



Discussion Paper on

Bangladesh's Readiness to Leverage International Climate Funding

This paper aims to initiate a constructive dialogue among stakeholders—including financial institutes, policymakers, development practitioners, researchers, and civil society—to explore concrete policy measures for enhancing Bangladesh's capacity to access and effectively utilize international climate funding. By examining the current landscape, challenges, impact and opportunities, this discussion paper seeks to inform strategic interventions that align with Bangladesh's climate adaptation and mitigation goals while ensuring sustainable development. This paper is based on a desk-review of contemporary literature, policy documents, and news articles related to international climate finance and Bangladesh's preparedness to leverage such funding. The analysis synthesizes insights from academic studies, government reports, and multilateral development organizations to provide a comprehensive overview of the current state of climate finance and its implications for Bangladesh.

BACKGROUND

Climate change, once a distant concern, has now become an urgent reality. The increasing frequency of extreme weather events, melting polar ice caps, and the emergence of climate-induced displacement underscore the need for global adaptation efforts. While the early 2000s were marked by uncertainties in estimating the required financial resources and disagreements over their distribution, international climate finance mechanisms have since evolved significantly. Today, funding pools such as the Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF), and Climate Investment Funds (CIFs) operate under the United Nations Framework Convention on Climate Change (UNFCCC) to support adaptation and mitigation efforts.

Despite these advancements, disparities in fund allocation and access persist, particularly for countries like Bangladesh, which faces disproportionate climate risks. In 2023, Bangladesh ranked 9th on the global climate disaster risk index, with a score of 27.29—far exceeding the high-risk baseline of 12.89 (Karim et al., 2024). Rising sea levels threaten to submerge 17% of its territory, displacing millions and jeopardizing agricultural productivity. While Bangladesh has received USD 268 million in grants from the Green Climate Fund (GCF) and LDCF, this pales in comparison to the USD 12.78 billion in climate debt accrued between 2009 and 2022 (Roy, 2024). Over the next 25 years, the country will require over USD 230 billion to implement its National Adaptation Plan effectively.

International Climate Finance Landscape

The international climate finance landscape has undergone significant transformation since the early 2000s. The Kyoto Protocol marked a pivotal moment, with developed countries committing to finance the “full incremental cost” of climate actions in developing nations. However, the lack of a clear definition for this term has led to delays in fund disbursement (Rahman & Ahmad, 2016).

initiated a robust pipeline of climate projects, integrated with a comprehensive financing strategy. This initiative is supported by a multi-donor Project Preparation Facility, which aims to improve the bankability of priority projects and attract private investment (Georgieva, 2023).

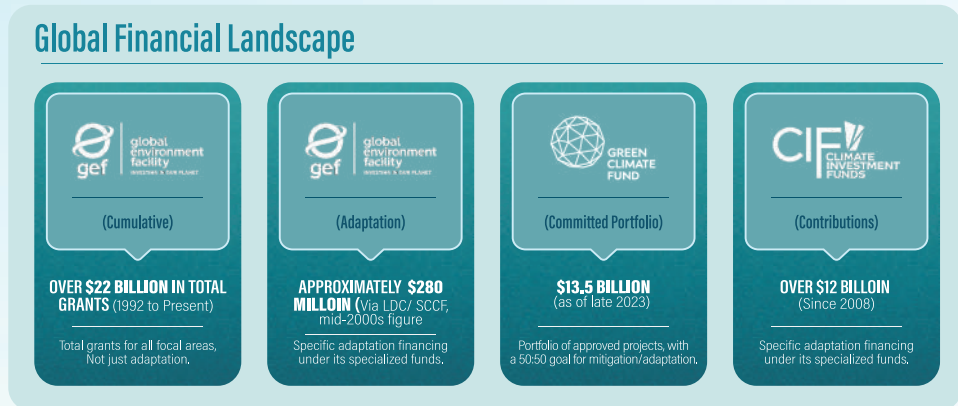
Funding mechanisms have diversified, with grants from entities like the UN and Global Affairs Canada (GAC) complementing loans from multilateral development banks (MDBs) such as the Asian Development Bank (ADB) and the World Bank. The Global Environment Facility (GEF) remains the largest funding pool for adaptation projects, while newer initiatives like the Green Climate Fund (GCF) and Climate Investment Funds (CIFs) aim to address gaps in financing (Georgieva, 2023).

These funds support a wide range of activities, including renewable energy, disaster resilience, water management, and capacity building (Pervin, 2015).

Despite these mechanisms, developing countries often struggle to access and implement funds effectively. Bureaucratic hurdles, limited institutional capacity, and the reluctance of developed nations to fulfill their financial commitments remain significant barriers.

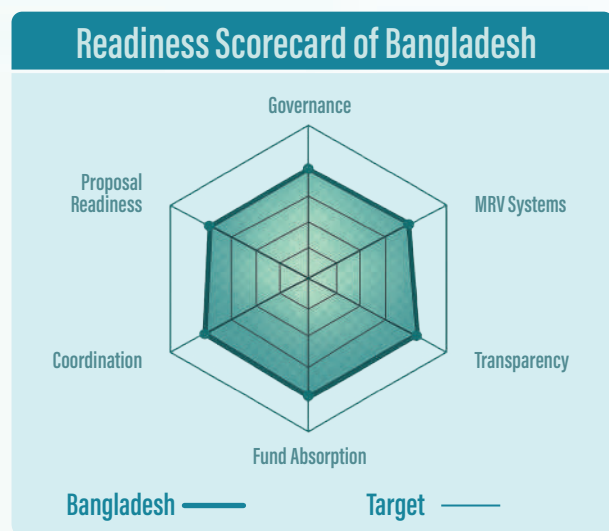
Bangladesh’s Preparedness in Tapping Climate Finance

Bangladesh has been making gradual progress in tapping into climate finance. Currently, the Government of Bangladesh (GoB) allocates approximately 6–7% of its annual budget to climate adaptation, with the ratio of national to international sources standing at 1:4 (Roy, 2024). To enhance access to climate finance, the Bangladesh Climate and Development Platform (BCDP) has



Despite these efforts, significant challenges remain. Bangladesh has largely relied on a vulnerability-based narrative; refers to framing Bangladesh's need for climate funding primarily around its high exposure and susceptibility to climate risks and hazards (e.g., sea-level rise, cyclones and floods). While this narrative effectively highlights the nation's severe risk exposure, it is often insufficient to attract competitive financing.

A critical gap exists in the country's ability to effectively apply for and manage large-scale climate funds. Further



more, robust monitoring, reporting, and verification (MRV) systems at the central government level are necessary to demonstrate transparency and efficiency in fund utilization, a key requirement for accessing international climate finance (Rahman & Ahmad, 2016).

To build national capacity for climate finance, Bangladesh has established the Bangladesh Climate Change Trust Fund (BCCTF) and the Bangladesh Climate Change Resilience Fund (BCCRF), both of which aim to strengthen institutional frameworks and mobilize resources (Hannan Khan et al., 2020). Additionally, initiatives such as the four-day training workshop on 'Global Climate Finance Architectures,' which took place in 2025, seek to enhance the capacity of public

and private stakeholders in effectively accessing and managing both global and national climate finance (UNDP Bangladesh, 2025).

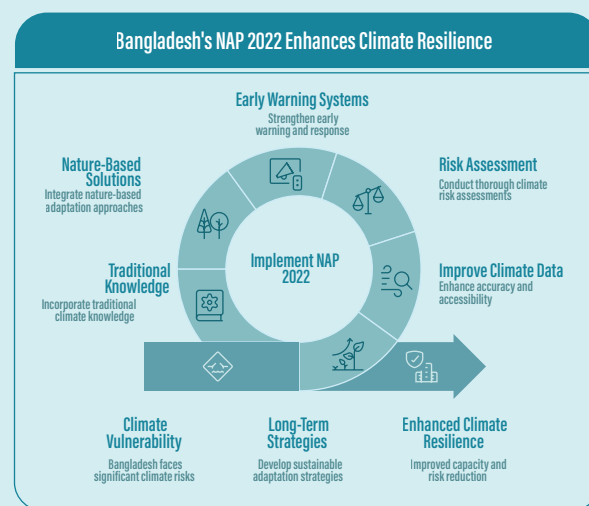
While Bangladesh has made notable progress in institutionalizing climate finance mechanisms, persistent gaps in capacity, strategic fund utilization, and governance frameworks indicate that the country is not yet fully prepared to maximize climate finance opportunities. However, ongoing efforts in strategic planning, risk-informed resource allocation, and institutional strengthening suggest that Bangladesh is gradually improving its readiness to engage in global climate finance more effectively.

Impact of Climate Finance on Bangladesh's Development

Over the years, Bangladesh has gradually begun to benefit from the climate finance it has managed to secure. The Bangladesh Climate Change Strategy and Action Plan (BCCSAP) is supported financially through both domestic and international sources, which prioritizes disaster management, low-carbon development, and capacity building, aligning with sustainable development objectives. Funds from the Bangladesh Climate Change Trust Fund (BCCTF), fully resourced from the Government of Bangladesh's annual budgets, have been allocated to projects in agricultural research, mitigation, adaptation, disaster risk reduction, and renewable energy (Hannan Khan et al., 2020; Uddin, 2022).

Complementing this, the Bangladesh Climate Change Resilience Fund (BCCRF) operates as a multi-donor trust fund with key contributions from the United Kingdom, Denmark, Sweden, the European Union, and Switzerland, as well as direct access funds like the Green Climate Fund (GCF) and the Least Developed Countries Fund (LDCF). This international funding supports the public sector ('on-budget') and civil society and private sector projects ('off-budget'), thereby linking Bangladesh's national climate efforts with global climate finance mechanisms.

Beyond its impact on agriculture and sustainable development, Bangladesh has intensified its focus on

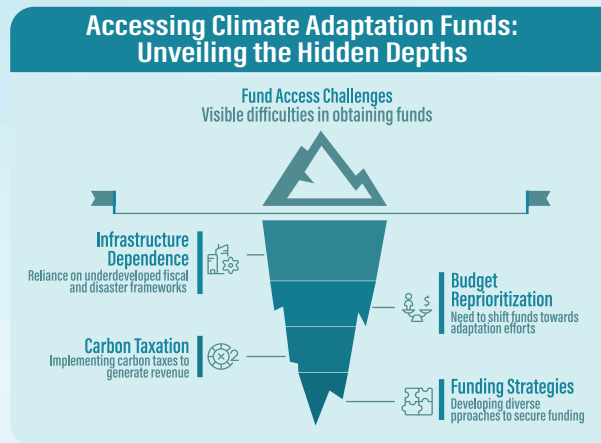


the National Adaptation Plan (NAP) 2022. This plan emphasizes long-term adaptation strategies, improvements in climate data, risk assessment, and early warning systems. Additionally, it highlights nature-based solutions and traditional knowledge, as outlined in the Bangladesh Climate Change Strategy and Action Plan and Ministry of Environment, Forest and Climate Change (2009) and the Budget Report of 2023–2024 by the Ministry of Finance, Government of Bangladesh (2023). These initiatives have contributed to significant improvements, including enhanced capacity building, increased resilience to climate risks, and necessary training for officials in adaptation, mitigation, and addressing loss and damages.

Key Challenges in Accessing International Climate Finance

The international climate finance landscape has undergone significant transformation since the early 2000s. The Kyoto Protocol marked a pivotal moment, with developed countries committing to finance the “full incremental cost” of climate actions in developing nations. However, the lack of a clear definition for this term has led to delays in fund disbursement (Rahman & Ahmad, 2016).

Several challenges persist for Bangladesh in accessing and effectively utilizing international climate funds, where governance and procedural hurdles often overshadow climate needs.



Climate finance challenges range from internal to external

1. Dependence on existing infrastructure:

The foremost issue is the dependence on existing infrastructure, including fiscal planning, public investment management, and strengthened disaster risk reduction frameworks—areas that still require full-scale reforms. (Georgieva, 2023; UNDP, 2025).

b. Budget and financial strategy challenges:

Limitations in budget reprioritization, carbon taxation, and diverse funding strategies make mobilizing climate finance difficult. (Georgieva, 2023; UNDP, 2025).

c. Lengthy processes and low disbursement rates:

Bangladesh has primarily accessed the Green Climate Fund (GCF), but the lengthy processes for entity accreditation, project approval, and fund disbursement have

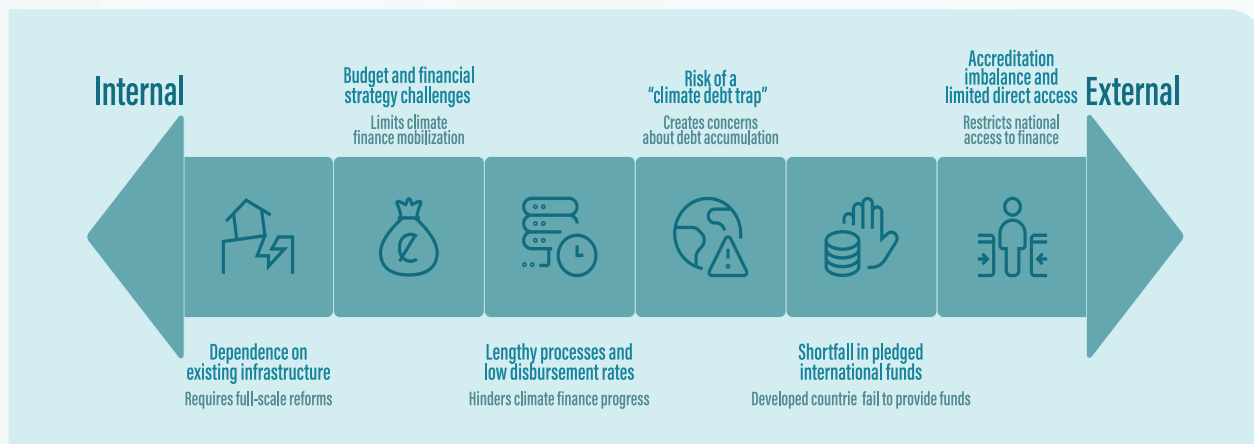
hindered progress. Of the approved USD 13.5 billion, only USD 3.8 billion has been disbursed (Transparency International Bangladesh, 2024).

d. Risk of a “climate debt trap”:

The increasing reliance on loans for climate finance is creating concerns about Bangladesh falling into a “climate debt trap” orchestrated by developed countries—the primary sources of these funds (Roy, 2024).

e. Shortfall in pledged international funds:

Developed countries have consistently failed to provide their pledged amounts. For example, the U.S. commitment to the GCF was significantly affected when the



country rescinded GCF funding in February 2025.

f. Accreditation Imbalance and Limited Direct Access (DAEs): In Bangladesh, only two organizations are accredited as Direct Access Entities (DAEs), while 16 International Accredited Entities (IAEs) operate in the country. This imbalance restricts national access to climate finance.

Furthermore, some NGOs face waiting periods of over three years for DAE approval, despite multiple submissions (Transparency International Bangladesh, 2024). These multi-layered challenges—including inadequate infrastructure, insufficient governance mechanisms, and dependency on foreign loans—constitute major barriers to accessing international climate finance.

Policy Recommendations

Bangladesh must undertake several policy reforms to not only access climate finance but also build a sustainable framework for climate adaptation and resilience. Strengthening institutional capacity by improving Monitoring, Reporting, and Verification (MRV) systems is essential for enhancing credibility and preparing competitive proposals. Without this reform, access to international climate finance will remain limited and inefficient, as noted by Rahman and Ahmad (2016).

Priority sectors, such as disaster resilience and sustainable agriculture, should be identified for targeted funding to ensure that the most vulnerable populations benefit from financial resources (Hannan Khan et al., 2020). To effectively address climate risks, the government should enhance stakeholder coordination, develop a rights-based national plan, and ensure transparency and corruption-free implementation. Additionally, policies must

integrate social protection, alternative livelihoods, and participatory decision-making while securing regional and international support for inclusive, long-term adaptation solutions (UNFCCC, 2012).

Another critical reform involves simplifying accreditation for national entities, creating accountability mechanisms to ensure timely fund disbursement, and enhancing institutional capacity. A balanced allocation between adaptation and mitigation efforts, alongside increased private sector engagement and expanded climate-responsive financial instruments, is vital. Strengthening transparency, stakeholder coordination, and community-led adaptation will further ensure effective implementation. Efficiency can also be improved by integrating climate resilience into national development strategies, leveraging technology and renewable energy, and promoting regional collaboration (Green Climate Fund, 2023).

Government and Regulators



- Strengthen institutional capacity by improving Monitoring, Reporting, and Verification (MRV) systems to enhance credibility and enable competitive proposal preparation .
- Identify and prioritize sectors such as disaster resilience and sustainable agriculture to target funding effectively for vulnerable populations.
- Develop and enforce a rights-based national climate adaptation and resilience plan ensuring transparency and corruption-free implementation.
- Simplify accreditation processes for national entities to improve access to international climate funds.
- Create accountability mechanisms to ensure timely fund disbursement.
- Integrate climate resilience into national development strategies, leveraging technology, renewable energy, and promoting regional collaboration.
- Enhance stakeholder coordination across ministries to avoid duplication and improve governance.



Local Government Bodies

- Strengthen local government capacity on climate finance, MRV, gender responsive budgeting, and project management so local institutions can plan, access, and use climate resources more effectively and transparently.
- Prepare locally led adaptation and mitigation plans at City Municipalities, Union Parishads, and Upazila Parishads levels, with meaningful participation of climate vulnerable communities.
- Establish strong accountability systems for climate finance, including public disclosure, social audits, and community monitoring, so local people can track fund use and ensure resources reach the most affected groups.



Civil Society Organizations (CSOs) and Communities

- Build civil society capacity to conduct research, monitor finance flows and advocate for transparency, accountability, and gender inclusion in sustainable finance.
- Raise awareness on the intersection of finance, just transition, and women's employment to empower communities and workers.



Funding Agencies and Donors

- Support institutional capacity building initiatives in recipient countries to close gaps in fund application and management.
- Facilitate simpler, faster accreditation and disbursement processes to reduce bureaucratic delays.
- Promote balanced allocation of climate finance between adaptation and mitigation efforts.
- Increase private sector engagement and expand the use of climate-responsive financial instruments.

Conclusion

Bangladesh's journey toward securing international climate finance presents both opportunities and challenges. While multiple funding mechanisms exist, such as the Green Climate Fund (GCF), Least Developed Countries Fund (LDCF), and Climate Investment Funds (CIFs), disparities in fund allocation, accessibility, and implementation efficiency remain key concerns. Bangladesh's high vulnerability to climate change, evidenced by its ranking in global disaster risk indices and increasing risks of displacement and agricultural loss, underscores the urgent need for grant-based climate finance to avoid excessive debt burdens.

Despite advancements in climate adaptation planning through initiatives like the Bangladesh Climate and Devel-

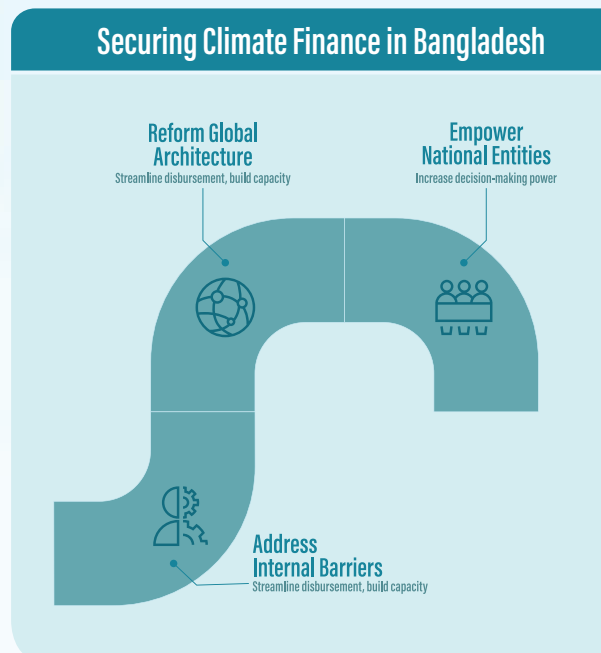
opment Platform (BCDP), BCCTF, and BCCRF, barriers such as complex disbursement processes, inadequate institutional capacity, and over-reliance on international loans persist. Limited accredited national entities, bureaucratic inefficiencies, and governance gaps further complicate Bangladesh's ability to secure and effectively utilize climate finance. The TROSA-FFA study highlights that these barriers are not solely internal; they stem equally from structural flaws in the global climate finance architecture, where donor-driven priorities, bureaucratic compliance burdens, and unequal decision-making power constrain the agency of Least Developed Countries.

To overcome these systemic challenges, Bangladesh must pursue a dual-track reform approach; strengthening its

internal governance, capacity, and transparency, while also pushing for a more equitable, grant-based global finance regime. Bangladesh must prioritize institutional capacity building, MRV system enhancement, and streamlined accreditation processes to improve access to climate funds. A balanced approach to adaptation and mitigation finance, combined with private sector participation, stakeholder coordination, and climate-smart investments, is crucial for long-term resilience. Transparency, accountability, regional cooperation, and sustainable infrastructure development must also be strengthened. Moving forward, policy reforms should focus on sustainable agriculture, social protection, and innovative financial instruments to ensure inclusive, long-term adaptation strategies.

Simultaneously, Bangladesh should advocate for international reforms that simplify access, enhance representation, and ensure fairer allocation for highly vulnerable nations. Achieving this balance will be key to unlocking sustainable finance, accelerating the just energy transition, and building long-term climate resilience that protects both livelihoods and ecosystems.

By integrating climate finance into national development



frameworks and actively campaigning for a more equitable and efficient global disbursement system, Bangladesh can not only enhance fund accessibility but also build a resilient and sustainable climate future, safeguarding both its environment and people while unlocking new opportunities for development.

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