



Country Brief

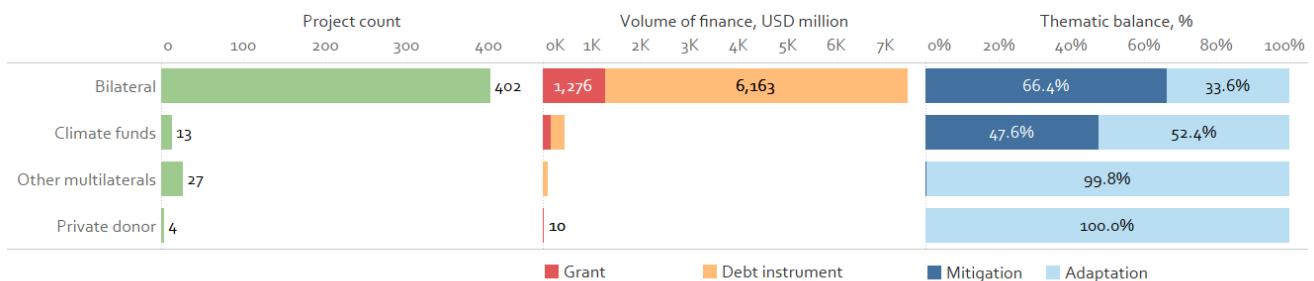
BANGLADESH

To analyse the climate finance landscape in Bangladesh, the evaluation team looked at the climate related development finance data from the Organisation for Economic Co-operation and Development (OECD). The team considered activities with principal and significant contributions to climate objectives (calculated using the OECD's DAC Rio markers for climate) from 2015-2019.^{1,2}

Against this backdrop, Bangladesh has four main climate finance provider types: climate funds, private donors, and bilateral and multilateral development partners.³ In terms of project coverage, bilateral development partners rank the highest with 384 out of 427 projects, followed by multilateral partners (excluding climate funds) with 27 projects. The climate funds support 13 projects, while private donors support only 3 projects (Figure 1). In terms of the average project size, climate funds take the lead with an average

of USD 23.07 million per project, followed by bilateral partners (USD 9.74 million); private donors finance projects of an average of USD 1.2 million. Of the financial instruments used, grants and debt instruments are a general preference across the partner types. This is especially the case for bilateral partners. Looking at the balance in finance allocation between adaptation and mitigation efforts, adaptation is favoured, although climate funds appear to be closing the gap. Private donors and multilateral partners are heavily focused on supporting adaptation activities. In contrast, bilateral partners support twice as much mitigation as adaptation by USD value. The country-level thematic balance in the GCF portfolio is also skewed; of the total USD 351 million in GCF support in the country (as of 1 July 2021), 78.7 per cent is channelled to mitigation and 21.3 per cent to adaptation

Figure 1. Portfolio of climate finance in Bangladesh



Source: OECD climate-related development finance (2015-2019), GCF Tableau server data (2019).

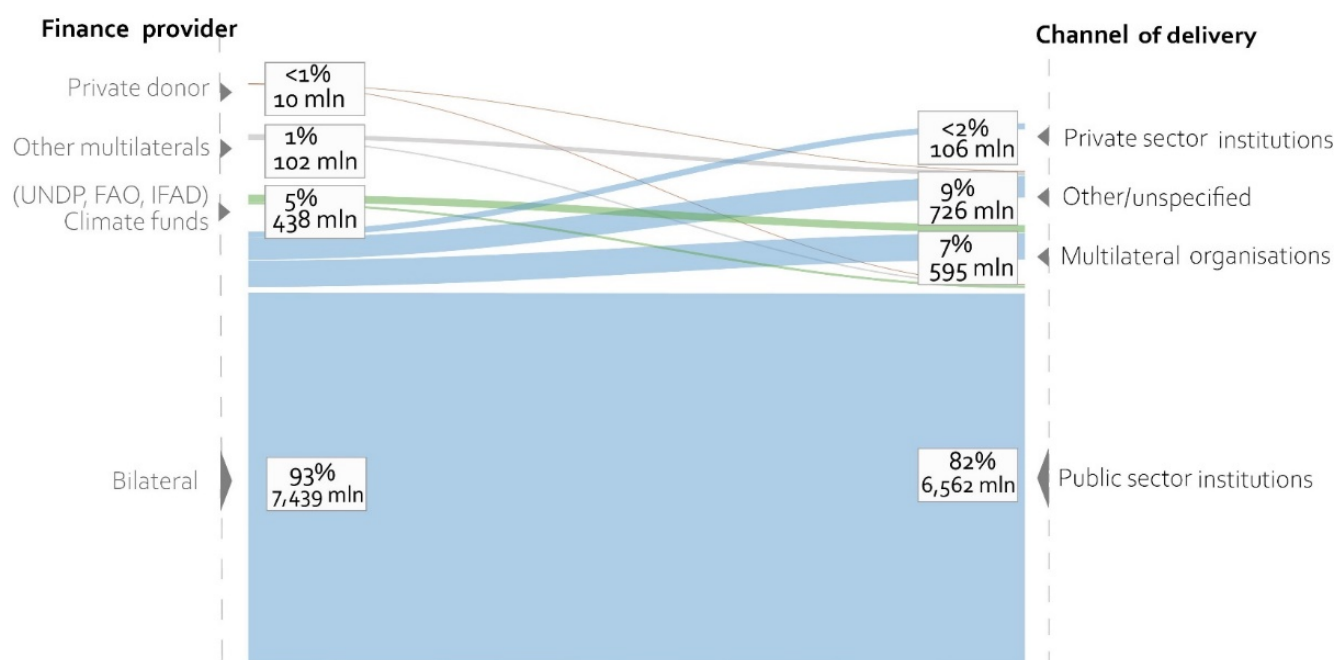
Note: At the time of climate finance landscape analysis, the most recent available update for OECD climate-related development finance data was for the year of 2019. Due to such availability, data cut-off date in the external finance section of the brief is 2019. The further analysis of GCF finance has cut-off date of July 1st, 2021.

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From the programmatic perspective, the channel of climate finance delivery plays a crucial role in catalysing and mobilizing the private sector in countries. According to the newest available data on climate-related development finance (as reported to OECD in 2019), the private sector is currently underused as a channel of climate finance delivery in Bangladesh. On a country

level, only about 1 per cent of climate finance is channelled through private sector institutions. This is a very small proportion, and this channel is mainly used by bilateral partners (Figure 2). Nearly all climate finance in Bangladesh is sourced from bilateral partners and delivered through public sector institutions (81.3 per cent).

Figure 2. *Delivery channels of climate finance to Bangladesh*



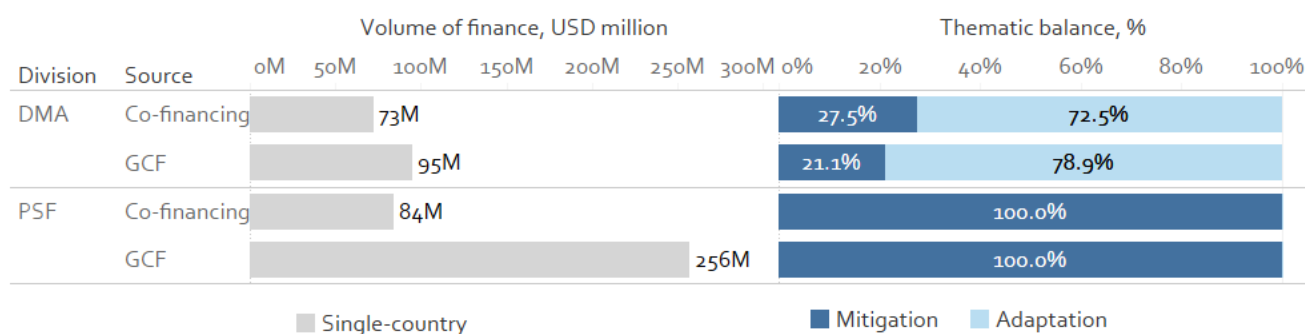
Source: OECD climate-related development finance (2015-2019), GCFTableau server data (2019).

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Bangladesh is a least developed country and one of the 55 countries eligible to receive GCF financing in the Asia-Pacific region. As of July 2021, Bangladesh has received a total of USD 351 million of GCF financing, alongside USD 157 million in co-financing, which brings the co-finance ratio in Bangladesh to 0.4. The GCF channels all its finance through five single-country

projects: FP150, FP070, FP069, FP004 and SAP008. As previously observed at the macro level across other climate finance partners, the imbalance between mitigation and adaptation persists in Bangladesh. All Private Sector Facility finance is directed towards mitigation efforts, whereas Division of Mitigation and Adaptation funding is focused on adaptation (Figure 3).

Figure 3. Volume of finance and thematic balance across GCF divisions, Bangladesh



Source: GCF Tableau server data (2021).

Note: Left – volume of finance across divisions, right – thematic balance across divisions. For multi-country projects, country allocations were based on shares indicated in the GCF Tableau server.

Beyond the imbalance between mitigation and adaptation, there is a tendency to focus specifically on the mitigation result area of buildings, cities, industries and appliances (USD 256.5 million out of USD 351 million). This area accounts for 73 per cent of total finance, and all

projects fall under the Private Sector Facility (Figure 4). In an effort to build the country’s capacity so that it is project-ready, the GCF has seven active Readiness grants in Bangladesh, and the GCF pipeline contains three funding proposals, 10 concept notes and one RPSP grant application.

Figure 4. Finance by result area in USD million, Bangladesh

	Mitigation		Adaptation	
	DMA	PSF	PSF	DMA
Buildings, cities, industries, and appliances	20.0	256.5	0.0	0.0
Energy generation and access	0.0	0.0	0.0	15.9
Forests and land use	0.0	0.0	0.0	35.3
Transport	0.0	0.0	0.0	23.4

Source: GCF Tableau server data (2021).

Note: For multi-country projects, country allocations were based on shares indicated in the GCF Tableau server.

Endnotes

- 1 For details, see https://www.oecd.org/dac/environment-development/Revised%20climate%20marker%20handbook_FINAL.pdf
- 2 GCF's project approval began in 2015.
- 3 Terms such as "private donor" and "private sector institution" are used to maintain consistency with the standardized classifications provided by the OECD and used in its climate-related development finance data. The data is available at: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/climate-change.htm>

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