

NEW EDITION 2015

AN ASSESSMENT OF CLIMATE FINANCE GOVERNANCE IN MALDIVES

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REVIEW OF CLIMATE FINANCE GOVERNANCE IN THE MALDIVES

This review is undertaken with the aim to provide an update on major developments in climate finance governance in the Maldives since the publication of the assessment in 2013. With the change in government in November 2013 and the subsequent political reshuffling, significant changes have been observed in climate policies and the governance framework of climate finance. Through consultation with relevant stakeholders and review of developments in policies and legislation, the following is a brief overview of the changes observed in climate funders, policies, governance structure, procurement, coordination, implementation and monitoring. This review does not seek to alter the assessments, findings and recommendations of the 2013 assessment.

FUNDING

There has not been a significant change in the donor base of climate funds since the assessment was published in 2013. Main multilateral actors such as the World Bank, European Union, Climate Investment Funds, Adaptation Fund and the Global Environment Facility continue to be major sources of funds for climate change mitigation and adaptation projects in the Maldives.ⁱ Bilateral funding sources (from USA, Denmark, France and Germany, Japan, Abu Dhabi Fund, Kuwait Fund) continue to provide a large portion of the funding flow into climate change projects in the country.ⁱⁱ As observed in the 2013 assessment, private sector funding is perceived to be still a significant source of funding for climate change projects in the future (34% of the total cost of the Scaling up Renewable Energy Program is expected to come from private sector investments).ⁱⁱⁱ Some non-governmental organizations (NGOs) working on the ground in climate change activities such as Live and Learn directly receive funding from international organizations such as the International Union for Conservation of Nature (IUCN).^{iv} Some climate funds continue to be administered through the United Nations system, such as funds from the Global Environment Facility (GEF), which is managed by organizations such as the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP). Non-governmental organizations continue to receive funding for climate change activities through UN funds and other international organizations. For instance local NGOs such as Live and Learn receive direct funding from the International Union for Conservation of Nature (IUCN).

It is important to note that the lack of a definition of what constitutes as climate change projects in the country poses limitations in obtaining the total amount of funding that Maldives receives for climate change projects. Relevant institutions such as Ministry of Environment and Energy have raised concerns about the

list of projects generated for the purpose of this research, as it might not reflect the accurate amount of finance the country is receiving in the name of climate finance.^v However, the data collected by Transparency Maldives reflects those projects that have been defined as climate change projects by the ministry of Environment and Energy, Ministry of Finance and Treasury as well as existing donor websites. This issue clearly asserts the need for all institutions to work together to come up with a common definition of climate change projects in the country,⁴ which would help to depict a accurate representation of the amount of funding Maldives receives for climate change adaptation and mitigation activities.

POLICY

Although there have not been major policy changes, there has been a significant shift in the governance of climate funds. There have not been any new policies in the area of climate change since the assessment of climate finance governance in the Maldives was published in 2013. Whilst the President and the Cabinet remain the main policy actors in endorsing all plans and policies designed for climate change mitigation and adaptation, major changes in the governance structure is observed with a number of bodies that previously engaged in climate finance governance and policy making either made defunct or dissolved. The Climate Change Advisory Council which was formed in 2009 by President Mohamed Nasheed, that was mandated to act as an advisory council providing technical advice is not active anymore, though the Council still exists according to information gathered from the Ministry of Environment and Energy. However, the Ministry of Environment and Energy is currently in the process of reconstituting the Climate Change Advisory Council.

The Economic and Youth Council (EYC) formed under President Yamin's administration in 2013 and co-chaired by the President and the Minister for Tourism, currently plays a significant role in appraising and approving all development projects including incoming grants for climate change projects.^{vi} However, it is important to note that the decisions made by the EYC is not publicly available, which consequently makes it difficult to identify how developmental projects are prioritized and approved. Furthermore, attempts made to identify the role and mandate of the EYC was unsuccessful as the President's Office was not able to provide any information on the criterion used by the EYC for approval of climate change projects.^{vii} It is imperative that information relating to the mandate and decision making process of EYC is made available to the public in order to ensure transparency and establish public trust in the decision making process of the Executive.

One significant development in the area is the formulation of the Maldives Climate Change Policy Framework in 2014. This policy framework endorsed by the Cabinet, is an important step taken by the government to achieve greater efficiency in the implementation of climate change policies within a comprehensive and strategic framework. The policy framework prescribes strategic policies of the government to respond to climate change impact for the period 2014 to 2024; and focuses on sustainable financing as one of its key strategic areas. It is also noteworthy that the policy framework proposes streamlining entry points for accessing and managing climate funds, and directs a mechanism that would 'monitor efficiency and effectiveness of national funding modalities and project delivery and review accordingly'.^{viii} According to the Ministry of Environment and Energy, discussions were conducted with all relevant stakeholders (including

civil society) to get input in the formulation stages of the policy framework. The draft version was open for public comments although there was little feedback from the civil society and the general public.^{ix} However, consultations with community based organizations working on climate change activities, particularly those located outside of the capital Male' noted that they were not aware of the development of the policy framework and therefore did not have the opportunity to comment on the policy framework.^x

Additionally a strategic action plan on energy was drafted in 2015. This strategic action plan is based on the Energy Policy of 2010 and the current government's manifesto. The Ministry of Environment and Energy noted that the draft of the strategic action plan was designed through multi-stakeholder consultations and has been approved by the President's Office. However, since the government started to develop the national development Strategy before the action plan was finalized, the policies in the action plan are to be integrated into the strategy.^{xi} Furthermore, the long-term national development strategy of the country for the period 2015 to 2018 is being developed at the moment through relevant multi-stakeholder consultations, and it would integrate all the existing policies and strategies in the climate change area.^{xii}

Even though previous committees are not active anymore new committees have been formed to serve their purposes. For instance even though the Energy Task Force that was proposed under the Scaling up Renewable Energy Program (SREP) is not in place, a steering and technical committee has been formed under the Preparing Outer Islands for Sustainable Energy Development (POISED) program under SREP. The inter-ministerial steering committee comprising of ministers from Finance and Treasury, Environment and Energy and Economic Development Government of Maldives acts as an oversight body for the program, whereas the technical committee comprises of technical expertise from relevant institutions in the energy sector.^{xiii} Similar to previous committees the role, decision-making processes and the information like who is responsible for overseeing the work of the committee is not publicly available. In order to ensure transparency and accountability of such committees, it is important that such information is made publicly available.

COORDINATION

The Ministry of Finance and Treasury remains the primary national institution responsible for the coordination and execution of climate funds coming into the country and facilitating the coordination of climate change activities and actors. Other external actors in coordinating include UN agencies, multilateral development banks and other bilateral agencies. The Resource Mobilization and Debt Management Division (previously known as the Debt Management Division) is responsible for monitoring all externally funded grants and loans and acts as the main window for major international financial institutions such as the World Bank, Asian Development Bank.^{xiii}

According to the Resource Mobilization and Debt Management Division, at present there is some level of clarity in monitoring grant-funded projects, as individual ministries cannot accept grants on their own anymore. All grant projects need to go through the Economic and Youth Council and the approval decisions

are informed to the Ministry of Finance and Treasury.^{xiv} However, the Ministry of Finance and Treasury still faces difficulty in tracking externally funded projects such as projects funded by UN Agencies. This may be one of the reasons that all climate change projects on going in the country are not reflected in the national budget.^{xv}

As observed in the 2013 assessment, donor efforts to coordinate climate financed projects and ensure high fiduciary standards has seen the setting up of several trust funds over time. The first phase of the Maldives Climate Change Trust Fund was completed in December 2014 with three major projects having been carried out under this fund. The European Union has expressed interest to finance the second phase of the Maldives Climate Change Trust Fund with a supplement contribution of Euro 3.85 million.^{xvi} International Development Association has also proposed an additional grant of USD 3.30 million to continue the activities of the Maldives Environmental Management Project.^{xvii}

As part of donor requirements, the Ministry of Environment and Energy has also set up a trust fund (Renewable Energy Development Trust Fund) to pool finances for renewable energy programs.^{xviii} This fund is a temporary set up until the Maldives Green Fund is fully operational as once operational the Maldives Green Climate Fund would co-facilitate and enable investments in renewable energy in the country.^{xix} However, the Maldives Green Climate Fund established in October 2013 is still not fully operational as Ministry of Environment and Energy is in the process of making changes to the operational modality of the Fund.^{xx} Ideally once the fund is fully operational it would be one of the main access points for all finance coming into the country in the area of renewable energy, waste management, water and sewerage, biodiversity and nature protection. It is essential that the fund hold high fiduciary standards and functions with transparency on how finance and activities are managed. However, it is noteworthy that there is still limited information available on the Maldives Green Climate fund from the Government.

IMPLEMENTATION

In terms of implementation there has been no significant change, with the Ministry of Environment and Energy remaining as the main implementing agency mandated to carry out climate change activities as well as coordinate the climate activities of other ministries. The Climate Change Department (CCD) of the Ministry of Environment and Energy is responsible for carrying out the main climate change activities under the ministry. As per national priorities, the CCD helps to address climate related vulnerabilities such as facilitating projects in areas related to water, food security, and coastal protection. In addition, the CCD facilitates mitigation activities that are implemented through other departments in the Ministry of Environment and Energy such as the Energy Department and the Waste Management and Pollution Control Department. However, as the main climate change focal point, CCD also supports activities beyond the Ministry of

Environment and Energy including projects on tourism and climate change research; and supports private sector involvement in mitigation activities.

The Ministry of Housing and Infrastructure is responsible for carrying out large-scale infrastructure adaptation projects such as the construction of sea walls. The Ministry of Tourism is responsible for implementing the Tourism Adaptation Project (TAP) funded by the Global Environment Facility, which focuses on building the capacity of the Ministry of Tourism and tourism businesses to identify climate risk issues in tourism operations; and to ensure the tourism industry is efficient in building resilience to the negative effects of climate change. The Ministry of Economic Development is mandated to develop private sector investments, which is seen to play a major role in funding climate change projects in the coming years, especially in the area of renewable energy. ^{xxi}

Other implementing agencies include NGOs implementing small projects, state companies, island council and foreign companies operating in the country. State Utility Companies such as Fenaka Corporation and Maldives Water and Sewerage Company plays an important role in the implementation of water and sewerage systems across the country. ^{xxii} The State Electric Company (STELCO) is seen to play a big role in the implementation of the Scaling Up Renewable Energy Programme, as it is the lead electricity provider for the country. Foreign companies operating in the Maldives like Chemonics International and GIZ are also involved in the implementation of climate change projects in the country. ^{xxiii} As reported in the assessment there is still urgent need for foreign parties acting in the country to operate within existing government structures and ensure that there is no overlap of mandates in monitoring or implementation of projects from their side. It is also necessary to ensure better coordination between donors and government agencies to avoid duplication of projects and ensure projects that are being implemented in the country is aligned to existing climate change strategies and policies.

As observed in the 2013 assessment, national procurement instruments are significant in the implementation of climate activities, particularly for those activities that involve infrastructure development. The Tender Evaluation Board operating under Ministry of Finance and Treasury is the mandated body to oversee tenders for all projects valued more than MVR 1.5 million. Due to the amount of money involved in handling tenders and previous issues with the conduct of the Tender Evaluation Board in some cases, international bodies have called for strong procurement laws to be put in place in order to ensure the tendering process is carried out in a transparent and efficient manner. Furthermore, a recent report published by the Auditor General criticized the current procurement process, noting the lack of appropriate mechanisms to fine those who engage in the bidding process in violation of existing financial regulations. ^{xxiv}

A new amendment made to the Financial Regulation (3/2006) in May 2015 states that the EYC would now have the power to hand out 'mega projects' (climate related as well development related) that comes into the country through loans or grants to implementing parties without sending it to the Tender Evaluation Board. ^{xxv} This new amendment is concerning as it overrides the existing integrity mechanism (i.e. the Tender

Evaluation Board) and opens up room for corrupt practices.

A positive change noted is the drafting of a chapter on public procurement to be included in the existing financial regulations of the country. This chapter once merged into the financial regulations will enforce strict regulatory standards on the procurement process including the establishment of an independent review mechanism under which a independent review committee would be able to investigate complaints put forward by tenderers by carrying out independent investigations of the procurement process.^{xxvi} However, even though these procurement regulations come into being in the near future it is not applicable to public companies. Considering public companies like Fenaka Corporation and State Electric Company (STELCO) plays a significant role in the implementation of climate change projects it should be ensured that these companies should be covered under national procurement regulations. This would be essential in deterring corruption and ensure the procurement process is being carried out with transparency within a strict regulatory framework.

MONITORING AND OVERSIGHT

One of the significant concerns as mentioned in the assessment is the lack of a central independent monitoring body in the country with a mandate to review all programs and projects in the country. The Office of Project and Programs (OPP) that was established to monitor all programs and projects across the country have been dissolved in August 2014. Therefore, currently the monitoring and evaluation of climate change projects is limited to the implementing agencies and respective donor agencies.

The Resource Mobilization and Debt Management Division informed that they would be starting the review process for all projects that are coordinated through Ministry of Finance and Treasury from the middle of the year 2015. This would ensure a more standard monitoring procedure and bring more clarity to the ad-hoc manner in which projects are being reviewed by different institutions. However, it was still noted that the Ministry of Finance and Treasury would be unable to monitor projects that are not directly coordinated through the ministry such as those projects implemented directly by donor parties and some UN Agencies.

The ISLES website that is managed by the President's Office was launched to increase transparency and deliver information to the public on all projects for public and private sector in the country. However the website is currently inactive and it is not being updated as reported by the Presidents Office.ⁱ It is necessary to ensure that regular up-to-date information is available to the public on ongoing projects and programs to ensure transparency and deliver information to the public about relevant developmental programs that are ongoing in the country. As highlighted in the research an independent monitoring body and publicly available information about ongoing climate change projects is necessary to ensure transparency in the manner climate funds are being utilized in the country. Furthermore, while selecting islands for the implementation of projects, the island selection criteria should be more clearly emphasized in the selection process to ensure most vulnerable islands are being given priority and to rule out political maneuvering. Such standards should be enforced by government and donor agencies to ensure the climate aid is being utilized in a more effective manner across the country that prioritizes national interests.

There have not been many changes to the oversight functions of the main bodies in climate finance governance in the country. The Auditor General and Anti-Corruption Commission are the two main actors that would ensure that effective safeguards are placed in order to avoid mismanagement of climate finance in the country. The Parliament and Civil Service Commission also play important oversight roles in the area. The Auditor General has noted that most institutions fail to implement administrative recommendations put forward to them in matters of financial mismanagement that may lead to corruption risks in the future. The Anti Corruption Commission that acts as the main body responsible for investigating cases of corruption also noted the limited power they have in independently enforcing administrative recommendations, which would deter corruption risks in specific public institutions. It was acknowledged that the new anti-corruption bill would emphasize the role of commission in enforcing better corruption safeguards in respective institutions, however it is still not clear when the bill would come into being.

Event though the role of the Parliament in reviewing performance of public institutions is highlighted it is not known to what extent the Parliament performs this function in practicality. The lack of publicly available reports on such reviews is not publicly available. However individual ministers are directly accountable to the Parliament as is the Auditor General and the Anti Corruption Commission.

One of the existing challenges remains the lack of access to public information regarding existing policies and ongoing projects in the country. Even though the Right to Information Act exists it still remains a challenge for the ordinary citizen to access all information on climate change policies and programs in a easy and effective manner. To ensure transparency and accountability of public institutions acting in climate finance governance is it is necessary that the general public have access to such information on decision-making bodies and how climate projects are being implemented across the country.

EXECUTIVE SUMMARY

The Climate Finance Integrity Programme was piloted in 2011 by Transparency International in six countries, including the Maldives, to monitor the increasing climate related finance, the governance of raising and managing these funds and the governance of these funds within the selected countries. This report is the national report for the mapping assessment conducted for Maldives. The research has briefly looked at all government institutions that were active during the research phase, from 2011 to mid-2013, in the delivery and monitoring of climate change projects that were funded by the government or externally. Institutions are analysed briefly in terms of governance and transparency aspects in relation to use of climate finance.

Through this mapping process, a number of challenges have been revealed. While stakeholder consultations do take place, transparency in reporting projects and progress on a continuous basis can be improved. There have also at times been unclear decision-making processes in effect. There are a number of strategic documents pertaining to climate change strategy for this period, which can potentially create confusion on priorities. Criteria for the selection of projects are not clearly explained in general across the government, for both projects funded by the national budget or by donors. This results in difficulties for external monitoring of whether the projects or islands being selected are the most needed climate change adaptation and mitigation measures. Monitoring of climate projects is in general carried out by the implementing agency itself only. The possible introduction of a new institution to consolidate all climate projects has been announced and while this may bring benefit in terms of much needed stability to the climate finance institutional framework, greater transparency in reporting and the setting up of public complaints mechanisms must be ensured.

Concerns raised by and regarding independent oversight bodies need to be addressed for improvements. It is also important to ensure that an effective mechanism is in place within Parliament to review all the ministries and independent institutions, since many in the climate landscape are directly accountable to Parliament.

Areas for improvement for donors include to always conform to the procedures set in place by the government and to invest in improving the government structures and institutional arrangements instead of developing a separate implementing structure for single projects. It is hoped that this research will improve the capacity of those seeking to ensure climate finance in the Maldives is spent well by laying bare the lines of accountability.

INTRODUCTION

The Maldives is a coral reef based archipelago of 1192 islands, 80 per cent of which are less than one metre above the mean sea level. The largest island has a surface area of less than six km². The country is extremely vulnerable to the effects of climate change, in particular sea-level rise, storm surges, beach erosion and rises in sea surface temperature. This poses challenges in terms of damage to the country's protective corals, the intrusion of salt water, water security, food security and land loss.¹ As the height of the country is an average of 1.5 metres above mean sea level, the sea level rise projections of 0.2m to 0.5m by 2100 would lead to recurrent floods in almost all islands, with severe inundation during storms or sea surges.²

The Maldives has for many years been a vocal advocate at international climate negotiations for strong mitigation and adaptation strategies and responses to climate change. The Maldivian Government has maintained that addressing the effects of climate change is a priority, both locally and internationally. However, as a developing state with limited resources and a small population of 350,759³ that is sparsely spread across 196 low-lying inhabited islands, addressing the immediate and long-term effects of climate change is especially difficult.

These challenges in turn call for considerable investment in combating climate change in the country. The 2010 National Economic, Environment and Development Studies (NEEDS) Report prepared by the government estimates that US\$ 279.5 million will be needed for short-medium term (10 years) adaptation actions while a further US\$161.5 million will be required for long-term (40 years) adaptation actions in the Maldives.⁴ In addition to its actions on adaptation, in 2009 the country has committed itself to becoming carbon neutral by the year 2020.⁵

In view of the increasing importance of climate finance within the Maldives, Transparency Maldives (TM) - Transparency International's (TI) national focal point - undertook to monitor the governance of climate finance in the Maldives. It did so by following a research process laid out by TI as part of its Climate Finance Integrity Programme. It is anticipated that this assessment will contribute to improving knowledge and understanding of climate finance governance amongst key stakeholders in the Maldives, so that they can more actively contribute to climate finance governance, policy development, implementation and oversight.

The imperative for such an effort is underscored by the fact that the Maldives faces challenges with corruption. The country has scored poorly on TI's Corruption Perceptions Index, which ranks countries on a scale of 0 (highly corrupt) to 10 (very clean) according to how corrupt their public sector is perceived to be. The Maldives scored 2.3 in 2010 and 2.5 in 2011, indicating that perceived levels of corruption in the country are very high.⁶ This perception may since have worsened still, as hinted at by the results of TI's 2013 Global Corruption Barometer, where 57 per cent of the 1000 respondents from the Maldives felt that corruption had increased in the past two years.⁷

It is also important to understand that the Maldives has undergone significant reforms since 2003, with a new Constitution introduced in 2008, providing for democratic institutions and a separation of powers. A democratically elected government came into power in November 2008 and began the process of consolidating the newly created institutional framework for governance. Local government was elected for the first time in 2009 in the form of atoll councils and island councils. There was, however, a sudden change of power in February 2012, since which time the main climate-relevant government institution, the Ministry of Housing and Environment, was split into two ministries - the Ministry of Housing and Infrastructure and Ministry of Environment and Energy. A further institutional reshuffle may take place following presidential elections in September 2013.

The research process that forms the basis of this report was conducted through this period of change. In the absence of definitive announcements on shifting mandates and poor access to information, this report and its accompanying visual map captures the current scenario according to publicly available information and interviews with key staff members within relevant institutions.

This report represents a summary of the research process and findings for the Maldives under five sections: an introduction (which also sets out the definition of climate finance which guided the research process), the research methodology, the visual map and a narrative of the key actors in the map, conclusions and recommendations.

DEFINITION OF CLIMATE FINANCE

There is no internationally accepted single definition of climate finance. The World Bank refers to it as “resources to catalyze the climate-smart transformation of development trajectories by covering the additional cost and risks of climate action, creating an enabling environment and building capacity in support of adaptation and mitigation as well as encouraging research, development, and deployment of new technologies.”⁸ However, within definitions like these there remains scope for multiple interpretations of what differentiates climate finance from more traditional lines of spending, such as the environment, water, health and development. This definitional question has complicated efforts to track and account for climate investment, by governments and civil society alike.

Generally speaking, in the Maldives climate finance refers to investments or spending on projects that address the root causes of climate change i.e. mitigation projects, and adaptation projects that reduce the vulnerability caused by climate change and increase the country’s resilience to it.⁹ This study is not intended to be a pure finance tracking initiative but rather one that aims to shed light on some of the governance issues facing effective climate finance delivery in the Maldives. As such it primarily uses projects that are already labelled as climate finance by other sources, rather than deciding on a definition of climate finance as a starting point and assessing whether or not funding is channelled to true mitigation or adaptation projects.¹⁰ For instance, some climate finance coming from some bilateral sources is clearly labelled and reported as climate finance, such as funding for renewable energy or adaptation activities by Germany, France and Denmark, and can therefore be readily identified as such.¹¹ The same is applicable for multilateral sources where funding is in most cases clearly labelled as climate-related, such as the Maldives Climate Change Trust Fund managed by the World Bank.

Funding for some ‘climate finance’ projects also comes from the national budget. The government has been preparing line-item budgets, however efforts were made in 2011 and 2012 to develop a programme-based budget. As a result, the national budget for 2012 grouped all projects into a Socio-Economic Development Programme and a Climate Change Adaptation Programme. This was not done for the 2013 budget, which was again a line-item budget. For the purposes of this research, lists of climate change projects were provided by the Ministry of Finance and Treasury, as well as from Ministry of Environment and Energy. Information was also taken from the national budgets and Annual reports of Environment ministry. Data from the two ministries did not always match (this is further detailed in section on Funding flows). The list of all projects related to climate

change that are used for the analysis of this study is given in Annex 1. Funds that the private sector raises on their own or projects that operate outside of the national framework (example implemented by NGOs after raising funds directly without the involvement of the government) are not included in this study.

It should be noted that some of the projects that are labelled as climate-related in the Maldives and thus included here would perhaps more correctly be defined as environmental conservation projects such as the Baa Atoll Conservation project or Maldives Environment Management Project. A significant amount is spent in the Maldives on harbours, desalination plants, the distribution of household water tanks, island waste management centres and sewerage systems - from the national budget and external aid in the wake of the December 2004 tsunami. Harbour and sewerage projects are increasingly viewed as contributing to climate change resilience (as indicated by their inclusion as adaptation projects in the national budget for 2012.)¹² After discussion with the Ministry of Environment and Energy, harbour projects have not been included for the purposes of this particular research¹³ as the study intends to focus on governance issues rather than tracking each and every climate change project. It is intended that debate generated after this report's publication will lead to clearer identification of funding as climate finance and a greater awareness of the need for more rigorous tracking.

METHODOLOGY

TM undertook this research process using a methodology developed by TI and contained within the National Climate Finance: A Governance Risk Assessment Toolkit.¹⁴ This toolkit provides a generic methodology to guide a two-step process which explores both remedial and preventative measures to safeguard climate finance against its loss to corruption.

As a first step, the national Climate Finance Governance Map is developed. This mapping exercise facilitates an elaboration of three key aspects of climate finance at the national level: (1) who are the relevant actors involved in dealing with climate finance at the national level and a description of what are their roles (2), the relationships and chains of accountability between these actors and (3) the flow of finance between actors. The Climate Finance Governance Map is useful to help climate and anti-corruption stakeholders in the country to understand the roles and accountability arrangements for public, private and civil society actors receiving, coordinating, implementing and overseeing climate finance. By identifying the actors responsible for the greatest percentage of climate finance in the country and those that have been subject to corruption-related concerns in the past, the mapping also facilitates the prioritisation of actors for a deeper analysis of the safeguards that they have in place which can function as a barrier against corruption at the second step of the process – the governance assessment.¹⁵ This document contains only the results of the Climate Finance Governance Map.

In the Maldives, the process of developing the Climate Finance Governance Map consisted first of a desk review of relevant literature and data, together with a preliminary assessment of the extent to which information is available online. This was followed by information requests to the Ministry of Finance and Treasury and the Ministry of Environment and Energy¹⁶, and follow-up interviews were conducted with representatives from these ministries (see Annex 2 for list of persons interviewed).

TM also organised two meetings with a network of relevant stakeholders drawn from government, development partners, donors, NGOs, the media and the private sector. The purpose of these meetings was mainly to develop recommendations to the draft documents for the Maldives Green Fund and the Rio+20 summit. In one, the study team was able to discuss the objectives and methodology of the mapping, and received guidance and feedback from a wide range of stakeholders who had in-depth knowledge of the climate finance landscape in the Maldives.

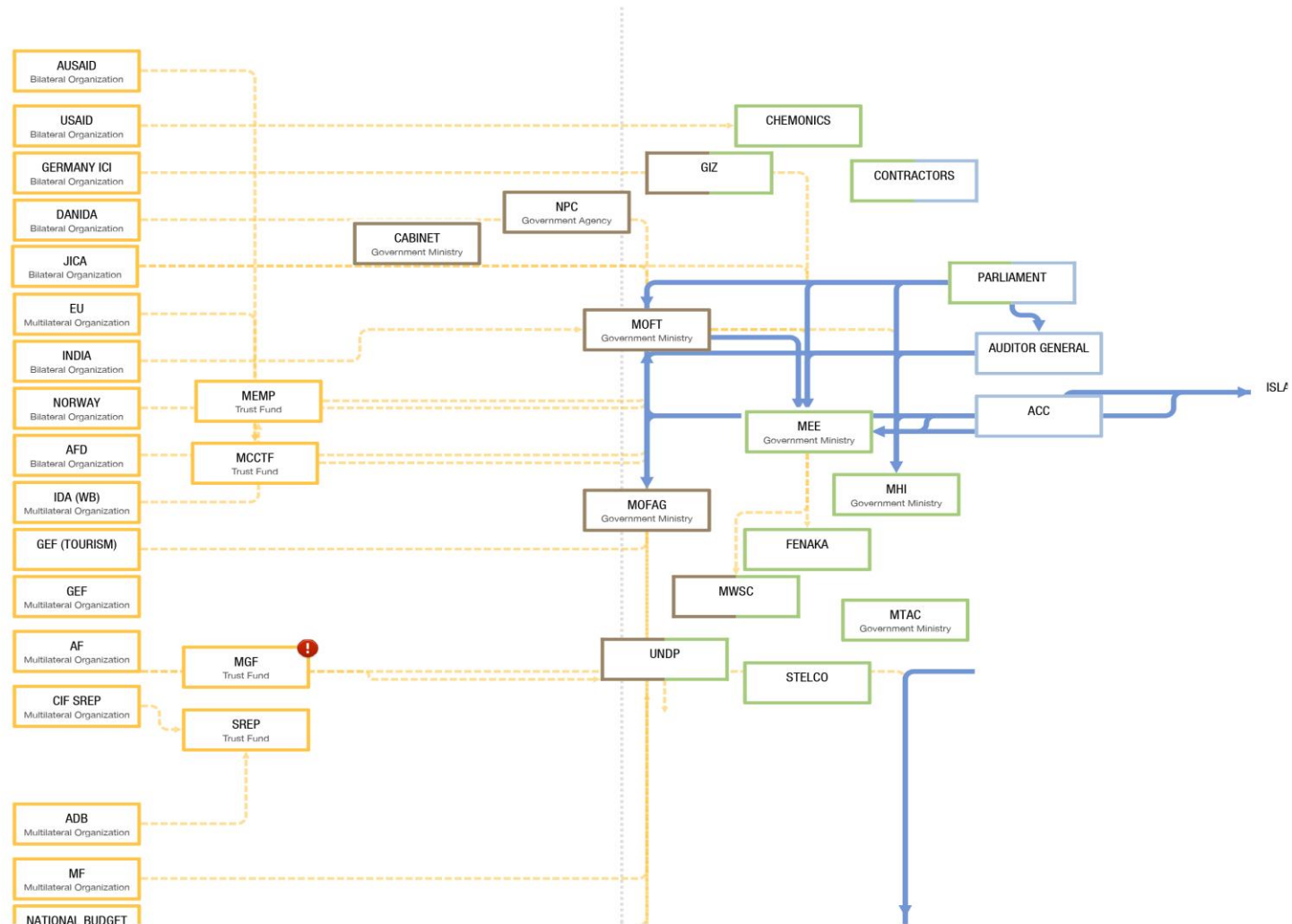
A draft of this final report was shared with stakeholders for their feedback. Comments received were incorporated into this final version (Annex 2 also includes a list of names of those who provided comments to the final report).

THE GOVERNANCE MAP

Climate funds flow into the Maldives through a range of channels, involving a diversity of actors. These are captured in the interactive Climate Finance Governance Map - an online, updatable visualisation created by TI that depicts climate finance flows and the actors engaged in funding, coordinating, implementing, monitoring and overseeing this finance in the Maldives. This map is too large to display in full in this report, but a section of it is included as a screen shot overleaf. The map can be viewed in full at www.cgip.nodejitsu.com.

This visual representation is supported by a map narrative which is further elaborated below and explores in more detail the climate finance flows and the actors engaged in funding, coordinating, implementing, monitoring and overseeing this finance.

THE VISUAL MAP – UPDATED VERSION 2015



<http://cgip.nodejitsu.com/edit/mv>

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NARRATION OF MAP

FUNDING FLOWS

The Maldives graduated from a Least Developed Country to an Upper Middle Income Country in January 2011. With this graduation, it was expected that grant aid and waivers from concessional trade agreements would reduce. However, as a country contributing little to climate change but that is extremely vulnerable to its impacts, the Maldives is one of the countries entitled to continued climate finance contributions. Therefore, the Maldives continues to be a recipient of external climate finance for both adaptation and mitigation activities as well as for capacity building in this field. Based on the information gathered by TM, it can be seen that approximately US\$ 2.87 million was allocated from the national budget through 2011-2013 and that US\$ 168.17 million is committed for various adaptation and mitigation projects and related research through externally funded grants and loans during 2011-2017. These projects range from country focused climate change related research studies, to investments in renewable energy development, to building sea walls, to monitoring the impact of climate change (see Annex 1 for more details).

Climate finance that the Maldives has received is primarily in the form of grant aid. Like any other developing country, the Maldives has always received development assistance from bilateral and multilateral sources as grants, concessional and non-concessional loans and technical assistance or trade waivers. The expected adverse impacts of graduation of Maldives from the status of Least Developing Country in January 2011 are not yet clearly evident¹⁷. Review of the legal framework within the government for approving external assistance revealed different procedures for approval of grants and approval of loans, with a weaker regulation for the former (this is explored further in the section on Coordination). Review of this is important, as the climate finance that the Maldives will receive in the future will also be mainly grant aid, as per the current international negotiations.

These funds flow in three ways: 1) Directly to government ministries via the Ministry of Finance and Treasury, which maintains a coordination, oversight and reporting role 2) via Trust Funds operating outside of the national framework, where donor funding is pooled before being further distributed to implementing entities or 3) where the donor retains a significant role in terms of the implementation of funded activities, largely by-passing government mechanisms.

To construct the Climate Finance Governance Map for the Maldives, data was collected from various sources - directly from relevant ministries, official donor websites, and from stakeholder meetings and interviews. Obtaining data from each of these sources posed challenges. For example:

- The national budget did not include all of the projects that were reported by the Ministry of Environment and Energy and vice versa.¹⁸
- Discrepancies across different publications of the same institution.¹⁹
- The national budget only shows annual breakdowns for three years and not the full cost of projects.
- Projects that are listed in one particular year's budget statement with costs spread out over multiple years may not appear in the budget statement from the following year.
- Some donors only report their co-financing amounts and not the total cost of a project.
- Some climate projects could be just one component of a programme that may include biodiversity conservation or disaster recovery funds, and the portion of funds for the climate component may not be clear.

The Ministry of Finance and Treasury also noted that financial data discrepancies between information received at different times from implementing agencies is a major challenge that they face in ensuring oversight.

Within these limitations, data was drawn from these sources to build a climate finance accountability map for the Maldives based on the best information currently available. It should be further noted that due to the difficulty in distinguishing commitments from actual disbursements, this map presents total commitments for any climate change project or programme active during the period 2011- June 2013 in the Maldives. It also includes government institutions or bodies relevant to the use of climate funds that operated at any given time during this period.

MALDIVES CLIMATE FINANCE ACTORS

The analysis undertaken by TM shows that the Maldives has a number of institutions engaging with climate finance, but the country has seen some changes in the institutional set-up during the review period amidst changes in administrations. These changes are explained below. The level of accountability and transparency of all of these institutions is also briefly analysed here.

The climate finance actors identified are outlined below under five broad headings: Funding, policy, coordination, implementation and oversight.

FUNDING

Funding actors include multilateral sources (the International Development Association, World Bank, European Union, Climate Investment Funds, Adaptation Fund and the Global Environment Facility²⁰) and bilateral sources (such as Japan, USA, Denmark, France, Germany). These actors provide funds for both mitigation and adaptation projects, such as the introduction of renewable energy technology, solid waste management, capacity building in climate change and the monitoring of climate change impacts. Apart from this source of external funding, one emerging approach to working towards the carbon neutrality goal in the Maldives is to encourage investment in renewable energy by the private sector. For instance, the Investment Plan prepared by the government for 2013-2017 to access the funds available to the Maldives under the Scaling up Renewable Energy Program envisaged that of the total required investments of US\$ 139 million,²¹ the largest share is expected to come from the private sector, amounting to about US\$ 47.5 million (34 per cent).²² Funding from international actors also flows directly to non-governmental organisations working on the ground such as Live and Learn.²³ The government of the Maldives also allocates money for adaptation and mitigation projects directly from the national budget. In addition to the local component of donor funded projects, government funded projects include adaptation infrastructure ones such as coastal protection, and funds for research or strategic planning.

As mentioned above, this research only considers the governance of projects that are implemented or coordinated by a government institution.

POLICY

Policy actors refer to those responsible for developing a legal framework to guide climate change activities in the country. Constitutionally, the President and the Cabinet of Ministers have the highest powers for making executive plans and policies. Broad policies and policy documents on climate change are considered and approved by the Cabinet. Cabinet decisions are made public in brief via press releases on the official website of the Office of the President and included in the government's weekly Gazette.

However in recent years other bodies have been set up with the authority to provide guidance on the development of climate change activities in the Maldives. The National Planning Council was formed in February 2009, to appraise and approve all development projects, including individual climate change projects, and was chaired by the President. In addition, a Climate Change Advisory Council, chaired by the Vice President, was formed in April 2009 to provide advice on all climate change related projects, programmes as well as policies.²⁴ Therefore, from their inception until the change of President in February 2012, the Climate Change Advisory Council and the National Planning Council were the main bodies in addition to the Cabinet, that discussed and proposed climate change related projects in the country, and their submissions were recommended to the Cabinet for endorsement. Apart from these bodies, during the period from 2009 to 2012, two external advisors were appointed by the President, as an Advisor for Climate Change²⁵ and as an Advisor for Energy²⁶. These advisors were based in the President's Office and had minimum interaction with the then Ministry of Housing and Environment.

Although the NPC is no longer active and the Advisors have now resigned, there are key lessons to be learned from these arrangements with regards to its strengths and weaknesses, lessons that may be relevant to future governance planning. Some confusion emerged, for example, when technical papers prepared by the advisors were submitted to the Cabinet without the consultation of the Environment Ministry. The advisors were not always informed of the activities of the Ministry either.²⁷ A previous Climate Change Advisory Council member also noted the overlap in responsibilities of the Council and these advisors during this time.²⁸ While the appointment of technical experts to fill capacity gaps in the government can be beneficial, without clearly defined roles and responsibilities it becomes difficult to maintain accountability and transparency within the official structure. When the hierarchy in decision-making is unclear, such as between the Planning Council and the Advisory Council, decisions may not always follow the same channels. Hence it becomes increasingly difficult to monitor consistency in criteria for decisions, possible external influences or personal bias in decision-making.

Many positives were also noted, however. For example, having an overall project approval body such as the National Planning Council was seen as being beneficial to planning long-term

sustainable development.²⁹ A further positive element was that both the National Planning Council and the Advisory Council were made up of multi-stakeholder representation, including government, private sector and civil society ensuring wider participation in decision-making. This also allowed expert opinion on technical issues to be tapped into by the government in a formal manner, an arrangement that was encouraged by some donors. The World Bank for instance incorporated the Advisory Council into the local decision making process of all projects under the US\$ 3mn Climate Change Trust Fund that they manage. Thus, any change to the projects under this fund must be endorsed by the Advisory Council and meeting minutes submitted to World Bank. The Advisory Council was also an advantage for donors, resulting in high policy level involvement in projects, as the Advisory Council was always chaired by the Vice President³⁰.

Since the transfer of power in February 2012, the Ministry of Environment and Energy, the Cabinet, and the Climate Change Advisory Council are responsible for climate change policy and project decision-making. While cabinet decisions are announced in brief, the decisions of the Advisory Council are not made public, meaning that it is unclear whether they are active or not or they have been consulted on all projects related to climate change. However the Ministry of Environment and Energy does make announcements of major decisions and new projects, and progress of projects is included in the annual report of the Ministry.

According to interviews carried out during this research, the Advisory Council continues to function but has been reconstituted in 2012 with new members - two from the private sector and nine from government. Its secretariat has been moved from the President's office to the Ministry of Environment and Energy. The Advisory Council reportedly faces challenges to convene all members for urgent matters and in such cases the Vice President takes decisions in his capacity as Chair. The Ministry of Environment and Energy aims to schedule a meeting once every three months³¹ although according to the initial government press statement announcing its constitution, they initially planned to meet every fortnight. As early as 2010, it was noted by the ministry itself that, 'the problem with the operation of the Advisory Council now lies in a very complex and demanding mandate that puts pressure on key climate experts of the country who already have multiple responsibilities and virtually no physical time left to fulfil all their obligations.'³² This situation does not seem to have changed, yet the Scaling up Renewable Energy Programme Investment Plan, approved in late 2012, foresees an important role for the Advisory Council which "will also play a strategic role in ensuring the timely implementation of Maldives SREP IP."³³ If the Advisory Council continues to be active, transparency in its decisions (or any other such high level decision making committee) need improvement, as well as clear identification of who they are accountable to ie. who monitors them).

An independent regulatory authority, the Maldives Energy Authority, was set up in April 2006 and is now under the Ministry of Environment and Energy. In addition to approving and monitoring electricity providers in the country, the Maldives Energy Authority is also mandated with providing advice and assisting with decision making in the sector. It is guided by a Governing Board, with all seven members appointed by the President.³⁴

In addition to this, new committees are planned and in formation. An Energy Task Force is proposed under the Scaling up Renewable Energy Programme, however the role, membership and mandate of this Task Force, as well as its distinction from the Climate Change Advisory Council, is not explained in the document.³⁵ The Ministry of Environment and Energy verified in July 2012 that this Task Force had not yet been set up. The introduction of a Maldives Green Fund was announced and the Cabinet advised in April 2013 to set up this fund. It was debated to be either a Trust Fund or a separate company to, 'facilitate co-finance and enable investments in capacity development and leveraging of commercial and foreign finance in waste management, water management and renewable energy projects'. This is explored further in the section below.

In cases of institutional changes it is important to disclose the hierarchy of decision-making processes, mandates and who is responsible for overseeing the work of each committee.

COORDINATION

Coordinating actors are those with a role in overall coordination of climate change activities in the country, including coordinating funding into and within the country and ensuring on-going coordination of activities and actors. The Ministry of Finance and Treasury is the primary national actor fulfilling this role yet several external actors, including UN agencies, multilateral development banks and bilateral agencies, also have a role here. More recently efforts have been made to set up country level funds to better provide for the coordination of climate financing in the Maldives. Each is considered here separately.

The Ministry of Finance and Treasury is the main executing or coordinating agency for all national funds, including climate finance. Its Debt Management Division³⁶ is responsible for monitoring all externally funded grant and loan projects, and also acts as the main window for some international financial institutions such as the Asian Development Bank, Inter-American Development Bank and the World Bank. The process of signing a loan is clearly stated in the Public Finance Act and is followed, according to the Ministry. In this way, the Ministry has information on loan projects. However it has faced some challenges in monitoring grant funded projects, mainly as there is no clear and prescribed process for this.³⁷ Other Ministries are required to report to the Ministry of Finance and Treasury on aid negotiations, but often fail to do so prior to signing such agreements. The Ministry of Finance and Treasury reported that at times the first instance that they are aware of some projects is when ministries send the list of donor-funded projects as a routine update every quarter. Such scenarios render the Ministry unable to maintain an updated and accurate overview of finances. This was evident during the course of this research, since information on some projects was absent from the national budget. It was also evident that some projects with finances spread over multiple years will appear in one year of the national budget, but not subsequent ones. In cases where this may be as a result of a change in the title of the project, this is not cross-referenced in the budget statements. Efforts to improve this coordination include the formation of an Aid Management Coordination Committee in the Ministry of Foreign Affairs which later was renamed as External Resource Coordination Committee. This has now ceased to be active³⁸.

As noted above, external actors also act as executing agencies for funds. Funds received under the Global Environment Facility for instance are executed by the UN Development and Environment Programmes and the Asian Development Bank.³⁹ As of February 2013, various climate change-related projects were funded under the Global Environment Facility's Small Grants Programme, which started in the Maldives in 2009 and was coordinated by the UN Development Programme Maldives. Each of these projects was selected through an open call for proposals, and was co-financed and implemented by local community-based organisations or NGOs.⁴⁰

Some such multilateral funds appoint a government focal point to play a role in endorsing any project, before the project can be considered for funding by the multilateral donor. Focal points have

been assigned for the Clean Development Mechanism and the Adaptation Fund. In the case of the Global Environment Facility a Political Focal Point and an Operation Focal Point has been determined. However, to date, information on these persons assigned as focal points and their roles are available only on the donors' websites and not on the local ministry websites.

USAID and GIZ projects are reported to be implemented quite independently, with minimal consultation with the Ministry of Environment and Energy. This is worrying as the grant operates largely outside of the purview of the Government of the Maldives in relation to procurement, transparency requirements and oversight. The resulting weak coordination has resulted in duplications in project components, which were corrected at a later stage.⁴¹

Donor efforts to coordinate climate change financing into the Maldives and to ensure high fiduciary standards have seen the development of three trust funds in recent years. The Maldives Climate Change Trust Fund is administered by the World Bank and funded by the European Commission and AusAID. The Maldives Environmental Management Project is supported by loans from the International Development Association. There is an additional fund established for the Scaling Up Renewable Energy Programme, a multi donor supported pilot program under the Climate Investment Funds. Furthermore in 2012, the government conducted discussions to establish a Maldives Green Fund to 'facilitate, co-finance and enable investments in renewable energy, energy efficiency, waste management, water and sewerage, and biodiversity and nature protection'.⁴²

Stakeholder consultations in 2012 as well as discussions with resorts led to the sharing of draft documents with civil society in December. However, at this point important aspects, including the status of the Green Fund, remain unclear. No further update on how input had been taken into account was provided prior to the Cabinet advising the President to set up the fund in April 2013,⁴³ and details of the Cabinet decision have not been made available. In July, however, the Ministry of Environment and Energy confirmed that it has not been decided whether the fund will be a Trust Fund or a state-owned enterprise, and that there are a number of legal steps that need to be taken before it is established. Whilst it is anticipated that the Green Fund will be an institution applying internationally accepted fiduciary standards, it is unclear how the roles of other ministries, such as Ministry of Finance and Treasury and Ministry of Environment and Energy, will change following its formation.

IMPLEMENTATION

Government entities

Ministries

During 2011, climate change policy and strategic decision-making and implementation of climate projects were under the Ministry of Housing and Environment. Since February 2012, the landscape of implementing entities has changed. This Ministry was divided into two separate ones – the Ministry of Housing and Infrastructure and the Ministry of Environment and Energy.

The Ministry of Environment and Energy is now mandated to take the lead on climate related policy formulation and the implementation of climate activities, as well as coordinating the climate activities of other ministries.⁴⁴ Implementation of climate projects within the ministry is mainly overseen by the Climate Change Department and Energy Department. A dedicated Project Monitoring Unit was formed for the implementation of the Maldives Environment Management Project and later took on the responsibility of managing the Maldives Climate Change Trust Fund also. The Auditor General's Office had raised repeated concerns regarding Project Monitoring Unit in its special audit reports of 2011 and 2012 financial reports of the project⁴⁵. The Ministry of Environment and Energy clarified that this structure was designed by the World Bank to encourage qualified individuals to work on these projects, and that it is in accordance with Civil Service Commissions guidance.⁴⁶ The Anti-Corruption Commission confirmed that they had consulted on this issue, and had initially advised the Ministry of Environment and Energy a way forward on this issue. At the time of interview, the Anti-Corruption Committee had not followed up on whether this recommendation had been implemented.⁴⁷

While the Ministry of Environment and Energy implements most of the Maldives' climate projects, the MHI retains responsibility for carrying out large-scale infrastructure adaptation projects –such as the construction of sea walls. Sectorial projects are also implemented by other government agencies. The Ministry of Tourism, Arts and Culture was and remains the main implementing agency for project aimed for the increasing the resilience of the tourism sector to impacts of climate change.⁴⁸ The Ministry of Economic Development, which had a mandate to facilitate private sector investment in the country including renewable energy, has seen its work on coordinating renewable energy projects transferred to the Ministry of Environment and Energy, during the commencement of the Scaling up Renewable Energy Programme. The Ministry of Fisheries and Agriculture, and the Marine Research Centre functioning under it, also had a role in policy and decision-making as a result of their presence on the Climate Change Advisory Council and Cabinet, and also in the implementation of some projects such as monitoring the impact of climate change on coral reefs.

Tender Evaluation Board

In the Maldives, where a significant volume of climate activities involve infrastructure development, national procurement processes play a central role. The Tender Evaluation Board, functioning under the Ministry of Finance and Treasury, taking the lead in managing tenders for all public projects greater than Rf 1.5 million. However, individual ministries often circumvent this by breaking up the tender into smaller components so that it falls short of this amount. Furthermore, the procurement process, even if it were to run according to plan, was also criticized. There is not a strong procurement law in place, for example, but rather a draft regulation⁴⁹. The Tender Evaluation Board, made up of a number of appointed individuals, was also criticised for operating without sufficient transparency. Such concerns with the national procurement process have previously been echoed by the World Bank, who noted that, 'reform of the government's public procurement system is necessary ▮ there are no consolidated national public procurement instructions, resulting in the various agencies adopting ad-hoc approaches to this function...The system also lacks an effective independent procurement grievance mechanism, which can act as an oversight function to proper implementation of procurement rules and, hence, a deterrent to corruption practices.'⁵⁰

Other actors

Other implementation actors include NGOs implementing small projects, state companies and island councils. State utility companies may be particularly active in the future under the Scaling Up Renewable Energy Programme, including the State Electric Company (STELCO) and the FENAKA Corporation. The FENAKA Corporation was established in April 2012 as a national utility company owned 100 per cent by the government, by merging the previous seven regional utility companies. FENAKA has a mandate to provide water, sewerage, electricity and waste management. However, it is currently more involved in the provision of services and the maintenance of completed systems, and does not interact directly with donors in project implementation. Utility companies may be the recipient for equipment and trainings under some climate projects.

Island Councils, with locally elected representation, play an important role in the implementation of projects in terms of facilitation for implementing ministries, community consultations or assisting the Office of Projects and Programmes (see next section) in monitoring the progress of contractors' work on the ground.

MONITORING

Founded in 2010, the Office of Projects and Programmes is currently mandated with monitoring all government projects and programmes,⁵¹ a role which was previously carried out by individual ministries themselves. The Office was created following donor recommendations “to prevent poor planning and management of the projects that often leads to delayed delivery, poor quality and cost overruns”.⁵² It reports on a quarterly basis to the parliament and on a monthly basis to the President’s Office. The Office has developed its website to include a schedule of trips to the islands and visits to Ministries for monitoring purposes. However, according to the Office of Projects and Programmes it has no role in overseeing climate projects implemented by the Ministry of Environment and Energy, as these are not reported to the Office. Other projects that are not reported include harbour projects implemented by the Ministry of Housing and Environment and the tourism adaptation project implemented by the Ministry of Tourism Arts and Culture.⁵³ The Ministry of Environment and Energy informed that not all projects are reported and the main reason for non reporting was the non-conformity of the reporting template to all types of programmes being implemented.⁵⁴ None of the projects implemented by the Ministry of Environment and Energy appeared in the monthly report of OPP for March 2013. Therefore at present, reporting of monitoring and evaluation of climate projects in the Maldives is limited to the implementing agency. In the interview in July 2012, the Ministry of Environment and Energy⁵⁵ noted that the list of projects and the status of progress can be made publicly available, but that this had not yet happened due to the additional workload that this would require.

With the aim of increasing the transparency of all projects for public and private sector benefits, the President’s Office launched a new website in 2009 called ISLES (isles.egov.mv), which included information on all donor- and government-financed development projects and programmes across the country.⁵⁶ Although ISLES administration was initially intended to be handed over to Office of Programmes and Projects, it is still maintained in the President’s office. A comprehensive list of climate change projects is available here⁵⁷, but climate projects are combined with environmental projects and the current status of projects, their cost and additional information is in many instances is not updated. However, this is a user-friendly database and the first of such official information dissemination tools to reach the general public, which could be improved through more coordination between implementing agencies.

In terms of monitoring project expenditure, implementing agencies are required to submit regular expenditure reports to the Ministry of Finance and Treasury. Donors such as the World Bank and the Asian Development Bank, who have project management units sitting within the government, publish project updates and evaluations received from them. However, the new global funds that are being set up for climate finance deal directly with the technical ministries as well.

One area where transparency is particularly weak and external monitoring may bring in immediate benefits is the criteria for island selection for a project. It should be noted that this applies across the government in general and not only to climate finance projects. Most donors do not get involved in the process of island selection and usually it is the implementing agency that prioritises the location of projects.⁵⁸ It was also noted by the Auditor General's Office during their review of all project documents, that the criteria for island selection is often not stated in records.⁵⁹ Given the difficulty in providing adequate infrastructure to each and every island, there is a strong incentive for political manoeuvring in island selection. To minimise this risk, more disclosure of criteria should be enforced by the government and encouraged by donors.

OVERSIGHT

In terms of oversight, the Auditor General's Office and the Anti-Corruption Commission are the two main actors who would ensure that the mismanagement of climate finance is avoided in the case of the former or that any corrupt actions are followed up on, investigated and enforced in the case of the latter. Both of these institutions are independent, as mandated by the 2008 Constitution and both report to the parliament and to the general public. The Parliament and Civil Service Commission also play important oversight roles.

Auditor General's Office

The Auditor General's Office looks at the financial aspects of all government institutions and is mandated to review each institution every year. It reviewed three climate trust funds separately for 2011 and the reports are accessible on their website. Reviews of 2012 are also completed for these funds and were released in August 2013. Only these reports have been made available in English. All institutional audits are prepared in the local language, thus limiting access somewhat for donor agencies and donor countries, a limitation that the Office stated that they plan to address by releasing short summarised statements in English as well. When issues are found during an audit - which may not necessarily hint at malpractice or fraud, but have the potential to pose corruption risks in the future, the Auditor General's Office makes specific recommendations for improvements. One example is the absence of asset registries in ministries, which is mandated by the Public Finance Regulations (Clause 7.01). Non-compliance of this clause is noted in audit reports for the Climate Change Trust Fund. However the implementation of these recommendations is not subsequently monitored until the next audit. Furthermore, it is to be noted that the same recommendations have been made by Auditor General's Office for both 2011 and 2012, with no corrections or official response made by the Ministry. Thus there is need for more vigorous and prompt follow-up of implementations of the recommendations in Audit reports.

By law, it is further envisaged that the Auditor General's Office can in addition to financial audits carry out performance audits of institutions⁶⁰. However, this has been interpreted by the Office as an optional function⁶¹ and has not yet been completed for any institution. The Office is however in discussions with the World Bank regarding capacity building in this area. A shift in the national budgeting from line budgeting to results-based budgeting is also reported to be necessary for performance evaluation and auditing. As a result of this current situation, the only performance assessments carried out, if any, are voluntary self-evaluations.⁶²

Anti-Corruption Commission

Since its formation in 2008, the Anti-Corruption Commission has been active in investigating claims and creating awareness about reporting and general corruption-related issues. Laws are currently in effect for the prohibition and prevention of corruption and for the functioning of an independent Anti-Corruption Commission. A new bill has been drafted and is currently awaiting consideration by parliament.⁶³

The Commission receives complaints directly from individuals, both members of the public and staff within institutions, and may also investigate issues raised in audit reports, or issues identified by the Commission itself. To date, no issues with regards to climate finance have been submitted or investigated.⁶⁴ For cases which have been investigated, where inefficiencies are detected that risk leading to fraudulent practices in the future, the Commission addresses this by providing advice and recommendations on administrative improvements in the investigated offices. Like the Auditor General's Office, the Commission does not monitor the implementation of these recommendations, reportedly due to the level of work that this would entail. This is concerning in general since one third of the cases investigated in 2012 were closed with recommendations from the Commission for improvements in administration.⁶⁵ The Commission noted that the level of adherence to its recommendations can be captured somewhat in audit reports, however these checks may not be very thorough as the Audit Office may not be informed of all of the recommendations given by the Commission to individual offices.

In general, some challenges that the Commission faces during investigations include limited resources - especially for travel to islands - and being highly dependent on local officials for logistical arrangements, and thus having to inform local authorities in advance before they visit islands for investigations.⁶⁶ This could have repercussions in terms of dealing with impropriety committed in relation to climate projects being implemented on remote islands. The Commission also noted difficulties in investigating cases relating to an office that has been relocated physically due to weak archiving practices.

Others

In addition to the Anti-Corruption Commission, the Civil Service Commission is also mandated to oversee all issues of civil servants such as hiring and firing, promotions, salary determination and the organisational structuring of government institutions. It also functions as an independent authority.

Parliament plays a key role in monitoring all state institutions. Ministers are held directly accountable to parliament in addition to the Anti-Corruption Commission and the Auditor General's Office. Institutions send parliament their annual reports, the Auditor General's Office sends annual audit

reports, and the Office of Programmes and Projects reports to the parliament on a quarterly basis. The attention and depth of review of all this literature by parliament is not clearly evident, as no reviews or analysis is published.

While a regulation on right to information exists in the Maldives,⁶⁷ it remains a challenge for ordinary citizens to gain access to information from the Government of Maldives with many restrictions included in accessing information, such as stating the reason for obtaining information and also stating explicit reference to the Regulation when making a request. Information on climate change-related policies and projects are in many cases only accessible through special requests since the published information is minimal. Given that most official institutions are based in the capital island of Male', accessing such information could be said to be especially challenging for the majority of the population who reside in other islands.

CLIMATE CHANGE RELATED PLANS AND STRATEGIES

Another facet of decision-making that requires transparency is the adherence of strategic plans. This is important not only for effective aid management and to ensure national priorities take precedence over donor preferences, but also to ensure that decisions are made in a transparent and justifiable manner. One main finding of the research is the plurality of such strategic documents at the time, and yet the lack of clear overarching document. Documents that may guide decisions for climate change policy and projects during the period 2011-2013 are listed below.

- The National Adaptation Programme of Action (2007)⁶⁸ was one of the country's first documents focusing purely on adaptation and listed the national interventions required. It was prepared under UNFCCC obligations and includes a costing of interventions and priority ranking of adaptation measures. It forms the basis of the plans that followed.
- The Strategic Action Plan 2008-2013 is the current overarching development plan for the country and includes all broad activities for mitigation, adaptation and increasing resilience, as well as governance reforms needed.⁶⁹
- The Third National Environment Action Plan⁷⁰ details the plan for environmental protection and management from 2009 - 2013, including a more detailed approach for the carbon neutrality goal, increasing the resilience of islands and capacity development plans.
- The Strategic National Action Plan for Disaster Risk Reduction and Climate Change Adaptation (Draft)⁷¹ covers both disaster risk management and climate change adaptation measures for 2010 to 2020. A monitoring framework for this document is not included in the plan.
- The Maldives National Strategy for Sustainable Development (2009)⁷² also looks at carbon neutrality as well as the protection of islands for sustainable development, and considers food security and human health issues. Monitoring indicators and clear targets are outlined in the document, and a review is planned for every two years. No

reviews have been published.

- The National Energy Policy and Strategy (2010) focuses on achieving carbon neutrality, energy conservation and efficiency, and increasing national security.
- The National Environmental, Economic and Development Studies⁷³ (2010) reprioritised mitigation and adaptation measures for the short, medium and long term with stakeholder consultations, provided a costing of these measures. It also looks at global financial avenues available to the Maldives and policy instruments and compares how other development targets can be aligned to climate change targets.
- The Investment Plan for Scaling-up Renewable Energy⁷⁴ (2012) was prepared as an obligation for the Maldives to be eligible for US\$ 30 million of funds earmarked to the country under the Scaling-up Renewable Energy Project. The investment plan envisages that an additional US\$ 138 million is needed to implement the listed projects.
Full implementation of SREP is expected to yield an additional 16 per cent of renewable energy into national energy production and reduce CO2 emission by 27 per cent compared to 2009 rates for inhabited islands.

Regular reviews of these documents are envisaged in many cases such as requirements for reporting to parliament on the Third National Environment Action Plan, and a two-yearly review of the National Strategy for Sustainable Development, but it is unclear whether either were completed. A review of the Strategic Action Plan begun in 2012 has not yet been completed. The draft plan for disaster risk reduction does not have a monitoring framework published.

In terms of analysing adherence to these strategic documents, one indication would be to look at their reflection in the national budget. Although the 2012 budget was very much linked to the Strategic Action Plan, after the transfer of power in 2012 the national budget for 2013 did not explicitly state any direct linkages, although according to the Ministry of Environment and Energy, the Strategic Action Plan was still adhered to. For the preparation of the budget for 2014, the ministry reported that instructions had been given to each institution to select the strategies that the institutional budgets would be aligned to. The existence of a growing number of policy documents, the absence of adequate monitoring of these and the lack of an overarching climate strategy is worrying as this makes it more difficult for external monitoring of the use of climate funds.

The level of inclusion of stakeholders in preparing these documents is often dependent on finance available for consultation and the commitment of donors to ensure it. This is evident when comparing the consultation process of key documents - such as the National Environmental, Economic and Development Studies document - against the consultation process for the Scaling-up Renewable Energy Programme. Low-cost effective ways of broad-based participation need to be encouraged by donors and consistently maintained by government.

CONCLUSIONS

The following underlying concerns emerged from TM's research, which should be addressed in order to ensure climate finance is spent effectively in the Maldives. These issues are summarised below and recommendations for how they may be tackled are outlined in the next section.

First, institutions and committees responsible for developing climate change policy and implementing climate change projects have seen significant reorganisation. Any reorganisation of decision-making bodies, their members, hierarchy in the decision-making process and the accountability lines need to be made clearer. In addition to the change in institutions, institutional mandates are often unclear. One example of this is the Climate Change Advisory Council and proposed Energy Task Force. The only place where reference to the Advisory Council's mandate can be found is in government press statements. Information regarding mandates, proceedings and decisions of such bodies should be made public as under the Right to Information regulation in place.

Second, more transparency is needed in the decision-making criteria for projects, and for the selection of particular islands for different projects. Improving information availability on project selection criteria would allow civil sector groups to review whether the priority adaptation measures are being selected with available funds.

Third, external monitoring of climate change projects is currently limited since information on these projects is not fully reported to the central monitoring agency, the Office of Programmes and Projects and not reported by this Office either. Donors need to encourage reporting of their projects and programs to the national monitoring agency if it exists. This may also bring advantages in efficient transparency through providing a one-stop access point for the general public for information on projects across government.

Fourth, the Maldives has a few documents which contain climate policies and strategies but not all of them have a monitoring framework and it is unclear which the overriding strategic document is. A comprehensive climate policy and strategy needs to be clearly identified to ensure that the selection of projects is aligned to strategic goals and not to personal or political gain. The risk of donor-driven projects is also reduced with a clear national plan.

Fifth, the research process also revealed serious concerns in terms of the availability of accurate and up-to-date information on the list of projects and their progress. A comprehensive list of climate projects in the Maldives is not available to the public. Efforts are being made for information disclosure, however, as evidence by the ISLES database where information is provided on request. There are also various discrepancies in project financial information available from different sources.

Weakness in oversight is also an area in need of improvement, including through more stringent monitoring of administrative recommendations by the Anti-Corruption Commission and the adherence to specific recommendations by the Auditor General's Office. Public faith in government and public institutions will be strengthened by resolving issues as they arise.

On the basis of this report, Transparency Maldives will proceed to conduct a more in-depth governance assessment of the Ministry of Environment and Energy, which has been prioritised as it is the government institution with the clearest mandate to engage on climate policy-making, it receives the largest share of climate finance projects being implemented and is responsible for international advocacy, making it a frontline institution for project formulation and aid negotiation.

It is hoped that the findings of this research will contribute to improved governance of climate finance and other aid as well in the Maldives. One of the key findings of the research is that the main risks inherent in the governance of climate funds is not particular to these projects but are found across the government. These issues have been raised as such where evident, so that the root of problems can be correctly addressed. The limitation of the research to climate finance has necessitated a more in-depth analysis of the actors involved in these projects, and the use of findings of this research can be complementary to the findings from other on-going research conducted by Transparency Maldives of other key institutions.

RECOMMENDATIONS

	Concerns	Recommendations	Action to be taken by
Transparency	Information from the Ministry of Environment and Energy and the Ministry of Finance and Treasury are not consistent in terms of project lists and titles. Project titles are not consistent across different years of the national budget.	Streamlining the reporting of projects and maintaining consistency in terms of project titles and the use of funds (this includes cross-referencing the same projects with previous titles across different national budget or sectorial publications if the title changes, providing information on variances of project funds over time).	Ministry of Finance and Treasury All other ministries Implementing agencies
	Lack of civil society in decision-making or advisory bodies is needed.	Obtain more representation of civil society or more consultations with civil society by Climate Change Advisory Council.	Government
		Engage in more open consultations with civil society for strategic plans, project formulation and review stages.	Donors Implementing agencies
		Encourage and facilitate the development of civil society groups in the area of climate change	Donors Implementing agencies Government
	Multiple strategic documents exist and it is unclear which of these is the overarching policy document. Plans lack monitoring frameworks and no evaluation has been done of progress. This also makes it difficult for public to monitor if climate change projects are being targeted to the most affected/vulnerable islands or most needed projects and are not biased by personal or political interests.	At all times, clearly identify which is the country's main strategic document and streamline projects to selected plans.	Government Donors Implementing agencies
		Link national budgets to development plans. Move from line budgeting to programme budgeting to justify the selection of projects and to monitor changes in budget allocation.	Government

		Disclose the criteria used for the selection of projects and islands (across all decision-making bodies, including ministries, the cabinet and parliament). The criteria should reflect priorities of government.	Government
	Formulation of new grant aid projects are not coordinated in a consistent manner.	Have a consistent and clear procedure in inter-ministerial coordination for grant approvals, (as is currently followed for loans), including inter-ministerial coordination	Government
	Limited access to information in general. Inclusion of all projects in a database such as ISLES is effective but needs to be regularly and reliably updated.	Make available online the list of on-going projects and their status. (While ministries can increase their own transparency directly via their websites, reporting to the Office of Programmes and Projects and the ISLES database would reduce the burden of each ministry having to disclose information in detail individually. ISLES in particular has the potential to serve as the main source of information for the public for across government)	Government Implementing agencies
Governance structure	The frequent reorganisation of institutions may disrupt smooth project implementation. This has also been noted by the Anti-Corruption Commission as creating challenges in investigating past cases.	Introduction and requirement of all agencies to a common record keeping procedures or introducing Archiving Laws may help to maintain records better	Government
	Many decision-making bodies and people with unclear mandates and uncertain hierarchy in decision-making processes.	Any advisors or advisory bodies should be affiliated with relevant institutions and coordination increased between relevant decision-makers. Changes in decision-making hierarchy should be made public, with clear complaints mechanisms incorporated.	Government
		Mandates of such councils and key decisions taken done to be made publicly available on relevant ministry websites and the Gazette newspaper for ease of access.	Government

		Decision-making hierarchy and accountability lines should be clearly mapped out for new bodies or institutions being formed.	Government Implementing agencies
		Establishing a Maldives Green Fund may bring about the much-needed stability in environment and climate change departments, although strong and sincere efforts should be made to ensure transparency and integrity. (detailed recommendations to the fund by TM available)	Government
	Some projects are implemented outside of the established mechanisms for project implementation, monitoring and reporting procedures. Implementing projects with minimal role of the government can lead to duplications. Some projects have set up a specific project management unit with highly paid staff for selected projects, which may create a conflict of interest as these projects were developed by the staff themselves. Closer donor attention on whether such arrangements are necessary is important. Review of structures should take place in light of published relevant Auditor Reports. Special arrangements for projects may not contribute to overall strengthening of government agencies.	<ul style="list-style-type: none"> □ Donors should ensure that they align the implementation and monitoring of projects to existing government structures and ensure that there is no overlap of mandates in monitoring or project implementation for instance. □ Donors should intensify their efforts to support the government to put in place internationally best practice fiduciary standards and reform other relevant processes such as public procurement. □ Climate finance actors should abide by the good governance principles stated in the Paris Declaration of Aid Effectiveness and the Accra Agenda for Action. 	Donors Implementing agencies
Accountability and oversight	Although a single monitoring agency, Office of Projects and Programmes, was set up to monitor all projects, this is not being applied to all projects.	All projects and programmes including climate change projects need to be monitored and reported to the public by the Office of Projects and Programmes.	Government
	The lack of performance audits across the government is a concern.	Projects and annual activities should be reviewed against an agreed climate strategic plan where appropriate. Internal and independent performance audits are needed to evaluate the progress of institutions reaching annual or short-term targets.	Government

		<input type="checkbox"/> Streamline ministries' mandatory annual reports and national budgets to the climate sector plans where appropriate. <input type="checkbox"/> All strategic plans should include monitoring and evaluation mechanisms and performance indicators.	Government
	Cases investigated by the ACC are most often closed following recommendations for administrative improvements on the basis that irregularities are more caused by inefficiency than fraud. The ACC is currently unable to follow up on whether these recommendations are implemented.	Require institutions to self-report to the ACC on whether administrative recommendations have been implemented or not. This would reduce the burden of the Commission in following up on recommendations made.	Anti-Corruption Commission
	The ACC does not review the work of decision-making bodies in general and only looks at cases.	Work done by high-level decision making bodies (such as NPC, CCAC) should be reviewed by the ACC to ensure that a fair and transparent decision-making process is in place.	Anti-Corruption Commission

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ANNEXES

ANNEX 1: ABBREVIATIONS

ACC	Anti Corruption Commission
AGO	Attorney General's Office
CCAC	Climate Change Advisory Council
CDM	Clean Development Mechanism
CSC	Civil Service Commission
DNA	Designated National Authority
DNP	Department of National Planning
ERMD	External Resources Management Division
GEF	Global Environment Facility
MCCTF	Maldives Climate Change Trust Fund
MED	Ministry of Economic Development
MEE	Ministry of Environment and Energy
MEMP	Maldives Environment Management Project
MGF	Maldives Green Fund
MHE	Minister of Housing and Environment (previous)
MHI	Ministry of Housing and Infrastructure
MHTE	Ministry of Housing Transport and Environment (previous)
MFA	Ministry of Foreign Affairs
MFAA	Ministry of Fisheries and Agriculture
MoFT	Ministry of Finance and Treasury
MTAC	Ministry of Tourism Arts and Culture
MYCN	Maldives Youth Climate Network

NDMC	National Disaster Management Centre
NEEDS	National Economic Environmental and Disaster Studies
NPC	National Planning Council
OPP	Office of Programmes and Projects
PMU	Project Monitoring Unit
RTI	Right to Information
SREP	Scaling up Renewable Energy Program
TEB	Tender Evaluation Board
TI	Transparency International
TM	Transparency Maldives
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development

ANNEX 2: LIST OF CLIMATE CHANGE PROJECTS – UPDATED 2015

Climate Change Adaptation and Mitigation Projects -MULTI-LATERAL (active during 2014 - 2016)								
Funding Source	Programme/Fund	Project Name	Type of CC funded	Duration	Implementer	Loan (US\$)	Committed Grant (US\$)	Co-financing*
AFD	AFD	Maldives Tsunami Infrastructure Rehabilitation Project AFD Loan – Gdh. Thinadhoo	Adaptation	2013-2014	Sierra Construction Pvt. Ltd.	5,997,967		
		Maldives Tsunami Infrastructure Rehabilitation Project AFD Loan – L. Gan			Male Water and Sewerage Company	5,557,219		
EU, AUSAID	Maldives Climate Change Trust Fund	Rainwater Harvesting Project – Aa. Ukulhas	Adaptation	2013-2014	STELCO		1,399,406	
		Wetland conservation and coral reef monitoring project	adaptation	2012-2014	Ministry of Environment and Energy		3,910,000	
		Ari Atoll solid waste management program	adaptation	2012-2014	Ministry of Environment and Energy		1,330,000	
		Clean energy for climate mitigation project	mitigation	2012-2014	Ministry of Environment and Energy		2,600,000	
World Bank								
Adaptation Fund	Adaptation Fund/ Maldivian Government	Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island	Adaptation	2011-2015	UNOPS		8,989,225	1,800,000
GEF + Maldivian	GEF + Maldivian Government	Water system in AA. Thoddoo	Adaptation	2013-2016	Static Company Pvt. Ltd.		500,000	1,656,499

Government								
WHO, UNOPS, U&P	WHO, UNOPS, U&P	Project in L. Atoll in preparation to a carbon free, environmentally friendly economy.	Capacity building/mitigation	2014-2016	-		9,200,000	
Least Developed Countries Fund (LDCF)		Integrating climate risk in resilient island planning	Mitigation	2012-	-		4,850,000	4,851,210 (Government, UNDP, UNISDR)
Global environment facility	Global environment facility	National adaptation and planning	adaptation				225,680	
European Union	European Union	Impact2C-Quantifying Projected Impacts under 2 degree warming	adaptation	2012			52,758	17,586
GEF	Global Environment Facility (GEF)	Second National Communication		2012-2015	-		480,000	
		Strengthening low carbon energy island strategies	mitigation	2012-2014	-		3,885,000	21,250,000
UNDP	UNDP	Protecting the beaches of Gdh. Faresmaathoda	adaptation	2014-	MT Højgaard		2,451,554	
UNEP, UNDP, Maldives government	National ozone unit	National Ozone Unit – Montreal protocol	mitigation	2008-2025	National ozone unit, ministry of environment and energy		1,100,000	
World Bank, IDB I.D.A	World Bank, IDB	Maldives Environment Management Project	Adaptation/mitigation	2008-2014	Ministry of Environment and Energy		13,800,000	
GEF	GEF	UNEP Umbrella project	Adaptation	2013-2015	Ministry of Environment and Energy		220,000	
GEF/ Maldivian government	GEF/ Maldivian government	Enabling activities to facilitate early action on the implications of Stockholm Convention of Persistent Organic Pollutants (POPs Project)	mitigation	2013-2015	Ministry of Environment and Energy		430,000 (GEF)	270,000 (Maldivian government)
SAICM Quick Start Program Trust Fund (QSPTF)	QSPTF	Strengthening capacities for national SAICM implementation in the Maldives	Mitigation/capacity building	2015	Ministry of Environment and Energy		97,276	
World Bank		Clean energy for climate mitigation project – Phase 2	mitigation	2014-2014	Ministry of Environment and Energy		618,004	
GSEP(60%) +		K. Dhiffushi Solar Ice Project	mitigation	2014-2015	Kansai Electric		411,254	

Japan (40%)					Power Company			
World Bank	World Bank	Solar and wind resources mapping	mitigation	2014-2016	GeoModel Solar/ DNVGL		500,000	
ADB SCF-SREP IsDB EIB	RED fund	Preparing Outer Islands for Sustainable Energy Development (POISED)	mitigation	2015-2019		10,000,000 (IsDB) 50,000,000 (EIB)	38,000,000 (ADB) 12,000,000 (SCF-SREP)	
SCF-SREP IDA SIDSDOCK	RED Fund	Accelerating Sustainable Private Investments in Renewable Energy (ASPIRE)	Mitigation	2015-2019			11,684,000 (SCF-SREP) 16,000,000 (IDA) 1,000,000 (SIDSDOCK)	
GEF/ UNEP		Facilitation of NIE accreditation		2014-2015			21,000	
GEF Trust Fund		Preparation of Intended Nationally Determined Contribution to the 2015 Agreement under the UNFCCC		2015-2016			200,000	
TOTAL						71,555,186	135,955,157	29,845,295

Climate Change Adaptation and Mitigation Projects - BILATERAL (active during 2014 - 2016)						
Source	Project Name	Type of CC funded	Duration	Implementer	Loan (US\$)	Grant (US\$)
Norwegian research council	Perception and understanding of climate change and migration	adaptation	-			70,344
DANIDA	The DANIDA Green Facility	mitigation	2011 - 2014			234,000
Germany	LED Harbor Lighting – R. Ungoofaaru, Dh. Kuda Huvadhoo	mitigation	2014	GIZ, Ministry of Environment and Energy		64,850
	LED Street Lighting – Malé	mitigation	2014			28,513
USAID	Global Climate Change Program to enhance climate resiliency and water security in Maldives (Lh. Hinnavaru)	Adaptation	2011 - 2016	Chemonics International / USA and UNOPS		7,000,000
Germany	Energy Auditing in 4 Schools in Malé		2014	Renewable energy Maldives		13,300
Kuwait Fund	Development of water and sewerage facilities in Gn. Fuvahmulah	Adaptation	2014-	-	11,260,000	
GIZ	Assistance from GIZ (Project to be designed)	Mitigation	2012-2015			4,047,000
TOTAL					11,260,000	11,458,007

Allocation from the National Budget to the Ministry of Environment and Energy – Climate Change
Department for Climate Change Activities

Year/ Duration	Activity	Implementer	Budget allocated(US\$)
2013-2015	Provision of water systems in Adh. Maamigili, M. Dhiggaru and M. Mulah	MWSC	7,617,799
	Provision of a waste management center in R. Ungooaaruu	Respective Island councils	45,395
	Provision of a waste management center in Sh. Foakaidhoo		44,719
	Provision of a waste management center in Aa. Thoddoo		45,395
	Provision of a waste management center in R. Maakurathu		44,309
	Provision of a waste management center in Th. Veymandoo		42,764
	Provision of a waste management center in Ga. Dheevadhoo		45,317
	Provision of a waste management center in Sh. Milandhoo		38,974
	Provision of a vehicle (pick up truck) to R. Meedhoo for waste transportation		68,329
2013-2014	Installing solar panels in government buildings	Renewable energy Maldives	83,134
	Completion of the water network in Addu City.	Fenaka Corporation	350,000
2015	Provision of a waste management center in Gdh. Madaveli	Respective Island Councils	84,533
	Provision of a waste management center in Adh. Mahibadhoo		23,391
	Provision of a waste management center in Ga. Gemanafushi		23,391
	Provision of a waste management center in N. Fohdhoo		49,332
	Provision of a waste management center in N. Magoodhoo		49,332
	Provision of a waste management center in B. Fehendhoo		49,332
	Provision of a vehicle (pick up truck) to Sh. Maaugoodhoo for waste transportation		23,391
	Upgrading the waste management center in L. Fonadhoo		23,391
	Provision of a waste management equipment to Gn. Foamulah		145,277
	Provision of a waste management center in Sh. Goidhoo		24,429
2014	Rainwater collection and harvesting project in R. and B. Atolls.	-	389,105
2013 – ongoing	Upgrading ARO plants in Ha. Dhihdhoo, SH. Funadhoo, N. Velidhoo, N. Manadhoo, R. Alifushi, R. Maduvvari, B. Hithaadhoo, L. Isdhoo, Ga. Villingili and Gdh. Gahdhoo.	Fenaka Corporation	62,899
TOTAL			9,350,570

* The above list was developed through data obtained from MEE, MOFT and donor websites. This may not be an absolute reflection of the total amount of funding, as there are differences in the way climate change projects are defined across institutions. Concerns were raised from Ministry of Environment and Energy that the list contains projects that are not defined as climate change projects in the current context of Maldives. This indicates the important need for institutions to work together in the future to come up with a definition that would best describe climate change projects in the country.

ANNEX 3: LIST OF CONSULTED PERSONS

Abdullah Jihad, Minister of Finance and Treasury, Ministry of Finance and Treasury

Ahmed Ameen, Minister of State for Economic Development, Ministry of Economic Development

Ahmed Waheed, Director, Climate Change Department, Ministry of Environment and Energy

Ahmed Saleem, Permanent Secretary, Ministry of Environment and Energy*

Ahmed Shaig, Director, CDE Consulting (private, previous CCAC member)*

Ali Shareef, Assistant Director, Climate Change Department, Ministry of Environment and Energy

Aishath Niyaz, Founder Member, MYCN*

Aminath Nashia, Director, Ministry of Finance and Treasury

Aminath Ula Ahmed, Founder Member, MYCN

Amjad Abdullah, Director General, MHE*d

Anwar Ali, Officer in Charge, Office of Programmes and Projects, MHI*

Hudha Ahmed, (private, previous CCAC member)*

Ismail Ali Manik, Permanent Secretary, Ministry of Finance and Treasury*

Khadeeja Zahir, Joint Secretary, MFA

Mohamed Inaz, Deputy Resident Coordinator, UNDP*

Mohamed Shafeeu, Commission Member, Anti Corruption Commission

Mohamed Shiham Adam, Director General, Marine Research Centre*

Muaviz Rasheed, Vice President, Anti Corruption Commission

Niyaz Ibrahim, Auditor General, Auditor General's Office

Sumith Palpatiya, Lead Environment Specialist, World Bank

Zammath Khaleel, Environment Analyst, Climate Change Department, Ministry of Environment and Energy

*Final draft of report shared for comments

ANNEX 4: LIST OF CONSULTED PERSONS (REVIEW 2015)

Ahmed Ali, Director General, Energy Department, Ministry of Environment and Energy

Anwar Ali, Officer in Charge, Monitoring and Evaluation, Ministry of Housing and Infrastructure

Aishath Aileen Niyaz, Program Officer, Climate Change Department, Ministry of Environment and Energy*

Aishath Azfa, Project Manager, LECReD Programme, UNDP

Aishath Nashath, Senior Desk Officer, Resource Mobilization and Debt Management, Ministry of Finance and Treasury *

Mohamed Inaz, Deputy Resident Coordinator, UNDP*

Mohamed Inaz, Engineer & Unit Head, Energy Department, Ministry of Environment and Energy*

Mareer Mohamed Husny, Assistant Director, Climate Change Department, Ministry of Environment and Energy

Mohamed Shumais, Live and Learn Maldives.

Moosa Zeeban Saeed, Assistant Director, Climate Change Department, Ministry of Environment and Energy*

Muaviz Rasheed, Vice President, Anti Corruption Commission

Najfa Shaheem Razee, Program Manager, Integrating Climate Change Risks into Resilient Island Planning in the Maldives Project

*Final draft of review shared for comments

END NOTES – Review 2015

ⁱ National Budget commitment statistics 2014-2016, Ministry of Finance and Treasury.

ⁱⁱ Ibid.

ⁱⁱⁱ Assessment on Climate Finance Governance in the Maldives, 2013, Transparency Maldives.

^{iv} Live and Learn Maldives update on ongoing climate change programs, 21st June 2015

^v Communication with climate change department, 17 July 2015.

^{vi} Meeting with Ministry of Finance and Treasury, 18th May 2015.

^{vii} Communication with Presidents Office, 16th July 2015

^{viii} Maldives Climate Change Policy Framework draft, 6.2.1 Sustainable Financing, p. 13,14.

^{ix} Meeting with Climate change department, 05th April 2015.

^x Working group discussion, Community based organizations consultations on the role of civil society in climate policy influencing, held from 01st-02nd June 2015, Transparency Maldives.

^{xi} Communication with Energy Department, Ministry of Environment and Energy, 16TH June 2015

^{xii} Meeting with Energy Department, Ministry of Environment and Energy, 27th April 2015.

^{xiii} Meeting with Resource Mobilization and Debt Management Division, 18TH May 2015.

^{xiv} Ibid.

^{xv} Some projects reported in the 2014 annual report of the ministry of environment were missing from the national budget 2014.

^{xvi} Maldives Climate Change Trust Fund resettlement Plan

<http://documents.worldbank.org/curated/en/2014/11/23015269/maldives-climate-change-trust-fund-social-assessment-management-framework>

^{xvii} IDA project paper on proposed additional grant for the Maldives Environment Management Project

http://www.wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2015/04/24/090224b082df8f75/1_0/Rendered/PDF/Maldives000Mal010Management0Project.pdf.

^{xviii} Meeting with Energy Department, Ministry of Environment, 27th April 2015.

^{xix} Ministry of Environment and Energy, note 438-CCS/PRIV/2015/212, 18 March 2015.

^{xx} Brief press release about the inauguration of the fund

<http://www.presidencymaldives.gov.mv/?lid=11&dcid=13388>

^{xxi} Maldives National Energy Policy and Strategy 2010.

^{xxii} Ibid.

^{xxiv} Special Review on Public Financial Regulation 2015, Auditor Generals Office.

^{xxv} Draft Public Procurement Chapter to be included in the Financial Regulations, Government of the Maldives.

^{xxvi} Financial Regulation of the Maldives (3/2006) R-141/2015.

END NOTES

¹ The impacts of climate change in Maldives are most predicted to be, loss of land from beach erosion, damage to coral reefs and subsequent damage to economy given the high dependence on tourism and fishing, food security from instable supply of the imported food products, water security and impacts on human health. National dependency for imported fuel also leads to concerns as trading partners are impacted by diminishing fossil fuel reserves. (See the first National Communication from Maldives to UNFCCC for detailed descriptions of impacts and vulnerabilities of Maldives).

² Projections for sea level range from 200mm to 500mm by 2100 due to thermal expansion of oceans and loss of ice land mass. Source: Bindoff, N.L. et al. (2007), Observations: Oceanic Climate Change and Sea Level. In: Climate Change 2007: The Physical Science Basis. Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. [Solomon, S., D. Qin, M. Manning, Z. Chen, M. Marquis, K.B. Avery, M. Ignoré and H.L. Miller (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Available at: http://www.ipcc.ch/publications_and_data/publications_ipcc_fourth_assessment_report_wg1_report_the_physical_science_basis.htm (last accessed 20 July 2013), p.409.

³ Registered population as at July 2012. Source: Department of National Planning (2012), Statistical Yearbook 2012, available at: <http://planning.gov.mv/yearbook2012/yearbook/Population/3.3.htm> (last accessed 22 July 2013). Based on trends, it is expected that a census planned for 2014 will show a significant increase in the population, particularly the population of the capital Male'.

⁴ Ministry of Housing and Environment (2010), National Economic Environment Development Studies (NEEDS), available at <http://unfccc.int/files/adaptation/application/pdf/maldivesneeds.pdf> (accessed 31 January 2013), p.9. However it must be noted that there have been inflationary pressures in the country since these estimates were prepared. Furthermore the US\$ exchange rate against the Maldivian rufiyaa was changed from a pegged rate of Rf12.85 to US\$1.00 to a pegged floating rate of 20 per cent bandwidth around Rf12.85 on 11th April 2011, which resulted in the current official bank rate to be the highest rate within the band ie Rf15.42 to US\$1.00.

⁵ "Aneh Dhivehi Raajje" – The Strategic Action Plan; National Framework for Development 2009 – 2013 ! The Government of Maldives, 2009, www.planning.gov.mv

⁶ Transparency International (2012), Corruption Perceptions Index (CPI), Berlin, Germany. Available at: <http://cpi.transparency.org/cpi2010/results/> (accessed 17 January 2013). In 2010, the Corruption Perceptions Index scored countries on a scale from 0 (highly corrupt) to 10 (very clean). CPI was however not done for Maldives due to challenges in obtaining data as per the prescribed methodology.

⁷ Transparency International (2013), Global Corruption Barometer, available at: <http://www.transparency.org/qcb2013/country/?country=maldives> (accessed 12 July 2013). The Global Corruption Barometer is the largest worldwide public opinion survey on corruption. It addresses people's direct experiences with bribery and details their views on corruption in the main institutions in their countries. Significantly, the Barometer also provides insights into how willing and ready people are to act to stop corruption.

⁸ World Bank (2010), Monitoring Climate Finance and ODA, Issues Brief #1. Available at: <http://climatechange.worldbank.org/sites/default/files/documents/DCFIB%231-web-June15.pdf> (accessed 7 February 2013), p. 2

⁹ Official documents such as NAPA (2007) and NEEDS (2010) identifies the key priorities for mitigation and adaptation projects for the Maldives.

¹⁰ Further research could be done on whether the mitigation and adaptation projects in the country are the most effective projects or reaching the most vulnerable or most affected islands. It is hoped that the governance related improvements recommended in this paper will allow better monitoring of projects from a technical aspect.

¹¹ This applies only to donors who qualify as Annex 1 countries under the Kyoto protocol representing those who have been recognized as having a historical responsibility for causing climate change and therefore a current obligation to compensate those who are suffering from its effects.

¹² Interview with Ahmed Waheed and Zammath Khaleel, Climate Change Department, Ministry of Environment and Energy, 21 July 2013

¹³ It is however worthwhile to study this in more depth since many harbor projects included shore protection measures. However more analysis is needed to determine the share of finance for coastal protection projects that are necessary as mitigation to climate change from those projects that may be necessary due to the change in dynamics from the modifications resulting from harbor projects.

¹⁴ Transparency International (2012), National Climate Finance: A Governance Risk Assessment Toolkit, Berlin, Germany (unpublished).

¹⁵ This analysis entails carrying out an assessment of the institution against 16 indicators across four criteria of transparency, accountability, integrity and capacity during the second step of the research process.

¹⁶ The Ministry has since split into two – the Ministry for Environment and Energy and the Ministry for Housing and Infrastructure (MHI).

¹⁷ The expected impacts of graduation were mainly loss of revenue from trade preferential in the fisheries sector; less grants or less concessional loans in the future development assistance, and reduced financial assistance for attending UN related conferences. However even in 2009, The Maldives government was advised by the UNCTAD and UNESCAP that implications of graduation in terms of development assistance was 'irrelevant', based on the study of 28 bilateral and multilateral grant donors accounting for 94.5% of total ODA in 2007. This was mainly due to the fact that most donors outside UN do not differentiate based on the development status of countries. This view of donors was confirmed in a report completed by the UN CDP secretariat as well. The CDP report, which was conducted after 11 months of graduation, revealed that 'no visible sign of reversal in country's development progress due to abrupt withdrawal of support has been detected'. (sources: 'Impacts of Graduation from Least Development Countries' Background paper prepared by Government of Maldives for 2009 Partnership Forum, accessed at <http://www.maldivespartnershipforum.gov.mv/pdf/Impacts%20of%20LDC%20Graduation.pdf>), 'Towards a smooth transition strategy in anticipation of Maldives' loss of Least Developed Country (LDC) Status' Advisory note to the Government of Maldives by UNCTAD and UNESCAP, December 2009, 'Monitoring of Graduated Countries from the Category of Least Developed Countries – Maldives " Note by

CDP Secretariat, CDP2012/PLEN/12, January 2012, accessed at [#](http://www.un.org/en/development/desa/policy/cdp/ldc_documents/maldives_monitoring_report_2012.pdf)

¹⁸ For example the Clean Energy Promotion in Male' project is listed as a grant aid from Japanese Government in the Government Budget 2013. However details of this ongoing project is missing in the Ministry of Environment and Energy annual report for 2012. Similarly projects that appeared in the Ministry of Environment and Energy annual report but are not listed in the Budget include; Solar Grid connected system in K.Dhiffushi (Japanese grant project which is reported to have started in 2011). For some projects the information provided in both is complementary, for example the Climate Neutral Strategy for Maldives. Both publications include this project, the budget gives the annual breakdown for three years and the Annual report gives the total project cost and a brief description of the work done during 2012.

¹⁹ For example the annual report of MHE for 2011 reported that the value of USAID funded 'Global Climate Change Program to Enhance Climate Resiliency and Water Security in the Maldives' was US\$4.5 million whereas the Report for 2012 reported value of project as US\$4.3mn. Similarly two climate related grant aid projects listed in Budget for 2011 did not appear on the list of grant aid projects in the Budget of 2012; Integrating climate Change Risks into Resilient Island Planning in the Maldives and Support to Climate Change Adaptation and Mitigation in the Maldives.

²⁰ Under the global CFIP project, Transparency Maldives is also conducting a review of the six major international funds set up for climate finance. An initial assessment of the global climate finance was published in April 2012, Global Corruption Report: Climate Finance (available at http://www.transparency.org/whatwedo/pub/global_corruption_report_climate_change)

²¹ These investments are expected to increase share of RE in the Maldives from current share of less than 1 per cent to 16 per cent of total energy generation and a 27 per cent of CO₂ emission reduction compared to 2009. (SREP-IP, page 16)

²² Note on decision of SREP sub-committee on the Maldives IP and the 'Maldives Investment Plan 2013 – 2017', Ministry of Environment and Energy, (available at https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP_5_Maldives_0.pdf)

²³ Live and Learn implements a climate change resilience awareness project in five islands, funded by International Union for Conservation of Nature. Total project cost is US\$284, 265 and implemented from 2010 to 2012. source: <http://www.livelearn.org/projects/resilience-change-climate> (website access on 16th July).

²⁴ Prior to formation of NPC, projects were approved by a Project Appraisal Committee, housed in the Ministry of Planning and National Development. There was also a National Commission for Protection of Environment was formed from 1984 to 2008 which acted as a policy guiding body for environment and climate issues and for monitoring implementation of the various National Environment Action Plans prepared during this time.

²⁵ Press Release by Presidents Office ref 2009-844, 8 November 2009 <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=691>

²⁶ Press Release by Presidents Office ref 2010-861, 5 December 2010 <http://www.presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=1670>

²⁷ Ministry of Environment and Energy with Climate Change Department, MINISTRY OF ENVIRONMENT AND ENERGY on 21 July 2013

²⁸ Ahmed Shaig, private sector CCAC member from April 2009 to February 2012.

²⁹ This was noted at the National Preparatory meeting for the 3rd International Conference on Small Island Developing States (SIDS) – 13 Aug 2013, organised by the Ministry of Environment and Energy, attended by Government ministries, environment NGOs and TM.

³⁰ Interview with Sumith Palpatiya, Lead Environment Specialist for the World Bank, 20th August 2013, World Bank Regional Office, Colombo,

³¹ Meeting with Climate Change Department, Ministry of Environment and Energy on 21 July 2013

³² Ministry of Housing and Environment (2010), p.39.

³³ Ministry of Environment and Energy (2012), Scaling Up Renewable Energy Investment Plan, available at: <http://co2.org/wp-content/uploads/2012/12/Maldives-SREP-last-version-from-MM.pdf> (accessed 19 August 2013), p. 33.

³⁴ MEA (2012), Annual Report available at: www.environment.gov.mv.

³⁵ Ibid, page 32.

³⁶ Prior to May 2013, known as External Resources Management Division.

³⁷ This may be on the basis that loan projects impact national debt directly, but even grants can impact national expenditure, as most grants have a local component such as staff salaries or the government may have to pay all taxes that may occur from the project. Relevant clauses in laws are clause 5 of Public Finance Act 3/2006, Clauses 3.01, 11.03 – 11.05 of Public Finance Regulations February 2009, and Clause 33 of Fiscal Responsibility Act 7/2013.

³⁸ Meeting with Aminath Nashia, Director, MoFT, 5th August 2013

³⁹ http://www.thegef.org/gef/sites/thegef.org/files/publication/Maldives%20-%20Fact%20Sheet%20-%20Feb2013_EN.pdf

⁴⁰ http://www.thegef.org/gef/sites/thegef.org/files/publication/Maldives%20-%20Fact%20Sheet%20-%20Feb2013_EN.pdf

⁴¹ Meeting with Ahmed Waheed, Director and Zammath Khaleel, Environment Analyst, MINISTRY OF ENVIRONMENT AND ENERGY, 21 July 2013

⁴² Press Release by MINISTRY OF ENVIRONMENT AND ENERGY, 11 Dec 2012, <http://www.environment.gov.mv/v1/news/national-stakeholder-conference-to-establish-the-maldives-green-fund-held-today> (Last accessed on August 16th)

⁴³ The President's Office, Cabinet Advises President to Establish "Maldives Green Fund", 30 April 2013, available at: <http://www.presidencymaldives.gov.mv/?lid=11&dcid=12727> (accessed 10 July 2013).

⁴⁴ The mandate of Ministry of Environment and Energy has not been updated on the Ministry of Environment and Energy website. The Ministry of Environment and Energy mandate is available in the website of President's Office. <http://presidencymaldives.gov.mv/Index.aspx?lid=159> (last accessed 17th July 2013)

⁴⁵ AGO (2012), Maldives Climate Change Trust Fund report for Financial year of 2011, available at: <http://www.audit.gov.mv/v1/en/downloads/auditor-generals-reports/> (accessed 19 August 2013).

⁴⁶ Information provided by Ahmed Saleem Permanent Secretary, Ministry of Environment and Energy

⁴⁷ Interview with Muaviz Rasheed, Vice President and Mohamed Shafeeu, Commission Member, Anti Corruption Commission, 7 July 2013.

⁴⁸ <http://www.tourism.gov.mv/article.php?ald=1055>

⁴⁹ Interview with Mohamed Rasheed Bari, Chairman of Transparency Maldives, 30 June 2013.

⁵⁰ World Bank (2008), Country Assistance Strategy for the Republic of Maldives 2008-2012, available at: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/01/17/000310607_20080117095202/Rendered/PDF/414000MV.pdf (accessed July 10th 2013), page 12.

⁵¹ Since its formation OPP has moved from being housed under MoFT to the then Ministry of Housing and Environment and now the Ministry of Housing and Infrastructure. The responsibilities of OPP are explained in its monthly reports and are stated to be responsible for all project and programs in the country, yet they received information on some projects only. Monthly progress updates of projects they monitor are uploaded to their website. <http://opp.gov.mv/> (accessed on 18 July 2013). Since its formation OPP has moved from being housed under MoFT to the then Ministry of Housing and Environment and now the Ministry of Housing and Infrastructure.

⁵² The President's Office, Office of Programmes and Projects Established, 25 March 2010), available at: <http://presidencymaldives.gov.mv/Index.aspx?lid=11&dcid=1057> (accessed 10 July 2013).

⁵³ Meeting with Anwar Ali, Officer in Charge, Office of Programmes and Projects, 25 June 2013.

⁵⁴ Meeting with Ahmed Waheed, Director and Zammath Khaleel, Environment Analyst, Ministry of Environment and Energy, 21 July 2013.

⁵⁵ Note that in 2012, the MHE was split up into the MHI and MINISTRY OF ENVIRONMENT AND ENERGY

⁵⁶ <http://isles.egov.mv/> (last accessed 15 August 2013)

⁵⁷ <http://isles.egov.mv/Project/ProjectList.aspx?lid=1&cid=18>

⁵⁸ Interview with Aminath Nashia, Director, Debt Management Division, Ministry of Finance and Treasury, August 5th 2013. Also noted by Khadeeja Zahir, Joint Secretary, Ministry of Foreign Affairs, August 14th 2013

⁵⁹ Interview with Niyaz Ibrahim, Auditor General, Auditor General's Office, 30 June 2013

⁶⁰ Audit Act 4/2007, Clause 4

⁶¹ Interview with Niyaz Ibrahim, Auditor General, Auditor General's Office, 30 June 2013

⁶² Each institution is required to submit a detailed annual report at the end of year to the parliament however this is not required to be reported against any preset monitoring indicators or targets.

⁶³ Prevention and Prohibition of Corruption Act (2/2000), Anti Corruption Commission Act (13/2008), Civil Service Act (5/2007)

⁶⁴ Interview with Muaviz Rasheed, Vice President and Mohamed Shafeeu, Commission Member, Anti-Corruption Commission, 7 July 2013

⁶⁵ According to the 2012 annual report of the ACC, of the 569 cases investigated in 2012, 186 cases (33%) were closed with recommendations by ACC to improve administrative affairs of the relevant organisation. Source: Annual Report of Anti-Corruption commission 2012, (<http://acc.gov.mv/wp-content/uploads/2013/03/Annual-Report-2012.pdf>) page 26

⁶⁶ Interview with Muaviz Rasheed, Vice President and Mohamed Shafeeu, Commission Member, Anti-Corruption Commission, 7 July 2013

⁶⁷ The Dhivehi version of this Bill is accessible at:

Maldives, Right to information Act available at: http://www.law-democracy.org/wp-content/uploads/2010/07/Maldives.FOI_May10.dra.pdf (Accessed 19 August 2013) or in its original at: http://www.majlis.gov.mv/di/download/majleehah_husha_helhifaivaa_kantha/Mau%27loom%20aath%20hoadhaa%20libigathumuge%20Bill.pdf (accessed on 7 June, 2010).

⁶⁸ Ministry of Environment Energy and Water (2007), NAPA, available at: <http://unfccc.int/resource/docs/napa/mdv01.pdf> (access 19 August 2013).

⁶⁹ DNP (2009), Government Strategic Action Plan, available at: http://planning.gov.mv/en/images/stories/publications/strategic_action_plan/SAP-EN.pdf (accessed 19 August 2013).

⁷⁰ MHE (2009), Third National Environment Action Plan, available at: http://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&ved=0CDIQFjAB&url=http%3A%2F%2Fwww.environment.gov.mv%2Fv1%2Fdownload%2F161&ei=h_YRUoqDNcTRtQayn4CoCg&usq=AFQjCNF2w2OEO9nS-VjA3M_1L2JFGuTrDQ&sig2=iOS7a5MBYLYca3rvDNblpQ&bvm=bv.50768961,d.Yms&cad=rja (accessed 19 August 2013).

⁷¹ National Disaster Management Centre, Strategic National Action Plan for Disaster Risk Reduction and Climate change Adaptation (Draft), available at: <http://ndmc.gov.mv/wordpress/wp-content/uploads/2012/10/Strategic-National-Action-Plan-for-Disaster-Risk-Reduction-and-Climate-Change-Adaptation-2010-2020-Provisional-Draft.pdf> (Accessed 19 August 2013).

⁷² MHTE (2009), Maldives National Strategy for Sustainable Development

⁷³ MHE (2010) National Environmental, Economic and Development Study,

⁷⁴ Ministry of Environment and Energy (2012)

Implementing Agencies: All development partners involved in coordination and implementation (UNEP, UNDP etc)

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