

Climate Finance Readiness - From Theory to Practice: Case Study from Bangladesh





Facts and figures: Climate Change Policy

Existing Policies and Strategies:

- National Adaptation Programmes of Action (NAPA), 2005
- Bangladesh Climate Change Strategy and Action Plan (BCCSAP), 2009
- National Sustainable Development Strategy (2010 – 2021), published in 2013



Facts and figures: Climate Change Policy

Policies and Strategies in Pipeline:

- Intended Nationally Determined Contributions (INDC), submitted in 2015
- National Adaptation Plan (NAP), roadmap to NAP developed in 2013-14
- Nationally Appropriate Mitigation Acgtions (NAMA): NAMA for Steel Sector under development



Facts and figures: Climate Finance

- The Government typically spends around 6% to 7% of its annual combined development and non-development budget on climate sensitive activity which equates to an annual sum in the region of US\$1 billion. These figures represent around 1.1% of GDP. Over the period 2009/10 to 2011/12 the funding of climate sensitive budgets has been of the order of 77% from domestic resources and 23% from foreign donor resources. (CPEIR 2012)
- Two dedicated funds for climate change – BCCTF (national fund) and BCCRF (donor fund)
- The Government allocated US\$ 390 million approximately to BCCTF during the last seven fiscal years.
- BCCRF total fund US\$188million. Expected to close down by 2016.



Facts and figures: Green Climate Fund

- NDA of Bangladesh is the Economic Relations Division (ERD), under the Ministry of Finance
- 6 potential NIEs from the public sector given nomination letter from the NDA
 - Infrastructure Development Company LTD (IDCOL)
 - Palli Karma Shahayak Foundation (PKSF)
 - Department of Environment (DoE)
 - Bangladesh Bank (central bank of Bangladesh)
 - Bangladesh Climate Change Trust (BCCT)
 - Local Government Engineering Department (LGED)



Facts and figures: Green Climate Fund

- One project approved by GCF through KfW “Climate-Resilient Infrastructure Mainstreaming in Bangladesh”. Implementing partner Local Government Engineering Department of Bangladesh. Project amount USD 80 million of which \$40 million grant from GCF
- GIZ and UNDP are the two nominated delivery partner for GCF Readiness Support.



CF Ready Activities in Bangladesh

1. Supporting the government of Bangladesh in holding a national level dialogue to select the appropriate entity as NDA
2. Supporting the NDA of Bangladesh in selecting potential NIEs from the Public Sector
 - Developing the NIE self-assessment checklist
 - Supporting the 14 potential NIEs selected by NDA to conduct the self-assessment
 - Supporting the NDA to conduct a workshop to select 6 high potential NIEs. These 6 agencies received the nomination letter from the NDA



CF Ready Activities in Bangladesh

3. Supporting the NDA to conduct an institutional assessment of the NDA Secretariat and recommend processes for the no-objection procedure, nomination letter, project proposal/concept note submission and screening. An assessment report has been prepared and is in the process of being printed as a publication.
4. Supporting the NDA to organize and conduct a workshop to introduce GCF to the private sector in Bangladesh and initiate a dialogue on the potential for Bangladeshi private sector in GCF's PSF.
5. Provide strategic advise to the NDA of Bangladesh when and where required
6. Support the NDA in developing the proposal for GCF Readiness Support for strengthening the NDA



Lessons Learnt

- Selection of an appropriate entity as NDA is crucial
 - Its less about understanding of climate change or implementing projects
 - Its more about having strategic oversight across all sectors, convening and coordination power, understanding financial flows and financial mechanisms, mandate to define country priorities, etc.
 - Match GCF requirements for NDA with country's allocation of business.



Lessons Learnt

- Its good to have a pipeline of potential NIEs from public and private sector
 - Have a balance between “Strategically well positioned entities to meet country priority” VS “entities closer to Accreditation Requirements of GCF”
 - Public statutory organizations will have a hard time meeting the GCF requirements for accreditation. Track record and financial statements are the major challenge.
 - GCF itself is evolving through a learning process, so don't put all your eggs in one basket
 - Financial institutions have better chance of getting accredited.



Lessons Learnt

- Conducting a needs assessment is a good idea prior to applying for GCF readiness support.
 - Country's need can be different from the standardized package
 - In case of Bangladesh major need was around increasing process and resource efficiency rather than capacity development through knowledge sharing
- Institutionalizing the processes are very important to avoid loss of institutional memory and ensure continuity



Lessons Learnt

- Deterrent factors for some entities to invest time and resources for GCF readiness
 - Direct access may be the most preferred but Indirect access is easier and quicker.
 - There are also bilateral and multilateral funds flowing through regular channels.
 - Governments own investment on climate sensitive projects are much higher than what is expected to be received through GCF.



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