STUDY SYNOPSIS

Toward Equitable Climate Finance Allocation in Bangladesh

Photo: Riverbank erosion in Kurigram is placing a nearby community health clinic at serious risk © CALL Programme Management Unit

Rationale and purposes

Bangladesh, despite being a negligible contributor to global greenhouse gas emissions, faces severe climate impacts that impose high economic costs. In response, the country has strengthened its climate finance architecture through dedicated financing mechanisms, including the Bangladesh Climate Change Trust Fund (BCCTF), the International Climate Finance Cell (ICFC), the Climate Fiscal Framework (CFF), and climate budget reporting. These are supported by an enabling policy framework including the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), the National Adaptation Plan (NAP), and the Nationally Determined Contributions (NDCs).

These illustrate a strong commitment of Bangladesh to integrating climate considerations into development planning and public finance mechanisms.

Nevertheless, there are pertinent concerns about whether climate finance is reaching the most climate-vulnerable regions and people in an equitable, transparent, and needs-based manner.

Against this backdrop, HEKS/EPER Bangladesh, under the Climate Action at Local Level (CALL)[1] Programme, commissioned two complementary studies to examine public climate finance allocation in Bangladesh.

The first study in 2023 was in Bangladesh, with a focus on the responsiveness of public climate finance allocation to regional climate vulnerabilities and adaptation needs. This study examined public climate finance allocation patterns and identified policy and institutional challenges affecting equitable climate finance.

In 2026, the study was critically reviewed to assess the continued relevance of its findings, considering evolving national and international climate finance policies, institutional developments, and emerging financing priorities including, the submission of the third NDC, the adoption of the National Framework and Action Plan for Locally Led Adaptation (LLA), and the establishment of the Fund for Responding to Loss and Damage.

The review refined the recommendations and developed an advocacy framework to support evidence-informed policy engagement. Together, the original study and its review provide a consolidated evidence base for strengthening equitable, transparent, and vulnerability-responsive climate finance in Bangladesh.

[1] With support from the Embassy of Switzerland, the CALL Consortium, comprising nine Swiss NGOs and seventeen local partners, works across eighteen districts of Bangladesh to empower two million climate-affected and marginalised people. The initiative aims to strengthen community capacity for disaster management and climate resilience, enhance local economies, and share knowledge gained from local to international levels.

Methodology

The 2026 review combined desk research, climate finance analysis, stakeholder consultations, key informant interviews, comparative assessment, and expert validation.

Key findings

Current climate budget allocation mechanisms are largely ministry-driven.	Inadequate recognition of geographically vulnerable regions and populations.	Little attention is given to locally led adaptation, livelihood, resilience, water security, research, social protection.	No National or International (or authoritative) Definition of Climate Finance.	Lack of rigorous monitoring, reporting and verification (MRV) mechanisms.

Recommendations

Based on the analysis and stakeholder consultations, the 2026 review proposes a comprehensive package of strategic policy and institutional reforms to strengthen equitable climate finance architecture in Bangladesh. The recommendations include:

Operational definition	Establishing a nationally agreed operational definition and classification of climate finance aligning with the recent policy developments.
Local adaptaion	Integrating Local Adaptation Plans of Action (LAPAs) into the Medium-Term Budgetary Framework and endorsing and operationalising the principles of Locally Led Adaptation (LLA).
Tracking methodology	Revisiting the climate finance tagging and expenditure tracking methodologies and strengthening Monitoring, Reporting and Verification (MRV), transparency, and accountability for climate finance.
Institutional coordination	Strengthening institutional coordination across ministries, divisions and agencies responsible for managing climate finance.
Budget allocation	Developing vulnerability- and equity-based budget allocation criteria backed by evidence and climate risk assessments.
LGIs' capacity	Strengthening the capacity of Local Government Institutions (LGIs), without which locally led climate finance allocation and implementation may remain weak even if policy reforms are introduced.
Climate Change Trust Fund	Strengthening and reforming the Bangladesh Climate Change Trust Fund to function as a strategic national climate finance institution capable of mobilising and coordinating domestic and international climate finance.

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Toward Equitable Climate Finance Allocation in Bangladesh Study, 2026, Centre for Climate Justice Bangladesh (CCJ-B)

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HEKS EPER Bread for all.

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