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CORRUPTION RISKS IN NATIONAL CLIMATE FINANCE: THE BANGLADESH EXPERIENCE

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THE ADAPTATION CHALLENGE

- The consequences of climate change will not be distributed equally across the planet or among its populations.
- Climate change will likely have the most severe effects on developing countries like Bangladesh, whose citizens depend heavily on natural resources and systems for their basic livelihoods and as such, are most vulnerable to effects to climate change.
- Given these challenges, there is a clear need to adapt. Communities, many of which already face poverty challenges, will need to adjust their livelihoods, employ alternative technologies, and find new ways of managing scarce resources.
- Indeed, climate change adaptation has become an issue of human rights and justice in view of the daunting costs that the impacts of climate change pose for countries who have contributed least to the problem.



IMPACT OF CLIMATE CHANGE: BANGLADESH

The impacts of higher temperatures, more variable precipitation, more extreme weather events, and sea level rise are already felt in Bangladesh and will continue to intensify.

Increased climate change will cause more intense floods, droughts, and storms.

Affects of climate change on Bangladesh

Crop yields are predicted to fall by up to 30 per cent, creating a very high risk of hunger.

Predicted temperature increase will cause the melting of glaciers in the Himalayas.

The predicted sea-level rise will threaten valuable coastal agricultural land, particularly in low-lying areas.

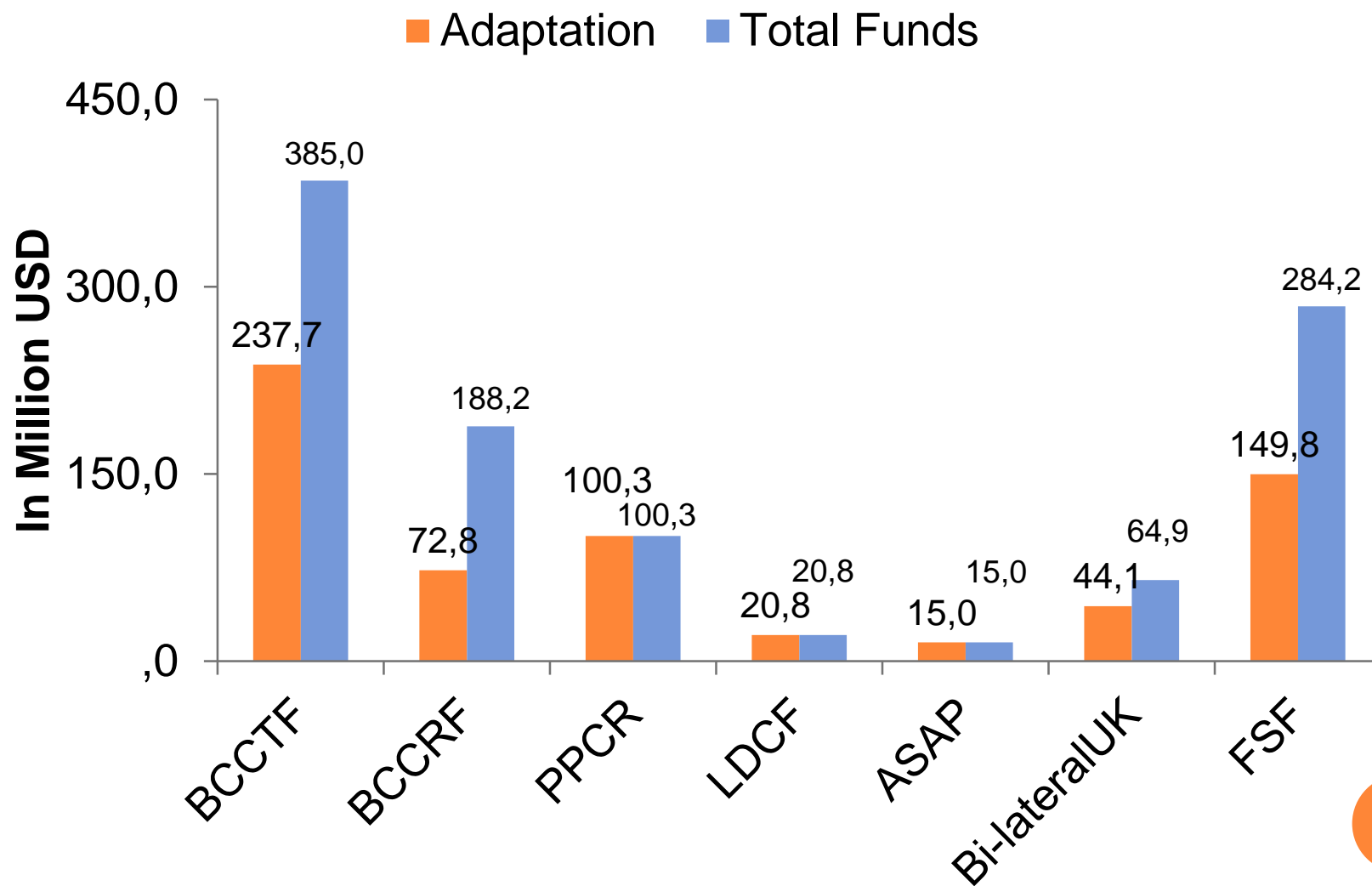
Low river flows and increased evaporation in the dry period will reduce the amount of fresh water that is available.

CLIMATE FINANCE: UNRESOLVED ISSUES

- Despite securing pledges for finance to assist developing countries with both mitigation and adaptation, there remain some unresolved issues:
 - Actual fund disbursement vis a vis amount pledged for developing countries;
 - Finance in the form of “loans” or “grants”, with developing countries insisting that only grants are appropriate;
 - A central question with major implications for adaptation finance is the issue of “additionality”--developing countries stress that climate change finance obligations are not achieved simply through a relabeling of existing development programmes and funds;
 - Lack of transparency in how developed countries are distributing and accounting for these funds;
 - How to structure institutions for climate finance that are effective, equitable, and accountable.



NATIONAL CLIMATE FINANCE MECHANISM



NATIONAL STRATEGIC/POLICY FRAMEWORK

- GoB climate sensitive sectoral policies and plans formulated since the 1990s do not recognise and address climate change issues (*National Environmental Management Action Plan 1995, National Water Policy 1999, National Water Management Plan 2001, National Land Use Policy, 2001, National Forest Policy 1994*);
- A shift from this inertia came with the introduction of the Comprehensive Disaster Management Programme which mainstreamed climate change adaptation issues.
- National Action Plan on Adaptation (NAPA) 2005 suggests adaptation strategies and priority activities to deal with effects of climate change, none of which have been implemented fully.



POLICY FRAMEWORK CONT...

- Bangladesh Climate Change Strategy and Action Plan (BCCSAP) 2009 outlines six key pillars under which climate change activities will be undertaken (Food security; Social protection and health; Comprehensive disaster management; Infrastructure; Research and knowledge management; Mitigation and low carbon development; Capacity building and institutional strengthening);
- Bangladesh Climate Change Trust Fund Act, 2010 underscores how the trust fund will be managed by both GoB and NGOs in implementing BCCSAP.
- BCCTF Gazette for NGO funding, 2009 provides guidelines for implementation of climate change projects by NGOs, sets qualifications and prerequisites

No policy suggests measures for conflict of interest/corruption control. Also no policy makes local level risk assessment obligatory for project preparations.



REACHING THE MOST VULNERABLE

- How climate change funding is disbursed, managed and governed will determine whether it would truly meet the needs of poor and excluded communities.
- **Paris Declaration on Aid Effectiveness 2005** (*ownership, alignment, harmonization, managing for results, mutual **accountability***);
- **Accra Agenda for Action, 2008** (***affirmed above commitments** in addition to other issues*);
- **Busan Partnership for Effective Development Cooperation 2011** (*commits to support national climate change policy and planning as an integral part of developing countries' overall national development plans, and ensure that – where appropriate – these measures are financed, delivered and monitored through developing countries' systems in a **transparent** manner*);
- **TI's Global Corruption Report on Climate Change 2011** (*a dramatic **strengthening of governance** mechanisms can reduce corruption risk and make climate change policy more effective and more successful*).
- Clearly, country 'ownership' of adaptation finance, while important, is not the only factor that will guarantee that these funds reach the most vulnerable--- **transparency, accountability, participation and capacity** are fundamental to ensuring effective management of the funds.



TRACKING CLIMATE FUNDED PROJECTS

Implementing Organization	Tracking of projects during 2012-2015
Department of Relief and Rehabilitation	Construction of cyclone resistant housing.
District Council including CHT district; Municipality	Construction of housing for climate affected people; infrastructure development; improvement of drainage system; bio-gas plant;
Local Government Engineering Department	Emergency 2007 cyclone recovery and restoration; construction of cyclone shelters, roads, growth centers.
Bangladesh Inland Water Transport Authority	Removal of accumulated polythene bags and other waste from canals;
Forest Department	Building embankment in coastal belt; participatory afforestation and reforestation (Support to Alternative Livelihood); re-vegetation of reserved forests through rehabilitation of forest dependent local and ethnic communities (Phase I & II)
Bangladesh Water Development Board	Land reclamation through construction of dam, polder, regulator; canal re-excavation; rehabilitation of polder; riverbank protection.
Barind Multipurpose Development Authority	Surface water irrigation and environmental development by creating water reservoir in drought prone area.

MAJOR CORRUPTION RISKS IN CF GOVERNANCE: TIB'S FINDINGS

Transparency	Accountability
<ul style="list-style-type: none">▪ <i>Limited/No disclosure of information on –</i><ul style="list-style-type: none">- Guideline regarding public access to information on procedures, activities, decisions and what prevails in practice- Project and beneficiary selection process- Project reports—M&E, advancement, completion- Role of affected local people and stakeholders in project monitoring and evaluation- ToR/modality between BCCRF/BCCTF and PKSF;-Decisions of BCCTF, BCCRF and PKSF;- Quality of construction materials, defects/flaws in ongoing project;- Existence of grievance redress mechanism at all stages of fund management;	<ul style="list-style-type: none">▪ Absence of local level climate risks assessment and adaptation planning;▪ Limited feasibility study/EIA/social impact assessment;▪ Absence of proper monitoring and verification of project activities;▪ Inadequate coordination between BCCTF and BCCRF;▪ Absence of grievance management system at all stages of fund management;▪ Weak enforcement of anti-corruption law;

MAJOR CORRUPTION RISKS IN CF GOVERNANCE: TIB'S FINDINGS

Integrity	Participation	Capacity
<ul style="list-style-type: none">▪ Political influence in project approval and selection;▪ Misuse of funds in collusion with decision-making authorities;▪ Weak internal control on financial and auditing compliance;	<ul style="list-style-type: none">▪ Lack of participation of community in project cycle including monitoring of implementation;▪ Absence of participation of affected community, CSOs and local people in fund management and implementation of projects;	<ul style="list-style-type: none">▪ Inadequate human resource, knowledge and technical skills of implementing agency;▪ Insufficient logistical support for project implementation;▪ Absence of a Secretariat to coordinate and monitor BCCRF activities

SOME EXAMPLES OF IRREGULARITIES

Bangladesh Climate Change Resilience Fund (BCCRF) Project (multi-donor) for construction of cyclone shelter (US\$ 25 million).

❑ Inaccurate information re: source of funds – in place of BCCRF (i.e., ‘new’ and ‘additional’), board shows funding source as ‘credit’ from the World Bank.

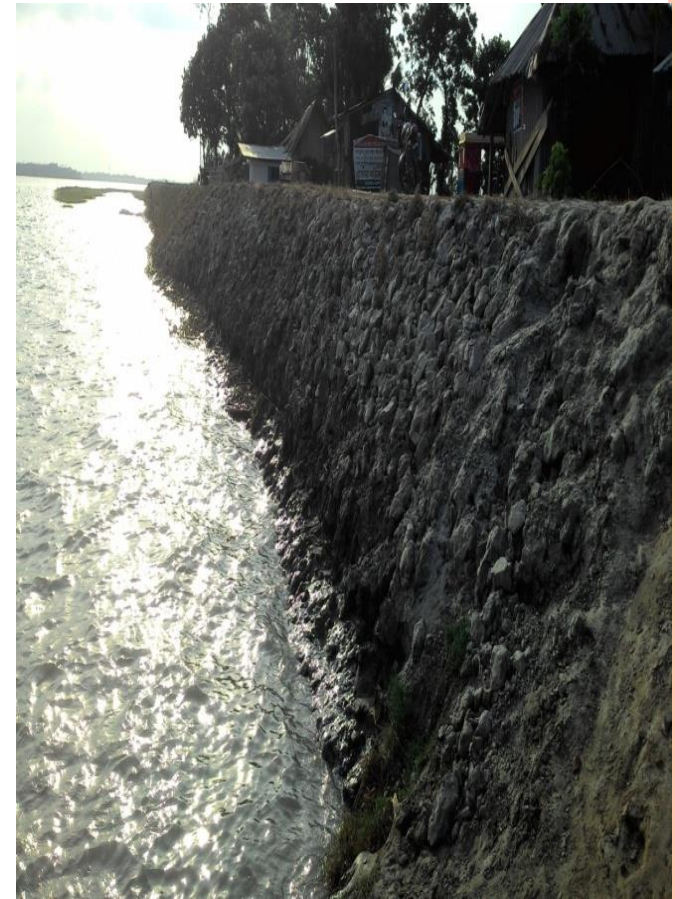
Following TIB’s study findings, an investigation by [The Guardian](#) revealed that Bangladesh has to pay \$3 for every \$1 loan as bilateral debt to World Bank.



EXAMPLES CONT...

BCCTF project for construction of 24 km flood control and protection embankment, irrigation facilities (US\$ 1.25 million, ongoing)

- ❑ **Absence of local level climate risk assessment, adaptation planning;**
- ❑ **Absence of consultation with local community;**
- ❑ **Drastic reduction of proposed budget without scientific assessment-- sluice gates for drainage of saline water dropped from plan> permanent blockage of 4 natural canals.**



EXAMPLES CONT...

Pilot Program for Climate Resilience (loan) funded project for construction of cyclone shelters, roads, small bridges, culverts, markets in coastal areas (US\$ 150 million):

❑ Allegation of political interference in bidder/contractor selection and compromising on quality of construction materials in collusion with local officials;

BCCTF funded project for installation of bio-gas plant for producing organic fertilizer from hyacinth and afforestation in the Hill District Council (US\$0.813 million):

- ❑ NGO involved in implementation owned by the then Environment Minister who was also the Chair of the BCCTF Trustee Board.**
- ❑ Fake beneficiary list -TIB identifies only 15 out of 50 names.**
- ❑ Allegation of embezzlement – withdrawal of project funds without installing bio-gas plant, planting trees.**

RECOMMENDATIONS

- Proactive disclosure of information and accountability must be ensured at every stage of climate finance, project selection, approval and implementation;
- Relevance and sustainability of climate projects and voices of affected communities must be taken into active consideration;
- Grievance redressal systems must be in place to receive and expeditiously resolve complaints at every level of climate fund management:
- Greater representation of the civil society must be ensured in decision making processes of climate fund providers and fund recipient agencies (both GO and NGOs);





THANK YOU!

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