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REDD+ Integrity in Bangladesh: Learning from Existing Climate Funds

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Summary

Bangladesh continues to be perceived as a country with high levels of corruption. Although there are improvements in government led anti-corruption efforts in the country, weaknesses in accountability, transparency and public participation are widely understood to inhibit a stronger drive to reduce corruption.

In this context, the further development of REDD+ in Bangladesh requires consideration to potential corruption risks. In particular, fund management is identified in many countries as being vulnerable to corruption and poor governance. This not only undermines the effectiveness of REDD+, but it can lead to reluctance among stakeholders to support REDD+ at the national level. Given Bangladesh's early phase in implementing REDD+, there is an opportunity to consider measures that can promote accountability in a future REDD+ funding mechanism. The task, however, is made difficult given that national planning for REDD+ remains in its early days, and important strategic decisions on implementing REDD+ have yet to be taken. It is therefore not entirely clear how a national REDD+ fund will work in Bangladesh, as well as the scale and type of funding that REDD+ will attract.

Given the uncertainty about a REDD+ fund in Bangladesh, this report draws lessons from existing climate finance funds in the country. Three main funds are reviewed; the Bangladesh Climate Change Trust Fund, the Bangladesh Climate Change Resilience Fund and the Pilot Programme for Climate Resilience. The report highlights a number of strengths and weaknesses in the management and oversight of these funds that may impact on vulnerability to fund mismanagement, as well as influence fund effectiveness. For each fund the report discusses:

- Oversight and project monitoring and evaluation
- Approaches towards transparency and access to information
- The strength of civil society participation
- The extent of local authority engagement
- The approach to conflicts of interests
- Complaints procedures and grievance mechanisms
- Fund co-ordination

While the research undertaken for this report does not allow for firm conclusions on any of these aspects, there are clear weaknesses across all funds. The available literature on climate finance in Bangladesh is consistent in recommending for improved governance, which is not only applicable to the national government, but also development partners supporting climate finance. There are however encouraging signs that improved co-ordination and accountability in managing climate finance may be achieved through the proposed Climate Fiscal Framework. This could improve transparency in climate finance, and strengthen the government's approach to public accountability in the spending of both public finances and development aid for climate related work.

The analysis of the three funds in Bangladesh, combined with international lessons on best practice for REDD+, leads to a number of considerations for anti-corruption in the country's REDD+ fund design. The report focuses on 8 themes:

1. The importance of developing a clear and transparent strategy for the use of REDD+ funding at an early stage. This includes developing detailed eligibility criteria for the use of funds, which in turn limits the scope for nepotism and conflicts of interests.

2. The need to have an informed discussion on different approaches to fund governance, including the strengths and weaknesses of establishing an independent fund or embedding a REDD+ fund within pre-existing government bodies. While there is no blue print for this, Bangladesh stakeholders may benefit from considering successful approaches adopted in other REDD+ implementing countries, which include establishing multi-stakeholder technical committees.
3. The importance of engaging formal oversight bodies from an early stage, which requires capacity building and sensitization. This includes the need to engage parliament and relevant parliamentary committees on climate change, as well as the benefits that may come from integrating REDD+ in the country's new Climate Fiscal Framework. This could give a stronger role for REDD+ for the Ministry of Finance and the Planning Commission.
4. The need to ensure high levels of fund transparency and access to information, based on full implementation of the 2009 Right to Information Act. Care needs to be given to both proactive transparency and establishing strong procedures that ensure the public's right to request information. A REDD+ fund mechanism should ensure resources are available to deliver on this commitment.
5. To develop a clear and effective approach to civil society participation, which needs to go beyond *ad hoc* stakeholder meetings and consider more permanent platforms where civil society is able to self-select representatives. Bangladesh should consider the good examples found in other REDD+ fund mechanisms from other countries.
6. To consider the opportunities for how a REDD+ fund mechanism can work with local elected authorities to improve decision-making and accountability of fund use at the local level.
7. To develop a strong approach to fund monitoring and evaluation, which takes into consideration the hazards of conflicts of interests and uses strong peer review mechanisms. Monitoring and evaluation reports also need to be shared widely, including with relevant parliamentary committees tasked with oversight of climate related work. Where possible, a REDD+ fund should explore the potential for participative methods of project evaluations.
8. And finally, the need to ensure a REDD+ fund has a robust and viable system for complaints and grievances, which includes a formal mandate for an independent body to have the powers to investigate any serious allegations of corruption or human rights abuses stemming from the use of REDD+ funds.

1. Introduction

Bangladesh is at an early stage of developing a national REDD+ strategy, and is currently implementing a REDD+ road map with technical and financial support through the UN-REDD Programme.

As part of its REDD+ road map, the Government of Bangladesh identified the need to undertake a corruption risk assessment for REDD+. It is now well established that corruption can act as an important barrier to achieving REDD+, and the implementation of REDD+ also comes with corruption and governance risks, and therefore planning to mitigate these risks is essential for the success of the initiative. One of these risks lies with the integrity of REDD+ fund management.

The following report contributes to this task and provides a discussion on what measures could be taken to improve the integrity of a future national REDD+ fund management mechanism in Bangladesh. The approach identified for the report is to consider lessons from existing climate funds in the country. As will be described, although the three main funds represent important initiatives to improve the response to climate change in the country, there are governance shortfalls in each fund that need to be understood and reflected in the design and implementation of a potential REDD+ fund management mechanism.

The comparison between climate funds in Bangladesh and a potential REDD+ fund management mechanism is appropriate given that many of the government Ministries and departments, as well as donors and civil society actors, engaged in climate finance will also be involved in REDD+ activities. Moreover, issues of forest conservation and deforestation are clearly linked with existing efforts to respond to climate change in Bangladesh, as some of the projects currently financed through the three climate funds are forest related.

However, it should be noted from the outset that several strategic decisions about REDD+ in Bangladesh have yet to be finalized, including on which one(s) of the five REDD+ activities to focus and where they will be implemented. Decisions will be based on a clear understanding of potential policies and measures that can address drivers of forest cover change and their underlying causes in a socially and ecologically acceptable manner. These decisions will influence how REDD+ fund management will work. Moreover, it is difficult to predict when a potential REDD+ fund management mechanism in Bangladesh could secure initial costs of implementing its REDD+ policies and measures, start receiving performance based payments, as well as the likely scale of these payments. A national REDD+ fund management mechanism may initially rely on grants and concessional loans, and due to Bangladesh's relatively limited forest cover, REDD+ will likely exist on a much smaller scale than financing for broader climate change efforts in the country.

The structure of this report is as follows:

Section 2 considers the enabling context in Bangladesh for achieving transparency and accountability in REDD+.

Section 3 describes the three climate funds and considers the quality of their governance according to several interrelated criteria. These include the quality of oversight and accountability mechanisms, the degree of transparency in their management, the extent to which they engage civil society and locally elected authorities, and how they manage conflicts of interests and grievance mechanisms. This part of the report also describes the

proposed Climate Fiscal Framework; a new effort to improve monitoring and accountability in climate finance that is relevant to improving governance of the three main climate funds, as well as to potentially informing the design of a REDD+ Fund.

In Section 4, the report offers a discussion on the key aspects that need to be considered in the design of a national REDD+ fund management mechanism to strengthen its integrity and effectiveness. Where appropriate some lessons are also drawn from the experiences of national REDD+ Funds from other countries.

The report draws largely on desk-top research and has benefited from personal communications and interviews with several experts in Bangladesh on climate finance, as well as input and guidance from UNDP¹.

2. The Enabling Context

An assessment of potential strengths and challenges to the development and effective management of a national REDD+ Fund in Bangladesh requires an initial overview of the extent to which national legislation and institutions enable transparency and accountability. Where this enabling context is weak, particular attention is needed in the development of REDD+ funding mechanism to ensure both the right to information and oversight and accountability mechanisms. The analysis here considers several key aspects:

1. Anti-corruption legislation

The country's first domestic legislation against corruption was the Prevention of Corruption Act, passed in 1947. Since then the country has updated the Act in 2004 and passed the Anti Corruption Commission Rules in 2007.

Bangladesh became a signatory to the United Nations Convention against Corruption (UNCAC) in 2007. Bangladesh is also a member of the Asian Development Bank/OECD Anti-Corruption Initiative for Asia-Pacific. Reviews of the legal regime in place to fight corruption in the context of satisfying UNCAC have previously established that the country has good legislation and rules in place; it effectively establishes the criminalization of corruption, including illicit enrichment, as well as money laundering.² Bangladesh has also been subject to a civil society review of its implementation of UNCAC, undertaken by Transparency International Bangladesh in 2012.³

However, controversial changes to the 2004 Anti-corruption Act were passed by Parliament in 2013, through the Anti-Corruption Amendment Bill. This undermined the independence of anti-corruption and law enforcement agencies by stipulating that any efforts to prosecute public servants, judges or magistrates for corruption must obtain government permission.

¹ This report was prepared by Andre Standing, UNDP Consultant, with input from the UNDP/UN-REDD team - especially Estelle Fach, Governance and Accountability Programme Specialist, Elspeth Halverson, Programme Coordinator, and Akihito Kono, Regional Technical Advisor. Alamgir Hossain, Programme Analyst, UNDP Bangladesh, also contributed.

² The Government of the People's Republic of Bangladesh (2008) "UNCAC: A Bangladesh Compliance and Gap Analysis (Second Edition)", available at: <http://www.u4.no/recommended-reading/uncac-a-bangladesh-compliance-and-gap-analysis/>

³ Transparency International Bangladesh, (2012) "Bangladesh: Civil Society Organisation Report in Support of the Implementation Review Mechanism of UNCAC", available at: <http://www.ti-bangladesh.org/research/UNCAC-Review-FinRev.pdf>

Amid growing recognition that corruption was a significant problem affecting public procurement procedures in Bangladesh, regulations and guidelines were been strengthened during the mid 2000s, including the establishment of the Central Procurement Technical Unit (CPTU) within the Ministry of Planning, that has the mandate of monitoring and compliance of procurement regulations and the Public Procurement Act of 2006. This strengthened regulations on competitive tendering and required new procedures for the employment and training of procurement officials in government ministries.

However, amendments to the Public Procurement Act were made in 2009 and 2010 relaxed the regulations to some extent. Independent analysis of the implementation of Public Procurement Act in 2012 suggests that corruption remains a large problem and is poorly controlled by the CPTU, and that procurement officials in many government authorities are bypassed in contract negotiations.⁴

Bangladesh is not party to the WTO Agreement on Government Procurement, nor has it registered as an Observer.

2. Anti-Corruption Agencies

The Anti-corruption Commission (ACC) was established in 2004, and has remained the primary governmental body tasked with deterring and investigating corruption in the country. Although it has been able to effectively prosecute individuals for corruption, it is widely reported that the effectiveness of the ACC is limited, mainly due to political interference and lack of independence in the criminal justice system. For example, in 2011 Transparency International reported that the government requested the ACC to drop over 10,000 pending cases. Several high level cases of corruption have also been dropped, including those implicated by the World Bank instigated investigations in 2012 into the Padma Bridge corruption scandal,⁵ while there have been allegations that more successful investigations and prosecutions have been politically motivated.

The 2013 Anti-Corruption Amendment Bill has contributed to a pessimistic view of anti-corruption efforts in the country, and may further undermine the independence of the ACC.

The Office of the Comptroller and Auditor General (CAG) is the Supreme Audit Institution of Bangladesh. It undertakes financial audits and selected performance audits of government ministries and departments, and commits to publishing these on its websites.

A recent review of the CAG was undertaken by Transparency International in Bangladesh.⁶ While noting improvements in the CAG, it raised several concerns about its ability to function well and improve integrity in government departments and ministries. A key obstacle to the work of the CAG lies with a significant shortage of resources and long bureaucratic delays. Transparency International describes that there are only 10 officials assigned to undertake annual audits of approximately 400 foreign aid projects in the

⁴ M. Islam, 2012, Improving Transparency in Public Procurement in Bangladesh: Interplay between PPA and RTI Act, Policy Note, BRAC University. Available at: http://www.bdresearch.org/home/attachments/article/nArt/Improving_Transparency_in_Public_Procurement.pdf

⁵ See the World Bank Statement on Padma Bridge issued in June 2012, available here: <http://www.worldbank.org/en/news/press-release/2012/06/29/world-bank-statement-padma-bridge>

⁶ Transparency International Bangladesh, 2015, "The Office of the Comptroller and Auditor General: Governance Challenges and Way Forward", available at: http://www.ti-bangladesh.org/beta3/images/2015/es_ds_cag_15_en.pdf

country, while the directorate for local government within the CAG and has 11 staff who have to audit nearly 12,000 institutions.

This evaluation provided by Transparency International also described that the extensive delays in conducting audits has meant only a few objections have been able to be dealt with, and by 2015 there were an estimated 52,000 objections waiting to be processed. Further weaknesses in the CAG stem from the sense that senior appointments have been politically motivated, while bribery for staff recruitment is reported to be widespread. Moreover, although the reports of the CAG are supposed to be discussed in Parliament, the level of scrutiny is low and the Public Accounts Committee has rarely raised any questions about the quality of reports.

3. Ombudsman

Bangladesh passed an Ombudsman Act in 1980, but has yet to appoint a general Ombudsman in practice. Ombudspersons are not established in all Ministries in Bangladesh. Moreover, independent bodies that are available to receive complaints and grievances from citizens beyond the criminal justice system and the ACC are sparse. For example, the National Human Rights Commission was established in 2010, and has the power to investigate instances of human rights abuse although it does not have the mandate to undertake investigations into specific cases nor is set up to receive specific cases. It therefore occupies more of an advocacy role.

The Information Commission (further described below) was established in 2010 and has the mandate to receive complaints regarding unsuccessful requests for information made by citizens to both the government and non-government organisations. It does possess powers to sanction government authorities for non-compliance.

4. E-Governance

Bangladesh has embarked on efforts to establish improved information sharing from public authorities via on-line platforms. The development of E-government forms part of a wider government initiative to promote information technology throughout the country by 2012, referred to as 'Digital Bangladesh'. UNDP has provided additional support through its access to information programme, which started in 2006. Progress in implementing a comprehensive programme of e-governance has been slow, with recent analysis suggesting initial progress has failed to keep momentum.⁷ The United Nations E-governance index, undertaken every two years, has seen Bangladesh lose ground to other countries in the region. In 2010 it was ranked 134th among UN countries, but falling to 150th in 2012, and 148th in 2014. However, as a ranking system, the UN survey does not provide good insight into actual performance achieved within the country.

Other analysis of progress in E-governance in Bangladesh site a number of challenges, including low levels of capacity (both resources and training) within government ministries, a lack of clear national policy framework, and limited access to computers and the internet in rural areas.⁸ It is also reported that political will to implement e-governance reforms appears lacking, both within Ministries and from central government. A recent study on the effectiveness of E-governance to combat corruption in Bangladesh described modest results,

⁷ Chowdry, M & Satter, A (2012) "the role of E-Governance in Creating Digital Bangladesh", International Journal of Advances in Science and technology, Vol 4(6).

⁸ Hassan, R (2013) "E-Governance and E-Government in Bangladesh: Performance, Challenges and Remedies", Asian Journal of Applied Sciences and Engineering, Vol 2 (2).

particularly in land administration, where information on land tenure has been digitalized. It was reported in this study that discretionary power of land officials remains a common problem, despite the availability of more electronic information to the public.⁹

5. Freedom of Information

The Government of Bangladesh passed the Right to Information Act in 2009. This represented the culmination of strong lobbying by anti-corruption and human rights advocates dating back to the early 2000s, and drafts of the Right to Information Act (RTI Act) were first presented to parliament in 2002. The Act that was passed by parliament in 2009 is generally considered to be strong, and is in line with international best practice. The purpose of the RTI Act is to increase transparency and accountability, decrease corruption and establish good governance. It is important to note that the Act includes the provision that no other law shall supersede it or work as an impediment to the Act. It mandates all ministries to install a Freedom of Information officer, and contains a long list of requirements for proactive publication by ministers and government departments. The RTI Act obliges government departments to respond to requests for information within 20 days. The Act also established a new Information Commission, with substantial powers to promote transparency and investigate and sanction government departments for non-compliance, while the Act also prescribes fines for non-compliance. Furthermore, every authority must prepare a catalogue and index of all information.

The implementation of the RTI Act is described as mixed so far. According to the 2014 Country Report on Human Rights Practices issued by the US Department of State, while the Information Commission has been able to undertake awareness raising activities, it has filed few cases for non-compliance with the Right to Information Act.¹⁰ However, a 2013 study into the implementation of the Act carried out by the Management Resources and Development Initiative described some positive aspects, including the appointment of information officers in many ministries and visible improvements in proactive transparency by some Ministries that could be attributed to the Act.¹¹ The study also found that awareness of the Act was low among rural communities and that there was not a strong demand for the use of the Act among journalists and many NGOs. Overall, this study argued that the Act was making a positive contribution to improving government transparency, but a great deal more effort was needed to improve its application. Still, the research found that the Information Commission was receiving thousands of requests for information, and that the use of the Act is likely to become stronger over time.¹²

Alongside the positive, albeit limited, impact of the RTI Act, have been more worrying moves to curtail freedom of information in the past few years.

In 2014 Parliament approved the Foreign Donations (Voluntary Activities) Regulation Act. This Act granted new powers to the NGOs Affairs Bureau in the Office of the Prime Minister

⁹ Baniamin, H (2015) "Controlling corruption through e-governance: Case studies from Bangladesh", U4 Anti-Corruption Centre, Bergen, Norway.

¹⁰ See Bangladesh country report issued by the US Department of State, available here: <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2014&dlid=236634#sthash.PG7PyHik.dpuf>

¹¹ Management and Resources Development Initiative, 2013, "Citizens Access to Information in South East Asia: A diagnostic analysis - Bangladesh Chapter". Available at: http://sartian.org/media/k2/attachments/RTI_MRDI_Country_Diagonistic.pdf

¹² See: S Al Mahmood, 2013, "Transparency In Dakar, Bangladesh", The Guardian Newspaper: Available at: <http://www.theguardian.com/global-development/2013/jun/13/transparency-dhaka-bangladesh-hasibur-rahman>

to regulate the activities of NGOs including the approval of project activities. It has been widely seen as an act that threatens the independence of NGOs that are critical of the government, although it remains to be seen how it will be implemented. Human Rights Watch described it as containing “unnecessary, onerous, and intrusive provisions, with vague and overly broad language to control NGOs”.¹³

The Government has also been criticised for its approach to curtailing media freedoms. In 2014 the government issued a new media policy that was aimed at reducing critical reporting. Independent television and news outlets were shut down in 2013 and 2014, while there have been reports of unfair arrests and intimidation towards journalists and bloggers.

In 2014 the government also passed a new National Broadcast Policy that has been criticised by journalists, human rights and anti-corruption activists. The policy deals with a wide range of issues, and some of them are positive for the implementation of human rights and non-discrimination. However, the policy also prohibits content that demeans officials, undermines the public interests and hampers foreign relations. There is apprehension that the policy will be used to further undermine freedom of the press and freedom of expression.

On international level, it is noteworthy that Bangladesh officially endorsed the International Aid Transparency Initiative (IATI) in 2011 and was elected Vice Chair of the IATI Steering Committee in 2013.

6. Whistleblowing

Provisions to promote and protect whistleblowing in Bangladesh is covered in the 2011 Disclosure of Public Interest Information (Protection) Act. This allows any member of the public to make a Public Interest Disclosure, and be subsequently protected from civil or criminal prosecution. However, the implementation and impact of the Act is undermined by the inclusion of the policy that allows people to be punished for making false accusations. Given the difficulties faced in Bangladesh for investigating and prosecuting public authorities for acts of corruption, the incentive to lodge a Public Interest Disclosure may therefore be weak.

In Summary, although Bangladesh has put in place a number of institutions and laws that seek to improve government accountability, the implementation of these measures remains challenging and a source of criticism. Notwithstanding the improvements in areas such as Freedom of Information, Bangladesh continues to have an international reputation for widespread corruption and weak approaches to ensure public accountability. The enabling context for integrity in climate funds, as well a potential national REDD+ fund management mechanism, is therefore a matter of concern, highlighting the need for additional measures to be taken to ensure these funds are managed responsibly and that they achieve high levels of public accountability. To what extent these measures are in place for the three key climate funds is discussed in the following section of the report.

¹³ Human Rights Watch 2015, “World Report: Bangladesh”, available at: <https://www.hrw.org/world-report/2015/country-chapters/bangladesh>

3. Analysis of existing climate fund management arrangements in Bangladesh

The following part of the report considers the governance of three separate funds that support efforts to respond to climate change in Bangladesh. The existence of these funds reflects the surge in concern about the impact of climate change both internationally and nationally since the mid 2000s.

A key event in this process was the development of the National Adaption Plan of Action (NAPA) for Bangladesh finalized in 2005, requested through UNFCCC. Although the report was developed through consultations with vulnerable communities in the country, the final document is considered by some to have limited impact at the national level, partly as it was an externally requested document and not driven by high levels of political interest in the country.¹⁴ Nevertheless, it set the basis for national policy planning and established several priority actions for climate adaption.

After the disasters of 2007, particularly cyclone Sidr that caused an estimated USD1.7 billion in losses and killed and displaced thousands of people,¹⁵ there was renewed concern in Bangladesh to improve responses to climate change, and growing national awareness of the impact of climate change on the economy and the most vulnerable people of the country. This led to the development of the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), with funding support provided UK's DFID.

The first version of this document was produced in 2008 during a period of political instability when the country was governed under a caretaker government. A team led by the Department for Environment created this first draft, and with only limited engagement with other ministries. With the general election in 2008, the coalition government established a second version of the BCCSAP, finalised in 2009. The task of re-drafting the BCCSAP was taken on by an inter-ministerial group led by the Planning Commission. Unlike the development of NAPA in 2005, there were no consultations with communities and vulnerable groups, which may have been the result of the pressure placed on the group to finalise the document. This has, however, led to some criticism that the final BCCSAP was driven by the government and a small number of technical experts and foreign donor representatives. A study on this provided by the Institute of Development Studies in the UK also notes that the BCCSAP is vague, it fails to adequately identify priorities, and was not discussed in parliament at all.¹⁶ According to multiple sources in Bangladesh, a review and an update of the BCCSAP is required.

Nevertheless, the second draft of the BCCSAP clarified the need for increased funding for actions under six broad thematic headings. Two funds followed from the BCCSAP: The Climate Change Trust Fund (CCTF) that is funded through the central treasury, and the Climate Change Resilience Fund (CCRF) that is financed by foreign development partners. In addition, in 2009 Bangladesh was chosen to receive support through the Pilot Programme for Climate Resilience (PPRC), administered through the international Climate Investment Funds.

¹⁴ See Alam, K. et al. (2013) 'Planning exceptionalism? Political economy of climate resilient Development in Bangladesh', IDS, UK.

<http://www.ids.ac.uk/files/dmfile/BangladeshPECCMainReportFinal2.pdf>

¹⁵ See, Government of Bangladesh (2008) "Cyclone Sidr in Bangladesh: Damage Loss and Needs Assessment for Disaster Recovery and Needs Assessment (Draft Summary Report)", available at: https://www.gfdr.org/sites/default/files/2275_CycloneSidrinBangladeshExecutiveSummary.pdf

¹⁶ See Rai, N. & Smith, B. (2013) 'Climate Investment Funds: Pilot Programme for Climate Resilience (PPCR) in Bangladesh – a status review'. IIED Country Report. IIED, London.

The lead Ministry for climate change is the Ministry of Environment and Forests (MoEF). With the rise of interest in addressing climate change impacts, the MoEF established in 2004, through funding support by UK and UNDP, a Climate Change Cell (CCC) under the Department of Environment. The CCC is tasked with integrating climate change considerations into various aspects of national planning. In 2010, the MoEF further set up a Climate Change Unit that has the responsibility of managing and implementing the Bangladesh Climate Change Trust Fund. In addition, climate change focal points were established in all of the ministries in the country.

The following section of the report provides an overview of the three funds and a preliminary analysis of the strength of their governance arrangements. However, although these three sources of financing for climate change related work are significant, and the primary focus of this report, it should be appreciated that collectively they represent a modest sum of the total financing of climate related activities and programmes in the country. This was established in the Climate Public Expenditure and Institutional Review (CPEIR) completed in 2012 by the Ministry of Planning. This estimated that the GoB spends at least USD1 billion a year on climate sensitive activities, with at least 37 ministries being engaged in climate related work, while there are also numerous other sources of foreign aid for climate related work that fall outside of the three main funds, estimated in one report to equate to nearly 1 billion in 2014. The CPEIR review estimated that in 2012 the donor funds provided through the CCRF and the PPCR amounted to 2-3% of the overall climate sensitive financing in the country, with the remainder being accounted for through national state finances.

It is well beyond the scope of this report to provide an analysis of the governance of climate finance beyond the three funds in question. However, it is important to recognise the wider context. Specifically, a review of the three funds, including their limitations, needs to acknowledge other reforms in climate finance governance. Perhaps most important for the theme of this report is the work towards a Climate Fiscal Framework supported by UNDP and implemented by through the Ministry of Finance. This will be briefly considered at the end of this section of the report as it has implications for the management of all three funds.

3.1 Overview of the three funds

The Bangladesh Climate Change Trust Fund

The Government of Bangladesh established the Climate Change Trust Fund (CCTF) in 2009 with transfers of money from central treasury. The legal basis for the fund, as well as the Climate Change Resilience Fund, is set out in the Climate Change Trust Act, passed in Parliament in 2010.

The CCTF, located within the MoEF, operates through an endowment. Initial allocations from the treasury to the fund were approximately USD100 million each year for the first three years. However a reduced amount of funds was provided from 2012 to 2015, and recent reports suggest further reductions in allocations for 2015/2016.¹⁷

34% of the funds allocated to the CCTF are kept as a fixed deposit, although this is available for financing emergency actions. A maximum of 66% of the allocated amount, as well as the interests accrued on the 34% kept as fixed deposit, is made available for funding specific

¹⁷ Islam, S, 'Bangladesh to slash its own climate adaption fund', Thomson Reuters Foundation - Wed, 18 Jun 2014.

projects. Guidelines for the CCTF indicate that projects should run for no more than 3 years, although there is a degree of flexibility in the allocating funds for projects that have a longer time frame.

The CCTF provides grants to both government and non-government projects. As of the end of 2014, the CCTF website indicates that it is supporting 236 projects in total. Government departments run the majority of these projects, with NGOs leading just over 60 projects. Of the government run projects, the vast majority, accounting for approximately 60% of fund allocations, have been apportioned to the Water Development Board, with a further 25% of funds provided to the Local Government Engineering Department.¹⁸ There has been no use of the funds held for financing emergency actions, estimated at USD130 million, and it remains unclear why these funds have not been released given clear needs in the country for such emergency support.¹⁹

The governance of the CCTF is headed by the Trustee Board that has responsibility for policy formulation, project approval and overall management of the trust. A technical committee reviews proposals and then submits its recommendations to the Board for a final decision. In addition the Climate Change Unit serves as the Secretariat for the CCTF.

The technical committee is convened by the Secretary of the MoEF. The committee has a further 12 members, mostly from within the Ministry of Environment and Forests, but also including 2 members from the non-government sector (NGOs or experts) chosen by the government.

The Trustee Board is convened by the Minister of Environment and Forests, and its members include Ministers from the Ministries of Finance, Agriculture, Food and Disaster Management, Foreign Affairs, Women and Children, Water Resources, Health and Family Welfare and Local Government, Rural Development and the Co-operatives. Other members include the Governor of the Bank of Bangladesh, the Cabinet Secretary and two representatives selected by the government from the non-government sector (i.e. NGOs or recognised experts).

Awarding funding to NGOs, as well as the financial management of NGO projects funded by the CCTF, is managed by the Palli Karma-Sahayak Foundation, a not for profit company established by the Government of Bangladesh in 1990 that acts as a provider of funds for development projects.

The Bangladesh Climate Change Resilience Fund

The Climate Change Resilience Fund (CCRF) was formally established in 2010, with grants by multi-lateral and bi-lateral donors. It was previously the Multi-Donor Trust Fund established in 2005. The CCRF received an initial pledge of grants totalling US\$190 million, from the European Union and the governments of Australia, Denmark, Sweden, Switzerland, the UK and USA. 8 projects were identified to be the recipients of this funding, with an initial funding cycle running to 2017.

The governance of the CCRF involves three levels. Overall authority for the CCRF lies with Governing Council. This council is chaired by the Minister of Environment and Forests, and other members include ministers from several line ministries, two development partner

¹⁸ Personal communication from GIZ, Dakar, October 2015.

¹⁹ Ibid.

representatives and two CSO organisations. It therefore operates along similar lines to the Trustee Board of the CCTF. However, the World Bank also operates as an observer to the meetings of the Governing Council. The functions of the Governing Council is to provide overall strategic direction and guidance, and to approve fund spending.

Supporting the Governing Council is the CCRF Management Committee, chaired by the Secretary of the MoEF, with membership including two other representatives from the MoEF (joint secretary for development and deputy secretary for environment); one representative from the ERD (additional secretary) and one from the Planning Commission (General Economic Division); two representatives from the contributing development partners; one representative from the World Bank; and one representative from civil society. This is described as a technical committee that screens and vets project proposals.

The third level of governance is provided by the CCRF Secretariat in the MoEF. The World Bank's agreement was to act as the Trustee until 2017, and that it would assume the key function of the Secretariat, with budgeted plans to gradually transfer these responsibilities to a new Secretariat that is staffed by employees of the MoEF.

The Pilot Programme for Climate Resilience

The Pilot Programme for Climate Resilience (PPCR) is a programme within the Climate Investment Funds (CIF), established by the World Bank in 2008. The CIF is the largest source of international finance for climate adaptation in developing countries, with an endowment of 8.1 billion USD. The PPCR has a total budget of 1.2 billion and is operating in 9 countries and two regions. Bangladesh is one of the 9 pilot countries, with projects funded through the PPCR amounting to 99.3 million USD divided between grants and concessional loans, with a further expected contribution through co-financing of 572.5 million USD. The inclusion of loans for climate resilience work in Bangladesh has been a source of debate among commentators on Bangladesh's climate policy, given the rejection of loans contained in the 2009 BCCSAP.²⁰

The national focal points for the PPCR are the Additional Secretary of the Economic Relations Division in the Ministry of Finance and the Joint Secretary of the Ministry of Environment and Forestry. The national focal point from Multilateral Development Banks engaged in the PPCR in Bangladesh is the Asian Development Bank (ADB).

The aim of the PPCR is to develop a strategic approach to climate resilience at the national level, thereby mainstreaming climate resilience work within national planning. In this way it aims to move away from an entirely project based approach. Investments and activities supported through the PPCR are intended take forward decisions established through National Adaptation Programs of Action (NAPAs).

The overall administration of the PPCR is the responsibility of the CIF Admin Unit in the World Bank. Decision-making within the PPCR is led by a PPCR Sub-Committee, comprising equal representation from implementing developing countries and donor countries. The Sub-Committee is guided by an Expert Group and a group of Observers. The Expert Group comprises of eight leading experts on a range of issues pertaining to climate resilience, while the Observers include four NGOs, two private sector representatives, one community-based organisation and two indigenous people's representatives.

²⁰ Alum, K. et al, (2013) p. 27.

The decision to include Bangladesh within the PPCR was the outcome of advice by a study produced by the Expert Group, presented to the CIF in early 2009. The choice of countries was based on the risks posed by climate change to people in the country, as well as preparedness to implement projects.

The PPCR has been designed to have two key phases, a planning phase followed by implementation. In the case of Bangladesh, the planning phase was bypassed and the PPCR begun with full implementation. This was justified on the grounds that the country already had well-developed policy and institutional arrangements given its earlier experience with producing its NAPA in 2005, and the Bangladesh Climate Change Strategy and Action Plan in 2009. Some commentators believe this decision was inappropriate, and that the decision not to have an extended preparation phase has meant roles and responsibility were not clearly defined, which caused interruptions in delivering the PPCR later.²¹ Moreover, given that a criticism of the BCCSAP was the lack of meaningful involvement with vulnerable groups, this could have been addressed through a more robust planning phase under PPCR.

Due to the lack of a planning phase, decisions on investments in capacity building and specific projects were therefore strongly informed by previous government policy. However, the specific proposal for PPCR was set out in the “Strategic Programme for Climate Resilience, Bangladesh”, finalized in late 2010. The content of this strategic programme document was developed through two World Bank missions and is described as involving several consultations with various ministries in Bangladesh, as well as participation from UN Agencies and bi-lateral donors. Furthermore, there were several stakeholder workshops, including representation from civil society organisations, that further contributed to the development of the document.

3.2 Analysis: Strength of governance arrangements

The following pages attempt to offer a broad overview of the quality of governance arrangements of the three funds, thereby considering the strengths and weaknesses of fund integrity, which could serve as a basis for a discussion on the development of a potential National REDD+ Fund. This analysis will be focused on several aspects, namely:

- A) What are the arrangements for accountability and monitoring and evaluation of the funds?
- B) To what extent are the funds managed transparently and with respect to Freedom of Information?
- C) How have the funds been successful in engaging civil society?
- D) To what extent are funds integrating local authorities in project implementation and oversight?
- E) How do funds mitigate conflicts of interests?
- F) What grievance mechanisms are in place?
- G) What is the extent of co-ordination between the funds?

However, before these questions are dealt with, it is necessary to briefly reflect on the status of the funds and the controversies that have emerged.

For the government’s CCTF, it is apparent that its management has been severely compromised by weak governance arrangements and operational procedures, as will be

²¹ Rai, N. (2013) “Climate Investment Funds: understanding the PPCR in Bangladesh and Nepal”, IIED Briefing Note.

described below. Reports of corruption in fund allocations made by Transparency International in Bangladesh have contributed to a critical view of the fund among some donors and the central government. The reduction in funds allocated to the CCTF seem to indicate a dwindling support for the continuation of the fund, with expectations among some experts in Bangladesh that the CCTF may be phased out entirely over the next few years.

The status of the CCRF has also been a source of controversy, and a key issue has been with the planned and budgeted transfer of responsibilities from the World Bank to the new nationally-hosted Secretariat.²² The role of the World Bank as both Trustee and interim Secretariat was supported by donors on the basis that it would provide strong accountability and efficiency to the fund. Sources in the World Bank that have worked closely with the CCRF describe a positive working relationship with the Government of Bangladesh, and indicate that their role has been well received by the MoEF.²³ However, the objective of shifting operational responsibilities away from the World Bank in Bangladesh to the MoEF is described by some as a source of tension, with a lack of adequate support provided by the World Bank based partly on their reservations about the capabilities of the MoEF to manage the fund well, as well as on limited resources being available to manage this transition.²⁴

A further observation is that the World Bank has provided insufficient attention to the CCRF given that it represents a relatively small component of its total investments in the country, and that the success of the fund's management was compromised by the unrealistic time frame set for identifying and implementing projects.

In 2014, following a mid term review of the CCRF in which these problems were identified, the World Bank indicated that it would not continue to be the Trustee for the CCRF after 2017. Moreover, funding for 4 of the 8 planned projects was cancelled, meaning that the CCRF will spend only approximately 50% of its initial pledged grants. In addition, a grant for capacity building of the new CCRF Secretariat has been withdrawn, meaning that staff recruited by the MoEF for the CCRF Secretariat have left. There is therefore a strong possibility, as with the CCTF, that the CCRF will not continue after 2017.

The implications of these challenges facing both the CCTF and the CCRF are important for a potential national fund for REDD+, and may cause apprehension among stakeholders for establishing similar fund arrangements for REDD+. Whether lessons can be learnt to avoid this situation for REDD+ will be discussed in part 4 of the report, and this discussion is also informed by the following observations on the quality of governance of the three climate funds.

A] Approaches to fund oversight and project monitoring and evaluation

Climate Change Trust Fund:

An important feature of the CCTF is that although it channels public funds to ministries, the project proposals and the projects themselves fall outside of normal government accountability systems. Vetting development projects is the responsibility of the Planning Commission, but the 2010 Climate Change Act permits the MoEF to vet its own project

²² See Alam, K, 2013.

²³ Personal Communication, World Bank, Dakah, October 2015.

²⁴ <http://www.dhakatribune.com/bangladesh/2014/jul/26/wb-unwilling-manage-climate-fund>

funding decisions. The reasons may have been to avoid delays in implementing projects, given the workload experienced by the Planning Commission.

An implication of this arrangement is that projects undertaken by ministries and government departments through CCTF funds are classified as “off budget”, and not included in the formal Ministerial Budget Framework or the government’s Annual Development Plan. As far as is understood from the available literature, projects funded through the CCTF also fall outside of the formal auditing procedures, although there are plans for a Performance Audit of the CCTF by the Comptroller and Auditor General. The Board of Trustees of the CCRF can also authorise an independent audit of projects on an *ad-hoc* basis, although it is not known whether this has happened to date.

It has not been possible to locate any other external review of the CCTF, and according to GIZ in Bangladesh who are involved in capacity building for the Climate Change Unit, there are no plans to commission such a review. Even if such a review was undertaken, a considerable obstacle to accountability for the CCTF lies with a lack of communicated results indicators. This makes evaluating and monitoring the performance of the fund extremely difficult.

In terms of M&E of projects, for all projects funded by the CCTF that are run by government ministries, oversight and monitoring is provided by Project Steering Committees located in the recipient Ministries. However, the Director of the CCTF is also the head of the internal Monitoring and Evaluation Branch for the CCTF. Every project should provide monthly updates to this branch, and the M&E Branch is also described as arranging *ad-hoc* filed visits for projects.

There is a further Monitoring Committee headed by the Deputy Managing Director for the CCTF that has a role in monitoring reports provided by projects. However, the activities and results of these M&E efforts are not disseminated by the CCTF, so it is difficult to assess the rigour of project oversight and evaluation.

The structure used for M&E appears somewhat complex with potential overlapping of duties and unclear responsibilities between the CCTF and the Ministries involved. There are also no external and independent evaluations carried out by competent third parties on the government projects.²⁵ Furthermore, as revealed by a study of 12 projects funded by the CCTF and CCRF by Transparency International in Bangladesh (as yet unpublished) there has been a lack of systematic engagement by project implementers with beneficiaries on the evaluation of project impacts.²⁶

Projects being implemented by NGOs through the CCTF are audited internally by the Climate Change Unit. It is unclear what role is played here by the Palli Karma-Sahayak Foundation as it is also described on the website of the CCTF that this organisation plays a role in financial oversight of NGO projects.

In terms of parliamentary oversight, the Trustee Board of the CCTF is required to submit to the Government an Annual Report on its activities of the previous fiscal year, and the CCTF is answerable to questions raised by Honourable Members of Parliament (MPs) in *Jatiya Sangshad (the National Parliament)*. There is also a Parliamentary Standing Committee on

²⁵ Personal communication with GIZ, Dakar, October 2015. The same point was confirmed to the author by Transparency International in Bangladesh.

²⁶ Personal Communication with Transparency International, Dakar, October 2014. The report in questions should be published towards the end of 2015, and is funded by USAID.

Ministry of Environment and Forests, although its capacity and engagement on climate change issues has been described as weak²⁷, and the 2012 CPEIR report identified the need for further capacity building for the committee to improve accountability and oversight of climate finance arrangements, including the trust funds.

It should be noted, that with the intention of undertaking an official performance audit of the CCTF, there might be greater focus given to climate funds by the Parliamentary Standing Committee on Public Accounts.

Climate Change Resilience Fund:

As with the CCTF, projects funded by the CCRF that are implemented by government ministries or departments are not incorporated into the formal government procedures for planning, budgeting and auditing. There is therefore a limited role played by formal oversight bodies in the country in terms of oversight of the decisions of the CCRF.

The CCRF has commissioned an external mid term review, completed in 2014. The resulting report has not been finalized or published by the CCRF, although it has been made available for the author of this report and was circulated among partner donor organizations. It is unclear whether the CCRF Trustee Board or Management Committee has prepared a response to the review, and the annual report of the CCRF for 2014, which may indicate this, has yet to be published.. Again, what is evident from the mid term review document is that the CCRF, as with the CCTF, was launched without establishing a clear and measurable results framework. This makes monitoring and reporting of its impact extremely difficult, and is a surprising lack of oversight for a fund managed and supported by multiple donors who typically insist on detailed results matrix for projects and initiatives they fund.

In terms of project M&E, the 4 large projects being funded by the CCRF are jointly funded by other World Bank/IDA investments, and are therefore subject to standard World Bank monitoring and evaluation procedures. Project evaluation documents are available from the World Bank's project database, and there are links to these provided by the website of CCRF. The CCRF does not engage in formal project evaluations, although this function is identified for the Secretariat as well as an Expert Panel, which was also envisaged to vet project proposals. However the Expert Panel was not established by 2014.

The mid term review of the CCRF explained this failure to establish the Expert Panel as an outcome of the rushed approach to getting the CCRF up and running, as well as the limited resources available for its management. Other indications of this rushed situation include the finalization of results indicators for the CCRF as late as 2013, and a communication strategy for the CCRF that, although drafted in 2013, has yet to be finalized. The mid term review also describes that the World Bank's evaluation procedures have by-passed the Management Committee for the CCRF:

“The Expert Panel which was intended to advise the MC has never been established. In practice the WB has followed its own internal processes for technical review of project proposals. These are rigorous and involve participation by highly qualified technical staff – but to the outside world they are opaque and the technical discussions are not shared with the MC.”

²⁷ See Ohiduzzaman, Md. (2010) Parliamentary Control and Oversight: A Study on the Performance of Parliamentary Standing Committee on Ministry of Environment & Forests on Environment Related Issues: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1645045

Notwithstanding the technical expertise of World Bank staff undertaking these evaluations, a potential weakness in the approach is the lack of independent evaluations. Moreover, the evaluation documents for the 4 projects funded by the CCRF do not give an indication that beneficiaries of projects were engaged in contributing to these evaluations, or if there was scope for civil society comments on draft evaluation reports.

As a multi-donor trust fund, there are also separate evaluations undertaken by some of the contributing donors. DFID, for example, publishes annual reviews of its contribution to the CCRF through an evaluation of its Climate Change Programme in Bangladesh.²⁸ It is noteworthy that these annual reviews have scored the CCRF poorly and have highlighted problems in developing performance indicators for the fund, as well as weakness in the 'theory of change' for the CCRF. Moreover, in the latest review, considerable governance challenges within the CCRF are described, which extends to accountability and reporting procedures. DFID's Climate Change Programme is rated a 'high risk', largely due to these concerns.

Pilot Programme for Climate Resilience:

The CIF approaches oversight of the PPCR in various ways. At the international level formal oversight is offered by the Observers to the Sub-Committee. This provides independent stakeholders with an opportunity to monitor the management of the PPCR. The PPCR also publishes various reports widely and is subject to an external review processes.

Initial comments made by donors on the design of projects funded by the PPCR have raised concerns with the strength of accountability mechanisms, including external oversight of financial management in projects. This is positive and suggests accountability and anti-corruption is being raised through stakeholder review processes. However, the way in which information is provided on CIF's website does not clearly indicate how these concerns are addressed.

Currently, there is an overall evaluation of the CIF being undertaken by a third party. At the national level, quarterly reports are submitted by the focal points to the PPCR Sub-Committee, although these are not published by the CIF online.

The details of how the national PPCR in Bangladesh will be evaluated and monitored are, however, difficult to find through programmatic documents published by CIF. This information is not included in the Strategic Programme document. However, evaluations of the projects being funded by the PPCR are the responsibilities of the implementing partners, which includes the World Bank and the ADB. The same observations on the quality of the World Bank's evaluations therefore apply.

It is worth noting that the ADB approach to monitoring and evaluation of its projects is similarly elaborate and clearly communicated through its website's project database. This includes up to date and detailed social and environmental impact assessments, including for the projects co-funded by the PPCR. However, again, a weakness in these evaluations is that they are undertaken by project implementing agencies, and not by external independent third parties.

²⁸ See DFID evaluations available here: <http://devtracker.dfid.gov.uk/projects/GB-1-114058/documents/>

There are further measures taken by implementing partners on the projects co-funded by PPRC. The ADB operates an 'Accountability Mechanism' that provides a platform for members of the public to raise concerns about project management and impacts.²⁹ A link to information on this is provided from the PPRC co-funded project pages on its website.

B] Transparency and the right to information

The degree to which funds operate openly and allow for freedom of information is a key facet in assessing the quality of fund governance. In theory, there is a strong enabling environment in Bangladesh for this, as the 2009 Right to Information Act sets out strong policies for access to information for citizens and obligates all organizations handling public funds to promote transparency and appoint a communication officer. The Act is applicable to both the CCRF and the CCTF, and is applicable to all government implementing agencies on the PPRC.

The reality is that fund management appears to fall short of standards established in the 2009 Act, although there are different experiences observed for all three funds.

Climate Change Trust Fund:

Although the CCTF publishes its latest annual report on its website, the CCTF website contains limited information on projects that it funds. There is a list of projects with total allocations for each, but project level information is not available. This includes project proposals and agreements, monitoring reports and end of project evaluations.

Minutes of meetings by the technical committee and the Trustee Board are not made available on the website of the CCTF. It has also not been possible to find documentation on the procedure of awarding grants to NGOs, including reports from the Palli Karma-Sahayak Foundation.

There is no reference to a policy of access to information contained on the website of the CCTF. It is not known whether there is a dedicated person for handling information requests, such as an information officer, although this is mandated through the 2009 Right to Information Act. It is therefore unclear how a request for information would be made, and what guidelines or rules exist for these requests to be logged and responded to.

Climate Change Resilience Fund:

The website of the CCRF contains general information about the fund, and it provides summary information about projects. Publications, such as annual reports, are available, but not published in a timely way. At the time of writing (end of 2015), the last annual report published for the CCRF is for 2013, whereas the latest Status of Funds report is for 2012. It is also noteworthy that the website of the CCRF does not contain its Mid Term Review, undertaken in 2014.

As all of the projects funded by the CCRF are World Bank/IDA projects, project documents are published on the World Bank's project database, and there are links to these documents from the website of the CCRF.

²⁹ See: <http://www.adb.org/site/accountability-mechanism/main>

In early 2013 the CCRF identified the need to develop a communications strategy. This led to a 'rapid needs assessment' conducted in 2013 that involved several meetings with various government and non-governmental organizations. A draft communications strategy for the CCRF was circulated to donors at the end of 2013. However, this strategy has not been published and the Fund's mid term review noted that the implementation of the communication strategy has been subject to an extended delay.

On the basis of a summary of the communication strategy contained in the mid term review, a weakness in this strategy is that it focuses only on the activities of CCRF, and not the wider BASCAP which it intends to implement. Furthermore, the strategy does not identify the right to information, but rather focuses on communicating achievements and outcomes. In this way the communications strategy is designed to raise awareness of the fund and assist with public relations, but it lacks a strong accountability element.

Indeed, the CCRF website or draft communication strategy does not communicate a policy on access to information, and it does not indicate whether there is a dedicated point of contact for public requests for information. This is less of a problem at the project level, as all projects funded by the CCRF are subject to the World Bank's Access to Information Policy (AI) Policy, adopted in in 2010. This policy has transformed the World Bank's approach to information disclosure, although it does contain an extensive list of exceptions for information disclosure that critics argue diminish it as a mechanism for anti-corruption.³⁰

Pilot Programme on Climate Resilience:

The CIF has a strong policy on transparency and access to information. The CIF is a member of the International Aid Transparency Initiative, and its website contains detailed information on its operations, decision-making and project level investments at the national level. Minutes of meetings are available, and it is noteworthy that external review comments on proposals and key documents are posted on its website. At the project level, extensive information is made available by project partners, including the World Bank and the ADB.

The CIF has developed a policy towards access to information requests, and it is described that confidentiality of documents related to the activities of its programmes will be avoided as much as possible. As described on the website of the CIF, requests for information should be made to the CIF Administration Unit in the World Bank.

The rules on how decisions will be made to resolve public access to information requests are set out in a Note on the Disclosure of Documents Prepared for Purposes of the Climate Investment Funds, published in 2009. This describes a commitment to openness and transparency, and the importance of proactive transparency for the CIF. The approach adopted is considered to be in line with the World Bank's AI Policy. However, it goes further than this by including a public interest clause. Thus, the CIF's policy on transparency is in

³⁰ A list of reports and reviews on the World Bank's AI Policy is made available by Freedominfo.org, available at: <http://www.freedominfo.org/ifti/world-bank/>. See also a recent review of the World Bank's performance on freedom of information provided by the Brookings Institute: Gutman, J and Hortman, C (2015), "Accessibility and Effectiveness of Donor Disclosure: When disclosure clouds transparency", Global Economy and Development, Working Paper 85, Brookings Institute, Washington. Available at: <http://www.brookings.edu/~media/Research/Files/Papers/2015/05/donor-disclosure-policies-transparency-gutman/donor-disclosure-policies-gutman.pdf?la=en>

theory less restrictive than the World Bank's, and it forbids confidentiality when there is a clear public interest in disclosing information.

C] Civil Society Engagement

All three funds provide financing to NGOs as partners on some of the projects they fund, although the majority of funding provided by each fund is directed to government agencies – for CCTF and the CCRF approximately 10% of funding is allocated to non-state actors.

Each fund has involved stakeholder meetings with participation from NGOs and community based organisations. Independent research on this provided by IIED raises concern that such meetings have largely been *ad hoc* and government and donor agencies have dominated proceedings and set the meeting agendas. Moreover, a similar group of NGOs tend to participate in meetings where strategic issues are discussed, and IIED argues that there is a common mistake among government and donor agencies to equate NGO involvement with civil society empowerment. Many of the participating NGOs are based in Dakar and have tenuous links to the vulnerable communities that they are sometimes assumed to represent [REF].

In the Mid Term Review of the CCRF, it was also described that the pressure to identify and implement projects has come at the expense of civil society and community consultations, which are considered time consuming. Civil society engagement was therefore considered a weakness to the Fund in the review; somewhat neglected due to other priorities.

However, personal communications with the head of an NGO implementing part of a reforestation project funded through the CCRF stressed the importance they have placed on community meetings. Their description of this contrasted with the evaluation of CCTF and CCRF projects provided by Transparency International; a matter that will be better understood when Transparency International publish the results of their local level project monitoring in 2015.

What is potentially a positive sign is that a more formal role exists for civil society representatives in the governing boards of both the CCTF and the CCRF. However, it is difficult to assess the significance of civil society's representation on these committees given that civil society representatives are chosen by the government and are potentially muted by serving on committees containing a majority of senior government and donor representatives. Further work is needed to assess the extent to which these civil society representatives feel their views are heard on the Board and technical Committee, and whether the choice of civil society representatives is seen as valid by other civil society interest groups.

The need to strengthen civil society engagement in the PPCR has been raised as a recommendation in review comments by donors on the Strategic Programme document, and was a point included in the endorsement for the PPCR funding by the PPCR Sub-Committee Group.³¹ This highlights that civil society engagement has been raised as an important objective for PPCR in Bangladesh. The 2012 CPEIR report described that the process of developing the PPCR in Bangladesh was more collaborative than the experience of the two other trust funds.

³¹ See: 'Comments' and the 'Decision' document under "Investment Plan" for the Bangladesh page on the CIF website: <http://www-cif.climateinvestmentfunds.org/country/bangladesh/bangladeshs-ppcr-programming>

There is also evidence through project appraisal documents that civil society and community engagement within specific projects funded by the PPCR has been taken seriously by project implementing agencies. Moreover, within specific projects there have been formal agreements with Transparency International in Bangladesh to assist implementing partners to improve financial accountability and community participation.

A relevant observation here is made in the CPEIR review: The development of CIF and the PPCR occurred over a long period, commencing in 2008, and that procedures for developing the PPCR had been very slow “in part in response to the formalities involved in constructing a transparent credible process and structure” This contrasts to the experiences of the two other trust funds, where lack of consultation and related transparency (see next) are seen as an outcome partly of rushing fund start up and project implementation.

D] Local Authority Engagement

The engagement of local authorities in the three funds is important and represents evidence of both downward accountability and a path towards community engagement. It is a matter that is hard to establish for all three funds, as there is limited primary research available or detailed descriptions on this provided in any of the Fund’s programmatic documents.

However in each of the three funds there are signs that the involvement of local authorities is considered important. For example, on the website of the CCTF it describes the importance of local government engagement in projects:

“Local administration has been engaged in the monitoring process to ensure local oversight. The administrative officers and the elected representatives also discuss these projects in the district coordination meetings”.³²

However, local elected governments are not represented as recipients of significant funds from any the of the three funds, which reflects the marginal role of local elected authorities in receiving resources and capacity building for climate change work in general, a point covered at length in the 2012 CPEIR report for Bangladesh. According to data collated by this review, by 2012 local authorities had been allocated only 3% of CCTF funds, and are not directly involved in project implementation of the projects financed through the CCRF or the PPCR. The CPEIR report also describes the limited empowerment of locally elected authorities in climate change activities, despite having considerable local knowledge and local political influence. Following on from this report’s recommendations, there is considerable scope for further work on identifying the opportunities and obstacles to incorporating locally elected authorities in the management and oversight of climate funds.

E] Conflicts Of Interests

There are inherent risks of conflicts of interests for the CCTF given that the Trustee Board is headed up by the Ministers of Ministries that receive funding through the Fund.³³ The

³² See, CCTF website under Monitoring and Evaluation, available here:

<http://www.bcct.gov.bd/index.php/projects/monitoring-and-evaluation>

³³ This is raised as a potential problem in Khan, et al (2011) ‘The Bangladesh National Climate Funds A brief history and description of the Bangladesh Climate Change Trust Fund and the Bangladesh Climate Change Resilience Fund’, LDC Paper Series:

<https://ldclimate.files.wordpress.com/2012/05/bangladeshnationalfund.pdf>

spread of Ministries represented on this board could act as a counterweight to conflicts of interests, as should the oversight played by Parliament. However, Transparency International Bangladesh has raised criticism that decisions on the allocation of funds from the CCTF have been influenced by political considerations and nepotism. The allocation of a majority of the CCTF funds to two government departments has raised further concerns that personal connections between the fund and recipients are influencing fund allocation decisions.³⁴ TIB also claims that recipients of funding for NGO projects have made bribes in the awarding process, and that several NGOs awarded project funding do not exist as legal entities.

It is beyond the scope of this report to verify these concerns, however there is lack of communication by the CCTF on its policy and procedures to deal with conflicts of interest or other forms of corruption, which is a serious shortfall in fund governance.

It has also not been possible to locate any policy on how the CCRF actively regulates conflicts of interests, and there is no communication available from the CCRF on how it approaches this and other forms of corruption. However, the World Bank has its own policy on conflicts of interests, which presumably has been applied by the Secretariat of the CCRF.

For PPCR there is similar lack of explicit policy on this issue. The responsibility may be deferred to the ADB, although there is nothing published to indicate that conflicts of interests are actively regulated. This is the finding of Transparency International in their review of the CIF:

“...there are no policies or procedures in place relating to the accountability of Trust Fund Committee or Sub-Committee Members for corrupt, fraudulent or unethical behaviour or for conflicts of interest. The same applies to national level actors such as clients, borrowers and Implementing Agencies, who should be accountable to their governments or employers. However, no information is provided at the Fund level that identifies to whom they are accountable nationally and by what rules. Similarly, principles and guidelines pertaining to ethical/non-corrupt behaviour appear to be non-existent for Fund Observers and locally consulted stakeholders.”³⁵

F] Complaints Procedures And Grievance Mechanisms

As with the policy on conflicts of interests, there is no policy communicated by the CCTF or the CCRF on a complaints procedure and it is not clear from the website of either fund how a member of the public would approach the fund to make a complaint. This is a vital part of integrity in fund management given that the funds work on projects that directly impact the lives of the most vulnerable sections of society.

There are other avenues available for citizens in Bangladesh to bring a complaint or concern about corruption in projects funded by all three funds, including through the Anti-Corruption Commission. However, given what is known about the context of anti-corruption in Bangladesh, it seems reasonable to believe that the provision for complaints procedures, including reporting incidents of corruption, are not adequate to provide a robust grievance

³⁴ Note – this was communicated by GIZ in Bangladesh, but it is probably too contentious to remain in the final report.

³⁵ Transparency International, (2013) “Protecting climate finance: An Anti-Corruption Assessment of the Climate Investment Funds”, p. 12.

mechanism. An indication of this is the lack of response by the CCTF to complaints and evidence of corruption presented by Transparency International in Bangladesh.

The approach provided by the CIF on complaints and redresses procedures specifies the ADB as the focal point. In Bangladesh's case, this means that grievances and allegations of corruption should be made to the ADB Office of the Compliance Review Panel. It is beyond the scope of this review to provide analysis on the effectiveness of the ADB in responding to whistleblowing or other grievances in its projects, however the ADB has developed an extensive policy on this through its 'accountability mechanism', and provides an annual review of its performance on this policy.

A similar arrangement may exist for the CCRF as the World Bank acting as both the Secretariat and Trustee may apply its own policies on complaints and grievance would to the CCRF. However, it remains possible that in the event of complaints being submitted to the Management Committee or the Trustee Board, the responsibility to respond would be handed to the MoEF. A risk is that an ambiguity in responsibilities would hinder effective responses.

G) Fund Coordination

The final issue lies with co-ordination between the funds. Initial expectations were that the CCTF and the CCRF would work closely together and eventually merge, and while the CCTF was initiated with government funding, it was expected that donor partners would contribute to the fund at a later date. The merger of the funds would avoid duplication of efforts and streamline project management and oversight under the leadership of the MoEF. However, the three funds have existed to date as somewhat separate entities, albeit involving many of the same implementing government agencies and donor organizations. As described already, the prospect of merging the funds is highly unlikely given the uncertain futures of the CCRF and the CCTF.

The existence of multiple funds for climate change work is a potential point of criticism, and goes against the ideals for donor and government co-ordination established in the Paris Declaration. Indeed, in the 2012 review of climate finance provided by the Ministry of Planning, the authors remarked that: "Climate change finance in Bangladesh can be identified as a classic case of what ideally should not happen according to Paris Principles - with the emergence of new players, new global aid institutions, instruments and objectives".

Since this review, co-ordination is reported to be improved through several mechanisms, including a Working Group on Environment and Climate Change, established under the Bangladesh Development Forum, as well as the Local Consultative Group working on Climate Change and the Environment that has been operating since 2013 and helps ensure donor co-ordination. Still, a lack of awareness and involvement in the government's CCTF was mentioned in personal communications with donors involved in the CCRF, which does suggest problems of duplication of efforts remain a challenge.

3.3 Advances proposed through the Climate Fiscal Framework

The above analysis of the governance of the three funds highlights various challenges. Some of these are being addressed through an important and ambitious initiative in Bangladesh led by the Ministry of Finance and Planning Commission and supported by UNDP. It follows the analysis and recommendations of the 2012 CPEIR report, and involves the development of a Climate Fiscal Framework.

The motivation for this work lies with the realization that climate related activities in Bangladesh are sizeable and undertaken across government ministries and departments, as well as by separate initiatives including the three funds reviewed here. However, there is a lack of knowledge on these efforts, as well as inadequate systems of monitoring impact and effectiveness. Meanwhile, accountability of climate finances is also recognized to be sub-optimal.

What is being proposed through the Climate Fiscal Framework offers the potential to make substantial improvements to climate finance governance in the country, and this should improve the performance and accountability of the three funds.

A key component of this work is to develop a database and tracking system that captures the full range of climate related financing, including taxes and subsidies, as well as transfers from central budget and donor funds. It also introduces important institutional reforms, including changes to the Annual Development Budget and Ministry Budget Framework that allows for climate finance and performance indicators to be prioritized and included, in the same way that these systems have mainstreamed both gender and poverty in the past. The Planning Commission will also ensure that guidelines are established to ensure all new projects funded from the development budget contain a review of climate change risks. The Climate Fiscal Framework will also establish a Climate Fiscal Cell within the Ministry of Finance, that will lead the implementation and monitoring of these reforms, and conduct analysis of climate finance that will be widely available to government and non-state actors.

The net impact of these reforms should raise both knowledge about climate finance and increase levels of government transparency, oversight and accountability. Further accountability mechanisms are proposed, including integrating climate finance into the work of the Supreme Audit Institution, as well as measures to strengthen the oversight role of parliament. This includes the idea of establishing a separate 'Climate Caucus' in parliament.

The Climate Fiscal Framework for Bangladesh will therefore have a profound impact on the governance of climate trust funds and related donor activities, potentially overcoming some of the governance shortfalls highlighted in the analysis above.

4. Considerations For The Development Of A National REDD+ Fund In Bangladesh

The above description of the management of three climate funds in Bangladesh highlights several lessons for establishing a national REDD+ fund. There are many issues that have yet to be decided for REDD+ in the country, including clear REDD+ strategies and actions to address key drivers of forest cover change and therefore its focus and the degree to which it will be integrated into broader climate change efforts, including the Climate Fiscal Framework, or treated as somewhat separate to these. Moreover, it should be recognized that a potential National REDD+ fund management mechanism in Bangladesh will most likely operate in ways that differ from the three climate funds as such a mechanism will have to be results-based, particularly with respect to carbon emission reductions or/and removals. The most important distinction lies with the nature of its income.

All three climate funds are primarily financed through grants or loans, and in the case of the CCTF additional income is accrued through an endowment. In contrast, all national REDD+ funds are established with the intention of being financed through performance-based payments. This does not preclude a national REDD+ fund receiving development aid grants or loans, as well as other donations from philanthropic organisations or the private sector, which may not be performance based. Moreover, there are some REDD+ funds that derive income from the central treasury, including through taxes levied on the private sector, as is the case for the Mexican Forest Fund and the Costa Rica National Forest Financing Fund.

While there is no international agreement in place for performance-based payments for REDD+, there are examples of REDD+ funds that already receive performance-based payments through bi-lateral agreements, such as the Guyana REDD+ Fund and the Amazon Basin Fund, both of which have performance based payment agreements with European bi-lateral donors, including Norway, Germany and the UK. Other REDD+ funds do not rely on performance-based payments and are receiving funds that are used for preparation work, or REDD+ readiness.

Nevertheless, the global design of REDD+ is currently committed to a performance-based arrangement, which needs to be born in mind for discussions about the design and management of a national REDD+ fund in Bangladesh. Of particular interest is that under a performance-based arrangement like to emission reductions or/and removals against an set baseline, a national REDD+ fund will rely on an effective system of reporting achievements, and it may channel funding to national stakeholders that have demonstrated REDD+ successes, with the funds working either as reward or as compensation for forgone opportunity costs. This will mean a national REDD+ fund could operate quite differently to a fund such as the CCRF or the CCTF that finances projects based on expected results.

With this distinction in mind, the following part of the report highlights some key considerations on the governance and management of a national REDD+ fund, drawing on the observations about the strengths and weakness of the three climate funds reviewed above. The discussion is divided into 8 themes.

1. Developing A Clear Strategy & Eligibility Criteria For Fund Use

A critical observation on the existing climate funds in Bangladesh has been on the rushed approach to developing funding strategies and identifying viable projects. Several sources suggest a substantial amount of climate finance has become available without a clear strategic framework for its allocation. There has also been inadequate stakeholder

consultation to inform the development of strategies, including with community based groups representing the most vulnerable people affected by climate change.

Without a detailed strategy document that identifies priority projects, credible result indicators, and establishes a clear eligibility and selection criteria, there is an increased risk of inefficiencies in fund use. From an accountability perspective, without a transparent strategy in place, fund allocations are also vulnerable to discretion that brings corruption risks.

The lesson for the development of a national REDD+ fund is the need to make sufficient time and resources available for deliberating a national strategy with a clear investment plan and accountability measures linking to/directly built into the national policy, legal and institutional framework and eligibility criteria for the use of its funds at an early point. A failure to do this has been a criticism of other REDD+ funds, including the Guyana REDD+ Investment Fund where a lack of clear strategy has resulted in both delays to fund allocations as well allegations by civil society groups that the fund has been used for political ends.³⁶

In contrast, the strategy and eligibility criteria established for the Amazon Fund is detailed and has been developed through much more open and consultative process. As a consequence it has experienced more positive views from civil society and donors.

A national REDD+ fund for Bangladesh should therefore strive for similar high levels of transparency in the process of how decisions are made, including publishing all funding applications (including those that are not approved) and providing clear justifications for funding decisions. Scoring criteria for funding decisions may improve integrity further.

2. Fund Governance And Management

The experience of climate funds in Bangladesh raises complex issues regarding sovereignty and the outsourcing of management functions to non-government organisation, such as the World Bank. It is beyond the scope of this report to make a recommendation on this, although the experience of the three funds highlight the importance of effective partnerships between government ministries and donors.

Of the existing national REDD+ funds, the majority have established a national REDD+ fund as a separate legal entity, with a substantial degree of legal and operational independence from the government. In these cases the government remains an active part of the governing board, but designates the fund management to an independent not for profit entity.

Lack of government capacity to undertake fund management is one explanation for this, but it is also the case that an independent legal entity is considered in some contexts to provide more confidence for donors and investors, including in establishing higher levels of fiduciary accountability and oversight. In the case of the Costa Rica's National Forest Financing Fund, an additional benefit has been highlighted - protecting the fund from the state's creditors in the event of a default on sovereign debt.³⁷

³⁶ See for example the 2nd Verification report provided by the Rainforest Alliance on the of Progress related to indicators for the Guyana-Norway REDD+ Agreement", available at: http://www.redd-monitor.org/wp-content/uploads/2013/01/Rainforest_Alliance.pdf

³⁷ Conway, et al, 2014 "International experience with REDD+ and Forest Funds", *ETFRN News* 55: March 2014

Several REDD+ and forest funds have also successfully outsourced key functions of fund management and project evaluations to an independent agency, including development banks, multilateral organizations including UNDP and the World Bank, private companies or local NGOs. It has been claimed in one assessment of REDD+ fund management that private companies, in particular, have been able to reduce management costs for REDD+ funds.³⁸

However, the practice of outsourcing has also raised concerns with accountability, and this needs to be considered in discussions about the governance of a national REDD+ fund in Bangladesh.

For example, the role of the World Bank in establishing the new Secretariat for the CCRF was undermined by lack of resources and the pressure to implement projects, which led to an unreasonable time frame to develop capacity for the new Secretariat. Moreover, there have been concerns raised about the integrity of the process of awarding of funds to NGOs through the CCRF. Similarly, in Costa Rica, private entities known as ‘regents’ that are used to inform funding decisions for projects supported by the national forest fund have come under scrutiny due to conflicts of interests. This reinforces the need for transparent eligibility criteria and procedures for fund management, as well as the need for clear conflicts of interest rules that extend to service providers.

A final consideration in fund governance is the establishment of technical committees, similar to those that have been developed for the CCTF and proposed for the CCRF. The Amazon Fund has established several multi-stakeholder committees that focus on key aspects of the fund’s activities and advises the decisions of the governing board. Likewise, the Congo Basin Forest Fund has established a working group that considers civil society engagement and issues of free prior informed consent for indigenous forest communities. The use of such multi-stakeholder committees could be considered for the governance of a REDD+ fund in Bangladesh, and could help directly strengthen aspects of the fund’s integrity, as elaborated further below.

3. The Involvement Of Formal Oversight Bodies

An observation on the climate funds in Bangladesh is the lack of a strong role for national formal oversight bodies. In the case of the CCRF and CCTF, this is exacerbated by funds allowing to exist outside of formal government planning, budgeting and accounting procedures. This weakens accountability, while also opening opportunities for government agencies to practice double accounting – using climate finances to pay for activities and costs that are already covered by their core budget through public funding. Where REDD+ funds are allocated to government departments, it therefore may be preferable to ensure these are integrated into formal budgeting processes, including co-ordination with the Planning Commission so that the annual planning for the Development Budget minimizes duplication of efforts.

A further issue in the design of a national REDD+ Fund is the role of other government bodies involved in oversight and co-ordination, including the Ministry of Finance and the anti-corruption commission. Discussions need to explore the potential for these government organisations to support the oversight of a national REDD+ fund. This could involve simple trainings and a commitment by the fund to provide ongoing information on the fund’s operations. However, formal oversight bodies could be engaged in a more coherent way

³⁸ Conway, et al. 2014.

through multi-stakeholder committees mandated by the Fund's governing board. In Kenya, for example, the Ministry of Environment, Water and Natural Resources had established a multi-stakeholder committee to develop and monitor anti-corruption measures for REDD+, which includes the participation of the Ethics and Anti-Corruption Commission. Part of the mandate for this group is to review accountability and transparency measures for a proposed national REDD+ fund.

There may also be opportunities to incorporate REDD+ funding and activities within the proposed Climate Fiscal Framework, which would then integrate REDD+ into a more coherent monitoring and accountability process involving the Ministry of Finance and the Planning Commission. The opportunities and modalities of this need to be explored further as the Climate Fiscal Framework is implemented.

4. Transparency And Access To Information

There are weaknesses evident in the climate funds in Bangladesh in terms of transparency, although the PPRC performs well on this aspect. Of the three funds, the CCTF operates with very limited information shared to the wider public on project implementation, financial performance of the fund and on project evaluations, while there are also limitations to the approach to transparency adopted by the CCRF.

Lack of transparency is closely associated with increasing risks for corruption and poor decision-making. It also undermines trust and wider support, which, for an initiative such as REDD+, is critical for attracting investors and gaining support from a range of stakeholders that can positively effect deforestation and forest degradation. Lack of transparency has been a problem raised in the reviews of several of the existing national REDD+ funds, and high levels of transparency are firmly established as policy recommendations for improving REDD+ fund management.

As noted above, Bangladesh has a strong Right to Information Act, which was passed in 2009. This provides a positive enabling environment for transparency in a national REDD+ fund, and would be equally applicable to a fund managed by the government or a fund set up as an independent legal entity. However, problems in the implementation of the Right to Information Act in Bangladesh suggest that a national REDD+ fund cannot rely on this Act in isolation, and therefore needs to develop and communicate its own policies on transparency, and ensure resources are available to deliver on these.

In establishing these guidelines for a national REDD+ fund, it is important to establish precisely what information will be published and when. The timing of information disclosure is relevant to accountability, and a national REDD+ fund should establish a system for communicating key information at regular intervals, and using effective methods of communication such as an on-line platform, national and local newspapers and radio programmes, rather than only through annual reports. The CCTF recognized the need for a dedicated communications strategy, but evidence suggests it has not followed through to implement this.

For transparency to be effective, information also needs to be accessible, which includes publishing information in local languages and presenting it in a format that is relevant and understandable to non-expert audiences. This is particularly important in terms of financial information including budgets and expenditures. A national REDD+ fund should develop a communications strategy that considers how best to summarize key information for public

dissemination, something that can be assisted by NGOs as well as the Information Commission of Bangladesh.

Procedures should also identify any legitimate reasons to withhold information from the public, and what grievance mechanisms are in place if an access to information request is denied. As well as working with the Information Commission, those developing REDD+ in Bangladesh can consult international best practice guidelines, established for example through the Bali Guidelines.³⁹ As these establish, a public interest clause should be included in rules for access to information.

Finally, these measures to deliver effective transparency require dedicated resources, and therefore this needs to be adequately factored into a budget for the National REDD+ fund. This includes developing communication tools such as websites and publications, and also funding human resources for ongoing management of information requests. A dedicated information officer should be established in a national REDD+ fund. The experience of the CCRF shows that planning and implementing a transparency strategy needs to be an activity prioritized in the establishment of a fund.

5. Civil Society Participation

The climate funds in Bangladesh raise concerns about the extent of civil society participation, although the three funds display differing experiences on this aspect. Yet there have been complaints across all three funds that civil society organisations are not actively engaged in influencing decision making and monitoring of results of fund expenditures and activities.

Some commentators note that stakeholder meetings for climate funds have been used to achieve civil society participation, but this is undermined by the lack of legitimacy of some NGOs participating in these meetings, and the limited scope of non-state actors to influence meeting agendas and outcomes. For both the CCTF and CCRF, lack of adequate consultation appears to be partly an outcome of a rushed approach to establish the fund, as well as pressure to roll out projects. This has meant time and resources for consultative processes have been neglected.

NGOs are also represented in the governing boards of both the CCRF and the CCTF, but a criticism is that the government chooses these representatives and their impact may be limited due to serving on a group that contains many more senior government officials and donors.

Existing REDD+ funds have a mixed approach to civil society participation. The Amazon Fund is often considered to represent best practice, as it has established a governing board that consists of three equal voting blocks, one assigned to local government, one to national government and one to civil society. In other cases, civil society and the private sector have had limited roles, including as an observer status on governing board meetings.

However, the lack of formal civil society engagement in most REDD+ funds has been raised as a criticism and has undermined trust and the willingness of donors to commit funds. For example, problems in managing civil society participation on the Congo Basin Forest Fund,

³⁹ The Bali Guidelines refer to the “Guidelines for the Development of National Legislation on Access to Information, Public Participation and Access to Justice in Environmental Matters”. Available here: http://www.unep.org/civil-society/Portals/24105/documents/Guidelines/GUIDELINES_TO_ACCESS_TO_ENV_INFO_2.pdf

and allegations that government officials were dominating decision-making, led to a temporary withdrawal of support by national civil society groups for the fund in 2012.

Meaningful engagement of civil society on a national REDD+ fund is therefore paramount to its success, and it is important that a national REDD+ fund in Bangladesh clearly sets out the scope and responsibilities for any formal role assigned to civil society groups. In doing so, a difficult challenge lies with identifying legitimate civil society groups that have a strong track record and have a valid claim to represent the interests of communities and interest groups. This is something that needs to be discussed further in Bangladesh. Following the example of the Congo Basin Forest Fund, a technical committee could be established through a national REDD+ fund, or REDD+ readiness activities, that is tasked with mapping civil society stakeholders and facilitating the process of self selection to represent civil society in any formal capacity for the governance of the fund.

6. REDD+ Fund and Local Government Authorities

Although existing climate funds have highlighted the importance of working closely with local authorities, in practice this seems to be a weakness to all three funds. A general observation is that local authorities are not actively engaged in the decision making process of climate funds, and are rarely recipients of funds for climate resilience work. This has implications for accountability, as elected local authorities may be more accessible to citizens than is their central government, and therefore have the potential to improve civic engagement and accountability.

A national REDD+ strategy in Bangladesh may also highlight the importance of local authorities in implementing and monitoring activities for REDD+, which in turn is supportive of policies of decentralization for natural resource management. The extent of engagement by local authorities is however contingent on the nature of REDD+ policies and measures, and these may not provide a clear role for local authorities. Nevertheless, local authorities could be important stakeholders in the design and oversight of a national REDD+ fund. Thus, trainings and outreach on REDD+ aimed at elected local authorities should be further strengthened as part of REDD readiness activities in Bangladesh.

Furthermore, a sub-national approach to developing REDD+ in Bangladesh may be useful to explore. This focuses REDD+ activities and a REDD+ fund on a particular region or district. In this scenario, local authorities should be considered for an active role on the governing board of the REDD+ fund, as is the case in the Amazon Fund, where local authorities have been assigned one of the three voting blocks.

7. Monitoring And Evaluation

The three climate funds have a mixed approach to undertaking monitoring and evaluation, in terms of overall fund management as well as at the project level. The CCTF is perhaps the weakest on this aspect, and does not engage independent evaluators or publish outcomes of its internal evaluations. Thorough and credible evaluations that are disseminated widely are an essential mechanism to ensure fund management integrity. Moreover, it is vital that both the fund and its projects establish credible indicators of results linked to a theory of change. Without this, monitoring and evaluating impacts, including on social as well as environmental criteria, are extremely difficult.

The approach for a national REDD+ fund must be based on stronger rules and procedures for its evaluation and monitoring. It is beyond the scope of this report to provide an in-depth

review of the literature on M&E, and experts disagree on what best practice involves. However, allocating sufficient resources for a competent third party to undertake external evaluations would be an important policy for any national REDD+ fund. Such reports need to be shared widely, including to the parliamentary committee on the MoEF. Best practice would include allowing a window for comments on evaluations before these are finalized.

A further consideration is to explore participatory methods of monitoring REDD+ funding, where these are aimed at improving social and environmental conditions in specific communities. The concept of participatory monitoring and evaluation brings together external experts with local beneficiaries to agree on key results indicators and to collate information on project impacts on an ongoing basis. There are several resources that could be consulted for exploring this further for REDD+ in Bangladesh.

8. The Importance Of An Effective Grievance Mechanism

It is difficult to assess the effectiveness of grievance mechanisms for the three climate funds. National laws and procedures in place in Bangladesh for reporting corruption and human rights abuses have been strengthened over the past decade, but there are still concerns about the implementation of these policies. Allegations of corruption have been made against projects funded by the CCRF, but there is a lack of evidence the relevant authorities in Bangladesh have been able to respond to these claims.

For the CCRF, the responsibility for grievance and complaints presumably lies with the World Bank as the Trustee of the Fund, but without a publicized grievance policy some stakeholders may be confused about the responsibilities for handling complaints by the CCRF, and whether there are responsibilities for the Trustee Board or management committee. Thus, the involvement of the national government and other organizations in both fund management and project oversight potentially causes confusion in terms of how grievances are reported and which agency has the responsibility and mandate to follow up on cases.

The implication for a national REDD+ fund is that a clear policy on grievances and complaints, including allegations of corruption, must be established by the governing board and communicated widely. Furthermore, it is vital that a national REDD+ fund identifies a credible national entity that is independent of the fund and has the power to investigate serious offences and complaints.