

IWM Participates in COP30, Belem, Brazil, Leads Dialogue on Climate Finance Potential for Bangladesh Apparel Sector

Being the 9th most climate vulnerable country, Bangladesh is regularly facing the ruthless challenges of a rapidly changing climate. But, as a resilient nation, Bangladesh also has some remarkable success stories, which can become a torchbearer for the rest of world. The garment industry is such a sector for Bangladesh, which generates around 80% exports of the country. Having the largest number of green factories of the world, Bangladesh RMG sector can also attract carbon finances with such LEED certified facilities.

Bangladesh currently has 268 LEED-certified garment factories— the highest number in the globe. These facilities can generate carbon credits by proving measurable emission reductions through solar installations, energy-efficient systems, and water management. LEED-certified factories typically achieve 35-45% carbon emission reductions, 40% energy savings, and 30% lower energy costs. Such gains can be translated directly into tradable carbon credits on international markets.



Mr. M. Samiun Nabi, Head of SPB at IWM, Participated in COP30, Belem, Brazil.

Currently around 50% of the total export is going to EU region from Bangladesh. But from January 2026, there will be a new scenario regarding introduction of Carbon Border Adjustment Mechanism (CBAM). CBAM aims to ensure equal treatment of domestic and imported goods by applying a charge to carbon emitted during the production of imported goods. From January 1, 2026, importers will have to purchase and surrender CBAM certificates corresponding to the emissions embedded in their imports. Carbon price alignment ensures the carbon price paid for imported goods

is equivalent to the price paid by EU producers under the EU's Emissions Trading System (ETS). It is going to be introduced to encourage non-EU countries and producers to adopt stricter climate policies and reduce their own emissions. and Bangladesh is already going towards that.

Considering the coming challenging situation, Mr. Samiun Nabi, Certified Climate Finance Expert of IWM has brought the focus to a policy solution. He suggested to establish a carbon registry system for Bangladesh, where verifiable carbon credit projects can be registered and can be audited and certified by world renowned entities like Gold Standard or Vera etc. Bangladesh's garment and textile sectors produce 27.8% of the country's total greenhouse gas emissions, but this also creates an opportunity. The country already has 268 LEED-certified green factories, including 68 of the world's top 100 highest-rated sustainable factories. Mr. Nabi explained that our green apparel industry can generate millions of dollars in revenue through strategically designed carbon projects. Our EU importers, who must buy CBAM certificates, can structure purchases and supplier finance in such a way so that they can put some cost as investments, which effectively funds verified emissions reductions in Bangladesh's LEED-certified apparel factories. This can reduce future CBAM exposure and create saleable, high-quality



ERD, IWM, BGMEA, CVF-V20 participated in a session titled "Mobilizing Climate Finance to Accelerate Sustainability Transition of the RMG Sector of Bangladesh: Opportunities and Challenges".

carbon credits.

Secondly, importers can sign a supplier agreement, where the importer pays a defined "carbon price top-up" to factory owners for verified emissions data and verified reductions (or pays a green premium on the offtake). Investors can finance energy efficiency, fuel switching, rooftop solar, process improvements across LEED factories. Such projects can be registered in Bangladesh too and can be registered under conservative, market-trusted standards (e.g., Verra VCS or Gold Standard) to issue Verified Carbon Units (VCUs) or equivalent. Importer buys the credits (forward offtake) at a premium.

Mr. Nabi stated such optimistic policy intervention suggestions during the panel discussion titled "Mobilizing Climate Finance to Accelerate Sustainability Transition of the RMG Sector of Bangladesh: Opportunities and Challenges."

The session was chaired by Mr. A K M Sohel, Additional Secretary of the Economic Relations Division, with a keynote message delivered by Ms. Vidiya Amrit Khan, Vice President of BGMEA, and the keynote presentation was made by Dr. Shah Abdul Saadi, Deputy Secretary, ERD. Other panelists included Mr. Joaquim Leite, Head of Climate Finance at NDC Partnership, and Ms. Sara Jane Ahmed, Managing Director of CVF-V20.

In his deliberation, Mr. Nabi shed some more light on the future carbon finance possibilities in RMG sector in Bangladesh. He stated that the LEED certified factories can generate credits through a documented process: conducting carbon audits, implementing reduction measures, registering projects with standards like Verra's Verified Carbon Standard or Gold Standard, obtaining independent verification, and selling credits on exchanges such as Xpansiv CBL (New York) or AirCarbon Exchange (Singapore) for trading. "Considering the rapidly changing landscape of climate finance, we need to equip ourselves to access more private funds. It will help us a lot to sail through the challenges ahead," Nabi emphasized.

With Bangladesh committed to reducing greenhouse gas emissions by 20% under its Nationally Determined Contributions (NDC 3.0) and BGMEA targeting a 30% reduction, the policy framework supports carbon market integration. The challenge now is execution—connecting green factories to international carbon finance and transforming environmental leadership into economic advantage.

Bangladesh's position as the second-largest apparel exporter with world-leading green infrastructure places it uniquely to turn climate action into profitable opportunity, panelists concluded.
