

Assessing Synergy between Climate and Development Projects

Which one is more effective, efficient and transparent?

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- The Paris Agreement was signed in 2016 with a pledge by the developed countries to provide financial support to the developing countries and a total 100 billion US dollar (USD) to be provided by 2020 by the rich countries
- The agreement further stipulated the LDCs to 'volunteer' reduction of greenhouse gas (GHGs) emission. Many has already pledged it through their submission in the NDC document





- Some authors have argued that "this successful negotiation outcome was achieved at the price of vagueness of obligations and substantial discretion for governments"
- One might argue that developed countries might substitute their Official Development Assistances (ODAs) pledges for their pledge towards the global climate fund (GCF).
- Some researchers have suggested to mainstreaming climate information, policies and measures into ongoing development planning and decision-making to make it sustainable, effective and efficient in terms of use of resources than designing and managing climate policies separately from ongoing development activities





- Existing global literature further suggests that there are synergies between development assistance, adaptation and mitigation expenditure which may lead to potential win-win solution(s) with a high degree of variability between and among sectors .
- However, most of such claims are argumentative in nature and are not based on statistical evidence. This particular research is addressed to mitigate this gap in the literature by using field data from development and climate projects in Bangladesh.



Background Context

- Bangladesh is at the footstep towards graduating out of the LDC status as it met the eligibility criteria for graduation in 2018 and is expected to graduate by 2024.
- While this is a great success story, it has made many non-governmental organizations (NGOs) into a worry as it might end up drying the pipeline of ODAs.
- The apprehension led many of the NGOs to diversify their portfolio into microcredit, and environment and climate change related issues.
- Similarly, threats of climate change have also led to reorient development activities where projects are designed to reduce poverty and a clean environment are also taken as a part of the strategies for poverty reduction and low carbon growth.

This resulted in even more confusion between activities completed as a part of a development project versus activities completed as a part of climate projects.



Climate Change and Government's Initiatives

- Government of Bangladesh as a part of their national commitments in 2009 created the Bangladesh Climate Change Trust Fund (BCCTF) to promote investment for building resilience through both adaptation and mitigation projects
- While the fund is designed to pool global funds into Bangladesh, the Government of Bangladesh also allocated nearly 400 million USD from its own resources and subsequently funded projects under this.



Climate Change and Government's Initiatives

- This window is separate from its regular development window to finance climate change related activities. Clearly, the government is keeping development activities geared towards reducing poverty separate from that of climate change related projects.
- Implicitly, it has, therefore, either assumed that a) the separation is possible and hence can be recorded separately or that b) the global communities need a fully separate bookkeeping of climate fund to maintain transparency and efficiency



Global Climate Finance: Current Status



Source: Climate Funds Update (2019)



Global Climate Finance Architecture (in million USD)

Types of Climate Funds	Pledged	Deposited	Approved	Disbursed	% of Pledged Amount	% Gap between Pledged and Disbursed Amount
Adaptation	4,125	4,013	3,395	1,558	13.6	63.2
Mitigation	11,281	10,177	8,189	3,079	37.1	72.7
Mixed	15,013	11,924	7,791	2,243	49.4	85.1
All	30,419	26,114	19,375	6,880	100.0	77.4

Source: Authors calculation from Climate Funds Update (2019).



Global Climate Finance Architecture (in million USD)

Country Group	LDCs			Non-LDCs			Total		
	Approved	Disbursed	Disbursed/ Approved (%)	Approved	Disburse d	Disburs ed/ Approv ed (%)	Approved	Disburse d	Disbursed / Approved (%)
LIC*	2,758.9	894.6	32.4	252.9	51.6	20.4	3,011.8	946.2	31.4
LMIC*	1,595.8	549.6	34.4	5,549.3	2,062.2	37.2	7,145.1	2,611.8	36.6
UMIC*	103.8	26.1	25.1	5,538.6	2,306.7	41.6	5,642.4	2,332.8	41.3
HI*	-	-	-	676.8	155.0	22.9	670.8	149.0	22.9
Rest**	-	-	-	2,904.9	840.5	28.9	2,904.9	840.2	28.9
Total	4,458.5	1,470.3	33.0	14,922.5	5,416.0	36.3	19,375.0	6,880.0	35.5

Source: Authors calculation from Climate Funds Update (2019).



Status of ODA Funds



Source: Authors calculation from OECD database



Aid Flow by Categories from DAC Countries (as % of net ODA)



Source: Authors calculation from OECD database

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Research Objective

 Based on the discussion above, the research objective of this study is to examine projects funded through the BCCTF window of the Government of Bangladesh and see if these projects are significantly different from that of projects financed through the ADP window.





- Analysis of differences in perception of the stakeholders (beneficiaries, local community members including nonbeneficiaries and project personnel) between BCTTF and ADP projects has been done using several criteria.
- Differences in the impact of the projects were estimated based on perception on a) economic impacts, b) poverty impacts, c) social impacts, and d) resilience impacts of the projects.
- Perceptions on these impacts are derived using the Likert scale on these categories from the stakeholders of the projects.
- Furthermore, both of the projects were also tested based on perception of their stakeholders on the basis of DAC criteria and on the basis of transparency and accountability criteria.





- A field-based questionnaire survey on the stakeholders of the projects was conducted using a mobile-based application.
- A total of 390 responses were thus collected from the stakeholders of the 17 BCCTF and 14 ADP projects. In addition, 10 KII responses were collected from coastal districts of Barguna, Bhola, Cox's Bazar and Satkhira.
- Data collection, analysis and report preparation: July 2018- May 2019



Fund Allocation

Ministry	ADP allocation (Average of FY15 to FY19)	Climate- Relevant Fund in ADP (Average of FY15 to FY19)	BCCTF* Fund (up to Feb 2018)	% of climate- related fund in ADP**	% of the fund in BCCTF**	
	In crore BDT					
Local Government Division, MoLGRD	95,658	6,055	49,968	31%	42%	
Rural Development and Cooperatives Division, MoLGRD	6,232	971	3.00	5%	0%	
Ministry of Women and Children Affairs	1,285	132	5.00	1%	0%	
Ministry of Environment and Forests	2,370	570	135.15	3%	11%	
Ministry of Disaster Management and Relief	13,834	2,770	20.64	14%	2%	
Ministry of Agriculture	8,948	2,641	32.52	13%	3%	
Power Division, Ministry of Power, Energy and Mineral Resources	-	-	20.30	0%	2%	
Ministry of Health and Family Welfare	-	-	2.00	0%	0%	
Ministry of Water Resources	19,933	6,565	464.89	33%	39%	
Total	148,260	19704	1,183.19	100%	100%	

Source: Authors calculation from documents of Ministry of Finance and BCCTF



Overlaps between Climate and Development Projects



Economic impacts

In 5 different indicators for economic impacts, *development activities are* perceived significantly better than climate activities in support to improve economic condition and generate improved *income for poor*



Source: Authors calculation from ACD field Survey 2019. Note: * means significantly (statistically) different at 10%.

Poverty Impacts

In all 7 different indicators for poverty reduction, development activities and climate activities are perceived to have similar impacts except for facilitating microfinance activities.



Source: Authors calculation from ACD field Survey 2019. Note: * means significantly (statistically) different at 10%. Note: N/A means not enough data to test statistical difference in perception

Social Impacts

Development and Climate projects are similar in terms of their social impacts according to the perception of the stakeholders



Source: Authors calculation from ACD field Survey 2019. Note: N/A means not enough data to test statistical difference in perception

Resilience Building and Environmental Impacts

Development and climate projects are similar in terms of resilience building too.



Source: Authors calculation from ACD field Survey 2019. Note: * means significantly (statistically) different at 10%. N/A means not enough data to test statistical difference in perception

DAC Evaluation Criteria

- ADP financed projects are perceived to be better than that of BCCTF financed projects in terms of effectiveness (measured in terms of rendering benefits to the communities) and efficiency (measured in terms of being managed well) by their stakeholders.
- Both types of projects are perceived to be similar in terms of other DAC criteria such as relevance to the communities, timeliness of completion and sustainability.



Source: Authors calculation from ACD field Survey 2019. Note: * means significantly (statistically) different at 10%, ** at 5%, *** 1%. N/A means not enough data to test statistical difference in perception

Transparency and Accountability Criteria

Stakeholders thought that the BCCTF projects were financially transparent, they also thought that the quality of work was not acceptable to them.

- While it was not studied in this research, it could also be due to size of projects as an ADP project is more than double the size of an average BCCTF project.
- Another possible explanation is that while BCCTF projects handled financial matters efficiently it may not have been efficient in managing the tasks performed under the project.



Source: Authors calculation from ACD field Survey 2019. Note: * means significantly (statistically) different at 10%, ** at 5%.



Findings and Recommendation

- The study concludes that projects financed through the ADP windows are relatively (a) more effective to stakeholders and (b) better aligned to meet DAC criteria.
- As such, BCCTF projects may benefit from following the project implementation and monitoring process of the ADP projects.
- Finally, since many of the ADP projects have also climate components, there is also a need to carefully segregate climate activities of the development projects in order to access global climate funds and keep transparency in the process.



Thank You