“WASH Financing for Climate Resilience and Equity in Bangladesh: A Review of ADP and ERD Portfolios"

# List of Abbreviations

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| Abbreviation | Full Form |
| WASH | Water, Sanitation, and Hygiene |
| ERD | Economic Relations Division |
| DPHE | Department of Public Health Engineering |
| WASA | Water Supply and Sewerage Authority |
| HYSAWA | Hygiene, Sanitation and Water Supply Foundation |
| PKSF | Palli Karma-Sahayak Foundation |
| LGD | Local Government Division |
| WB (IDA) | World Bank (International Development Association) |
| AIIB | Asian Infrastructure Investment Bank |
| ADB | Asian Development Bank |
| IsDB | Islamic Development Bank |
| AFD | Agence Française de Développement (French Development Agency) |
| UNICEF | United Nations International Children’s Emergency Fund |
| GoB | Government of Bangladesh |
| CRC5/CRC6 | Climate Relevance Code 5 / 6 (inclusive WASH and urban sanitation adaptation) |
| GEF | Global Environment Facility |
| GCF | Green Climate Fund |
| NAP | National Adaptation Plan |
| BCCSAP | Bangladesh Climate Change Strategy and Action Plan |
| CFF | Climate Fiscal Framework |
| MCPP | Mujib Climate Prosperity Plan |
| ADP | Annual Development Programme |
| RADP | Revised Annual Development Programme |
| STP | Sewage Treatment Plant |
| FSM | Fecal Sludge Management |
| PPP | Public-Private Partnership |
| CSO | Civil Society Organization |
| NGO | Non-Governmental Organization |
| DNCC | Dhaka North City Corporation |
| GCC | Gazipur City Corporation |
| CDR14 | Climate Development Research Code 14 (WASH-related infrastructure research) |
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# **Introduction and Overview**

Over the past five fiscal years (FY2019–20 to FY2023–24), Bangladesh has witnessed a significant and consistent rise in climate finance allocations. According to the *Climate Budget Reports* published by the Ministry of Finance, total climate-tagged national budget allocations increased from USD 2.33 billion (BDT 25,650 crore) in FY2019–20 to USD 3.37 billion (BDT 37,051 crore) in FY2023–24—reflecting a 44.5% increase in just five years.

Despite this upward trend in overall climate financing, the WASH sector has remained underrepresented, receiving only a modest share of climate-tagged resources. Data sourced from the Economic Relations Division (ERD) highlights a diverse yet limited portfolio of WASH-related climate projects, primarily funded through concessional loans, mixed credit, and grants. These are implemented by a range of government and semi-government agencies in collaboration with international development partners.

Given Bangladesh’s acute exposure to climate-induced risks, such as flooding, salinity intrusion, and disease outbreaks, WASH services are critical to building resilience and safeguarding public health. While long-term WASH allocations within the Annual Development Programme (ADP) have shown growth, recent patterns suggest budget volatility, geographic imbalance, and implementation gaps, especially in pro-poor and rural sanitation programs.

**Objective of the Report**

To critically analyze the current landscape of WASH (Water, Sanitation, and Hygiene) financing in Bangladesh, with a particular focus on climate-tagged investments (CRC5 and CRC6) within the Climate Budget and the Annual Development Programme (ADP), and to assess how financing patterns align with national priorities for climate resilience, equity, and sustainable infrastructure development.

# **Definition and Analytical Framework**

## Definition of Climate Finance

*“Climate Finance refers to local, national or transnational financing drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change.”*  
— *Climate Financing for Sustainable Development: Budget Report 2023–24*

This definition is aligned with international obligations under the UNFCCC, Kyoto Protocol, and the Paris Agreement, which emphasize the responsibility of developed nations to support vulnerable countries in their climate responses. In the context of Bangladesh, climate finance encompasses both:

* **Mitigation**: Reducing greenhouse gas emissions
* **Adaptation**: Building resilience to climate risks and climate variability

Bangladesh’s climate finance architecture is guided by the Climate Fiscal Framework (CFF), introduced in 2014 and updated in 2020. This framework provides the foundation for budget tagging, classification, and monitoring of climate-responsive investments across sectors and ministries.

However, While Bangladesh’s Climate Fiscal Framework (CFF) and budget tagging system are informed by global good practice broadly aligned with the global understanding under the UNFCCC, Kyoto Protocol, and Paris Agreement, it is important to note that Bangladesh’s Climate Budget Report (*Climate Financing for Sustainable Development: Budget Report 2023–24)* applies this definition in a domestically scoped context. Specifically, the methodology:

* Focuses exclusively on **public finance from the Government of Bangladesh (GoB)**.
* **Excludes** international sources such as the **Green Climate Fund (GCF)**, **LDCF**, GEF, or Adaptation Fund flows or bilateral and multilateral aid—even if these fund climate-related projects.
* Does not formally distinguish between “new and additional” climate finance and existing development spending repurposed for climate objectives, as required under **Article 9 of the Paris Agreement**.

Thus, while the intent and framing align with global standards, the financial scope and verification mechanisms fall short of full alignment with international reporting systems used in Biennial Update Reports (BURs) or the UNFCCC Climate Finance Registry.

## WASH Finance under CRC Codes

Although the ERD’s Climate Budget Reports do not provide an explicit standalone definition of WASH finance, its significance is implicitly recognized through **Climate Relevance Codes (CRCs)**—particularly **CRC5** and **CRC6**. These codes allow classification of WASH-related investments that align with climate resilience and adaptation priorities.

In this framework, **WASH finance** refers to public expenditures on water, sanitation, and hygiene systems that enhance resilience to climate variability, mitigate disease risks, and promote inclusivity (gender, age, disability), particularly in urban and climate-vulnerable communities

Specifically, WASH-related climate finance includes:

* Water supply infrastructure (e.g., surface water systems, treatment plants)
* Sanitation systems and fecal sludge management (FSM)
* Hygiene promotion and behavior change
* Inclusive access for women, children, the elderly, and persons with disabilities
* Climate-adapted services for flood-prone, coastal, and urban low-income areas

However, CRC-tagged WASH finance represents only a subset of these investments—those explicitly aligned with climate resilience and adaptation objectives. CRC-tagged WASH activities focus on:

* Flood-resilient water and sanitation infrastructure
* Inclusive technologies tailored for marginalized groups
* Hygiene and disease prevention linked to climate vulnerability
* Services for urban low-income settlements and coastal communities

The key CRC codes that capture WASH-relevant climate finance include:

|  |  |
| --- | --- |
| **CRC Code** | **Description** |
| **CRC5** | Inclusive, gender-, age-, and disability-sensitive WASH technologies and infrastructure |
| **CRC6** | Expansion of urban sanitation and hygiene services to reduce disease and flood risks |

These CRCs primarily apply to urban WASH adaptation projects, typically housed within the Local Government Division (LGD) and implemented through agencies such as DPHE and WASAs.

**Functional Definition of WASH**

The **Bangladesh National WASH Accounts (BNWA)** defines WASH through a comprehensive lens based on the World Health Organization’s TrackFin framework. This definition includes the provision, use, and sustainability of services across three core components:

* **Water:** Production, treatment, storage, and distribution for drinking, cooking, and hygiene.
* **Sanitation:** Safe disposal and treatment of human excreta, faecal sludge management, construction of latrines, and supporting infrastructure such as drainage.
* **Hygiene:** Handwashing, menstrual hygiene management (MHM), hygiene promotion, and behavior change.
* The BNWA excludes expenditures on solid waste management, focusing only on water, sanitation, and hygiene services. These definitions align well with CRC5 and CRC6 classifications, both of which emphasize equity, climate resilience, and urban service delivery.
* In summary, the WASH finance scope in Bangladesh—defined by BNWA and operationalized through CRC-tagging—captures public investments related to infrastructure, access, and awareness in water, sanitation, and hygiene. This alignment provides a robust analytical foundation for assessing WASH within the national climate finance framework.

## Methodology

This analysis is grounded in project-level and budget-level data extracted from two key government sources: the **ERD Annual Report 2023–24** and the **Climate Financing for Sustainable Development: Budget Report 2023–24**. It applies both **qualitative synthesis** and **quantitative financial tracking** to capture WASH-specific interventions within Bangladesh's broader climate finance framework.

**Key Steps in the Methodology:**

1. **Definition of WASH used in the Analysis:** The analysis uses a broad functional definition of WASH aligned with SDG 6 and Bangladesh’s national priorities. WASH is treated as an integrated service domain comprising safe drinking water, sanitation (including sewerage and FSM), hygiene promotion, and climate-resilient infrastructure.
2. **Keyword Filtering**: Project titles, descriptions and sector codes were filtered using WASH-related terms (e.g., water, sanitation, hygiene, sewerage, drainage) in project titles, objectives, or sectoral focus areas.
3. **Implementing Agency**: Agencies responsible for WASH service delivery were prioritized—primarily DPHE, WASAs, HYSAWA, and LGD.
4. **Climate Relevance Coding (CRC)**: Budget lines tagged under CRC5 and CRC6—the primary codes for inclusive and urban WASH ‘were used to identify relevant public investments.
5. **Funding Stream Identification**: The analysis categorized WASH finance across:
   * **Public financing** (Annual Development Programme - ADP),
   * **Concessional loans** from development partners,
   * **Grants**, **mixed credit**, and **GoB budget allocations**.
6. **Trend and Equity Analysis**: Budget trends were analyzed across geographic regions, rural-urban divisions, and fiscal years to assess equity and prioritization.
7. **Supplementary Sources**: Secondary insights were drawn from policy briefs, Climate Fiscal Framework (CFF) updates, and project evaluation documents when available.

This approach ensures that both **explicitly tagged** and **implicitly embedded** WASH finance (e.g., in drainage, flood resilience, and urban health infrastructure) are captured in the landscape assessment.

# **Project Portfolio and Funding Patterns: What Are the Major WASH Projects and Who Funds Them?”**

## Financing Sources & Mechanisms

Bangladesh’s WASH sector is supported through a multifaceted financing ecosystem involving domestic public resources, international climate and development finance, and growing interest from private and blended funding channels. The table below summarizes the major sources and examples of financing mechanisms in the sector:

|  |  |
| --- | --- |
| Source Type | Examples |
| Domestic Public Finance | ADP allocations tagged under CRC5 (inclusive technologies) and CRC6 (urban sanitation); climate budget under LGD |
| Climate Funds | Green Climate Fund (GCF), Adaptation Fund, Bangladesh Climate Change Trust Fund (BCCTF) |
| Donor Grants/Loans | ADB’s Urban Water & Sanitation projects; World Bank's Urban Resilience Program |
| Private Finance | Green bonds, sanitation microfinance, CSR-funded community toilets |
| Blended Finance | Multilateral + domestic finance (e.g., WASH initiatives under Bangladesh Delta Plan 2100) |

## Climate Finance and the WASH Sector in Bangladesh

WASH is increasingly recognized as both a climate adaptation and public health priority in Bangladesh’s climate financing framework. While not a standalone category in the national climate budget, WASH-related allocations are embedded within broader adaptation programming, particularly those tagged under **CRC5** and **CRC6** in the Annual Development Programme (ADP).

Based on recent data from the Economic Relations Division (ERD) and Climate Budget Reports, **14 major WASH projects** have been identified over the past five years. These projects span both rural and urban areas and reflect a growing emphasis on **climate resilience**, **equity**, and **infrastructure development**.

The project portfolio reflects a strategic blend of:

* **Hard infrastructure investments**: such as treatment plants, piped water systems, and fecal sludge management (FSM);
* **Soft, equity-oriented services**: focusing on marginalized groups, behavior change, and market-based sanitation;
* **Climate-resilient WASH infrastructure**: particularly in vulnerable zones like coastal districts, Cox’s Bazar host communities, and the Chattogram Hill Tracts.

Despite the progress, a clear gap persists while loan-financed infrastructure dominates, grant-based and behavioral WASH investments remain limited and heavily reliant on external support.

**Table:**

A total of 14 major WASH-relevant projects were identified, spanning both rural and urban interventions. These projects collectively reflect a blended financing model with multilateral loans, bilateral grants, and government budget allocations. Below is a summary:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Project Name** | **Ministry /Division** | **Executing Agency** | **Development Partner** | **Loan USD million)** | **Grant** **USD million)** | **Total (USD million)** | **Year** | | **Locations** | **Project Information** | **Source** |
| **Rural Water, Sanitation and Hygiene for Human Capital Development Project** | LGD | DPHE & PKSF | WB (IDA) / AIIB | 200 |  | 200 | | 2021 | Rural districts across Bangladesh. | Improve hygiene behavior, construct WASH facilities in schools and public places, and provide sanitation microfinance | ERD, Annexure-2, |
| **Chattogram Water Supply Improvement and Sanitation Project-II** | LGD | Chattogram WASA | WB (IDA) | 1.70 |  | 1.7 | | 2021 | Chattogram city | Pre-investment activities; detailed design and feasibility for sanitation improvement | ERD, Annexure-2, |
| **Bangladesh Municipal Water Supply and Sanitation Project (BMWSSP)** | LGD | DPHE | WB (IDA) / AIIB | 100 |  | 100 | | 2019 | Municipalities in Khulna, Rajshahi, Rangpur | Infrastructure development: piped water systems, FSM, capacity building of Pourashavas | ERD, Annexure-2, |
| **Dhaka Sanitation Improvement Project (DSIP)** | LGD | Dhaka WASA | WB (IDA) / AIIB | 170 |  | 170 | | 2020 | Greater Dhaka city | Improve sewerage systems, build WWTPs, increase safe sanitation access | ERD, Annexure-2, |
| **Inclusive Sanitation and Hygiene for Urban Communities** | LGD | DPHE | Islamic Development Bank (IsDB) | 34.60 | 19.40 | 56.00 | | 2022 | Urban poor areas across 10 cities | Expand sanitation services, targeting vulnerable groups and low-income communities | ERD, Annexure-2, |
| **WASH Sector Strengthening and Sanitation Market System (SanMarks)** | LGD | DPHE in coordination with UNICEF | UNICEF |  | 2.50 | 2.5 (USD equiv.) | | 2023 | Nationwide | Sanitation market development, behavior change campaigns, private sector engagement | ERD, Annexure-2, |
| **Urban Water Supply and Sanitation in 23 Pourashavas** | LGD | LGED/DPHE | IsDB | 89.30 (OCR: 10.00, Istisna’a: 79.30) |  | 89.3 | | 2017 | 23 Pourashavas across all divisions | Water supply lines, small-scale STPs, community sanitation facilities | ERD, Annexure-2, |
| **Inclusive Climate Adaptation for Resilient Host Communities (ICAR)** | LGD | HYSAWA | Denmark |  | 7.3 | 7.3 | | 2023 | Cox’s Bazar | Build climate-resilient WASH infrastructure for host and displaced communities | ERD, Annexure-2, |
| **Saidabad Water Treatment Plant, Phase-III** | LGD / WASA | WASA | Denmark, AFD, EIB | 385.00 |  | 385.00 | | 2019 | Dhaka (Saidabad) |  | ERD, Annexure-2, |
| **Dhaka Environmentally Sustainable Water Supply Project** | LGD | WASA | AFD / ADB | 472.25 |  | 472.25 | | 2013 | Dhaka | |  | | --- | |  |   Raw water intake from Meghna, WTP, transmission mains, reservoirs, SCADA | ERD, Annexure-2, |
| **Rajshahi WASA Surface Water Treatment Plant** | LGD | RWASA | China | 276.25 |  | 276.25 | | 276.25 | Rajshahi | 200 MLD WTP, 26.5 km transmission line, 48 km distribution, booster pump stations | ERD, Annexure-2 |
| **Bhandhal Jhuri Water Supply Project** | LGD | CWASA | South Korea (EDCF) | 144.00 |  | 144 | | 2021 | Chattogram | Surface water abstraction, treatment plant, 60 km pipelines, elevated reservoirs | ERD, Annexure-2, |
| **The Project for Improvement of Comprehensive Management Capacity of DPHE on Water Supply (Phase-II)** | LGD | DPHE | JICA | Technical Assist. (Grant) |  | Not specified | | 2021 | Technical capacity-building for DPHE nationwide | Enhance O&M capacity, GIS/IT system support, HR development for DPHE | ERD, Annexure-2, |
| **Chattogram Hill Tracts Inclusive Resilient Urban Water Supply and Sanitation Project** | LGD | DPHE | ADB | 90.00 |  | 90.00 | | 2023 | CHT districts; Bandarban, Rangamati, Khagrachari | Urban water networks, FSM, STPs, hygiene promotion targeting tribal areas | ERD, Annexure-2, |

The table above offers a consolidated snapshot of 14 major WASH-relevant projects implemented in Bangladesh over the past five fiscal years. These initiatives reflect the sector’s broadening scope spanning both urban and rural contexts and encompassing a combination of infrastructure-heavy (“hard”) investments and behavioural, institutional, and market-driven (“soft”) interventions.

**Emerging Trends in WASH Financing**

Several important themes emerge from this evolving project and financing landscape:

* **Dominance of Loan-Based Projects:** Multilateral development banks (e.g., WB, ADB, AIIB) are key funders of large-scale, infrastructure-heavy WASH investments.
* **Limited Grant Components:** Most soft-sector interventions (behavior change, sanitation marketing) rely on relatively small-scale donor grants.
* **Climate Integration:** Many projects explicitly incorporate climate resilience goals—particularly those in flood-prone, coastal, and migration-affected zones.
* **Institutional Coordination:** Strong collaboration between WASAs, DPHE, LGED, and local NGOs/partners ensures effective service delivery.
* **Geographic Diversification:** Projects now cover both urban centers (e.g., Dhaka, Rajshahi, Chattogram) and vulnerable rural and indigenous communities (e.g., Chattogram Hill Tracts, Cox’s Bazar).

Overall, the portfolio reflects a strategic shift toward climate-smart, inclusive, and sustainable WASH systems. However, it also reveals ongoing financing gaps particularly in rural sanitation and behavior-focused components, which remain underfunded and overly reliant on donor support. Addressing these gaps will be essential for ensuring equitable and resilient WASH service delivery in the years ahead.

## Core Funding Streams Supporting WASH in Bangladesh

Bangladesh’s WASH sector is supported by a mix of external and domestic financing sources, with a marked concentration in infrastructure-focused investments. The table below presents an overview of the primary funding streams, along with their estimated contributions and sources as referenced in the Climate Budget Report and project annexures.

|  |  |  |  |
| --- | --- | --- | --- |
| **Funding Type** | **Estimated Total (USD million)** | **Share (%)** | **Source in Report** |
| Loans (Multilateral/Bilateral) | ~1,341 | ~83% | Aggregated from Annexure-2 by summing loan commitments from WB, ADB, AIIB, IsDB, AFD, Korea (EDCF), and China Eximbank in WASH projects​​​. This includes projects like:  • DSIP (Dhaka)  • BMWSSP  • Saidabad WTP  • Rajshahi Surface WTP  • Pourashava Sanitation etc. |
| Grants | ~10 | <1% | Extracted from the **few explicitly identified grant-based** WASH projects in Annexure-2. This includes: • **SanMarks** (~2.5M, UNICEF) • **ICAR** (~7.3M, Denmark) |
| Mixed Credit | ~188 | ~12% | Mixed financing (soft loan + commercial component) is mentioned for projects like: • **Dhaka Environmentally Sustainable Water Supply** (AFD + ADB) • **Saidabad Phase III** (EDCF Korea + AFD) These were tagged as “mixed credit” in project narratives or known financing structures. Estimated from disbursement values or full project cost if breakdown unavailable. |
| GoB Budget (CRC-tagged) | ~65.8 | ~4% | This was **drawn from the CRC budget summary tables** in the Climate Budget Report. Specifically, the sum of: • **CRC5 (Inclusive WASH)** • **CRC6 (Urban Sanitation Expansion)** amounted to **BDT 658 crore**, or ~USD 65.8M. Converted using 1 USD = BDT 100 (approx.) as per GoB reporting convention. |

**Interpreting the Funding Mix: Patterns and Gaps**

The current funding landscape for WASH in Bangladesh reveals a heavy reliance on external borrowing, with limited fiscal space for grant-based or purely domestic financing. An estimated USD 1,341 million—approximately 83% of the total WASH financing portfolio—is sourced from concessional loans provided by multilateral and bilateral development partners. These loans primarily fund capital-intensive infrastructure, such as water treatment plants, sewerage systems, and large-scale piped networks, reflecting a strategic focus on long-term service expansion and urban system resilience.

Mixed credit mechanisms, accounting for about 12% of total funding (~USD 188 million), offer a blend of concessional and commercial terms. These are typically used in urban water supply and treatment projects and are often associated with bilateral partners like AFD (France) and EDCF (Korea), where infrastructure financing is structured to leverage private sector expertise and technology.

In contrast, grants contribute less than 1% of total WASH financing (~USD 10 million). These are primarily channeled toward hygiene promotion, school WASH programs, behavior change campaigns, and support for displaced or vulnerable communities. The marginal presence of grants underscores the need to attract more soft financing for pro-poor and inclusive WASH programming.

Meanwhile, CRC-tagged allocations from the Government of Bangladesh which are embedded within the national budget to support climate-resilient and inclusive WASH systems, amount to USD 65.8 million, or roughly 4% of the portfolio. While this indicates growing domestic commitment, the overall share remains low, suggesting room for greater prioritization of WASH within national climate and development financing frameworks.

Overall, the financing mix highlights a structural imbalance: large-scale infrastructure continues to receive the bulk of resources through loans, while software components such as hygiene, sanitation markets, and behavior change remain underfunded. Strengthening the role of grants, domestic investment, and PPPs will be key to ensuring both equity and sustainability in the WASH sector.

# Budget Analysis: How WASH Is Positioned in the National Budget

## WASH in National Budgeting: A Dual Lens

Bangladesh’s national budget for the WASH sector operates across two parallel yet interconnected tracks:

1. **Total WASH investments through the Annual Development Programme (ADP): C**overing infrastructure, service delivery, and public health promotion.
2. **Climate-tagged allocations (CRC5 and CRC6): A** subset of the ADP that tracks spending aligned with climate resilience, inclusion, and urban adaptation priorities.

This dual lens enables policymakers and analysts to distinguish between general development funding and climate-specific commitments within WASH. However, it also reveals a significant disparity between the scale of overall investment and the share explicitly aligned with climate adaptation goals.

### Combined WASH Finance Landscape – Budget & CRC-Tagged Allocation Trends

**Source: These values are directly found under Code 0108 in the section titled:**

***"BCCSAP Thematic Areas – Climate Relevant Allocation/Expenditure"* under “01-Food Security, Social Protection, and Health” across 25 ministries/Division (Appendix-4)**

**Climate Budget Report 2023–24, Table 12 and narrative)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Fiscal Year** | **Budget (BDT crore)** | **Revised Budget (BDT crore)** | **Actual Expenditure (BDT crore)** | **Relevance Weight** | **CRC5 + CRC6 Allocation (BDT crore)** | **Relevance weight Remarks/ Basis of Estimate** |
| **2019–20** | 946.09 | 676.04 | 490.09 | ~21% | ~ 200 (estimated) | Urban drainage and water safety indirectly supporting WASH (untagged) |
| **2020–21** | 1011.33 | 688.25 | 538.78 | ~30% | ~ 300 (estimated) | Scaling urban health and sanitation post-COVID; embedded in DRR and resilience funding |
| **2021–22** | 1093.43 | 811.47 | 717.38 | ~38% | ~ 420 (estimated) | Expanded focus on flood risk, urban hygiene, informal settlements |
| **2022–23** | 1333.22 | 1341.23 | N/A | ~39% | ~ 520 (estimated) | Introduction of CRC5 and CRC6 coding under LGD |
| **2023–24** | 1671.81 | N/A | N/A |  | 658 Actual | CRC5 = 65 crore, CRC6 = 593 crore​  Full-scale rollout of inclusive urban WASH infrastructure |

* \*\*"Allocations under Code 0108 – Water and Sanitation Programme for Climate Vulnerable Areas – span multiple ministries. While the Local Government Division (LGD) represents the largest share, ministries such as Housing and Public Works, Women and Children's Affairs, and Agriculture also report allocations under this code, reflecting cross-sectoral engagement in climate-relevant WASH delivery."
* \*\*\*\*\*\*For fiscal years 2019–20 to 2021–22, CRC5 and CRC6 allocations were not yet officially tagged. To estimate climate-relevant WASH financing during this period, a variable relevance weighting approach was applied to total allocations under Code 0108 – “Water and Sanitation Programme for Climate Vulnerable Areas.” These weights (ranging from 21% to 38%) were inferred based on programmatic focus, such as post-COVID hygiene investments and flood-resilient infrastructure, as outlined in the narrative sections of the Climate Budget Report.  
  For reference, the Climate Budget Report 2023–24 formally assigns a **fixed climate relevance weight of 46%** to Code 0108, which can be used for standardized climate finance accounting.
* Source: Climate Budget Report 2023–24, Appendix 1 & 2

**Key Insights: Trends and Interpretations**

**Growth vs. Climate Tagging**

* Over five years, **total WASH investments via ADP have more than doubled**, indicating high-level national commitment to the sector.
* However, **less than 2% of total climate-tagged budgets** are attributed to WASH (via CRC5 and CRC6), revealing **limited integration of climate adaptation into WASH spending**.

**Emerging Role of CRC Codes**

* CRC5 (inclusive technologies) and CRC6 (urban sanitation) were introduced in FY2022–23 and formalized in FY2023–24.
* These codes provide a **targeted lens for tracking climate-relevant spending**—particularly in vulnerable urban contexts.
* Despite being a small portion of the total budget, CRC-tagged allocations **signal progress toward climate-smart WASH programming**.

**Underutilization of Allocated Budgets**

* Over multiple fiscal years, actual expenditures have averaged 70–75% of revised allocations, pointing to implementation bottlenecks and capacity constraints.
* Notably, the FY2022–23 revised budget was 0.6% higher than the original, suggesting attempts to align resources despite earlier underuse—yet actual spending data remains unavailable.

**FY2023–24 Highlights**

* The previous year marks the highest planned WASH allocation to date (BDT 1,671.81 crore).
* The formal adoption of CRC5 and CRC6 reinforces the integration of urban WASH into the broader climate adaptation framework, aligning with SDG 6 and national resilience goals.
* However, the absence of CRC-tagging in rural and behavior-focused interventions raises concerns about equity and comprehensiveness.

**A graph with orange lines

AI-generated content may be incorrect.**

This chart compares total ADP allocations for WASH (Code 0108) with estimated and actual CRC5/CRC6-tagged allocations. The estimated values for FY2019–22 are calculated using a 46% climate relevance weight derived from the Climate Fiscal Framework. Formal CRC tagging began in FY2022–23 and was fully rolled out in FY2023–24, when BDT 658 crore was explicitly tagged for climate-smart, inclusive WASH programming.

**What the Budget Trends Reveal**

A visual chart comparing total WASH ADP allocation with CRC-tagged components across FY2019–24 would show:

* A **consistent increase in total WASH financing**
* A **gradual but limited rise in CRC5 and CRC6 allocations**
* A **growing gap between climate ambition and WASH targeting**, especially in underserved and rural areas

The evolving structure of WASH budgeting in Bangladesh presents both **opportunities and challenges**:

* **Opportunity**: The scaling up of CRC-tagged allocations reflects progress in embedding WASH within the climate fiscal architecture.
* **Challenge**: The current gap between total WASH investments and climate-specific tagging points to **an underutilized potential to integrate adaptation, resilience, and equity considerations more deeply into WASH programming.**

To optimize impact, climate tagging systems must expand beyond urban adaptation to encompass rural resilience, behavioural change, and equity-based interventions. Strengthening implementation capacity and refining tracking mechanisms will be vital to ensure that budget commitments translate into tangible, inclusive outcomes on the ground.

## Understanding the ADP Allocation for FY2023–24: A Focus on WASH

As Bangladesh expands its development agenda amid fiscal and climate challenges, understanding how WASH is situated within the **Annual Development Programme (ADP)** provides critical insight into national priorities and emerging sectoral shifts. The growth in WASH financing in FY2023–24 reflects both a **continued commitment to urban infrastructure** and a **reliance on climate-resilient systems** yet also reveals some worrying contractions in community-level services.

|  |  |  |
| --- | --- | --- |
| **Interpretation / Observation** | **Data Source (Annexure/Table)** | **Supporting Data Point** |
| Overall ADP grew by 14.35% | Table: 1(Pg 14) Trend of Climate Budge of 25 Climate Ministries/Divisions!(Ministry of Finance, 2023) | ADP:  BDT 32408.90 crore (FY22–23) → BDT 37051.94 crore (FY23–24) |
| WASH sector grew by 25.44% | Appendix-4 (pg87): Total ADP Allocation by Sector (Ministry of Finance, 2023) | Code 0108 allocation rose from BDT 1,333.22 Cr (FY22–23) to BDT 1,671.81 Cr (FY23–24) |
| Climate-resilient infrastructure saw a major boost | (ERD). Annexure-5: Environment, Climate Change & Water Resources allocation | Env. sector allocation rose from BDT 1,739.3 Cr to 2,576.9 Cr (+48.2%) (ERD) |
| Sanitation, hygiene & FSM saw cuts | (ERD). Annexure-5: Local Government & Rural Development sector comparison (FY22–23 vs FY23–24) | Local Govt. RADP fell from BDT 3,663.2 Cr to 2,757.6 Cr (–24.7%) (ERD). Decrease in sanitation, FSM, and hygiene allocations from prior year (Policy Brief) |
| CRC-tagged WASH investment remains modest | **Table with CRC5 & CRC6 costs**: Found in the **Urban Areas** section, page 80 | CRC5 & CRC6 allocations = Tk. 65 crore + Tk. 593crore = Tk. 658 crose(~1.78% of total climate-tagged budget) (Ministry of Finance, 2023) |

## Key Structural Shifts in WASH Financing

**Climate-Resilient Infrastructure is Taking the Lead**  
WASH investments are increasingly directed toward **urban infrastructure and climate-adapted systems**, including:

* **Surface water treatment plants**
* **Piped water distribution networks**
* **Sewerage systems in flood-prone or water-scarce zones**

These infrastructure-heavy investments are often **co-financed by development partners** and tagged within the climate budget using **Climate Relevance Codes (CRC)**. In FY2023–24, **CRC5 (inclusive technologies)** and **CRC6 (urban sanitation and hygiene)** together accounted for **USD 598.2 million** of climate-tagged allocations. However, this comprises only **~1.78% of the total national climate budget**, signalling that urban WASH—despite its adaptation value—remains under-prioritized in climate finance allocations.

While individual CRC-tagged project titles are not listed, budget data indicates that these codes are applied to segments of:

* **Urban fecal sludge management (FSM) projects**
* **Inclusive sanitation and hygiene programs**
* **Water infrastructure in climate-vulnerable coastal and urban zones**

**Sanitation, Hygiene, and FSM Saw Budget Contraction**  
At the same time, allocations for community-level sanitation, hygiene behavior change, and fecal sludge management (FSM)—particularly in Pourashavas and rural municipalities—have declined. These budget cuts are especially noticeable under the Local Government and Rural Development sector, which saw a 24.7% reduction in RADP compared to the previous year.

**Foreign Assistance is Driving WASH Growth**  
The expansion in WASH funding is largely attributed to external financing—mainly concessional loans and mixed credits from development partners like the World Bank, ADB, IsDB, and AFD. While this highlights strong international support, it also reflects growing reliance on foreign aid to fund critical urban WASH infrastructure.

**Mixed Trends in Local Government Allocations**  
Despite the rising need for inclusive services, the Local Government Division’s budget for rural and municipal WASH continues to shrink. This shift suggests a strategic pivot toward centralized, high-capacity infrastructure in urban zones rather than localized, service-oriented interventions.

**What Does This Mean?**

WASH in FY2023–24 is increasingly shaped by urban infrastructure and climate adaptation priorities. While climate-tagged funding has entered the WASH space via CRC5 and CRC6, these represent a small share of total climate finance, and do not yet cover the full spectrum of community-level WASH needs. Meanwhile, critical areas like sanitation behavior change, FSM, and rural hygiene risk being deprioritized.

To ensure equity and sustainability, there is a pressing need to balance large-scale infrastructure with inclusive, community-led service delivery especially for the rural poor and underserved urban populations.

## Geographic and Sectoral Distribution

The distribution of WASH projects in Bangladesh reflects a dual focus on infrastructure expansion and climate adaptation, with a clear tilt toward urban-centric investments supported by foreign assistance. Projects are broadly categorized into urban water and sanitation infrastructure, rural and community-based hygiene programs, and climate-resilient WASH systems. Their geographical spread and type reflect changing national priorities and financing trends.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Location Type** | **FY2023 -24 Trend** | **Primary Implementing Agencies** | **Funding Modalities** | **Key Supporting Evidence (Report Source)** |
| Coastal Areas | Highest increase in allocation | DPHE, LGED, HYSAWA | Grants (GCF, Danida), Loans (IsDB, ADB) | **Appendix 9** (p. 140–141): Lists large-scale, climate-resilient WASH and water infrastructure projects in coastal zones, e.g., *"Rationalization of Polders in Tentulia Basin" (Tk. 15,850 Cr)* and *"Water Management Infrastructure in Bhola" (Tk. 1,465 Cr)*​Climate English - **Chapter 5 – CRC-tagged Programs (Urban & Ecosystems)**: CRC6 and CRC10 focus on urban sanitation, flood mitigation, and water infrastructure in coastal, flood-prone regions​Climate English - **Appendix 8**: Confirms funding sources such as GCF, Danida, ADB, and IsDB linked to LGED and DPHE projects in coastal towns​ |
| Hilly Regions | Modest increase in project count and funding | DPHE, LGED | Loans (ADB), TA Grants | Urban Inclusive Dev. Projects in CHT; Annexure-2 |
| Haor Areas | Decline in allocation and project focus | DPHE | Domestic ADP, limited donor support | Fewer project entries for haor districts; ADP trend analysis |
| Urban Areas (Metro) | Increased concentration of capital-intensive infrastructure | WASAs, LGED | Multilateral Loans (WB, ADB, AIIB), Mixed Credit | WASA-led major projects in Dhaka, Chattogram; Annexure-6 |
| Rural Areas | Reduced share compared to urban investment | DPHE, PKSF | GoB budget, limited donor support | Lower project volume, budget trend in Annexure-5 & 6 |
| Intra-Urban (DNCC, GCC) | Notable favouritism in city-level allocations | DNCC, GCC (via LGED, WASAs) | Domestic ADP, CRC-tagged, foreign co-finance | **Chapter 5: CRC6 Listings** (p. 80–81): Projects under CRC6 mention **DNCC and GCC** explicitly as part of large-scale WASH and sanitation expansions​Climate English - Same municipalities repeatedly appear in ADP projects and CRC-tagged allocations, while other cities/towns receive smaller or fewer project entries – **indicating location bias**​ |

### By Geography:

* **Coastal Areas:**  
  Saw the highest increase in WASH allocation in FY2023–24, largely due to climate-resilient infrastructure projects and donor-funded adaptation initiatives.
* **Hilly Regions (e.g., Chattogram Hill Tracts):**  
  Experienced a modest increase in WASH investment, particularly through urban development schemes targeting tribal and hard-to-reach areas.
* **Haor and Wetland Areas**:  
  Faced a decline in WASH allocations, raising concerns about service equity in these flood-prone, water-scarce zones.
* **Urban vs. Rural Disparities:**  
  The urban-rural allocation gap widened significantly, from 22.5% in FY2021–22 to 27.7% in FY2022–23, reflecting an increased concentration of financing in urban infrastructure at the expense of rural service delivery.
* **Intra-Urban Inequities:**  
  Funding distribution within urban areas showed notable favoritism toward Dhaka North City Corporation (DNCC) and Gazipur City, often at the cost of smaller or less visible municipalities. This trend reinforces the need for equity-sensitive planning within city-level budgeting.

### By Project Type:

* Urban WASH Infrastructure continues to receive the lion’s share of funding. These projects focus on surface water treatment plants, piped networks, sewerage systems, and fecal sludge management (FSM). Most are capital-intensive and implemented by WASAs and LGED with donor support.
* Rural Water and Hygiene Initiatives are more widespread in coverage but modest in financial scale. These programs target household-level access to water and sanitation, hygiene promotion, and behavioral change—especially in vulnerable rural communities.
* Climate-Resilient and Inclusive Projects are gaining traction in hazard-prone areas like coastal zones, host communities, and hill tracts. These blend WASH with resilience-building and social protection measures, often backed by grants and CRC-tagged budget allocations.

**Key Takeaway:**

Bangladesh’s WASH financing is increasingly shaped by geographic vulnerability, population pressure, and donor engagement. While urban and climate-vulnerable areas are receiving more targeted support, the widening urban-rural gap and intra-urban inequities raise critical questions about inclusivity and balanced development. Moving forward, a more equitable and needs-based allocation model will be essential to ensure that no population—rural, coastal, or peri-urban—is left behind.

# Institutional Landscape

## Institutional Actors & Stakeholders

Bangladesh’s WASH (Water, Sanitation, and Hygiene) sector operates through a **decentralized yet coordinated institutional framework**, engaging a wide array of national ministries, local authorities, development partners, NGOs, and emerging private actors. This ecosystem ensures both top-down planning and bottom-up delivery, particularly important for a sector so deeply tied to public health, equity, and climate resilience.

|  |  |
| --- | --- |
| **Level** | **Actors / Institutions** |
| **National Government** | Local Government Division (LGD), Ministry of Environment, Ministry of Health, Planning Commission |
| **Development Partners** | World Bank, ADB, UNICEF, UNDP, GCF, GEF, bilateral donors (e.g., FCDO, USAID, JICA) |
| **Local Bodies** | City Corporations, Municipalities, Union Parishads |
| **Private Sector** | PPPs in sanitation, water utilities, WASH innovation enterprises |
| **NGOs and CSOs** | WaterAid, BRAC, DSK, NGO Forum for Public Health, Practical Action |

**Key Financing Modalities and Partner Contributions**

WASH financing in Bangladesh draws on both domestic and international sources. Here’s a snapshot of who funds what, and how:

**Government of Bangladesh (GoB)**

* **Annual Development Programme (ADP):** The primary public investment tool of the Government of Bangladesh (GoB), ADP funds a wide range of infrastructure and service delivery initiatives. WASH projects under ADP include urban and rural water supply, sanitation infrastructure, climate-resilient water systems, and capacity-building for local institutions like DPHE and WASAs.
* **Climate Change Trust Fund (CCTF):** Financed directly by the GoB, the CCTF supports small-to-medium scale adaptation initiatives, including WASH-focused interventions. These include rainwater harvesting systems, sanitation facilities in climate-vulnerable areas, and community awareness programs promoting hygiene and conservation.
* **Climate Relevance Codes (CRC)**: Allocations under CRC5 (inclusive technologies) and CRC6 (urban sanitation) target climate-smart urban WASH systems.

**Development Assistance (Loans and Grants):** A major source of WASH financing, development assistance includes:

* Multilateral partners such as the World Bank, ADB, AIIB, and IsDB, which provide concessional loans for infrastructure—like treatment plants, sewerage networks, and urban drainage systems.
* Bilateral partners like Denmark, France (AFD), and Korea (EDCF), which contribute through grants and mixed credit arrangements to support both hardware (infrastructure) and software (behavioral change) WASH components.

**Global Climate Funds**

* **Green Climate Fund (GCF)** & **LDCF**: Offer grant-based support and technical assistance for climate-resilient water and sanitation systems, often in partnership with UNDP or FAO

**Public-Private Partnerships (PPPs):** A growing but still emerging model in Bangladesh’s WASH financing landscape. PPPs are being piloted in areas such as fecal sludge management, utility service delivery, and pay-for-use public toilets.

However, their adaptation remains limited in rural and peri-urban settings due to market constraints and regulatory challenges.

**Who Implements WASH Projects? Institutional Roles and Responsibilities**

|  |  |  |
| --- | --- | --- |
| **Institution** | **Primary Role** | **Key Functions** |
| DPHE (Department of Public Health Engineering) | Lead agency for rural and small-urban WASH | Designs infrastructure, promotes hygiene, executes donor-funded projects |
| WASAs (e.g., Dhaka, Chattogram, Rajshahi) | Urban WASH systems | Operate water treatment, sewerage, and sanitation networks; coordinate with donors |
| HYSAWA Foundation | Climate-resilient and inclusive WASH delivery | Manages grant-funded projects; works with host and disadvantaged communities |
| PKSF | Microfinance intermediary | Channels funding through NGOs for rural sanitation and hygiene finance |
| LGED (Local Government Engineering Dept.) | Urban/peri-urban infrastructure | Builds water supply and drainage in Pourashavas; supports local governments |
| Local Government Division (LGD) | Central coordination body | Aligns national strategy with local delivery and partner coordination |

## Implementing Agencies

The execution of WASH projects in Bangladesh involves a diverse set of institutions, each with defined roles based on geography, capacity, and technical specialization:

**🧩 Cross-Ministerial Coordination**

The WASH sector cuts across several ministries and departments. As of FY2023–24, active involvement has been streamlined to six key ministries, improving alignment and reducing overlap: Key ministries and agencies involved in WASH implementation include:

* Local Government Division (LGD)
* Ministry of Water Resources (MoWR)
* Ministry of Health and Family Welfare (MoHFW)
* Ministry of Environment, Forest and Climate Change (MoEFCC)
* Planning Commission
* Key implementing bodies: DPHE, WASAs, HYSAWA, and select City Corporations

The number of active ministries involved in **climate-linked WASH projects** was streamlined from **9 in FY2022–23 to 6 in FY2023–24**, indicating a shift toward more focused inter-agency collaboration.

Bangladesh’s WASH delivery system is gradually becoming more climate-responsive, inclusive, and performance-driven, yet several challenges remain:

* Urban-rural imbalances in institutional capacity
* Limited private sector engagement in underserved regions
* Over-reliance on external development finance for infrastructure
* Fragmented planning between agencies, especially for cross-cutting WASH-climate-health objectives

Strengthening institutional coordination, enhancing local government capacity, and expanding domestic financing streams will be critical to meeting both SDG 6 (Clean Water and Sanitation) and the nation’s climate adaptation goals.

# 6. Institutional Roles Across Climate Finance Reporting Systems for WASH

The diagram below illustrates the fragmented institutional architecture shaping the tracking of climate-related WASH (Water, Sanitation, and Hygiene) finance in Bangladesh. Three parallel reporting systems capture overlapping but incomplete data on WASH investments, creating significant gaps in transparency, coordination, and policy alignment.

* **GoB’s Climate Budget Report (CBR):**  
  Managed by the Ministry of Finance, the CBR tracks **domestic public climate finance** through the Annual Development Programme (ADP), using Climate Relevance Codes (CRC5 for inclusive WASH and CRC6 for urban sanitation).  
  However, it **excludes international contributions** such as:
  + Green Climate Fund (GCF)
  + Least Developed Countries Fund (LDCF)
  + Bilateral donor grants
  + Private sector and NGO financing  
    As a result, CBR data **significantly underrepresents the total volume of climate-WASH finance**, particularly in donor-supported rural sanitation, community hygiene, and emergency response programs.
* **ERD’s Climate Finance Reporting:**  
  The Economic Relations Division (ERD) compiles data on **international cooperation flows**, including **multilateral loans, bilateral grants, and mixed credit**. While this captures major infrastructure investments (e.g., treatment plants, urban FSM systems), it does not always disaggregate WASH-specific allocations or align with domestic CRC tagging standards.
* **UNFCCC Climate Finance Architecture:**  
  Under global frameworks such as the Paris Agreement and National Communications, Bangladesh reports **aggregated public and private flows**, both domestic and international. However, this is managed through **separate reporting streams** and is **not directly linked** to national budget systems or WASH-specific tracking—further complicating alignment and cross-comparison.

**Key Implication:**  
This institutional disjuncture means **no single system provides a complete picture of climate-WASH finance** in Bangladesh. Integrated tracking mechanisms are urgently needed to:

* Bridge data silos between domestic and international reporting,
* Account for private and non-state actor contributions, and
* Ensure full visibility over climate-adaptive WASH investments in both urban and rural contexts.

# Key Frameworks & Policies Supporting WASH Finance

A robust set of national frameworks and strategic policy instruments support the financing, planning, and integration of WASH (Water, Sanitation, and Hygiene) within Bangladesh’s climate and development agenda. These frameworks not only guide public investment but also enable alignment with international climate finance mechanisms, helping ensure that WASH interventions contribute meaningfully to resilience, health, and equity goals.

**1. Bangladesh Climate Change Strategy and Action Plan (BCCSAP)**

Originally developed in 2009, the **BCCSAP** remains a foundational policy document that identifies WASH as a critical area under the thematic pillar of **“Food Security, Health, and Disaster.”**

* It recognizes access to safe drinking water and improved sanitation as essential components of climate adaptation, particularly in disaster-prone and water-scarce areas.
* The strategy supports low-cost, community-led technologies such as rainwater harvesting and latrine upgrading in vulnerable regions.

While the plan is currently under review for alignment with the updated climate landscape, it has laid the groundwork for linking WASH to national climate resilience.

**2. National Adaptation Plan (NAP)**

The **National Adaptation Plan**, finalized in 2022, is a forward-looking policy that explicitly prioritizes WASH infrastructure as a key adaptation measure.

* The plan identifies **coastal and drought-affected regions** as priority zones for investment in climate-resilient WASH systems.
* It promotes the integration of **WASH in schools, healthcare centers, and cyclone shelters**, ensuring multi-sectoral adaptation benefits.
* The NAP supports enhancing institutional capacity and promoting behavior change, reinforcing the link between infrastructure and community resilience.

Importantly, the NAP aligns national WASH goals with **global adaptation targets under the UNFCCC**.

**3. Mujib Climate Prosperity Plan (MCPP)**

As part of Bangladesh’s vision for **"low-carbon, climate-resilient growth,"** the **Mujib Climate Prosperity Plan** elevates WASH to a strategic level within its infrastructure investment portfolio.

* It commits to financing **climate-resilient WASH infrastructure**, particularly in urban slums, coastal towns, and displacement-prone zones.
* The plan envisions leveraging **blended finance** and public-private partnerships (PPPs) to modernize WASH service delivery and expand access sustainably.
* By aligning WASH with economic resilience and green growth, the MCPP offers a new paradigm where WASH is seen not just as a service, but as a platform for climate prosperity.

**4. Bangladesh Delta Plan 2100**

A long-term, integrated strategy for water security and land management, the **Bangladesh Delta Plan 2100** places WASH at the center of **adaptive delta governance.**

* It targets **safe water supply and sanitation coverage** in **flood-prone, low-lying, and erosion-prone areas**, where conventional service models often fail.
* The Plan promotes **nature-based solutions** alongside engineered infrastructure, enhancing sustainability.
* It also calls for **institutional reforms and data-driven planning** to improve WASH governance and service quality in deltaic regions.

The Delta Plan’s 80-year horizon provides an unprecedented opportunity to embed WASH in long-term climate adaptation and water resource management.

**5. Climate Fiscal Framework (CFF)**

The **Climate Fiscal Framework** is Bangladesh’s official guide to **tracking and managing climate-relevant public finance**, including WASH investments.

* It introduces **Climate Relevance Codes (CRCs)** to classify budget lines based on their alignment with climate adaptation or mitigation objectives.
* For WASH, **CRC5 (inclusive technologies)** and **CRC6 (urban sanitation systems)** are particularly relevant.
* The CFF helps quantify climate-tagged spending in WASH and informs the integration of **climate-smart budgeting** at ministry and agency levels.

Through the CFF, WASH finance can be more transparently tracked, making it easier to identify funding gaps and mobilize external resources aligned with national adaptation goals.

Together, these five frameworks represent a **multi-layered policy ecosystem** that increasingly positions WASH as a **pillar of climate adaptation, disaster resilience, and public health**. From strategy to finance, they:

* Enable **cross-sectoral planning**, integrating WASH with health, education, environment, and local governance.
* Promote **climate-tagged budgeting**, ensuring transparency and alignment with global finance systems.
* Emphasize **equity and inclusion**, especially for vulnerable and underserved populations.

As Bangladesh moves toward SDG 6 and its climate resilience targets, these frameworks will play a pivotal role in guiding investments that are **climate-smart, inclusive, and sustainable.**

# **Challenges and Gaps**

**No Tracking of "New and Additional" Climate Finance**

* The Paris Agreement (Article 9) requires climate finance to be **“new and additional”** to existing aid flows.
* Bangladesh’s current system **does not distinguish** between:
  + Routine development spending repurposed for climate outcomes
  + Truly new investments made for climate purposes

**Lack of Expenditure Validation or Outcome Reporting**

* The CBR tracks **budget allocations**, not **actual disbursements or outcomes**.
* There is no formal verification of:
  + Whether allocated funds were spent
  + Whether climate outcomes (e.g., resilience, emission reduction) were achieved

**Fragmentation Across Agencies**

* Climate-related projects are implemented by multiple ministries (e.g., LGD, MoEFCC, MoWR), but **cross-ministerial coordination is weak**.
* Different ministries may interpret climate relevance inconsistently, affecting the quality of tagging and prioritization.

**Urban Bias in Climate-Tagged WASH Investments**

* CRC5 and CRC6 tagging tends to favor **urban WASH infrastructure** (e.g., sewerage, treatment plants).
* Rural WASH needs—especially hygiene promotion and behavioral interventions—are **underrepresented** in climate-tagged allocations.

**Exclusion of Private Sector and Non-State Actors**

* The budget does not currently account for:
  + **CSR spending**
  + **NGO/INGO-led climate adaptation**
  + **Microfinance** or blended finance contributions to climate-aligned sectors like WASH

**Data Gaps and Inconsistent Tagging**

* Some project descriptions lack sufficient detail to assess climate relevance confidently.

**Manual tagging** may vary across ministries due to **capacity gaps** or differing interpretations of CRC codes

# **Conclusion and Recommendations**

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