

Justice in the Balance: Climate Debt Relief and the Rise of Natural Rights Governance

Climate Debt Risk Index 2025

Bangladesh Report

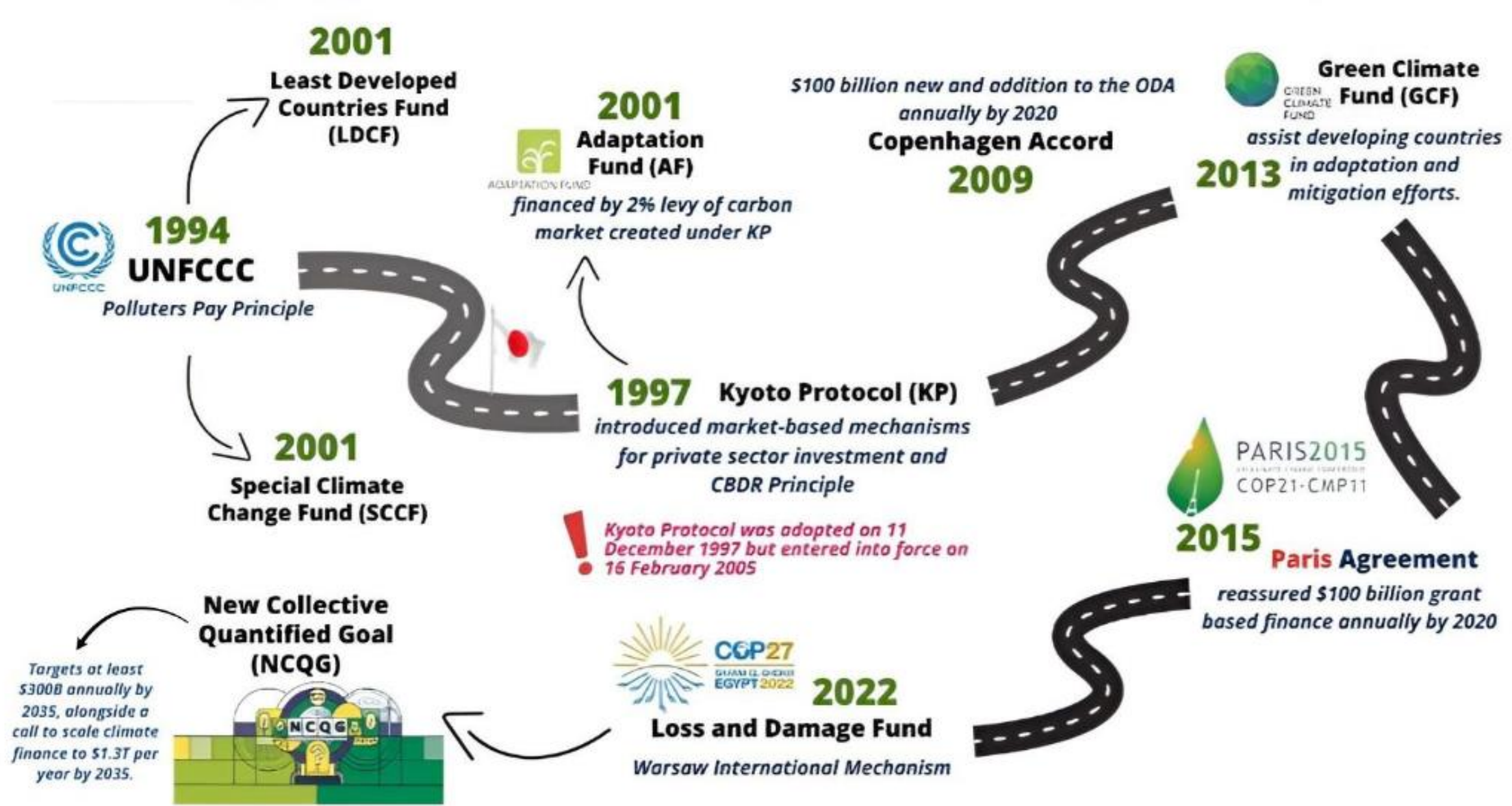


September 2025



The Broken Promise of Climate Finance

PATHWAY OF CLIMATE FINANCE MECHANISMS AND MILESTONES



Highlight global debt-heavy climate finance by 2023

- By 2023, over 76% of climate finance delivered globally was in the form of debt.
- Dominance of debt over grants in climate funding worldwide.



Show minimal grant-based finance for LDCs

- For Least Developed Countries (LDCs), less than 5% of climate finance was grant-based
- Increases their financial vulnerability and limits their capacity to respond effectively to climate challenges.

Bangladesh's Reality: Climate Impact Overview

7th

Ranked 7th most climate disaster-affected country

Bangladesh ranks among the top ten nations globally, highlighting its extreme vulnerability to climate-related disasters from 1999 to 2018.

130 million

130 million people affected by climate induced hazards between 2000 and

Widespread natural hazards impacted already vulnerable citizens, underscoring the scale of exposure and recovery challenges.

US \$13.6 billion

US \$13.6 billion economic damage caused by hazards

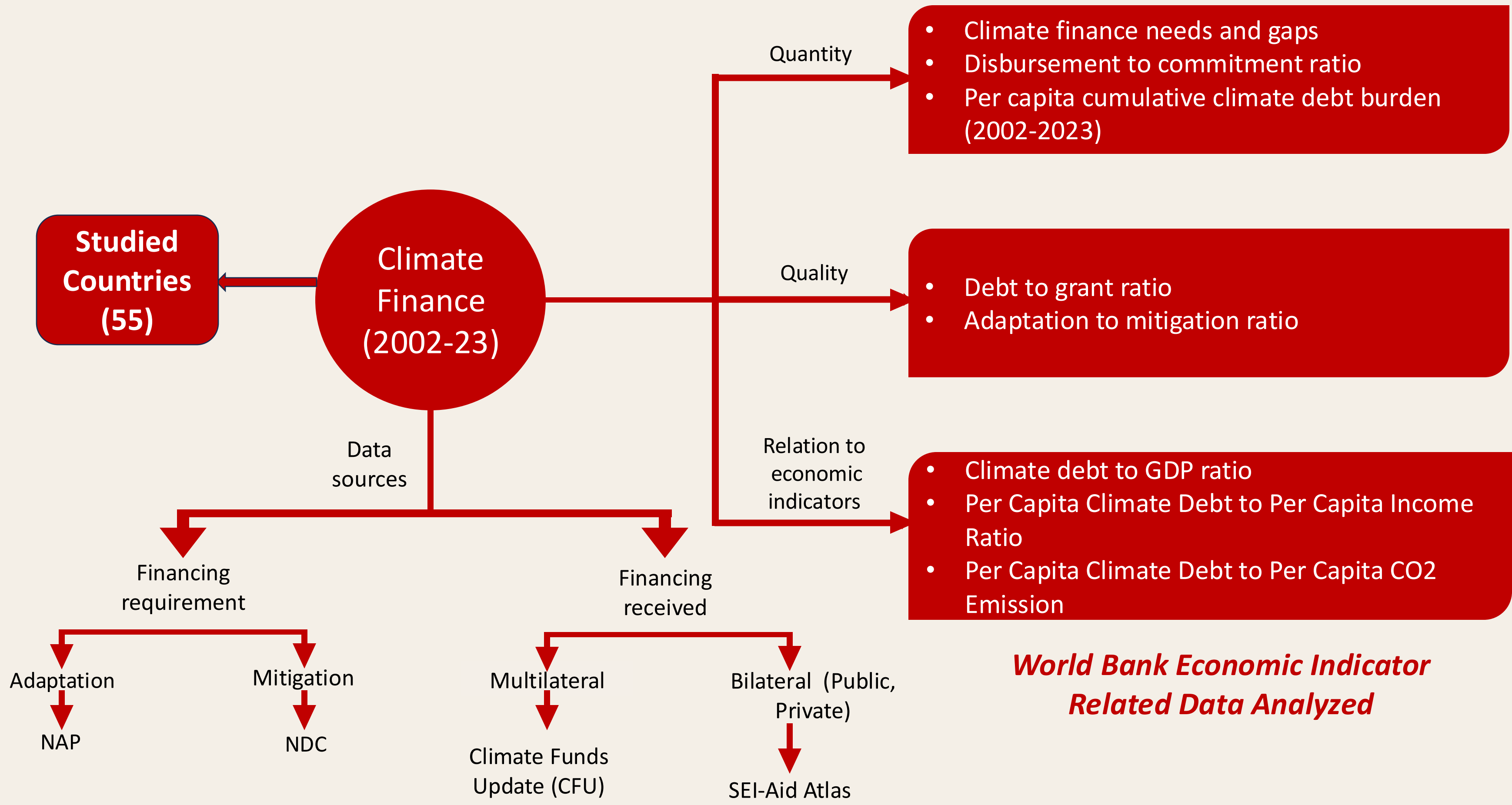
Between 2000 and 2023, climate-induced disasters caused significant economic losses, emphasizing the urgent need for nature-led robust resilience and disaster risk management.

US\$88 (BDT 10,700)_{adjusted}

Annual BDT 10,700 spent by rural households on adaptation

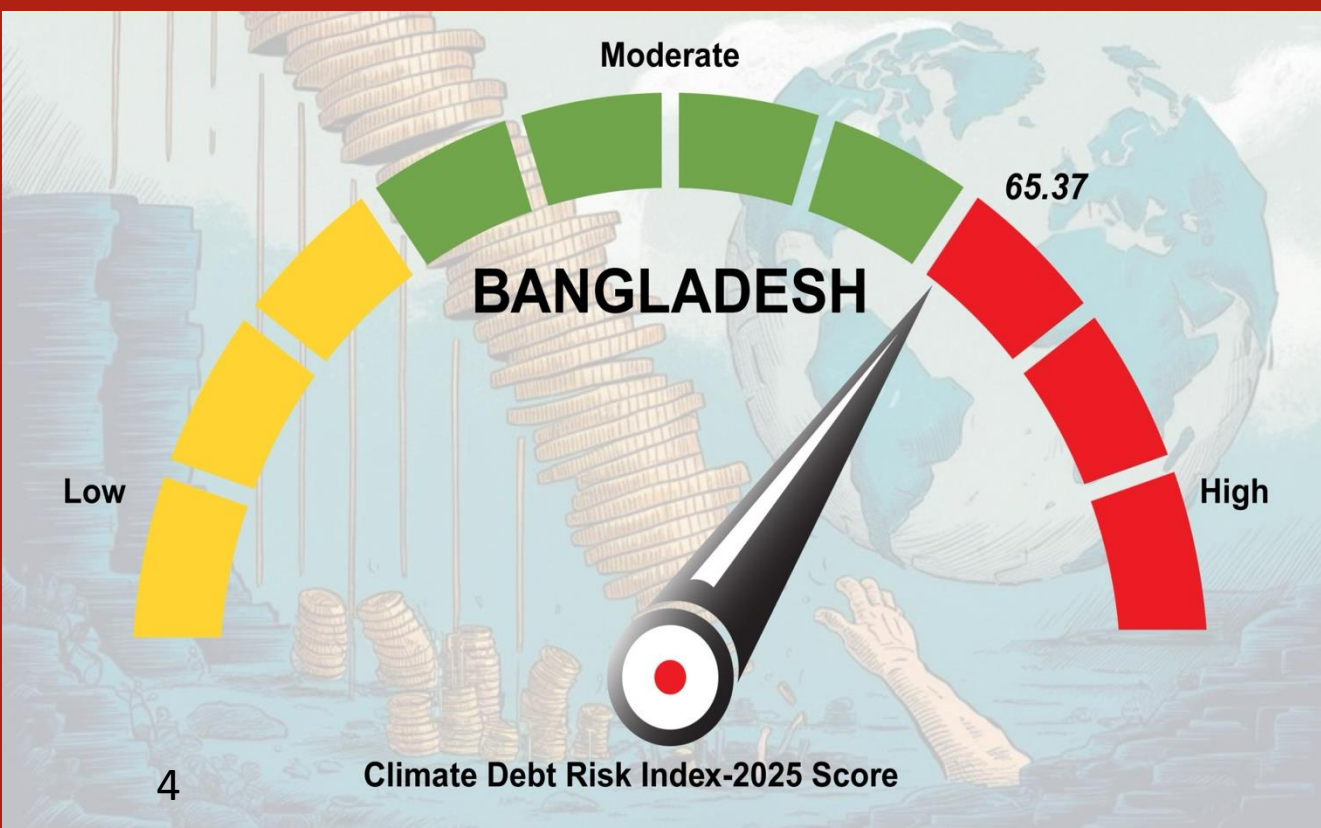
Nationwide household adaptation costs total US\$1.7 billion annually

Analytical Framework and Methods



Climate Debt Risk Index (CDRI-02) 2025 Score: Bangladesh

Projected upward trend signals urgent need for policy and financial action



2025

Current CDRI Score at 65.37/100

Bangladesh's Climate Debt Risk Index stands at a high-risk* level of 65.37, highlighting significant climate vulnerability requiring attention.

2028

Projected increase to 65.42/100

Forecasted the slight rise in CDRI score to 65.42 indicates an escalating climate debt risk trend needs strategic interventions.

2031

Further risk to be increased to 65.63/100

Continued upward trend in CDRI to 65.63 signals intensifying climate debt risk, emphasizing urgency for policy reform and financial measures.

* Very High Risk: Final Index ≥ 70 ; High Risk: $50 \leq$ Final Index < 70 ; Moderate Risk: $40 \leq$ Final Index < 50 ; and Low Risk: Final Index < 40 .

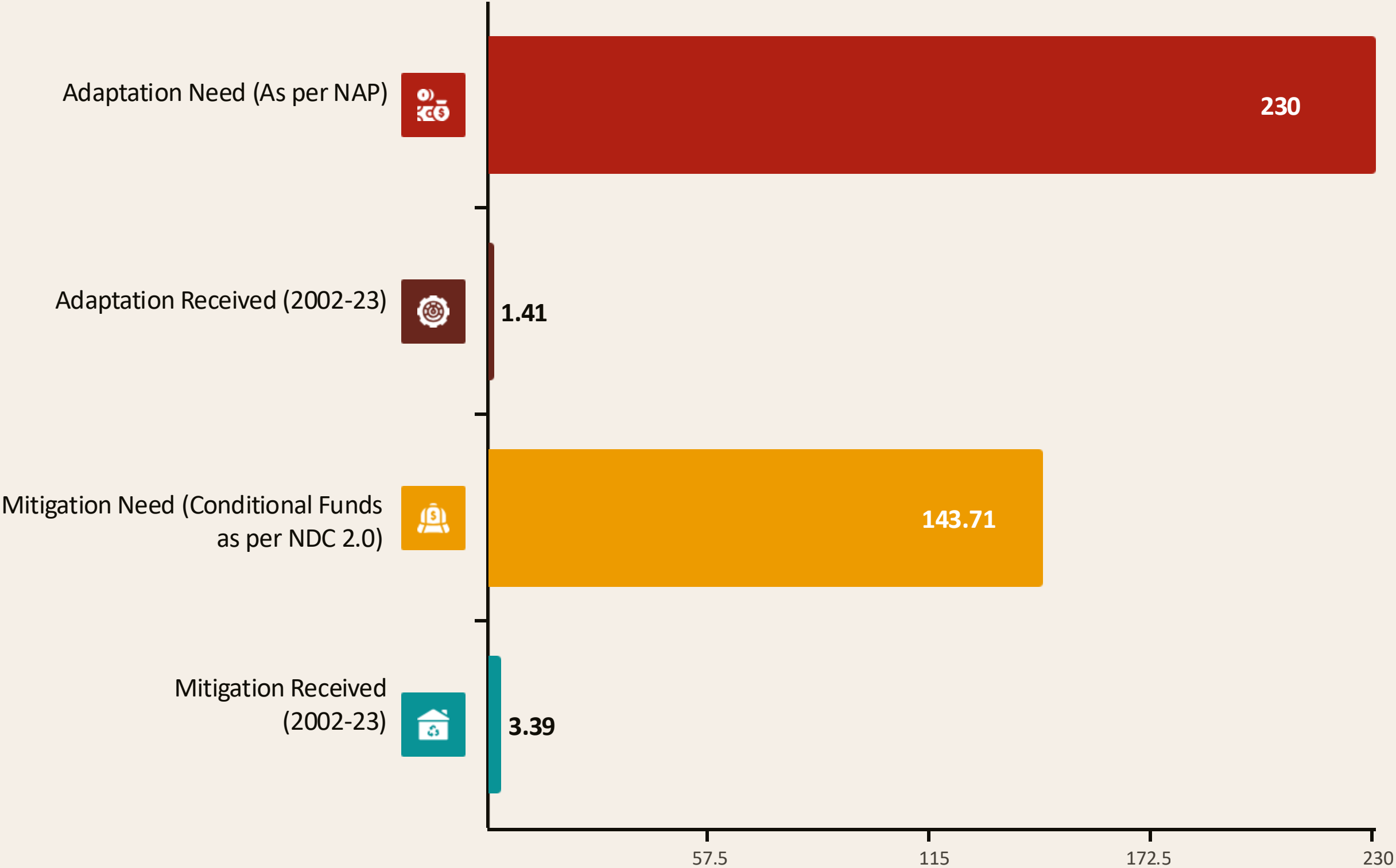


Climate Finance Landscape of Bangladesh

Climate Finance Needs & Gaps (In Billion USD)

Bangladesh has **received less than 1%** of its projected adaptation financing.

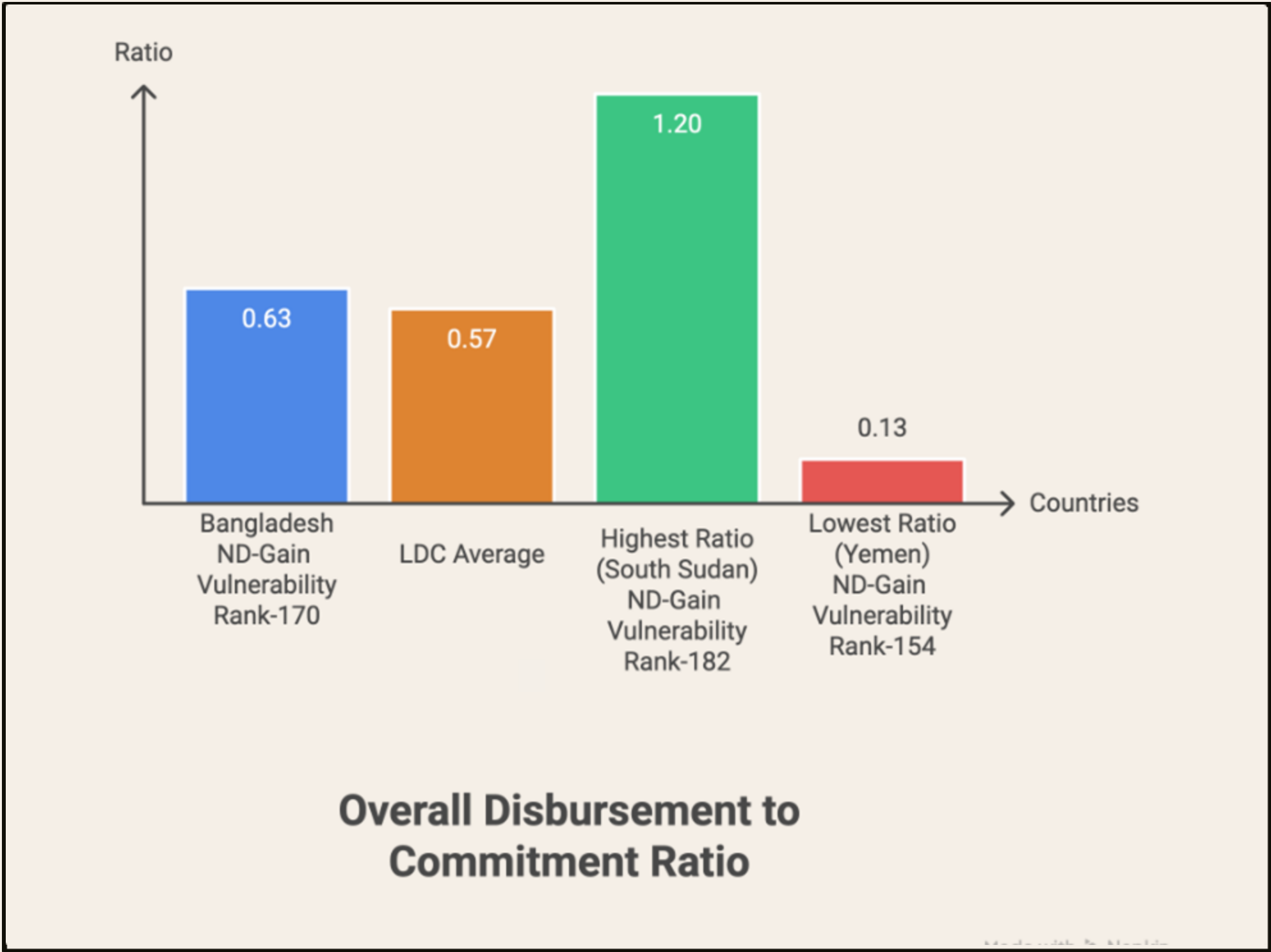
Mitigation finance is critically underfunded: **only 2.35% of the required was mobilized.**



Disbursement to Commitment Ratio

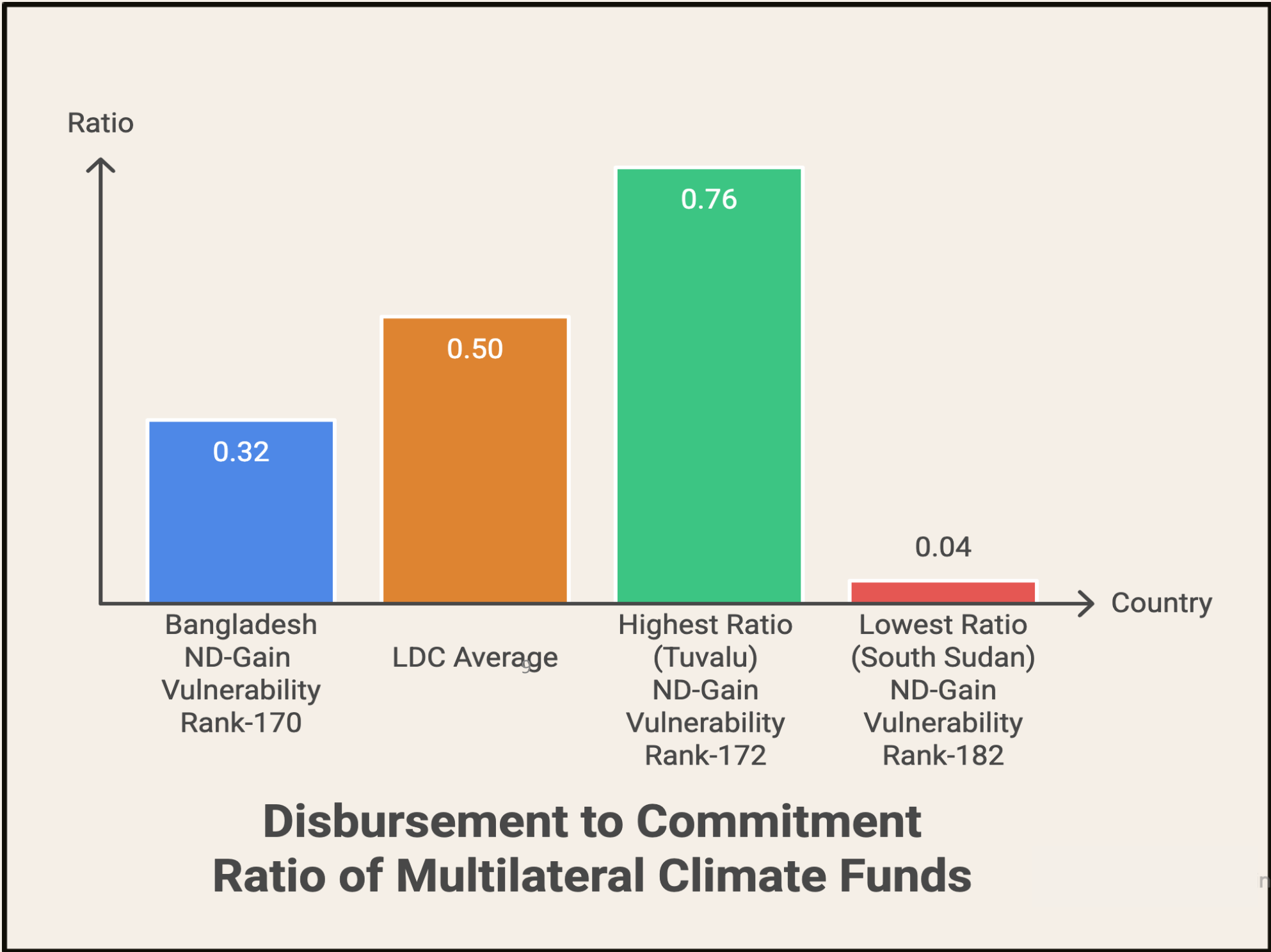
Overall climate finance **disbursement to Bangladesh is 63% of commitments**, slightly above the LDC's average, but significant gaps remain.

Every USD 1 of climate funds committed to Bangladesh, USD 0.63 has been disbursed.



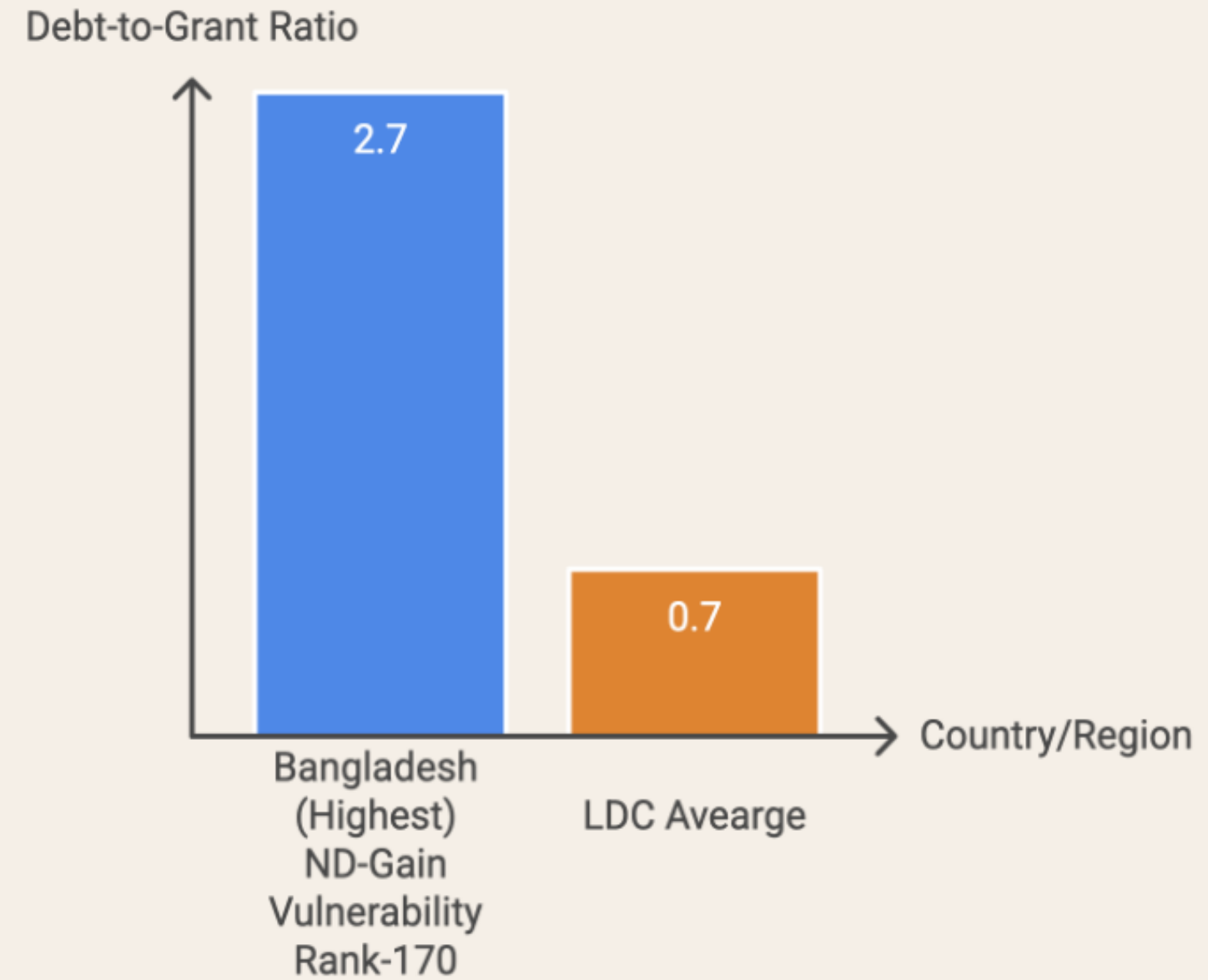
Disbursement to Commitment Ratio of Multilateral Climate Funds

- Disbursement from multilateral climate funds is **critically low at 32%**, leaving most pledged funds undelivered and exacerbating reliance on loans



Overall Debt to Grant Ratio

- Bangladesh loan-to-grant ratio is 2.7 (Highest), 3.85 times global average 0.7

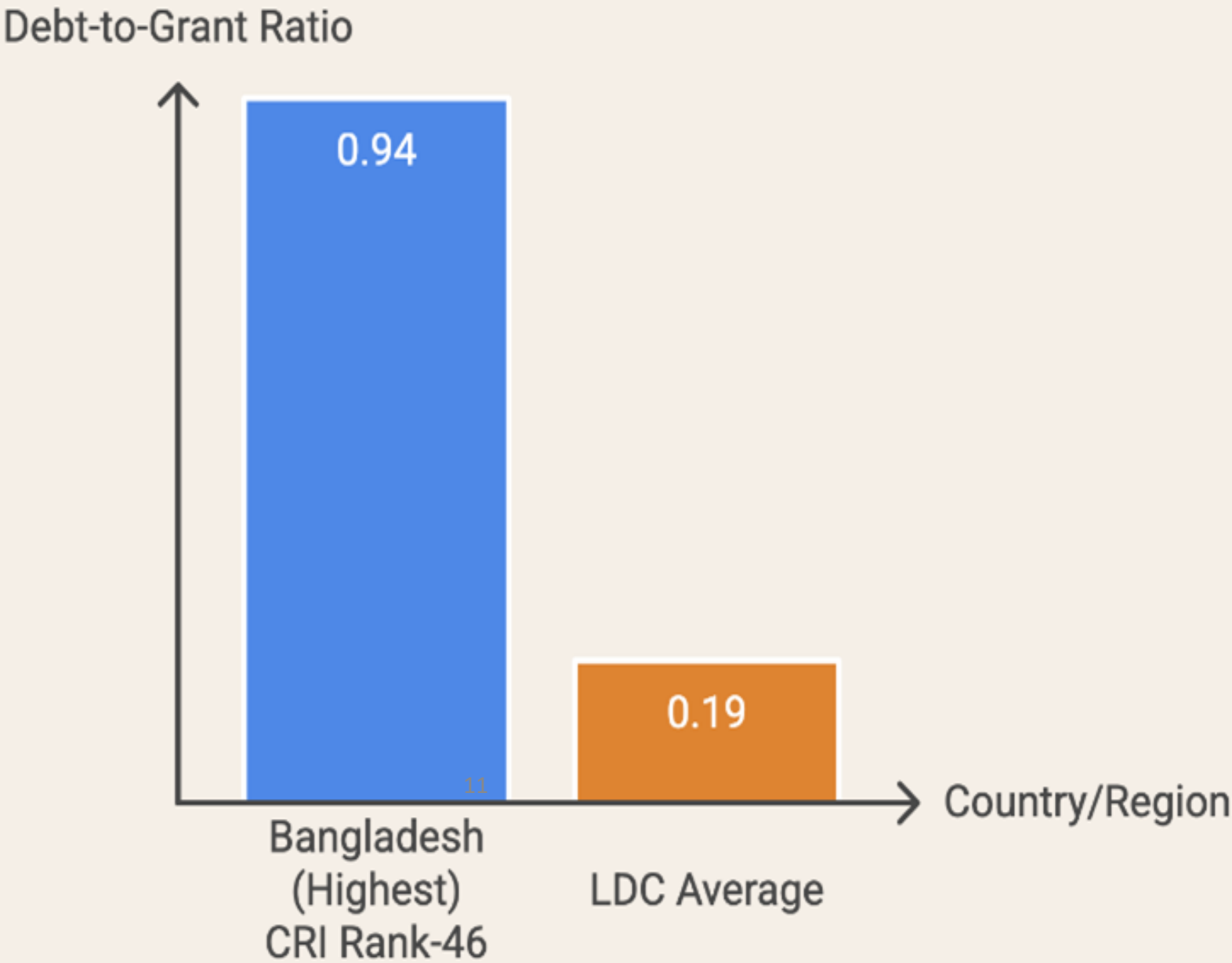


For every USD 1 Bangladesh gets as grant, it is taking USD 2.7 as debt (loans).

Overall Debt-to-Grant Ratio Made with Napkin

Debt to Grant Ratio of Multilateral Climate Funds

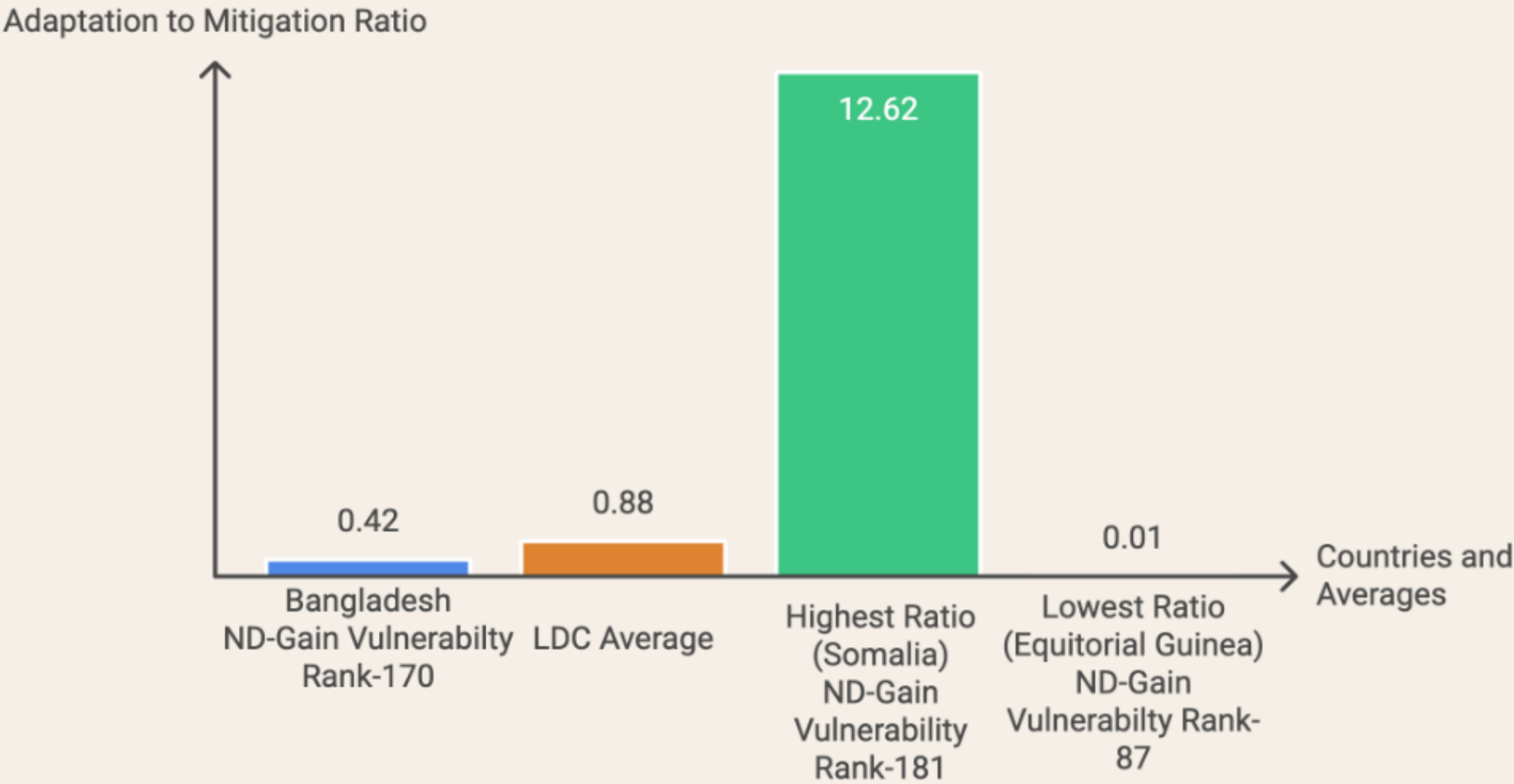
- Bangladesh's debt-to-grant ratio of Multilateral Funds is 0.94 the highest among LDCs.
- Nearly 5 times the average of 0.19 for LDCs.



**Debt-to-Grant Ratio of Multilateral
Climate Funds**

Adaptation to Mitigation Ratio

- Overall adaptation-to-mitigation ratio is 0.42
- Far below the global average of 0.88, showing severe underfunding of adaptation projects.

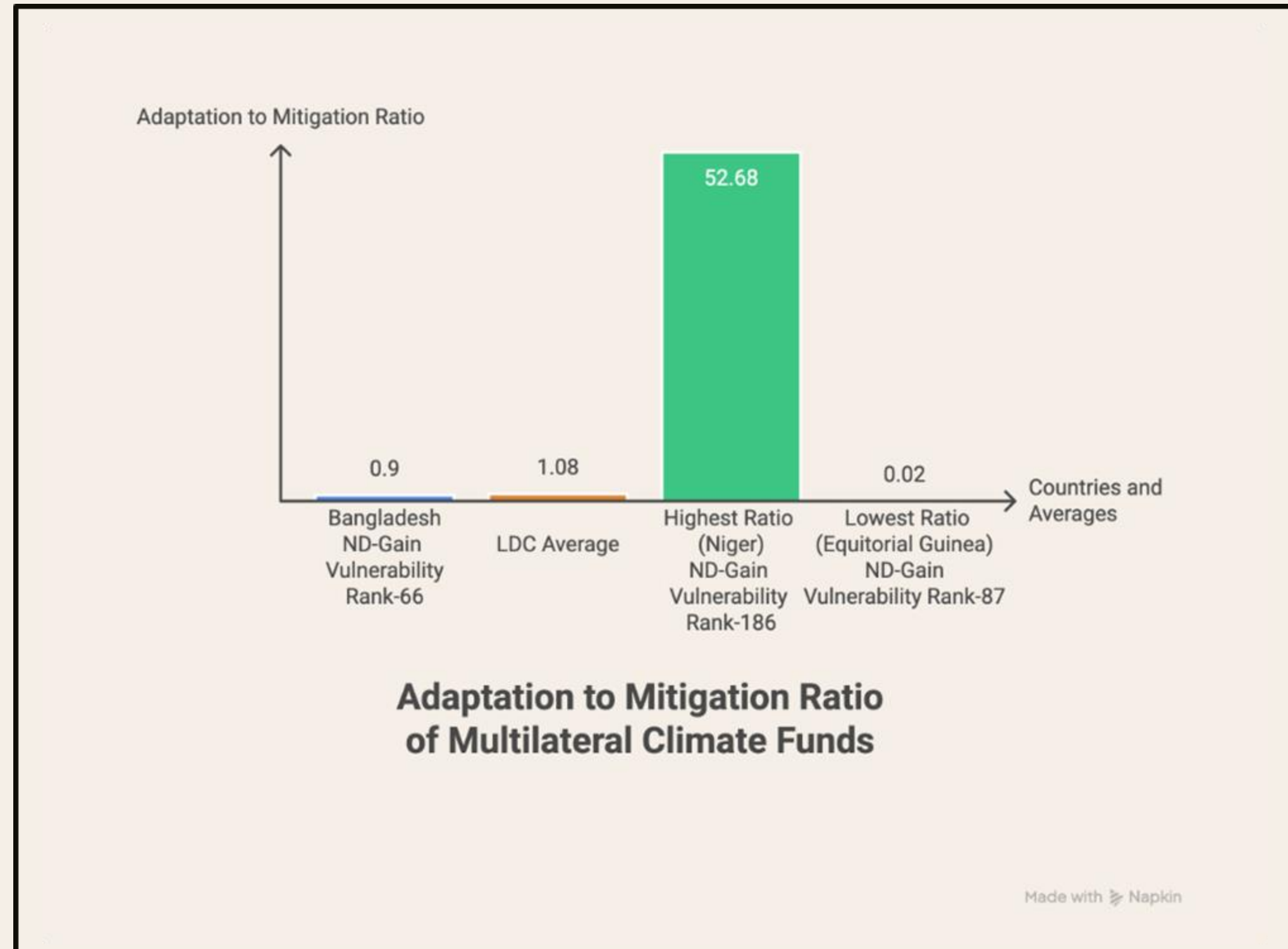


It means that for every USD 1 Bangladesh gets for mitigation projects, it only gets USD 0.42 for adaptation projects.

Overall Adaptation to Mitigation Ratio Comparison

Adaptation to Mitigation Ratio of Multilateral Climate Funds

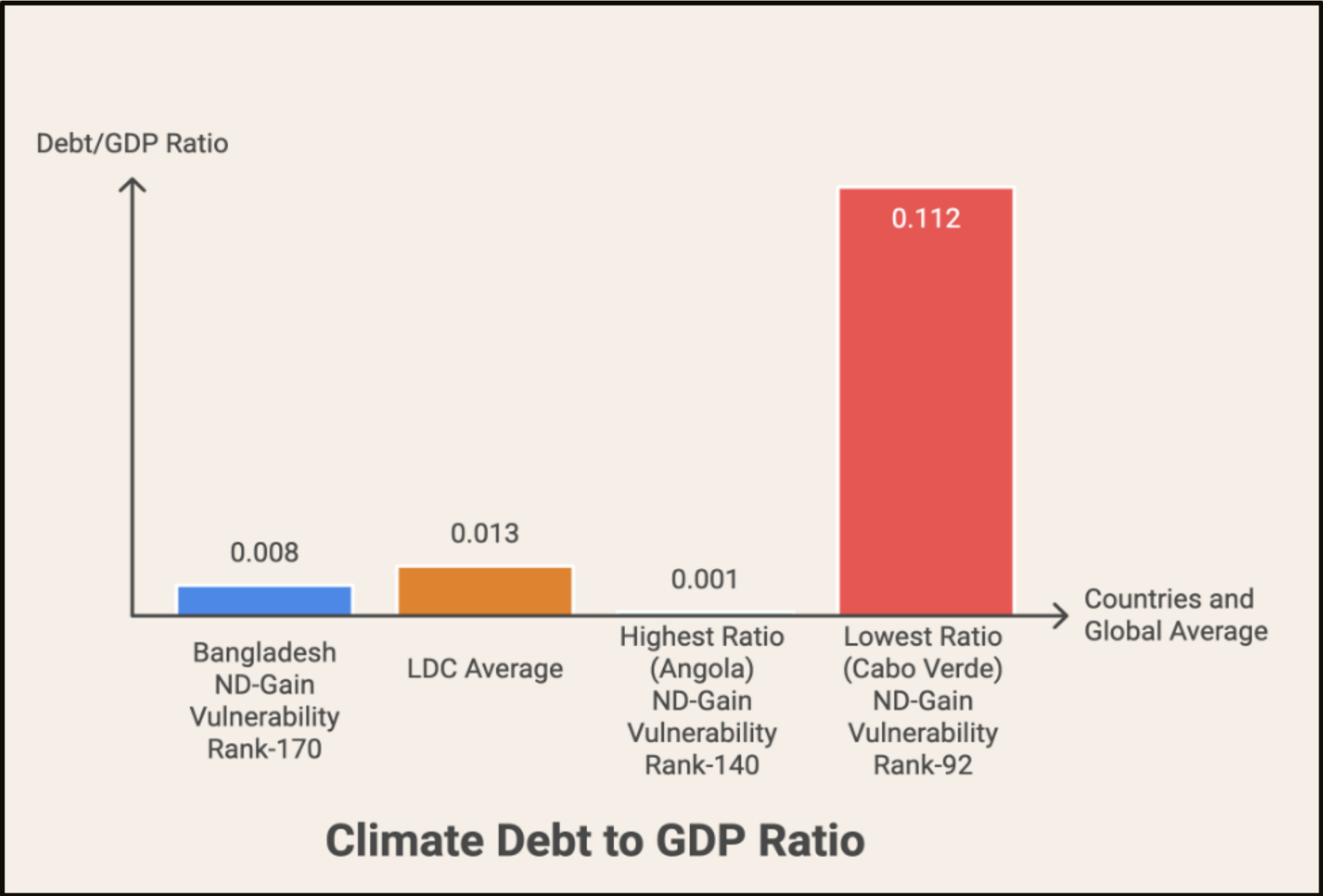
- Even through only MDBs, adaptation funding remains **tilted, with a ratio of only 0.9**, leaving critical resilience measures under-resourced.



Climate Debt to GDP

- Bangladesh’s climate debt-to-GDP ratio is 0.008, modest in relative terms but imposing significant fiscal pressure due to recurring disasters and limited domestic resources.

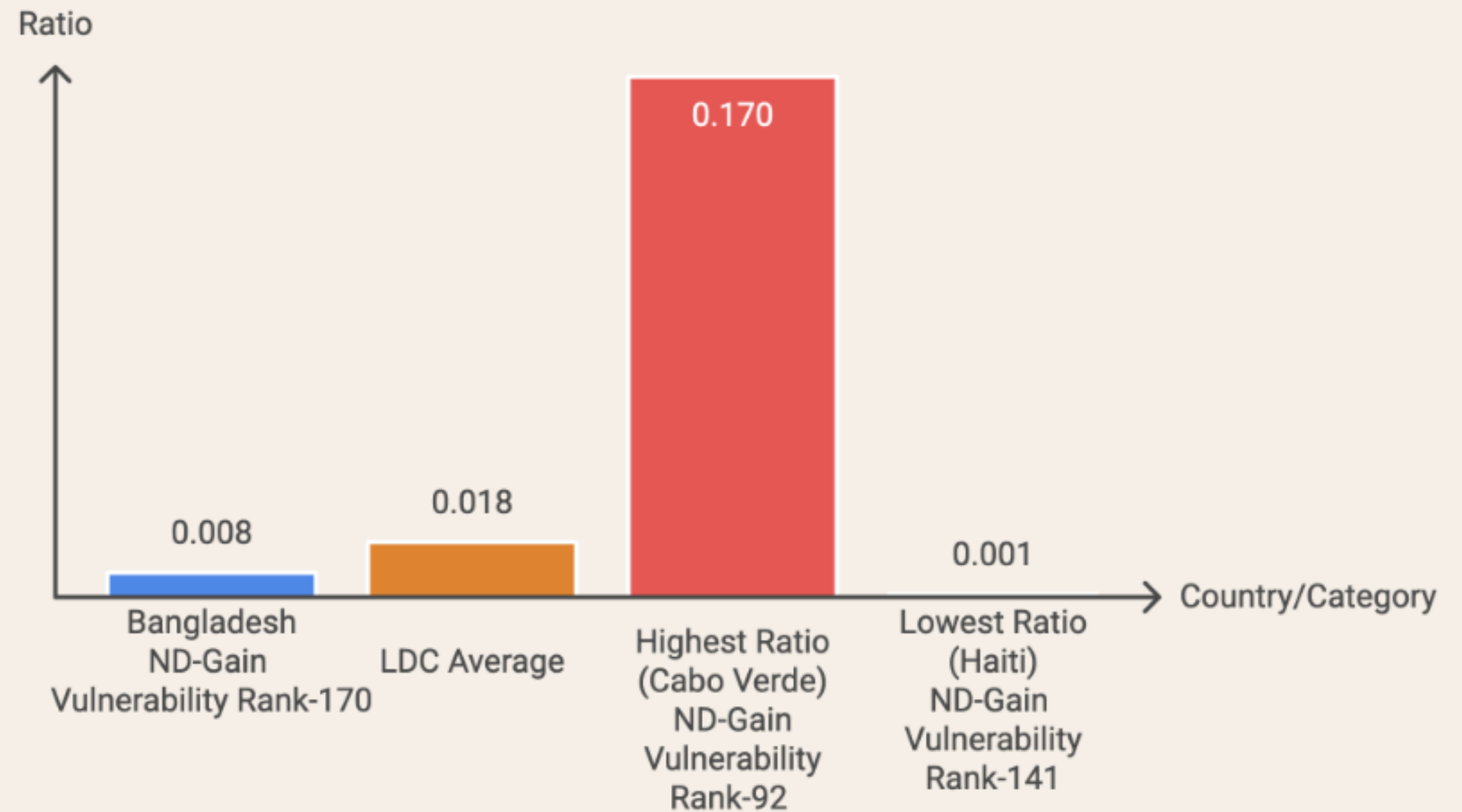
It means that for every USD 1 of GDP, Bangladesh has USD 0.008 of climate debt.



Per Capita Climate Debt to Per Capita Income

- Bangladesh's per-capita climate debt is 0.0079 of per capita income.
- Overall situation is moderate but still strains low-income households facing frequent climate induced hazards.

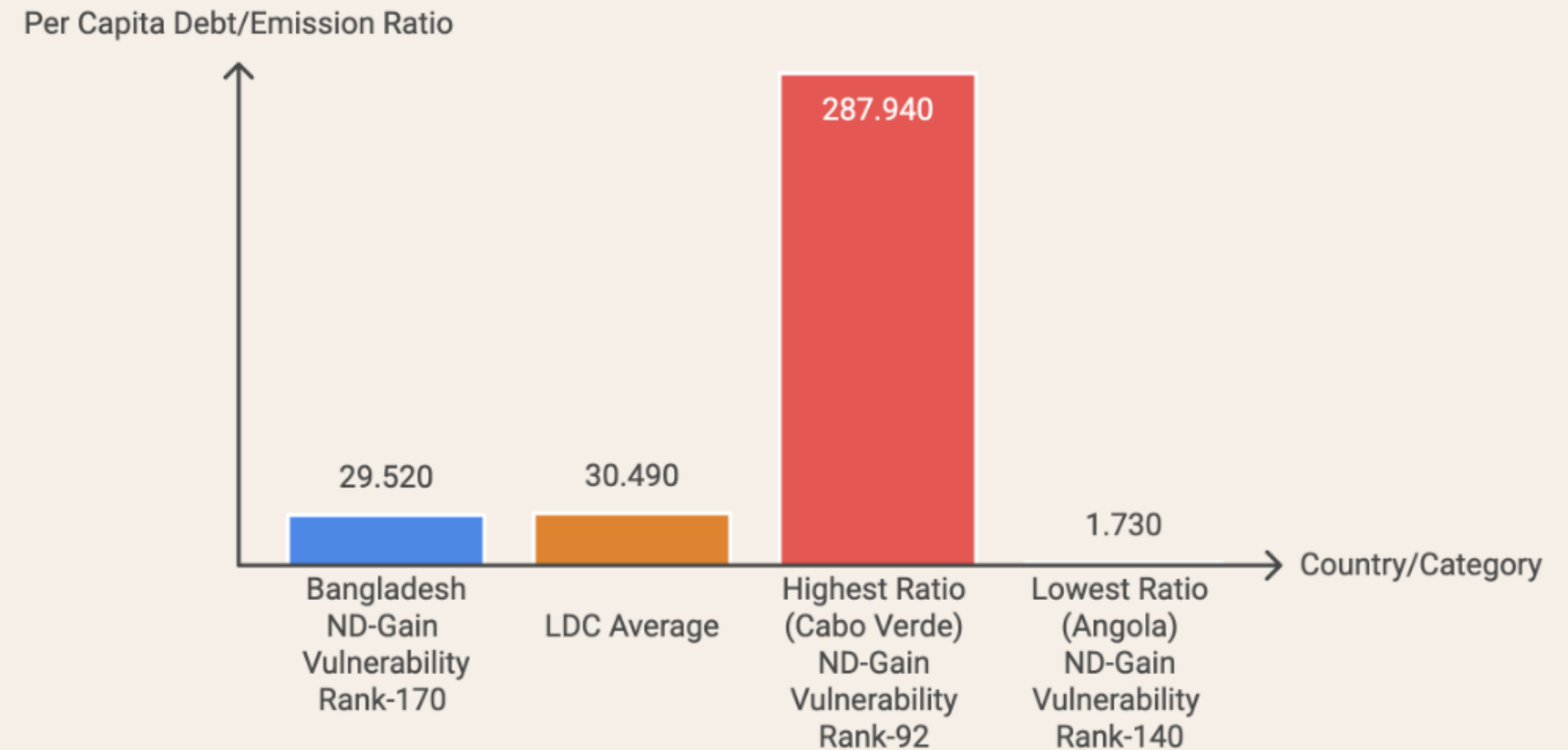
For every USD 1 a person earns (per capita income), their share of climate debt is USD 0.008.



Per Capita Climate Debt to Income Ratio

Per Capita Climate Debt to Per Capita CO₂e Emission (USD/tCO₂)

- The metric underscores the polluter-pays inequity, with low-emission, climate-vulnerable nations bearing significant debt to address disasters.



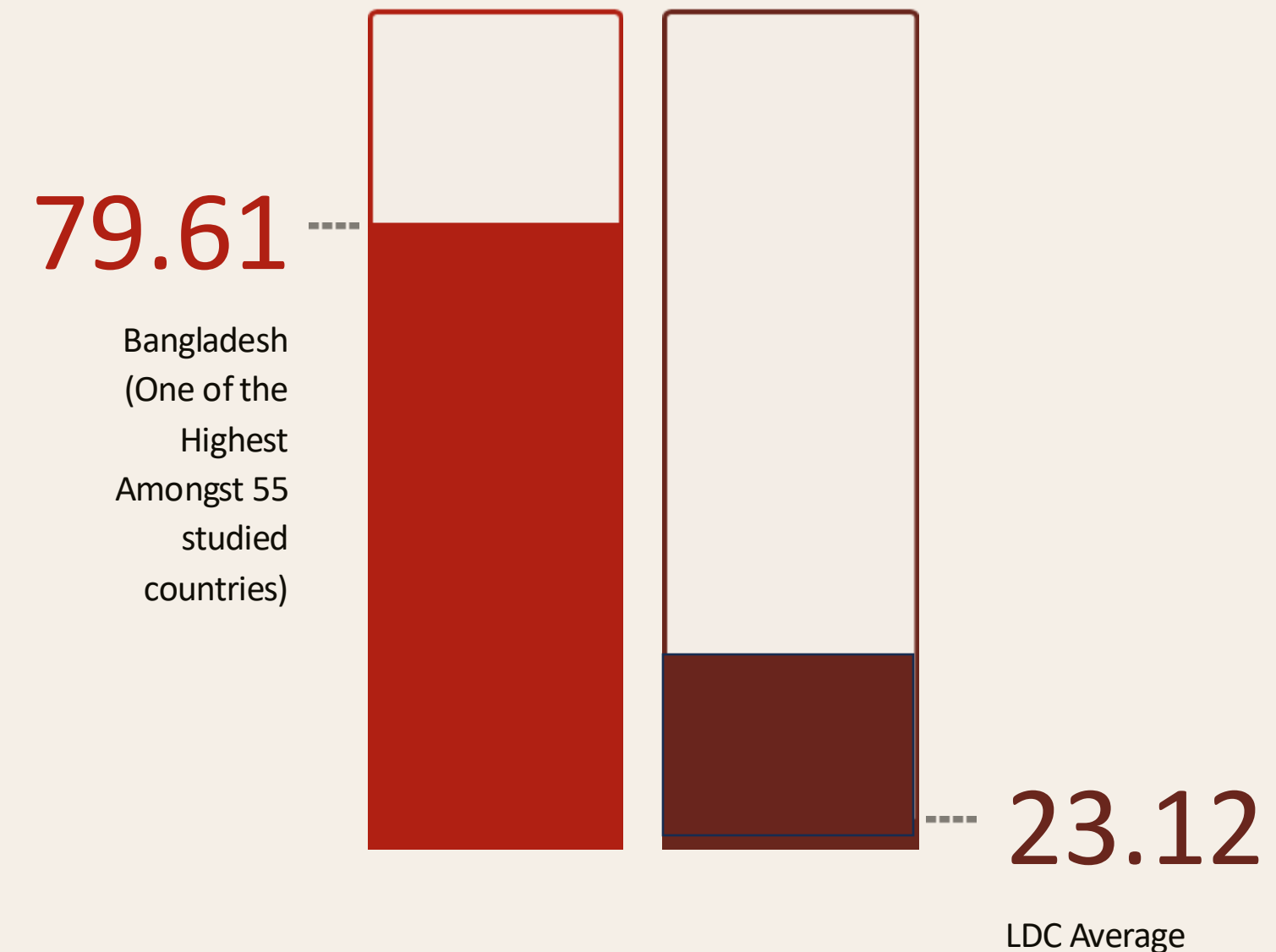
Per Capita Climate Debt to Per Capita CO₂e Emission

For every ton of CO₂ a person emits, their share of climate debt is USD 29.52.

Per Capita Cumulative Climate Debt Burden (2002-2023)

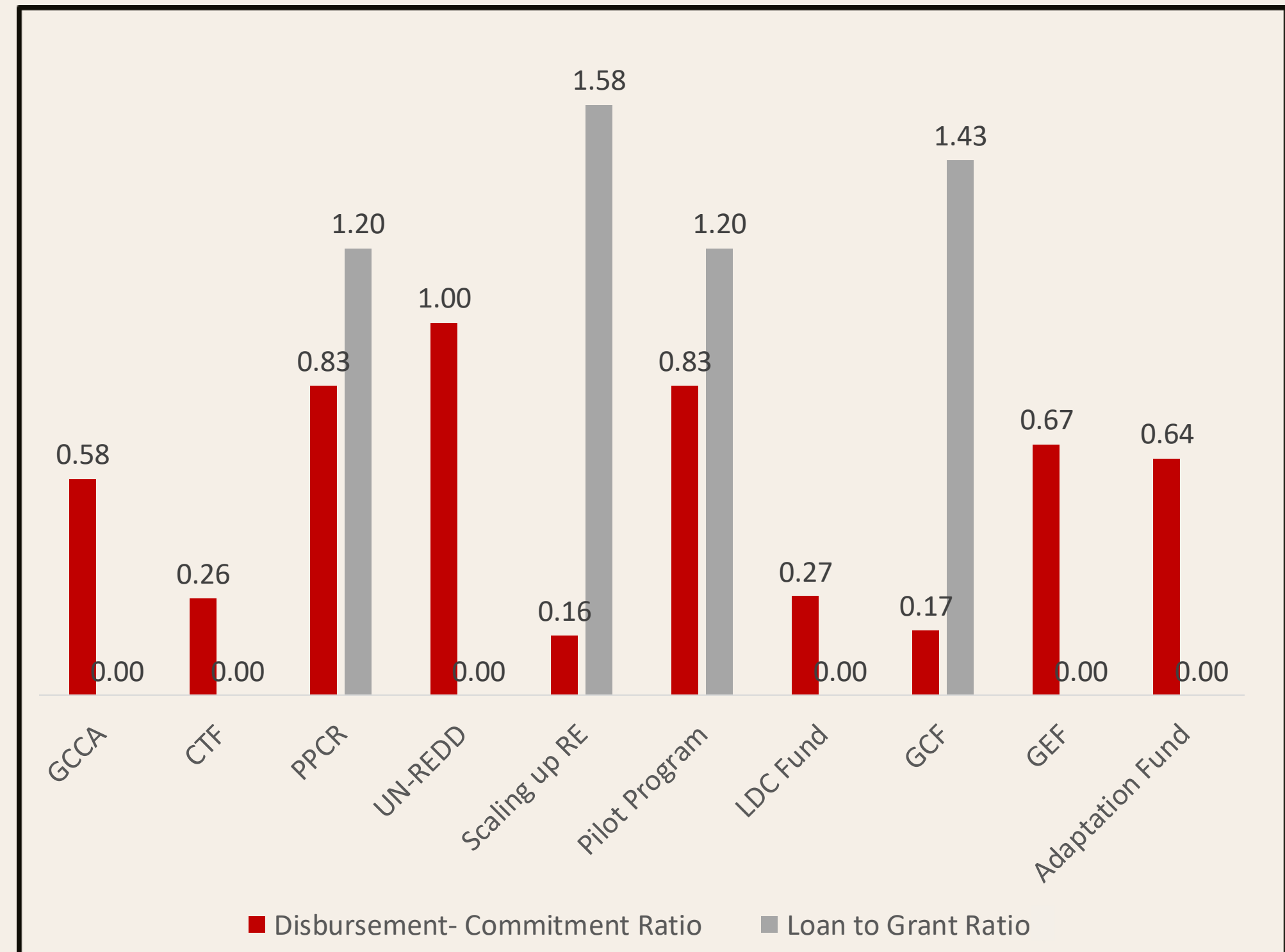
- Bangladesh's total per-capita cumulative climate debt is 79.61 USD, more than 3 times higher LDC average of 23.12 USD.
- Growing risks of substantial long-term financial burden on its population.

Bangladesh's Climate Debt Vs LDC Average



MDB Climate Finance Scenario of Bangladesh

- Bangladesh relies heavily on loan-dominated MDB climate finance, with CIG programs like PPCR and Scaling Up RE showing loan-to-grant ratios of 1.20 and 1.58, respectively.
- Large funds like GCF disburse only 17% of committed resources and prioritize mitigation over adaptation, leaving urgent adaptation needs underfunded.



Key Metrics from CDRI-02 (2025) for Bangladesh

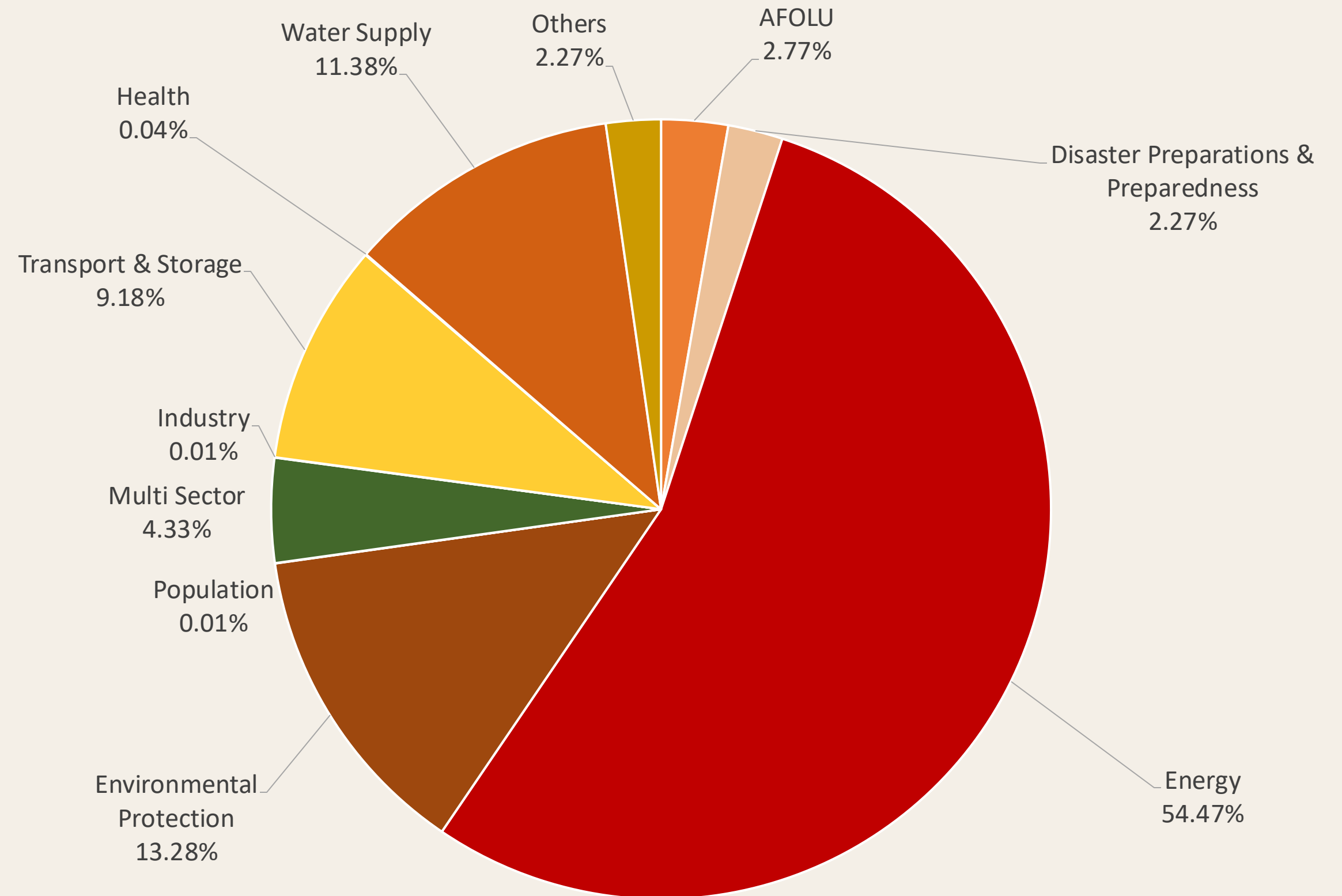
	Value
Climate Debt Risk Index (CDRI-2025)	65.37
Climate Debt Risk Index (CDRI-2028)	65.42
Climate Debt Risk Index (CDRI-2031)	65.63
Debt-Trap Risk	High
Status of the Explanatory Variables or Indicators	
CRI Score Avg (1993–2025)	12.36
Per Capita Cumulative Climate Burden (2002–2021, USD)	79.61
Government Debt-to-GDP (%)	39.34
Per Capita Development-Related External Debt (USD)	387.61
Per Capita GDP (USD)	2,551.02
Population in Multidimensional Poverty (%)	24.64
Credit Rating	BB
Natural Resource Efficiency Score	50.85
CPI Score	24.00

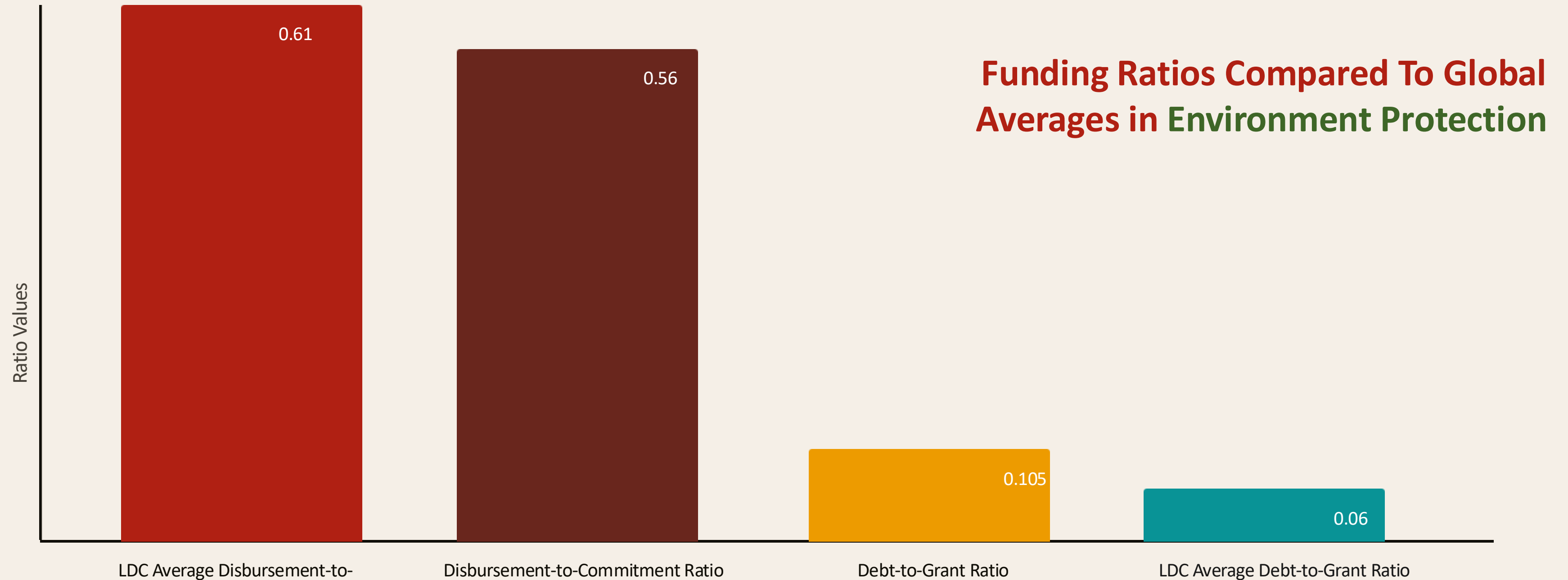
Sectoral Analysis Overview

Assessment of climate finance dynamics across key sectors in Bangladesh, highlighting loan dependency, disbursement delays, and grant funding disparities.



Sectoral Distribution of Total Climate Finance





- Bangladesh's disbursement to commitment ratio for environment protection is 0.56, lower than the LDC average of 0.61
- Indicating slower release of funds despite strong grant-based financing; the debt to grant ratio is 0.105-higher than LDC average 0.06

Transport and Storage Sector: Near Total Debt Reliance

Loan-to-grant ratio highlights sustainability risks in sector's climate finance



Bangladesh's Debt-Grant Ratio

- Bangladesh's transport and storage sector shows an extreme loan-to-grant ratio of 1123
- Approx. 200 times compared to the LDC average of 5.94, reflecting near-total reliance on debt for climate finance in this sector
- Yet [Quality of Road Infrastructure Index \(QRI\)](#) score of Bangladesh is 3.11 out of 7



LDC Average Debt Grant Ratio

Water Supply Sector: Crushing Debt Dependence

Loan-to-grant ratio shows heavy reliance on debt over grants in water supply financing

Loan-to-Grant Ratio: Bangladesh Vs LDC Average

- Bangladesh's water supply sector has a loan-to-grant ratio of 7.78
- Nearly 8 times higher than the global average of 0.97, showing overwhelming dependence on debt rather than grants.



7.78

Loan-to-Grant Ratio of Bangladesh (Water)



0.97

LDC Average Loan-to-Grant Ratio

Climate or Carbon Finance? The Misattribution Trap



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1 Misattribution in Bangladesh's climate finance

- **18.84%** of Bangladesh's reported climate finance (**USD 0.88 B**) is misclassified
- Funds directed to coal & gas projects, e.g., **Matarbari Ultra Super Critical**

2 High loan-to-grant ratios for misattributed projects

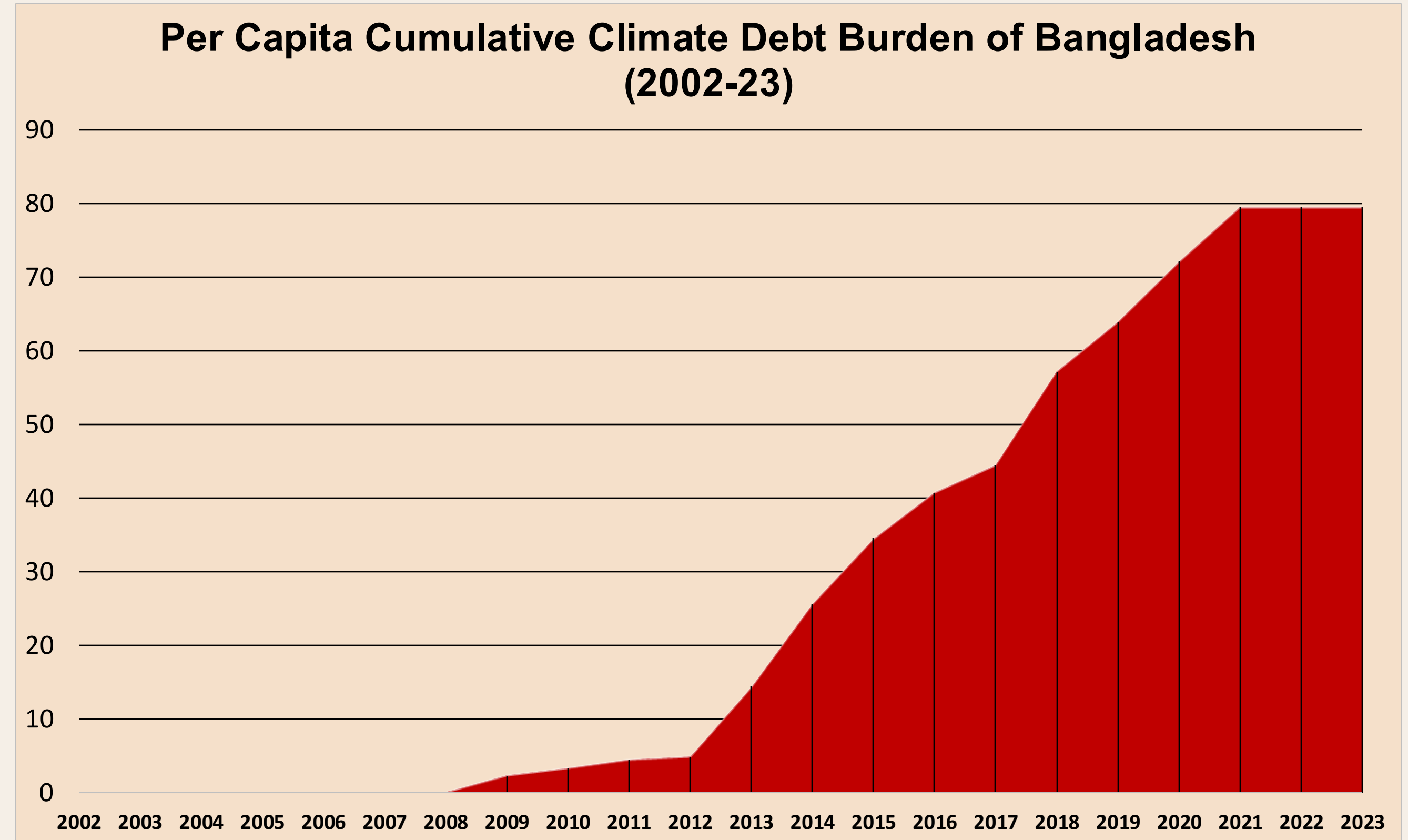
- Coal & gas projects have a **loan-to-grant ratio of 28.8** vs. national average **2.07**
- This **worsens Bangladesh's debt burden**

3 Impact of misattribution on national loan-to-grant ratio

- Misclassification raises loan-to-grant ratio **from 2.07 to 2.70**
- Diverts funds from **real climate solutions**
- **It weakened ability to negotiate globally for access to required climate funds, reducing influence on the international actors for climate funds.**

Growing Burdens of Vulnerable Lives

- Since 2009, climate finance prioritized oligarch-backed coal, gas, and debt-heavy infrastructure over people-focused resilience.
- Adaptation remains sidelined with an Adaptation : Mitigation ratio of just 0.42.
- USD 79.61 per capita climate debt of Bangladesh; supposed to zero.



Key Takeaways of Bangladesh's Climate Debt Risks & Finance Challenges



1 Bangladesh on the Hook

Bangladesh faces one of the highest climate debt burdens globally, with disproportionate reliance on loans increasing financial vulnerability.



3 Misattribution of Climate Finance

Misattribution worsens debt risks and locks Bangladesh into continued carbon dependence, undermining sustainable finance efforts.



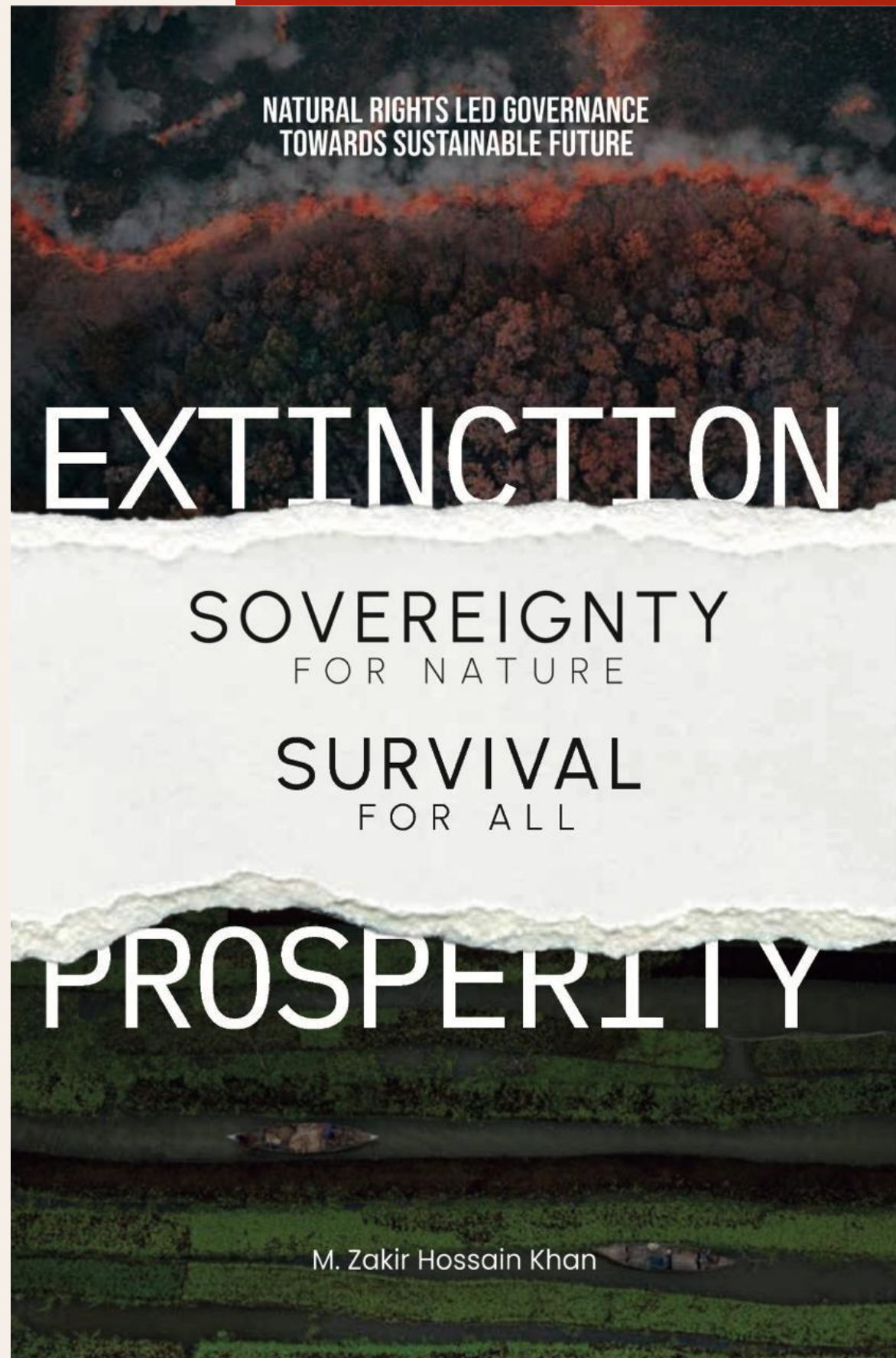
2 Critical Underfunding Jeopardizing Climate

Significant underfunding of adaptation and mitigation efforts threatens Bangladesh's national resilience and low-carbon transition goals. Ultimately climate insecurity and poverty are at the verge.



4 Break the Debt Trap

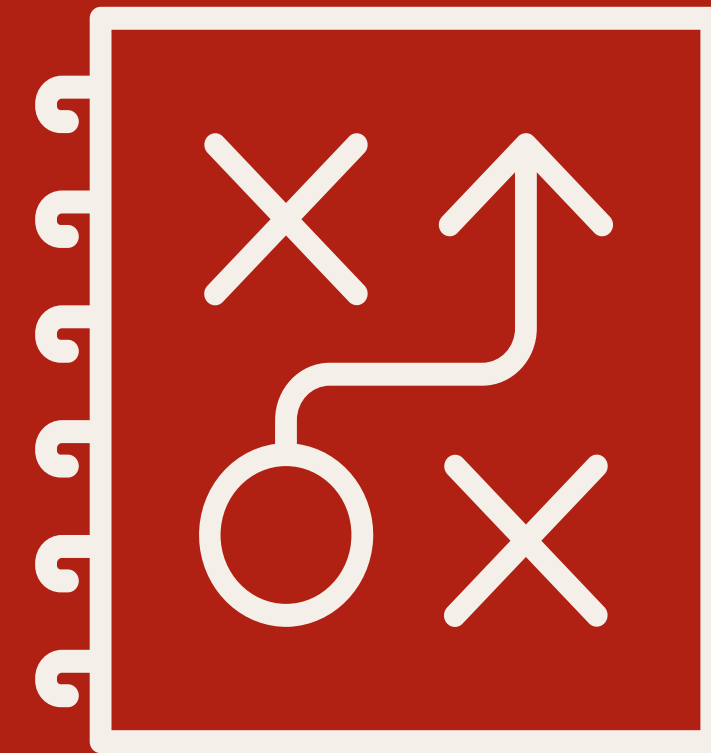
Urgent actions toward grant-based finance, debt relief, and natural rights-led governance are essential to reduce risks and promote sustainable development.



- Natural rights recognizes people and ecosystems' rights to exist, recover, and thrive.
- Natural Rights Finance treats nature as a rights-bearing entity and directs financial flows to uphold ecosystems' rights, embedding justice, equity, and accountability beyond conservation.
- Finance must align with these rights, providing debt-free support where survival is at stake.
- Emphasizes that this is a matter of justice, not charity.
- Natural Rights Led Governance (NRLG) provided a transformative governance framework to reshape equity and nature justice-based climate finance.
- NRLG is the pathway to reshape the nature and beings of development-destruction trap.

Potential Pathways for Equitable and Justice Based Climate Finance Towards Community

Potential solutions must break the cycle where vulnerable nations, forced to borrow for disaster response, see their debt burdens worsen as livelihoods and communities as well as natural rights are destroyed.



Supply Side: Developed Countries



Flow of Fund: Bilateral, MDBs, Multilateral

1

Grant-First Approach

Shift to grant-based finance for adaptation and loss & damage.

2

Introduce Community Led

- Strengthen MRV and fiduciary systems at national/sub-national levels.
- Prevent misattribution by improving criteria and transparency in climate finance categorization.

3

Implement debt swaps and relief linked to resilience and nature protection

Use debt swaps and relief mechanisms tied specifically to projects that enhance resilience and protect natural ecosystems.

4

MDB Reform Towards Natural Rights Finance

- Zero fossil fuel and unproven clean energy finance.
- Expand concessional and grant-based financing, e.g. CIF-Nature, Climate and People fund.
- Strictly maintain balance funding between mitigation and adaptation.
- Support country platforms, co-financing, and long-term systemic change.
- Create Regional Fund like SARF sourced from CIF, AF, GCF etc.

Demand Side: Vulnerable LDCs

Innovative Financing

- Leverage carbon pricing, pollution tax and accessing Debt-for-nature swap, bio-finance international grants through partnerships with private sector to bridge funding gaps (e.g., USD 137.5B energy sector need vs. USD 2.54B allocated).
- Reform public financial management system to include private philanthropy as sources of community climate actions.

Community Stewardship

- Empower communities to lead both design as well as implementation and monitor nature-lead climate action efforts.
- Youth-led natural rights led governance to monitor all climate, environment and nature related actions.

Reform BCCTF to a dedicated Natural Rights Fund (NRF)

- Transform BCCTF to into Bangladesh Natural Rights Fund (NRF), with the application of both public fossil fuel subsidies, using carbon/pollution taxes and philanthropy e.g. CSR, Zakat etc.



Thank You