



Climate Finance Provided and Mobilised by Developed Countries in 2013-17

Aggregate trends

- **Climate finance provided and mobilised by developed countries** reached USD 71.2 billion in 2017, up from USD 58.6 billion in 2016 (a 21% increase). This includes four components: bilateral public, multilateral public (attributed to developed countries), officially-supported export credits and mobilised private finance (Table 1.1).
- While the figures presented for public climate finance (bilateral, multilateral, export credits) constitute a consistent year-on-year time series from 2013 to 2017, the grand totals (including mobilised private climate finance) for 2016 and 2017 are not directly comparable with those for 2013 and 2014 due to the implementation of enhanced measurement methodologies and a resulting gap in the time series for mobilised private finance in 2015.

Table 1.1. Climate finance provided and mobilised by developed countries (USD billion)

	2013	2014	2015	2016	2017
Bilateral public climate finance (1)	22.5	23.1	25.9	28.0	27.0
Multilateral public climate finance attributable to developed countries (2)	15.5	20.4	16.2	18.9	27.5
Subtotal (1+2)	37.9	43.5	42.1	46.9	54.5
Climate-related officially-supported export credits (3)	1.6	1.6	2.5	1.5	2.1
Subtotal (1+2+3)	39.5	45.1	44.6	48.5	56.7
Private climate finance mobilised (4)	12.8	16.7	N/A	10.1	14.5
<i>Of which by bilateral public climate finance</i>	6.5	8.1	N/A	5.0	3.7
<i>Of which by multilateral public climate finance attributable to developed countries</i>	6.2	8.6	N/A	5.1	10.8
Grand Total (1+2+3+4)	52.2	61.8	N/A	58.6	71.2

Note: The sum of components may not add up to totals due to rounding. The gap in time series in 2015 for mobilised private finance is due to the implementation of enhanced measurement methodologies (see (OECD DAC, 2019^[6])). As a result, grand totals in 2016-17 and in 2013-14 are not directly comparable.

Source: 2013-14: see (OECD, 2015^[1]). 2017 bilateral: based on donor countries' advanced reporting to the OECD; 2015-16 bilateral: based on third Biennial Reports to the UNFCCC (UNFCCC, 2018^[5]), except for the United States (based on provisional data reported to the OECD). Multilateral: based on (OECD DAC, 2019^[3]). Export credits: based on (OECD TAD, 2018^[4]) and countries' complementary reporting to the OECD. 2016-17 mobilised private finance: based on (OECD DAC, 2019^[6]), complementary reporting to the OECD, as well as access to IFC private mobilisation data in a secure room at IFC premises.

- **Public climate finance** from developed to developing countries increased from USD 37.9 billion in 2013 to USD 54.5 billion in 2017, and from USD 39.5 to USD 56.7 billion when including climate-related officially-supported export credits. In both cases, this corresponds to a 44% increase.
- From 2013 to 2017, bilateral public climate finance grew from USD 22.5 to USD 27.0 billion (20% increase), multilateral public climate finance (attributable to developed countries) from USD 15.5 to USD 27.5 billion (77% increase). Year-on-year trends differ: in 2017, a slight fall in bilateral finance, after yearly increases since 2013, is more than offset by a sharp rise of multilateral finance.
- There remains scope for individual bilateral and multilateral providers to further improve the transparency of their methods to account for public climate finance, including activity-level disclosure of information relating to the percentage of projects they report as climate finance.

- **Private climate finance mobilised** by developed countries' public climate finance (through both bilateral and multilateral channels) amounted to USD 10.1 billion in 2016 and USD 14.5 billion in 2017. Estimates in 2013 and 2014 were USD 12.8 and 16.7 billion respectively.
- The levels of mobilised private finance in 2016-17 relative to 2013-14 is mainly due to improvements both in methods to estimate mobilised private finance and in the granularity of resulting data collection. The characteristics of public climate finance (e.g. destination, thematic split, sector, instrument), however, also affect its mobilisation potential.
- Some multilateral development banks have recently raised confidentiality restrictions relating to mobilised private finance data. If unresolved, these restrictions will negatively impact the depth and accuracy of future analyses and reports by limiting the ability to complete the necessary quality checks (e.g. validation of causality assumptions and amounts, attribution).

Thematic split

- In 2017, the thematic split of the USD 71.2 billion estimated total was: USD 13.3 billion (19%) for adaptation, USD 5.5 billion (8%) for cross-cutting activities and USD 52.4 billion (73%) for mitigation. In 2013, the corresponding split of the USD 52.2 billion total was: USD 9.1 billion for adaptation (17%), USD 3.5 billion for cross-cutting (7%) and USD 39.6 billion for mitigation (76%).
- Public finance (excluding export credits) for adaptation rose from USD 7.8 billion in 2013 to USD 12.9 billion in 2017 (a 65% increase), mitigation finance from USD 26.6 billion to USD 36.8 billion (a 38% increase), and finance for cross-cutting activities, which address both mitigation and adaptation, from USD 3.5 billion to USD 4.8 billion (a 37% increase).
- The share of adaptation in public climate finance in 2016-17 is significantly higher for LDCs (45%) and SIDS (43%) than for all developing countries (22%), and than for developing countries that qualify as upper-middle- or high-income economies (16%).
- The thematic split of bilateral climate finance has remained broadly stable since 2013: mitigation continues to represent two-thirds (USD 17.8 billion in 2017, up from USD 15.0 in 2013), and adaptation slightly more than 20% (USD 5.6 billion in 2017, up from USD 4.7 billion in 2013). The share of cross-cutting activities was stable over the period (USD 3.7 billion and 13% in 2017).
- The share of adaptation in multilateral climate finance increased from 20% (USD 3.1 billion) in 2013 to 27% (USD 7.4 billion) in 2017, while the share of mitigation decreased from 75% (USD 11.6 billion) to 69% (USD 19.0 billion). Multilateral climate finance less often takes the form of cross-cutting activities, (between 4% and 8% depending on the year) or is not reported as such.
- Climate-related export credits are almost exclusively provided for mitigation, but data reporting beyond renewable energy is very limited. Over 90% of private finance mobilised also continues to benefit mitigation. There is, however, room for public climate finance providers to better identify adaptation-relevant activities within mobilised private finance datasets.

Instrument and regional splits

- For public climate finance, grant financing increased by 25% between 2013 and 2017, going from USD 10.3 billion to USD 12.8 billion, while loans (both concessional and non-concessional) doubled to reach USD 39.9 billion in 2017 compared to USD 19.8 billion in 2013. In 2016-17, over two-thirds of bilateral loans were concessional; over 70% of multilateral loans were non-concessional, (though with favourable conditions compared to markets or provided where and at times when the private sector may be reluctant to participate).
- The relative mix of public finance instruments was stable over the period 2013 to 2017. Grants represent over a third of bilateral and less than 10% of multilateral climate finance. Loans accounted for about 60% of

bilateral and close to 90% of multilateral climate finance. The share of equity remains low: 1% of bilateral and 2% of multilateral portfolios respectively in 2017.

- The share of grants in public climate finance in 2016-17 is significantly higher for LDCs (36%) and SIDS (54%) than for developing countries as a whole (24%), and than for developing countries that qualify as upper-middle- or high-income economies (10%).
- Private climate finance was mobilised by bilateral and multilateral providers through the following public finance mechanisms: direct investments in companies and special purpose vehicles (52%), guarantees (21%), credit lines (12%), loan syndications (9%), simple co-financing and investments in funds (3% each). The OECD DAC is undertaking work to, where plausible and feasible, also cover private finance mobilised by technical assistance. Further OECD work may also identify ways to highlight the catalytic effect of capacity building and policy interventions on private finance.
- In 2017, all regions received higher levels of public climate finance than in 2013. Asia, followed by Africa and Latin America, received the largest shares of both bilateral and multilateral climate finance throughout the period (jointly accounting for more than 80% in any given year). In terms of variation in volumes between 2013 and 2017, public finance to Africa increased the most, more than doubling to reach USD 15.9 billion. Comparatively, for mobilised private finance, the respective share of Africa is lower, and that of the Middle East higher.

Implications in relation to projected climate finance in 2020

- The 2017 and 2016 public climate figures of USD 54.5 billion and USD 46.9 billion respectively are consistent with a linear pathway to the level of public climate finance from developed countries that the OECD has previously projected would be reached in 2020, i.e. USD 66.8 billion, excluding export credits.
- Those OECD projections did not include a specific level of mobilised private finance. Rather, they indicated a range of possible outcomes for total climate finance that could be achieved for a given level of public climate finance and different private finance mobilisation ratios.
- The estimated ratios of mobilised private to public finance in 2016-17 are lower than those previously estimated for 2013-14. This is mainly due to the implementation of enhanced methodologies for measuring mobilised private finance.
- Achieving a given level of total climate finance in 2020 requires continued efforts to scale up public finance and improve its effectiveness in mobilising private finance. However, this effectiveness depends on the characteristics of public climate finance, e.g. destination, thematic split, sector, instrument.
- Activity-level data for 2018 and 2019 are not available yet. These data will provide a better indication of how public finance and mobilised private finance are evolving.

Climate and development finance

- Between 2014 and 2017, the share of climate-related Official Development Assistance reported to the OECD DAC remained stable at around 20-21%, after a slight increase between 2013 and 2014. During this same period, the share of multilateral climate finance in total multilateral outflows to ODA-eligible countries grew from 18% in 2013 to 28% of total multilateral outflows in 2017.
- While the sectoral composition of development finance is changing, it is not possible to attribute the causality of such change to climate-related allocations: aggregate ODA trends in climate-sensitive sectors (e.g. energy, transport) and social sectors (e.g. education and health) display very similar patterns.
- The current shares of climate-related financing within climate-sensitive sectors indicate that there remains substantial scope to further mainstream climate considerations within development finance in line with developing country priorities.



Full report available at:
<http://oe.cd/cf-2013-17>