

# The Department for International Development's Climate Change Programme in Bangladesh







Independent  
Commission  
for Aid Impact

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The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgement on each programme or topic we review.

	<b>Green:</b> The programme meets all or almost all of the criteria for effectiveness and value for money and is performing strongly. Very few or no improvements are needed.
	<b>Green-Amber:</b> The programme meets most of the criteria for effectiveness and value for money and is performing well. Some improvements should be made.
	<b>Amber-Red:</b> The programme meets some of the criteria for effectiveness and value for money but is not performing well. Significant improvements should be made.
	<b>Red:</b> The programme meets few of the criteria for effectiveness and value for money. It is performing poorly. Immediate and major changes need to be made.

# Executive Summary

84% of the 162 million people living in Bangladesh survive on less than US\$2 (around £1.30) a day.<sup>1</sup> They are highly vulnerable to the impacts of the climate, particularly cyclones and floods. As global temperatures change, the risks to the country's population are increasing.

This evaluation assesses whether a key part of UK assistance for climate change adaptation is effectively and efficiently responding to the needs of the people of Bangladesh. It focusses on the £75 million Department for International Development (DFID) Bangladesh Climate Change Programme, approved in September 2008.

**Overall** *Assessment: Green-Amber* 

The programme has started well, with progress in pilots and early initiatives across a wide front. Challenges remain to take such progress to scale. There are significant management challenges that have yet to be resolved.

**Objectives** *Assessment: Green* 

The programme has balanced objectives aligned to the country's needs. It focusses on adaptation, seeking to improve the resilience of communities to climate shocks. It aims to make improvements sustainable by building local knowledge, skills and systems. The UK's assistance is seen to add particular value by Bangladeshi partners.

**Delivery** *Assessment: Amber-Red* 

DFID channels most of its funds through the World Bank and United Nations Development Programme (UNDP). Our observations are that these organisations add technical value and help to reduce the risk of corruption. DFID, however, is not holding them sufficiently to account for their performance in implementation. There has been evidence of delays in start-up and co-ordination, so that only £13 million of the £75 million programme has been spent thus far. The full costs of delivery are not yet confirmed.

**Impact** *Assessment: Green-Amber* 

Significant parts of the programme have been subject to delay in start-up and are, therefore, not yet having widespread impact. Where activity is underway, it appears to be performing well and establishing effective models with good local engagement. Activities are being monitored but there is no regular assessment of the

impact they have. There are aggressive targets for impact on people, which will require monitoring by personnel independent of the implementation partners.

**Learning** *Assessment: Green* 

The programme demonstrates considerable innovation. The balance between the three elements of knowledge transfer, development of new approaches and funding large-scale implementation is a good model. The ability to take such lessons to scale is beginning to be tested.

## Key recommendations<sup>2</sup>

**Recommendation 1:** DFID should ensure that organisations implementing UK aid are selected competitively and managed according to clear performance targets, set out in a service level agreement.

**Recommendation 2:** DFID should ensure that all UK resources that support Bangladesh's response to climate change are managed in a co-ordinated and integrated manner.

**Recommendation 3:** DFID should support monitoring by local and international civil society organisations of the activities and achievements of the Bangladesh Climate Change Strategy and Action Plan.

**Recommendation 4:** DFID in Bangladesh should use the programme to fund research and activities to address migration caused by climate change over the next 20-30 years. It should support building capacity to deal with such effects of climate change.

**Recommendation 5:** DFID should plan more explicitly for what will happen at the end of the programme. In particular, more effort is needed to build capacity within government to enable activities and administration to be led by local, not international, institutions.

<sup>1</sup> Bangladesh, UNICEF, 2008, [www.unicef.org/bangladesh/cbg\\_\(18.10.08\).pdf](http://www.unicef.org/bangladesh/cbg_(18.10.08).pdf).

<sup>2</sup> Other recommendations are highlighted in bold throughout the report.

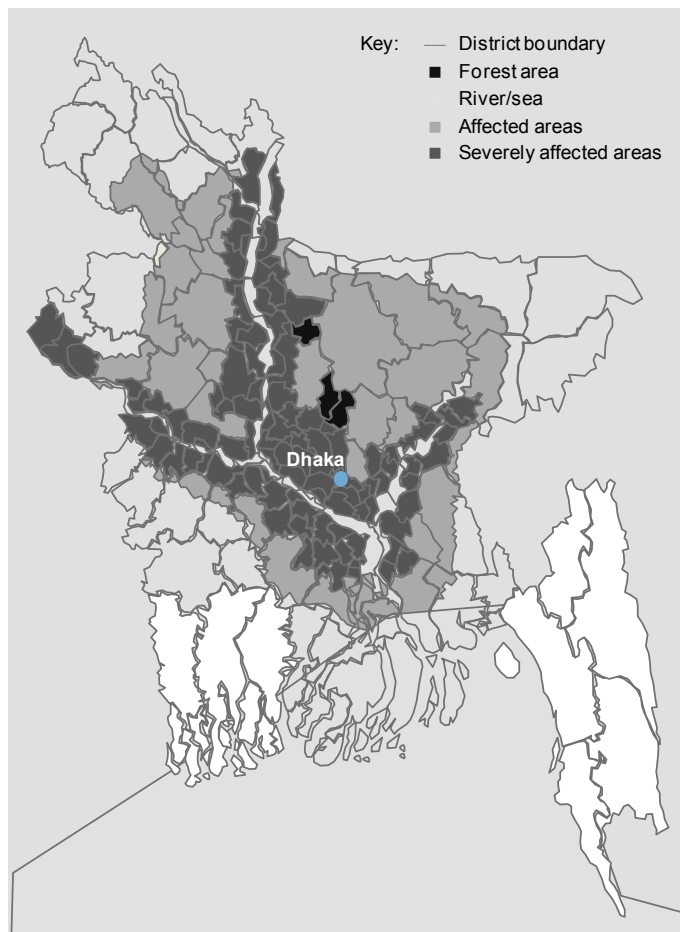
# 1 Introduction

## Introduction to Bangladesh and overall aid

- 1.1 Bangladesh is similar in area to England and Wales with almost triple the population. 84% of the 162 million inhabitants survive on less than US\$2 (around £1.30) a day. The population is predicted to increase to 250 million by 2050.
- 1.2 The country has experienced political instability since its creation in 1971. A military-backed Caretaker Government was in power from October 2006 to December 2008, when peaceful elections brought in the current administration.
- 1.3 Economic growth in Bangladesh has been good despite regular natural disasters. Although classed as a Least Developed Country by the United Nations, the economy has grown between 4% and 7% annually for the last decade. Official Development Assistance (ODA) to Bangladesh totalled £800 million in 2009, 1.2% of the country's Gross National Income, down from 2.4% in 2008.
- 1.4 In 2009, DFID was the fourth-largest provider of external assistance, after the World Bank, Japan and the Asian Development Bank. The UK's total annual bilateral contribution in 2010-11 was £174 million, 26% of which was channelled through multilateral organisations, with a further 37% spent through Non-Governmental Organisations (NGOs). The UK's contribution is increasing to a total of £1 billion over 2011-15. Most of this finance seeks to improve livelihoods, health and education.

## Climate Change

- 1.5 Bangladesh is home to one of the world's largest delta systems. Two-thirds of the country is less than five metres above sea level. It is vulnerable to short-term climate shocks such as cyclones. Severe cyclones occur on average once every three years, creating storm surges sometimes in excess of ten metres high. In 2006, Cyclone Sidr caused £900 million of damage (2.7% of Gross Domestic Product (GDP) in 2007).



### Box 1: 1998 flooding

The 1998 floods lasted from July to September and covered 68% of the country.

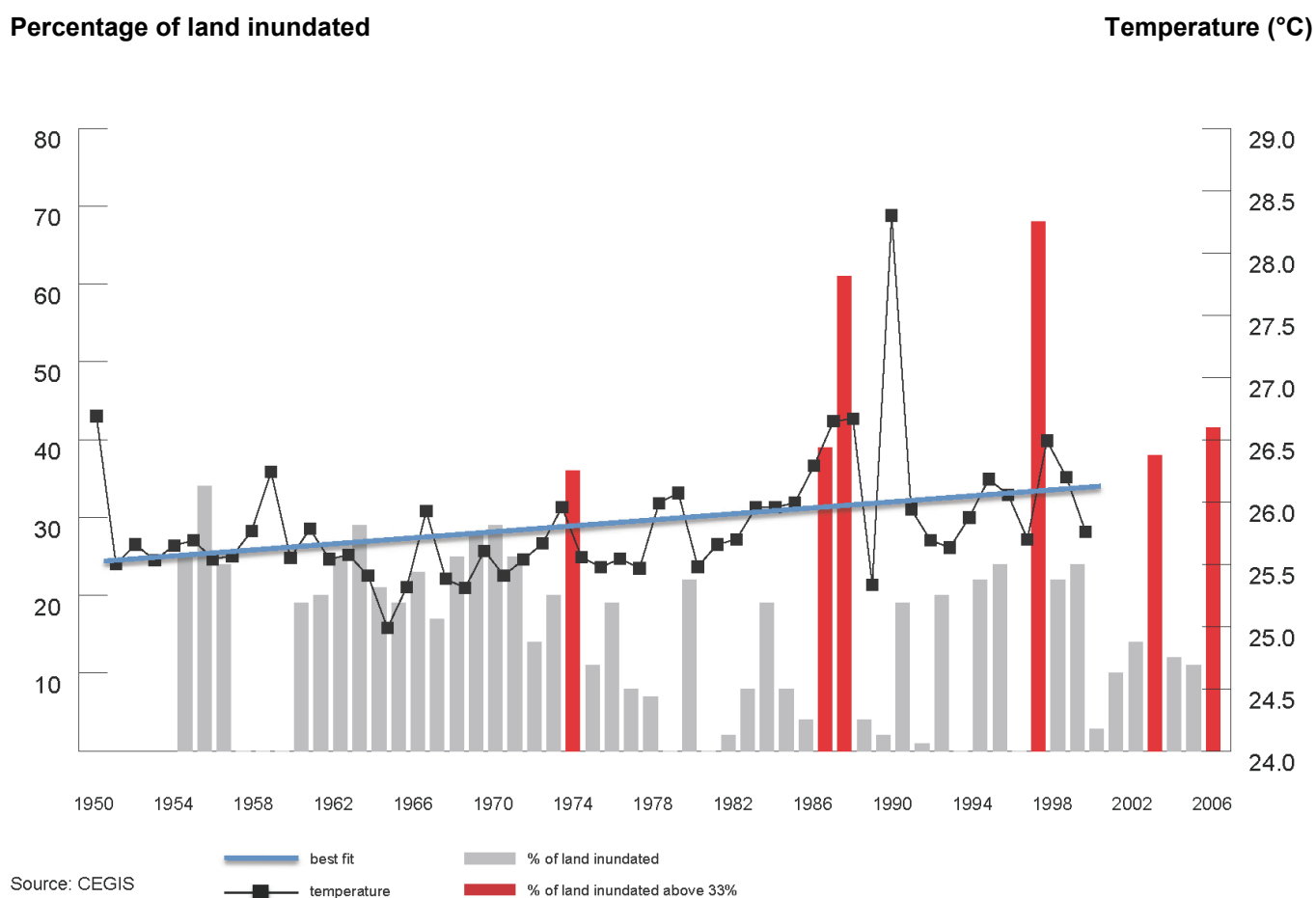
30 million people lost their homes. 135,000 cattle were killed. 700,000 hectares of crops were lost. 11,000 km of roads were damaged. Garment production, Bangladesh's main export, decreased by 20%. The estimated cost to the economy was £1.2 billion, 4.8% of GDP in 1998.

# 1 Introduction

1.6 Bangladesh is also at risk from long-term climate change, particularly sea level rise. The country is already highly susceptible to flooding. As Chart 1 shows, it is not uncommon for over a quarter of the country to be submerged during the monsoon season. Chart 1 also illustrates that, as global temperatures are rising, extreme floods are becoming more common.

1.7 The effects are significant and widespread (see Box 1 on page 2). Homes and infrastructure such as roads are damaged, people displaced and agricultural and industrial production reduced (notably rice and livestock). The majority of the country's 50 million extreme poor are particularly vulnerable, since many live on marginal land such as river islands or along the coast.<sup>3</sup>

Chart 1: Extent of the above-normal flooding in Bangladesh



<sup>3</sup> The World Bank defines the 'extreme poor' as those earning less than US\$1.25 (around £0.80) per day.

# 1 Introduction

## Response and future challenges

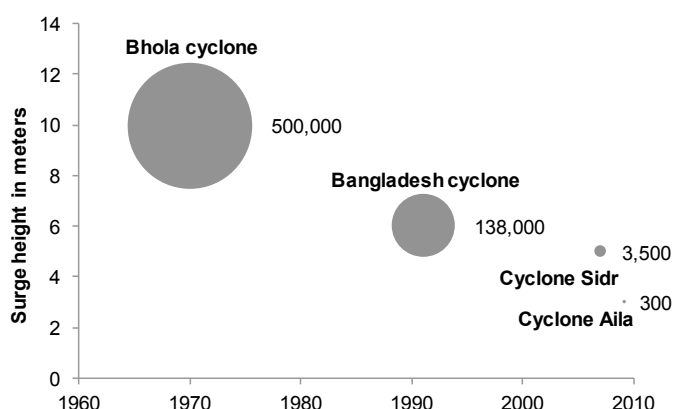
- 1.8 The Government of Bangladesh, with support from international development agencies, has invested over £6.5 billion since 1971 to make the country more resilient to climate change.
- 1.9 The country has done a good job in reducing deaths due to climate shocks. Chart 2 shows how fatalities due to cyclones have reduced. As the population increases and climate change accelerates, however, risks to people and livelihoods are increasing.
- 1.10 The World Bank estimates that £75 million is needed each year for roads, embankments and other infrastructure alone to cope with the impact of climate change. Climate change is also expected to reduce rice production by 3.9% each year, costing an estimated £84 billion by 2050.<sup>4</sup>
- 1.11 The Government of Bangladesh has developed its response to climate change, the Bangladesh Climate Change Strategy and Action Plan (see Box 2).

## Box 2: The Bangladesh Climate Change Strategy and Action Plan (BCCSAP)

The **BCCSAP** was published in 2009. It has six pillars:

1. **Food security, social protection and health:** to ensure that the poorest and most vulnerable, including women and children, are protected;
2. **Comprehensive disaster management:** to strengthen further the country's disaster management systems;
3. **Infrastructure:** to ensure that existing assets (e.g. protective embankments) are fit for purpose and that needed infrastructure (e.g. cyclone shelters and urban drainage) is put in place to deal with the likely impacts of climate change;
4. **Research and knowledge management:** to predict the likely scale and timing of climate change impacts to inform investment strategy;
5. **Mitigation and low-carbon development:** to evolve low-carbon development options and implement these as the country's economy grows; and
6. **Capacity building and institutional strengthening:** to enhance the capacity of government ministries and agencies, civil society and the private sector to meet the challenge of climate change.

Chart 2: Deaths due to cyclones



<sup>4</sup> *Economics of Adaptation to Climate Change: Bangladesh*, The World Bank, 2010, [http://climatechange.worldbank.org/sites/default/files/documents/EACC\\_Bangladesh.pdf](http://climatechange.worldbank.org/sites/default/files/documents/EACC_Bangladesh.pdf).

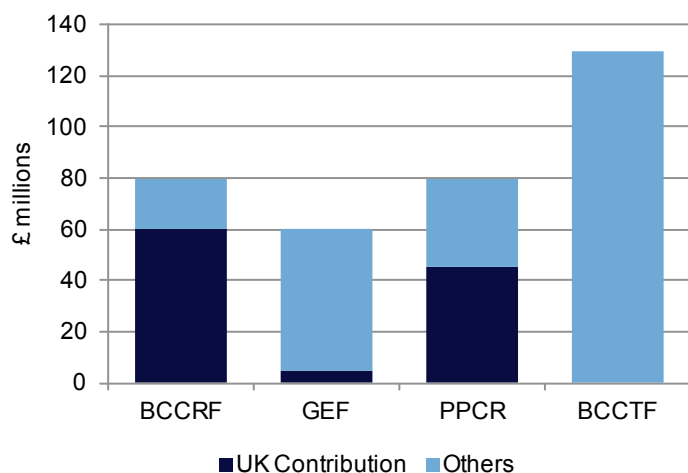
## DFID's Climate Change Programme

- 1.12 In 2010-11, 6% of DFID's country budget was allocated to climate change; this will increase to 12% over the period 2011-15 (£123 million in total).
- 1.13 DFID's objective for this £123 million is that the 'number of people with increased resilience to climate change and improved ability to respond to and recover from natural disasters' directly attributable to UK funding will be 'at least 15 million by 2015'.<sup>5</sup>
- 1.14 DFID does not currently capture all spending related to climate change (such as supporting livelihoods of people living on temporary islands or Chars). Such activity began prior to climate change becoming a priority for the UK. Equally, DFID also funds climate change in Bangladesh through global funds, outside the budget of DFID Bangladesh (see Chart 3 and Box 3 on page 5).

<sup>5</sup> *DFID Bangladesh Operational Plan 2011-2015*, DFID, April 2011, [www.dfid.gov.uk/Documents/publications1/op/Bangladesh-2011.pdf](http://www.dfid.gov.uk/Documents/publications1/op/Bangladesh-2011.pdf).

# 1 Introduction

**Chart 3: UK contribution to large-scale climate change funds in Bangladesh (see Box 3 for the detail)**



1.15 This evaluation is of the £75 million DFID Bangladesh Climate Change Programme approved in 2008, which is planned to run to 2013. This evaluation takes place mid-way during the programme's approved life, albeit delays to date mean that it may be extended.

1.16 The programme is delivered through three channels:

- **Channel 1 - The Strategic Fund:** this £3 million fund is managed directly by DFID and builds climate change related knowledge and skills in Bangladesh;
- **Channel 2 - The Comprehensive Disaster Management Programme (CDMP):** this is administered by the United Nations Development Programme (UNDP). DFID contributes £12 million out of a total of £42 million. CDMP seeks to improve national and local risk reduction, preparedness and response; and
- **Channel 3 - The Bangladesh Climate Change Resilience Fund (BCCRF):** this supports the implementation of the Bangladesh Climate Change Strategy and Action Plan with large investments. It is administered by the World

Bank and DFID contributes £60 million to this £81 million fund.<sup>6</sup>

## Box 3: Large-scale climate change funding in Bangladesh

Chart 3 shows the four main ways of financing climate change investments in Bangladesh and the UK contributes to three of them:

1. **The Bangladesh Climate Change Resilience Fund (BCCRF):** administered by the World Bank and included in this review. UK funding flows through the DFID Bangladesh programme.
2. **The Global Environment Facility (GEF):** established in 1991, the GEF is implemented by 10 agencies, in partnership with 182 countries worldwide. UK contributions currently comprise 11.9% of the total global finance deposited for the GEF. Nine current projects in Bangladesh include improving kiln efficiency for brick-making and community-based adaptation projects. Although financed from the GEF centrally, if the proportionate contributions of the global spending are applied, the UK contributes £6.96 million to the GEF's work in Bangladesh. This is not part of the DFID Bangladesh budget and is not included in this review.
3. **The Pilot Program for Climate Resilience (PPCR):** part of the global Strategic Climate Fund. UK contributions currently comprise 55.5% of the total global contributions to the PPCR. Ten projects in Bangladesh include Climate Resilient Infrastructure Improvement in Coastal Zones. In proportion to the overall global contribution, UK funding to the PPCR in Bangladesh equates to £39.67 million. This again is not part of the DFID Bangladesh budget and is not included in this review.
4. **The Bangladesh Climate Change Trust Fund (BCCTF):** the Government of Bangladesh established the BCCTF to support the BCCSAP. Campaign groups have criticised a lack of transparency and claim that some projects are chosen politically rather than based on need. Unlike the BCCRF, however, the BCCTF got up and running quickly and has invested in developing community resilience in certain areas. The UK does not contribute to this fund.

<sup>6</sup> We note that the word administered is no longer used to describe the role of the World Bank in the BCCRF. The Memorandum of Understanding between DFID and the World Bank of 3 August 2009, however, describes the World Bank (IDA) as the 'Administrator'.

# 1 Introduction

- 1.17 The UK's funding for Channels 2 and 3 is combined with that of five other countries (Australia, Denmark, Norway, Sweden and Switzerland) and finance from the European Union, UNDP and the World Bank. The total of all funds in Channels 1, 2 and 3 is equivalent to approximately £130 million over the planned duration.
- 1.18 Implementation takes place through over 57 local and international organisations. The programme is ambitious, aiming to reach communities in more than 2,000 of the 4,486 local councils (Union Parishads) through CDMP alone.
- 1.19 A four-person evaluation team visited Bangladesh from 5-20 September 2011. We assessed whether UK assistance for climate change adaptation is effectively and efficiently responding to the needs of the people of Bangladesh.
- 1.20 The team conducted a comprehensive study of relevant documentation. We visited six sites in three districts to see current and planned work and met direct beneficiaries, government officials, implementers and local and international experts. We investigated DFID and its partners' systems.
- 1.21 A common framework of questions guided the investigation throughout (see Annex), considering the programme's objectives, delivery mechanisms, impact and learning. Detailed evidence that we collected about activities within the programme is included in the Annex.

## Methodology

- 1.19 A four-person evaluation team visited Bangladesh from 5-20 September 2011. We assessed whether UK assistance for climate change adaptation is effectively and efficiently responding to the needs of the people of Bangladesh.



## 2 Findings

### Objectives

Assessment: Green 

- 2.1 DFID's Bangladesh Climate Change Programme has a good balance of realistic objectives. It seeks to take a holistic approach, with the three channels performing complementary functions.
- 2.2 The programme supports Bangladesh's Climate Change Strategy and Action Plan (see Box 2 on page 4). Its development was partly supported by UK aid.
- 2.3 It is notable that the country office is not directly responsible for the management of all UK aid funding for climate change in Bangladesh (the GEF and PPCR finance, see Box 3 on page 5).
- 2.4 The Climate Change Programme funds currently prioritise activities that help the country to prepare for short-term shocks and adapt to the long-term impact of climate change. DFID's approach draws strongly upon threats identified by research.<sup>7</sup>
- 2.5 DFID analysed the risks to development in the country caused by climate change.<sup>8</sup> This analysis made a series of recommendations, the majority of which have been implemented in one form or another. We note, however, that recommendations to further investigate the possible effects of migration due to climate change have not been taken forward.
- 2.6 As the main funder of both Channels 2 and 3 (CDMP and BCCRF), DFID targets help to meet the needs of communities in the most vulnerable

<sup>7</sup> Key studies include:

- Knutson, Thomas R. et al, *Tropical Cyclones and Climate Change*, Nature Geoscience, 3.3, 2010, pages 157 – 163.
- Mohammed Fazlul Karima, Nobuo Mimura, *Impacts of climate change and sea-level rise on cyclonic storm surge floods in Bangladesh*, Global Environmental Change, Vol 18 (3), 2008, pages 490 – 500.
- O. P. Singh, T. M. Ali Khan, Md. S. Rahman, *Changes in the frequency of tropical cyclones over the North Indian Ocean*, Meteorol. Atmos. Phys. 75, 2000, pages 11 – 20.
- Vermeer, M. and S. Rahmstorf, *Global sea level linked to global temperature*, Proceedings of the National Academy of Science of the USA, 106, 21527 – 21532, 2009.
- Solomon, S., D. Qin, M. Manning, Z. Chen, M. Marquis, K.B. Averyt, M. Tignor and H.L. Miller (eds.) *Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, 2007, [http://www.ipcc.ch/publications\\_and\\_data/ar4/wg1/en/contents.html](http://www.ipcc.ch/publications_and_data/ar4/wg1/en/contents.html).
- Price F. Stephen, Antony J. Payne, Ian M. Howat, Benjamin E. Smith, *Committed sea-level rise for the next century from Greenland ice sheet dynamics during the past decade*, Proceedings of the National Academy of Sciences of the United States of America, 108 (22), 2011, pages 8978 – 8983.

<sup>8</sup> Tanner, Dr T. et al, *ORCHID: Piloting Climate Risk Screening in DFID Bangladesh*, 2007, [http://www.iiasa.ac.at/Research/RAV/Presentations/orchid\\_summary\\_research\\_report\\_2007.pdf](http://www.iiasa.ac.at/Research/RAV/Presentations/orchid_summary_research_report_2007.pdf).

districts. The programme seeks to support the national strategy and action plan. We noted, however, that while objectives for the programme are clear, DFID's internal documentation does not fully reflect what is being done or achieved.

- 2.7 The bulk of the current programme makes homes and livelihoods more resilient to short-term shocks by investing in measures such as cyclone shelters and early warning systems. It seeks to enable communities to adapt to long-term climate change, for instance piloting new approaches in agriculture, raising homes above flood level and upgrading or adapting infrastructure. The programme also changes the regulations, policies and information that guide the way government and wider society respond to climate change.
- 2.8 The UK's recent Humanitarian Emergency Response Review emphasised the importance of investing in preparing for disasters.<sup>9</sup> Cyclone Nargis, which struck Myanmar in May 2008, shows that such investments are essential. Nargis killed over 138,000 people because they were not warned in time. In contrast, Cyclone Sidr, which hit Bangladesh in 2007, had a death toll of 3,500 despite being of similar strength. The early warning systems and networks of shelters in Bangladesh were fundamental in avoiding catastrophe, albeit many people's livelihoods were destroyed.
- 2.9 DFID's current investment in cyclone shelters draws on past experience of what works best in Bangladesh. Designed to withstand tropical storms and flooding, they can now offer protection not only to people but also to their livestock, better safeguarding livelihoods. They are also earthquake-resilient (another threat faced by Bangladeshis). They contain separate facilities for women. Furthermore, the year-round use of shelters by communities (as schools for example) helps to ensure ongoing maintenance. The shelters become part of everyday life as well as providing disaster protection. Assessments made by the Government of Bangladesh have identified that 2,500 more cyclone shelters are required.

<sup>9</sup> *Humanitarian Emergency Response Review*, DFID, March 2011, [www.dfid.gov.uk/Documents/publications1/HERR.pdf](http://www.dfid.gov.uk/Documents/publications1/HERR.pdf).

## 2 Findings

2.10 Early warning systems piloted through Channel 2 (the CDMP) are now being scaled up and will reach almost the entire population. This will improve the speed and coverage of the national response to disasters. DFID is also investing in efforts to strengthen the ability of communities to adapt to a changing climate, developing local knowledge and skills that make livelihoods more resilient (for instance, new ways of farming).

2.11 DFID actively engages with the Government of Bangladesh, building skills and strengthening systems. The Government originally asked for UK support to implement its national strategy in March 2008. The UK and the Government of Bangladesh then jointly hosted a conference in London in September 2008, where DFID announced the current £75 million Climate Change Programme (although details had not then been defined).

2.12 From our meetings, the Government of Bangladesh, representatives of civil society and Bangladeshis welcome UK assistance. Elements of this assistance which were particularly praised were:

- the partnership approach;
- the support for Bangladesh on the international stage (in global climate change negotiations);
- the technical knowledge (on climate change and disaster preparedness); and
- the advice and support, not least from DFID's staff resources in country.

### Delivery

Assessment: Amber-Red 

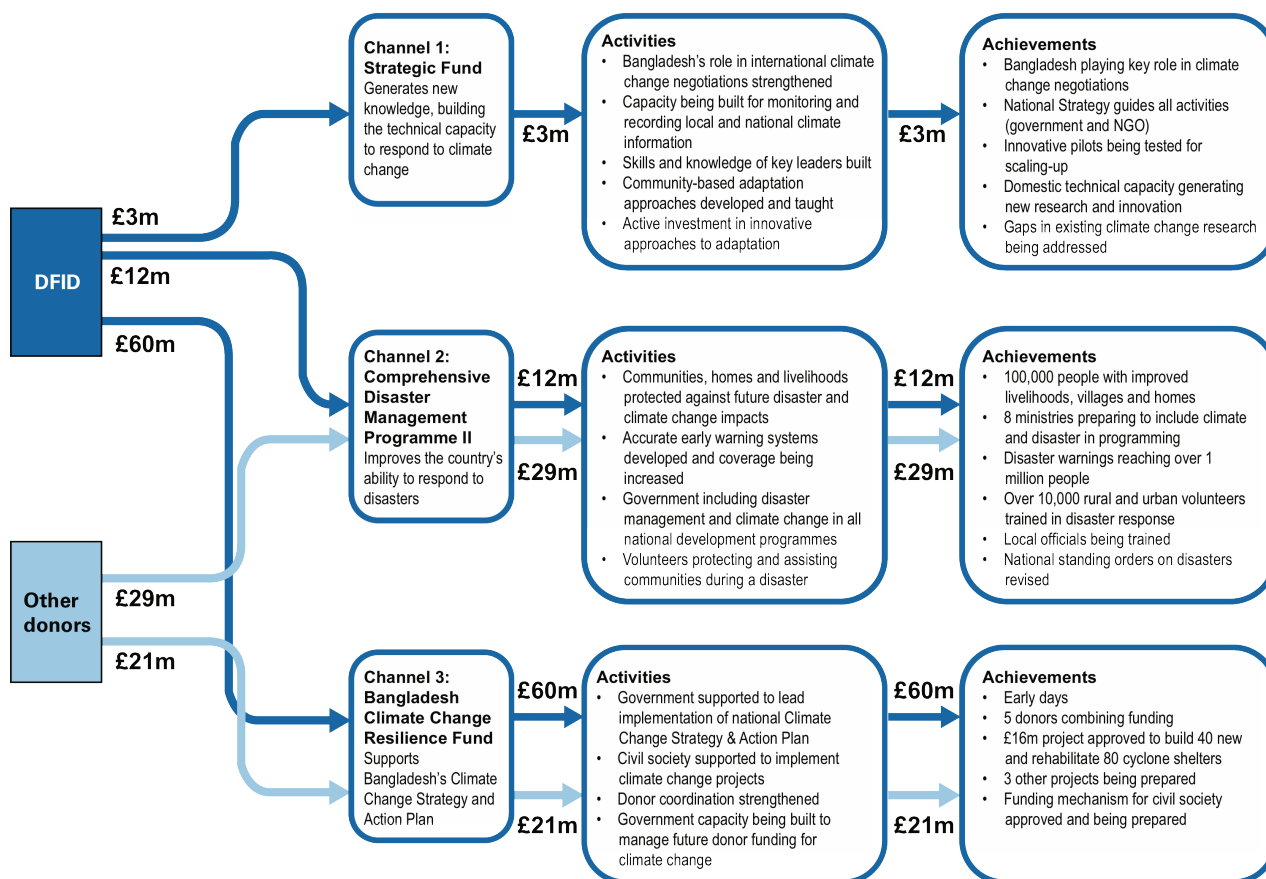
2.13 We looked at how the programme was delivered through its three funding channels:

- **Channel 1:** DFID's own Strategic Fund;
- **Channel 2:** the CDMP implemented by UNDP; and
- **Channel 3:** the BCCRF implemented by the World Bank.

2.14 Chart 4 on page 9 summarises the programme activities and achievements to date. This is based on a combination of our own observations and monitoring reports provided by DFID, UNDP and the World Bank. Where we were able to test such reports and have found them convincing we have used the information. Further information can be found in the Annex.

# 2 Findings

Chart 4: Summary of programme activities and achievements to date



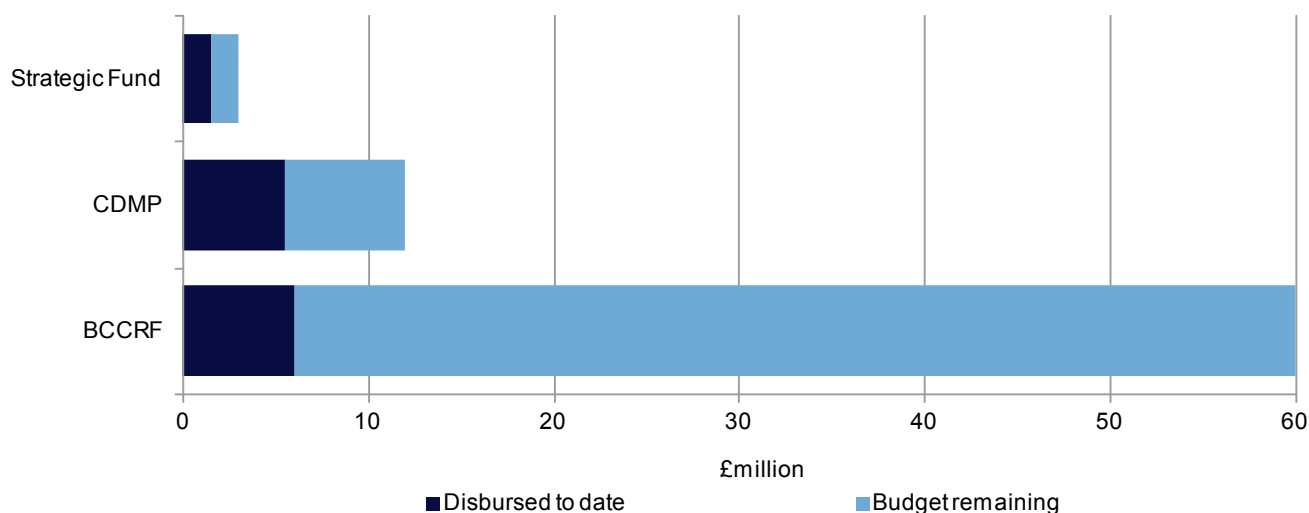
## 2 Findings

2.15 As Chart 5 shows, the three channels are at different stages of implementation. It is notable that the largest channel, the BCCRF, has the least relative progress.

2.16 Because the risk of corruption is so high, a constant challenge for delivery in Bangladesh is maintaining the balance between financial control and achieving timely impact. Most of the programme's funds flow through the World Bank and UNDP. These organisations add technical value and help to reduce the risk of corruption.

2.17 For UNDP and the World Bank in Bangladesh, the procedures for internal financial control systems require that disbursements are only made on receipt of clear evidence of appropriate expenditure. We saw evidence that these requirements were followed. UNDP and the World Bank also provide technical oversight of the projects that they manage, while strategic decision-making rests with the Government. Respondents from the Government of Bangladesh, civil society and funders report that this arrangement adds value while maintaining national ownership.

Chart 5: DFID Climate Change programmes disbursements to date



## 2 Findings

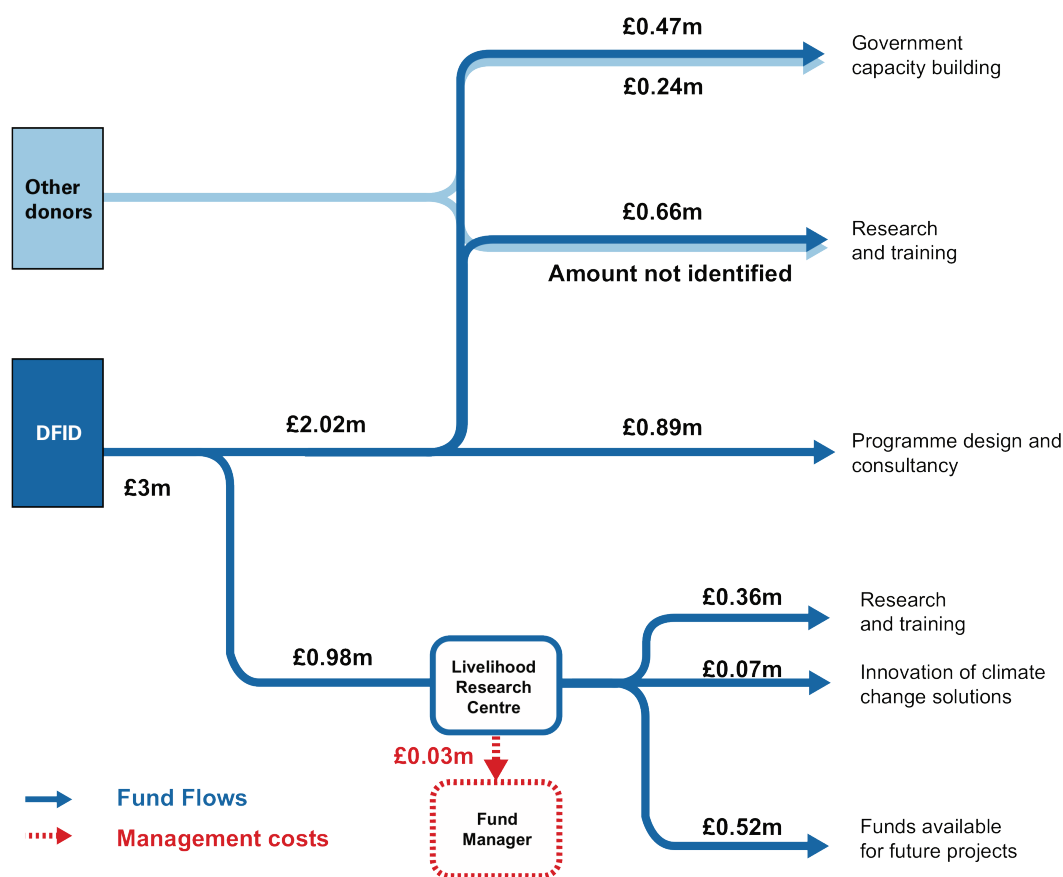
### Channel 1: The Strategic Fund (DFID)

2.18 Administration of the £3 million Strategic Fund takes place through a UK-based contractor who delivers the DFID Livelihoods Resource Centre (LRC) across DFID globally. The LRC is administered from the UK and commissions work on the instruction of DFID Bangladesh. The arrangement allows DFID staff to reduce the time they spend identifying and contracting expertise. **Costs might have been saved, however, by**

**keeping administration in Bangladesh and hiring one short-term local employee instead of paying the UK-based company for administration.**

2.19 Chart 6 shows the flow of funds from DFID. Approximately £2 million was spent directly by DFID prior to outsourcing to LRC, including scoping research for CDMP and a secondment to the World Bank to help establish the BCCRF. LRC costs are typically in the region of 3%.

Chart 6: Strategic Fund budgeted fund flows



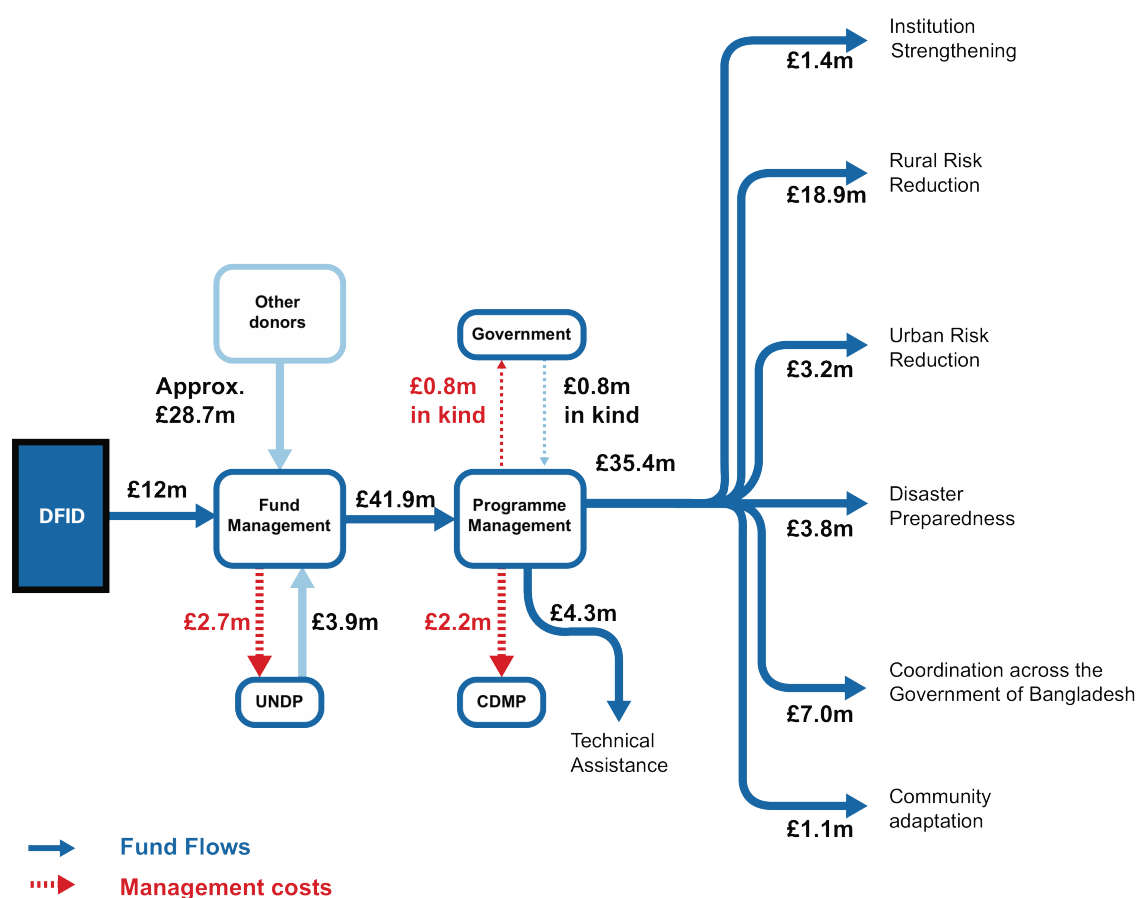
## 2 Findings

### Channel 2: The Comprehensive Disaster Management Programme Phase II (UNDP)

2.20 The DFID £12 million contribution is managed by UNDP. CDMP Phase II is a continuation of CDMP Phase I, implemented by UNDP. This results in it being both a proven mechanism and benefiting from applying lessons previously learnt. While implementation was delayed until late 2010 (a result of problems recruiting the CDMP's team leader), now delivery is underway it appears to be effective (see Annex for more details on CDMP activities).

2.21 Chart 7 shows the flow of funds. DFID is the largest of five donors and UNDP contributes £3.9 million. Overall management costs are 12.5%, including in-kind contributions from the Government of Bangladesh. Excluding these in-kind contributions, DFID's contribution to management costs is 10.9%. Given the requirement for high levels of oversight of and support for projects on the ground by the UNDP/CDMP team, the costs appear to be reasonable.

Chart 7: CDMP Phase II budgeted fund flows<sup>10</sup>



<sup>10</sup> Amounts are approximate and based on budgets available during the review. Budgets for CDMP and BCCRF are managed in US Dollars and other donors' contributions are largely in Euros. The conversion rate at the time of our assessment of US\$1=£0.6481 was used and any exchange differences included in other donors' amounts.

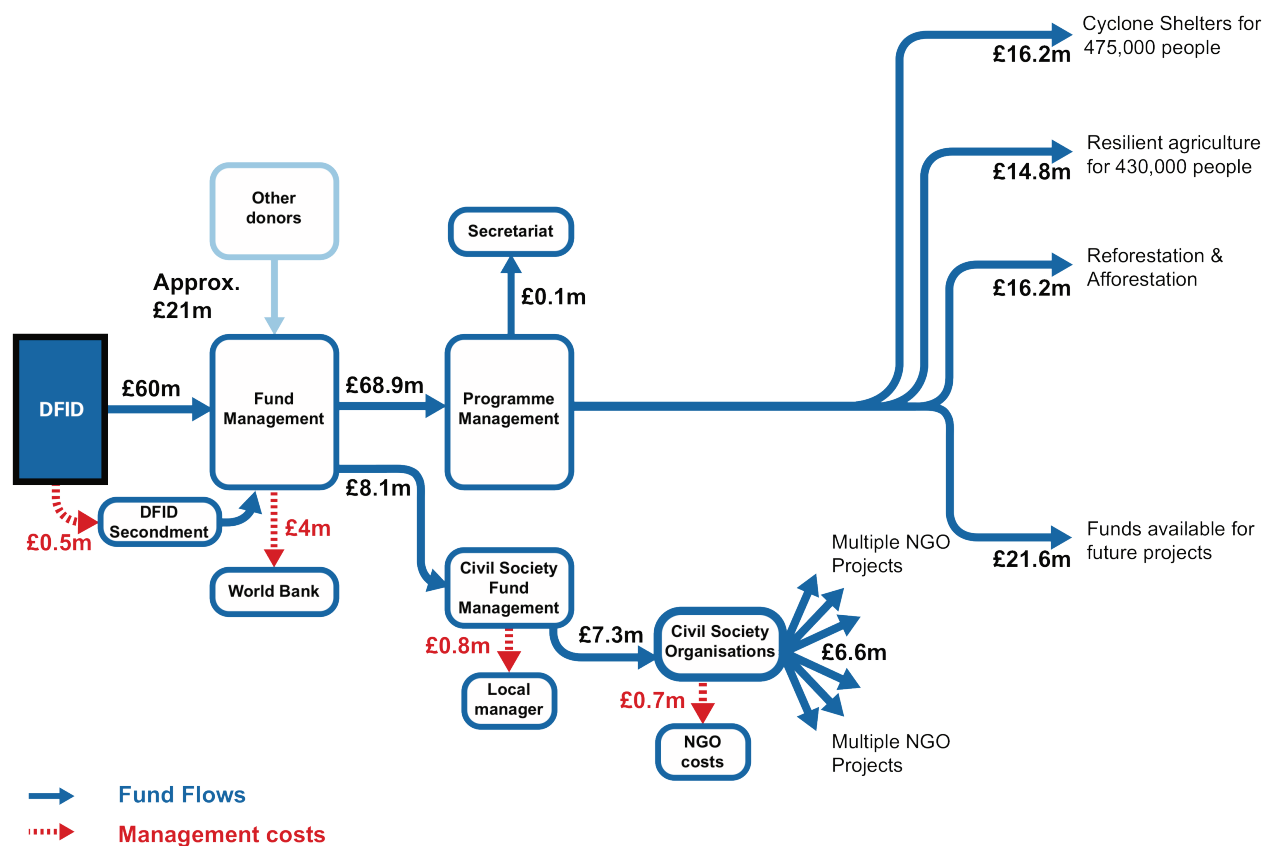
## 2 Findings

### Channel 3: The Bangladesh Climate Change Resilience Fund (World Bank)

- 2.22 The World Bank manages the £60 million it receives from DFID for implementing Channel 3 (the BCCRF).
- 2.23 The BCCRF has been slow to deliver results since December 2010. For instance, it has yet to establish the urgently needed capacity for a planned Climate Change Unit in the Government. In addition, only two proposals have been agreed – for cyclone shelters and initial start-up support to the BCCRF Secretariat.
- 2.24 When the BCCRF was announced, public concerns arose in Bangladesh (within government and civil society) and the UK (among NGOs) over the role of the World Bank as administrator. Concerns focussed on whether the World Bank,

rather than the Government of Bangladesh, would be deciding what activities would be funded. DFID's documentation indicates that this was never the plan, with the role of the World Bank always being that of administrative agent. Evidence from meetings and documents indicates that not everyone within the World Bank originally shared this vision. There were also public concerns that the World Bank would charge fees of 15% of the total value of the fund for its administration. As Chart 8 shows, administration costs are around 7% (approximately £5.5 million of a fund of £81 million), which appears to be good value for the technical services provided. In addition, the Government of Bangladesh makes contributions in kind and a DFID secondment (to help establish and run BCCRF) is funded via Channel 1, the Strategic Fund.

Chart 8: BCCRF budgeted fund flows<sup>11</sup>



<sup>11</sup> Amounts are approximate and based on budgets available during our review. Budgets for CDMP and BCCRF are managed in US Dollars and other donors' contributions are largely in Euros. The conversion rate at the time of our assessment of US\$1=£0.6481 was used and any exchange differences included in other donors' amounts.

## 2 Findings

- 2.25 Concerns over the role of the World Bank resulted in considerable initial delays after the agreement to proceed with the fund in September 2008. While most donors and the World Bank signed a Memorandum of Understanding (MOU) in May 2010, a final agreement between the Government and the World Bank to initiate the programme was only signed in December 2010.
- 2.26 A contributing factor to delays up to and after this point is that authority has not yet been fully delegated to the World Bank in Bangladesh, with key decisions still being made by staff in its Washington DC headquarters.
- 2.27 There is a lack of a clear agreement between DFID and the World Bank regarding the service it provides when managing the UK's funds. The current MOU is not sufficient. There is no single document that sets out sufficiently the objectives, expected achievements and time targets for the administration of the UK's money. Such a document would allow performance of the World Bank as the UK's agent to be assessed and continuously monitored. Such documents are sometimes termed Service Level Agreements and focus on the detailed needs of the client (in this case, DFID) and the responsibility of the agent (in this case, the World Bank).
- 2.28 A Governing Council oversees BCCRF decision-making and a Management Committee provides technical oversight. This arrangement is sound. The Government of Bangladesh holds a majority of votes in the Governing Council and civil society and donors are both represented with two seats each. Although donors have no formal power of veto, members of the Governing Council told us that they wielded considerable influence in decision-making.
- 2.29 Uniquely for Bangladesh, the Prime Minister agreed that BCCRF does not have to follow normal government approval procedures for large projects. While this may shorten the time from decision to implementation, it remains to be seen what the impact will be of by-passing internal checks and controls within the Government of Bangladesh.
- 2.30 BCCRF is appointing a Bangladeshi organisation (PKSF)<sup>12</sup> to manage grants to local civil society organisations with 10% of the overall funds (currently £8.1 million). This process did not follow robust and transparent selection processes. In addition, the organisation was selected before administration costs were agreed.

### Issues relevant to all three channels

- 2.31 DFID did not undertake a robust options appraisal prior to deciding to use any of its delivery organisations.
- 2.32 From the available information, administrative charges for DFID's three funding channels would not appear to be excessive and are proportionate to the amount of work required. Mutual fund investment management fees are in the range of 1-2%, which is comparable to the World Bank's 1% fixed fee. The additional World Bank charges of up to 4% relate to actual costs, agreed with the donors. UNDP charges are higher as a proportion of the funds managed, 12.5%, but in line with standard UNDP rates. Both the World Bank and UNDP are providing technical, as well as administrative, services. Management fees for similar development funds usually range between 8% and 15% and can be as much as 20% depending on the level of involvement and support provided by the fund manager.
- 2.33 There are, however, no systematic assessments of all costs and the full cost to DFID of the programme is not known. DFID does not capture time spent by staff on each of its programmes. **We are concerned that this makes it difficult to make effective decisions on how to manage delivery and recommend that such costs be captured in future.**
- 2.34 UNDP and the World Bank do not work in a way which is fully collaborative with each other in support of climate change in Bangladesh. Consequently, the full benefit of UK funding is not being realised. This is in spite of DFID being in a position to promote more co-operation between them due to the size of the funds it channels through both.

<sup>12</sup> Palli Karma-Sahayak Foundation.



## 2 Findings

2.35 The UK is planning to provide further UK funding to support Bangladesh's low-carbon economic growth. This will be outside DFID's budget, provided instead from the Department of Energy and Climate Change (DECC). Discussions are underway over how these funds will be managed. We are concerned about the UK creating a new funding channel for the DECC money.

### Impact

Assessment: *Green-Amber* 

2.36 Delays with both the BCCRF and CDMP have set back achievements by almost two years. Our review found that it would have been hard for DFID to avoid these delays because of political realities in Bangladesh. More could be done by the implementers, however, to accelerate achievement (particularly by the World Bank, for instance in

hiring technical expertise to support the Government of Bangladesh).

2.37 Box 4 summarises the reported achievements of DFID's investments to date. Performance of DFID's assistance is monitored regularly in terms of outputs (what is done). This does not fully consider outcomes (the change achieved) or impacts (broader development effects). In six field visits across the country, we heard and saw for ourselves that impacts are positive for direct beneficiaries. We heard from them that they participated in design, monitoring and decision-making (see Annex). There is also clear evidence of the programme changing practices and policies.

#### Box 4: Major reported impacts of DFID's climate change investments to date

<b>People</b>	<ul style="list-style-type: none"> <li>■ 744 community risk reduction projects underway and helping to improve livelihoods for 33,000 beneficiaries in five cyclone Aila-affected districts;</li> <li>■ 5,000 people directly benefiting from community action planning, with access to safe drinking water, upgraded cyclone shelter approach roads and improved sanitation facilities. Over 100,000 indirect beneficiaries;</li> <li>■ 1 million people with timely access to forecasting and early warning; and</li> <li>■ climate change leaders developed (technical, political).</li> </ul>
<b>Practice</b>	<ul style="list-style-type: none"> <li>■ Bangladesh leading Least Developed Countries on international climate change negotiations;</li> <li>■ external funders taking unified action to support BCCSAP;</li> <li>■ increased knowledge transferred at national and international levels and growing public awareness of climate change;</li> <li>■ disaster risk reduction being included in the work of eight ministries;</li> <li>■ Government of Bangladesh better able to manage projects and funds; and</li> <li>■ enhanced early warning systems through public-private partnerships.</li> </ul>
<b>Policy</b>	<ul style="list-style-type: none"> <li>■ BCCSAP operational;</li> <li>■ Government of Bangladesh allocating its own funding to Climate Change Trust Fund; and</li> <li>■ revised Standing Orders on Disaster and National Plan for Disaster Management in place and to be made law.</li> </ul>

## 2 Findings

### Learning

Assessment: Green 

2.38 The programme is demonstrating considerable innovation, in terms of generating new knowledge about the impacts of climate change, piloting new approaches to adaptation (see Box 5) and new forms of disaster management (see Box 6). The balance between knowledge transfer, development of new approaches and funding large-scale implementation is a good model. We particularly noted the creation of linkages between government, civil society and the private sector.

#### Box 5: CDMP's resilient habitat approach

CDMP builds upon lessons learnt during its first phase. It pilots models to protect lives and livelihoods. On one of our field visits, we saw Bainpara, a village in Khulna District destroyed by Cyclone Aila. Cyclone-resilient housing is being built for 58 households alongside a new community centre-come-cyclone shelter and market-place. The joint community centre / cyclone shelter will also accommodate people from neighbouring villages during a disaster and will allow schooling to continue during a prolonged flood. Villagers will undergo livelihoods training to help raise their incomes and encourage alternative livelihoods. CDMP is scaling up its programme coverage hugely in this second phase, from 622 to 2,000 Union Parishads and from 600,000 to 2 million direct intended beneficiaries.

2.39 We have also seen direct examples where the programme, particularly CDMP, has learnt from experience and improved performance as a result.

2.40 Many aspects are technically excellent and are being copied in other countries in South Asia and beyond. Bangladesh has received requests for knowledge from Myanmar - which asked for the Standing Orders on Disaster and the CDMP project document - and Uganda. We understand that UNDP Afghanistan is replicating the CDMP model.

2.41 The piloting and development of new approaches under CDMP could benefit from further investment in planning to take these innovations to scale, for instance through the BCCRF. This would require better co-operation than currently exists between UNDP and the World Bank.

2.42 DFID and its implementing partners do not regularly collect impact information on what changes have resulted from their work. DFID, UNDP and the World Bank are all in the process of developing impact-monitoring arrangements. CDMP, for example, is just beginning a study to measure the impact of its earlier phase (also funded by DFID) and to create a baseline for monitoring future impact. At the same time, we saw duplication of donor monitoring of the same projects. More co-ordination is required.

2.43 At a higher level, there is no current provision for independent third-party monitoring of achievements in the implementation of the Government's Climate Change Strategy and Action Plan.

2.44 There has been insufficient investment in planning for the hand-over of both the CDMP and the BCCRF in 2013. We are aware that the delays to the programme may result in its timing being extended; efforts should still be made to hand over to the Government of Bangladesh in due course.

#### Box 6: Innovation in early warning and cell broadcasting systems

There are now more than 74 million mobile phones in Bangladesh. CDMP collaborated with two mobile phone providers to pilot a disaster early warning system. Warnings were provided by text message to all phones in two districts, reaching well over 1 million people. CDMP seeks comprehensive coverage of multiple hazards and is pushing for national coverage. The project has won regional and national awards for innovation.

A dedicated disaster alert system is in place for community leaders and officials, allowing them to co-ordinate disaster response.

CDMP is working with a mobile phone provider on an interactive telephone weather and river level forecasting facility. The Bangladesh Meteorological Department will deliver the content for the forecasting.

#### Findings relevant to previous reports to Parliament

2.45 DFID Bangladesh is directly subject to scrutiny from UK parliamentary committees. We considered the response from DFID to a range of

## 2 Findings

recommendations from Parliament relevant to this evaluation.

- 2.46 The House of Commons International Development Committee (IDC) has stated that key DFID staff should more frequently get out of Dhaka to visit programmes.<sup>13</sup> DFID Bangladesh told us that staff are making an effort to do more visits. They told us that planning visits involves consideration of cost-effectiveness and local constraints such as monsoon season and that time spent on visits has to be balanced with other corporate priorities.
- 2.47 IDC also recommended that funding for projects adapting to climate change should be limited to 10% of ODA 'in Bangladesh and throughout its bilateral programmes', with additional funding coming from the UK's commitment to respond to climate change. IDC also recommended that DFID should make it clear when announcing climate change funding whether it is ODA or new funding. DFID indicated that its overall expenditure plans show that climate finance will not exceed 10% of ODA. In Bangladesh, however, where climate vulnerability is so high, DFID is allocating 12% of the country budget to climate change in the period 2011-15.
- 2.48 IDC asked DFID to engage more fully with the possible challenges of climate-induced mass migration in line with a regional approach, requesting a further report from DFID on progress by February 2011.<sup>14</sup> This work has not yet taken place, although DFID did request the South Asia Water Initiative (SAWI), managed by the World Bank, to consider the issue. After analysis and literature review, SAWI stakeholders decided that due to the complexity of the issue a longer-term study was needed than was possible under SAWI at that time.
- 2.49 The Environmental Audit Committee (EAC) of the House of Commons recently said that 'the World Bank is not the most appropriate channel for future UK climate finance' globally (since it continued to

support large-scale carbon projects).<sup>15</sup> The UK Government's response to EAC said that 'the World Bank is an important partner, but is not the only one. The World Bank does not undermine climate change objectives and DFID is working with other shareholders to ensure that the World Bank maximises its contribution to the UK's climate objectives.'<sup>16</sup>

- 2.50 EAC also recommended that 'DFID funds should only be channelled through multilateral institutions where they are assessed to be the most advantageous and effective option, not as the default'. IDC noted in March 2011 that 'we find it unacceptable if procurement and the disbursement of development assistance...is delayed...through inefficiencies in the Bank's approach or lack of administrative capacity in country'.<sup>17</sup> DFID replied, saying: 'HMG will continue to press the Bank to make improvements that allow greater speed and efficiency. HMG will continue to work with the World Bank to encourage greater flexibility in its approach to using and strengthening country procurement systems.'<sup>18</sup> This has not, however, happened with sufficient vigour in the Bangladesh Climate Change Programme. The World Bank needs to be held more closely to account for its performance.
- 2.51 We found from these examples that (beyond the formal written answers) DFID lacked a systematic response to the recommendations of parliamentary committees, as set out above. **We are concerned in particular that recommendations of parliamentary committees relating to efficiency and effectiveness should be appropriately implemented.**

<sup>15</sup> *The Impact of UK Overseas Aid on Environmental Protection and Climate Change Adaptation and Mitigation*, Environmental Audit Committee, HC 710, June 2011, [www.publications.parliament.uk/pa/cm201012/cmselect/cmenvaud/710/710.pdf](http://www.publications.parliament.uk/pa/cm201012/cmselect/cmenvaud/710/710.pdf).

<sup>16</sup> *The impact of UK Overseas Aid on Environmental Protection and Climate Change Adaptation and Mitigation: Government Response to the Committee's Fifth Report of Session 2010-12*, Environmental Audit Committee, September 2011, [www.publications.parliament.uk/pa/cm201012/cmselect/cmenvaud/1500/15004.htm](http://www.publications.parliament.uk/pa/cm201012/cmselect/cmenvaud/1500/15004.htm).

<sup>17</sup> *The World Bank*, International Development Committee, HC 606, March 2011, paragraph 36, [www.publications.parliament.uk/pa/cm201011/cmselect/cmintdev/606/606.pdf](http://www.publications.parliament.uk/pa/cm201011/cmselect/cmintdev/606/606.pdf).

<sup>18</sup> *The World Bank: Government Response to the Committee's Fourth Report of Session 2010-11*, International Development Committee, HC 606, May 2011, [www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1044/1044.pdf](http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1044/1044.pdf).

<sup>13</sup> *DFID's Programme in Bangladesh*, International Development Committee, HC 95-1, March 2010, paragraph 139, [www.publications.parliament.uk/pa/cm200910/cmselect/cmintdev/95/95i.pdf](http://www.publications.parliament.uk/pa/cm200910/cmselect/cmintdev/95/95i.pdf).

<sup>14</sup> *DFID's Programme in Bangladesh*, International Development Committee, HC 95-1, March 2010, paragraphs 115-6, [www.publications.parliament.uk/pa/cm200910/cmselect/cmintdev/95/95i.pdf](http://www.publications.parliament.uk/pa/cm200910/cmselect/cmintdev/95/95i.pdf).

# 3 Conclusions and Recommendations

## Conclusions

- 3.1 The UK's Bangladesh Climate Change Programme is making an important and recognised contribution to climate change resilience in Bangladesh. Improvements need to be made, however, to make it fully effective.
- 3.2 The programme is technically sound but more effort is needed from DFID and its implementing partners to measure the difference it is making. This is needed to demonstrate the long-term achievements that are likely to occur and to learn from the programmes.
- 3.3 On the ground, we saw how UK aid is helping organisations in Bangladesh, in government and outside, to manage better the response to climate change. We saw how it directly helps people to stand up to the impacts of climate change. It is providing cyclone shelters, raising homes above flood level and trialling new ways of producing food to protect people's livelihoods. These systems are already improving people's lives but will, of course, only truly be tested during a disaster.
- 3.4 The programme helps people to build resilience to the longer-term challenges that climate change will bring. At local and national level, it is helping Bangladesh to prepare for and cope with sudden disasters, for instance by improving early warning systems and increasing knowledge around what to do during a disaster. With UK assistance, Bangladesh has begun to lead the way in disaster preparedness. After Cyclone Sidr in 2006, Myanmar requested the Bangladesh Standing Orders on Disaster and other countries have visited Bangladesh to learn about disaster management systems.
- 3.5 The volatile political environment in Bangladesh brings significant challenges. The UK is taking strong action to manage the risks to UK aid. No UK finance is given directly to the Government of Bangladesh. We think this caution is appropriate. Instead, DFID uses international organisations and NGOs to manage UK money on its behalf. We have assessed DFID's financial controls and ascertained the procedures of its managing agents (principally UNDP and the World Bank). These are in line with agreed international standards. The widespread nature of corruption in Bangladesh, however, means that continual vigilance is needed. Experience from previous years suggests that risks may increase in the run-up to elections at the end of 2013.
- 3.6 The relationship between DFID and its implementing agents is not based on a formal service level agreement, making it harder to hold such agencies to account when necessary.

# 3 Conclusions and Recommendations

## Recommendations

**3.7 DFID should ensure that organisations implementing UK aid are selected competitively and managed according to clear performance targets, set out in a service level agreement.**

DFID should apply commercial best practice in the selection and management of agents that implement programmes on their behalf. This includes undertaking full options appraisals and using competitive tendering. In particular, DFID should redefine its relationship with both the World Bank and UNDP based on agreed service levels for the Bangladesh Climate Change Programme. We recognise that this will require a cultural shift in both DFID and the implementing agencies. DFID needs to do more to ensure that those implementing the programme on its behalf are fully effective. The largest part of the programme, support of £60 million for the World Bank-administered BCCRF, is significantly behind schedule. Implementation is yet to commence. The programme has been held back by public and political concerns as to whether the Government of Bangladesh would have authority over the use of the fund. It has also been held back by internal delays within the World Bank, linked to the lack of full local delegation for management to the World Bank's office in Bangladesh.

**3.8 DFID should ensure that all UK resources that support Bangladesh's response to climate change are managed in a co-ordinated and integrated manner.**

DFID is funding climate change activities through global funding mechanisms (the GEF and the PPCR), the Bangladesh Climate Change Programme and through its work in sectors such as health and education. All UK funds that support the response to climate change should be complementary. Given the scale of need, prioritising projects that help Bangladesh to adapt to the impact of climate change is right. A balance of funding and effort will be required in the future with more prominence given to other aspects of Bangladesh's national strategy, for instance supporting diversification of energy usage. We are aware that the UK is seeking to do this. The UK should avoid funding the same objectives and similar activities through

different mechanisms where possible, as this increases the administrative burden on both the recipients and funders. Thus, if the UK provides extra funding from DECC for low-carbon growth, it should not be through additional funding channels to those that currently exist.

**3.9 DFID should support monitoring by local and international civil society organisations of the activities and achievements of the Bangladesh Climate Change Strategy and Action Plan.**

This will strengthen domestic accountability for achieving the national strategy. DFID should work with government and others to agree terms of reference, then, after competition, to contract a consortium of international and local NGOs to monitor implementation of all six pillars of the national strategy. Members of the consortium should be excluded from being funded by the BCCRF or any other Bangladesh Climate Change Strategy and Action Plan fund. Independent oversight (for instance by Bangladeshi and international NGOs) would add considerable value, provided that the burden on the implementing organisation is properly managed. It would create an external mechanism for accountability that is currently missing and would help to work towards maximising impact.

**3.10 DFID in Bangladesh should use the programme to fund research and activities to address migration caused by climate change over the next 20-30 years. It should support building capacity to deal with such effects of climate change**

(not just through the South Asia Water Initiative). In addition, DFID should support national and regional policy-making to enable Bangladesh and its neighbours to manage migration challenges better. This is especially important given that the population of the country is predicted to increase from 162 million to 250 million by 2050.

**3.11 DFID should plan more explicitly for what will happen at the end of the programme. In particular, more effort is needed to build capacity within government to enable activities and administration to be led by local, not international, institutions.**

We recommend that,

### 3 Conclusions and Recommendations

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for all activities (and specifically the BCCRF and CDMP), DFID builds planning for its exit more fully into the design and ongoing review of its programmes. Clear hand-over and exit planning should be made more explicit during programme design and approval. Annual review should include updates of exit strategy.

# Annex

## Introduction

1. This annex underpins the main report, providing relevant evidence. The following evidence includes observations from DFID-funded projects (including visits to the field), unedited opinions from a range of civil society organisations in Bangladesh, a comparison of DFID targets against delivery (thus far), and observations on value for money and the costs of delivering the Climate Change Programme.
2. It captures in particular the views of informed beneficiaries and recipients.

## Methodology

3. A four-person evaluation team visited Bangladesh from 5-20 September 2011. Prior to arriving in Bangladesh, the team conducted a comprehensive study of relevant documentation, which included programme documents received from DFID. The team was also supplied with comprehensive documentation from both the CDMP and BCCRF teams upon arrival in Bangladesh.
4. During our time in Bangladesh, we visited six sites in three districts to see for ourselves current and planned work being funded by DFID. These visits took place at the following sites:
  - **Bainpara Village, Sutarkhali**, a pilot cyclone-resilient village;
  - **Nischintapur Char Village, Kazipur**, a village built above the normal flood level;
  - **Barind Tract, Nachole**, where changing agricultural production is helping farmers adapt to drought conditions;
  - **Kurir Char Primary School, Garandi**, a site selected for a new build cyclone shelter;
  - **Uzirpur Model Primary School, Uzirpur**, a completed school/cyclone shelter rehabilitation; and
  - **Rahdmatpur Primary School, Babugoni**, an ongoing school/cyclone shelter rehabilitation.

5. At the six sites we met with direct beneficiaries, implementing agents and local and international climate change and disaster risk management experts. The visits enabled us to investigate DFID and its partners' systems and to verify that work and progress reported in project documentation was indeed taking place. Discussions with project beneficiaries also enabled us to test whether participatory planning and community ownership were really happening at the local level.
6. A common framework of questions was used to guide the investigation throughout. These considered the programme's objectives, delivery mechanisms, impact and learning and are summarised below:
  - Is DFID's assistance demand driven? Does it have local ownership?
  - Has DFID selected the best available approach?
  - Is DFID's programme complementary with that of other organisations?
  - Is the programme delivering against its objectives? Are there identifiable impacts to recipient communities?
  - Is sustainable change happening in government and at the local level?
  - What is the cost of delivery? Is the programme providing value for money?
7. This framework of questions was applied as the basis for all interviews, field visits and discussions with civil society and beneficiaries as applicable.

# Annex

## Observations relating to programme effectiveness

8. The following are the team's observations on a sample of projects funded by DFID.

### The Strategic Fund

#### Case Study 1: International Centre for Climate Change and Development (ICCCAD)

ICCCAD, based at the Independent University of Bangladesh, is developing a specialist climate change research institution. It trains people and organisations from Bangladesh and other countries. ICCCAD has a research arm which manages the Action Research for Community Adaptation in Bangladesh (ARCAB), a programme that builds communities' resilience to climate hazards such as flooding and drought. ARCAB collects traditional wisdom and generates new ideas for climate change adaptation and monitoring. It aims to produce high-quality scientific knowledge.

ICCCAD runs courses for NGOs, donors, media, government and businesses. ICCCAD's latest course, *Planning, Implementing, and Mainstreaming Adaptation in Government Programme*, is for mid-level government officials. It will also run an MSc in Climate Change and Development and host PhD students from around the world. ICCCAD draws on the expertise of the International Institute for Environment and Development and the Bangladesh Centre for Advanced Studies. All are internationally respected.

ICCCAD has received £0.5 million from DFID's Strategic Fund as seed money and is in discussion with the Rockefeller Foundation for a further £1.6 million. Seeking additional funding was a condition of the DFID grant.

#### Case Study 2: Institute of Water and Flood Management (IWFM)

The IWFM, located in Bangladesh University of Engineering and Technology (BUET), hosted two regional workshops on climate modelling in collaboration with the UK Meteorological Office's Hadley Centre. They use the Hadley Centre's regional climate model (PRECIS) to create detailed climate projections for Bangladesh (to a scale of 25 km). This allows planning of climate change adaptation measures down to the Upazila (district) level.

The DFID Strategic Fund provided £60,000 to IWFM/BUET and £200,000 to the Hadley Centre. This helped to combine the modelling experience of BUET with the climate models and science expertise of the Hadley Centre. A key component of the project included training for the Bangladesh climate research community on the PRECIS modelling system.

Over 11 national research, government and non-governmental organisations are now engaged in regional climate change modelling as a result of this project and are producing increasingly accurate climate projections. In time, this investment will improve medium and long-term forecasting, enabling better targeting of resources.



# Annex

## Comprehensive Disaster Management Programme

### Case Study 3: Bainpara Cyclone Resilient Village

**Intended beneficiaries:** 58 households (entire village)

Bainpara was destroyed during Cyclone Aila in May 2009. Villagers lost their homes and livelihoods. In May 2010, the village was selected to pilot new cyclone-resilient housing and receive training.

The community learned about the project in May 2010, after approval by the Upazila administration in consultation with the Union Disaster Management Committee. The villagers subsequently played an active role in the project. The implementing partner, a local NGO, spoke with every household in the village. For CDMP projects, each implementer is required to form a Project Implementation Committee (PIC), made up of members of the local community. Members include the Chairman of the Union, one locally respected civil society member and at least two intended beneficiaries (a man and a woman), who participated in the Community Risk Assessment process (where whole villages identify local risks and needs). The PIC is responsible for maintaining a project logsheet in which the CDMP Monitoring Committee regularly records its findings and recommendations as the project moves forward. This document is open to the local community.

The programme introduced the idea of cyclone resilient housing to complement priorities that had been identified in a Community Risk Assessment. The villagers were consulted twice during the planning stage to discuss and agree the final layout for the village, including the placement of shared ponds, a community centre-come-cyclone shelter and a market-place. The villagers assured us that they were all in agreement with the final decision.

Two large signboards were in place, one in English and one in Bangla. These boards display all information relating to the project, including timeframes, contractors and budget. When questioned, all villagers agreed that money was being allocated and spent according to plan. Any concerns the villagers might have are raised through monthly PIC meetings. The PIC then reports any problems back to the implementing NGO which, where necessary, reverts up to CDMP staff.

When asked about the expected impacts of the project, villagers identified the following:

- increased shelter for the community during a future cyclone, including for people from neighbouring villages;
- children able to continue their education during a disaster in the community centre, which doubles as a cyclone shelter; and
- different shops and enterprise in the village as a result of livelihoods training, which will raise incomes and benefit all.

As a result of the momentum being created by the project, the villagers themselves have already formed three associations (elderly, youth and women) which use small subscriptions from members to fund community welfare.

# Annex

## **Case study 4: Raised plinth, Nischintapur Char village, KazipurUpazila**

**Intended beneficiaries:** 15 households

Nischintapur village is situated on a char (sandbank) in the Jamuna River. It can only be reached by boat. Char villages are highly susceptible to the impacts of flooding. CDMP, through a local NGO, has helped to protect local residents from future flooding by rebuilding the whole village on a raised plinth. This plinth is 1.5 metres high and constructed from sediments.

15 households are now raised well above normal flood water levels and trees have been planted to provide additional protection against erosion. The impact of this project on people's livelihoods is significant. Families now have greater security. This was illustrated by a new home built below the plinth, which the owners abandoned for the wet season due to flooding.

## **Case study 5: Changing agricultural production to cope with drought, Barind Tract, NacholeUpazila**

North-western Bangladesh is often faced with drought conditions as a result of sporadic monsoon rains. Rice plants are damaged during germination if there is a shortage of water. We met with ten staff at the Department of Agricultural Extension near Khamarbari, all of whom are working on the Disaster & Climate Risk Management in Agriculture project. Through this project, several climate change adaptation measures are being piloted, such as planting linseed or jujube trees, co-planting of mango trees in rice paddies, drought-resistant rice varieties and establishment of mini-ponds to provide irrigation during dry periods (also used to farm fish). Local farmers we spoke with reported that the jujube cultivation had not been successful and had been abandoned but that other measures worked. We also visited a climate field school where innovative farming and livelihood practices were being introduced to villagers and neighbouring communities. The visit finished with a demonstration of a Gombhira dance and play performance which had climate change adaptation as its main theme. This was helping to raise awareness of relevant climate resilience actions amongst villagers and farming communities.

# Annex

9. The following summarises opinions (unedited) heard from Civil Society Organisations (CSOs) in Bangladesh on CDMP.<sup>19</sup>

Positive	Constructive
<ul style="list-style-type: none"> <li>■ the Community Risk Assessment (CRA) process allows real insight into what people need and want;</li> <li>■ the involvement of local government and communities in the CRA process has ensured increased accountability;</li> <li>■ CRA accommodates each and every household, captures every point raised and tries to prioritise based on the most urgent needs;</li> <li>■ CDMP always tries to engage government officials in the whole process - no other projects engage with government officials in this way but CDMP has made it mandatory;</li> <li>■ positive changes evident since CDMP; lots of NGOs trained and understanding climate change better, increase in research and information; and</li> <li>■ CDMP is well thought out, very effectively managed and is having the desired effect.</li> </ul>	<ul style="list-style-type: none"> <li>■ CDMP and donors need to think more about coping strategies for the future;</li> <li>■ long-term financing past CDMP is a big issue that needs to be thought about;</li> <li>■ CDMP should become more embedded into government;</li> <li>■ CDMP initiatives are very encouraging but donors and implementing agents need to ensure consistency and follow up;</li> <li>■ CDMP needs to ensure that it does not do too many pilots - it should now focus on knowledge expansion and replication;</li> <li>■ CDMP should consider permanent projects in the worst hit areas;</li> <li>■ Partnership creation should be a priority;</li> <li>■ CDMP currently misses a regional perspective and should take trans-boundary issues into account; and</li> <li>■ CDMP should use previously trained government officials to undertake new trainings in the field.</li> </ul>

<sup>19</sup> 'Voices' captured during the civil society forum held in Khulna on Friday 9 September 2011 and individual meetings with CSOs in Dhaka.

# Annex

## Bangladesh Climate Change Resilience Fund

### Case Study 6: BCCRF's cyclone shelter rehabilitation

**Project name:** Multipurpose Cyclone Shelter Construction Project

**Project purpose:** to construct approximately 56 new shelters, rehabilitate 50 existing shelters as multipurpose buildings for primary schools and/or community centres and repair 40 km of connecting roads.

**Intended beneficiaries:** each shelter is built to hold 1,500 people but can take up to 5,000 during an emergency, resulting in 180,000 direct and 420,000 indirect intended beneficiaries in total.

BCCRF funding of £16 million has been approved but work is yet to begin. It will be implemented through an existing Local Government Engineering Department project, the Emergency Cyclone Recovery and Restoration Project (ECRRP), currently funded by the World Bank. We conducted three site visits to ECRRP-funded shelter projects in Barisal. This allowed us to develop our understanding of what BCCRF funding would achieve.

At each of the three sites, project information boards were clearly displayed and provided information on costs, timeframes and contractors. These boards, however, were only in English. No information was available in Bangla. Below are summaries of community engagement and expected impacts at each location.

#### Site 1: Kurir Char Primary School, Gouranadi

This site was selected to receive a new cyclone shelter which will double as a primary school. A survey assessment team visited the village after site selection to discuss different design options with the villagers and staff from the existing primary school. The community identified the need for separate toilets for men and women and for a connecting road to the shelter, otherwise it would be difficult to reach during a flood. These are in the final project design. The community was also able to select the type of shelter it wanted from five options; it chose one that includes a cattle ramp to protect livestock.

After viewing the construction site, we spoke to two female teachers from the village and male and female local community members. They identified the following benefits expected from the project:

- people from other neighbourhoods will be able to benefit from both the school and the shelter;
- more people will be protected more comfortably during future disasters; and
- the capacity of the village school will be increased.

# Annex

10. The following summarises opinions (unedited) heard from CSOs in Bangladesh on BCCRF.

Positive	Constructive	Negative
<ul style="list-style-type: none"> <li>■ the World Bank does provide some level of accountability and transparency;</li> <li>■ it is likely that large-scale infrastructure projects will prove successful through this fund;</li> <li>■ it is not necessarily good that BCCRF misses the Executive Committee of the National Economic Council (ECNEC) process but it is good that project approval should not be held up; and</li> <li>■ BCCRF survived political transition due to a good democratic process.</li> </ul>	<ul style="list-style-type: none"> <li>■ BCCRF is a compromise of egos on both sides and it can now focus on project management;</li> <li>■ civil society was not initially happy with the World Bank role but DFID talked us through the process and helped to resolve many of the concerns;</li> <li>■ BCCRF should have a watchdog at a higher level;</li> <li>■ funding criteria need to be transparent and distributed to CSOs; and</li> <li>■ the Governing Council should have more CSO representation - selection of projects should be fair and balanced.</li> </ul>	<ul style="list-style-type: none"> <li>■ too much hype and expectation around BCCRF has created the false illusion that it will open the floodgates for money to come in;</li> <li>■ BCCRF funding may fail due to dependence on the Government of Bangladesh;</li> <li>■ it is not yet clear to CSOs what the BCCRF is doing and what the rules are; and</li> <li>■ the World Bank and government working together could lead to nepotism and corruption.</li> </ul>

# Annex

## Evidence relating to programme effectiveness

11. The following table compares a selection of DFID's Climate Change Programme targets as stated in its internal documentation against progress to date.

This is largely based on progress reports from each of the three funding channels and has been cross-checked through interviews and our own observations. It is recognised that the programme is in reality in its early days.

Selected DFID targets	Actual outcomes/outputs
15 million poor and vulnerable people protected and livelihoods improved	<ul style="list-style-type: none"> <li>■ 744 community risk reduction projects underway and helping to improve livelihoods for 33,000 beneficiaries in five cyclone Aila-affected districts;</li> <li>■ 5,000 people directly benefiting from community action planning, with access to safe drinking water, upgraded cyclone shelter approach roads and improved sanitation facilities. Over 100,000 indirect beneficiaries;</li> <li>■ 6,500 new volunteers trained on early warning systems in five newly-selected Upazilas (target is 38,000 people);</li> <li>■ 4,616 urban community volunteers trained on fire service and civil defence with rescue equipment being procured;</li> <li>■ cell broadcasting pilot provided timely early warning systems to over 1 million people with system being further developed; and</li> <li>■ Letter of Agreement signed with National Curriculum and Textbook Board to incorporate disaster and climate risk learning further into textbooks.</li> </ul>
Increased national capacity for resilience and adaptation	<ul style="list-style-type: none"> <li>■ BCCSAP approved and published: 7,000 copies printed, 5,790 distributed;</li> <li>■ Standing Orders on Disaster (revised 2010) published;</li> <li>■ Government of Bangladesh allocating own funding to implement BCCSAP;</li> <li>■ incentive created for Government of Bangladesh to improve governance of climate change projects and funding;</li> <li>■ National Plan for Disaster Management launched 2011;</li> <li>■ disaster management integrated into induction training for 5,500 newly elected Union Parishad Chairs;</li> <li>■ Disaster Management Bureau Committee revisiting contingency plans for earthquake across 32 government agencies; and</li> <li>■ increased knowledge and public awareness on climate change and disaster risk reduction (specialist, general, student).</li> </ul>

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Selected DFID targets	Actual outcomes/outputs
<p>Strengthened capacity of government on international climate change negotiations</p>	<ul style="list-style-type: none"> <li>■ 35 government officials, 58 experts, 13 journalists and 5 MPs actively participated in 12 international climate change events, including COP15 and COP16;</li> <li>■ 100 MPs sensitised on importance of climate change negotiations and increased political scrutiny;</li> <li>■ Bangladesh playing a key role in negotiations – lead negotiator for the Least Developed Country group, chair of Capacity Building Group, co-chair of four other committees/commissions; and</li> <li>■ Bangladesh driving negotiations for the Green Climate Fund.</li> </ul>
<p>Government of Bangladesh assisted in implementation of BCCSAP; BCCRF projects or programmes in at least five Government of Bangladesh ministries</p>	<ul style="list-style-type: none"> <li>■ 8 out of 13 targeted ministries preparing to receive funds for implementation of projects with disaster risk and climate focus;</li> <li>■ BCCRF has made two formal calls for proposals, reviewing 40 since January 2011;</li> <li>■ Multipurpose Cyclone Shelter Construction Project first BCCRF project approved, value approximately £16 million;</li> <li>■ two further Government of Bangladesh projects approved for preparation under BCCRF, total value approximately £31 million;</li> <li>■ one Government of Bangladesh project approved for pre-preparation under BCCRF;</li> <li>■ PKSF approved as BCCRF fund manager for civil society window, finalisation of funding mechanism underway; and</li> <li>■ BCCRF approval of approximately £136,000 to build capacity in Ministry of Environment and Forests.</li> </ul>
<p>Follow up by Bangladesh on SAWI policy analysis and dialogue, cross-boundary water issues</p>	<ul style="list-style-type: none"> <li>■ limited action – more needs to be done.</li> </ul>
<p>Local communities aware, empowered and participating in Disaster Risk Reduction (DRR) and climate change adaptation; greater involvement of women in decision-making</p>	<ul style="list-style-type: none"> <li>■ 40,000 posters on National Disaster Preparedness published and distributed across all districts and Upazilas;</li> <li>■ ‘climate lens’ impact and vulnerability screening tools incorporated into all community risk assessments and action plans;</li> <li>■ all community CDMP projects establishing seven-member project implementation committees from local communities, including a minimum of two women; and</li> <li>■ Resilient Habitat pilot project launched in South-Western region to demonstrate solutions to DRR and climate change adaptation.</li> </ul>

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Selected DFID targets	Actual outcomes/outputs
Increased donor harmonisation	<ul style="list-style-type: none"> <li>■ BCCRF structure for joint donor funding in place, five donors committed approximately £74 million; additional funding of over £19 million likely;</li> <li>■ CDMP co-funded by six donors, total commitment £42 million;</li> <li>■ local consultative group on Environment and Climate Change in place and planning to meet more regularly; and</li> <li>■ DFID selected to represent donor community in BCCRF management bodies.</li> </ul>
Existing networks of climate change actors strengthened and broadened	<ul style="list-style-type: none"> <li>■ Network on Bangladesh Disaster Management Education Research Training expanded to 43 ministries;</li> <li>■ 100 people completed short courses to build climate change expertise (80 DFID-funded);</li> <li>■ public debate on climate change stimulated, including the need to scale up beyond piloting; and</li> <li>■ knowledge being shared at national and international levels.</li> </ul>
Policy informed by high quality, up-to-date, relevant and scientific evidence; increased opportunities for interaction between scientists and policy makers	<ul style="list-style-type: none"> <li>■ global experiences and best practice shared during 5<sup>th</sup> International Conference on Community Based Adaptation to Climate Change, Dhaka 2011;</li> <li>■ high-quality, high-resolution climate information being developed and tested;</li> <li>■ climate factsheets being developed for 2,000 unions to inform community risk assessments and action planning, first 100 by October 2011; and</li> <li>■ disaster-resistant housing changing what is built and how people respond.</li> </ul>

## Observations and evidence relating to programme value and costs

12. Our review looked at the systems, processes and procedures used by DFID and its implementation partners. In particular, we set out to understand:

- costs and value at each stage of the process and whether the context of Bangladesh is appropriately considered;
- whether the programme is managed in a cost-effective way and resources used effectively to maximise impact; and
- how sound financial management and good governance at all levels are maintained.

13. The table on page 31 sets out the value and costs of each key organisation involved in implementing DFID funds. Costs are based on the amount that each organisation charges for its services and capture all administrative costs for each organisation. This information is taken from the budgeted costs for the whole of the programme. The scope of these services varies for each organisation and is summarised for each in the 'Value brought by the organisation' column. Therefore the percentages are not directly comparable but need to be considered in relation to the value the organisations bring. Based on our assessment, the costs charged by each organisation are reasonable.



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Organisation	Funding channel(s)	Value brought by the organisation	Costs as percentage of funds managed
DFID	Strategic Fund, CDMP, BCCRF	<ul style="list-style-type: none"> <li>■ overall oversight of UK taxpayer money;</li> <li>■ alignment with UK policy; and</li> <li>■ leveraging of funding from other donors.</li> </ul>	Personnel costs not captured at programme level
UNDP	CDMP	<ul style="list-style-type: none"> <li>■ fund management and direct procurement;</li> <li>■ climate change and fund management specialists and experience;</li> <li>■ audits of projects and knowledge sharing with other programmes; and</li> <li>■ co-ordination of multiple donors.</li> </ul>	7%
CDMP	CDMP	<ul style="list-style-type: none"> <li>■ national ownership and resource (personnel and facilities) provided by government;</li> <li>■ learning from previous phase of CDMP and knowledge sharing across projects;</li> <li>■ implementation specialists; and</li> <li>■ regular site visits and interactions with all stakeholders.</li> </ul>	5%
World Bank	BCCRF	<ul style="list-style-type: none"> <li>■ fund management systems and procurement monitoring;</li> <li>■ climate change and fund management specialists and experience; and</li> <li>■ co-ordination of multiple donors.</li> </ul>	Up to 5% (1% fixed and up to 4% additional expenses)
PKSF	BCCRF	<ul style="list-style-type: none"> <li>■ experience managing funds for civil society organisations across Bangladesh;</li> <li>■ strong financial management track record and experience implementing for World Bank;</li> <li>■ government buy-in (PKSF established by government) and national ownership; and</li> <li>■ excellent on-the-ground experience and coverage.</li> </ul>	10% (not yet formalised)
HTSPE	Strategic Fund	<ul style="list-style-type: none"> <li>■ frees up resources in DFID; and</li> <li>■ Livelihoods Resource Centre already established so no set up costs.</li> </ul>	Approximately 3% <sup>20</sup>

<sup>20</sup> Based on actual expenditure from 1 April 2009-31 March 2010; *Livelihoods Resource Centre Quarterly Report*, DFID, March 2010, <http://livelihoodsrc.dfid.gov.uk/uploads/File/LRC%20QPR%20MAR10.pdf>.

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14. Overall, systems, processes and procedures used by DFID and its partners are well suited to the risks and needs of the climate change programme in Bangladesh. Corruption risk is high in Bangladesh; meanwhile, government ownership is critical for ensuring long-term sustainability. By procurement being undertaken or managed by UNDP and the World Bank, while the Government of Bangladesh maintains strategic ownership, these elements have been effectively balanced.
15. Administration costs of DFID's partners are known; however, DFID does not have sight of all the costs of the programmes down the chain. In particular, DFID does not measure how much of its own staff time is spent on the climate change project, so the whole project costs are not fully known. Knowledge sharing within CDMP appears to be strong but further work needs to be done to ensure that resource and learning are leveraged between Strategic Fund activities, CDMP and BCCRF. DFID is in a good position to influence this as a major donor and through its secondment to the World Bank.
16. Implementing partners appear to bring specific value to each step of the process and costs of their involvement are reasonable. There is a lack of systematic and transparent processes to determine how implementing partners are selected and appraise whole project costs. This is an area that DFID is looking to address having recently recruited a Commercial Advisor to focus on getting better value for money for DFID.
17. In addition, we noted that:
  - World Bank procurement should prioritise cost effectiveness more;
  - DFID, UNDP, the World Bank and CDMP have anti-corruption controls that are consistent with international requirements;
  - DFID, UNDP and the World Bank have whistleblowing facilities; and
  - Government of Bangladesh procedures, which will be used to implement BCCRF and CDMP, do not have anonymous whistleblowing facilities. While the Government of Bangladesh has some procedures (such as an independent complaints system and posters giving communities details of local investments), these could be enhanced.
18. DFID Bangladesh has recently appointed a Commercial Advisor with experience in developing DFID's global approach to value for money and anti-corruption. The Commercial Advisor noted that, while DFID's internal procurement procedures were strong, working with implementing partners was an area to be developed. He commented that DFID Bangladesh personnel have been very receptive to improving the value for money approach.

# Abbreviations

ARCAB	Action Research for Community Adaptation in Bangladesh	GDP	Gross Domestic Product
BCCRF	Bangladesh Climate Change Resilience Fund	GEF	Global Environment Facility
BCCSAP	Bangladesh Climate Change Strategy and Action Plan	ICAI	Independent Commission for Aid Impact
BCCTF	Bangladesh Climate Change Trust Fund	ICCCAD	International Centre for Climate Change and Development
BUET	Bangladesh University of Engineering and Technology	IDC	International Development Committee
CDMP	Comprehensive Disaster Management Programme	IPCC	Intergovernmental Panel on Climate Change
COP	Conference of Parties	IWFM	Institute of Water and Flood Management
CRA	Community Risk Assessment	MOHC	Meteorological Office Hadley Centre (UK)
CSO	Civil Society Organisation	NGO	Non-Governmental Organisation
DECC	Department of Energy and Climate Change (UK)	ODA	Official Development Assistance
DFID	Department for International Development (UK)	PIC	Project Implementation Committee
DRR	Disaster Risk Reduction	PKSF	Palli Karma-Sahayak Foundation
ECNEC	Executive Committee of the National Economic Council	PPCR	Pilot Programme for Climate Resilience
ECRRP	Emergency Cyclone Recovery and Restoration Project	SAWI	South Asia Water Initiative
		UNDP	United Nations Development Programme
		UNFCCC	UN Framework Convention on Climate Change

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