

# Recommendations for Inclusive Climate Fiscal Framework

## *Highlights from the Youth Policy Dialogue*



### Introduction

Bangladesh is facing frequent climatic disasters due to climate change, despite contributing to 0.52 per cent of global greenhouse gas (GHG) emissions in 2022 (Climate Watch, 2025). Climate change has adverse impact on temperature, air quality, and water level. Concurrently, salinity intrusion in the southwestern regions has intensified, disrupting traditional agricultural practices. These changes have led to a transformation in cropping patterns, while agricultural activities in the northern areas have also experienced severe adverse impacts due to climate-induced stresses. These disasters have adversely affected economic activities through losses in agricultural production, infrastructure damage, and disruptions to livelihoods and markets. From 2000 to 2019, the country has suffered around USD 3.72 billion of economic losses from different natural disasters (Ahsan, et al., 2024).

Changing climatic conditions also have profound socioeconomic consequences. According to the Internal Displacement Monitoring Centre (IDMC) (2025), approximately 21.20 million people were internally displaced in Bangladesh between 2008 and 2024 due to climate-induced disasters such as floods, storms, riverbank erosion, and earthquakes, impacting their socioeconomic conditions. At the same time, the rise in salinity intrusion in the south western regions of Bangladesh has profound impact on reproductive health of women.

Realising the importance of addressing the issue, several policies such as National Adaptation Programme of Action (NAPA), Bangladesh Climate Change Trust Fund (BCCTF), Nationally Determined Contribution (NDC), National Adaptation Plan (NAP), and Bangladesh Delta Plan 2100 were adopted by the Government



of Bangladesh (GoB), prioritising the climate-specific needs. However, there exists significant gaps in climate financing, which hinders the country's ability to effectively address the impacts of climate change. While climate budget have seen an average annual increase of 15.53 per cent since FY2017, this growth is insufficient. For instance, a report by Khatun et al. (2024) estimated a cumulative funding shortfall of BDT 5,792.34 billion by FY2030 to reach SDG 13 targets. Whereas, in the FY2025-26 budget, some climate-specific Social Safety Net Programmes (SSNPs) have been dropped off the list.

Although numerous climate-related projects exist, the absence of effective implementation plans has led to underutilisation of government funds, highlighting the need for improved climate finance management. Moreover, many projects are undertaken without adequate feasibility analysis, while others are initiated based on political considerations and non-technical biases rather than objective needs.

Against this backdrop, the Centre for Policy Dialogue (CPD) organised the Youth Policy Dialogue on 20 October 2025 during CPD Climate Week 2025. The dialogues were attended by young representatives from different universities, youth organisations from all over the country, to discuss the climate solutions that work. The rest of the dialogue brief are organised as follows. The first section of this policy brief outlines issues and recommendations related to climate budgeting and fiscal framework, followed by climate adaptation and mitigation strategies for specific climatic zones in Bangladesh, and finally, climate justice, inclusivity and accountability.

The following section discusses matters related to the frameworks of climate budgeting and financial management.

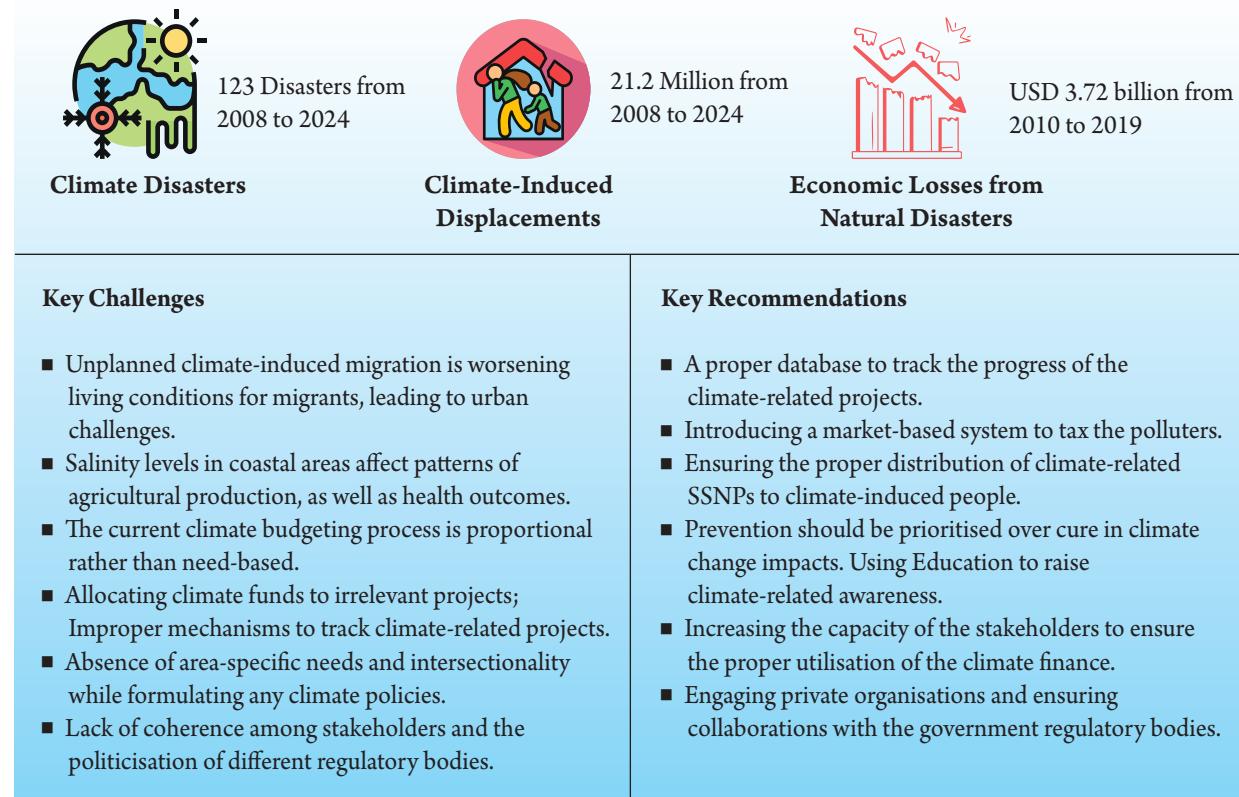
## Climate Budget, Fiscal Framework, and Green Public Finance Management in Bangladesh

Bangladesh requires a huge sum of funding to address the climate-specific needs. According to the report of the World Bank (2022), Bangladesh requires USD 12.50 billion per year, around 3 per cent of its GDP, by 2025 for climate action. Simultaneously, there is a need for USD 230 billion for adaptation in the NAP, as per the Ministry of Environment, Forest and Climate Change (MoEFCC, 2022). The climate budgets of Bangladesh, introduced in 2017, have helped to identify, classify, and track climate-relevant expenditures.

As per the national budget of the FY2025-26, 25 ministries/divisions were involved in operating the climate-related budgets under the six thematic areas of the Bangladesh Climate Change Strategy and Action Plan (BCCSAP): Food security, Social Protection & Health, Infrastructure, Mitigation & Low-Carbon Development, Comprehensive Disaster Management, Research & Knowledge Management, Capacity Building & Institutional Strengthening.

In recent years, there has been an increasing emphasis on climate-related projects; thus, also been an increase in the climate budget over the years. However, climate budget utilisation has been an issue of concern, remaining stagnant at around 85 per cent since FY2020-21 (Khatun et al., 2025).

**Figure 1: Highlights of Climate Challenges and Recommendations**



Source: Compiled from session highlights.

There also exists a lack of coherence among the existing documents; likewise, priorities for addressing the climate-related issues are well-articulated in policies like NDC, NAP, but not fully reflected in annual climate budgets. Again, there is an inconsistency in the use of climate relevance tagging across ministries that distorts the true budget size. Often, projects that are classified as climate-relevant lack climate indicators or monitoring tools. There also exist weak oversight and evaluation frameworks in mobilising domestic climate budgets (UNDP, 2023).

At the same time, the country requires some funding from international sources, and as per the NDC 3.0, around USD 116.18 billion is needed for the total mitigation, USD 90.23 billion of which is conditional, meaning this funding will come from different international sources (MoEFCC, 2025). However, the existing loopholes and bureaucratic inefficiencies, along with the lack of technical expertise, impede access to these global funds, as well.

#### Key Challenges:

- The current budgeting process is proportional rather than need-based. In every fiscal year's budget, a certain amount of allocation goes to the climate funds. However, there is a lack of proper evaluation of which areas or region should be prioritised. So, there remains a question about the effectiveness of these allocated climate funds.
- Despite many climate funds being available for climate vulnerable countries, Bangladesh often fails to access the funds owing limited expertise and technical know-how. Besides, prevailing technical difficulties and complex bureaucratic process also impact the disbursement of the existing funds.
- The reporting system lacks proper mechanisms to specify and track climate-related budget allocations. Often, climate funds are disbursed to different ministries are reported to the IBAS++ system. However, the lack of coordination between the ministries is an issue that means these funds are not properly utilised.

- Climate funds are often used for general projects rather than targeted adaptation and mitigation efforts. It is often seen that the allocation of climate-related funding for projects that are not climate-specific; rather, it is found that different general, and less important projects are being tagged as climate-specific ones. So, governance and transparency should be a priority here. The focus should be on channelising funds to projects for adaptation and mitigation.

Often, different projects are carried out without considering the area-specific climatic realities, resulting in the underutilisation of the resources. From this aspect, it is safe to say that there is a need to introduce several policies that are specifically designed to address the needs of different climatic zones. Although the country policymakers have tried to design some adaptation and mitigation strategies for the different climate zones of Bangladesh, frequently, these have failed to address these issues properly. Based on this specific aspect, the next section is about discussions regarding the challenges that have hindered the implementation of these policies, followed by some recommendations regarding the management of the country's Climate Budget, Fiscal Framework, and Green Public Finance.

### Planning for Climate Adaptation and Mitigation Tailored to Specific Climatic Zones in Bangladesh

Bangladesh has coastal mangroves, vast river floodplains, wetland haor basins, and arid Barind tracts. It also has hilly areas and dense urban centres. This geographical diversity has made the country vulnerable to various climatic disasters. In Bangladesh, coastal districts face cyclones, storm surges, and salinity intrusion, whilst northwestern inland areas suffer droughts and extreme heat.

Flash floods strike suddenly in the northeast haor wetlands, where the Chittagong Hill Tracts experience landslides in monsoons. Major river floodplains are prone to seasonal



floods and erosion, and mega-cities like Dhaka grapple with waterlogging and heatwaves. This geographic variety means one-size-fits-all solutions will not work as climate impacts vary widely by location.

The cyclone shelters would be feasible for the coastal villages, whereas they may be ineffective in the drought-prone upazilas or regions. Similarly, the Drought-resistant crops used in Rajshahi's dry fields will not address flash flood problems in Sunamganj haors. Considering this aspect, 11 Climatic Stress Areas have been identified in the NAP, and as mentioned in the NAP, 113 adaptation interventions have been proposed for different climate stress areas.

Delta plan 2100 has also emphasised the zone-specific projects for the climate-vulnerable areas (GED, 2018). Effective implementation, however, of these projects requires coordination among the regulatory bodies, as climate adaptation cuts across different sectors, ministries, and departments. At the same time, ensuring climate finance is also crucial for implementing these projects, as is the awareness and capacity among these regulatory bodies (Kala et al., 2023).

#### **Key Challenges:**

- The impacts of climate change may vary depending on the socioeconomic and geographic realities of the places. As a result, projects that may be effective in the climate-induced areas of Naogaon and Sathkhira may not be effective in the haors of Sunamganj.
- Unplanned climate-induced migration leads to severe urban challenges and worsens living conditions for migrants. The number of climate-related disasters displaced many people to other regions, and these internal displacements damaged their physical attributes and also impacted their mental health. Their socio-economic aspects were also severely affected. Considering the ground, it is crucial to introduce

policies that will address the challenges stream due to these internal displacements. Simultaneously, global warfare raises the problems of emissions that impact global peace, aligned with an impact on climate change.

- Whilst talking about climate change, the story of frequent adverse climatic events comes forward; however, it is not only about climate change, but also the changes in the human behaviour. Climate change is not only a natural issue but also a human story. In Bangladesh, there is heterogeneity in terms of race, gender. In fact, these intersectionality differences mean men, women from different walks of life will have different stories, which means the environmental changes will have heterogeneous impacts on these people. Recognising intersectionality among women is critical; generalised plans for all women are ineffective—targeted approaches are needed.
- Behavioural issues, such as indiscriminate waste disposal into rivers, contribute significantly to environmental degradation. Promoting behavioural change is key to mitigating climate impacts. Relating to the first point, only undertaking any step without changing our behaviour will not reverse the impacts of climate change. Considering this point, the steps should be to alter the attitude towards climate change.
- Regular visits to climate-vulnerable regions, such as the north-west and south-west, are essential to understand local dynamics and promote locally led adaptation strategies. It is necessary to visit climate-vulnerable places whilst formulating any policies, as often the available policies are not related to the ground realities. In this situation, it is important to introduce some locally-led adaptation strategies based on the ground realities and the changing scenario of different districts and divisions.
- When discussing the Climate Adaptation and Mitigation Specific to various Climatic Zones in Bangladesh,



the discussions of climate justice, inclusivity will also come in. It is frequently found that different climatic infrastructures are being built without considering the needs of women or vulnerable groups. Disaster shelters in climate-vulnerable areas are not so gender responsive often, and this results in the impact of the disaster being severe for a specific portion of society.

## Climate Justice, Inclusivity, and Accountability

Bangladesh contributes very little to the global GHG emissions; however, it is one of the most climate-vulnerable countries in the world. The changing climate impacts would have different impacts depending on the geographic aspects of the region of Bangladesh. Again, as mentioned earlier, the coastal regions of the country will be at risk, as found by a study by the World Bank, (2022) that 13 million people in 19 coastal districts of Bangladesh will be relocated owing to the sea level rise by the 2070s.

The changing climatic events are also having an impact on natural resources. Air contamination, unsafe water, poor sanitation, and hygiene due to the induced environmental pollution cause over 272,000 premature deaths and 5.2 billion days of illness annually, an equivalent of 17.6 per cent of Bangladesh's GDP in 2019.

The impact of climate change can vary depending on gender and other vulnerabilities. To address these issues, the GoB has adopted various measures and policies. The Climate Change Gender Action Plan (ccGAP) is one of them, which has attempted to address the needs of women and specific groups of people during climate disasters. The recently published ccGAP in 2024 emphasised the inclusion of some gender-responsive aspects.

At the same time, there is a lack of women's participation alongside local communities whilst formulating any strategies or policies, and this means, often different policies are formulated without considering the local specific needs, which ultimately led to the failure of these policies.

### Key Challenges:

- The absence of adequate migration data poses a major challenge. Regularly, people of different strata who are vulnerable to climate change have to internally migrate to other districts. For these rampant migrations, it is tough to track them, and the lack of data becomes a hindrance when these people are given any sort of help to mitigate climate-related issues.
- Corruption remains a barrier to equitable access to social protection programmes, as beneficiaries often have to pay bribes to receive support. Reducing corruption is crucial for the fair distribution of social safety nets. It is also an issue, as there are many climate-related SSNPs. However, often these SSNPs are distributed by the local government representatives. Corruption occurs in the distribution of these SSNPs. As a result, often, many climate-induced people are not able to access those funds.
- There exists an absence of a grievance mechanism to tax the polluters, and as a result, the emissions from the industry are rising. However, it is required to penalise the polluters, and there is a need to introduce a proper market-based system (i.e., a taxation system like carbon taxation). It is also required to impose taxation on large polluters.
- Bangladesh has already been divided into different climatic zones. The impacts of climate change vary depending on the place of living. Children and women are among the most affected by climate change. These climate changes impact adolescent girls and children during these disasters, not just causing physical damage to them, but also putting stress on their mental health. Therefore, it is necessary to take steps or implement policies that consider these factors.

### Key Recommendations

Considering all these issues of the thematic areas, there are different recommendations from participants, discussants to address related issues, mentioned below:



## **Key Recommendations for Climate Budget, Fiscal Framework, and Green Public Finance Management in Bangladesh:**

- Localising the budget could strengthen climate policy implementation at the grassroots level. The regulators often allocate budgets to some projects or programmes that are less specific to the requirements of the local needs. Based on political scenarios, various projects are undertaken. In this respect, there is a need to frame the budget considering local specific needs. Different districts, divisions of Bangladesh have diverse climatic scenarios; their socio-economic realities are different from each other. So, there is a need to consider the area and sector-specific realities whilst formulating the budget.
- Bangladesh Bank has established a dedicated climate fund since 2016 to promote green and sustainable financing for different businesses. However, there is a lack of promotion and awareness regarding these funds. Both businesses and entrepreneurs should actively seek these funds, whilst the fund access process should be made transparent and easy enough to inspire their use by the fund receivers.
- As delays in fund disbursement worsen the situation for climate-vulnerable communities, climate financing must be managed efficiently. Global northern economies have pledged to provide funds for the climate-vulnerable economies; however, the disbursement of these funds is an issue. These funds are misplaced, meaning these funds often remain ineffective in addressing climate-related issues. So, the focus should be on the timely disbursement of these allotments.
- Despite limited resources, it is vital to listen to and incorporate everyone's valid opinions. Bangladesh has

limited resources, and as a result, when attempt taken to implement any project, it becomes very challenging to finance all of them. Therefore, it is high time to select the project based on its priority and feasibility. At the same time, it is necessary to incorporate various stakeholders' opinions whilst implementing any project.

- Although multiple climate-related platforms exist, they are not well operationalised. There are a lot of existing organisations, platforms that work to address climate-related issues. The effectiveness of these organisations is an important question to consider. Climate change is a cross-cutting issue that has an impact on education, health, and socio-economic aspects. So, intercorrelation is necessary as the coordination among these authorities is missing, and as a result, these platforms are not working well. So, it is the perfect moment to focus on operationalising these existing authorities well, than forming any other new platforms or organisations.

## **Key Recommendations of Planning for Climate Adaptation and Mitigation Tailored to Specific Climatic Zones in Bangladesh:**

- Indigenous communities and persons with disabilities require special attention in climate policies. The impacts of climate change have heterogeneous impacts on different indigenous communities, and the experiences may vary depending on their place of living. So, the time has come to recognise these issues.
- Every ministry should integrate climate change considerations, as the issues intersect with all sectors. Climate change is a cross-cutting challenge and only forming regulations or authorities alone is unable to entirely address the challenges. The approach should be to integrate different connected sectors or ministries to address the issue.



- Addressing climate change requires coordinated efforts among all stakeholders. As mentioned in the other sections, the lack of coordination among the regulators is a common characteristic seen in Bangladesh, which leads to the failure of various policies. So, the approach should be on strengthening the articulated efforts among the stakeholders.
- Instead of surface water, deep groundwater is primarily used for irrigation. But it risks further depletion of underground reserves. Hence, the government should prioritise use of surface water for irrigation purposes. At the same time, the policymakers should focus on introducing market-based water solutions (like the water ATM booths available in Dhaka city) in these rural areas.
- Government agencies alone are unable to deliver feasible solutions for climate change. Private sector participation and grassroots engagement are equally important. The coordination among these regulatory authorities is necessary. At the same time, climate budget allocations should follow principles of equality and equity to reduce disparities and ensure fair distribution.
- Enhancing knowledge and developing a critical understanding of climate change are essential for effective action. It is actually linked with the previous point, and without awareness about the impacts of climate change, it would be a tough call to ensure a proper implementation of these climate-related projects with no proper knowledge and awareness of the climate-related impacts.
- There can be an area-specific database that would try to accumulate data on various area-specific issues. It will enable policymakers to address these issues more effectively.
- Prevention should be prioritised over cure in addressing climate change impacts. Education is an issue that can be utilised to address climate-related awareness. At the same time, narrative matters, as the focus should be on preventing climate change, since without prevention, we cannot preserve our climate. In the coming years, without opting for prevention strategies, there will be huge losses.
- Improving the conditions of the ultra-poor should be top priority. When adopting any policy, the authorities mostly eye on the project returns. Likewise, when providing loans to any receiver from any funds, clouds of doubts prevail about the returns of these funds, which means these funds are not disbursed to the people who really need them or to the ultra-poor. In this regard, there is a need to prioritise those who are really in need of these funds. Stakeholders often focus on disbursing funds to these people who will be impacted earlier.
- Government institutions, such as the Barind Multipurpose Development Authority (BMDA), should be depoliticised to improve effectiveness. Earlier, institutions like BMDA were effective, where various initiatives like deep tube-well, and other initiatives worked well to promote irrigation; however, the politicisation of these institutions has made these organisations paralysed. So, the regulators should emphasise the regulation of monitoring these institutions effectively.
- Youth climate activists, Non-Governmental Organisations (NGOs), and Civil Society Organisations (CSOs) should form a unified pressure group to advocate for climate justice to the government. There have been suggestions of forming new committees for addressing climate change; however, there are already some organisations that work for climate justice. Bangladesh has some policies like the NAPA, NAP, and NDCs, and also has some technical bodies related to monitoring these programmes. And if these have worked well, the country would not have needed any new bodies. So, the emphasis should be on effectively activating these bodies. Whereas these bodies can have been formed at some local levels (i.e., Thana, Municipality, Union levels), where there is a need to create awareness regarding climate change.

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