Not Just Public Funds, Climate Finance Must Evolve

Climate finance is declining globally just as climate impacts are intensifying. That's why Bangladesh must enhance its capacity and strengthen institutional preparedness to make the most of available climate funds. Developed countries are no longer expected to fund climate action solely from their public sectors. Under the "Baku to Belйm Roadmap for USD 1.3 Trillion," COP30 is expected to kick off a process to develop innovative financing mechanisms—currently the only viable path to accessing larger climate resources.

These views were shared by Advocate Hafijul Islam Khan (Hafij Khan), founder and director of the Center for Climate Justice Bangladesh, in an interview with ***Mollah Amzad Hossain,*** editor of Energy & Power.

Under the "Baku to Belém Roadmap for USD 1.3 Trillion," what kind of discussions might take place at COP30? Financing wasn't discussed in Bonn. So, how are preparations moving forward?

At Baku, countries agreed under the NCQG (New Collective Quantified Goal) to mobilize USD 300 billion annually. They also agreed to continue discussions on scaling this up to USD 1.3 trillion by 2035. This ongoing process is known as the "Baku to Belйm Roadmap for USD 1.3 Trillion."

But this money is not expected to come solely from the public sector—it must be mobilized across all sectors. Therefore, discussions in Belйm will be critical for developing a clear strategy on how this financing will be raised, who will contribute, and under what conditions.

While SB62 in Bonn didn't include climate finance formally on the agenda, there were some side discussions. However, growing geopolitical and geoeconomic tensions could significantly hinder finance mobilization.

We all know the USD 100 billion per year promised by developed countries for 2020–2024 was never fully delivered. A new pledge of USD 300 billion per year was made in Baku, but again, there are no guarantees. Still, we hope this roadmap will lead to a formal institutional structure that allows negotiations to move forward more efficiently.

Negotiators from developing countries still hope that most climate finance will come from public sources. But developed nations are now shifting focus to innovative finance and the private sector. How do you interpret this?

The basic principle of the finance discussion is that polluters must pay. Countries like the US, which have historically polluted the most, must pay now. Countries like China, which are among today's top emitters, also need to step up. This is fundamentally about compensating for pollution.

We've insisted that, in the interest of climate justice, the majority of climate finance must come from public sources. But now developed nations argue that their public sectors can't shoulder the full burden—the private sector must be engaged as well.

This raises a critical question: How do we compel corporations, banks, and other private entities —many of which are major emitters —to contribute to climate efforts? There must be pressure and accountability mechanisms to ensure they pay their share.

There's also increasing discussion about innovative financing tools like carbon taxes and levies. For instance, there are proposals to levy taxes on the maritime and aviation sectors. These are promising, but implementation will be difficult.

There was once a proposal to tax the wealth of the ultra-rich to fund climate action. What's the current status of that idea?

That idea hasn't gained much traction.

Hafij Khan

We can no longer depend solely on public finance for climate action. The polluters, whether governments or corporations, must pay their fair share. That means creating pressure and accountability mechanisms for private actors. If we want to mobilize USD 1.3 trillion by 2035, innovative financing involving all sectors is not just ideal, it's the only viable path forward.

The reality is that the ultra-rich often own or control the industries most responsible for emissions. These individuals and their corporations—especially in developed countries—bear historical responsibility for climate damage.

Ideally, fossil fuel-producing countries should be paying compensation. But now governments are trying to shift that responsibility onto corporations instead.

Private capital is profit-driven. It may invest in mitigation, where returns are possible. But how can we attract private financing for adaptation and loss & damage, which don't generate profits?

Despite its limitations, the private sector has become a key player in today's global climate framework. Under

Article 6 of the Paris Agreement, a carbon market mechanism is being developed, and many private actors are eager to participate.

Funds generated through these markets could potentially be directed toward adaptation and loss & damage.

Another idea is to legally require polluting companies to fund climate resilience. The International Court of Justice (ICJ) is expected to release an advisory opinion on this, and I believe it will carry weight. It could lead to real pressure on fossil fuel companies.

We need to move beyond viewing climate finance as a public-sector-only issue. The private sector must be involved, and this requires active engagement from civil society, academia, NGOs, youth, and women's groups.

You mentioned the need to institutionalize the Baku and Belém roadmaps. What exactly do you mean by that?

Our goal is to mobilize USD 1.3 trillion by 2035. But where will this money come from? It must come from the public, private, and all other actors. The Paris Agreement already outlines various mechanisms for accessing climate finance.

What's missing is a structured system to pull together those funds. By institutionalization, I don't mean creating a new fund—I mean setting up a financing mechanism that can tap into these existing sources more effectively.

Over the years, the UNFCCC has developed several strategies, mechanisms, and funding tools. What kind of preparation do developing countries need to access these funds fairly?

It starts at the national level. Each country—through its government, civil society, NGOs, and media—must first define its priorities for the COP. Once this national process is complete, the 148 developing countries must come together with a unified negotiating agenda. Together, we must push for public finance and fair access.

Given the changing global landscape, it's clear that climate finance will shrink. Countries must submit strong project proposals to secure their share. How prepared is Bangladesh?

SCAN THE QR CODE TO WATCH FULL TALKS

You're absolutely right—global climate finance is shrinking. So, we must be prepared to capture what's still available.

First, we must build local capacity. Unfortunately, we still lack the technical expertise to develop high-quality projects. This means we may have to rely on foreign experts.

Second, institutional integration is key. Though we have designated national entities (DNEs) for different funds, we now need to identify a central body—or a few key institutions—that can coordinate access to all climate funds. This central body should receive funds and allocate them to pre-selected eligible projects. Strong coordination is crucial.

Bangladesh has begun this process, but we must accelerate it. We should also prepare to receive not just financial assistance but also technical support.

The 6th Board Meeting of the Loss and Damage Fund was recently held in Manila. A decision was made to initially disburse USD 250 million. Have distribution guidelines been finalized? What about mobilizing new or pledged funds?

The main goal of the 6th Board Meeting was to finalize disbursement modalities. A decision was made to provide USD 5-20 million per country as an initial allocation.

The question now is how that money will be disbursed. Unlike other funds—where you submit a project, get approval, and then implement—this fund is different.

The Board agreed that it must be capable of rapid disbursement for natural disasters like floods or cyclones. At the same time, it will also allow for project-based disbursements.

So far, there is no agreed-upon access strategy. Discussions are ongoing about innovative access options, including direct budget support.

The World Bank, which is acting as an interim host, wants disbursements to meet its high standards. But many developing countries struggle to meet those requirements. Therefore, the Board decided to conduct more research and finalize the access modalities—possibly at its next meeting in October.

In the meantime, the Fund Secretariat is working on mobilizing pledged funds, while the Board explores how to bring in private sector contributions.

Corporations worldwide are spending heavily through Corporate Social Responsibility (CSR) funds. Could any of that money be channeled into the Loss and Damage Fund?

Yes, there's potential for that. But both the political leadership at the COP and the Fund's board need to take action. We need public campaigns and political pressure to ensure that polluters pay financial compensation to those suffering the consequences.

The United States is increasingly impacted by natural disasters. Could this push its federal government to recommit to climate finance?

There's no clear answer. Even when the federal government withdrew from the Paris Agreement, US states and corporations continued their climate efforts. It's hard to say whether public pressure alone will be enough to push the federal government back into a leadership role in climate finance.

Is there potential to mobilize climate finance from Bangladesh's domestic private sector?

Absolutely—and we must take it seriously. The government should create a legal framework that compels polluting industries to finance mitigation efforts. EP