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**International Conference on Climate Knowledge**

**Understanding the Difference between  
Climate Finance and Overseas  
Development Assistance:  
The Case of Bangladesh**

**Name of the Presenters/Co-investigators**

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# BACKGROUND OF THE STUDY

Issues reviewed in the study:

- No universally agreed definition of CF
- The qualitative difference between CF and Overseas Development Assistance (ODA) is blurred, because of the difficulty in distinguishing development from adaptation
- Most of the CF is regarded as repackaged ODA (70-80%)
- Transparency and Accountability modalities are not agreed yet
- Rio Marker mechanism has flaws and many more...
- This study aims for an in-depth understanding of CF in the context of Bangladesh so that Bangladesh can devise a strategy to reap max benefit

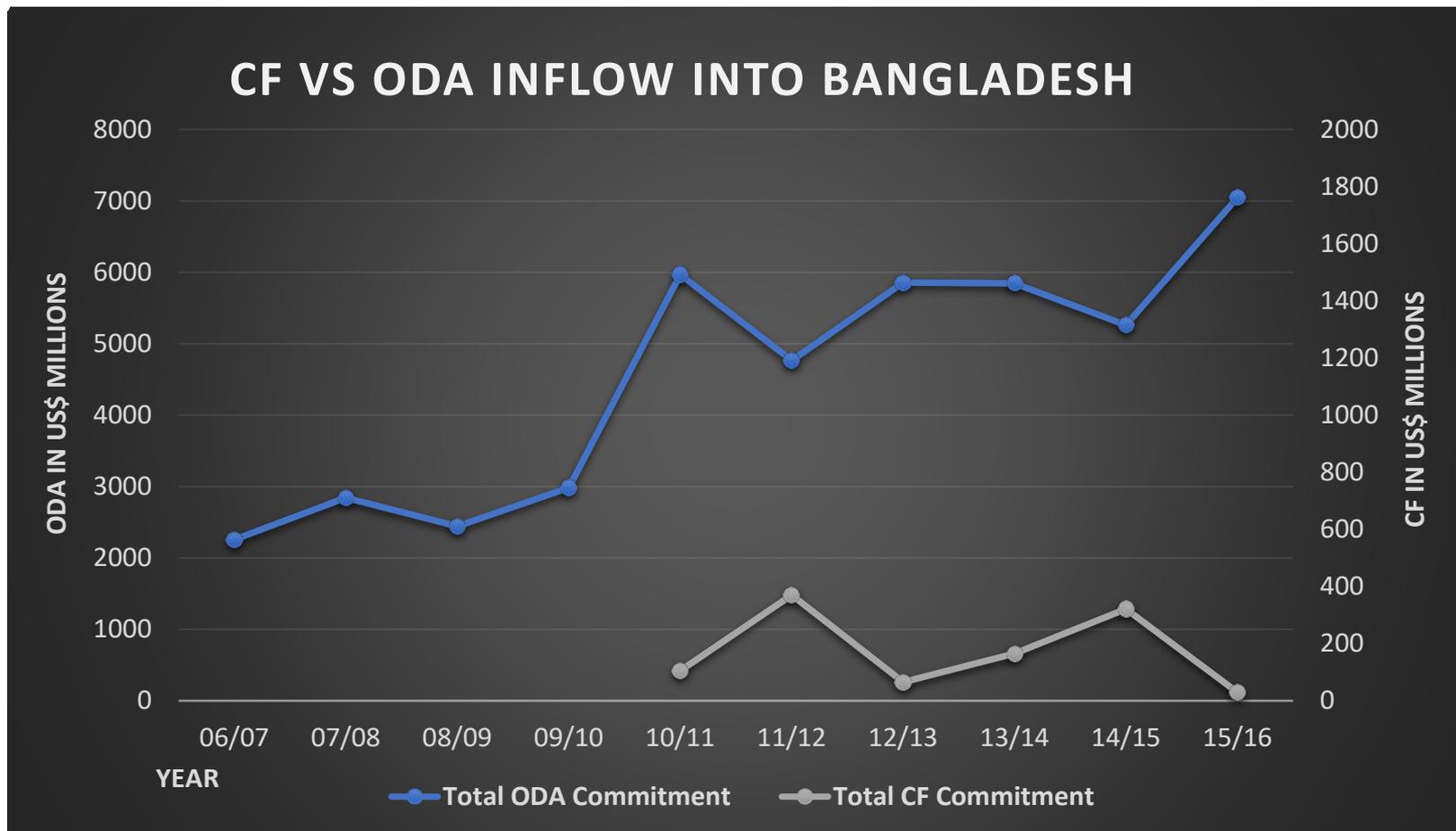
## RESEARCH QUESTIONS

- What was the trend of ODA in the last decade? What is the grant component in ODA?
- How much and for what projects/programs Bangladesh has been receiving bilateral and multilateral ODA and CF support?
- What are the qualitative differences in projects/programs funded by CF & ODA-CF in Bangladesh?
- Were there any criteria selected for defining projects as climate- focused?
- What kind of framework of CF is appropriate for Bangladesh?

## METHODOLOGY

1. Literature Review
2. Inception Workshop
3. Primary and Secondary data collection of CF and ODA
4. Key Informant Interviews (KIIs) of relevant stakeholders
5. Party Submission Analysis
6. Project Profile Analysis
7. National Workshop

# ODA AND CF SCENARIO IN BANGLADESH



# PROJECT PROFILE ANALYSIS

## COMPLEMENTARITY DIFFERENCE

SL	CF	CF-ODA
1	Afforestation/reforestation to reduce GHGs (REDD projects)	Afforestation/reforestation to ensure climate sensitive livelihoods
2	Develop renewable energy (solar panel, biogas, wind turbine etc.) options to reduce dependency on fossil fuel	Provide renewable energy options for the vulnerable communities with no/less access to energy
3	Climate sensitive livelihoods generation in the vulnerable regions	Alternative livelihood options development in climate change affected communities
4	Climate sensitive and stress tolerant agriculture, fisheries and livestock product development	Building capacity of the farmers, fishers and livestock manager to achieve sustainable and resilient production
5	Construction of cyclone shelter and flood embankment to reduce climate induced risk	Re-construction/repair of roads, shelters, embankment and other infrastructure after disaster

# HIGHLIGHTS FROM LITERATURE REVIEW

- Dependence of Bangladesh on foreign aid is decreasing, now amounting to less than 1.5% of our GDP; CF, hence, is even more important to be different from ODA
- MIDCs get relatively more CF than LICs
- Diversification of projects needed to better address vulnerabilities in the LDCs
- ODA is being redefined by OECD to reduce the similarities with CF
- Party submissions to SBSTA to reach a common ground; fixing a CF definition not yet agreed upon
- SBSTA was given the task for working out accounting modalities of CF for adoption by COP24; insignificant success

# TRANSPARENCY OF SUPPORT

- Persistent resistance from developed countries in defining what CF is, continues to keep the transparency issue at bay
- Reporting instruments: National Communications every four years, Biennial Reports since 2012, and a Common Tabular Format (CTF) for reporting on the financial support since COP18 in 2012
- Rio Markers were discredited by the Developed Country Parties themselves as they produce double and triple counting of CF; Germany no longer uses it; a few discount it by half; many others still do
- Problems with granularity and lack of details on CF
- Information presented in aggregate form

# TRANSPARENCY OF SUPPORT

DCPs are on the same page with few propositions:

- Need for a common understanding of CF and its framework
- Need for the development of a timeline for deliverables
- Need for mutual understanding between the needs of recipients and the delivery by donors
- Development of a framework for the private sector involvement and their accounting of CF
- Need for sharing positive and negative lessons learnt

Current Status?

- No agreement has been reached on a common methodology of accounting modalities even at COP24
- Better to strengthen negotiations on similarities in opinions among the parties, rather than harping on the differences

# **SUPPORT FOR TRANSPARENCY OF ACTION IN DCPs**

- Donors are more interested in this area
- GEF CBIT TF established \$61 million
- Several projects being funded
- Huge support and obligatory (“shall” of Article 13.13 and 13.14)
- Recipients are more transparent than donors (AIMS, etc.)

# CF INFLOW INTO BD vs OTHER LDCs

- Project analyzed CF inflow into Bangladesh and four other LDCs that have similar types of indicators, but different geographical and strategic setting
- The comparisons were among the countries of Bhutan, Solomon Islands, Haiti, Gambia and Bangladesh
- Historical analysis shows that there seem to be three criterion that donors follow to grant CF: merit of the recipient country, donor/development partners' interests and recipient country's vulnerability
- Historically, the first two are more dominant than the third (e.g. ability to write better projects and greater transparency of Bhutan has won itself more CF than BD)
- Even though Bangladesh's population density, CRI, EVI and GDP losses per year due to climate-induced natural disasters is among the highest, it still receives one of the least amounts of CF

# CONCLUSION AND RECOMMENDATIONS

- Understanding the difference between CF and ODA is important for accepting foreign funds
- For mobilization only developed countries' public sources will be quite inadequate, as it is today
- Agreement needed to be reached on taxing carbon and carbon-intensive activities
- It was expected that the SBSTA will come out with an acceptable framework of CF accounting, for adoption by COP24, but it failed

# A PROPOSED FRAMEWORK OF CF FOR BANGLADESH

## International and National Elements:

- Further efforts to agree on a common set of criteria of CF
- Separating the mobilization of ODA & CF, which are qualitatively different and at implementation level, both sources can be mixed
- Fixing a set of criteria of CF at national level for adaptation projects, such as more than half of project money going into a project meant for adaptation to CC can be considered as CF project
- Mobilization of local level levies & carbon tax at national level
- Better MRV of CF at national level
- Capacity Building for project proposal preparation, with training
- Training of officials at all levels on the UNFCCC negotiation process
- Academics, researchers and practitioners must work more closely so that better results both in mobilization and utilization of CF can be achieved

# GOBESHONA 5

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Climate Finance is no longer just a fund;  
it is the food for humankind's continued existence

