

POLICY BRIEF

Climate Change Governance

Planning and Financing of Community Resilience in Bangladesh

April, 2014

Issue: CCG-PB-14-001

The objective of this policy brief is to explore opportunities and challenges to planning and financing community (local) resilience, which demands strengthening of the governance of climate change finance at the local level. It provides a critical review of the major trends, main challenges and opportunities and proposed ways forward in relation to the local delivery and management of climate finance (intended as all climate-related finance, and not only as the provision of international climate-specific funds) in Bangladesh.

Policy Pointers

- **Local Governance** is the key entry and Local Government Institutes are key Partner for Building Local Resilience.

- **Shared Responsibilities** of LGIs, Local Administration and National Organization are important dimensions of financing Local Adaptation to Climate Change.

- **Local Climate Fiscal Framework** is a Key Building Block for Mainstreaming Climate Change into Local Level Planning and Financing Process.

- **Adaptive Social Protection** is an immediate step up at local government level to promote community resilience.

Bangladesh being a leader of showing the resilient path of development to the world the most claimed evidences comes from local adaptation. The success of communities in identifying different innovative efforts for community based adaptation now needs to be facilitated towards a planned adaptation process. There is significant progress made in identifying and assessing risk at community level, developing standalone plans for reducing risk, which needs to be integrated within local development plan. There are different types of finances in the form of grants, LGIs budgets and households own spending on climate purpose. There is also potential of adaptive social protection as possible financing stream. However, a set of accountability mechanism is practiced though inadequate for a fiduciary standard. There is now a clear policy need to address the challenges of the local adaptation and explore the opportunities by all stakeholders.

While existing literatures (General Economics Division, 2012) (General Economics Division, 2014) alert of

the critical dimension of the local aspects of climate change, so far the voice of local level practitioners has been less audible in the international and national climate change discourse. The local dimension of climate finance is of utmost importance not only because of the intrinsically local nature of CC vulnerability but also because of the additional development co-benefits of the pursuing a local *green growth* strategy. Most importantly, local delivery of CF deserves specific attention because of the critical role of LGIs as the key agents to achieve effective results on the ground.

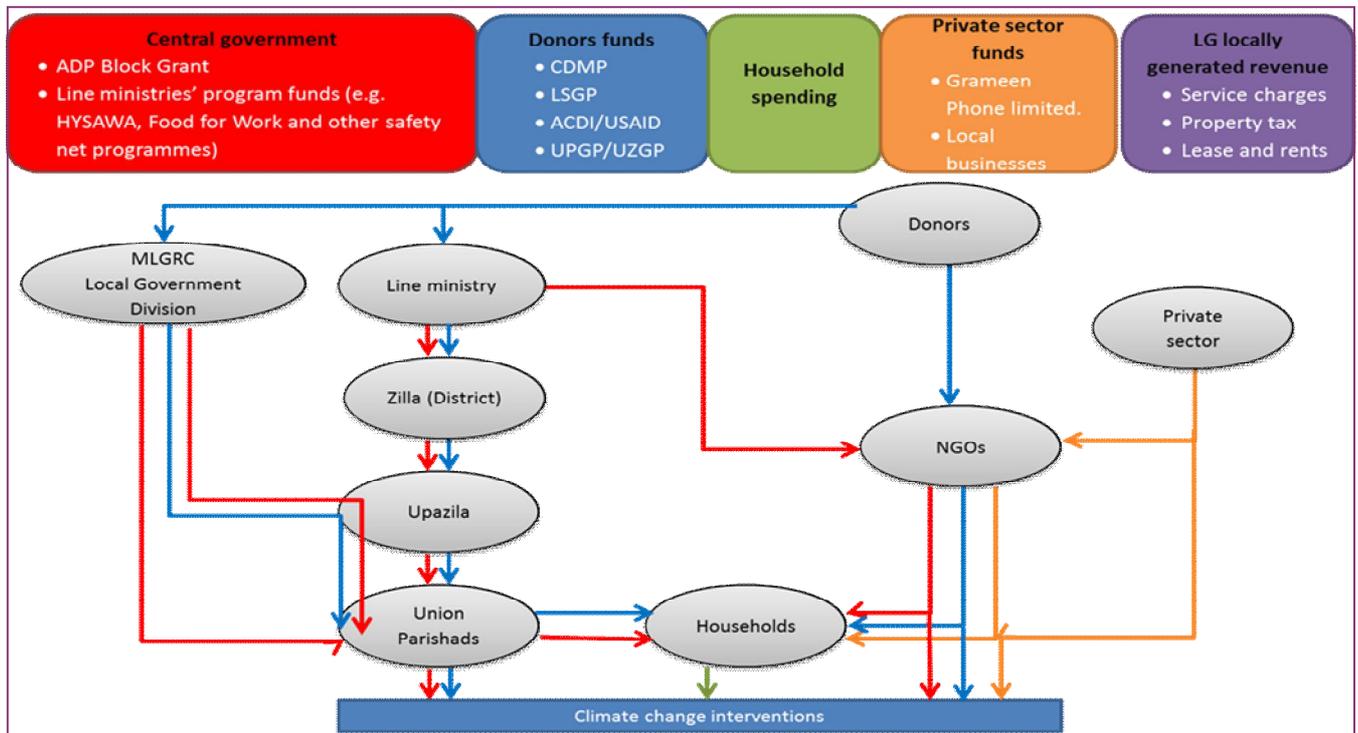
Focus on Local Governance is pivotal rather only focusing Local Governments

Climate change has a highly localized dimension in Bangladesh. Complexity of development and climate finance has resulted in several types of funding mechanisms in Bangladesh. However, analysis and tracking down of such funds to climate sensitive investments at the local level is largely absent. Climate fiscal analysis at local level in Bangladesh

provided a vision for an integrated framework, based on which climate change investments from the Government, development partners and the private sector in the next decade can be delivered

Organization are important dimensions of financing Local Adaptation to Climate Change.

The climate fiscal framework study (General Economics Division, 2014) has identified a few key



at **Figure 1 Existing Sources of Climate Finance at Local Level (General Economics Division, 2012)**

local level using LGIs and Other institutions at local level (General Economics Division, 2014).

While we see the diversity of the actor active at local level on various aspects of climate finance, then it becomes important that the focus only on LGI will limit the potential of the engagement of other local institutions and actors and will not be helpful for community resilience. The role of CBOs, NGOs, central agencies active at local level, private sectors, credit and other financing institutions, media, donor projects at local level, political parties and citizen as a whole. The role of all these actors and institutions are very important for the planning and financing the local adaptation. More critical aspect for local adaptation should be the method and process, how inclusive, participatory, pro-poor and accountable the financing of local adaptation. The role of LGI here is very important and their role as key service provider and coordinating entity is pivotal, where the governance of all local decision making will be key for local adaptation.

Shared Responsibilities of LGIs, Local Administration, CSOs, CBOs and National

actions at local level feasible for local actors to be implemented. The key types of actions were identified

are: adaptive social protection (including social safety nets), climate resilient livelihoods, climate resilient rural infrastructure, climate resilient habitat (settlements), all hazard early warning system, biodiversity conservation, climate resilient health and sanitation, climate resilient education programme, adaptive agriculture-fisheries-livestock-forestry, climate resilient drinking water system, adaptive water management system, awareness raising for resilient local development and advocacy for financing local adaptation (General Economics Division, 2014). The list of the programme indicated into the above list clearly demands shared responsibilities of state organizations and non-state actors (CBOs, NGOs and different local institutions).

Local Climate Fiscal Framework is a key building block for mainstreaming climate change into local level planning and financing process.

The Government of Bangladesh has identified that if local climate fiscal framework is developed as an integrated framework where LGIs identify the local

demand for climate change, and domestic and international supply of climate finance and establish an institutional and policy framework for managing this finance effectively at local level. This comprehensive approach can take the form of a local climate fiscal framework (LCFF) which will

Adaptive Social Protection is an immediate step up at local government level to promote community resilience.

Government of Bangladesh is typically spending around 160 billion Taka (2.05b USD) per year in last five years and in allocated 198.4 billion Taka (2.55b USD) FY 2013-14. This allocation includes 1.7% of GDP and 8.9% of National Budget (according to 2013-14 FY). This includes a range of cash transfers to range of food security programmes that targets poor and vulnerable people in Bangladesh. A large number of the target populations are also

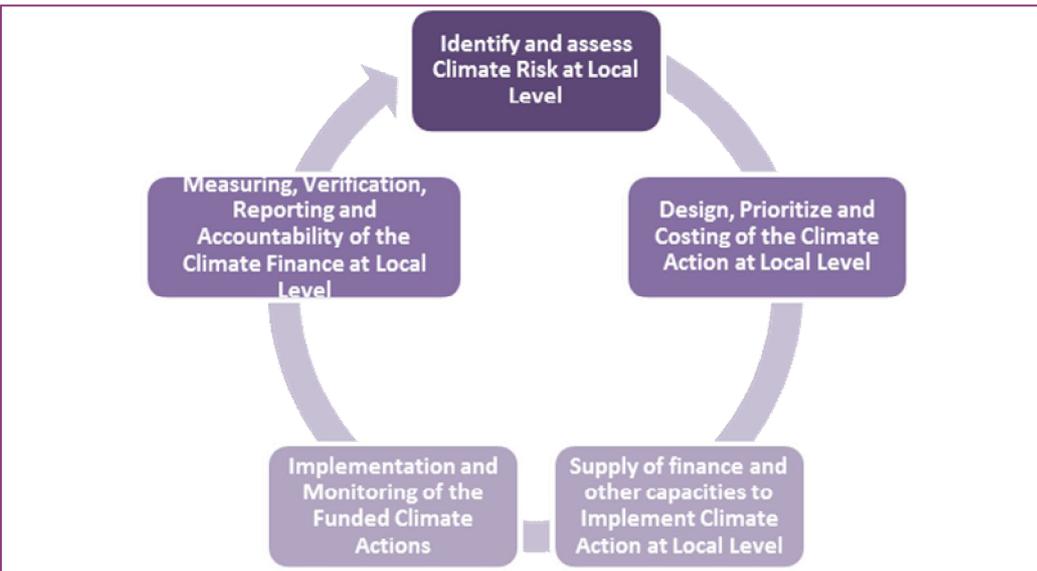
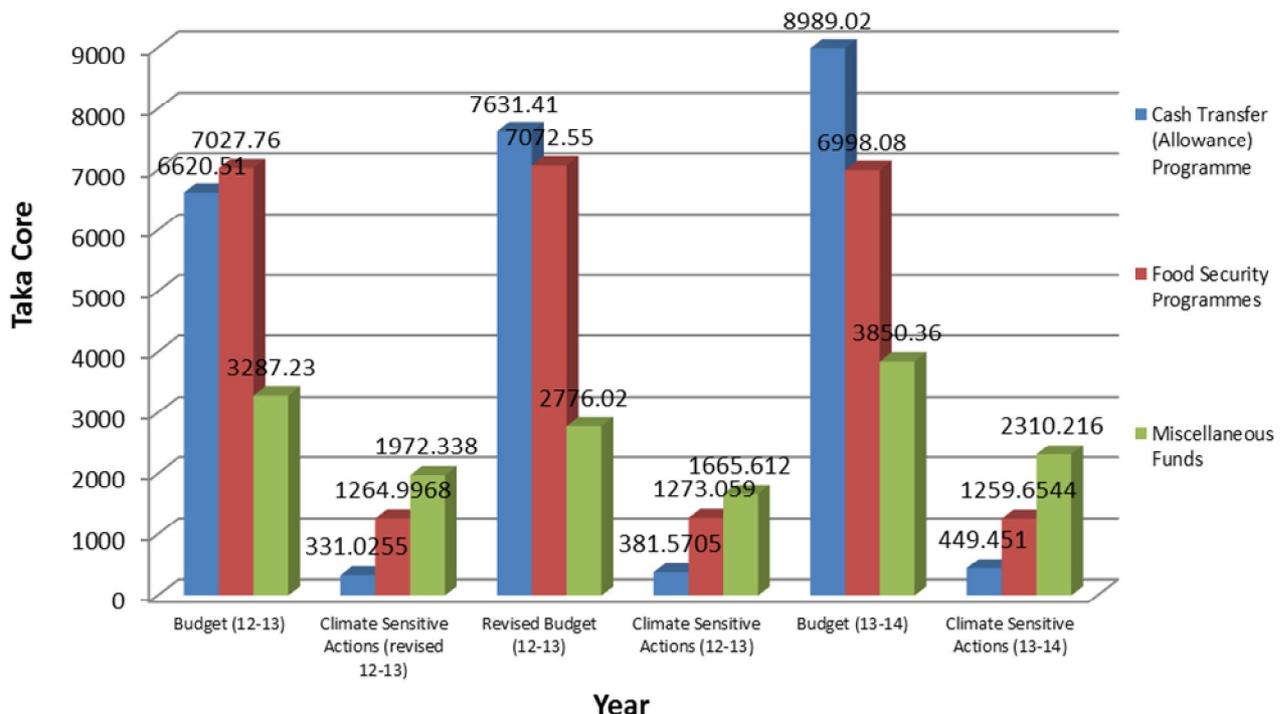


Figure 2 Proposed Local Climate Fiscal Framework

link climate change priorities with expenditure and taxation-budget transfer decisions through the budget process. This framework will ensure that external finances (national and international climate finance) are used most effectively alongside own (LGIs own income) resources and that private investments (NGOs, CBOs and Private Companies) are encouraged.

climate change victims, who lives in different climate and disaster vulnerable hotspots. While the safety nets are providing critical lifeline, social empowerment and rural maintenance supports and seasonal unemployment. The current social safety net programmes are largely missing the adaption and resilience dimensions. This is not because of money, but more because of limited willingness,

Figure 3: Social Safety Net Budget and Climate Sensitive Actions



capacity and incentives.

Using a climate marker (OECD, 2011) while the GoB's social safety net expenditures are analysed, it was observed and evident that GoB is typically spending a portion of fund for climate purpose without being deliberate. Figure 3 shows around 5% of the cash transfer, 18% of the food security programme and 60% of the miscellaneous funds (disaster fund and BCCTF) under total safety net budget are climate sensitive.

Conclusions:

Bangladesh being one of the most vulnerable countries for climate change has both opportunities and challenges of financing local adaptation. The highly centralized governance, very low level capacity at the local level, lack of mutual trust among different stakeholders, overlapping roles and responsibilities of different stakeholders and the political economy of climate

planning and financing are the key challenges. The opportunities are the vibrant civil society organizations, active media, willingness and interest of LGIs and academia to be engaged in local adaptation, the existing programme mechanism, availability of public finance mechanism, and already a significant progress towards a comprehensive fiscal framework for local adaptation. We need to explore the opportunities those are identified in the four key policy points and meet the challenges so far we can do.

References:

General Economics Division. (2012). *Public Expenditure on Climate Change: Bangladesh Climate Public Expenditure and Institutional Review*. Dhaka: Planning Commission, Government of Bangladesh.

General Economics Division. (2014). *Scoping Study on Local Climate Fiscal Framework in Bangladesh*. Dhaka: Planning Commission, Ministry of Planning, Government of Bangladesh.

Ministry of Environment and Forest. (2009). *Bangladesh Climate Change Strategy and Action Plan*. Dhaka: Government of Bangladesh.

OECD. (2011). *Handbook on the OECD-DAC Climate Marker*. OECD.

About the author:

A.K.M. Mamunur Rashid, National Project Manager, PECM Project, UNDP Bangladesh.

Contact: nemoibsr@gmail.com

Md. Rafiqul Islam, Joint Chief and National Project Director, PECM Project, General Economics Division

Contact: rafiqsyllhet@yahoo.com

The International Centre for Climate Change and Development (ICCCAD) is a research and training centre based at the Independent University, Bangladesh (IUB) in Dhaka, Bangladesh.

Contact:

Reaj Morshed
morshejr@gmail.com
Apt# A5, 98 Park Road,
Baridhara, Dhaka, Bangladesh

The publication of this policy brief was funded by the British High Commission in Dhaka, Bangladesh, however the views expressed here do not necessarily reflect the views of the British High Commission.

