineering Department (LGED), the Department Of Disaster Management, the Department of Forest (DoE), the Department of Agriculture (DoA) and other autonomous bodies and research institutes such as the Barind Multipurpose Development Authority (BMDA), and Bangladesh Institute of Development Studies (BIDS). The following minimum standards were agreed for public sector:

## Minimum governance standards for prioritization of adaptation finance

- The term ‘climate finance’ is defined through public consultation and the definition is reflected in relevant government policies
- A climate finance strategy is adopted by the government including a comprehensive annual climate budget
- Strengthened coordination and collaboration among Local Government Institutions (LGIs) such as Upazilla, Zilla Council and Unions to identify adaptation needs and priorities
- Based on the vulnerability assessment, a scientific mechanism is developed to prioritize projects in coordination with relevant stakeholders involving technical experts
- A system for proactive disclosure of information on project selection criteria, social and environmental impact assessment and other prioritization rationales is developed
- A multi-stakeholder forum is formed and actively sharing knowledge for transparent decision making

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<sup>22</sup> IIED (2010), The Bangladesh National Climate Funds: A brief history and description of the Bangladesh Climate Change Trust Fund and the Bangladesh Climate Change Resilience Fund. Available At: <http://ldccc.org/ldc/documents/bangladeshnationalfund.pdf>

<sup>23</sup> World Bank (2017), About BCCRF. Available At: <http://siteresources.worldbank.org/INTBANGLADESH/Resources/AboutBCCRF.pdf>

- A bottom-up approach is developed and used to revise national policies on a regular but realistic interval to prioritize projects and ensure consistent policies.

#### **Minimum governance standards for accessing adaptation finance**

- A capacity building strategy is adopted for potential implementing organizations to enhance fiduciary standards and develop creative project proposal to access national and international climate funds
- Feasibility studies by credible expert individuals or organizations
- Policy is adopted and implemented to conduct social and environmental impact assessments mandatorily for climate projects and comply with the findings
- A mechanism for integrated decision-making is created to avoid institutional conflict and duplication of projects
- A code of conduct is developed for public sector entities to avoid conflict of interest and political influence in project selection and approval
- An effective complaint and grievance redress mechanism exists within each project implementing authority
- An online and offline system exists for disclosure of project related information including auditing, monitoring, reporting and verifying reports.

#### **Minimum governance standards for delivering adaptation finance**

- The proactive disclosure of project budget, activity, project implementation areas, beneficiary stakeholder list is ensured
- Time-bound delivery of project funds for implementation based on a realistic action plan
- Dissemination of project related information, success story and challenges in different electronic and print media
- A robust code of conduct for project staffs, contractors and stakeholders involved in delivering project activities
- A citizen-friendly complaint and grievance redress mechanism is implemented
- Enforcement of disciplinary actions against project staff and contractors for violation of human right
- Adoption of whistleblower protection act
- Capacity building of project staffs for compliance and effective delivery of project deliverables
- A bottom-up mechanism exists to share best practices and feedback to mainstream the findings with national policies
- Strengthened internal monitoring, evaluation auditing mechanism to prevent the misuse and embezzlement
- An independent body or platform to oversee fund and project activities is operational
- Provisioning an independent assessment of projects and programmes by public agencies to verify project outcomes and disclose the report.

#### **Minimum governance standards for monitoring adaptation finance**

- Ongoing capacity building of IMED and OC&AG to monitor and verify the climate projects
- Suitable financial and human resources for IMED and OC&AG to monitor all adaptation projects
- The disclosure of monitoring, evaluation and audit reports in public domain
- Capacity building of CSOs and project stakeholders for citizen led monitoring of adaptation projects applying social accountability tools (e.g public hearing, project tracking).



### C. Private Sector

Private sector firms and corporations may act as executing and implementing partners for projects and may exert substantial political power during the prioritization phase of adaptation finance. In Bangladesh, the private sector is mostly involved in project implementation as a contractor or intermediary between agencies, with a focus on adaptation activities like construction of cyclone shelters, roads and embankments, solar and renewable energy supplies. Being an intermediary agency, they are responsible for ensuring the quality of construction to be climate resilient and cost-effective, ensuring human rights, ecological, environmental and social integrity<sup>24</sup>. Recently Infrastructure Development Company Limited (IDCOL) has received GCF accreditation, which plays a major role in supplying and bridging the financing gap for developing medium to large-scale infrastructure and renewable energy projects in Bangladesh. The company is one of the market leaders in supplying private sector renewable energy technologies in Bangladesh<sup>25</sup>. In addition, banks and other private investors have the potential for funding in adaptation sectors to reduce climate vulnerability through blending their investments with public finance<sup>26</sup>. As private sector stakeholders, experts and media play important role in conducting research, outreaching good practices and whistleblowing against any form of corruption in adaptation finance through writing investigative reports. Therefore, the survey of the research has included some major private sector participants including IDCOL, IDLC, journalists from electronic and print media (Table-2). During the workshop, stakeholders recommended the following suggestions to raise the standards in adaptation finance for private sector;

#### Minimum governance standards for prioritization of adaptation finance

- Private sector involvement in national policies and strategies is mainstreamed (e.g SDGs, Paris Agreement, INDC, Seventh Five Year Plan)
- Prioritizing projects consistent with the national policies, priorities and action plans
- Participation of all relevant public, private and NGOs in decision-making processes
- Projects that could use indigenous technologies and local knowledge are prioritized.

#### Minimum governance standards for accessing adaptation finance

- Capacity building of private organization for developing innovative and dynamic adaptation projects to access global funds
- Effective coordination mechanism exist among relevant public and private organizations to ensure access in climate funds
- Meaningful consultation with stakeholders and project beneficiaries in project formulation phases takes place to ensure participation
- A standard criteria for beneficiary selection exists to ensure the wellbeing of vulnerable communities
- Comply with social and environmental impact assessment findings to strengthen social and environmental safeguard
- Disclosure of project information and activities through online and offline systems
- Policy and code of conduct is implemented to avoid undue political pressure
- E-tendering and procurement processes are transparent

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<sup>24</sup> CDKN (2016), *Building Readiness of the Private Sector in Bangladesh for GCF Accreditation*. Available at: <https://cdkn.org/wp-content/uploads/2016/06/Business-case-for-the-Bangladeshi-private-sector-to-invest-in-climate-change-and-access-international-climate-finance.pdf>

<sup>25</sup> IDCOL (2018), *About IDCOL*, Available at: <http://idcol.org/home/about>

<sup>26</sup> CDKN (2016), *Building Readiness of the Private Sector in Bangladesh for GCF Accreditation*. Available at: <https://cdkn.org/wp-content/uploads/2016/06/Business-case-for-the-Bangladeshi-private-sector-to-invest-in-climate-change-and-access-international-climate-finance.pdf>

- Disclosure of project agreements, contracts, terms of references.

#### **Minimum governance standards for delivering adaptation finance**

- Project implementation guidelines are formulated to comply with national and international standards
- Proactive disclosure of project related information (e.g project proposal, activity, beneficiary, progress reports)
- Public consultation and awareness raising to engage local community in project implementation at different stages of the project cycle
- Effective complaint and grievance redress mechanisms
- Social accountability tools exist to ensure citizens participation in project monitoring
- Project evaluation criteria is available and strengthened internal monitoring and audit systems are enforced for project implementation and verifying project outcomes
- Disseminated success stories and best practices through electronic and print media
- Enforcement of disciplinary actions against project staff and contractors for violation of human right and political intimidation.

#### **Minimum governance standards for monitoring adaptation finance**

- Capacity building of the private sector to monitor projects consistent with the goal of national policies and strategies
- Easy access to information regarding project allocation, budget, project activities, beneficiary selection process, technical report
- User-friendly online system for disclosure of monitoring, evaluation and audit reports in an easy, verifiable and communicable manner
- Independent assessments of climate projects take place
- Adoption of social accountability tools for citizen lead monitoring and tracking of projects
- A comprehensive reporting mechanism is used for the public sector contribution.

### **D. Non-Government Organizations (NGOs)**

Being an important development partner, NGOs of Bangladesh work closely with Government of Bangladesh institutions, and climate-vulnerable communities by implementing various community-led projects. They receive funds from both government and international aid agencies to implement climate change projects. Notably, NGOs carry out 10 percent of BCCTF<sup>27</sup> and BCCRF<sup>28</sup> funded activities to implement climate change projects. NGOs help global and national decision-makers to assess the adaptation needs, establish best practices and help to achieve national goals. Some NGOs works for capacity building of government stakeholders through partnering and engaging local beneficiaries. Examples of some NGOs working in adaptation finance are Aranyak Foundation, CNRS, CLEAN, RDRS, and the NGO Forum on Public Health etc. Therefore, as important interlayer at local, national and international, they are likely to know a great deal about the transparency, accountability and integrity issues in adaptation finance. A small number of national and local NGOs also play the role of a watchdog and acting as a pressure group for more transparent, robust and effective adaptation finance.

#### **Minimum governance standards for prioritization of adaptation finance**

- NGOs assist government for vulnerability based prioritization of projects

<sup>27</sup> Reuters (2013), *Watchdog finds malpractice in Bangladesh climate finance*. Available at: <http://news.trust.org/item/20131015100349-6sbou/?source=hptop>

<sup>28</sup> World Bank (2012), *Bangladesh Climate Change Resilience Fund*. Available at: <http://www.worldbank.org/en/news/feature/2012/05/22/bangladesh-climate-change-resilience-fund-bccrf>

- NGOs are engaged in environmental and social impact assessments
- Proactive disclosure of information to NGOs on beneficiary selection and assessment reports
- NGOs and CSOs are engaged in meaningful cooperation, coordination and participation in the planning phase of projects
- A bottom up approach is used for decision-making that prioritizes community-led projects
- NGOs engage the government and international community for timely and priority based funding in adaptation projects
- NGOs publicly participate in the prioritisation of projects to avoid undue influence and ensure integrity
- Capacity building of national and local NGOs to develop and access adaptation funds
- NGOs engage the government for periodic reviews of national policy and actions to prioritize need based project implementation.

#### **Minimum governance standards for accessing adaptation finance**

- Public disclosure of information on agreements, complaints, evaluation criteria and reports and other project related documents
- Affected community consultation for decision-making and to avoid grievances
- Capacity building of potential national organizations by NGOs through sharing best practices to access climate funds.

#### **Minimum governance standards for delivering adaptation finance**

- Public consultation occurs for decision making during project implementation to ensure participation of all stakeholders
- Annual project budgets, location, activity, beneficiary list and progress reports are published
- Awareness raising on best practices through electronic and print media
- Code of conducts implemented for project staff to ensure accountability and integrity
- Citizen-friendly complaints mechanism's deployed
- Strong internal monitoring systems to ensure effective delivery and prevent embezzlement of funds
- Orientation for communities about project activities to monitor outcomes
- Independent assessment to verify project outcomes.

#### **Minimum governance standards for monitoring adaptation finance**

- An independent platform is formed by NGOs to advocate towards the government to make policy and practice consistent with national and international policy
- Public disclosure of monitoring, evaluation and audit reports using online portal or locally accepted communication tools such as information board, leaflets etc.
- Effective use of social accountability tools and raise awareness on good practices
- Capacity building of beneficiaries and citizens to engage and monitor adaptation projects.

## Conclusion

Considering all the components and indicators of adaptation finance governance, it is not farfetched to conclude that good governance cannot be achieved without progress in all indicators of governance (transparency, accountability, participation, coherence and integrity), which are interrelated with each other. Therefore, adopting good practices can raise the standards significantly. It can be deduced that enhanced people's participation and a robust disclosure mechanism can positively influence the interrelated indicators. If the overall governance standards can be upgraded, it will gradually reflect positively on all the components of good governance. In the context of upscaling climate finance, strengthening the capacity of public and private sectors can make our country an eligible candidate to access more global climate funds directly, which will help to bridge the existing financing gap of our country.

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