



# CLIMATE FINANCE IN BANGLADESH

OCTOBER 2024



## ANNUAL FINANCING OVERVIEW



[Percentages are of the GDP of 2023]

- For adaptation as per NAP: USD 8.5 B
  - For Mitigation as per NDC: USD 17.6 B
  - For Bangladesh Delta Plan: USD 3.17 B
- Average Climate Finance Need without BDP: USD 26.12 B (5.8%)
- Average Climate Finance Need with BDP: USD 29.29 B (6.7%)**

**Average Climate Finance Utilized: USD 2.76 B (0.63%)\***  
Of which, International Financing: USD 0.52 B (0.12%)^

\* denotes average per year between 2018 and 2022

^ estimated considering bilateral and multilateral finances targeting exclusively climate projects

**USD 26.53 B**  
**ANNUAL FUNDING GAP**  
which is

**24.53%**  
of Total Budget  
(2023-2024)

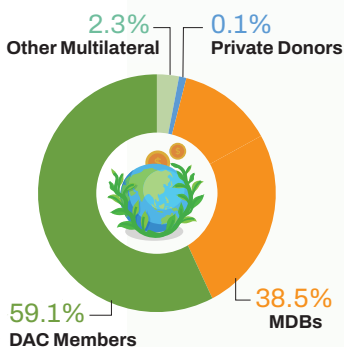
**6.07%**  
of  
GDP (2023)

**91%**  
of average  
annual need

## FLOW OF INTERNATIONAL CLIMATE FINANCE (2018-2022)

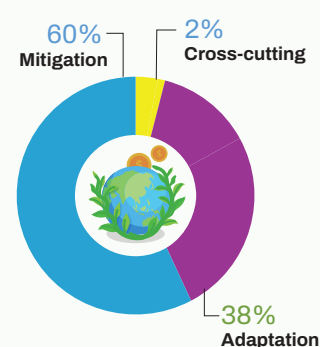


### By Source

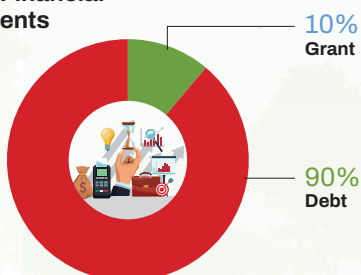


\* MDB = Multilateral Development Bank;  
\* DAC = Development Assistance Committee, OECD

### By Purpose



### Type of Financial Instruments



## KEY PLANS AND INVESTMENT NEEDS

**Nationally Determined Contribution (NDC):**  
Conditional needs: USD 143.8 B (2021-2030)

**National Adaptation Plan (NAP):** USD 230 B (2023-2050)

**Bangladesh Delta Plan:** USD 38 B (2018-2030)

**Total Financing Requirements: About USD 412 B**

## Key Takeaways



- There is an expanding climate finance gap in Bangladesh that stands about 29.29 Billion per year (6.7% of 2023 GDP) considering a timeline until 2030.
- Majority (roughly 60%) of international climate finance targets mitigation, while slightly over one-third goes to adaptation activities.
- Approximately 60% of dedicated climate finance comes from bilateral development partners.
- About 90% of international climate finance are in the form of debt.
- An estimated 18% of climate finance utilized by the Government comes from Official Development Assistance.

## BANGLADESH'S CALL



- Accelerate and increase financing, predominantly as grants, for adaptation and readiness programming.
- Accelerate New and Additional funding for adaptation, mitigation, and loss and damage mainly through UNFCCC mechanisms (e.g., GCF, GEF, Adaptation Fund).
- Remove technical and procedural barriers to ensure simplified, timely, flexible, and quick access to finance, and enable innovative mechanisms such as carbon trading for Bangladesh.
- Acknowledge the regionality of climate impacts, positive spillover effects, and need for regional collectivism of climate finance.
- Deliver climate funding as grants instead of loans and embed de-risking mechanisms to protect Bangladesh from a potential climate debt trap.
- Remove injustice in climate finance through equitable and fair distribution of global finances.

### Sources:

1. OECD Development Assistance Committee (DAC) Climate -related Development Finance Database 2015-2022
2. Climate 'Change Initiatives of Bangladesh - Achieving Climate Resilience', Report on Climate Change Initiatives in Bangladesh by Ministry of Forest, Environment and Climate Change, 2022
3. Climate Finance for Sustainable Development: Budget Report 2024-25 and 2023-24
4. Bangladesh Country Programme for Green and Climate Resilient Development 2024-2027

### Contributors:

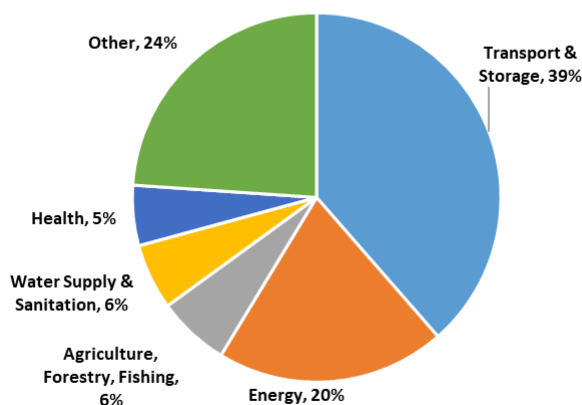
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# Key Trends and Patterns in International Climate Finance

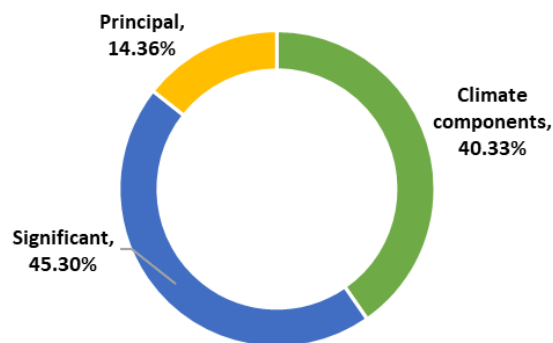
Almost 60% of International Climate Finance went to revenue-generating sectors (Energy, Transportation & Storage) primarily for mitigation purposes.

Sector-wise Overall International Climate Finance in Billion USD (2018-2022)



\*Other sectors include Education, Disaster Prevention, Emergency Response, Social Infrastructure, etc.

Typology of Total Climate-related Development Finance (2018-2022)



Out of the total climate-related development finance (USD 18.21B), only 14% came for climate projects exclusively, which can be termed as climate finance; while the rest was mainly for development projects with climate as a minor or major component.



## Financing through UNFCCC Mechanisms

### Green Climate Fund

**9 Projects**

Commitment USD 441.2M + co-financing USD 168.45M since 2014

### Global Environment Facility

**58 Projects**

Commitment USD 160M + USD 1.037B co-financing since 1992

### Adaptation Fund

**1 Project**

Commitment USD 10M since 2019

## Major Multilateral Funds outside UNFCCC

- Climate Investment Fund:** Commitment USD 193.82M plus co-financing USD 1.85B (11 projects) since 2010
- Climate Bridge Fund:** Disbursement USD 30M

## Key Takeaways:

- GCF disbursed USD 128.30M so far which is only 29% of its commitment.
- The UNFCCC funds together committed only about USD 611M so far since the funds started operation, which is substantially lower than required.

\*M and B represents million and billion respectively.

**Source:** Climate Financing for Sustainable Development: Budget Report 2024-25 & 2023-24; Respective database of each fund available on their web portals. Figures converted to USD using latest exchange rate data from October 2024.



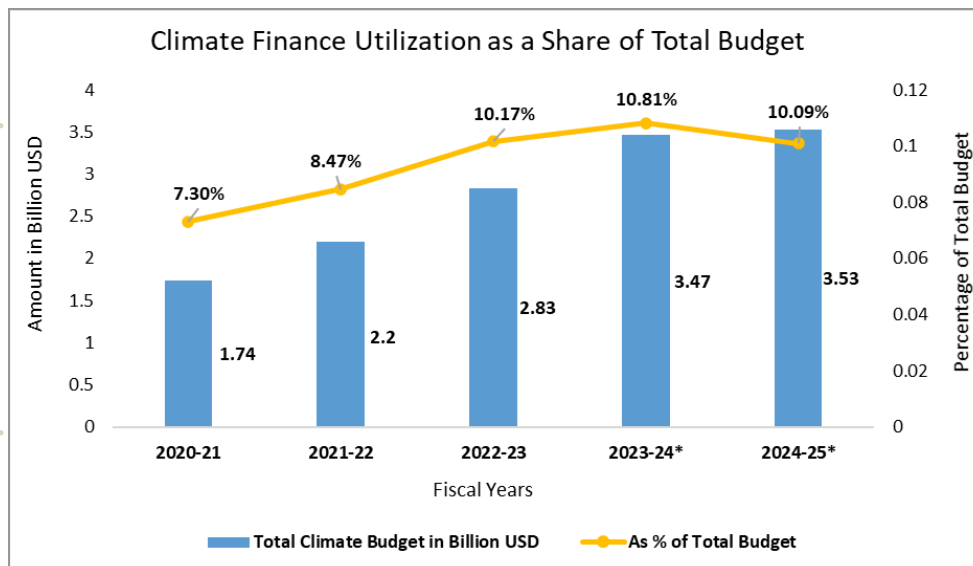
# Utilization of Climate Finance

Between 2020-21 and 2024-25, the majority of climate finance in Bangladesh was directed towards three areas:

- Food Security, Social Protection, and Health
- Infrastructure
- Mitigation and Low-Carbon Development

## Thematic Areas and Climate Finance Utilization (2020-2025):

Food Security, Social Protection, and Health	6.19B
Infrastructure	4.00 B
Mitigation and Low-Carbon Development	1.65B
Comprehensive Disaster Management	0.84B
Capacity Building and Institutional Strengthening	0.72B
Research and Knowledge Management	0.37B



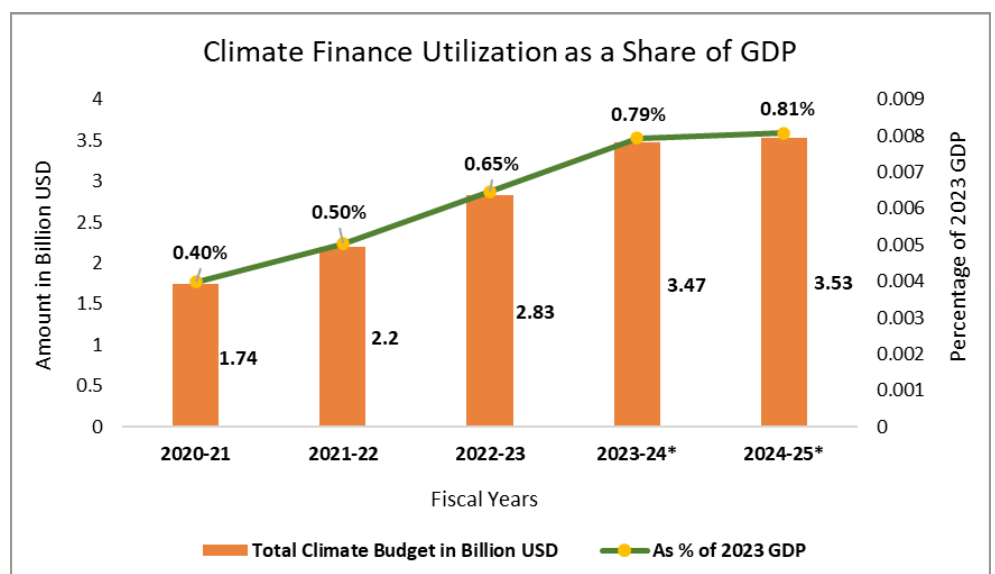
The Government of Bangladesh has mobilized over USD 13.77B for climate finance in five years, allocating USD 3.53B for climate-related projects in 2024-25.

In the same timespan, 9.37% of total budget and 0.63% of 2023 GDP was utilized for climate action on average.

## Notes

\*Actual expenditure data are yet to be public; hence figures are based on revised budget and initial budget for 2023-24 and 2024-25, respectively.

\*\*For years from 2020-21 to 2024-25, % of GDP is calculated using current prices for 2023 GDP from the World Bank data.



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