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Climate Finance Governance in Bangladesh: Mechanisms, Institutional Challenges, and Policy Pathways

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Abstract

Climate change poses a severe threat to developing economies, particularly those that combine limited adaptive capacity with high exposure to environmental hazards. Bangladesh ranks among the most climate-vulnerable countries in the world owing to its low-lying deltaic terrain, high population density, and recurrent exposure to catastrophic weather events. In this setting, climate finance plays a crucial role in adaptation and mitigation, in strengthening resilience, and in advancing sustainable development. This paper examines the governance architecture of climate finance in Bangladesh by analysing its principal funding sources, institutional frameworks, and governance challenges. Adopting a qualitative research methodology, the study draws on secondary data from the Economic Relations Division, the Ministry of Finance, Bangladesh Bank, national policy documents, reports from international organisations, and the academic literature in order to assess both domestic and external climate-funding channels. International mechanisms such as the World Bank and the Green Climate Fund, together with domestic instruments such as the Bangladesh Climate Change Trust Fund, constitute important sources of finance. The findings indicate that although Bangladesh has established several significant climate-finance mechanisms, persistent governance weaknesses, institutional fragmentation, limited technical capacity, complex funding procedures, and low private-sector participation impede the effective utilization of these resources. The paper concludes with policy recommendations to strengthen governance frameworks, improve institutional coordination, and expand green financing initiatives to enhance climate investment and resilience in Bangladesh.

Keywords: Climate Finance, Governance Framework, Institutional Capacity, Adaptation and Mitigation, Public Financial Management

1. Introduction

Climate change affects human wellbeing, economic growth, and environmental sustainability, and it has become one of the defining global challenges of the twenty-first century. Developing nations are especially exposed, because they depend on climate-sensitive sectors such as agriculture and fisheries while facing acute institutional and financial constraints. On account of its geographic location, its level of economic development, and its high exposure to extreme weather events, Bangladesh has been recognised as one of the countries most vulnerable to climate change (Huq & Khan, 2014; Raihan & Khan, 2019). The country lies within the delta of the Ganges, Brahmaputra, and Meghna river systems, and most of its surface area sits only a few metres above sea level. This topography makes the nation highly susceptible to storm surges, floods, cyclones, and sea-level rise. According to the World Bank (2022), nearly two-thirds of the country's land area is less than five metres above sea level, leaving millions of people exposed to coastal flooding and climate-related displacement. Climate-related disasters routinely disrupt infrastructure, livelihoods, and agricultural output, particularly in rural and coastal areas.

In recent decades, climate-related hazards have grown more frequent and more severe in Bangladesh. Intensifying floods, cyclones, droughts, and saline intrusion undermine economic output, water resources, and food security, placing critical sectors such as agriculture, energy, and urban infrastructure at serious risk. The country faces disproportionately high climate risks even though it generates less than 0.5 per cent of global greenhouse-gas emissions (Islam, 2021). This asymmetry underscores the crucial role of international cooperation and financial support in enabling vulnerable nations to manage climate impacts and build resilience.

In response to these intensifying impacts, climate finance has become a central pillar of international climate policy. The term refers to funds mobilised from public and private sources to support mitigation of, and adaptation to, climate change. The United Nations Framework Convention on Climate Change (UNFCCC) defines climate finance as international, national, and local financial flows that aim to reduce greenhouse-gas emissions and enhance resilience to climate impacts (UNFCCC, 2021). Such funds are essential for developing countries, which must invest substantially in climate-resilient infrastructure, renewable-energy systems, disaster-risk-reduction programmes, and sustainable land-management strategies.

International climate-governance frameworks have explicitly recognised the need to provide financial support to developing countries. The adoption of the Paris Agreement in 2015 marked one of the most significant turning points in global climate governance. In its spirit, developed nations committed to mobilise at least USD 100 billion per year to assist developing countries with mitigation and adaptation (Roberts & Weikmans, 2017). Several international mechanisms, notably the Global Environment Facility (GEF) and the Green Climate Fund (GCF), have been established to deliver on these commitments. These bodies play a vital role in financing climate-related projects in developing countries, including renewable-energy development, climate-resilient infrastructure, and ecosystem conservation (Schalatek & Watson, 2020).

Alongside these dedicated mechanisms, multilateral development agencies such as the World Bank and the Asian Development Bank (ADB) provide major financial support for climate adaptation and mitigation in developing countries, funding renewable-energy projects, flood-control systems, and coastal-protection infrastructure. The World Bank (2022) projects that Bangladesh will need to make substantial climate investments in the coming decades to improve resilience while pursuing its sustainable-development goals.

Recognising the importance of climate finance, Bangladesh has created several domestic channels to support adaptation and mitigation. The most widely recognised of these is the Bangladesh Climate Change Trust Fund (BCCTF), established in 2009 to finance climate-related projects from domestic government resources (Bird, 2015). The fund supports disaster-risk reduction, climate-resilient agriculture, and coastal protection, making Bangladesh one of the first developing countries to establish a national climate fund from its own resources.

Despite the presence of both domestic and international mechanisms, institutional and governance problems complicate the effective use of climate funding. Institutional fragmentation, inadequate coordination among government agencies, and protracted bureaucratic procedures frequently delay project approval and implementation (Raihan & Khan, 2019). Weak governance and limited technical expertise can further compromise the allocation and management of climate finance, while the complexity of application procedures for international programmes makes access difficult for countries with weaker administrative systems (Islam, 2021).

A further concern is the limited participation of the private sector in climate-finance efforts. Public resources alone cannot meet the large investment needs associated with climate action. For this reason, governments and financial institutions have emphasised the importance of green finance and private investment. Bangladesh Bank, the country's central bank, has introduced a range of policies to promote sustainable finance, including green-banking guidelines, sustainable-finance frameworks, and refinancing schemes for energy-efficient and renewable-energy products (Rahman, 2020). Even so, private-sector funding for climate-related projects remains very low, signalling the need for stronger financial governance and legal support.

Given these difficulties, strengthening climate-finance governance has become essential for the efficient management and utilisation of financial resources. Effective governance structures can improve coordination, accountability, and transparency among the institutions that manage climate funds, and can help ensure that finance is used efficiently and directed toward projects that address the needs of vulnerable populations.

Against this background, the present paper investigates the governance of climate finance in Bangladesh by examining its institutional frameworks, funding sources, and governance concerns. Specifically, the study addresses the following research questions:

1. What are the current climate-finance mechanisms in Bangladesh?
2. Which governance and institutional barriers limit the effective use and management of climate finance?
3. What legislative changes are required to enhance Bangladesh's climate-finance governance?

By addressing these questions, the study contributes to the body of knowledge on climate-finance governance and offers policy recommendations to help Bangladesh manage its climate finances more effectively. Strengthening this governance is necessary to enhance the country's climate resilience and to promote sustainable development in one of the world's most climate-vulnerable regions.

2. Literature Review

Climate finance occupies an increasingly important place in global climate governance, particularly in supporting developing countries that face major climate risks but lack the resources to manage them. In general terms, climate finance refers to public and private financial resources allocated to adaptation and mitigation initiatives that lessen the effects of climate change. The UNFCCC defines it as local, national, and international funding from public, private, and alternative sources that supports programmes to reduce greenhouse-gas emissions and increase resilience to climate impacts (UNFCCC, 2021). Such finance is essential to help developing countries transition toward sustainable and climate-resilient development pathways.

2.1 Global Climate Finance Governance

The global governance of climate finance has been decisively shaped by international climate agreements and institutional frameworks designed to encourage adaptation and mitigation in developing countries. The adoption of the Paris Agreement in 2015 was a pivotal moment in this process. To support climate action in developing nations, developed countries agreed to mobilise USD 100 billion per year (Roberts & Weikmans, 2017). This commitment reflects the principle of common but differentiated responsibilities, which acknowledges that wealthy countries have contributed disproportionately to historical greenhouse-gas emissions and therefore bear greater responsibility for financing climate action.

A number of international financial organisations have been established to facilitate the flow of climate funding. The Green Climate Fund (GCF) is the principal climate-finance instrument within the UNFCCC framework; it supports projects centred on sustainable agriculture, climate-resilient infrastructure, renewable energy, and disaster-risk reduction in developing countries (Schalatek & Watson, 2020). Similarly, the Global Environment Facility (GEF) has been a major multilateral institution supporting environmental and climate-related initiatives since the early 1990s. As Nakhooda (2013) observes, these institutions play a critical role in shifting financial resources from wealthy countries to vulnerable developing nations.

Despite the creation of these structures, scholars have identified several governance shortcomings in global climate-finance systems. The governance of climate finance involves a complex network of actors, national governments, international organizations, financial institutions, and civil-society organizations whose interactions often generate administrative and institutional frictions that delay project approval and implementation (Hall, 2017). Weikmans and Roberts (2019) further emphasise that robust accountability, transparency, and monitoring systems are essential to ensure that climate finance is used effectively and reaches the most vulnerable areas.

2.2 Climate Finance Challenges in Developing Countries

Developing countries frequently encounter major difficulties in accessing international climate finance. A primary obstacle is limited institutional capacity, which constrains the ability of governments to design, implement, and manage climate programmes. According to Bird (2015), many developing countries struggle to meet the technical and administrative requirements of international climate-finance arrangements—preparing comprehensive project proposals, maintaining fiduciary standards, and complying with the monitoring and review protocols demanded by funding agencies.

A second challenge stems from the fragmented nature of climate-finance flows. Funds are channelled through a range of mechanisms—domestic financing structures, international climate funds, bilateral donors, and multilateral development banks—and this fragmentation can produce coordination problems and governance inefficiencies (Falconer & Stadelmann, 2014). Protracted bureaucratic procedures and intricate approval processes may further delay the implementation of adaptation and mitigation strategies.

The growing demand for climate investment has also highlighted the need for greater private-sector involvement. Because public spending cannot meet global investment requirements, international development organisations such as the World Bank and the ADB stress the importance of private capital. Instruments such as green bonds, blended finance, and climate investment funds are increasingly employed to attract private investment into climate-related industries, encourage private engagement in sustainable development, and reduce investment risk (Bhattacharya et al., 2016).

2.3 Climate Finance Governance in Bangladesh

Bangladesh's proactive efforts to mitigate climate change and strengthen resilience have been widely acknowledged. Owing to its position in the Ganges–Brahmaputra–Meghna delta and its high population density, the country is especially exposed to hazards such as cyclones, floods, and sea-level rise. In response, the government has put in place several institutional mechanisms and policy frameworks to support adaptation and mitigation.

One of the most important national initiatives is the Bangladesh Climate Change Trust Fund (BCCTF), established in 2009. Funded primarily from domestic government resources, the BCCTF supports a wide range of adaptation projects, including coastal protection, climate-resilient infrastructure, and community-based adaptation programmes (Bird, 2015). Its creation demonstrates Bangladesh's commitment to addressing climate change using its own financial resources.

In addition to domestic sources, Bangladesh receives significant climate finance from international organisations and development partners. Multilateral development banks such as the World Bank and the ADB have funded numerous climate-related infrastructure projects, including flood-control systems, cyclone shelters, coastal-embankment improvements, and renewable-energy initiatives. The World Bank (2022) projects that the country will require substantial climate investment in the coming years to achieve resilient development and reduce its vulnerability to climate hazards.

Despite these efforts, Bangladesh's climate-finance management continues to be hampered by governance shortcomings. Raihan and Khan (2019) note that institutional fragmentation and weak coordination among government agencies create inefficiencies in fund allocation and project implementation, with overlapping institutional responsibilities slowing decision-making and approval. In the absence of strong governance frameworks, climate-finance programmes may experience implementation delays or fail to deliver the expected benefits to vulnerable communities (Islam, 2021).

Bangladesh's institutional governance challenges extend beyond the climate-finance sector and reflect broader structural weaknesses documented elsewhere in the country's public administration. Mia and Tao (2024) find that robust rule-of-law institutions are consistently associated with more efficient, transparent, and accountable public service delivery, while weak legal enforcement and bureaucratic obstacles undermine service outcomes in developing-country contexts—a pattern that closely parallels the institutional fragmentation and limited technical capacity identified in Bangladesh's climate-finance governance system. Relatedly, Mia et al. (2022) show that persistent bureaucratic corruption and inefficiency continue to erode government effectiveness in Bangladesh even amid strong macroeconomic growth, suggesting that reforming climate-finance governance cannot be separated from wider public-sector reform. At the community level, Mia et al. (2025) demonstrate that digital financial products such as mobile banking and micro-insurance hold considerable, though largely unrealized, potential to strengthen climate resilience among flood-affected populations in Bogura and Kurigram, provided that barriers of digital literacy, trust, and infrastructure are addressed constraints that mirror the access and capacity limitations restricting the flow of formal climate finance discussed in this paper.

These indicate that strengthening climate-finance governance in Bangladesh should be pursued alongside the reinforcement of the rule of law, the curbing of bureaucratic inefficiency, and the expansion of inclusive digital financial infrastructure at the grassroots level.

2.4 The Emerging Role of Green Finance in Bangladesh

In recent years, Bangladesh has increasingly promoted green-finance concepts to support environmentally beneficial projects and durable investment decisions. Bangladesh Bank has issued several regulations to encourage financial institutions to operate in environmentally responsible sectors, including green banking guidelines, sustainable finance frameworks, and refinancing schemes for renewable energy and energy-efficient technologies (Rahman, 2020).

Green bonds and climate investment funds are two instruments that are becoming increasingly important for channelling private capital into climate-related industries. Uddin (2021) argues that Bangladesh could attract considerably more climate investment if it expanded the range of sustainable investment instruments and strengthened its green finance regulations. Because relatively few institutions currently use such instruments, further institutional reform is needed to draw more private enterprises into climate financing. Table 1 summarises the major climate-finance sources available to Bangladesh.

Table 1: Major climate-finance sources in Bangladesh.

Finance Source	Type	Key Institution
Domestic climate fund	National funding	Bangladesh Climate Change Trust Fund
Multilateral finance	International funding	World Bank
Development finance	Regional funding	Asian Development Bank
Global climate funds	International funding	Green Climate Fund
Environmental funding	Multilateral funding	Global Environment Facility

2.5 Research Gap

Although earlier studies have examined climate finance and adaptation policy in Bangladesh, comparatively little attention has been paid to the governance dimensions of climate finance. Most existing research focuses on funding sources and adaptation strategies, while institutional coordination, governance frameworks, and the regulatory structures that shape the effectiveness of climate finance receive far less attention. There is also limited evidence on private-sector participation in climate-finance governance and on the role of green finance in Bangladesh. To address these gaps, the present study examines Bangladesh's climate-finance governance framework, assesses both domestic and international funding sources, and identifies the institutional barriers that hinder effective management. In doing so, it aims to contribute a detailed analysis of climate-finance governance and to propose policy recommendations for strengthening the country's climate-finance institutions.

3. Materials and Methods

This study examines climate-finance governance in Bangladesh using a qualitative research methodology. It relies on secondary data, comprising government reports, publications from international organizations, policy documents, and peer-reviewed academic literature. A qualitative policy-analysis approach is well suited to investigating the institutional frameworks, governance structures, and policy arrangements relevant to climate finance (Hall, 2017).

3.1 Research Design

The study adopts a descriptive and analytical research design to examine existing climate-finance systems and to identify the institutional barriers that constrain their effectiveness. It considers both domestic and international sources of climate financing, as well as the governance structures responsible for allocating and managing climate-related funds. This approach enables a comprehensive understanding of the rules and policies governing climate finance in Bangladesh.

3.2 Data Sources

To ensure accuracy and comprehensiveness, the study draws on a range of secondary sources. These include reports and publications from international organizations, government agencies, and development institutions engaged in climate financing. Key institutional sources, the World Bank, the Asian Development Bank, the Ministry of Finance, the Economic Relations Division, and the UNFCCC, provide extensive information on climate-finance flows, project funding, and policy frameworks.

National policy documents and reports from government agencies, including the Ministry of Environment, Forests, and Climate Change and the Bangladesh Bank, are used to examine how domestic climate-finance policies and governance processes operate. Reports from the Global Environment Facility and the Green Climate Fund are also reviewed to understand how external finance flows into Bangladesh and how projects are implemented.

3.3 Analytical Framework

The analysis focuses on three central dimensions of climate-finance governance:

(1) Climate-finance mechanisms, including multilateral development funding, international climate funds, and domestic climate funds;
(2) Institutional governance frameworks, encompassing the functions of foreign partners, financial institutions, and government agencies; and
(3) Governance obstacles and challenges, such as institutional-capacity constraints, bureaucratic processes, and limited private-sector involvement.

Through these dimensions, the study assesses the mobilisation, management, and implementation of climate funding in Bangladesh.

3.4 Limitations of the Study

The study has certain limitations, though it nonetheless yields useful insights into the functioning of climate finance in Bangladesh. It relies on secondary data rather than primary collection methods such as surveys or interviews, and the analysis may therefore not fully capture the perspectives of local stakeholders, project implementers, or policymakers. The use of multiple reliable sources, however, enhances the validity and reliability of the findings.

4. Climate Finance Mechanisms in Bangladesh

Climate funding is an essential component of Bangladesh's efforts to adapt to and mitigate climate change. Because the country is highly vulnerable, it requires substantial resources to make its infrastructure more resilient, reduce environmental risk, and promote sustainability. Bangladesh obtains climate funds from both external and domestic sources.

4.1 Domestic Climate Finance

The Bangladesh Climate Change Trust Fund (BCCTF) is one of the principal channels through which the government finances climate action. Established in 2009 and funded from government resources, the BCCTF supports a broad portfolio of programmes, including climate-resilient infrastructure, coastal protection, and disaster-risk reduction (Bird, 2015). Since its inception, the fund has supported hundreds of projects aimed at strengthening the resilience of at-risk communities. Table 2 presents the fund's allocations over the past decade.

Table 2: BCCTF ten-year allocation (Data source: BCCTF Annual Report).

Fiscal Year	Allocation (Million BDT)
2024–2025	1,000
2023–2024	830
2022–2023	500
2021–2022	990.38
2020–2021	670.34
2019–2020	1,520
2018–2019	3,000
2017–2018	1,000
2016–2017	1,000
2015–2016	1,000

The Bangladesh Climate Change Strategy and Action Plan (BCCSAP) provides the overarching framework guiding the use of climate finance in the country. It prioritizes agriculture, water resources, infrastructure, and disaster management sectors that are vital to national wellbeing and supports projects that help communities adapt and build resilience for the future.

Alongside government funding, domestic financial institutions are increasingly mobilising resources for sustainable projects. Bangladesh Bank has introduced policies that encourage banks to invest in environmentally beneficial initiatives, including green banking guidelines and sustainable finance frameworks that direct a portion of their investments toward projects with positive environmental impacts (Rahman, 2020). Figure 1 shows the sector-wise allocation of project assistance under the Annual Development Programme for FY 2024–2025.

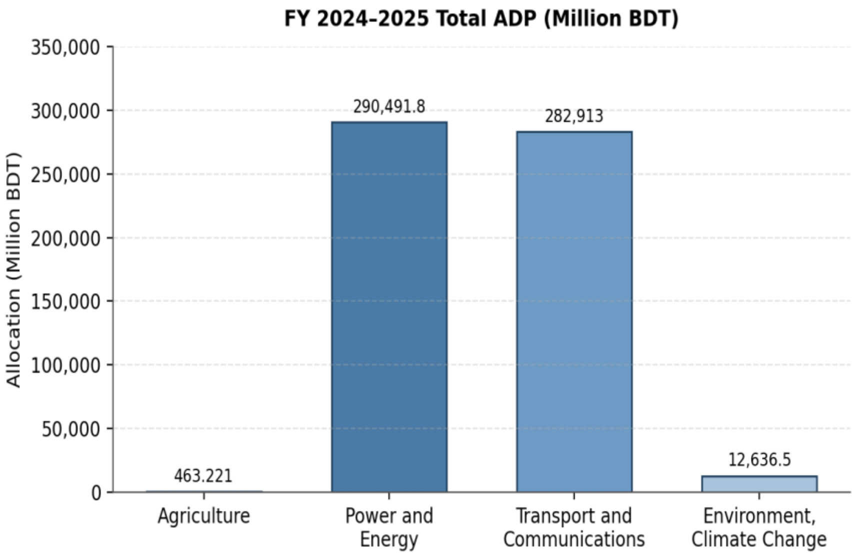

Figure 1: Sector-wise project assistance under the Annual Development Programme (Data source: ERD Annual Report).

Despite these initiatives, domestic climate-finance resources remain insufficient relative to the country's overall climate-investment needs. As climate impacts intensify, the government will need to expand domestic financing mechanisms and strengthen financial governance to ensure the efficient allocation of climate funds.

4.2 International Climate Finance

In addition to domestic resources, Bangladesh has access to large-scale international climate funds and support from development institutions. Among the key global actors is the Green Climate Fund (GCF), which finances large-scale adaptation and mitigation projects, including renewable-energy development, climate-resilient agriculture, and infrastructure-resilience programmes (Schalatek & Watson, 2020).

Another important actor is the Global Environment Facility (GEF), which has supported numerous climate and environmental projects in Bangladesh, including biodiversity conservation, sustainable land use, and climate change mitigation.

Multilateral development banks are central to climate-project finance in Bangladesh. The World Bank and the ADB have advanced large-scale resilience projects, including flood-control infrastructure, cyclone shelters, and coastal-embankment improvements. The World Bank (2022) further indicates that Bangladesh will require considerable climate investment in the coming years to improve resilience and achieve its sustainable-development goals. Figure 2 presents development-partner commitments and disbursements over the past five fiscal years.

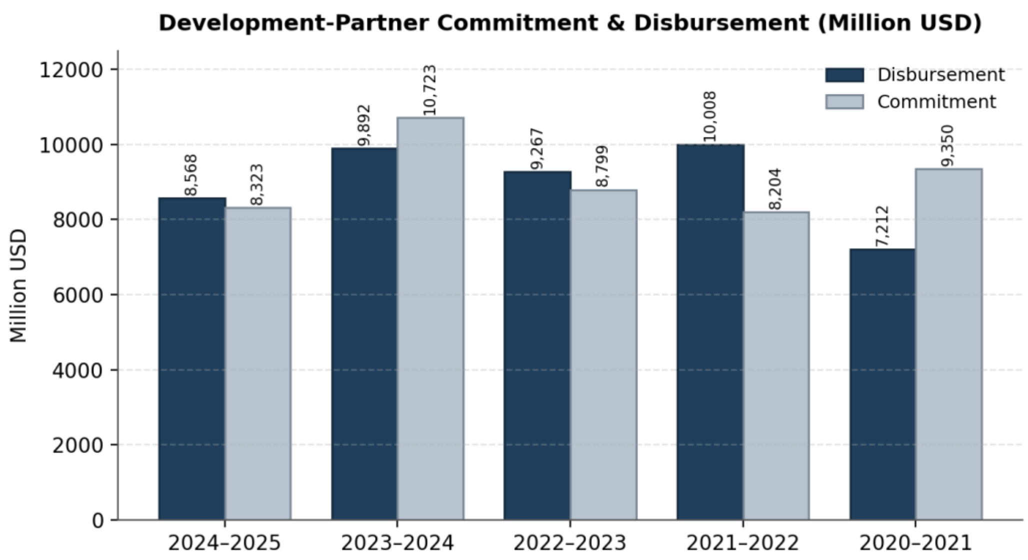

Figure 2: Development-partner commitment and disbursement (million USD) (Data source: ERD Annual Report).

Bilateral donors also support climate initiatives in Bangladesh, financing projects in clean energy, disaster preparedness, and adaptation. These flows help strengthen national strategies against environmental risk while advancing sustainability goals. Nonetheless, obstacles remain in mobilising available external resources even when funds have been earmarked: complex application procedures, stringent eligibility rules, and slow approval processes can impede support for poorer nations (Nakhooda, 2013). Because weak institutions limit progress, stronger oversight systems would help Bangladesh access global climate finance more effectively.

5. Governance Structure of Climate Finance in Bangladesh

Channeling climate finance to where it is most needed, especially to communities facing the greatest threats from changing weather patterns, requires clear and effective oversight. In Bangladesh, multiple institutions at both the national and international levels participate in managing these funds: some mobilise resources, while others handle disbursement and implementation, working together within shared frameworks. Figure 3 illustrates this governance structure.

The Ministry of Environment, Forests, and Climate Change serves as the principal government body responsible for steering climate policy. It shapes national strategies, oversees adaptation initiatives, and builds links with global climate institutions to align domestic action with wider international commitments. The Economic Relations Division (ERD), housed within the Ministry of Finance, provides structure to the governance of climate funding by directing external financial flows. Under the ERD’s coordination, climate-related foreign assistance, including funding from multilateral banks, is managed in close collaboration with international partners and channeled toward local initiatives, and the division also hosts policy dialogues aimed at aligning priorities across countries.

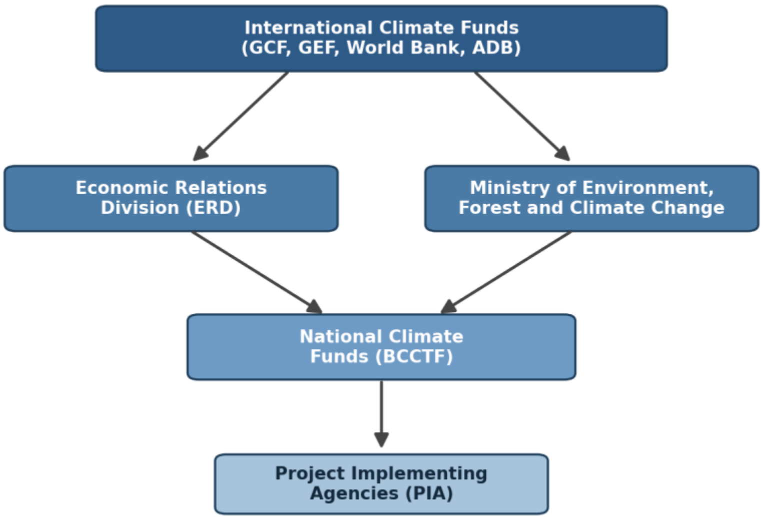

Figure 3: Climate-finance governance structure in Bangladesh.

Banks play an important role in managing climate-related funding. As the central authority, Bangladesh Bank has introduced financial regulations that steer lending toward environmentally responsible ventures; as a result, institutions increasingly follow green-banking directives, adopt sustainability roadmaps, and access dedicated refinancing programmes that support clean-power systems and energy-efficiency measures (Rahman, 2020).

Although they are distinct entities, the World Bank, the ADB, and the Green Climate Fund collaborate in shaping how climate finance flows into Bangladesh, working alongside government offices that combine oversight with on-the-ground coordination. Funding frequently arrives paired with technical assistance, so that expertise accompanies financial resources and helps refine responses to rising temperatures and flood risk. Adaptation and mitigation projects rely heavily on this combination of external support and domestic implementation. Even so, securing effective collaboration among the various actors remains difficult: clearly defined responsibilities, transparent financial processes, and strong working relationships among participants are essential if the system is to function well.

6. Barriers and Challenges in Climate Finance Governance

Despite the institutions and mechanisms established, efforts to govern climate finance in Bangladesh face several barriers. These challenges arise across financial, institutional, and decision-making domains, each of which affects overall effectiveness in distinct ways. Table 3 summarises the key barriers.

Table 3: Key barriers to climate-finance governance.

Type	Description
Institutional	Weak coordination among agencies
Financial	Limited domestic climate investment
Governance	Transparency and monitoring challenges
Administrative	Complex international funding procedures
Private sector	Low participation in climate investment

6.1 Institutional Barriers

A major structural problem lies in the limited coordination among government bodies responsible for climate financing. When multiple agencies share responsibility for climate policy, mandates often blur and processes slow; overlapping responsibilities among ministries create confusion and make it harder to move projects forward without delay. Research by Raihan and Khan (2019) shows that fragmented systems can weaken fund distribution and stall execution, so that progress falters even when resources are available. A related challenge is the shortage of strong administrative and technical capacity within institutions. Not every public agency possesses sufficient expertise to manage the complex funding programmes associated with climate change, and projects backed by international bodies that demand detailed oversight and frequent reporting can stretch existing capacity thin.

6.2 Financial Barriers

Despite support from international climate funds and aid agencies, Bangladesh struggles to manage climate financing under tight budgetary conditions. Although inflows exist, they fall short of the resources required for adaptation and infrastructure. Estimates suggest that billions of dollars will be needed over the coming decades to build genuine resilience, and the scale of required investment far exceeds current commitments, leaving substantial financing gaps (World Bank, 2022). Accessing global climate finance, moreover, typically entails complex documentation and stringent eligibility requirements. Because agencies such as the Green Climate Fund require thorough project plans and extensive supporting materials, countries with weaker administrative systems may struggle to qualify, thereby creating barriers precisely where support is most needed (Nakhooda, 2013).

6.3 Governance Challenges

Weak oversight can undermine funding objectives when monitoring tools lack precision. Where rules exist without effective follow-up, resources may miss their intended targets; unmonitored flows risk slowing progress or dissipating altogether, and even well-directed funds may underperform in the absence of consistent verification. Private participation in climate financing also remains limited. Although Bangladesh Bank launched green-lending initiatives several years ago, business investment has remained low. Deeper reform of the rules and incentives governing such support will be needed to mobilise greater private engagement.

7. Policy Recommendations

Strengthening climate-finance governance in Bangladesh requires more than incremental adjustment within current frameworks; it calls for targeted reform of how institutions operate. Greater clarity in policy improves the management of climate funds, whereas imprecise rules breed confusion among those who implement them. Modest improvements in accountability structures, revised coordination mechanisms, and broader stakeholder access can, over time, align previously disjointed efforts and gradually build trust. The following recommendations address the principal governance weaknesses identified in this study.

7.1 Strengthening Institutional Coordination

A single, dedicated oversight body could help align efforts across departments. When ministries operate in silos, implementation slows; linking them through shared systems, and assigning one entity to track funding flows and set common goals, tends to improve outcomes and reduce duplication. Clearer connections between banks and public offices generally yield more consistent results, whereas fragmented structures delay implementation. A unified approach can streamline decision-making and, over time, improve the extent to which funds reach their intended targets.

7.2 Enhancing Transparency and Accountability

Clear tracking of funds produces better outcomes, and consistent reporting strengthens oversight. Where systems lack clarity, resources often miss their mark; transparent review processes help keep priorities aligned, and openly shared results make progress visible. Strengthening monitoring, reporting, and verification systems is therefore central to ensuring that climate finance is used efficiently and reaches vulnerable communities.

7.3 Expanding Green Finance and Private Investment

Encouraging businesses to invest in environmental projects is one of the most promising avenues for increasing climate funding. Green bonds already play a role, and expanding their reach could attract stronger investor interest; climate-focused funds exist but could be scaled further, and sustainable banking practices, though still uncommon, offer an additional path when supported consistently. Each of these instruments adds momentum when strengthened, without requiring entirely new systems. Although Bangladesh Bank provides clear direction, updating the relevant laws could sharpen its impact: stronger regulation tends to encourage private capital to move toward clean energy, since investors typically wait for clear policy signals before committing. Without such legislative support, potential gains risk stalling.

7.4 Improving Access to International Climate Finance

Simplifying bureaucratic procedures across agencies would help Bangladesh respond more quickly to international funding windows. Strengthened institutions and better-trained officials, particularly in proposal design, tend to raise application quality and improve approval rates with bodies such as the Green Climate Fund. Investing in the skills of local experts and smoothing internal workflows within ministries can therefore make a tangible difference in securing external support. Figure 4 summarises the overall flow of climate finance from international sources through to community-level outcomes.

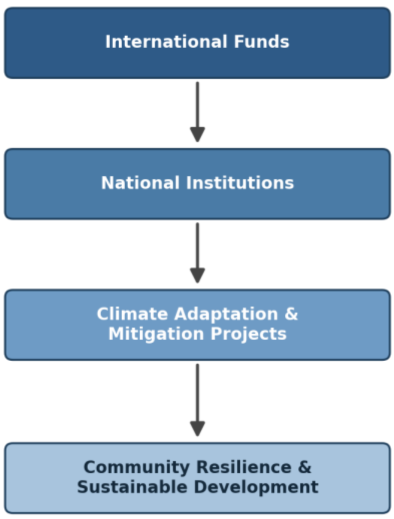

Figure 4: Climate-finance flow framework.

8. Conclusion

As climate threats intensify, Bangladesh faces severe risks due to its high vulnerability, and large-scale funding has become critical for adaptation and reducing harm. Because resilience depends on sustained investment, finance directed toward climate action is essential to securing long-term progress; access to financial support shapes how effectively the country can respond and develop amid changing conditions.

Examining existing funding sources, institutional arrangements, and decision-making challenges reveals how climate finance is governed in Bangladesh. The country already operates several key financing channels, including the national Bangladesh Climate Change Trust Fund, as well as external support from global climate initiatives and major development lenders. Yet effectiveness remains constrained by persistent structural problems, institutions are fragmented and poorly aligned; capacity gaps weaken implementation; access to international finance involves cumbersome procedures; and private-sector participation remains minimal. Progress depends on clearer oversight systems, improved interagency cooperation, and greater transparency in the handling of climate-related spending.

A central message of this study is that stronger private investment and an expanded green-finance ecosystem can reinforce climate-focused spending. Funding gains traction when rules improve, because clearer policies tend to encourage capital flows; financial incentives matter as well, particularly when aligned with long-term environmental goals. The shift toward sustainable models is likely to be gradual, but each reform step helps channel resources into priority areas.

Efficient fund distribution ultimately depends on stronger oversight mechanisms within climate-financing systems. Future research could examine how specific programmes affect adaptation outcomes and explore alternative financing models capable of supporting investment growth in climate-vulnerable countries. Studying real-world results alongside innovative funding structures offers a promising path for advancing both scholarship and policy on climate-finance governance.

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