

Global Stakeholders Consultation

Climate Debt Trap Risks for LDCs: Emerging of Natural Rights Led Governance



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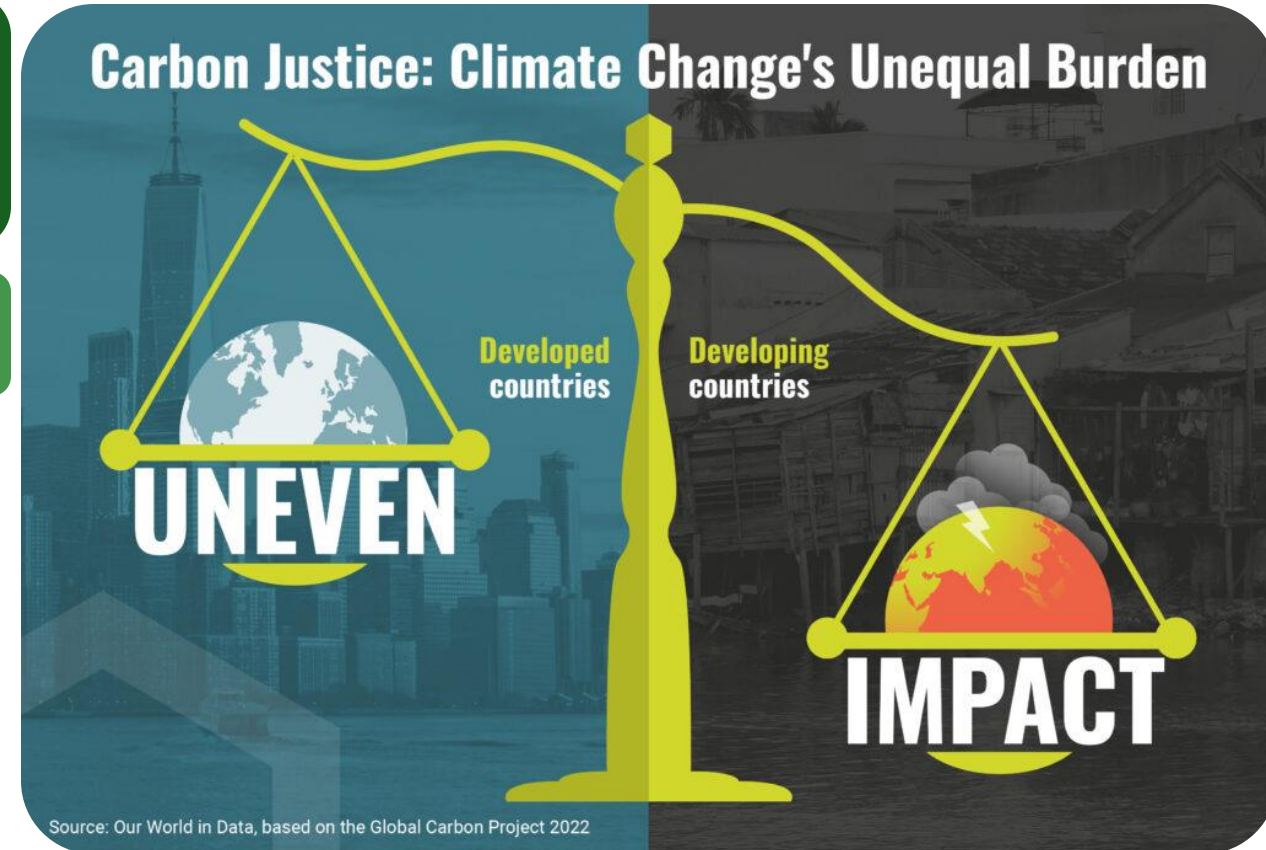
The Unequal Burden of Climate Change

LDCs only accounting for **3.3%** of GHG emissions, but face some of the greatest impacts from climate change (IIED, 2021)

Projected Impacts (by 2050):

- Additional 14.5 million deaths
- 5 billion people facing water scarcity
- 30% reduction in agricultural growth
- \$12.5 trillion in economic losses
- \$1.1 trillion in extra costs to healthcare

Bangladesh ranks 7th in the Long-Term Climate Risk Index while emitting only 0.56% of global CHG emissions.



Elusiveness of Climate Finance



Need-based climate finance is fundamental for enabling developing countries to tackle the climate crisis.



What *should* it be?

- support in **mitigating and adapting** to climate
- change **new and additional** to ODA
- prioritize **grants and concessional finance**



The Problem: No Universally Accepted Definition leading to...

Inflated figures by including loans, export credits, and repurposed development aid.

Difficulty to **track** the *true* grant and **accountability** for pledges

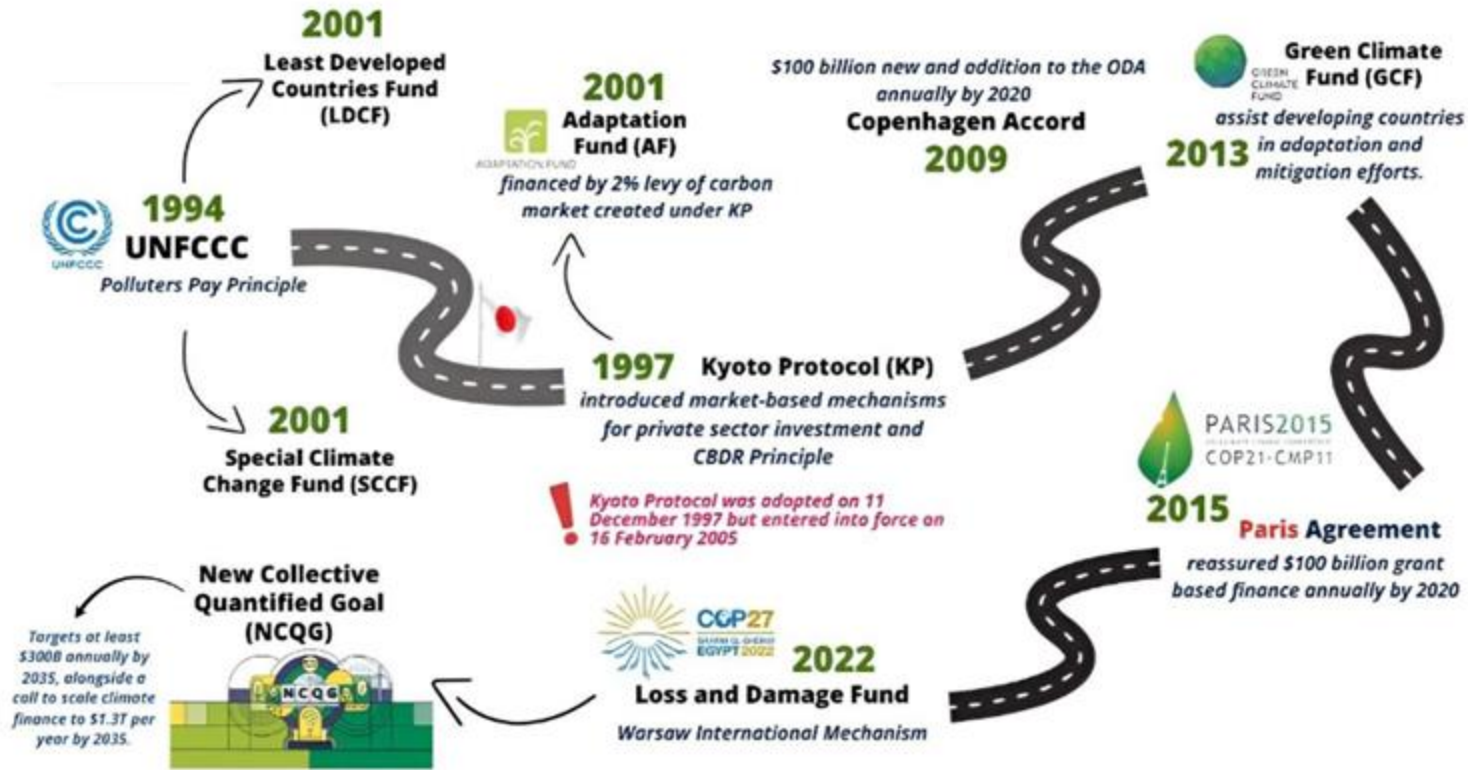
Difficulty in **negotiations**



A clear and robust definition is essential and should be a core component of the **NCQG framework (\$ 300 bn/year pledged against \$1.3 T/year need)**

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-

- 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.



The Broken Promise: Unmet Pledges and Inflated Figures

\$100 Billion Target Missed: Actual support far below the pledged amount.

- 2020: Oxfam estimates only \$21-\$24.5 billion of "real support" (compared to \$83.3 billion reported). (Oxfam Report 2023, p.9)

Inflated Reporting:

Developed countries use creative accounting, including non-concessional loans, mobilized private finance, and repurposed ODA, to inflate reported figures. (Oxfam Report 2023, p. 9)

Loans, not grants, are driving developing countries into Climate Debt.

Does this reflect the principle of
"common but differentiated responsibilities"?

Climate finance injustice



LDCs:
**<3.3% emissions, ~70%
climate deaths**

LDCs received **<3% of
global climate finance
(only US\$ 33.74 billion)**

Adaptation finance 2022:
**US\$27.5b vs US\$215–
387b yearly needs**

LDCs' external debt
service **US\$50b (2021),
climate loans surging**

Change Initiative revealed
Until 2023 55 vulnerable
countries **US\$47.17b debt
repaid vs US\$33.74b
climate funds**

MDB climate finance
(2023): **only 6.7% grants,
63–70% loans**



Climate Debt Risk Index 2024

Key Highlights from CDRI 2024

- Among 20 vulnerable nations, **18 LDCs at risk: 4 Very High, 14 High, none Low.**
- For every \$1 in grants, countries receive about \$0.53 in loan on average.
- **Delivery Gap:** 44% disbursed of committed funds.
- By 2030, several nations are projected to fall into higher tiers of climate debt risk:

High → Very High: Senegal, Rwanda, Bangladesh

Moderate → High: Bhutan

Country	Per Capita Overall Cumulative Climate Burden (2002-21)	CDRI-2024	CDRI-2027	CDRI-2030	Debt-Trap Risk
Mozambique	14.19	80.10	79.32	80.05	Very High
Madagascar	8.74	76.21	76.73	81.41	Very High
Myanmar	14.64	75.09	75.58	78.87	Very High
Sri Lanka	64.31	71.38	71.94	74.17	Very High
Senegal	48.06	69.11	69.71	73.39	High
Bangladesh	79.61	67.91	68.42	70.47	High
Rwanda	10.92	65.23	69.82	73.68	High
Malawi	1.66	64.57	65.12	67.35	High
Zambia	8.26	63.08	63.65	64.59	High
Uganda	6.67	61.83	62.35	68.38	High
Laos PDR	8.70	61.39	61.91	62.70	High
Cambodia	53.68	61.20	61.70	62.41	High
Ethiopia	2.67	60.38	60.95	63.22	High
Pakistan	5.89	58.97	59.50	61.63	High
Bhutan	41.86	58.15	58.86	61.68	High
Tanzania	7.84	56.40	56.98	58.01	High
Haiti	1.46	54.61	55.09	57.00	High
Nepal	2.30	54.12	54.68	56.92	High
Maldives	14.64	49.37	48.62	49.64	Moderate
Philippines	20.00	49.20	49.75	49.35	Moderate

* 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 Debt Risk Index 2025



EVALUATE 55 VULNERABLE
ECONOMIES,
LEAST DEVELOPED COUNTRIES
(LDCS),
RECENTLY GRADUATED
COUNTRIES, AND

REVEAL HIGH CLIMATE DEBT RISK.

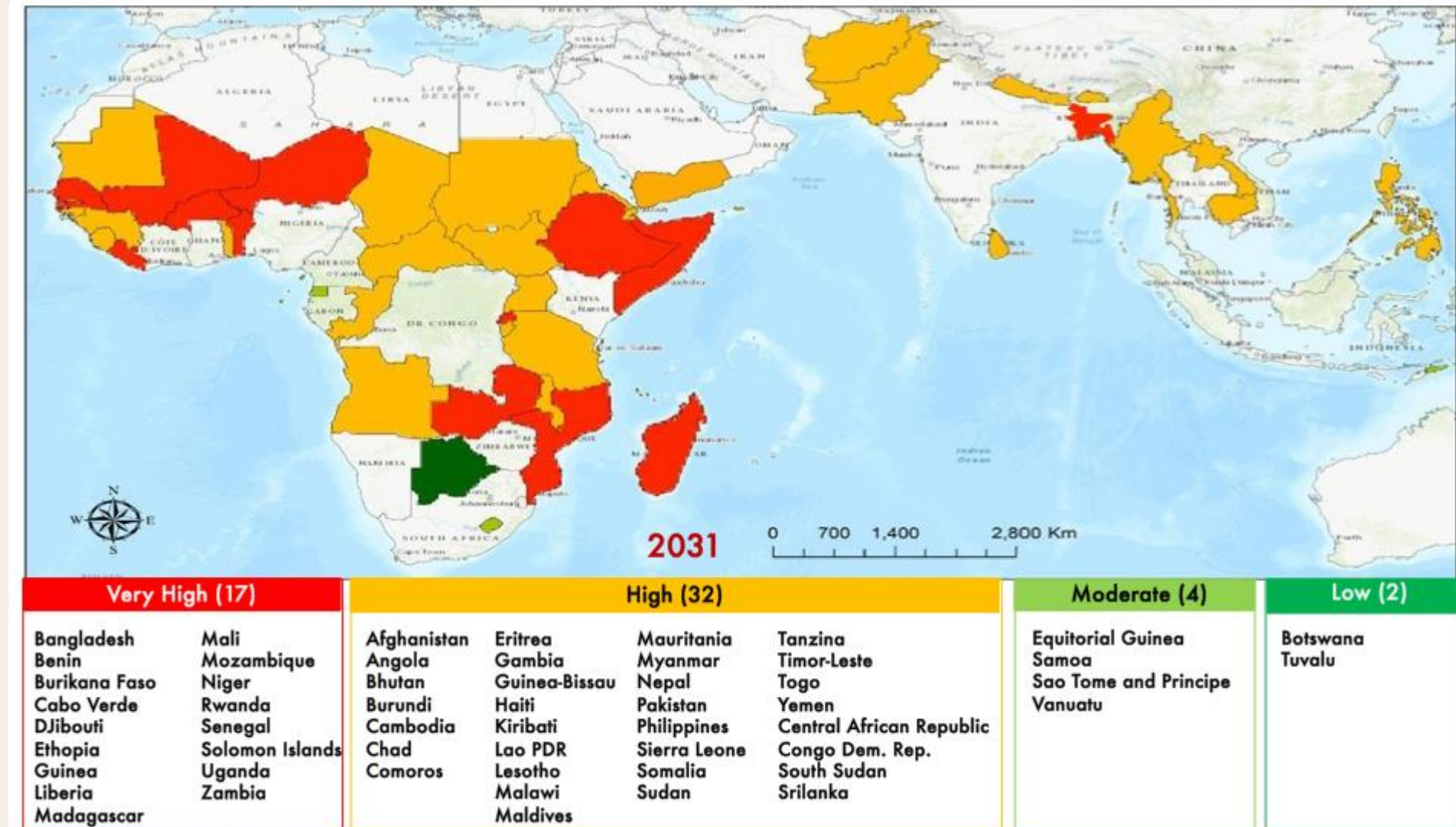
OUT 55 COUNTRIES 47
ARE EITHER IN “**VERY**
HIGH” OR “**HIGH**” RISK
IN CDRI2025

Climate Debt Risk Index 2025

Vulnerable and Recently Graduated Countries at a Glance

By 2031, several South Asian and African nations are projected to fall into higher tiers of climate debt risk:

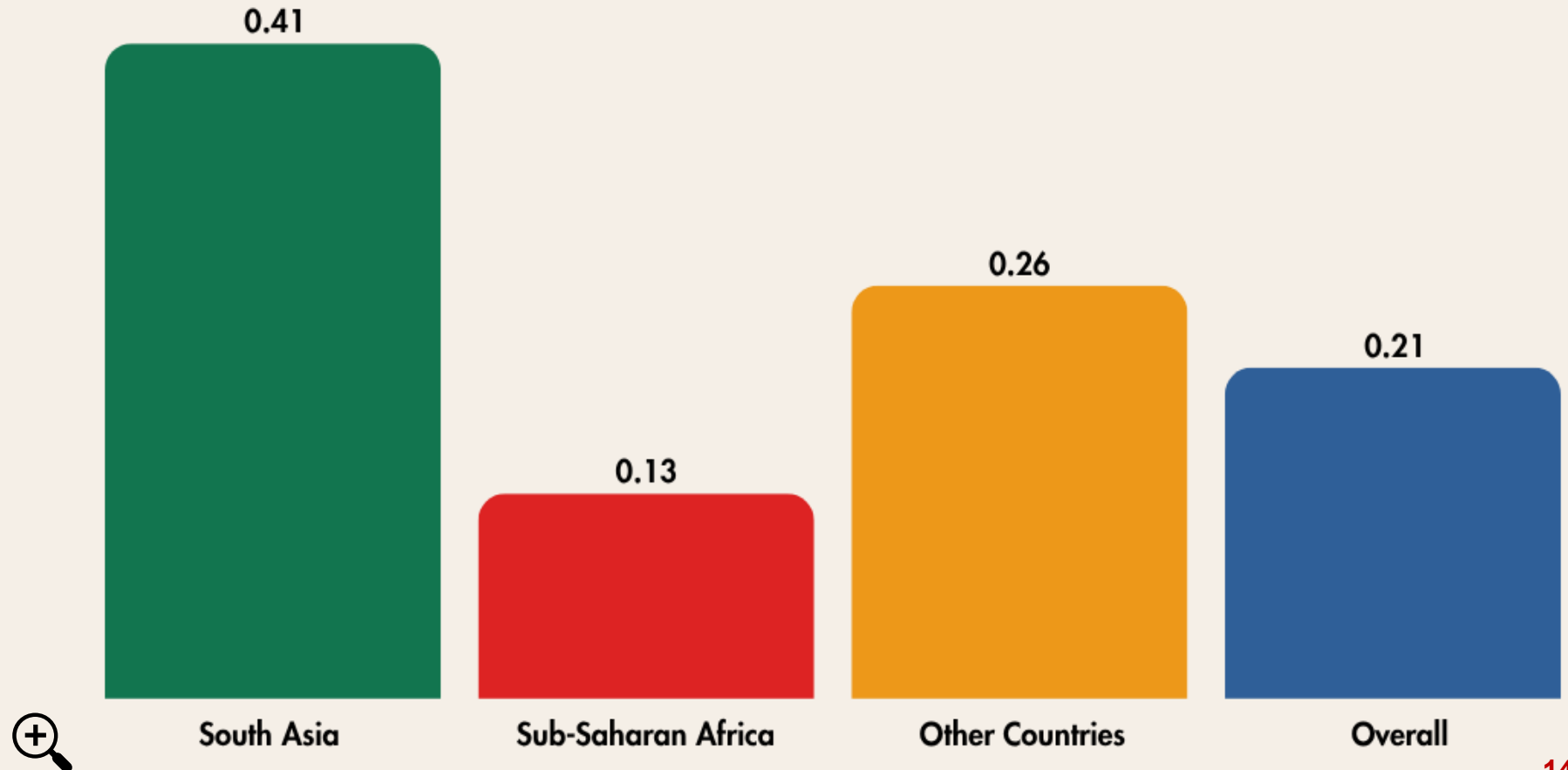
- **High → Very High:**
Bangladesh, Djibouti, Liberia, Uganda, Guinea
- **Moderate → High:**
Lesotho, Timor-Leste



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

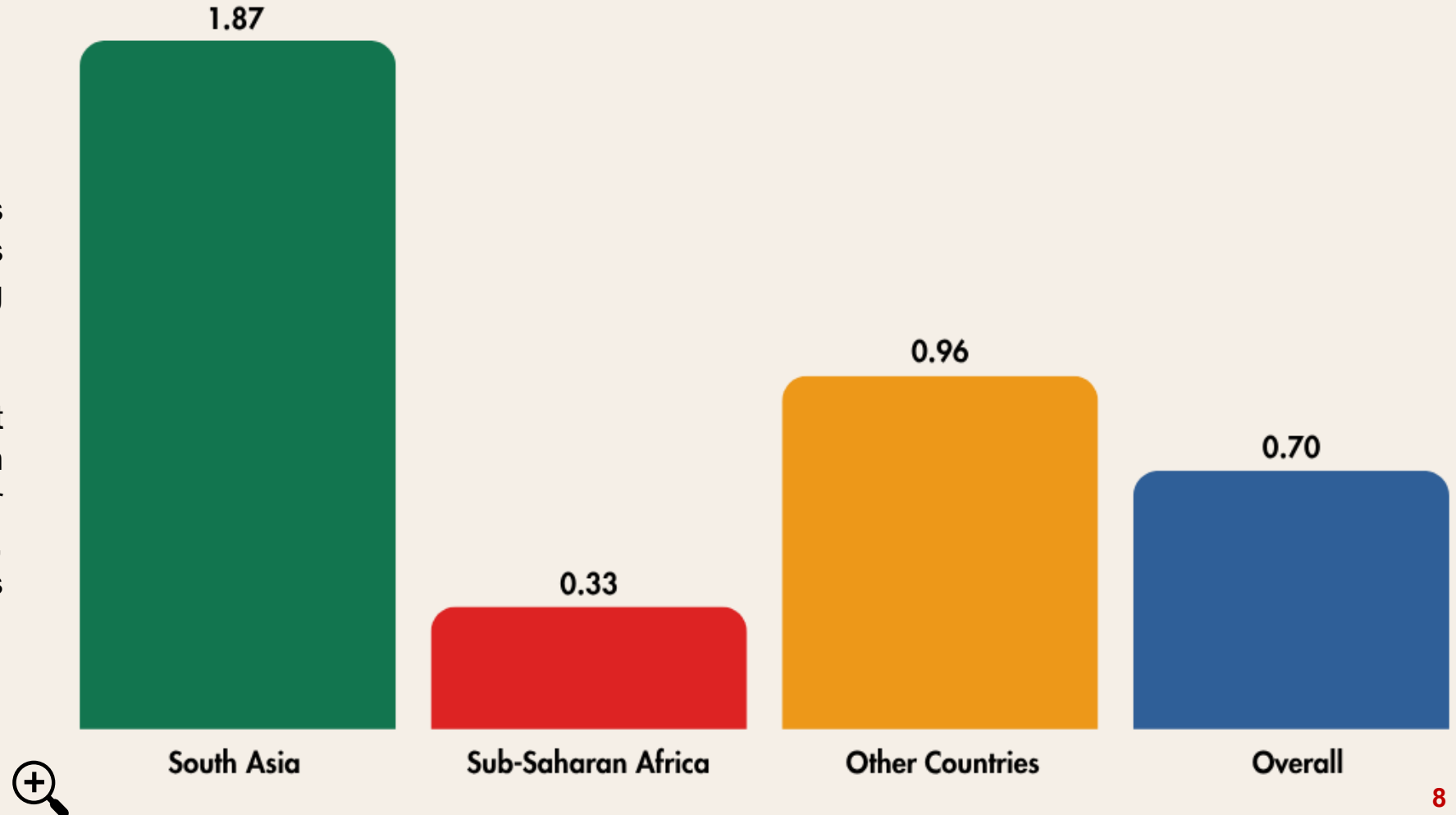
Total Debt Service (2023) to Total Climate Debt (2002–2023)

- In 2023, 55 climate-vulnerable countries paid US\$47.17 billion in debt but received only US\$33.74 billion for climate action.
- Climate hardship is funding creditors, not for protection.



Debt-to-Grant Ratio

- For every dollar received as grants, 70 cents comes as loans showing that debt remains a big part of climate finance.
- The balance looks very different across regions: South Asia with 187 cents (debt-heavy), Other Countries 96 cents (near equal), and Sub-Saharan Africa 33 cents (more grant-based).



Climate Finance Injustice



The world has money; what's missing are fair rules and real commitment.



The climate finance gap is a political choice, not an economic impossibility.



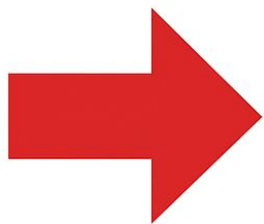
A modest carbon tax and arms levy could raise \$6 trillion a year; dedicating one-third to vulnerable countries and ecosystems is a lifeline, not charity.

Not short of money, short of rules and commitment



REVENUES

**\$6.5
trillion**



LDC SHARE

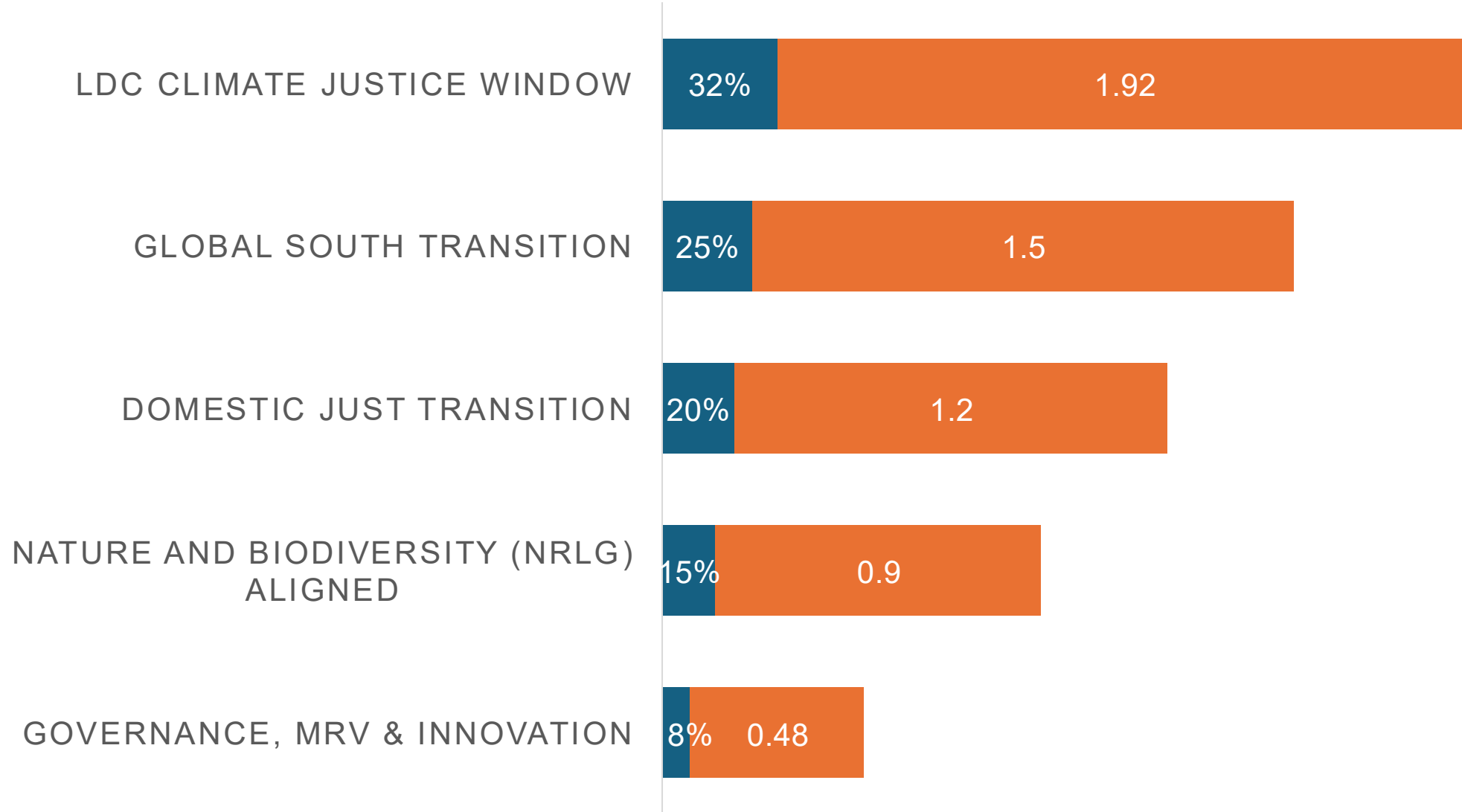
**\$1.3
trillion**

Potential revenues from
global carbon-tax for LDC

Source	Assumption	Annual Revenue
Carbon Price (Article 6.0, Paris Aligned)	\$100/tCO ₂ e × 65 GtCO ₂ e (global total emissions)	US\$6.5 trillion
Arms Levy (included in total)	10–20% on \$630B arms revenues	\$0.06–\$0.12 trillion
Total potential		≈ US\$6.0–6.6 trillion

Distribution of Potential Revenue

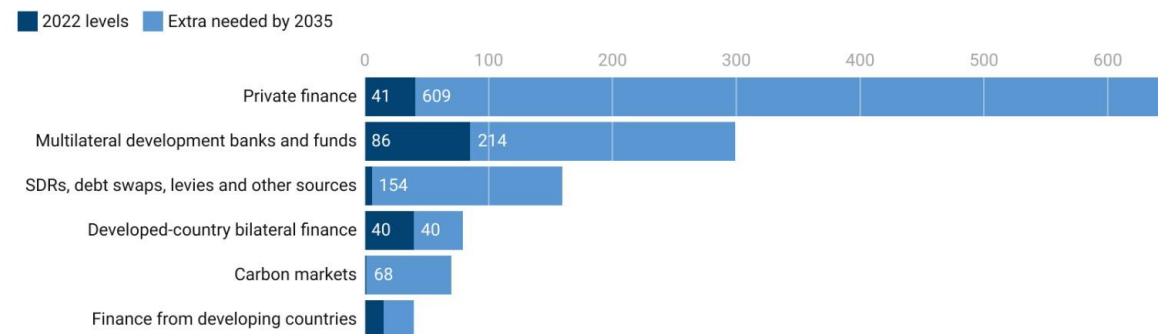
■ Share ■ Value (US\$Trillion/Year)



The Independent High-Level Expert Group on Climate Finance (IHLEG)'s \$1.3tn climate-finance model pushes the poorest nations deeper into debt.

Half the \$1.3tn climate-finance target comes from private sources in the expert group's pathway

Climate finance for developing countries, excluding China, from non-domestic sources, \$bn, in the IHLEG pathway to \$1.3tn



Source: IHLEG

CarbonBrief
CLEAR ON CLIMATE

47% private finance = expensive climate debt

- For LDCs, private capital means high interest, currency risks and investor conditionalities.
- We cannot ask the poorest to *borrow the right to survive*.

Only \$40bn from developed countries Too little public responsibility → moral failure

- Far below their responsibility and capacity.
- This reverses climate justice: the polluters contribute least; the victims pay most.

MDBs still prioritise loans → deeper exposure

- Loan-based climate action undermines fiscal stability and worsens poverty.

Carbon markets incentivizing exploitation → loss of sovereignty risk → carbon colonialism

- Turning forests and ecosystems into commodities violates the inherent rights of nature and communities.

The Illusion of Progress

Why is the current system failing to protect nature and communities?



Modern economics assumes infinite, self-healing nature



Global agreements focus on pledges, not tangible outcomes

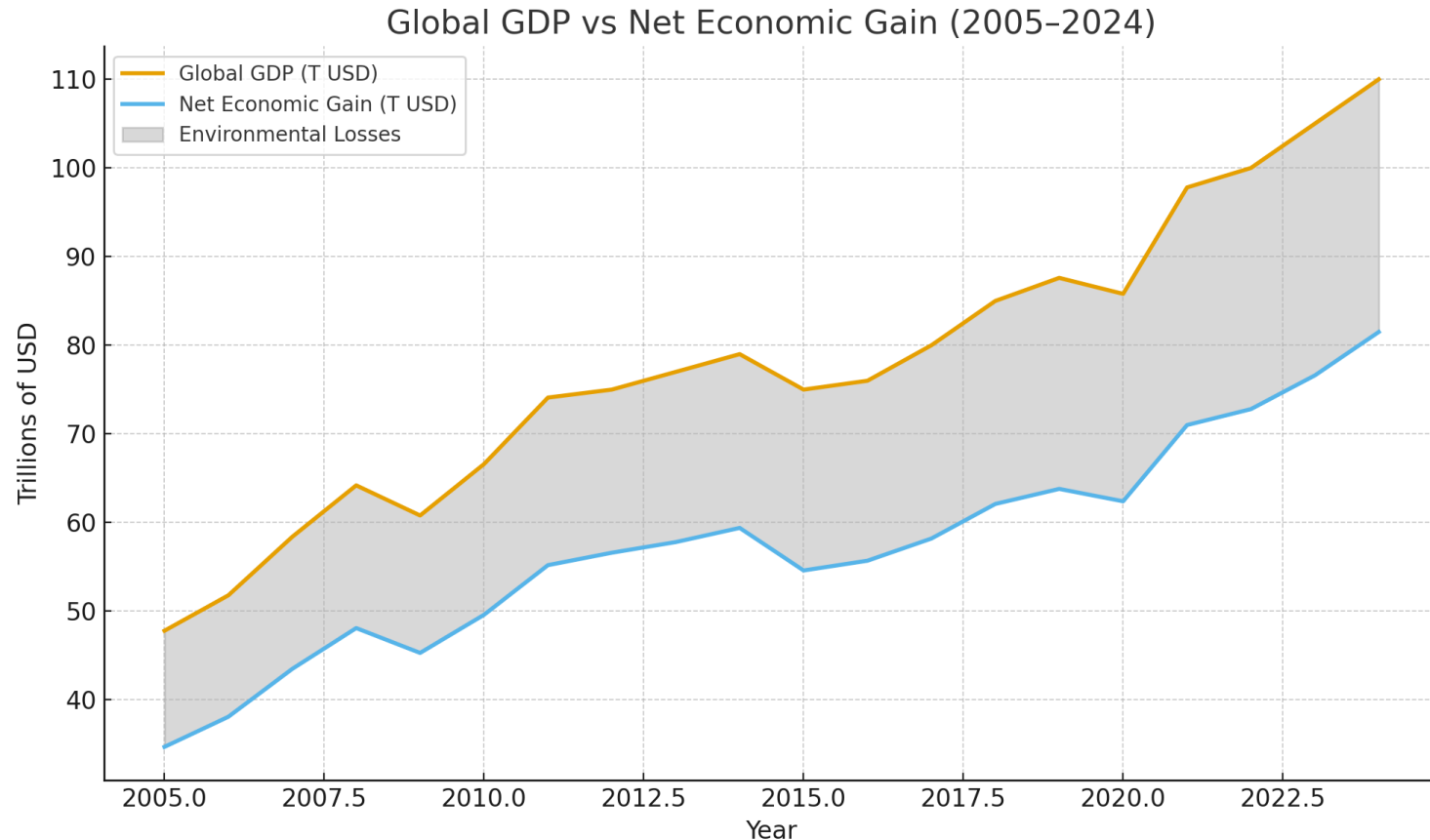


Increasing debt burden on vulnerable communities



Progress without justice fails to deliver meaningful environmental change

The Illusion of Progress: Rising GDP, Shrinking Real Economic Gain (2005-2024)



Global GDP rose from \$48T → \$110T, 2005-2024

Net economic gain lags due to mounting environmental costs

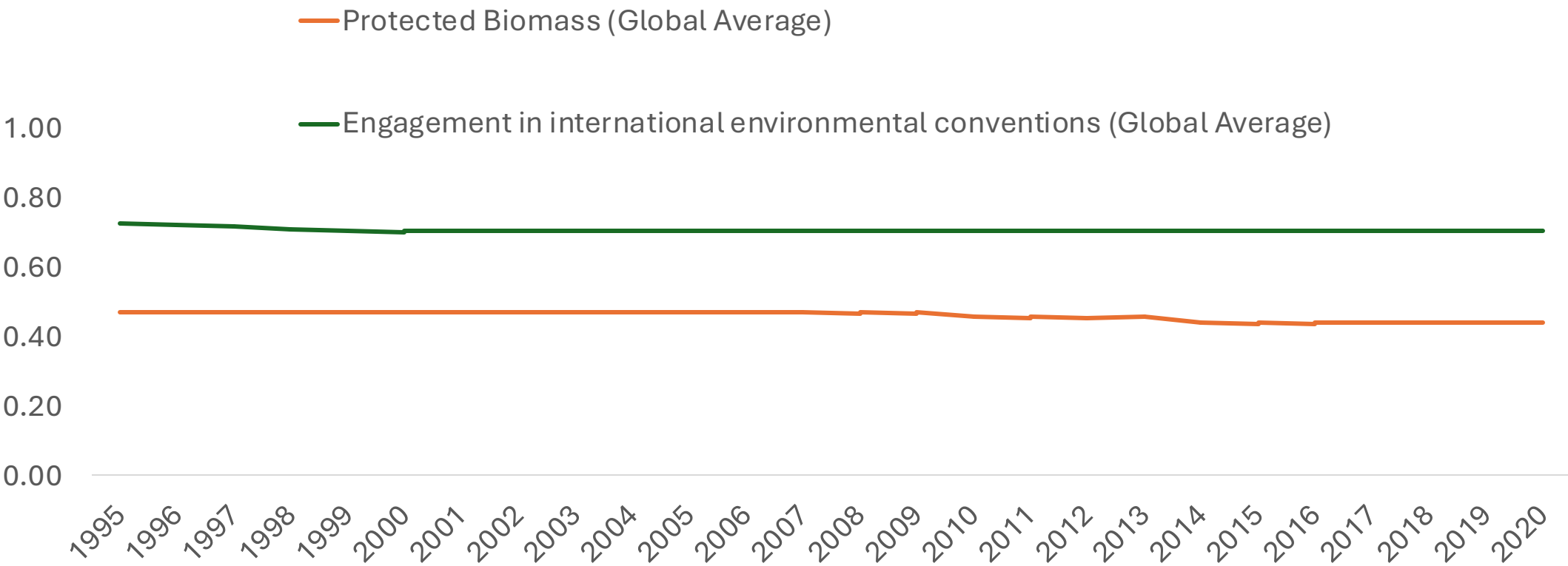
Gap widened from 11% → 15% of GDP lost to:

- Climate damage (CO₂: \$2T+/yr)
- Pollution-related health loss (\$6-8T/yr)
- Deforestation & biodiversity loss (\$7-10T/yr)
- Natural disasters (~\$300B/yr)

Net gain/GDP declined: 89% → 85%

Economic growth increasingly offsets itself through development destruction

Development-Destruction-Degradation Trap: Irreversible Damages of the Natural Capital



Source: Calculated global average from the country level [data on ND-GAIN](#) on 15th December 2024

The Illusion of Progress

Why is the current system failing to protect nature and communities?



US\$577B crops at pollinator risk



75% land, 85% wetlands altered



Agriculture drives 70% biodiversity loss



Land use emits 25% GHGs



66% oceans impacted; 90% fish overused



24k of 28k species threatened



60% human infections have animal origins

Existential Threat: A Systemic Crisis Unfolding

Combined collapse of
climate stability signals a
**systemic crisis threatening
all lives**



Crisis stems not from
scientific gaps, but from
**failure in governance
mechanisms**



**Ethical considerations
eroded and equity
ignored**, undermining
collective survival



**Survival window is
dangerously closing**,
demanding immediate
and just action



**Ethical and equitable
governance reforms are
urgently required**,
prioritizing ecological and
human well-being



Five Determinants of Nature's Sovereignty

1

Perpetuity and Regularity

2

Self-preservation capacity

3

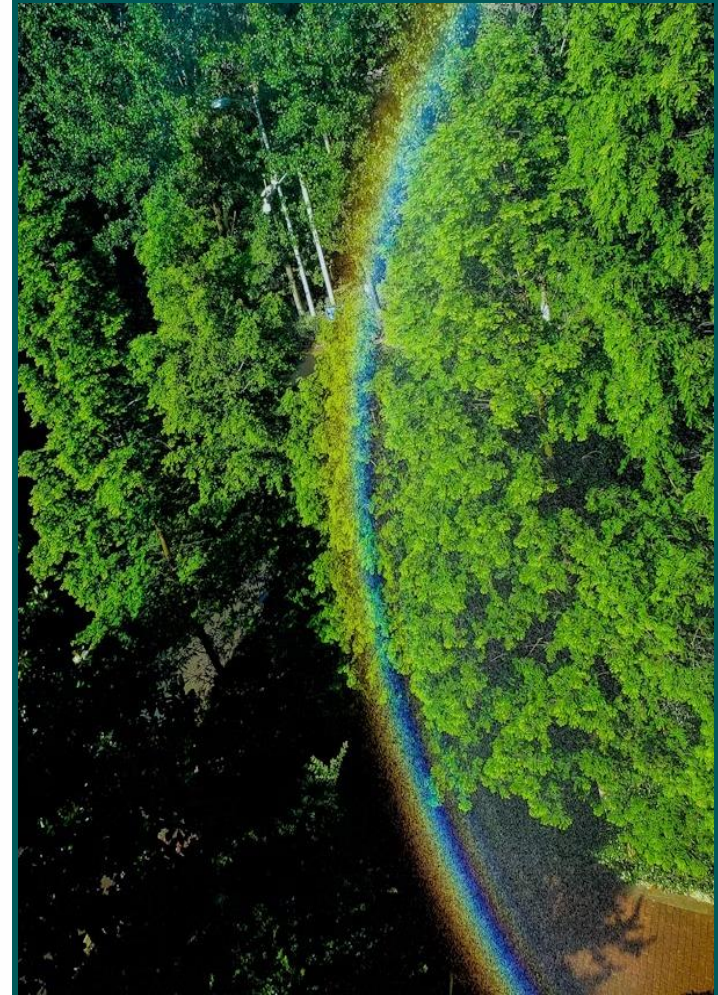
Climate Stability and Changeability

4

Ecological Integrity

5

Harmony



Transformative Natural Rights Led Governance Framework

Sovereignty of Nature

Perpetuity and
regularity

Self-preservation
capacity

Climate stability and
Changeability

Harmony

Ecological Integrity

Natural Rights

Life or Self-dignity of
beings and natural
resources

Liberty or Freedom

Social Justice (e.g.
Enjoy fruits of one's
labor)

Rights to exist of the
nature and indigenous
knowledge and culture

Pillars of Natural Rights Led Governance (NRLG)

Legal
Recogniti
on for
Rights of
Nature

Protectio
n of Life
and
Property

Nature
Justice

Rule by
Natural
Law and
Natural
Accounta
bility

Equity,
Integrity,
and
Shared
Rights

Peaceful
Grievance
or Conflict
Resolution
Mechanis
m

Entrustin
g
Commun
ity
Stewards
hip

Four Pillars Upholding Natural

Defining the foundation for nature's legal and



Seven Paradigms of

Transform society by shifting to regeneration,



**Legal Recognition
for Rights of Nature**



**Protection of
Life and
Property**



**Nature
Justice**



**Rule by Natural Law
and Natural
Accountability**



**Equity, Integrity,
and Shared Rights**

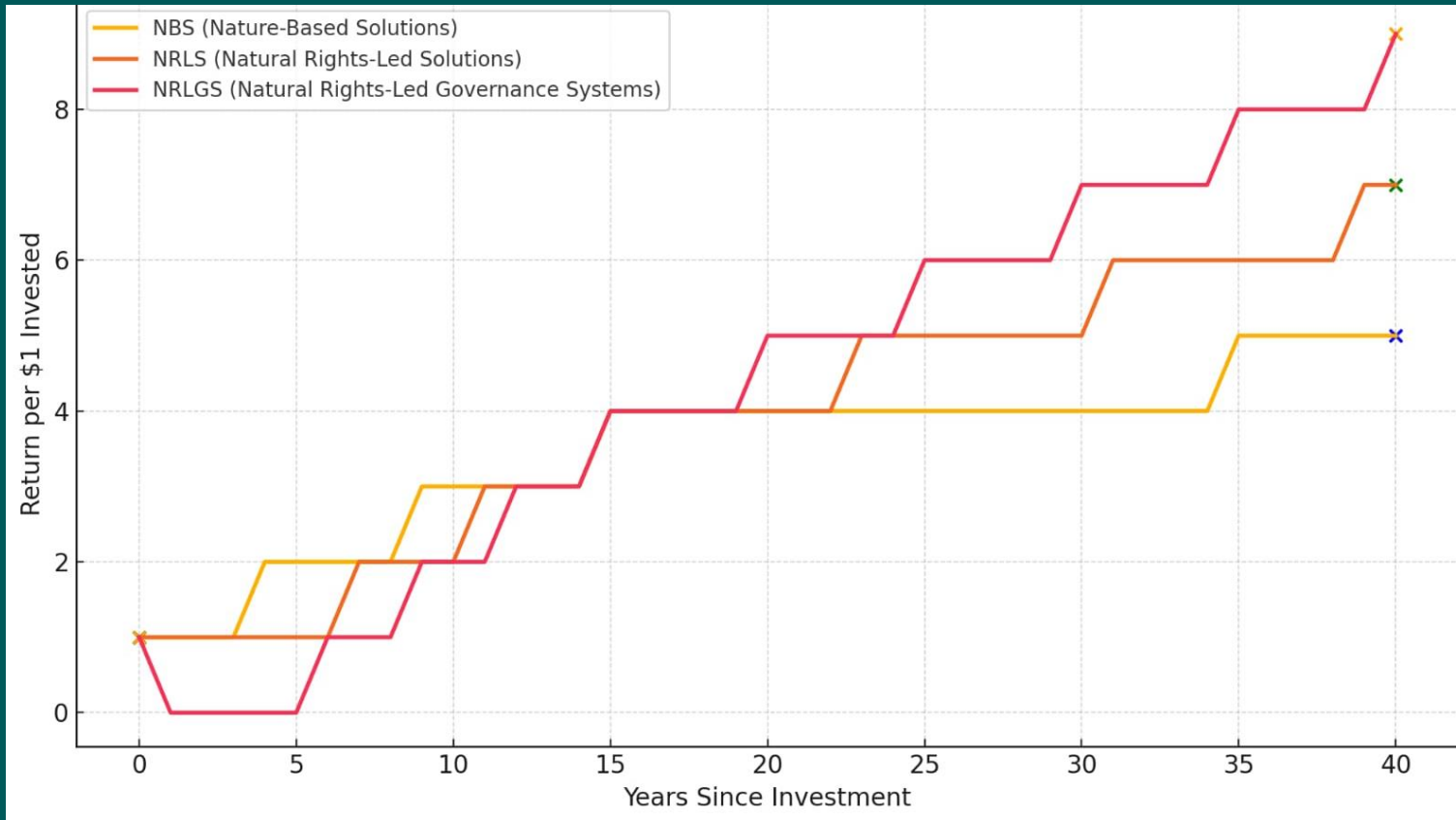


**Peaceful Grievance
or Conflict Resolution
Mechanism**



**Community
Stewardship**

Comparative ROI Over 40 Years: NBS vs NRLS vs NRLGS



NBS climbs fast early, flattening around \$5-6 per \$1.

NRLS rises slower, overtaking NBS around year 20 and holding steady near \$7-8.

NRLGS dips slightly first, reflecting reform costs but compounds steeply after year 10, cresting near \$10-12 by year 40.

Short story: NBS rewards speed, NRLS rewards balance, NRLGS rewards endurance.

Core Element	Development Led Governance	Natural Rights Led Governance
Nature's Legal Status	Resources to exploit	Rights-bearing entity
Nature's Role	Passive resource	Active rights-holder
People's Role	Economic agents	Eco-citizens with stewardship duties
Basis of Law	Property & profit	Interdependence & planetary boundaries
Development Model	Growth-first, risk-later, Extractive and linear	Eco-centric, Regenerative, precautionary, resilient and circular
Equity & Justice	Top-down aid, unequal outcomes	Intergenerational and distributive justice
Accountability	Human-centered litigation, Bureaucratic or voluntary	Eco-centric and intergenerational justice; Legally binding obligations to people & nature
Community Role/ Participation	Tokenistic	Central to ecological decision-making/in resource governance
Disaster Approach	Reactive, post-disaster relief	Preventive, regenerative, rights-based

Development Led Governance Vs. NRLG

The Rise of Natural Rights Led Governance

“When a global system fails to protect the vulnerable, it isn’t just malfunctioning — it is collapsing. Natural Rights-Led Governance is how we rebuild a world that remembers who it must serve.”

The background features a light mint green rectangular area. Within this area, there are several overlapping, wavy, ribbon-like shapes in shades of light blue and pale purple. These shapes flow horizontally across the frame. In the corners of the overall image, outside the mint green rectangle, are geometric shapes: a dark blue triangle in the top-left, a light blue triangle in the top-right, and a dark blue triangle in the bottom-center.

Thank You

M Zakir Hossain Khan and Change Initiative
have been designated as civil society active
observer at the Climate Investment Fund (CIF)
for the Strategic Climate Fund (SCF) Trust
Fund Committee for the 2025–2027 term.



Our Partners



The Asia Foundation

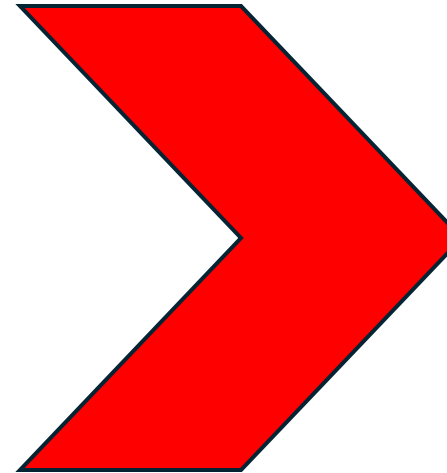


ব্রেকিং দ্য সাইলেন্স



Trillions for War, Crumbs for LDC Climate Finance

Rank	Country	Spending (US\$ bn)
1	United States	968.0
2	China	235.0
3	Russia	145.9
4	Germany	86.0
5	United Kingdom	81.1
6	India	74.4
7	Saudi Arabia	71.7
8	France	64.0
9	Japan	53.0
10	South Korea	43.9



Climate finance
received by 55 LDCs
(2002–23):

US\$ 33.74 billion