

BANGLADESH CLIMATE FINANCE MARKET SCOPING

— EXECUTIVE SUMMARY —



ABOUT B-BRIDDDHI

A key goal of growth in Bangladesh is to develop an inclusive ecosystem, which allows the entire population to participate. Impact enterprises can play a vital role in this vision. By developing and scaling innovative solutions to social and environmental challenges, people still living in disadvantaged conditions can receive an equal chance to benefit from economic prosperity in their roles as customers, suppliers and employees.

B-Bridddhi is a multi-year public-private development partnership (PPDP) supported by the Embassy of Switzerland in Bangladesh, implemented by Roots of Impact, LightCastle Partners and other stakeholders, including investors, private sector organizations, incubators, and support organizations for impact enterprises.

BiniyogBridddhi (“B-Bridddhi”) was launched in 2020 to enhance the **financial, social, and environmental** performance of impact enterprises by enabling them to master **Impact Investment Readiness (IIR)** as well as **Impact Measurement and Management (IMM)**. In addition, it gives them much-needed access to **innovative and catalytic funding**, which puts them in a much better position to scale their impact.

B-Bridddhi’s primary actions are organised around four pillars of activity, which include **capacity building, catalytic finance, advocacy, and knowledge management**. The overall objective is to help impact entrepreneurs grow and scale with Impact-Linked Finance and reach more vulnerable customer groups and to help build is to help build an ecosystem in which impact entrepreneurs have increased access to suitable growth capital and where investors receive exposure to a pipeline of investment-ready impact enterprises.

BANGLADESH CLIMATE FINANCE MARKET SCOPING REPORT

The Climate Finance Market Scoping Report is intended to provide a broad overview of climate finance as it pertains to impact enterprises in Bangladesh. It is intended to be used in conjunction with the Climate Finance Navigator, which provides practical tools, tips and tricks to support impact enterprises in Bangladesh to understand and monetize their climate impact.

OVERVIEW OF CLIMATE FINANCE IN BANGLADESH

Bangladesh, one of the most climate-vulnerable countries, has actively pursued climate adaptation and mitigation strategies, aligning with global goals under the Paris Agreement. Bangladesh has submitted its Nationally Determined Contributions (NDC) and committed to reducing emissions by 6.73% unconditionally and up to 15.12% with additional financing by 2030, emphasizing renewable energy, energy efficiency, and sustainable agriculture.

Impact enterprises in Bangladesh have the opportunity to support the implementation of the Bangladesh NDC and increase the country’s resilience to climate change. In doing this, they have the opportunity to access climate finance.

Example activities that may be eligible for climate financing include:

- **Mitigation:** Transitioning to renewable energy, enhancing energy efficiency, reducing emissions from agriculture and transitioning to low-emission transportation systems.
- **Adaptation:** Coastal resilience, disaster preparedness, and sustainable agriculture.

UNDERSTANDING CLIMATE FINANCE AND CARBON MARKETS

Climate finance is a critical mechanism to combat climate change by channelling resources into projects that reduce greenhouse gas (GHG) emissions and adapt to a changing climate.

CLIMATE FINANCE PATHWAYS

Three primary climate finance pathways are relevant for impact enterprises in Bangladesh. Each of these has a different purpose, and is driven by different actors.

CLIMATE FINANCE PATHWAY	CONCESSIONAL AND GRANT FINANCE	CARBON MARKET		VALUE CHAIN CLIMATE ACTION
Project funder	Development partners & government Bangladesh	Foreign governments	Voluntary private sector buyers	
Aim	Contribute to Bangladesh NDC	Contribute to foreign government NDC	Compensate residual emissions	Reduce value chain emissions
Project monitoring	Project based monitoring approach agreed bilaterally	Voluntary carbon standards		Value chain intervention

1. **Carbon market:** Bangladesh has a legacy of over 40 registered carbon projects under certification standards such as the Clean Development Mechanism (CDM), Verra, and Gold Standard. These projects, focused on clean cooking, renewable energy, and reducing gas leakages, often face challenges with marketability, with only 15% of issued credits retired. Nevertheless, the carbon market is likely to increase in relevance in the future as governments and companies will use the instrument to achieve climate goals.
2. **Value chain climate action:** Major industries, in particular the ready-made garments industry, have committed to reducing emissions. Leading brands such as H&M and Primark have committed to Science-Based Targets initiative (SBTi), collaborating with suppliers to reduce emissions through renewable energy and efficiency projects. This presents an opportunity for impact enterprises to collaborate with garment factories and their value chains to implement climate-mitigating technologies and practices.
3. **Concessional and grant financing:** Programs driven by the government of Bangladesh (for example, the Bangladesh Climate Change Trust Fund (BCCTF)), international donor countries, and international organisations such as the Green Climate Fund (GCF) finance mitigation and adaptation projects. These funds could be leveraged by impact enterprises in Bangladesh.

Bangladesh's climate finance landscape, though evolving, presents growing opportunities for impact enterprises to innovate, align with global goals, and contribute to sustainable development.

KEY IMPLICATIONS FOR IMPACT ENTERPRISES

1. There are opportunities for impact enterprises in Bangladesh to leverage climate finance.
2. Impact enterprises should consider who would be interested in funding the climate benefits, and explore the best approaches for marketing and sales of the climate benefits.
3. Impact enterprises should get their climate-related data organised and evaluate which climate finance pathway fits best (using the Climate Finance Navigator).
4. Impact enterprises need to be aware of the requirements set forth by the specific climate finance pathway they intend to use.
5. While the landscape for climate finance is evolving, it is ultimately gaining in importance, and opportunities for impact enterprises to access climate finance are likely to increase in the future.

