

Ensuring Access
for the
Climate Vulnerable
in Bangladesh

FINANCING LOCAL ADAPTATION

Report Summary



The Adaptation Challenge: Confronting Threats to Development

As the consequences of climate change become increasingly apparent, the call for action on adaptation is growing louder, particularly in developing nations where climate change threatens to undermine livelihoods and impede progress on development and poverty reduction. By some estimates, about 75-80% of the total costs of climate change will fall upon developing countries.¹ Several studies have projected these costs to the developing world within the range of US\$4-109 billion annually, although the true costs could be much higher.² From a climate justice perspective, developed countries largely at fault for the problem have a responsibility to pay for solutions. Developed countries have agreed to “a goal of mobilizing jointly” US\$100 billion in annual climate finance for developing countries by 2020, which should include substantial funding for adaptation.³

A Bottom-Up Approach to Adaptation Finance

As an ActionAid report explains, even if developed countries provide substantial climate finance, “*how* that funding is disbursed, managed and governed will determine whether it would truly meet the needs of poor and excluded communities.”⁴ **Evidence is building that a bottom-up approach can provide benefits for achieving effective climate change adaptation.** An emerging field of community-based adaptation (CBA) emphasizes the crucial role that people at the local level can play.⁵ Furthermore, recent work by ActionAid in Bangladesh demonstrates an important but still largely unfulfilled role for local government institutions (LGIs) in adaptation.⁶ Providing LGIs in developing nations access to adaptation finance is an important element of a bottom-up approach that needs greater attention.⁷

A Case Study From Bangladesh

Bangladesh is considered one of the most climate-vulnerable countries in the world, but it is also a global leader in efforts to confront climate change. At the national level, the Government of Bangladesh (GoB) put forward the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2009.⁸ The GoB and development partners have also made climate finance available in two national funds to which government agencies can apply: the Bangladesh Climate Change Trust Fund (BCCTF)⁹ and the Bangladesh Climate Change Resilience Fund (BCCRF).¹⁰ Both funds also have a civil society window managed by the Palli Karma-Sahayak Foundation (PKSF) to allow NGOs to apply for smaller grants.

At the same time, Bangladesh provides an interesting study on the evolving role of local governance and potential links to climate adaptation. Administrative jurisdictions in Bangladesh are divided into several tiers, with the bottom levels being upazilas, unions, and lastly wards. Democratically elected councils, or *parishads*, exist at the upazila and union tiers, forming Upazila Parishads (UZPs) and Union Parishads (UPs). These LGIs are overseen by the Local Government Division (LGD) within the Ministry of Local Government, Rural Development and Co-operatives (MoLGRDC). The UPs represent the elected body closest to the people, but overall capacity of UPs remains weak and their authority over planning and budgeting decisions is often limited by upper tiers of government.¹¹ However, the recently passed UP Act of 2009 creates a framework for greater community involvement in decision-making, beginning at the ward level in open meetings called ward shovas. In addition, the Local Governance Support Project, now in its second phase (LGSP-II), has initiated a mechanism for direct finance to UPs intended to increase the funding resources that they can use at their discretion.¹²

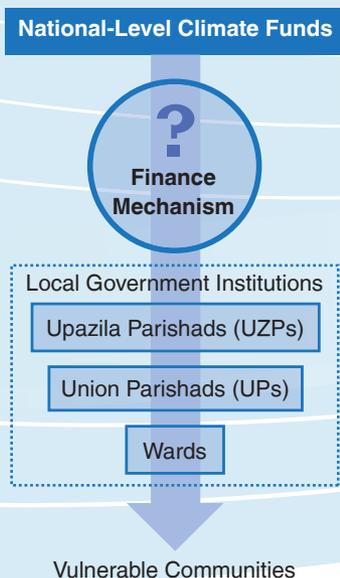


Figure 1: Research Question

ActionAid Bangladesh (AAB) has piloted an approach to CBA that includes participatory vulnerability analysis and adaptation planning at the community level, as well as efforts to help vulnerable communities engage with their UPs to voice their needs and access resources through the planning and budgeting process. Other NGOs are also working on similar efforts to link communities to LGIs. **The research report, *Financing Local Adaptation: Ensuring Access for the Climate Vulnerable in Bangladesh*, focuses on Bangladesh as a case study in exploring how to bridge the divide between adaptation finance at the national level and vulnerable communities at the local level (see Figure 1).** The study was undertaken jointly by Action Research for Community Adaptation in Bangladesh (ARCAB) and AAB, with support from the International Centre for Climate Change and Development (ICCCAD) and the Bangladesh Centre for Advanced Studies (BCAS) and funding from the Embassy of Denmark.

Drawing on secondary literature and interviews and discussions with community members, local government officials, and various experts, the report proposes a mechanism through which LGIs could provide a gateway for vulnerable communities to gain increased access to climate adaptation finance. For complete details on the background, methodology, findings, and references, see the full report.¹³

Key Lessons

The findings from the report illustrate a number of key lessons that should guide the design of a local adaptation finance mechanism in Bangladesh, and selected findings are noted here. At the local level, although resource needs are high and capacity may be relatively low, some efforts are underway to strengthen planning and budgeting for climate change and disasters among community groups and LGIs. At the national level, both the BCCTF and BCCRF have faced challenges and controversies, but there are no inherent barriers to either fund providing adaptation finance to LGIs. In terms of linking the local and national levels, some existing budgetary mechanisms suffer from problems of political influence and a lack of community input in decision-making. However, the LGSP system of direct finance to UPs provides a viable model that is reportedly more transparent and participatory.

Building on Synergies for a Mainstreamed Approach

This study highlights a number of initiatives and frameworks already in place in Bangladesh that could play a role in providing climate adaptation finance to the local level. In addition to those already discussed, the Comprehensive Disaster Management Program, now in its second phase (CDMP-II), is supporting risk reduction efforts throughout the country.¹⁴ This includes working with NGOs and local Disaster Management Committees (DMCs) to prepare

Community Risk Assessments (CRAs) and Risk Reduction Action Plans (RRAPs) at the local level. The CDMP also has a Local Disaster Risk Reduction Fund (LDRRF) that finances local projects. The Poverty, Environment and Climate Mainstreaming (PECM) project is piloting a framework to help UPs and UZPs manage climate finance.¹⁵ Moreover, the Union Parishad Governance Project (UPGP) and Upazila Parishad Governance Project (UZGP) are working to strengthen local governance at the union and upazila tiers.¹⁶

Despite the large number of promising activities, many remain insufficiently coordinated. **This research proposes a more mainstreamed approach to local adaptation finance that draws upon key aspects of existing systems and initiatives (see Figure 2).**

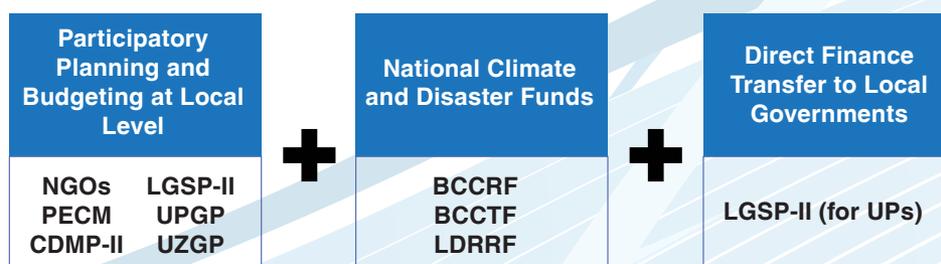


Figure 2: Drawing From Key Elements of Existing Systems and Initiatives

Core Principles

The wide range of input gathered throughout the study has informed the following set of core principles intended to guide the design of a local adaptation finance mechanism in Bangladesh:

- **Strong community participation is essential** in all aspects of the planning, budgeting, implementation, monitoring, and evaluation processes.
- **LGIs must be transparent and accountable**, adhering to principles of participatory planning and budgeting and democratic processes.
- **Safeguards should be put in place to prevent political influence and bias** in decision-making.
- **LGIs should receive finance through direct transfers** that give them the authority and flexibility to use these funds at their own discretion.
- **Adaptation finance should be mainstreamed into existing systems** including disaster risk reduction (DRR), local government financing mechanisms, and broader development planning.
- **LGIs should create sound plans** for adaptation and DRR that include a multi-year perspective.
- **Activities must be well coordinated between tiers of local government**, with each playing a clearly defined role in line with its jurisdiction, authority, and capacity.
- **Capacity and knowledge building is vitally necessary at all levels** and should be undertaken through a coordinated effort with the support of relevant government agencies and NGOs.
- **NGOs should play a supporting role** that helps to strengthen LGIs where needed but does not undermine their authority as the primary centers for decision-making at the local level.
- **The definition of adaptation should be broad** in order to allow communities and LGIs enough flexibility to use finance for adaptation needs they prioritize, without restrictive limitations.
- **Rigorous systems for monitoring and evaluation (M&E) are needed** and should combine top-down approaches with participatory methods undertaken by communities themselves.

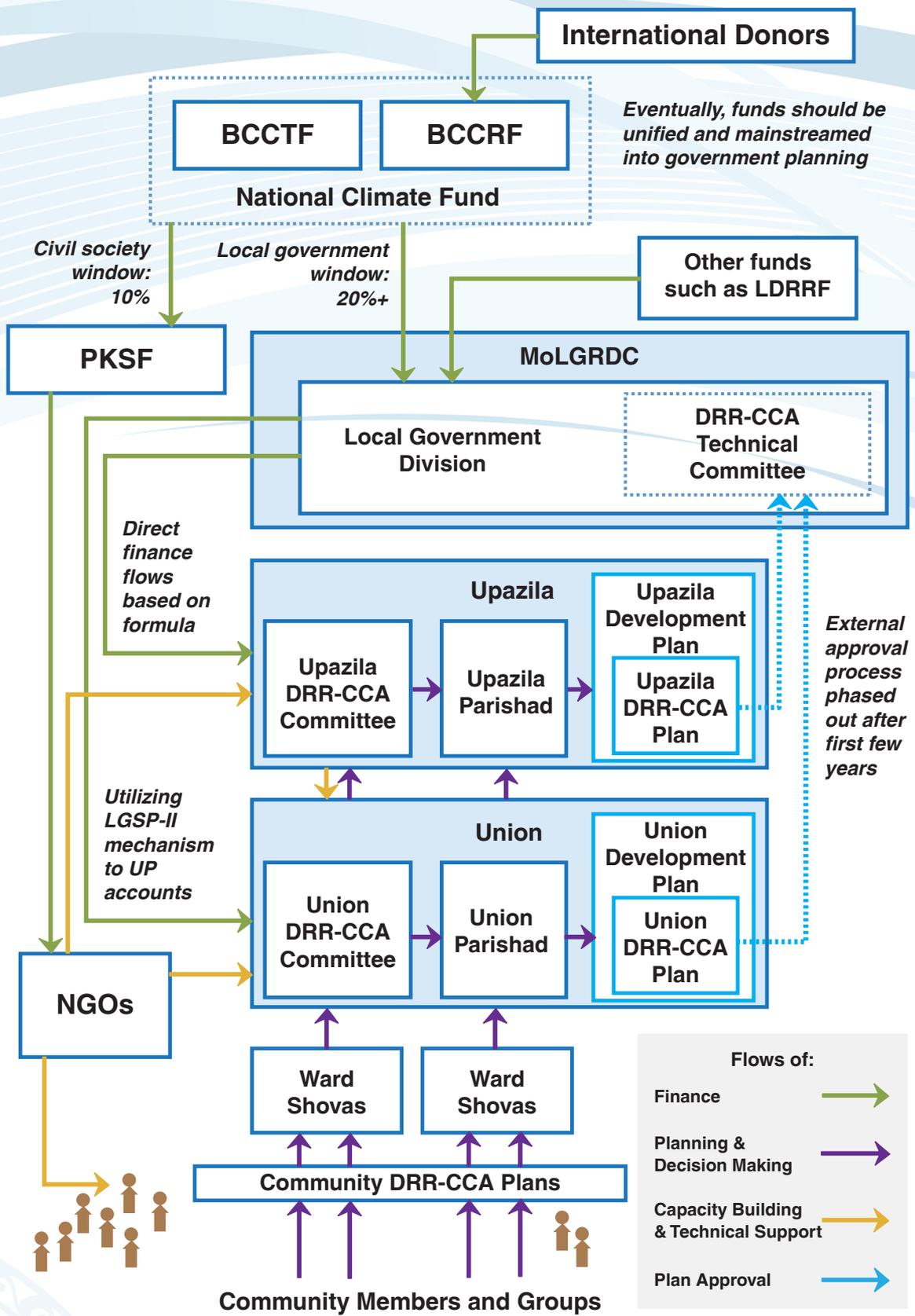


Figure 3: Recommended Local Climate Adaptation Finance Mechanism for Bangladesh

The Recommended Finance Mechanism

The study proposes a mechanism for channeling climate adaptation finance to LGIs in Bangladesh (see Figure 3). The proposal envisions an ideal future funding system while acknowledging that it will require time and some institutional changes to implement. The major elements of the mechanism are:

- **A unified National Climate Fund with donor and GoB money would provide 20% or more of available funding through a local government window** transferred to the LGD. Additional funding could also come into the pool from other sources such as the LDRRF.
- **Existing Disaster Management Committees (DMCs) in unions and upazilas would be expanded** to form Disaster Risk Reduction and Climate Change Adaptation (DRR-CCA) committees.
- **NGOs and government agencies would play a supporting role through capacity building and technical inputs** that help communities and LGIs plan for disasters and climate change.
- **The DRR-CCA committees would prepare DRR-CCA plans covering a multi-year timeframe** that are integrated into broader development plans where possible. At the union level, the process would begin by soliciting community input through ward shovas and end with final approval by the UP. In turn, UZP plans would draw upon and help to coordinate UP plans. For the first few years, a DRR-CCA Technical Committee within the LGD would review and approve the plans.
- **Adaptation finance would be allocated to unions and upazilas based on a formula** incorporating climate vulnerability, poverty level, population, and area. To qualify, UPs and UZPs would need a functional DRR-CCA committee and an approved DRR-CCA plan. In addition, they would have to meet the good governance criteria already required for LGSP-II funding.
- **Funds would be transferred directly to UP or UZP bank accounts** such that they are mainstreamed into general development budgets rather than kept separate. For UPs, finance would be transferred using the same direct transfer mechanism as the LGSP-II grants. Guided by their DRR-CCA plans, UPs and UZPs would have wide discretion and flexibility in using the funding.
- **Auditing and reporting would occur in line with existing frameworks** such as the LGSP-II system for UPs, in order to reduce the burdens of multiple reporting requirements.
- **Additional M&E would be undertaken** at the national level, at the level of LGIs, and by communities themselves.

Putting Ideas Into Practice: A Proposed Pilot Project

Given the setup of the BCCTF and BCCRF, which provide funding on a project basis, a fully mainstreamed mechanism as described in the previous section is not currently possible. This study proposes that the BCCTF and BCCRF fund a pilot project, to be led by the MoLGRDC, that would aim to demonstrate the feasibility of direct climate financing to UPs and UZPs through a local government window. The project would include two phases as outlined below.

Phase I

In the first phase (1-2 years), a set of pilot unions and upazilas would be selected on the basis of indicators including climate vulnerability, poverty level, population, and area. A coalition of government agencies, experienced NGOs, and other partners would design and implement coordinated capacity building efforts to support communities and LGIs with local DRR-CCA planning.

Phase I Deliverables:

- ✓ Functioning and capable DRR-CCA committees in all pilot unions and upazilas
- ✓ Approved three-year DRR-CCA plans in all pilot unions and upazilas
- ✓ Functional DRR-CCA Technical Committee within LGD

Phase II

In the second phase (3 years), all pilot unions and upazilas that have approved DRR-CCA committees and plans and meet basic criteria for good governance would begin receiving direct adaptation finance. Funds would be set up to flow from the BCCTF and the BCCRF into a pooled fund at the LGD. The funds would then be sent directly into UP bank accounts using the same mechanism and on the same timeline as the LGSP-II grants, and to UZPs using existing systems. Rigorous M&E would be undertaken to determine the viability of the finance mechanism.

Phase II Deliverables:

- ✓ High-quality, community-led projects planned and implemented at the local level
- ✓ Piloting conducted to determine feasibility of a local government window and direct transfer mechanism for climate adaptation finance in Bangladesh
- ✓ Lessons and evidence from rigorous M&E that can inform future improvements

Endnotes

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- 5 For an overview and definitions of CBA, see: Hannah Reid et al., "Community-based Adaptation to Climate Change: An Overview," in *Community-based Adaptation to Climate Change*, Participatory Learning and Action 60 (London: IIED, 2009), 11–29, <http://pubs.iied.org/14573IIED.html>.
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- 7 The UNCDF is piloting an approach to adaptation finance for local governments, see: <http://www.uncdf.org/local/>.
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- 9 For details, see: Munjurul Hannan Khan, Saleemul Huq, and Md Shamsuddoha, "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, IIED and ECBI, n.d.), <http://xa.yimg.com/kq/groups/8951350/387381609/name/BangladeshNationalFund.pdf>.
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- 11 For an overview of issues facing UPs, see: Salahuddin M. Aminuzzaman, *Local Government and Development in Bangladesh: Lessons Learned and Challenges for Improving Service Delivery of Union Parishad (UP)* (Dhaka, Bangladesh: Local Government Division, Government of the People's Republic of Bangladesh, 2010), http://www.undp.org.bd/projects/proj_detail.php?pid=50.
- 12 For details, see: <http://www.worldbank.org/projects/P124514/bangladesh-local-governance-support-project-ii?lang=en>
- 13 The full report is available online at: <http://www.actionaid.org/bangladesh/publications>
- 14 For details, see: <http://www.cdmp.org.bd/index.php>
- 15 For details, see: http://www.pecm.org.bd/attachment/PECM_Brochure_Final.pdf
- 16 For details, see <http://mptf.undp.org/factsheet/fund/JBD20> (UPGP) and <http://mptf.undp.org/factsheet/fund/JBD10> (UZGP)

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