

CLIMATE FINANCE GOVERNANCE STANDARDS COUNTRY REPORT - MALDIVES

A NEW APPROACH PILOTED IN
THE MALDIVES AND BANGLADESH



**TRANSPARENCY
MALDIVES**
A Coalition for Integrity

Transparency Maldives, the National Contact of Transparency International in the Maldives, is a non-partisan organization that promotes collaboration, awareness raising and other initiatives to improve governance and eliminate corruption from the daily lives of people.

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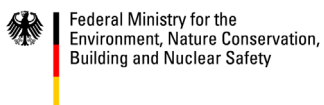
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Executive Summary

Transparency Maldives (TM), the local chapter of Transparency International (TI), presents this study as the national report for Climate Finance Governance Standards in the Maldives. In addition to producing a consensus document on a minimum governance standard for climate finance, this study also serves as a baseline assessment of climate finance governance of climate change stakeholders. This study gathered views from a wide range of stakeholders, including private and public sectors, international actors, and civil society organisations (CSOs). The framework of this study defines a set of minimum standards for good governance, and steps to raise governance performance to reach these standards.

This study used a participatory and collaborative framework to assess the climate funding landscape in the Maldives, with the aim of agreeing collectively on the minimum standards for regulating climate adaptation finance in the country.

The results of this study show a need for significant improvement of governance performance for better climate change adaptation. The lack of a central database was identified as hindering transparency and other indicators of good governance in the climate change sector. Difficulties in accessing funds was highlighted as giving rise to manipulation and deceit in accessing funds by smaller countries.

The government is said to foster a culture of withholding information and the private sector was identified as secretive, resulting in difficulties in access to information. Efforts by CSOs to improve governance performance was noted as being hindered by their low operational capacity and weak structures. The study also found that international aid agencies (IAAs) are a positive influence on the governance performance of stakeholder groups. Furthermore, the archipelago nature of Maldives' geography negatively affected participation opportunities for stakeholders based outside the capital, Male'. Centralised administration, with little to no involvement of local governance bodies such as island councils, community based organisations (CBOs) mean that community participation in climate adaptation processes is low. As a result, the most vulnerable communities, often smaller and less accessible islands, are disempowered and disillusioned.

The existing complaints and redress mechanisms were found to be ineffective. According to respondents, comments and feedback are largely neither acknowledged nor reflected in the final decisions. Environment Impact Assessments (EIAs) and other documentation, while available online, were found to be utilised only in select cases. Lack of community involvement in the the EIA process mean that community issues can sometimes be overlooked.

In addition to assessing the baseline of current climate finance governance performance, the study also highlights the recommendations and opportunities for collectively raising the overall quality of governance. The minimum quality of governance standards agreed by key stakeholders involved in the study are laid out in detail in Annex 1: National Governance Standard for Climate Finance: Maldives. This annex summarises the results of the study into actionable targets, and is also a stand alone reference document to all those involved in adaptation finance in the Maldives.

It outlines the minimum quality of governance standards that climate adaptation stakeholders operating in the Maldives propose to reach in order to achieve highest possible performance during the four major phases relevant to implementing climate adaptation projects. The four major phases are prioritization, access, delivery and monitoring.

The findings and analysis contained herein are targeted at different stakeholder groups to push for policy and practice changes that will safeguard the integrity of climate finance, ensure that resources are distributed equitably and efficiently, and help those that are especially vulnerable to the effects of climate change.

Acknowledgements

Transparency Maldives wishes to express its gratitude to the staff and management of all government institutions, international aid agencies, civil society organisations and private companies and organisations that provided valuable time and information for the collation of this report. We thank AdaptationWatch partners and the individuals that work with or within the stakeholders for sharing their knowledge and experiences with the research team. Finally, we are grateful to the Climate Finance Integrity Programme team at the TI-Secretariat, Berlin, for their continuous support during the research, as well as the support extended by the TI chapters in the programme.

Introduction

In 2011, Transparency International launched the Climate Finance Integrity Programme in a number of different countries around the world, including the Maldives. Under this programme, Transparency Maldives is monitoring climate finance as it enters and is distributed throughout the country. Additionally, Transparency Maldives is working with communities across the Maldives to ensure their inclusion in decisions that directly impact their lives.

In 2013, Transparency International chapters assessed the state of climate finance in Bangladesh, the Dominican Republic, Kenya, Mexico, and the Maldives.¹ The studies from the five countries revealed a fragmented funding landscape that is complicating efforts to build a stable and coherent pipeline of investments to reduce climate change risks. It was also found that developing countries are finding it hard to keep track of where funds are coming from and the investments being made. It was further concluded that not enough resources are made available by funders and donor agencies to assist with project design, or to support meaningful participation of vulnerable communities where projects are implemented.

Additional donor assistance is needed to ensure that more developing countries can independently design, implement and monitor climate change projects. Adapting to climate change requires a complex set of changes in practices, technology, laws and regulations. The involvement of multilateral and multiple actors, coupled with the complexity of change required mean that effective cooperation between international funding agencies, developing country governments and their various institutions, private companies, private investors, and CSOs is key to effective climate adaptation. The way in which these stakeholders cooperate (or do not) is labeled governance. Clearly, improving governance performance will lead to better climate change investments that are targeted to where they are most needed.

To work towards minimum standards of climate finance governance, Transparency International, Adaptify, and Brown University began working under the AdaptationWatch partnership to design a new approach to raise governance performance for climate adaptation finance. A conceptual framework and methodology were designed in collaboration with Transparency International Bangladesh and Transparency Maldives. Key stakeholders from government, business, and civil society were involved in the process to agree on standards for good governance. Governance processes that can be employed to improve performance to achieve these standards was also discussed. This report discusses the overall climate finance governance approach, builds on the results of the study done in the Maldives, and discusses the next steps for improving and sharing this approach widely.

¹ *Keep corruption out to halt climate change*, Transparency International, 2014, www.transparency.org/news/feature/keep_corruption_out_to_halt_climate_change

Methodology

The study was designed to achieve a consensus on minimum governance standards for climate adaptation finance, and to provide a baseline assessment of governance of key stakeholders involved in climate finance.

To achieve this goal, the study produced a baseline assessment, clarifying areas in need of improvement. This baseline assessment served as the basis of preliminary steps towards consensus on national governance standards for climate adaptation finance.

The data collection method consisted of semi-structured interviews conducted via Skype or phone and an online survey using a pre-designed questionnaire. The questionnaire consisted of 20 question blocks or statements encompassing five governance criteria: transparency; accountability; participation; coherence; and integrity across four components of climate adaptation finance: planning; accessing; delivering; and monitoring.

Each question block or statement included four Likert-scale type questions to assess the performance of each stakeholder group and one free response question for respondents to provide comments to supplement the data with additional qualitative information. The quantitative findings is included in Annex 2 of this study.

Four major stakeholder groups of climate adaptation finance were consulted for this research: international aid agencies (IAAs), the public sector, the private sector, and civil society organisations (CSOs). The interviews were conducted between 8 January and 5 March 2017.

The research was designed to include a minimum sample of 40 respondents, whilst aiming to consult ten respondents from each of the four stakeholder groups. Forty one stakeholders were interviewed during the data collection phase. The table below shows the number of interviews conducted for each stakeholder group.

Stakeholder group	Number of interviews conducted
International Aid agencies	08
Public sector	10
Private sector	11
Civil Society Organizations	12
TOTAL	41

Table 1: Stakeholders interviewed

Where possible, face-to-face interviews were conducted. If face-to-face interviews were not possible, the next most direct communication medium was employed. Thus, of the 41 respondents, 27 were interviewed face-to-face, two were interviewed via Skype, and three were interviewed over the telephone. Nine respondents who were unavailable in person, via Skype or through telephone, were provided a unique identification number and instructed to complete the questionnaire online.

All responses were entered into the online form using a unique identification number generated by the data analysis system. Each respondent was provided with the research questionnaire well in advance. To ensure confidentiality of the information and anonymity of respondents, a non-disclosure agreement was signed between Transparency Maldives and the respondents.

The data was then collated and analysed to produce an assessment which describes the current baseline condition of governance for climate adaptation finance in the country. Data was analyzed by research experts based in Brown University and Adaptify.

Following the data analysis, a one-day interactive workshop was conducted in Male', in which key stakeholders reviewed the findings of the baseline assessment. Stakeholders also suggested recommendations to improve the criteria used to generate minimum standards of good governance for climate adaptation finance.

In addition, stakeholders who attended the workshop discussed the measures that each stakeholder must undertake to fulfill minimum standards. These good governance standards and the requisite measures to achieve them are presented in the recommendations and conclusion section of this study. As no representative of an IAA was present in this workshop, a separate meeting with IAAs was organized to receive their feedback.

A total of 16 representatives participated in the validation workshop of the baseline findings and recommendation for the minimum standards: one international aid agency; seven government institutions; three private companies/individuals; and five civil society organisations.

It is recommended that this assessment be carried out on an annual basis to gauge changes to the climate finance and governance framework. The governance baselines described in the assessment report, combined with the targets for minimum standards agreed upon in the workshop and delineated in the governance standard, can be used to monitor progress made. The climate finance governance standard document should also be periodically revisited and amended to reflect changes that occur within the context of the country.

Background

The Maldives is a nation of 1192 coral reef islands, 80% of which are barely one meter above sea-level. The low lying nature of these islands make them extremely vulnerable to the effects of climate change. This includes sea-level rising, storm surges, coastal erosion and warming sea temperatures. The islands' only protection is the coral reefs, which are themselves extremely susceptible to the negative effects of climate change.

In 2004 more than 97% of inhabited islands reported beach erosion. Severe beach erosion was reported by 64% of the islands.² In March 2016 the National Disaster Management Centre reported that 20 islands had run out of water earlier than expected. Water shortages have become a chronic problem in the Maldives with islands running out of water between April and May.³ Forty nine islands currently rely on emergency water supplies provided by the government for three months each year.⁴

90% of island households rely on rainwater as their primary source of water. Disrupted rainfall patterns, periods of extremely dry and wet weather are resulting in economic damage to farmers, traditional craftsmen and others who rely on regular weather patterns.

In 2015 an excess of US\$100 million worth of foreign loans and MVR 500 million (US\$32 million) from the state budget was allocated for water and sewerage projects.

The report by the Intergovernmental Panel on Climate Change (IPCC) titled Climate Change 2014: Impacts, Adaptation, and Vulnerability make stark predictions. The hardest impacted will be South Asia, specifically the Maldives, Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. Asia ranks as the most prominent victim of climate change in 2013, incurring nearly 30% of the global economic loss from natural disasters.

The Maldives has been an outspoken advocate of the strong need for mitigation and adaptation measures to combat the climate crisis. It has also for decades emphasized the urgent need to take action to address the effects of climate change, both at the local and the international level.

As one of the most vocal Small Island Developing States, the Maldives Chairs the Alliance of Small Islands States (AOSIS). The AOSIS is a coalition of small-island and low-lying coastal countries that share similar development challenges and concerns about the environment, especially regarding their vulnerability to the adverse effects of climate change.

Climate finance flows into the Maldives through a myriad of channels and is mostly received in the form of grants.⁵ Diverse actors are involved as donors and funders, including major multilateral actors such as the World Bank, European Union, Climate Investment Funds, and the Global

² *Maldives Climate Change Policy Framework*, Ministry of Environment and Energy, 2015, http://www.environment.gov.mv/v1/wp-content/blogs.dir/1/files/downloads/Maldives_Climate_Change_Policy_Framework_draft_3.pdf

³ *More than 20 islands already facing water shortages*, Hassan Moosa, 2016,

<http://maldivesindependent.com/environment/more-than-20-islands-already-facing-water-shortages-122792>

⁴ <http://www.greencclimate.fund/-/support-of-vulnerable-communities-in-maldives-to-manage-climate-change-in-reduced-water-shortages>

⁵ *An Assessment of climate finance governance in the Maldives (New Edition 2015)*, Transparency Maldives, 2015, <http://transparency.mv/files/media/470aacb3634d80796c0c31cefe8059be.pdf>

Environment Facility. Bilateral actors include USA, Denmark, France, Germany, Japan, UAE, and Kuwait.

Climate funds flow in three ways to the Maldives. The first is directly through government ministries via the Ministry of Finance and Treasury (MoFT). The second is via Trust Funds, which operate outside of the public sector, and distribute funds directly to implementing parties. The third involves significant donor presence during implementation, largely bypassing government mechanisms.

Private sector participation in adaptation finance is low. The sector is mostly involved in mitigation measures such as renewable energy. According to the Maldives Scaling up Renewable Energy Program (SREP) Investment Plan 2013-2017, the government expects to mobilize 34% of the total cost of the SREP from private sector investments.⁶

A large bulk of climate finance is implemented through the United Nations system. For instance, agencies such as the United Nations Environment Program (UNEP) and the United Nations Development Program (UNDP) are responsible for distributing Green Environment Facility (GEF) funds. UN agencies, in conjunction with relevant government bodies, are also chiefly responsible for implementing Low Emissions Climate Resilient Development (LECRd), a project with one of the largest climate budgets in the Maldives, amounting to USD 9.2 million.⁷

Given the Maldives' climate change vulnerability, it is in dire need of help in adapting to and mitigating the impacts of climate change. However, in the absence of a strong system of governance for the selection and implementation of climate vulnerability risk reduction projects, there is a risk that the resources do not go where it is most needed. This results in continued climate change challenges despite efforts at mitigating risks. The following section discusses the results of the stakeholder survey, which then leads to a discussion of problems and recommendations. Finally, based on the analysis of issues, and in light of recommendations, a new approach for prioritising actions required to achieve minimum governance standards, as agreed by key stakeholders, is described in this document.

⁶ *Maldives SREP Investment Plan 2013-2017*, Ministry of Environment and Energy, 2012, <http://www.environment.gov.mv/v1/wp-content/blogs.dir/1/files/publications/20131212-Pub-Maldives-SREP-Investment-Plan-2013-2017.pdf>

⁷ *Low Emission Climate Resilient Development (LECRd)*, UNDP Maldives, http://www.mv.undp.org/content/maldives/en/home/operations/projects/environment_and_energy/Joint-programmeDoc.html

Results of the study

Overall results of the study

The overall scores for the four stakeholder groups indicate that adequate levels of governance criteria are met by international aid agencies (IAAs) and civil society organisations (CSOs). While there is a need for further improvement by all stakeholders, special attention is required to improve the governance of public and private sectors. IAAs in particular were noted to exert a positive influence on other stakeholders, especially the public sector, in ensuring their efforts align with good governance standards.

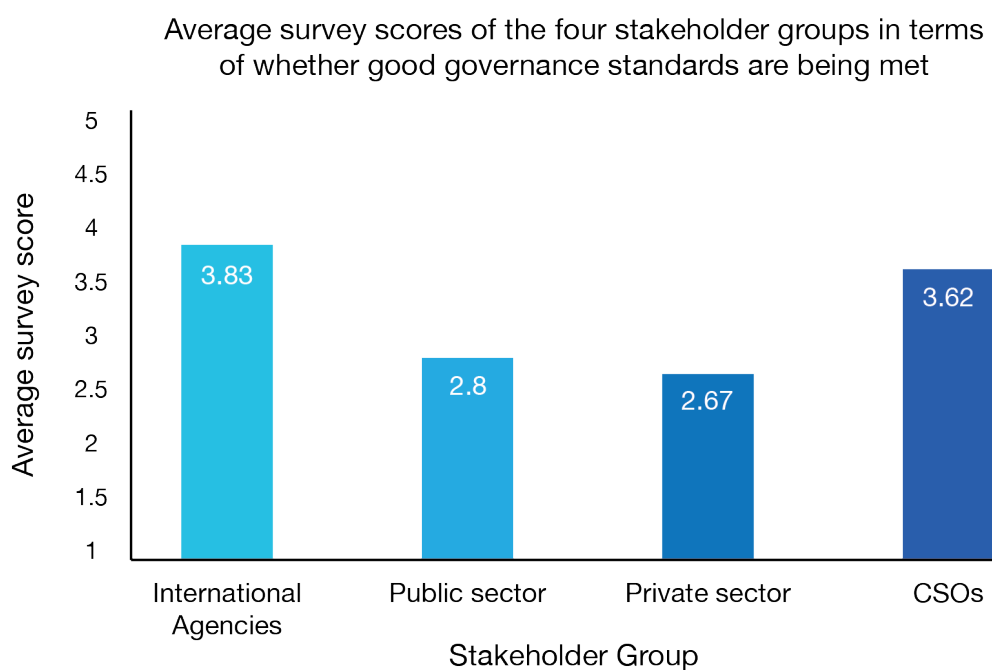


Figure 1:

Overall scores of the four stakeholder groups on the five good governance criteria

Key: 1 = strongly disagree, 2 = disagree, 3 neither agree or disagree, 4 = agree, 5 = strongly agree

i. Prioritisation phase

The prioritisation phase is the planning phase in which countries analyze available data and information to determine the kind of adaptation actions to prioritize. In order to measure their performance during this phase, respondents were asked to assess each stakeholder group on five dimensions relevant to good governance: transparency; accountability; participation; coherence; and integrity.

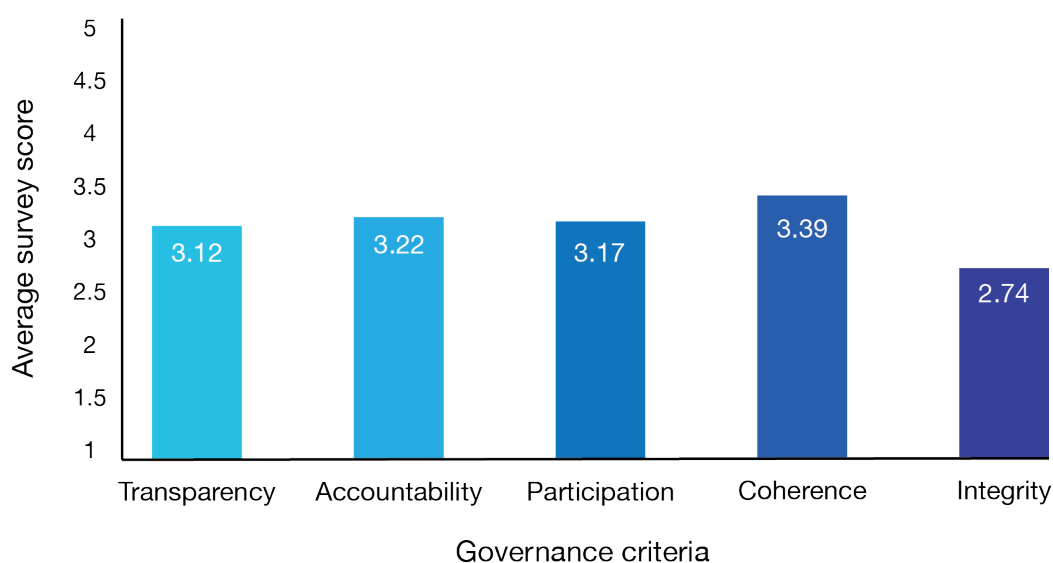


Figure 2:

Average scores on each governance criteria of all stakeholder groups during prioritisation phase.

Key: 1 = strongly disagree, 2 = disagree, 3 neither agree or disagree, 4 = agree, 5 = strongly agree

Of the four phases, the prioritisation phase was identified as evincing the least integrity. Both survey respondents and participants from the validation workshop emphasized that decisions in the public sector are often taken within government institutions, with little to no community or stakeholder consultation or participation due to the limited time allocated for planning during the prioritisation phase. Transparency and participation of the CSO sector was also believed to be low in the prioritisation phase. Additionally, the majority of respondents from CSOs and public sector noted that the IAAs offer funding based on priorities and objectives which are decided beforehand, limiting community involvement in projects that affect them. Furthermore, it was highlighted in the validation workshop that the public sector sometimes prioritizes project implementation decisions based on political considerations rather than practical necessity.

ii. Access phase

Access phase refers to the phase in which countries receive climate adaptation finance. Respondents were asked to assess the country's ability to directly access climate funds and its ability to combine funds from multiple sources to support adaptation projects.

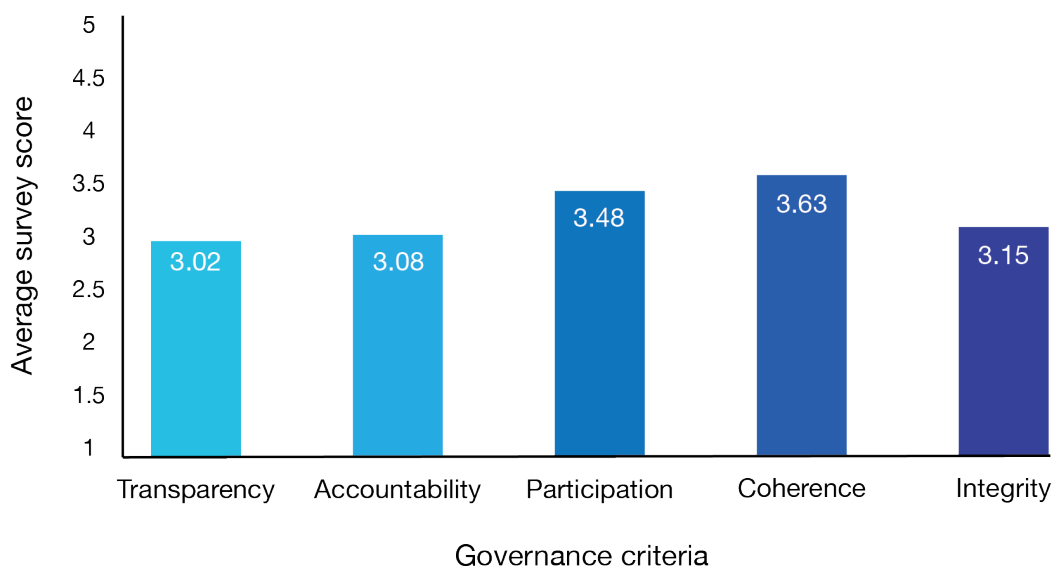


Figure 3:

Average scores on each governance criteria of all stakeholder groups during access phase.

Key: 1 = strongly disagree, 2 = disagree, 3 neither agree or disagree, 4 = agree, 5 = strongly agree

Both survey respondents and participants from the validation workshop pointed out that during the access phase, high profile funds such as the Adaptation Fund, demonstrated high levels of transparency. However, it was noted that transparency decreased as layers increased, a result of the involvement of multiple agencies and bilateral donors.

iii. Delivery

The delivery phase refers to the implementation phase of the project in which funds are transferred to organizations implementing climate adaptation projects. Respondents were asked to assess each stakeholder group on their performance relevant to the five good governance dimensions used for this study.

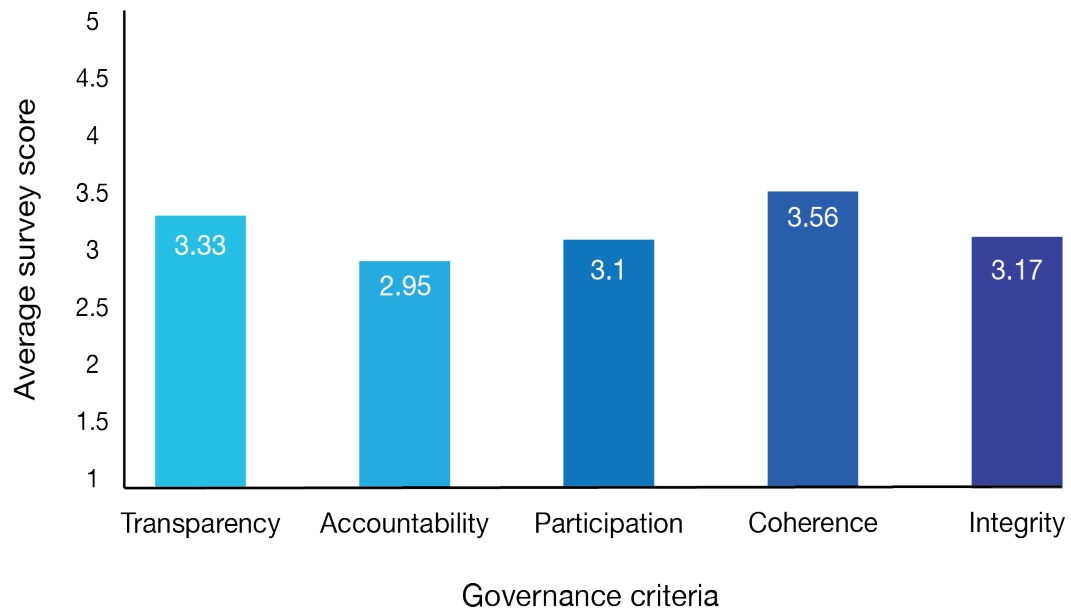


Figure 4:

Average scores on each governance criteria of all stakeholder groups during delivery phase.

Key: 1 = strongly disagree, 2 = disagree, 3 neither agree or disagree, 4 = agree, 5 = strongly agree

Stakeholders agreed that once a government project commenced implementation, that it was generally difficult to hold the government accountable. Additionally, a lack of information regarding project activities presents further challenges to various efforts to hold the public sector to account.

iv. Monitoring

To assess governance during the monitoring phase, respondents of the survey were asked to measure the performance of stakeholders in overseeing how funds are spent, in reporting results, and in verifying the accuracy of the reported information.

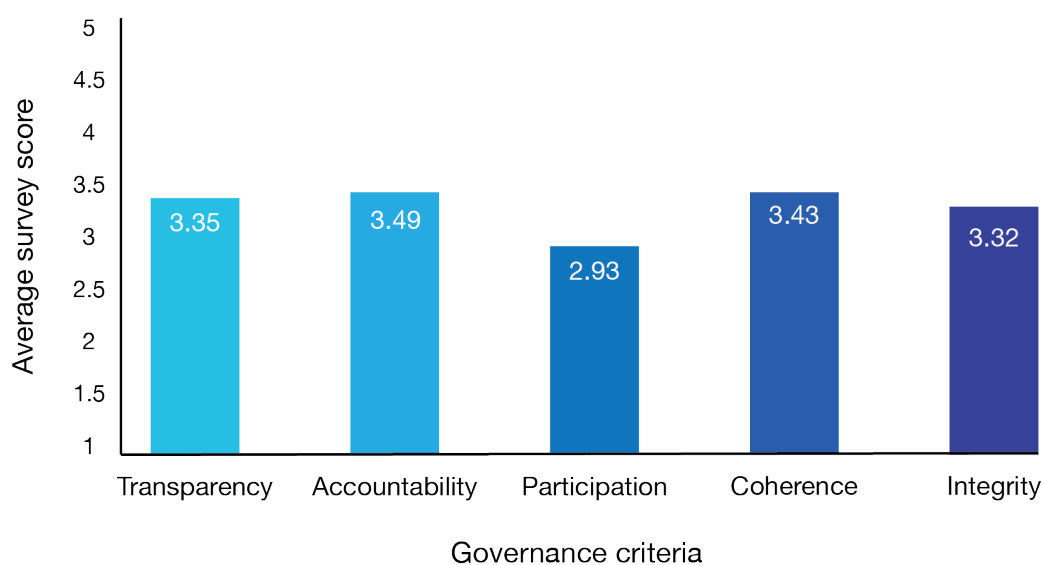


Figure 5:

Average scores on each governance criteria of all stakeholder groups during monitoring phase.

Key: 1 = strongly disagree, 2 = disagree, 3 neither agree or disagree, 4 = agree, 5 = strongly agree

One of the major concerns expressed by both survey respondents and participants of the validation workshop was that the recommendations from social and environmental impact assessments were not followed through in the implementation of projects. Participants recommended that the recommendations of impact assessments be implemented as a standard practice.

The result of the survey found that participation was found to be low during the monitoring phase. Hence, the respondents emphasised the importance of ensuring full and meaningful participation of community stakeholders during project monitoring and evaluation. Participants also noted that stakeholders do not provide reports to community stakeholders for feedback following monitoring and evaluation, which has a detrimental effect on governance during the monitoring phase.

A workshop was held in April 2017, where all stakeholders that took part in the survey were invited to discuss the results and dive deeper into possible permutations.

The workshop proved to be a promising meeting of stakeholders in which issues of climate governance in the Maldives were further discussed. During the workshop, the findings of the survey and previous observations made in Transparency Maldives' assessment of climate finance governance in the Maldives, regarding the need to improve inter-agency coordination in the public sector, were reiterated.



Picture 1 & 2: Validation Workshop

The following overarching recommendations were collectively produced by all stakeholders at the workshop and were used to derive the National Climate Adaptation Finance Standards for Maldives (which is included in Annex 1 of this study):

- A central database for the climate change sector must be established in order to ensure that all relevant information is compiled and stored in an easily accessible format.
- Ensure total independence of oversight and regulatory bodies related to climate change finance.
- It is important that knowledge of the local context be used to supplement technical knowledge regarding climate change mitigation and adaptation. A lack of familiarity with the Maldivian context amongst technical experts, that have either studied abroad or are foreigners, was identified as an obstacle to good governance throughout all project phases. Increased public participation, at community level is required to ensure community needs and knowledge are incorporated into project planning and implementation phases.
- A mechanism must be established to check the capacity of contractors prior to project awarding. Proper planning of projects is essential to avoid the doubling of expenditure and other issues that arise during project life due to insufficient planning.
- Currently, several communities are doubtful whether their concerns will be taken into account during development projects indicating a trust deficit. Enhancing participation and providing more opportunities for participation of the island communities is essential. Existing institutional frameworks such as elected local councils can be utilised to increase public participation and provide a measure of accountability at community level.
- EIAs should be used as a platform for community consultations. Stakeholders identified that consultations are currently conducted inadequately. According to stakeholders, island councils are unaware of a significant number of projects being implemented in their islands. Capacity building of councils and door-to-door consultations during the project phases was recommended to improve meaningful participation of all relevant stakeholder groups.
- Conduct of needs assessments for every sector, internal audits of all stakeholders and the monitoring of CSR projects of the private sector by state oversight body such as MIRA.
- Inadequate levels of accountability of climate finance was identified as a key concern. To alleviate issues related to accountability, oversight mechanisms can be set up through existing institutional frameworks. For example, at the national level, the parliament can play a role in ensuring the accountability of the projects. At community level, island councils can take lead in increasing community participation, and in holding implementing agencies, including the public sector, to account.

As well as overarching recommendations, the survey scores for each stakeholder group were also discussed and those present at the workshop came up with specific recommendations for improvements, discussed in the following section.

Recommendations to the four stakeholder groups

International Aid Agencies

Overall

Amongst the four stakeholder groups, the survey results indicate that international aid agencies (IAAs) demonstrated the highest level of good governance standards across all four phases of project life (3.78).

The study found that IAAs meet a majority of indicators of good governance for transparency (3.87) and coherence (4.01) across all project phases. The participants of the validation meeting also were in agreement with the result of the survey.

1. Transparency

According to survey results, IAAs performed well on the majority of indicators relevant to transparency and perform best on the prioritization phase (4.11). Further comments on transparency of IAAs shows that IAAs uphold best practices during the prioritisation phase by disseminating information via email updates to subscribers, and making documents readily available online.

IAAs met a majority of indicators related to transparency (3.86) during the delivery phase. The availability of information on project implementation through online platforms and knowledge hubs such as 'open.undp.org,' and regular independent evaluations contributed to IAAs fulfilling several key indicators of transparency. However, according to the participants of the validation workshop, the inaccessibility of the platforms due to lack of user-friendliness, and lack of depth of the information provided meant that the platforms' objective as a transparency measure is not fully realised. For example, the lower limit of financial transactions on the 'open.undp.org' platform is USD 15,000.

The level of transparency (3.82) during the monitoring phase is illustrated by the existing monitoring and evaluation mechanisms and multi-stakeholder efforts by the sector.

The study identified the following areas for improvement:

- Increase transparency of IAAs during the prioritisation phase by including recipient countries and/or local stakeholders when setting goals and focus areas for the disbursement of funds.
- Easy access to information by proactively disclosing reports and project finance documents, especially to the communities these projects seek to serve.
- Improve the ease of accessibility of documents as well as increased clarity on procedures for accessing information especially during the monitoring phase.

- Ensure that country information is posted on country pages rather than on regional websites.
- Reduce difficulties in accessing reports and evaluations, during and after the monitoring phase to increase the effectiveness of monitoring mechanisms.
- Prioritise locally available services and skilled individuals to conduct monitoring and evaluation.

2. Accountability

Although the Accountability score was lower than the score for transparency, IAAs fulfill most indicators of good governance for accountability (3.66). However, there is space for improvement such as remedying the lack of stakeholder participation or providing opportunities to input after monitoring reports have been compiled.

Best practices identified include standard documents made available online, existence of complaint-mechanisms and independent monitoring during project implementation. IAAs were also found to positively influence the accountability of other stakeholder groups as donor funded projects cannot be implemented without donor approval.

The study identified the following areas for improvement:

- Increase public and stakeholder trust in IAA's through improving the effectiveness of their redress mechanism by responding to the complaints in a more transparent manner and making it easier to contact them.
- Increase meaningful stakeholder participation in third-party auditing and monitoring; and mid-term and terminal audits.
- Provided input opportunities for stakeholders after monitoring reports have been compiled.

3. Participation

Of the four stakeholder groups, IAAs performed best on participation, with an overall score (3.66). Participation opportunities provided by IAAs were noted to be particularly high during the access phase (4.17). One of the positive examples highlighted during the validation was UNDP Maldives' work in the field. UNDP and its work with the Asian Development Bank and Green Environment Facility Small Grants Program were cited as an example where high levels of consultations throughout the project life cycle took place.

Best practices identified by the survey respondents as well as the participants of the validation meeting include mandatory and standard operating procedures during the prioritization phase, which include community participation. IAAs also provide for longer timelines when formulating projects in comparison to the rest of the stakeholder groups.

It was during the access phase that IAAs met the highest level of good governance criteria for participation (4.17).

The study identified the following areas for improvement:

- Ensure stakeholder lists are up-to-date in order to ensure all relevant stakeholders are consulted during participation efforts.
- Improve meaningful participation of stakeholders (especially the intended beneficiaries of projects, including island councils) by ensuring stakeholders based throughout the atolls are included in stakeholder consultations that are often held in Male'.
- Include discussions most relevant to areas of intervention for the community and the best ways to utilize funds in community stakeholder consultations.
- Identify and alleviate barriers to participation for ordinary individuals and ensure sufficient time is provided for the relevant communities and stakeholders to meaningfully participate in consultations.
- In order to ensure the most relevant stakeholders are consulted, IAAs are recommended to not limit consultations to those that have been preselected prior to arrival in the country.
- Provide opportunities for civil society and community stakeholders to provide feedback and input after monitoring and evaluation reports have been compiled.

4. Coherence

IAAs performed strongly on coherence with all phases rated almost equally.

The general trend points to international aid entering the country in alignment with country strategies, documents and policies and that IAAs and multilateral funds work in alignment with Sustainable Development Goals (SDGs), international treaties and agreements, and other similar guiding policies and principles.

The United Nations Agencies for example refers to The United Nations Development Assistance Framework (UNDAF), which is the program document between a government and a UN country team describing the collective actions and strategies of the UN to underpin efforts to advance national development.

The study identified the following areas for improvement:

- Ensure the implementing agencies maintain coherence throughout the four project phases, particularly during project implementation.
- Reduce the time period between project proposal and fund transfer to recipients in order to ensure factors on the ground do not change significantly, which can result in extra costs and need for major revision to project plans.
- Improve the capacity of local CSOs and prioritise working with local CSOs to gain on the ground perspectives and to ensure the efficacy of climate adaptation finance.

5. Integrity

Amongst the four stakeholder groups, IAAs performed strongest on good governance criteria for integrity (3.68).

The survey result was backed by the validation workshop participants who identified best practices adopted by IAAs to ensure integrity of their work. These best practices include the prioritization of needs based projects; a deference to stringent protocols and processes, especially during the prioritisation phase.

The study identified the following areas for improvement:

- Prioritise the needs of the recipient countries in dispensing funds.
- Reduce the funnelling of funds through multiple agencies to increase the ability of stakeholders to monitor each channel and their respective responsibilities.
- Enhance community level participation during the monitoring phase.
- Increase time periods provided for monitoring.
- Ensure that monitoring and evaluation reports are easier to access and retrieve following their compilation.

Public Sector

Overall

The study found that public sector governance performance during prioritizing, accessing, monitoring and delivering of climate adaptation funds was good in some areas, but overall there is need for improvement in adhering to good governance practices. The public sector performed best in coherence (3.22).

IAAs were found to have a positive influence on the public sector as projects are more likely to be awarded in the future if the sector is able to meet the IAA standards of good governance.

1. Transparency

The public sector scored best in transparency during the delivery phase (3.00), but there is significant room for improvement across all criteria.

According to the respondents of the survey, transparency during the delivery stage is impacted by the type of financing involved, with bilateral funding identified as less transparent in comparison to multilateral funding. Additionally, this observation was supported by the participants of the validation workshop who highlighted the unavailability of project proposals, reports and other documents of most bilateral funded projects. The participants further stated that while government agencies do use social media platforms to update information and provide photos on their project activities, project related documentation such as project timeline, proposal or progress reports, is generally not provided.

The study identified the following areas for improvement:

- Establish a central database in the climate change sector to allow for easier access to information and greater transparency.
- Increase public trust in government institutions by proactively disclosing and publishing online; annual reports, policies, strategies and other documents as well as ensuring they are easily accessible to the public.
- In addition to publishing formal announcements in the Gazette, utilise modes of media easily accessible to the public such as social media and radio to ensure the relevant information effectively reaches the intended stakeholders.
- Improve transparency during the prioritisation phase through meaningful and inclusive stakeholder participation, and ensuring decisions are impartial and free from political motives.
- Improve the mechanisms to ensure transparency. Increase the effectiveness of the existing monitoring bodies such as the Auditor General's Office by improving coordination and organised documentation within the sector.

2. Accountability

The scores for accountability of the public sector across the four project phases point to an overall need for improvement in performance. The public sector performed most strongly in accountability during the monitoring phase (2.79).

Stakeholders who participated in the survey and the validation meeting expressed that many issues stem from a lack of accessibility and that once information is more easily available, problems can be redressed.

The study identified the following areas for improvement:

- Improve accountability in the sector by increasing the transparency of decision-making procedures and overall decision making bodies themselves, such as the Economic and Youth Council.
- Establish an official complaints mechanism which is transparent, independent and easy to access to ensure that the concerns of communities are acknowledged and heeded throughout the four phases of project life.
- Strengthen existing relevant independent institutions such as the Environment Protection Agency and the Anti-Corruption Commission to ensure accountability of the public sector in relation to climate finance governance.
- Increase accountability by ensuring all EIAs are available online and upto date.
- Ensure Environmental Impact Assessments (EIAs) are conducted independently with the inclusion of stakeholder consultations and Social Impact Assessments (SIAs).
- Increase accountability through meaningful participation by improving the transparency of the process for commenting on documents and policies with feedback reflected in final decisions.

3. Participation

The public sector scored best in participation during the access phase (3.03) with scores reflecting an overall need for improvement in meeting the good governance criteria of participation.

According to respondents who had been implementing partners of government-led projects, their participation and engagement began at the project planning or prioritization phase, with further opportunities to participate provided throughout the project cycle. Meaningful participation was identified to occur amongst government institutions within the public sector, although participation with other stakeholder groups typically comprised of information sessions only.

IAs and donors exert a positive influence on the public sector through well-established mechanisms for participation, which are expected to be adhered to whilst working with donor funds.

Stakeholders from the public sector who participated in the validation workshop positively noted that participation is improving in this sector with information slowly becoming available.

The study identified the following areas for improvement:

- Increase project sustainability by ensuring participation is carried out in addition to obligatory participation within the framework of EIAs, and instilling a sense of ownership amongst communities.
- Increase the level of engagement of youth and women, during project implementation in local communities such as land reclamation and harbour construction to ensure meaningful and inclusive participation.
- Empower local communities; and utilise non-technical language, which is important in improving community and beneficiary level participation, and ensure communities and beneficiaries of projects are aware of the damaging environmental and ecological impacts related to project implementation.
- Improve the process and procedure for commenting on government projects, plans and policies by other stakeholders, especially by allowing sufficient time and notice for commenting as well as by ensuring the concerns and feedback provided are reflected in the final documents.
- In addition to publishing formal announcements in the government gazette, utilise modes of media easily accessible to the public such as the internet, social media and radio to ensure the relevant information effectively reaches the intended stakeholders.

4. Coherence

From amongst the five good governance criteria of transparency, accountability, participation, integrity, and coherence, it is for coherence (3.22) that the public sector scored most highly, with near equal ratings across the four phases of project life.

The participants of the validation workshop explained that the public sector's dependence on donor funds for most climate adaptation finance in the Maldives has led to relatively coherent performance in the public sector. IAAs were identified to exert a positive influence due to criteria rewarding alignment with existing policies and documents in deciding which projects and funds to award.

Participants further highlighted that the evidence of coherence in the public sector includes several documents that provide time-bound goals and overall direction, including: the National Adaptation Plan for Action (NAPA), which is the long-term strategic plan for the country; the manifesto of the government, which encompasses plans for a duration of five years; sectoral master plans; and international agreements.

Despite this evidence of coherence, respondents of the study also expressed that it can at times be difficult to gauge coherence in this sector as government policies are subject to sudden changes.

The study found the following areas for improvement:

- Ensure coherence in the sector is maintained throughout the four phases of project life by ensuring existing plans and policies are adhered to in the sector, and projects and activities are carried out in alignment with established plans.
- Ensure EIAs are deferred to in action on the ground to safeguard environmentally vulnerable and sensitive areas.
- Prevent obstacles to coherence by proactively disclosing information and making it easy for stakeholders and the public to access existing guiding documents.
- Improve planning and structure priorities, goals and activities in the sector, as well as improve cross-coordination and communication between separate ministries and government bodies for greater coherence.
- Increase the transparency and accessibility of bodies tasked with monitoring and holding government institutions accountable.

5. Integrity

The scores for integrity across the four project phases point to an overall need for improvement in meeting the good governance standards of integrity by the public sector.

The study found the following areas for improvement:

- Increase clarity on the roles of separate public institutions in climate adaptation, to ensure rules and regulations are adhered to.
- Improve and strengthen existing processes and procedures in the public sector such as procurement and bidding processes, and ensure rules and regulations are enforced to improve integrity in the sector especially during the access phase.
- Ensure appropriate action is taken on concerns and instances of data-manipulation, fraud or any other issue.
- Increase public trust and integrity in the sector by conducting independent third party monitoring.

Private Sector

Overall

The study found a lack of information regarding the private sector in climate adaptation finance with scores for the good governance criteria of transparency, accountability, participation, coherence, and integrity across all four phases of project life indicating a need for reformation in the sector in meeting good governance standards. It is important to note that the reason for lax governance in the private sector often stems from weak accountability and low governance standards on part of oversight bodies of the public sector.

1. Transparency

The private sector ratings for transparency across the four stages of project life indicate a need for further measures to meeting the governance standards for transparency in the sector. Respondents of the survey highlighted that private sector participation in climate change projects is often limited to assisting communities in the form of financial grants to implement small-scale community projects. In providing these services, the private sector engages with individuals within the public sector and the community. The absence of a lack of a proactive culture of information dissemination means that the private sector rarely disclose information to the public.

The participants of the validation workshop further discussed that greater transparency in the sector is necessary for other stakeholders to be able to access essential data and information for the design and implementation of climate adaptation projects such as climate resilient waste management, water and energy development.

The study identified the following areas for improvement:

- Assist vulnerable communities by providing financial support for climate activities through a transparent process.
- Improve transparency and facilitate an environment of openness by proactively disclosing documents, and monitoring and evaluation reports as well as making them available upon request, even after projects have closed.
- Improve the ease of accessibility of documents as well as increased clarity on procedures for accessing information.
- Facilitate greater transparency by increasing capacity for archiving and record keeping.

2. Accountability

The ratings for accountability across the four project phases for the private sector indicate a need for additional measures to meet the minimum accountability standards for good governance with the delivery phase requiring the most improvement.

The respondents of the survey raised the concern that the majority of the private sector partners who invest funds on climate change activities do not have written procedures and policies that guide the selection of proposals, or the disbursement of funds. Additionally, the participants of

the validation workshop emphasised the need to take measures to ensure accountability and sustainability of the private sector investments.

The study identified the following areas for improvement:

- Increase the ability of other sectors to hold the private sector accountable by publishing all documents, EIAs and monitoring and evaluation reports pertaining to climate adaptation projects.
- Increase accountability by widely advertising all the funding opportunities and awarding the funds are carried through a competitive and transparent process.
- Designate a staff/individual as a contact regarding climate adaptation and mitigation projects undertaken under corporate social responsibility activities by the private sector allowing for ease of access to information regarding projects.

3. Participation

The ratings for participation across the four project phases for the private sector indicate a need for significant changes in practices in order to meet the minimum participation standards for good governance with the monitoring phase requiring the most improvement (2.05).

Participants of the validation workshop discussed several issues that often lead to fewer communities and actors seeking financing through the private sector. Additionally, the low participation of beneficiaries in the formulation, implementation and monitoring of projects was identified as a key issue. Additional issues that were discussed include the ad-hoc nature of funding opportunities, no open calls for proposals, and no prerequisite for public consultation. However, though rare, a number of international brands run CSR programs that promote community participation and ownership as a means to promote sustainability.

The study identified the following areas for improvement:

- Improve accessibility to increase participation by digitising existing manual records.
- Increase assistance and collaboration with the public sector in projects, activities and policy making for better climate change adaptation efforts.
- Conduct full and meaningful participation of stakeholders during the EIA consultation process of private consultation firms, and provide technical information, details of positive and negative impacts of projects in non-technical terminology.
- Ensure the ownership and public acceptance of funded projects by supporting projects that builds capacity of the community.

4. Coherence

The ratings for coherence across the four project phases for the private sector indicate a need for significant improvements to meet the minimum coherence standards for good governance. The monitoring phase requires the most improvement with a score of 2.78.

Both the survey respondents and participants of the validation workshop noted that no mechanisms

exist to hold the private sector to account. The absence of accountability mechanisms combined with low community participation and ad-hoc nature of CSR activities of the private sector resulted in low coherence in their activities.

The study identified the following areas for improvement:

- Ensure all the financial support provided to vulnerable communities is in alignment with existing climate adaptation strategies and plans, policies, strategies and guidelines for better coherence in the sector.
- Increase coherence in the sector by prioritising sustainability and adaptation over short-term profit.
- Improve coherence in the sector by increasing emphasis on sustainability and adaptation during the prioritisation of climate adaptation projects.

5. Integrity

The ratings for integrity across the four project phases for the private sector indicate a need for improvement to meet the minimum integrity standards for good governance with the prioritisation phase (2.36) requiring the most improvement.

According to the discussions held during the validation workshop, the private sector was found to be relatively removed from other stakeholders, neither being influenced by nor influencing other stakeholders. The private sector is subject to some influence from the public sector, due to having to rely on the government for permits and other procedures.

The study identified the following areas for improvement:

- Increase the ability of stakeholders to hold the private sector accountable and thus increase integrity in the sector by improving and digitising record keeping and making the information available easily online.
- Ensure all large projects funded by the private sector are undertaken based on comprehensive EIAs and are approved by the Environmental Protection Agency.

Civil Society Sector

Overall

According to survey results, following IAAs, CSOs fulfill the highest level of criteria for good governance overall (3.55). CSOs performed strongest with regard to coherence (3.80). The survey results were further validated by stakeholders that attended the validation workshop, who signaled the need of improvement in some areas. In this regard, the study found that the good governance of CSOs were hindered by their small size, weak structures, and lack of established mechanisms. As a result, CSOs do not exert much pressure on other stakeholders.

1. Transparency

The ratings for transparency across the four stages of project life indicate that CSOs fulfill a majority of good governance criteria for transparency (3.43).

The general trends indicate that the priorities of CSOs are determined by their source of funding. IAAs are a positive influence on CSO transparency in the access phase by pushing for processes to provide documentation when accessing funds.

The study found the following areas for improvement:

- Facilitate greater transparency by strengthening the structure of CSOs and increasing their capacity for archiving and record keeping.
- Improve transparency by proactively disclosing documents, and M&E reports as well as making them available upon request, even after projects have closed.

2. Accountability

The ratings for accountability across the four stages of project life indicate that CSOs fulfill a majority of good governance criteria for accountability (3.46).

Best practices identified include most active CSOs having updated websites and social media pages. According to respondents to the study, CSOs are easier to approach in comparison to other stakeholders and consequently are easier to hold accountable. CSO representatives who participated in the validation workshop noted that with limitations, such as small size and limited capacity, they struggle to be fully transparent by proactively making documents available, but they do make information available upon request.

The study found the following areas for improvement:

- Make documents such as audits, annual reports and other project related documents available online and upon request.
- Increase accountability in the sector by making it a standard procedure to proactively carry out activities to sensitize communities where climate adaptation projects are being carried out. Thus allowing for communities and relevant stakeholders to hold the sector accountable with this available information.

3. Participation

The ratings for participation of CSOs across the four stages of project life indicate they fulfill a majority of good governance criteria for participation (3.56). The score was supported by the participants of the validation workshop by identifying the participation opportunities for stakeholders across all phases of projects being implemented.

Moreover, further discussions during the validation workshop highlighted key examples where CSOs provided full and meaningful participation for stakeholders. As per these discussions, due to the limited capacity of the CSOs, the extent of the public participation depended on the support and pressure applied by the donors of the funding. One such good example was the UNDP's small grants programme, under which prioritization was given to the project proposals that had community approval.

The study found the following areas for improvement:

- CSOs should increase and improve meaningful participation by utilising local knowledge and knowhow when carrying out climate adaptation projects.
- Organisations providing funding to CSOs should prioritise projects that show evidence of inclusivity (in terms of gender, children and minority groups) in consultation processes to improve meaningful participation especially during the monitoring phase.
- Funding bodies provide readiness funding to narrow the capacity gaps so that CSOs can put together better, more inclusive, project proposals.

4. Coherence

The civil society sector fulfills a majority of good governance criteria for coherence (3.80) overall. The highest level of coherence was noted to occur during the access phase (4.09).

Most respondents to the study believe the ethics and passion of CSOs for their causes are a positive influence on the coherence of the sector across all four phases of project life.

The study found that CSOs meet the most criteria for coherence during the access phase as higher coherence tends to positively affect the success of receiving funds from donors.

The study found the following areas for improvement:

- Improve coherence in the sector by improving the structure and organisation of CSOs, and increasing the capacity of CSOs in record keeping and documentation.
- Compile and proactively disclose all relevant information and documentation including guidelines and strategies to improve coherence through increasing the available documents and information for reference by stakeholders.

5. Integrity

The survey results indicate that CSOs meet a relatively high level of good governance criteria for integrity (3.49). The results indicate the sector is strongest in integrity during the access phase (3.79) and weakest during the prioritisation phase (3.07).

According to observations at the validation workshop and from the respondents of the study, the small scale and limited capacity of CSOs makes the sector susceptible to outside influence. Most stakeholders believe that CSOs attract individuals that are outspoken, opinionated, and prioritize values. However, respondents overwhelmingly feel that the sector is currently too small and weak to create any substantial impact.

The study found the following areas for improvement:

- Improve the functioning, structure, procedures and mechanisms of CSOs to increase integrity in the sector.

Conclusion

Through this study different stakeholders in the Maldives were able to assess their own performance on good governance relevant to climate finance, as well as the performance of their peers. There was widespread consensus that more needs to be done to improve performance and that establishing a set of standards to assess governance in the area of climate adaptation would help to facilitate better governance practices.

IAAs were found to play a prominent role in ensuring good governance standards, particularly within the public sector and CSO partners. However these requirements are not universally observed across the IAA sector, indicating again the necessity of reaching a consensus on commonly agreed governance standards.

It is recommended that current practices with regard to conducting needs assessments and EIAs needs improvement. As it stands, the views of the intended beneficiaries are not included in these processes and few platforms are provided for community members to articulate their concerns. Guidelines delineating the minimum expected level of community involvement must be produced and referred to in practice.

A common theme evident from this study and Transparency Maldives' 'An assessment of climate finance governance in Maldives (2015)', was the lack of coordination between stakeholders in climate change governance. This concern was reiterated by stakeholders at the collaborative workshop held in April 2017 to agree on ideal governance standards. Coordination is not only important at the national level but it is essential that it occurs at the community level as well.

One way of ensuring proper coordination at the community level is by creating a 'governance group' for each project implemented in that community. National level coordination was suggested through regular meetings between the four stakeholder groups; and these should ideally be organized through the Ministry of Environment and Energy.

As IAAs enjoy good relationships with stakeholders, they are especially well-positioned to convene and advocate for adherence to best practice relevant to climate adaptation governance. Furthermore, IAA partners such as UNDP and the World Bank can play a vital role in fostering multi-stakeholder dialogue to discuss the issues raised in this study.

Annex 1: National Climate Adaptation Finance Governance Standard: Maldives

1. Preamble

As one of the most vulnerable countries to the adverse effects of climate change, the Maldives requires significant investment in combating this threat.⁸ As it stands, significant governance challenges are posed by the lack of meaningful participation of all stakeholders, including the beneficiaries, at all stages of the project cycle, and the ad-hoc manner in which funds enter and are distributed throughout the country. Furthermore, improved cross-sector coordination between stakeholders, especially increasing civil society involvement, is imperative.

The National Governance Standard for Climate Adaptation Finance: Maldives outlines the minimum quality of governance standards that climate adaptation stakeholders operating in the Maldives propose to uphold during the four major phases relevant to implementing climate adaptation projects (these are: prioritization, access, delivery and monitoring).

To craft this document, a rigorous consultative process with stakeholders was undertaken. Transparency Maldives, in collaboration with Transparency International (TI), worked with stakeholders to produce a baseline assessment regarding good governance standards in their own work as well as the work of other stakeholders.

A total of 41 stakeholders comprising representatives from: 8 international aid agencies (IAAs); 10 government agencies; 12 civil society organizations (CSOs); and 11 private investors or companies, provided feedback on 80 indicators that were used to determine the current baseline of climate finance governance in the Maldives.

Following this, a one-day interactive workshop was conducted in which key stakeholders, comprising of representatives from IAAs, government institutions, private companies and individuals; and CSOs, reviewed and verified the baseline assessment.

At the workshop recommendations were discussed a minimum standards for good governance of climate adaptation finance was proposed. The formation of a governance group, tasked with conducting annual reviews to measure the progress by all stakeholders towards fulfilling these minimum standards, was also proposed during the workshop.

⁸ *National Economic Environment Development Studies (NEEDS)*, Ministry of Housing and Environment, 2010, <http://unfccc.int/files/adaptation/application/pdf/maldivesneeds.pdf>

The approach used to create the baseline assessment may be utilized annually as a compliance-monitoring tool, which will allow all stakeholders to analyze their progress in upholding the quality of climate adaptation finance governance.

2. Donor Agencies

2.1. The role of donor agencies in climate adaptation finance in the Maldives.

Most of the climate finance received by the Maldives emanates from bilateral and multilateral sources in the form of grants. A portion of climate funds is channeled and administered through the United Nations system.⁹ Donors generally have no involvement in the island selection process and it is usually the implementing entity that prioritizes the location of projects.¹⁰

As identified by the Climate Finance Governance Standards study, donor agencies are a positive influence on other stakeholders in ensuring good governance. Donor efforts to coordinate climate change finance in the Maldives and to ensure high fiduciary standards have led to the development of three trust funds and the founding of the Office of Projects and Programmes from 2010 to 2014, mandated with monitoring all government projects and programmes¹¹. Donor agencies must continue to play an active role in monitoring the activities of implementing entities and in holding them accountable.

2.2. Minimum governance standards for prioritization of climate adaptation finance by donor agencies

- Donor agencies ensure that selection-criteria for beneficiaries, need-assessments and project planning documents are easily available online.
- Donor agencies ensure that stakeholders are provided platforms to voice concerns on upcoming and ongoing climate change projects.
- Environmental Impact Assessments (EIAs) that include assessments of socio-economic impact, and a needs-assessment, are submitted alongside project proposals.
- Meaningful participation of stakeholders and vulnerable communities is ensured whilst designing projects.
- Donors emphasize that implementing entities should include provisions for building the capacity of local communities in their proposals.

2.3. Minimum governance standards for accessing climate adaptation finance by donor agencies

- Project approval is made contingent on a needs analysis that provides reasonable justifications for accessing climate funds. Funds are allocated based on the needs of vulnerable countries rather than the funding priorities predetermined by donors' strategic plans.
- Information about opportunities for accessing funds is made widely available through accessible platforms such as public notice boards, regional office websites and country

⁹ *An Assessment of climate finance governance in the Maldives (New Edition 2015)*, Transparency Maldives, 2015, <http://transparency.mv/files/media/470aacb3634d80796c0c31cefe8059be.pdf>

¹⁰ *ibid*

¹¹ *ibid*

- representative websites).
- Capacity building for stakeholders with regard to accessing climate finance is conducted.
- Relevant details of approved projects, including project proposals, timelines, and monitoring and evaluation plans, is made available.
- A responsive complaint mechanism is ensured. The public is made aware of this mechanism.
- Penalties are imposed for loss of funds to corruption and misuse. This includes if the quality of the deliverables are poor.

2.4. Minimum governance standards for delivery of climate adaptation finance by donor agencies

- Project implementation entities conduct meaningful participation sessions in the form of stakeholder workshops, capacity building workshops and community meetings or surveys.
- An effective accountability mechanism tasked with addressing grievances is established.
- The potential social impacts of projects is scrutinized to predict the likely consequences they would have on local communities.
- Implementing entities conduct independent audit assessments and unbiased monitoring and evaluation reports for project activities according to a pre-planned schedule. These assessments are then published in an accessible manner.
- Progress reports are compiled by project implementing entities and published and disseminated in an easily accessible manner.

2.5. Minimum governance standards for monitoring climate adaptation finance by donor agencies

- Implementing partners conduct internal audits and monitoring, relevant to all four phases of the project cycle. These reports are published online in an accessible manner.
- Third-party monitoring and independent stakeholder reports are conducted for all adaptation projects, with inclusive and meaningful participation of stakeholders,. In selecting monitoring experts, preference is given to local experts that are experienced in the field and are knowledgeable of the relevant context.
- All documents and information published online is current and regularly updated. All documentation relevant to previous projects is also made easily available.
- Local media platforms are utilized to publish the findings, results and impacts of projects.

3. Public Sector

3.1. The role of the public sector in climate adaptation finance.

The majority of climate funds received by the Maldives are administered through the public sector, with the Ministry of Environment and Energy being the main agency. Whilst the ministry is the national implementing entity for climate projects financed by international aid and loans, the government of the Maldives allocates a portion of its national budget for climate adaptation and mitigation projects. Hence, the public sector in the Maldives plays the dual role of both a funding agency and implementing agency.

Additionally, the Environmental Protection Authority (EPA), a regulatory body that is affiliated with the Ministry of Environment and Energy, is mandated to play a monitoring and oversight role on projects related to climate and environment. The EPA handles complaints regarding projects and activities that may harm the environment, and approves Environment Impact Assessments (EIAs).

Currently, EPA jurisdiction does not encompass EIAs relevant to the tourism sector. The EPA must be given full authority to monitor all activities related to the environment and climate change, including the tourism sector. Furthermore, the EPA must be made an independent authority to ensure independent monitoring and to increase the trust vested in its accountability mechanisms.

In order to strengthen the multiple and vital roles played by the public sector in climate finance governance it is necessary to improve coordination between relevant stakeholders; ensure the full and meaningful participation of stakeholders and intended beneficiaries; increase transparency in decision-making; and make information easily accessible.

In order to ensure the above mentioned goals are achieved, the public sector must facilitate the establishment of an independent climatechange governance body. This body must be comprised of representatives from the donor community, the private sector, CSOs and relevant government organizations. Its chief task should be to oversee all climate adaptation projects.

3.2. Minimum governance standards for prioritization of climate adaptation finance by the public sector

- A list of prioritized locations/communities identified as such through a needs-assessment is compiled. The needs assessment is conducted in an apolitical and transparent manner. This list is referred to in selecting beneficiary communities.
- Projects are designed to align with strategic documents, national plans and development goals, to fulfill the aims and common goals identified therein.
- The selection criteria for project locations, needs assessments and project planning documents are made easily available online. They must be available, at the very latest, by the stage in which projects have been approved for funding.
- All projects are designed in line with minimum standards for stakeholder participation. A gender-balanced and representative sample of the community population is consulted.
- Meaningful coordination meetings with climate adaptation stakeholders prior to the finalization of proposals are held, in order to identify areas of collaboration, increase efficiency, and to avoid duplication of activities and doubling of costs.
- EIAs, which encompass assessing the potential socio-economic impacts of all adaptation

projects are conducted during the prioritization phase. Project proposals are compiled based on these EIAs. Furthermore, EIAs are conducted by independent, unbiased experts and approved by the EPA.

- Funds for climate projects in the national budget are allocated transparently and without political influence. Furthermore, the allocated budget is delivered to local councils in a timely manner.

3.3. Minimum governance standards for access to climate adaptation finance by the public sector

- The criteria which the parliament uses to allocate funding from the national budget and to decide on locations for climate projects is published in order to ensure that the decision-making process is free from political influence, transparent and is need based.
- Needs-assessments and EIAs are submitted alongside project proposals. These documents are made available either online or in the form of hard copies.
- An independent complaint mechanism is established to handle complaints regarding national budget allocation, project location selection and other issues relevant to accessing finance.

3.4. Minimum governance standards for delivery of climate adaptation finance by the public sector

- All information relevant to projects undertaken in local communities is made available through a one stop information portal. This portal contains information on future, current and past projects.
- Progress reports are compiled regularly and are made available either online or as hard copies. Additionally, project implementing entities provide these regular progress reports to local council and community representatives.
- The full and meaningful participation of stakeholders is facilitated through stakeholder workshops, capacity-building trainings, community-meetings and surveys.
- A robust procurement system, based on international best practice is in place to ensure transparency and accountability in bidding processes during the delivery phase.
- As much as possible contractors and consultants from project locations or nearby communities are utilised, recognizing the need to build local capacity and to spend project funds within local communities as much as possible.
- Internal audit assessments and unbiased monitoring and evaluations of project activities are conducted according to a pre-planned schedule, and these reports are published in an accessible manner.
- Representatives from project implementing entities and contractors are present during any community consultations conducted for adaptation projects.
- Regular meetings are held with local councils and communities to update them on upcoming and ongoing projects. Mechanisms for stakeholders to voice out their concerns are ensured during these meetings.
- A citizen-friendly complaints-mechanism, receptive to verbal and written complaints, is established. Focal points for complaints are assigned to project locations to make the

mechanism more accessible to local people.

- Governance bodies operating at both the national and local level are established. These governance bodies include representatives from relevant government entities, donor agencies, CSOs and local communities.

3.5. Minimum governance standards for monitoring of climate adaptation finance by the public sector.

- Project activities align with proposed activities and national development plans.
- Climate projects are monitored by a third party or an independent monitoring body. Watchdog government agencies such as the Anti-Corruption Commission, Auditor General's Office and other CSOs are able to play an active role in holding project implementing entities to account.
- All documents and information regarding project implementation and monitoring is published and available online to the public. The information contained therein (in the form of M&E audits, finance reports, documents and similar items) is current and up to date. Furthermore, the means to access the information is advertised through local media outlets.

4. Private Sector

4.1. *The role of the private sector in climate adaptation finance.*

Private sector involvement in climate finance and adaptation projects is limited to a handful of community based corporate social responsibility projects. Nevertheless, private sector funding is still identified as a significant source of potential funding for climate change and adaptation projects that can be implemented throughout the country.¹²

The private sector can expand its role by investing in projects that will increase resilience. As most international donor agencies are not based locally, private entities have a wide scope to take on a more direct and influential role in project monitoring and in pressuring implementing partners to uphold good governance standards.

In addition to dispensing funds, the private sector provides consultancy services for implementing entities of climate change projects. This encompasses conducting EIAs, Socio-Economic Impact studies and research. In this capacity, the private sector can contribute to efforts made by the implementing entities in ensuring the full and meaningful participation of stakeholders, especially that of CSOs and local communities. Furthermore, they can increase transparency by proactively disclosing information.

4.2. *Minimum governance standards for prioritization of climate adaptation finance by the private sector*

- Financing for climate activities is allocated in alignment with existing climate adaptation strategies and plans, and with national development goals, policies and strategies
- Prioritizing location occurs based on a vulnerability list created by the Ministry of Environment and Energy.
- Evaluation criteria for funding climate projects and a list of priority locations is either published online or easily available through another format.
- The participation of all relevant stakeholders, including CSOs, is ensured during the funding decision-making process of the private sector for funding.
- The full and meaningful participation of community stakeholders is ensured during needs-assessments, priority-setting sessions and whilst identifying potential barriers to interventions.
- An effective complaints-mechanism that will function throughout all four stages of project life is established. Information relevant to this complaint mechanism is disseminated widely through the use of social-media, websites, and notice boards.
- Feasibility tests and EIAs are conducted and approved by the EPA prior to deciding specific project locations.
- Private consultation firms conduct community consultations according to a set plan and explain clearly the positive and negative impacts of implementing a particular project, intervention or method of action.

¹² *An Assessment of climate finance governance in the Maldives (New Edition 2015)*, Transparency Maldives, 2015, <http://transparency.mv/files/media/470aacb3634d80796c0c31cefe8059be.pdf>

4.3. Minimum governance standards for access to climate adaptation finance by the private sector

- Funding for priority areas and locations are made available on websites and calls for applications are opened regularly. These calls are advertised as widely as possible through websites television, radio, social media and notice boards at the local level.
- Funds are awarded through a competitive process in which it is mandatory to include a needs assessment alongside proposals.
- In selecting projects to fund, the private sector gives preference to projects intended to build the capacity of local communities.
- Whilst accessing funds or submitting bids, private sector consulting firms disclose the projects that they are currently undertaking, along with the timeline. This is in order to ensure a particular consulting firm is not awarded projects exceeding their capacity.

4.4. Minimum governance standards for delivery of climate adaptation finance by the private sector

- Information regarding projects being funded (encompassing need assessments, EIAs, project proposals, approved budget, project locations, updated work-plans, outputs, progress-reports and Monitoring Verification Reporting plans) are published online and also made easily accessible through another format.
- Reports pertinent to research underway (including EIAs) and progress reports of contracted parties are published online in an easily accessible manner.
- Regular community meetings are held to keep intended beneficiaries updated. Additionally, reports are shared with local councils regularly.
- Project related contracts are awarded to locals wherever possible, as means of enhancing the capacity of local communities and contributing to the local economy.
- During EIA consultations and research interviews, gender-balanced and fair community representatives are availed. Similar levels of representation and inclusivity is ensured during community consultations to gain public feedback on project implementation.

4.5. Minimum governance standards for monitoring of climate adaptation finance by the private sector

- Ensure that project implementing entities conduct internal audits and monitoring reports according to a predetermined schedule. These reports are reviewed and feedback provided.
- Independent monitoring by a third party is conducted for projects that have a budget in excess of MVR 300,000 (USD 19,455).
- All documents and information, including internal audits reports, third party audit reports and project progress reports, are updated and published online.
- Ensure that EIAs and SEIs are referred to and compared to with the actual results of interventions taken, whilst conducting monitoring and evaluation of projects.

5. Civil Society Organizations

5.1. *The role of CSOs in climate adaptation finance.*

Only a handful of CSOs are involved in the climate sector in the Maldives and generally operate on a small scale. Due to limited capacity, the CSO sector does not possess much influence in shaping climate finance governance.

Transparency Maldives is the only CSO that plays a watchdog role in climate finance governance. A handful of CSOs mobilize climate change funds from international donor agencies. A majority of CSOs depend on the small grants schemes dispensed by the government or UN agencies based locally. Some also raise funds from local communities or nearby resorts and businesses to conduct small-scale climate related activities.

Due to their proximity to and experience of working with local communities, CSOs are well placed to expand their role in monitoring climate finance and the effectiveness of climate change projects underway within the country. They can act as information channels and provide avenues for citizens to voice out their concerns and articulate their needs.

The primary obstacles confronted by CSOs in the Maldives are their limited capacity and the opacity of the government with regard to climate funds and policies, which hinders CSOs' ability to effectively monitor the public sector in these areas. CSOs, particularly those located far away from the capital island, also lack knowledge of ongoing policies and plans relevant to the climate change strategy of the country.¹³

In order to assume an advocacy role, CSOs must play a greater role in spreading awareness on climate change issues. Furthermore they must exert an effort to ensure substantial participation of local communities throughout all phases of climate projects, and ensure community inclusion in policy-making.

5.2. *Minimum governance standards for prioritization of climate adaptation finance by CSOs*

- CSOs, particularly those that operate at the local community level, actively participate in coordination meetings that occur prior to the finalization of adaptation project proposals and project processes.
- CSOs that are involved in planning or implementing projects facilitate regular meetings with community stakeholders and provide them with platforms they can use to voice out their concerns.
- CSOs advocate to include project components aimed towards building the capacity of local communities. Furthermore, they include capacity building components in their own proposals.
- CSO proposals are compiled based on a needs analysis or assessment.
- CSOs proactively reach out to implementing entities to obtain information regarding climate projects and communicate this information to communities using language that is easily understandable.

¹² CBO consultation on the role of civil society in influencing climate change policies (01st – 02nd June 2015) Transparency Maldives.

- CSOs develop strategic plans and program plans that are aligned with national development plans, policies and goals. The plans developed in consultation with the community, local stakeholders and other potential partners.

5.3. Minimum governance standards for access to climate adaptation finance by CSOs

- CSOs practice a high level of transparency and integrity by disclosing all information relevant to their funding sources, project details, progress reports and assessments. This information is made available on public platforms such as their websites or through another easily accessible platform and format.
- CSOs play an active role in holding public institutions accountable for the way in which climate funds are distributed to local communities and nationally.
- CSOs conduct regular financial audits. Furthermore, fund allocation and utilization reports are published online in an easily accessible manner.
- CSOs are included as partners with regard to implementing components of public or private sector led projects, including the dissemination of awareness messages and small community-led activities.
- A significant portion of climate budgets are allocated to CSOs in a transparent and inclusive manner, within a reasonable schedule.
- CSOs are included in capacity building sessions for stakeholders with regard to accessing climate finance.

5.4. Minimum governance standards for delivery of climate adaptation finance by CSOs

- CSOs publish their progress reports, project plans – including note of any deviation or revisions - online in an easily accessible manner.
- CSOs actively seek information on projects being implemented at both the national and community level, including reports and assessments, reasons for delay or deviation from the previous plans. CSOs to keep the public updated and informed on these details.
- CSOs are actively included in sessions encompassing stakeholder workshops, capacity building trainings, community meetings, and surveys.
- CSOs are involved in the establishment of reliable complaints mechanisms and are utilized to inform communities about the use of the mechanism and any other accountability mechanisms of the donor agencies, public and private entities.
- CSOs play a watchdog role in the monitoring and evaluation of projects underway in local communities. They are proactive in holding relevant stakeholders accountable and keeping beneficiaries informed and updated.
- Technical CSOs and CSOs working on governance are included in project governing bodies at the local and national level.

5.5. Minimum governance standards for monitoring of climate adaptation finance by CSOs

- CSOs conduct monitoring and evaluations of projects implemented by them or any other project implementing entity.
- CSOs are included as third party monitoring bodies wherever possible.
- CSOs are consulted during the M&E of projects.
- CSO activities are audited by an independent auditing body on an annual basis.
- CSOs publish their audit reports and M&E reports online and make them easily accessible.

Annex 2: Quantitative result

	Transparency	Accountability	Participation	Coherence	Integrity	Average
Prioritise	3.12	3.22	3.17	3.39	2.74	3.13
Access	3.02	3.08	3.48	3.63	3.15	3.27
Deliver	3.33	2.95	3.1	3.56	3.17	3.22
Monitor	3.35	3.49	2.93	3.43	3.32	3.3
Average	3.21	3.18	3.17	3.5	3.1	3.23

International Agencies	Transparency	Accountability	Participation	Coherence	Integrity	Average
Prioritise	4.00	3.68	3.62	4.06	3.17	3.73
Access	4.00	3.71	4.26	4.00	3.67	3.87
Deliver	4.00	3.55	3.51	4.09	3.89	3.80
Monitor	4.00	4.00	3.58	4.03	4.11	3.92
Average	3.92	3.73	3.74	4.04	3.71	3.83

Public Sector	Transparency	Accountability	Participation	Coherence	Integrity	Average
Prioritise	3.00	2.74	2.77	3.17	2.24	2.72
Access	3.00	2.65	3.09	3.31	2.53	2.84
Deliver	3.00	2.53	2.71	3.21	2.37	2.77
Monitor	3.00	2.85	2.69	3.20	2.90	2.88
Average	2.77	2.69	2.82	3.22	2.51	2.80

Private Sector	Transparency	Accountability	Participation	Coherence	Integrity	Average
Prioritise	2.00	2.83	2.52	2.89	2.43	2.59
Access	3.00	2.70	2.61	3.07	2.50	2.69
Deliver	3.00	2.31	2.53	2.94	2.73	2.66
Monitor	3.00	3.19	2.11	2.76	2.83	2.75
Average	2.64	2.76	2.44	2.92	2.62	2.67

CSOs	Transparency	Accountability	Participation	Coherence	Integrity	Average
Prioritise	3.00	3.63	3.78	3.44	3.15	3.47
Access	3.00	3.29	3.95	4.14	3.89	3.69
Deliver	4.00	3.41	3.63	4.00	3.70	3.66
Monitor	4.00	3.91	3.33	3.74	3.45	3.67
Average	3.50	3.56	3.67	3.83	3.55	3.62

SELF-SCORES	International Aid Agencies	Public Sector	Private Sector	CSOs
International Aid Agencies	3.98	2.98	2.13	3.50
Public Sector	4.31	4.06	3.98	4.23
Private Sector	3.64	2.39	2.26	3.66
CSOs	3.54	2.17	2.52	3.36

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