

BANGLADESH

BASIC FACTS ABOUT PEI BANGLADESH

Timescale: Preparatory Phase (2008–2009); Phase I (July 2010–September 2013); Phase 2 (2013-17).

Partners: The Planning Commission's General Economic Division together with other divisions of the Ministry of Planning, the Ministry of Finance, the planning wing of sectoral line ministries and agencies, and the Ministry of Environment and Forests, Ministry of Disaster Management and Relief, UNDP Bangladesh.

PEI support is part of UNDP initiatives and includes contributions to the PECM project (2010-2014), SSIP project (2014-2018), and the IBFCR project (2014-2018).

Focus: Improving natural resource management and environment outcomes for poor people through mainstreaming pro-poor, gender sensitive environment and climate change issues into the design and implementation of national development processes, budgets and economic decision-making.

MAINSTREAMING CONTEXT

Over the last three decades Bangladesh has made significant progress in reducing the high levels of poverty. However, approximately one-third of the population still lives below the poverty line. Over two-thirds of the labour force directly depends on environmental resources for their livelihood. One impact from climate change could make an additional 14% of the country extremely vulnerable to floods by 2030. Poor households are especially vulnerable to cyclones, flooding, soil erosion and pollution. To achieve sustainable, pro-poor growth, policy guidance is needed for Bangladesh to promote an overall policy environment that emphasizes equity alongside economic productivity and environmental sustainability.

MAIN ACTIVITIES

Integrate poverty-environment and disaster-climate issues into key national and sectoral planning documents, including the Perspective Plan and the Sixth Five-Year Plan.

Improve annual development programme budget to ensure adequate investment in poverty-environment-climate mainstreaming by providing social and economic analysis of climate change on key development sectors (e.g. agriculture, rural livelihoods, water and transport).

Strengthen the Planning Commission to institutionalize poverty-environment-climate mainstreaming processes by regular training and advocacy for planning cadre officials linked to the Planning Academy.

Strengthen the management of climate finance within the Ministry of Finance and improve the integration of climate linkages in the Medium Term Budgetary Framework (MTBF) and tracking of climate expenditure through economic analysis such as Climate Public Expenditure and Institutional Review (CPEIR).

ACHIVEMENTS

Development projects are now requested to be greener, more inclusive and climate resilient; and more cross-sectoral sustainable projects are to be designed. The standard form to propose development projects was modified in 2012 to include environment, climate and poverty concerns.

Through technical support to 28 ongoing government projects in Bangladesh, PEI is helping to reverse environmental degradation while also benefiting the poor by creating income possibilities and improving resilience to the effects of climate change.

Key policy and planning documents have been 'greened'. The poverty-environment-climate nexus has been integrated in the Sixth Five Year Plan 2011-15, the Perspective Plan (2010-21): Making Vision 2021 a Reality, the Country Investment Plan and the Annual Development Guideline (2012-2013).

Bangladesh has screened nine large-scale public investments using poverty-environment and climate criteria, resulting in four large government-funded investment projects that better address the concerns of the poor and have increased budget allocations for this purpose. All ministries that submit projects for funding must demonstrate the percentage of poor people who will benefit, what the impact on natural resources will be, and the extent of resilience of new infrastructure to climate change.

The results of the CPEIR in Bangladesh have contributed to a significant shift in government thinking. Overall, Bangladesh currently spends US\$1 billion a year, 6–7% of its annual budget on climate change adaptation. This represents nearly a fifth of World Bank's recent estimation for expenditure needs by 2050 a year already, three-quarters of which comes directly from the Government. For the extreme poor and landless households, household spending on climate change adaptation often exceeds their income, some by more than double the amount.

The Ministry of Finance is developing a sophisticated climate change accounting system (Climate Fiscal Framework) that goes beyond physical capital investment to cover social protection as a result of climate change. In the past, climate change expenditure was associated with the Ministry of Environment rather than seen as a cross-ministerial issue). Measures undertaken by the Ministry of Finance and the Planning Commission have enabled effective access and use of climate finance by local governments in eight climate hotspots around the country.

The national-local interface has been strengthened through a pilot project in 41 Upazillas that has successfully ensured consideration of requirements and planning needs at a grassroots level. Current plans to expand this initiative nationally will go a long way in securing more pro-poor and inclusive development.

The Minister for Environment has used the findings from the CPEIR in statements in parliament and at international climate change negotiations to support a stronger negotiating position at the global level to leverage the kinds of funds required to fill the development gap as a result of climate change.

On the back of the CPEIR process, the Government has introduced a climate budget code with indicators in the 2013 budget. This enables it to track spending on a more continuous basis across all sectors and draw a much clearer picture of how local authorities are grappling with the practical dimensions of protecting communities and livelihoods.

LESSONS LEARNED

Changes in development project planning take time and require learning by doing. A dedicated project team facilitating site visits by planning staff is more effective than stand-alone consultancy inputs.

The CPEIR is effective for influencing the budgetary process and working with the Ministry of Finance. Identification of climate related expenditures has proven a laborious and challenging task requiring an inter-government steering group working with an international and national consultancy team.

The UNDP Country Office's technical and advisory support through the Boots on the Ground programme was helpful in promoting complimentary policies and needs to be continued and scaled up in future work on climate finance.

WAY FORWARD

The focus of the new phase will be to work with the Ministry of Finance to implement the climate budgeting system and integration of climate issues into the MTBF. Climate Fiscal Frameworks at the local level will be developed and piloted, to ensure that the poor, women and the most vulnerable communities can benefit from climate finance.