COUNTRY BRIEF

BANGLADESH WHOLE-OF-GOVERNMENT APPROACH TO CLIMATE FINANCE

OCTOBER 2014
SUMMARY

1. A Bangladesh Climate Public Expenditure and institutional Review (CPEIR) was conducted in 2012, implemented by the Bangladesh Planning Commission, with support from UNDP and UNEP, reviewing the existing climate policy, institutional arrangements as well as public expenditures on climate activities in Bangladesh. On expenditures, the review found that Bangladesh is spending about USD 1 billion per year on climate related expenditures of which 75% comes from domestic resources. These findings interested the Ministry of Finance who agreed as a next step to develop a Climate Fiscal Framework to improve the management of such resources and better link them to the national budget process.

2. In June 2014, the Government of Bangladesh (GoB) approved the Climate Fiscal Framework (CFF) - a framework to ensure effective use of domestic and international climate finance within the national budget process. The CFF identifies the demand (costed plan and projection of expenditures) and supply (funds, fiscal policies/green banking) of national climate finance and forecasts future climate financing needs for Bangladesh. The CFF designs the Climate Expenditure Tracking Framework (CETF) which enables tracking and monitoring climate related expenditures in a systemic and transparent manner.

3. Further, the CFF also introduces a “climate marker” in the Medium Term Budget Framework (MTBF) of Bangladesh and “climate dimension” to the preparation of capital development projects, linking climate change with planning and budgeting. As part of the CFF, a Climate Fiscal Cell in the Finance Division is proposed to be established to strengthen much-needed climate finance coordination and management. As a measure to strengthen accountability, the CFF reviewed the obstacles in including climate change in the auditing systems and identifies capacity support to the Auditor General’s Office to conduct Climate Finance Performance Audits. The CFF recognizes the need for a gender differentiated approach in its climate response.

4. The GoB has committed to the implementation of the CFF, with support from a range of development partners including UNDP, UNEP, GIZ and DFID through the Inclusive Budgeting and Financing for Climate Resilience (IBFCR) project. There is also major support being developed to strengthen the use of local government channels for climate finance.

5. The CPEIR demonstrated that one of the largest sources of climate expenditure is through the social protection system. This is an unfortunate reality as the vulnerability of poor women and men in Bangladesh is increasingly focused on climate change. There is a growing body of work on how social protection can become “adaptive” to respond to climate change. Some elements of this approach have been integrated in the recent reforms that Bangladesh is making to its social protection system, but much more needs to be done.

6. There are a range of players in the management of climate finance in Bangladesh. The government system is now starting to move to a whole-of-government approach where climate expenditures are linked to the national budget and international finance uses country systems. It is important for development partners to support the Government of Bangladesh as it moves towards a strategic, coherent and transparent response to climate change and the management of climate finance in Bangladesh.
BANGLADESH DEVELOPMENT & CLIMATE CHANGE CONTEXT
Since independence in 1971, Bangladesh has made significant development progress. Poverty rate was cut from 60% in 1990 to 31.5% in 2010. The poverty incidence, based on national poverty line ($1.13 per capita per day), is projected to decline from 31.5 percent in 2010 to 24.47 percent by 2014. The UN Human Development Report 2014 says, Bangladesh graduated from Low Human Development (LHD) category to Medium Human Development (MHD) category in 2013. Economic growth has averaged 6.5% since 2010 with over 70% out of 52 Millennium Development Goal (MDG) targets already met or on track towards 2015.

However, Bangladesh still remains a Least Developed Country (LDC) and is highly vulnerable to climate change impacts, both to extreme climate events and slow onset climate change. Bangladesh as a low-lying delta ecosystem ranks fifth amongst those 10 most climate vulnerable countries in the world (Climate Risk Index, Germanwatch, 2014). Therefore, timely and effective response to climate change is critical to maintain the development progress so far, facilitate adaptation to climate change as well as transition to low-carbon development as Bangladesh’s economy grows.

BANGLADESH CLIMATE POLICY AND INSTITUTIONAL REVIEW
A Bangladesh Climate Public Expenditure and Institutional Review (CPEIR) was conducted in 2012, implemented by the Bangladesh Planning Commission, with support from UNDP and UNEP, reviewing the existing climate policy, institutional arrangements as well as public expenditures on climate activities in Bangladesh. This CPEIR was steered by an Inter-Ministerial group including Planning Commission, Ministry of Finance, Ministry of Local Government, Ministry of Environment and Forests, Ministry of Disaster Management and Ministry of Water Resources. The CPEIR reviewed policies and institutional issues with some of the key findings are set out below. On expenditures, the review found that Bangladesh is spending about USD 1 billion per year on climate related expenditures of which 75% comes from domestic resources. These findings interested the Ministry of Finance who agreed as a next step to develop a Climate Fiscal Framework to improve management of these resources and better link them to the national budget process.

Climate Policy
Following the development of its National Adaptation Programme of Action (NAPA) in 2005, the Government of Bangladesh (GoB) launched the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2008 which was subsequently updated in 2009. The BCCSAP 2009 identified climate hazards and their impacts in Bangladesh and set out a plan of programmes to address these issues. The programmes prioritized the needs of the poor and vulnerable, including woman and children, and were grouped into six themes, namely:

- Theme 1: Food security, social protection and health
- Theme 2: Comprehensive disaster management
- Theme 3: Infrastructure
- Theme 4: Research and knowledge management
- Theme 5: Mitigation and low carbon management
- Theme 6: Capacity building and institutional strengthening

In addition to NAPA and the BCCSAP, the GoB also formulated a number of national and sectorial policies related to climate change including the disaster management plan, national water management plan, the national biodiversity strategy and action plan, and national environmental management plan.
Climate, Planning and Fiscal Institutions
Finance Division, one of the four divisions of the Ministry of Finance of Bangladesh, is mainly responsible for preparation and analysis of fiscal policy, budget and budget proposals as well as research and analysis on economic policy, which are highly relevant to the implementation of the National Climate Fiscal Framework.

The Bangladesh Planning Commission, chaired by the Prime Minister, acts as the central planning organization of the country. It determines goals and strategies of short, medium and long term plans and formulates policy measures for the achievement of those goals, playing a crucial role in the interface between policy and allocation of resources at sector level.

The Ministry of Environment and Forestry (MoEF) is responsible for formulation of policy for climate change adaptation and mitigation, performing national and international negotiations, climate change funds management and related administrative activities. The MoEF plays an important role in mainstreaming climate change in sectoral activities performed by different Ministries and departments.

Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) is an important channel through which allocations are made to address climate change impacts at the local level in climate sensitive areas, especially for the poor and vulnerable population. All local elected bodies are under the responsibility of the Ministry and receive allocations through the Local Government Division of the Ministry. Local governments receive the second highest climate allocations compared to other Ministries, reaching over USD 3 billion between 2011-2014.

Since climate change is a cross-cutting issues, a wide range of other relevant institutions contribute greatly to the national and local response to climate change, including other Lines Ministries, disaster management agencies, local government organizations as well as civil society organizations including academia and the private sector.

CLIMATE FISCAL FRAMEWORK

Climate Expenditure Definition: Following the OECD definition of “climate marker”, the Bangladesh CFF defines climate finance as the flow of funds toward activities that are aimed at reducing GHG emission (‘mitigation’) or help societies in developing resilience to adapt to climate change impacts (‘adaptation). The CFF also scales and weighs the climate expenditures based on the relevance levels to climate change of the climate activities. Whilst following a similar approach with other countries in defining climate expenditures, the Bangladesh CFF has also developed a “country-led” definition of climate expenditures by taking into account Bangladesh’s climate policy priorities and national circumstances.

Objectives of the Climate Fiscal Framework
The Climate Fiscal Framework (CFF) aims to provide a framework for defining, tagging and managing domestic and international climate finance in an effective and transparent manner, providing the “financial backbone” for national efforts in addressing climate change. Specifically, the CFF aims to promote a country system whereby:

i) Costs and prioritization of climate actions are reflected in the existing national budgetary framework
ii) Climate-related expenditures are routinely tracked and monitored. Climate expenditure definition is systematically revised in order to reflect the national priorities and circumstances.

iii) The GoB can more effectively access international climate finance as well as manage national climate funds.

iv) Institutional weaknesses and skills gaps are identified and addressed, particularly in major climate stakeholders such as the Planning Commission, the Finance Division, MoEF, Local Government Division, Disaster Management and Relief, Ministry of Agriculture and Livestock, Ministry of Women and Children Affairs, Office of the Auditor General and the National Parliament aiming to deliver a robust long-term revenue-expenditure plans in accordance with the BCCSAP and other climate change related policies and strategies.

**Overview of demand and supply of climate finance in Bangladesh**

Whilst the BCCSAP is the cornerstone of climate policy in Bangladesh, none of the policy measures and programmes set out in the plan were costed and prioritized, and hence offers little basis for projecting long-term climate finance needs of the country. Climate expenditure analysis and a review of climate fiscal policy options, therefore, are used as a starting point in reviewing demand and supply of climate finance in Bangladesh.

**Figure 1: Existing Climate Finance Flows through the GoB**

*Source: Bangladesh CPEIR (2012)*
Demand of Climate Finance (demand based on current expenditure trends)
The CPEIR and the CFF of Bangladesh measure two figures of climate expenditures: i) climate
dimension expenditures: the total sum of expenditures of any programmes that include climate
elements and ii) climate-relevant expenditures: weighted average climate dimension expenditures,
adjusted based on the level of relevance to climate change of each programme. These climate
expenditure data from 2009-2014 are summarised in the table below.

Table 1: Climate Expenditures in Bangladesh (FY2009-2014)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Climate Dimension Expenditures</td>
<td>3,875</td>
<td>4,508</td>
<td>3,915</td>
<td>5,938</td>
<td>6,170</td>
</tr>
<tr>
<td>Split by Source</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>76.56%</td>
<td>81.16%</td>
<td>84.07%</td>
<td>82.23%</td>
<td>80.49%</td>
</tr>
<tr>
<td>Donor</td>
<td>23.44%</td>
<td>18.84%</td>
<td>15.93%</td>
<td>17.77%</td>
<td>19.51%</td>
</tr>
<tr>
<td>% of Total Government Budget</td>
<td>23.61%</td>
<td>24.15%</td>
<td>18.01%</td>
<td>25.67%</td>
<td>21.66%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>4.35%</td>
<td>3.99%</td>
<td>3.17%</td>
<td>4.68%</td>
<td>4.05%</td>
</tr>
<tr>
<td>Climate-Relevant Expenditures</td>
<td>1,082</td>
<td>1,272</td>
<td>1,154</td>
<td>1,734</td>
<td>1,813</td>
</tr>
<tr>
<td>% of Total Government Budget</td>
<td>6.59%</td>
<td>6.81%</td>
<td>5.31%</td>
<td>7.50%</td>
<td>6.36%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>1.22%</td>
<td>1.12%</td>
<td>0.94%</td>
<td>1.37%</td>
<td>1.19%</td>
</tr>
</tbody>
</table>

Source: Bangladesh CPEIR (2012), Bangladesh Climate Fiscal Framework (2014)

Climate dimension expenditures and climate-relevant expenditures in Bangladesh amount up to
USD24.4bn and USD7bn respectively over 5 years (2009-2014), averaging USD4.88bn and USD1.41bn
per year. Whilst there is little reference to climate change in the budget documents, the climate
dimension expenditures actually represent 22% of total government budget and 6.51% of GDP on
average (and 4.05% and 1.17% as for climate-relevant expenditures).

Notably, Bangladesh climate expenditures have increased over the years, featuring a small dip in
2011/2012 followed by a sharp increase of over 50% in the year after. As shown in Table 1, the GoB is
the main funder of the climate expenditures in the Bangladesh budget system, financing 80% of the
total climate expenditures on average, with the rest coming from foreign sources.

As a small emitter of Greenhouse Gases, Bangladesh spends the majority of its expenditures on
adaptation to climate change. The CFF does also quantify the “negative” or climate damaging

1 The expenditure of each programme is adjusted based on the level of relevance to climate change of the
programme, belonging to one of the 4 groups: i) Strongly: >75%; ii) Significantly: >50%; iii) Somewhat: >25%;
iV) Implicitly: 0-24%.
2 One-third of foreign sources comprises grants with the rest being loans.

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expenditures that Bangladesh makes on fossil fuel power generation (see below). The top spending department, as shown in Figure 2 below, are those with strong adaptation-related activities, namely Agriculture, Local Government and Disaster Management and Relief Division, demonstrating how climate dimension allocations have been driven by sectoral policies, rather than through climate change strategy and policies themselves.

Source: CFF of Bangladesh (2014)

Not all climate-related programmes are equally relevant to climate change however. Therefore, the climate-relevant expenditure measure is used to assess the spending according to the relevance level. As shown in Figure 3 below, only 15% of the climate-relevant expenditures is strongly relevant to climate change activities and nearly 40% is implicitly relevant.

Source: Bangladesh CPEIR (2012), Bangladesh Climate Fiscal Framework (2014)
It is also evident that the climate expenditures are significantly channelled to adaptation related themes (themes 1-3) and Capacity Building (theme 6). Mitigation (theme 5) and R&D (theme 4) receive much less allocations (4% and 8% respectively). This distribution confirms Bangladesh national efforts on adaptation, being a small emitter globally.

Supply of Climate Finance

_Bangladesh Climate Change Trust Fund_  
To promote the implementation of the BCCSAP, the BCCTF was established and funded entirely by the GoB through block allocations from the non-development budget. The fund can spend up to 66% of the allocations with the rest 34% being kept as fixed deposit. Between 2009-2014, a total of USD 360 million has been allocated to the BCCTF and 270 projects have been undertaken³. However, after numerous complaints related to management, the GoB has recently communicated its intention to not continue channelling funds through the BCCTF.

_Bangladesh Climate Change Resilience Fund_  
Established in 2010, the BCCRF aims to build a medium- to long-term programme for enhancing climate resilience and facilitate sustainable growth, financially supported by the development partners of the GoB. In 2012, the support reached USD 188.2 million. As of 2014, 83% of the fund has been allocated to 13 projects. Continuation of the fund is currently being discussed at the highest level of stakeholders due to its weak performance. Further, with the World Bank’s decision to quit its trustee role after 2017, the BCCRF Secretariat is likely to be closed after December 2014.

| Table 2: Contribution of development partners to the BCCRF (as of 31/12/2012) |
|-------------------------------------------------|------------------|
| Partners                                       | Contribution (Million USD) |
| United Kingdom                                 | 96.9              |
| European Union                                 | 37.6              |
| Sweden                                         | 19.3              |
| USAID                                          | 13                |
| Switzerland                                    | 12.5              |
| AusAID                                         | 7.1               |
| Denmark                                        | 1.8               |
| **Total**                                      | **188.2**         |


_Strategic Program for Climate Resilience (SPCR) – Bangladesh_

The Strategic Program for Climate Resilience (PPCR) is another financing facility for supporting adaptation and resilience activities in Bangladesh, operated by the Asian Development Bank, the World Bank and the International Finance Corporation. In October 2010, USD110 million was approved, comprising USD50 million in grants and USD60 million in concessionary loans, supporting three investment and two technical assistance projects.

_Climate Fiscal Options_

- Tax Policies:

  Bangladesh is considering to impose a carbon tax on comparatively higher CO2-emitting private vehicles as a pilot of carbon taxation policy option, expected to be introduced in the FY 2014/2015

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³ As of November 2013
Finance Bill. It is still to be decided whether the tax revenue will contribute to the general government coffer or a special fund for clean-energy initiatives.

Also, existing tax law of Bangladesh currently exempts climate change related items such as renewable energy and waste treatment.

- Fossil-fuel subsidies removal - exploring the options:

Fuel and electricity subsidies in Bangladesh have been increasing significantly, from USD274 million in FY2009/2010 to USD2.2 billion in FY2012/2013, representing over 50% of total subsidies from the GoB. Given the negative effects in encouraging over-consumption and inefficient use of energy, the GoB has repeatedly expressed its strong commitment to rationalizing fuel prices and electricity tariffs and reduce energy subsidies. As such, the GoB is exploring options to achieve this goal whilst addressing the short-term negative impacts on certain consumer groups.

- Green Banking:

Bangladesh Bank (BB) constructed a revolving refinancing scheme of USD26 million for banks to finance green products including solar power, biogas and effluent treatment plants. As of December 2012, USD11.3 million has been allocated.

**Linking climate change policies with planning and budgeting**

**Climate Change and Budgeting**

The medium-term budget framework (MTBF) is a multi-year approach to budgeting, linking government spending plans to policy objectives. The climate expenditure analysis finds that the GoB spends over USD1 billion annually on climate activities, which represents 6-7% of its annual budget. However, it also finds that there is little reference to climate change in the budget and performance framework of most Ministries.

Mainstreaming climate change in the budgeting process, therefore, is highly recommended, as previously done for poverty and gender. Through its review of the MTBF, the CFF proposes mainstreaming climate change through the Ministry Budget Framework (MBF) of each Ministry, a key document under the MTBF. The MBF sets out a Ministry’s medium term strategic objectives and activities, its poverty and gender impact analyses, priority spending programmes (including poverty-related and gender-related expenditures) and key performance indicators (KPIs). Similarly to poverty and gender, climate impact analyses and climate-related expenditures are recommended to be added to the MBF document.

The CFF proposes to start with the Budget Call Notice 1 (BC1) which provides guidelines to the line Ministries for the MBF preparation. The BC1 should be revised to provide instructions for line Ministries to make references to the BCCSAP, develop climate-related KPIs, and identify climate-related activities in MBF’s priority spending areas.

**Climate Change and Planning**

Over 60% of government climate expenditure comes from the Annual Development Program budget of the GoB. However, sectoral policy, rather than climate change strategy, is what mostly drives climate-related spending. To ensure linking between climate policies and sectoral resource allocations, it is recommended that the climate dimension is embedded in the preparation of sectoral development project through the incorporation of climate related issues in the project development guidelines such as an assessment framework of climate risks, climate impacts to the project and from the project, and potential responses.
**Climate Expenditure Tracking Framework (CETF)**

A Climate Expenditure Tracking Framework is proposed as an essential component to an appropriate climate fiscal framework, tracking climate expenditures in the budget system as well as to scaling and weighing the climate relevance of a project/programme. The CETF is a requisite to evaluating climate expenditures in a systematic and regular manner. The design of the CETF is demonstrated in figure 4 below.

**Figure 4: Design of the Climate Expenditure Tracking Framework (CETF)**

![Diagram of the Design of the Climate Expenditure Tracking Framework (CETF)]

**Climate Finance Coordination and Management**

Given the significant number and types of institutions involved in climate change in Bangladesh, formulation and effective implementation of climate activities require complex coordination mechanisms. The CPEIR describes three kinds of coordination: policy and planning, financial planning and performance, and technical coordination. To manage and address ever-increasingly climate financing needs, it is recommended that a climate fiscal cell to be established in the Finance Division.

The primary objectives of such a climate fiscal cell would be:

- i) To identify the financial requirements of climate change mitigation and adaptation activities for each sector
- ii) Identify potential financing sources and resource mobilization
- iii) Providing climate expenditure analysis through the CETF to assist policy-making and monitoring

**WHAT’S NEXT?**

**Implementation of the CFF**

The GoB CFF described above was formulated over a 6 month period by an Inter-Ministerial working group chaired by the Ministry of Finance, Budget Division who guided a team of national consultants to formulate the report. The CFF was approved in May 2014 by the Minister of Finance. It is imperative that the CFF is implemented as the next step in order to enable the integration of climate change in
the government’s fiscal management, strengthening and promoting the use of country system in identifying and managing climate finances. As such, the GoB has committed to the implementation of the CFF, with support from a range of development partners including UNDP, UNEP, GIZ and DFID through the Inclusive Budgeting and Financing for Climate Resilience (IBFCR) project, through the following five components.

- **CFF Implementation and Management**: reviewing fiscal policies towards the refinement of the Long-term Climate Fiscal Framework

- **Supporting the strategic climate change sensitive planning and budgeting management**:  
  - Embedding climate dimension in the MTBF and Annual Development Programme process.  
  - Support to Line Ministries and the Programming Division to develop prioritized, detailed, phased and programmed costing in a National Climate Change Implementation Plan.

- **Strengthening climate public finance governance**:  
  - Capacity building and strengthening institutional mechanisms at Ministry level and at the Finance Division.  
  - Support to the Comptroller and Auditor General’s Office to conduct Climate Finance Performance Audits.  
  - At the Parliamentary Level, assess the involvement of the Public Accounts Committee in climate finance issues and assess options in establishing a Climate Change Standing Committee

- **Strengthening Finance Division’s role in climate finance coordination and management**:  
  - Enhanced interfaces in climate finance at the ministerial, national and local government levels  
  - Strengthen Bangladesh’s leadership on climate finance in the international and regional level

- **Effective planning and budgeting for climate change at the local level**:  
  - Strengthening role of the Local Government Division (under the Ministry of Local Government Rural Development & Cooperatives) and the local bodies (Union/Upazillas/Pourashavas⁴) in the integration of climate finance in planning and budgeting both at the national and local levels  
  - Climate sensitive plans and budgets are established at Union, Upazilla and Pourashava levels  
  - Building capacity at the Union, Upazilla and Pourashava levels to make use of the Climate Adaptation and Community Resilience grants delivered through the EU-funded “Improved Climate Change Adaptation and Community Resilience through Participatory and Inclusive Local Governance” project, in collaboration with United Nations Capital Development Fund (UNCDF)

The IBFCR project is aligned and in close partnership with other projects aiming to strengthening access and management of climate finance in Bangladesh, namely the UN-supported Sustainable and Inclusive Planning Project (SIPP), the above-mentioned Improved Climate Change Adaptation and

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⁴ Bangladesh is divided into seven divisions which is sub-divided into districts (or zilas). Each zila is sub-divided into Upazilas which is further divided into Union, consisting of many villages. Urban areas are divided into City Corporations and Pourashava.
Community Resilience through Participatory and Inclusive Local Governance project and the GIZ’s Climate Finance Ready (CF Ready) project.

**Linking planning and climate change**

Bangladesh has an active and long running Planning system spearheaded by the Planning Commission which is the guardian of the capital budget or Annual Development Programme. With the 7th five year plan in preparation, Bangladesh needs to factor climate change into the core of its next plan – for example to address medium term issues of how urbanisation is being shaped by climate migrants leaving climate ravaged hinterlands and how to sustain livelihoods in these climate impacted rural areas. The Annual Capital Programme needs to factor climate into the design and implementation of all capital projects and a new Development Project Proforma has been devised to achieve this. The Sustainable and Inclusive Planning Project (SIPP) supports the Planning Commission and other relevant Ministries including Ministry of Finance, Bangladesh Bank and the Bangladesh Bureau of Statistics in making these reforms and mainstreaming climate change in the planning process.

**Climate finance at local levels**

In addition to national level policy, climate finance needs to be delivered to poor women and men on the frontline of coping with climate change. While there are many active Community Based Organisations and Non-Government Organisations, these funds often flow outside any formal accountability mechanisms. While local democracy in Bangladesh faces challenges, the system of Union Parishads and Upazillas presents a formal system for financial and human resources to reach households. These channels are already being used to climate proof local level infrastructure and manage natural resource scarcity and conflict due to climate change, but much more needs to be done. Another challenge at the local level, is that disaster risk reduction and climate change are often one-and-the same for poor households, while policy makers and formal government structures try to keep them apart. So it is vital for disaster risk reduction and climate finance to be brought together at the local level.

The “Improved Climate Change Adaptation and Community Resilience through Participatory and Inclusive Local Governance” is a project that has been prepared to address the overall objective of enhancing the resilience of households vulnerable to climate change and related disaster risks in Bangladesh. The specific activities are to establish improved and inclusive local level planning and to increase funding for community-based climate change adaptation solutions supported by a strengthened financing mechanism for local governments. The project will be implemented over a period of 4 years and is expected to reach an estimated 200,000 beneficiary households. It is proposed by UNCDF and UNDP with a budget of 8 million Euros to be funded by the EU.

**International Climate Finance**

The main conduit of future international climate finance for Bangladesh and other countries will be the Green Climate Fund (GCF) which was recently set up in Korea and has so far received USD 2.3 billion in pledges with more expected. Each country has to nominate a National Designated Agency (NDA) to interface with the GCF and the GoB has nominated the Ministry of Finance, Economics Relations Division. A number of development partners will provide support to this GCF readiness process including the GIZ Climate Finance Ready Project with which the IBFCR is closely coordinated and will have joint reporting procedures. The GIZ’s CF Ready is a global project with Bangladesh as a participating country aiming to strengthen the roles and capacity for access to and implementation of the GCF funds as well as other international climate funds including the Adaptation Fund. Particularly,
the project has three components, complementary to the five components of the IBFCR project. They focus on improving national coordination and capacity building to the National Designated Authority and the National Implementing Entity for the GCF, enhancing coordination amongst relevant climate financing and planning agencies, and promoting private sector engagement.

**Climate change and adaptive social protection**

The CPEIR demonstrated that one of the largest sources of climate expenditure is through the social protection system. This is an unfortunate reality as the vulnerability of poor women and men in Bangladesh is increasingly focused on climate change. There is a growing body of work on how social protection can become “adaptive” to respond to climate change, for example by avoiding support for livelihoods that will become more vulnerable due to climate change. Some elements of this approach have been integrated in the recent reforms that Bangladesh is making to its social protection system, but much more needs to be done.

**Conclusion: Support for a whole of government approach to climate finance in Bangladesh and the role of development partners**

There are a range of players in the management of climate finance in Bangladesh. The government system is now starting to move to a whole-of-government approach where climate expenditures are linked to the national budget and international finance uses country systems. It is important for development partners to support the GoB as it moves towards a strategic, coherent and transparent response to climate change and the management of climate finance in Bangladesh.

**Table 3: Whole-of-government and coordinated approach to Bangladesh climate finance**

<table>
<thead>
<tr>
<th>Agencies</th>
<th>Ongoing development partner Support</th>
<th>Role for climate finance</th>
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</thead>
<tbody>
<tr>
<td>Ministry of Finance (MoF)</td>
<td>- Inclusive Budgeting and Finance for Climate Resilience (IBFCR)</td>
<td>- Mainstreaming climate into national and local budget process</td>
</tr>
<tr>
<td></td>
<td>- Climate Finance Ready</td>
<td>- Access to international climate finance, e.g. GCF</td>
</tr>
<tr>
<td></td>
<td>- Strengthening aid effectiveness for Bangladesh</td>
<td></td>
</tr>
<tr>
<td>Planning Commission (PC)</td>
<td>- Support for Sustainable and Inclusive Planning (SSIP)</td>
<td>- Climate into 7th five year plan and ADP</td>
</tr>
<tr>
<td></td>
<td>- National Social Protection Strategy</td>
<td>- Adaptive social protection</td>
</tr>
<tr>
<td>Local Government Division (LGD)</td>
<td>- Improved Climate Change Adaptation and Community Resilience through Participatory and Inclusive Local Governance Climate Finance</td>
<td>- Local governance of climate finance</td>
</tr>
<tr>
<td>Ministry of Environment and Forestry (MoEF)</td>
<td>- National Adaptation Plan (NAP) process</td>
<td>- Planning for climate change</td>
</tr>
<tr>
<td>Ministry of Disaster Management</td>
<td>- Comprehensive Disaster Management Project (CDMP)</td>
<td>- Planning and finance for ex-ante disaster risk and ex-ante disaster response</td>
</tr>
<tr>
<td>Ministry of Industry</td>
<td>- Green Development (under preparation)</td>
<td>- Planning and financing climate mitigation</td>
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<tr>
<td>Ministry of Chittagong Hill Tracts Affairs</td>
<td>- Chittagong Hill Tracts Development Facility</td>
<td>- Climate finance to Chittagong Hill Tracts</td>
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