IDFC Green Finance Mapping Report 2022

November 2022

international development finance club

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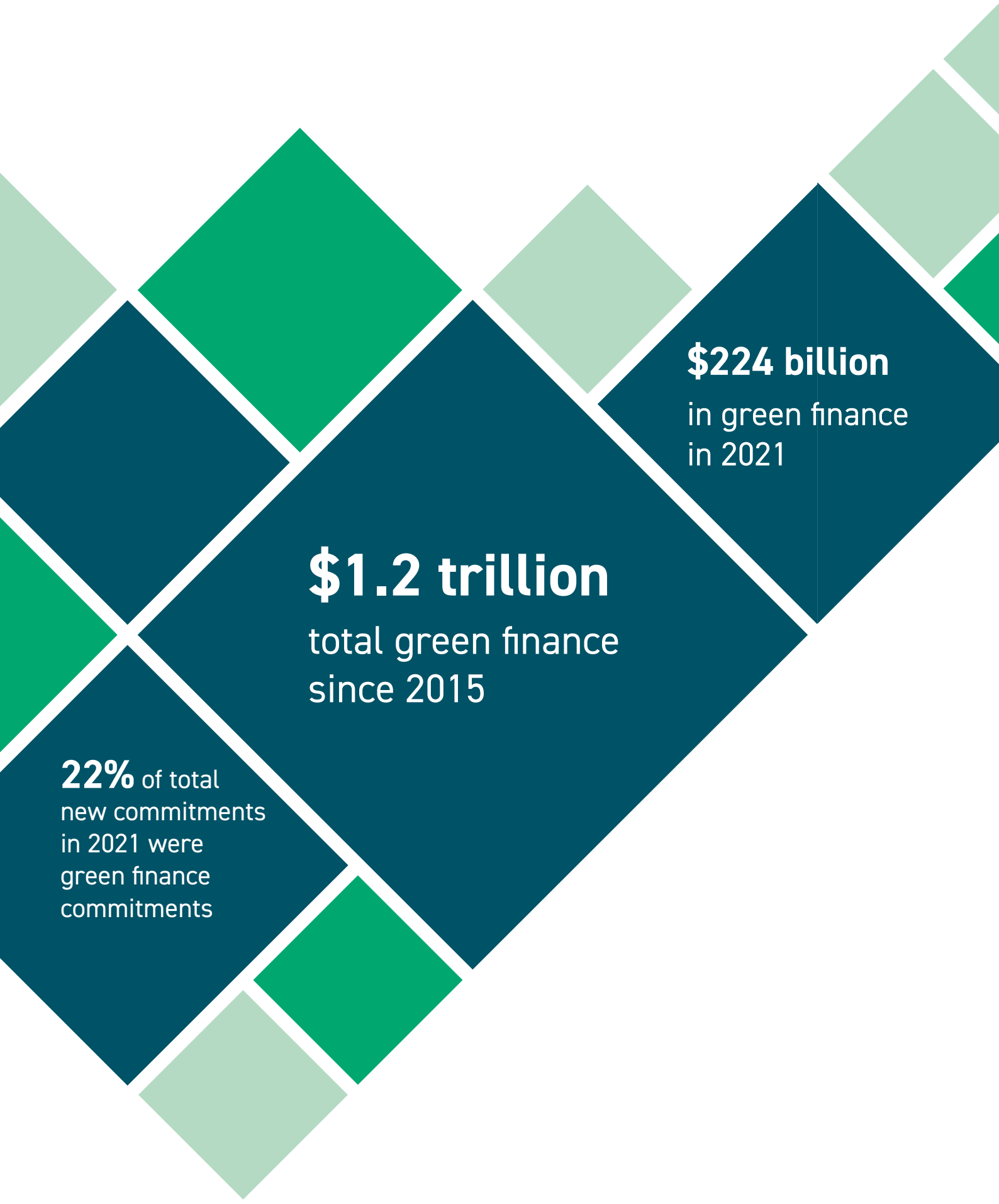

$224 billion
in green finance
in 2021
$1.2 trillion
total green finance
since 2015
22% of total
new commitments
in 2021 were
green finance
commitments

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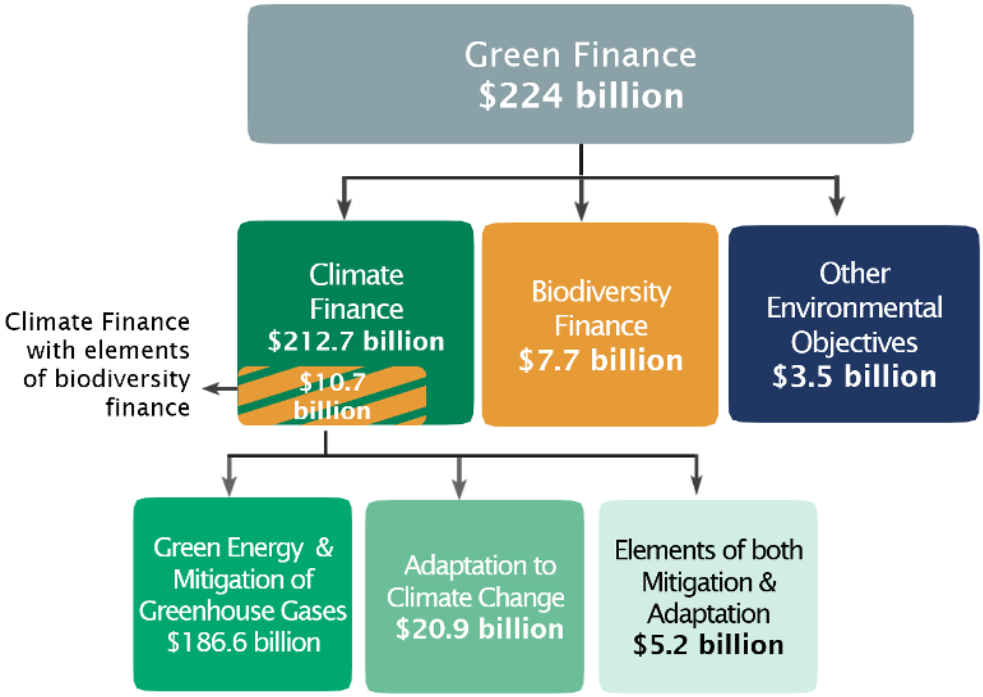
EXECUTIVE SUMMARY

Since 2011, the International Development Finance Club (IDFC) has conducted a periodic mapping of member institutions' green finance contributions.

In 2021, IDFC members reported a record high of $224 billion in total green finance commitments, a 21% increase from 2020. Cumulatively, green finance commitments by IDFC members surpassed $1.2 trillion[1] since the Paris Agreement was signed in 2015. This is the result of IDFC members' unique ability to deliver green finance at scale. Mitigation finance reached the highest level to date ($186.6 billion), increasing by 27% over 2020 and returning to a level not seen since 2017. Adaptation finance ($20.9 billion) decreased 24%, following a record high in 2020 ($27.5 billion). However, in 2021, members reiterated a strong commitment to increase their adaptation finance in the IDFC State of Ambition (November, 2021).[2] Overall, 13 institutions increased their green commitments in 2021, returning to, or even surpassing, pre-pandemic levels.

At $224 billion, the Club's highest annual green finance committed to date, IDFC members are showcasing strong progress on their respective paths towards attaining climate and broader environmental targets at the individual institution-level. Indeed, IDFC members together continue to be a key player in the global landscape, contributing substantially to the $321 billion of global public climate finance tracked across 2019/2020 (CPI, 2021). Additionally, at $606 billion in cumulative green finance commitments since 2019, IDFC as a group is well on track towards mobilising $1.3 trillion between 2019 and 2025, as pledged in the IDFC State of Ambition (2021). 2021 saw a step-up in biodiversity finance, up 31% from 2020 to $18.4 billion, (of which $10.7 had climate co-benefits), a development that is also aligned with the Club's ambition to significantly scale-up biodiversity finance as part of the $1.3 trillion target.

Figure ES 1: IDFC green finance commitments in 2021 by theme



1 $ = US dollar.
2 https://www.idfc.org/wp-content/uploads/2021/11/idfc-state-of-ambition-2021-final.pdf

2021 KEY FINDINGS

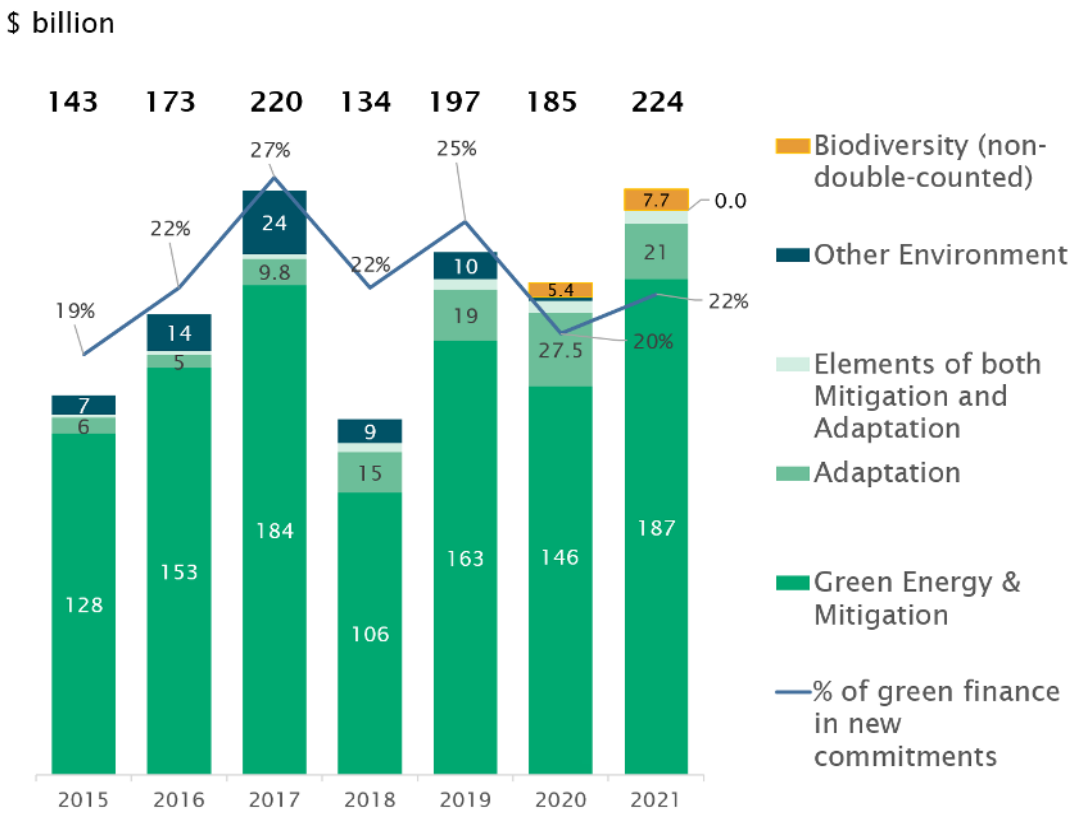
IDFC members reported total green finance commitments of $224 billion. This represents a 21% increase from 2020, evidence that green finance was channelled at scale in building back from the COVID-19 pandemic.

In 2021, green finance represented approximately 22% of total new commitments reported by IDFC members. Since 2015, green finance commitments have consistently represented more than one-fifth of total IDFC investments.

Climate finance – consisting of all activities related to the mitigation of greenhouse gas (GHG) emissions and adaptation to climate change – accounted for 95% of total green finance (or $212.7 billion), almost the exact same share as in 2020.

- Finance for green energy and the mitigation of GHGs was the largest category, representing 88% of climate finance.
- Following record levels in 2020, adaptation finance declined 24%, primarily driven by 50% lower commitments for disaster risk reduction in 2021 compared to 2020 (excluding coastal protection). This is likely due in part to higher commitments in 2020 as an emergency response to the COVID-19 pandemic.
- Finance to projects containing elements of both mitigation and adaptation increased 12% to $5.2, billion but remained approximately the same share of total climate finance as in 2020 (2%).
- **Finance for biodiversity projects reached $18.4 billion** in 2021, 31% higher than in 2020. This includes, for example, finance for water supply, wastewater treatment, biodiversity conservation, and waste management, among others.
- Additionally, IDFC members reported $3.5 billion of finance for other environmental objectives, which includes, inter alia, projects tackling pollution.

Figure ES 2: IDFC green finance commitments in 2015-2021[3]

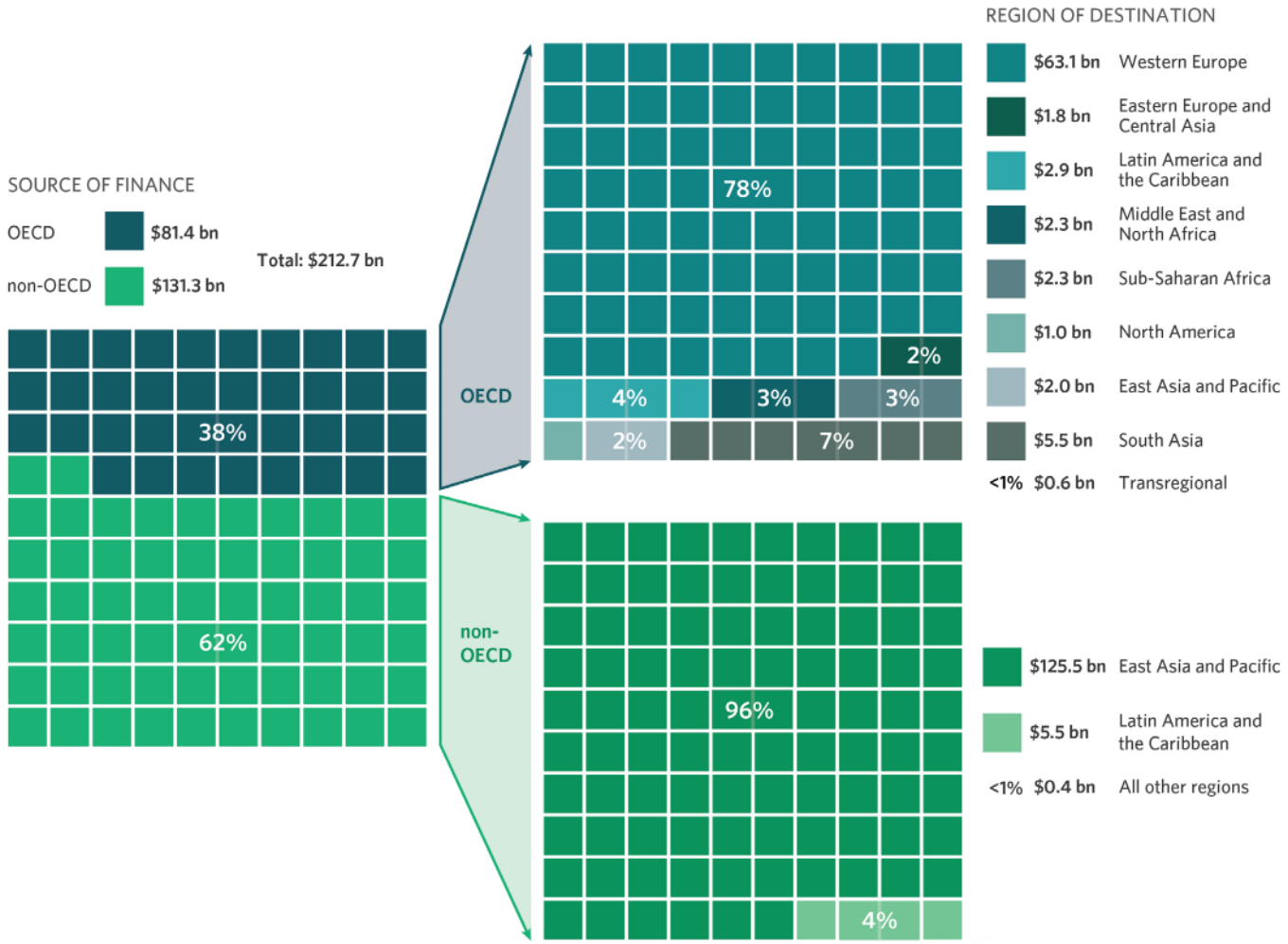


3 For KfW, the breakdown of 2020 & 2021 domestic finance was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology

CLIMATE FINANCE IN 2021

- **Sources of finance:** IDFC institutions based in non-OECD countries committed $131 billion in climate finance, a 28% increase from $102 billion in 2020. The share of total climate finance coming from these institutions has also increased from 57% in 2020 to 62% in 2021. IDFC institutions based in OECD countries committed $81 billion, an increase of 7% from $76 billion in 2020.
- **Geographic destinations:** The East Asia and Pacific region continues to attract the majority of climate finance, accounting for 60% of commitments in 2021 (up from 55% in 2020). Western Europe was the second highest recipient of climate finance, accounting for 30% of the total (or $63.2 billion), approximately the same share as in 2020 (31%).
  - The share of total climate finance commitments made in the home country of IDFC member institutions was 89% ($190 billion), while 11% ($22.6 billion) was spent internationally.
  - 66% of the $22.6 billion in climate finance committed internationally ($15 billion) flowed from institutions based in OECD countries to non-OECD countries.
- **Financing instruments:** Most climate finance commitments were provided in the form of loans at $198.5 billion, or 93% of total climate finance, a share similar to previous years. $14 billion was provided through grants, a 118% increase from $6 billion in 2021.

Figure ES 3: Climate finance commitments in 2021 by source of finance (OECD/non-OECD) and region of destination ($billion)



BIODIVERSITY FINANCE IN 2021

- As in 2020, seven IDFC institutions reported investments in biodiversity in 2021, for a total of **$18.4 billion**.
- **42% of biodiversity finance commitments ($7.7 billion) went to non-climate-related biodiversity projects** while the remaining $10.7 billion, or 58%, consisted of climate projects simultaneously reporting biodiversity objectives.
- **Sources of finance:** IDFC institutions based in non-OECD countries committed $17.1 billion in biodiversity finance, accounting for 93% of the total.
- **Geographic destinations**: The East Asia and Pacific region attracted 90% of biodiversity finance commitments in 2021 (or $16.6 billion), followed by Latin America and the Caribbean at 5% ($0.9 billion).
- **Sectors:** Most biodiversity finance, or $5.1 billion, went to Biodiversity conservation (2) projects (28%), in which conservation was the principal objective of the intervention. Wastewater treatment projects followed as the second highest amount of biodiversity finance at $4.9 billion (27%). Indeed, the growth in total biodiversity finance between 2020 and 2021 (up 31%) was primarily driven by more conservation finance, followed by an uptick in wastewater treatment projects.

IMPROVING GREEN FINANCE MAPPING METHODOLOGY

To inform this exercise, IDFC members completed a survey template, from which data are checked for consistency and aggregated. The number of reporting institutions for 2021 is 20 out of 27.

The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation (updated for 2021) and Adaptation Finance Tracking. The list of reporting institutions and reporting coverage across all categories vary from year to year. Consequently, comparison with previous GFM figures may not be entirely consistent.

Following the Common Principles, uncertainty is overcome via the principle of conservativeness whereby it is preferred to under-report, rather than over-report, climate finance. In particular, adaptation commitments are expected to be conservative since adaptation-related activities are broadly context-specific and institutions are not always able to identify relevant projects consistently.

For the second year, the 2022 GFM report tracks biodiversity as a separate category from other environmental finance. IDFC members could report on biodiversity finance at the project- or aggregate-level, weighted according to each institution's internal method for calculating the percentage of project funding allocated to biodiversity benefits, or according to IDFC's communal default scores.

4 For KfW, the breakdown of 2020 & 2021 domestic finance was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology

Figure ES 4: Biodiversity finance commitments in 2021 by source of finance (OECD/non-OECD) and end use ($billion)

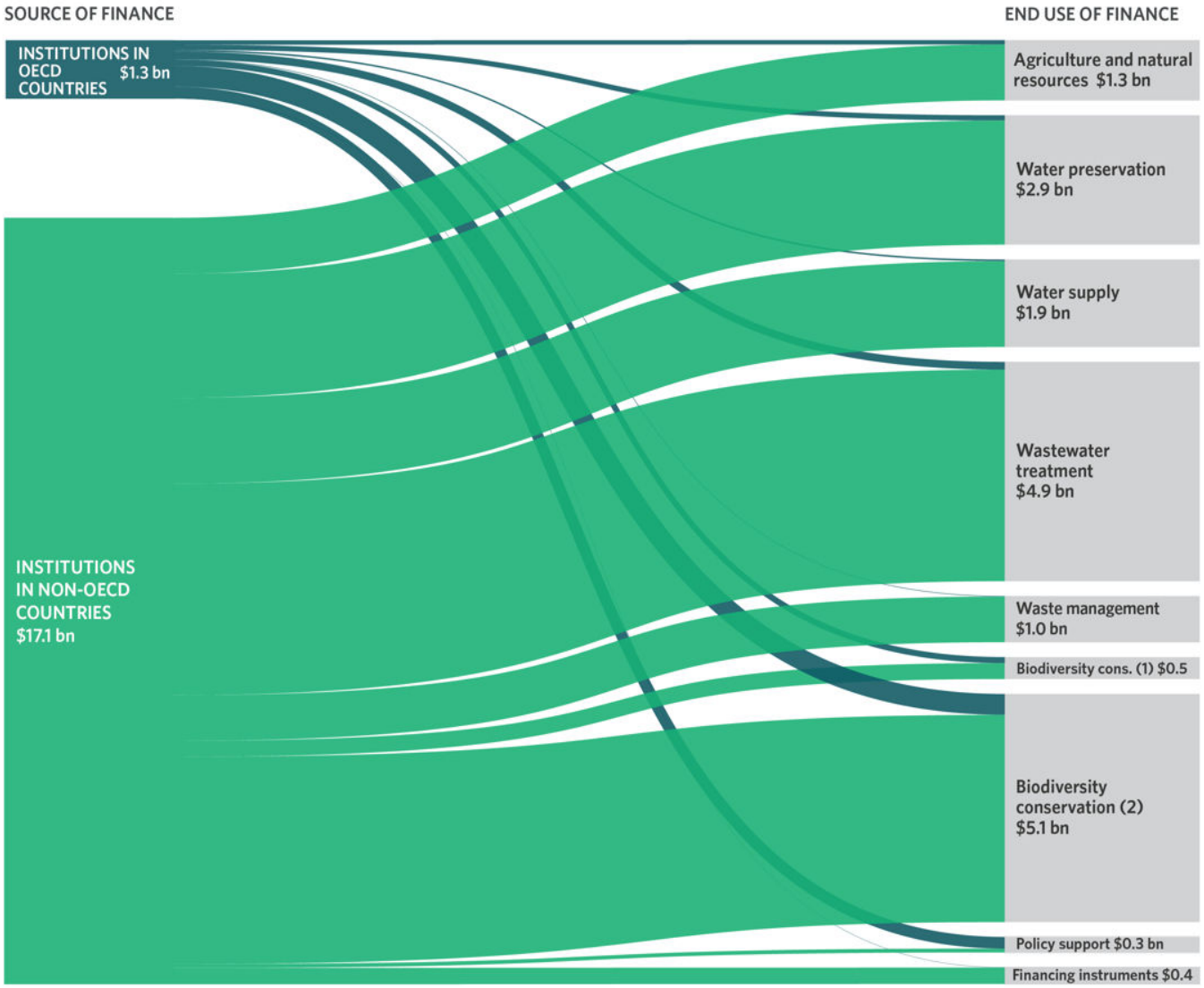
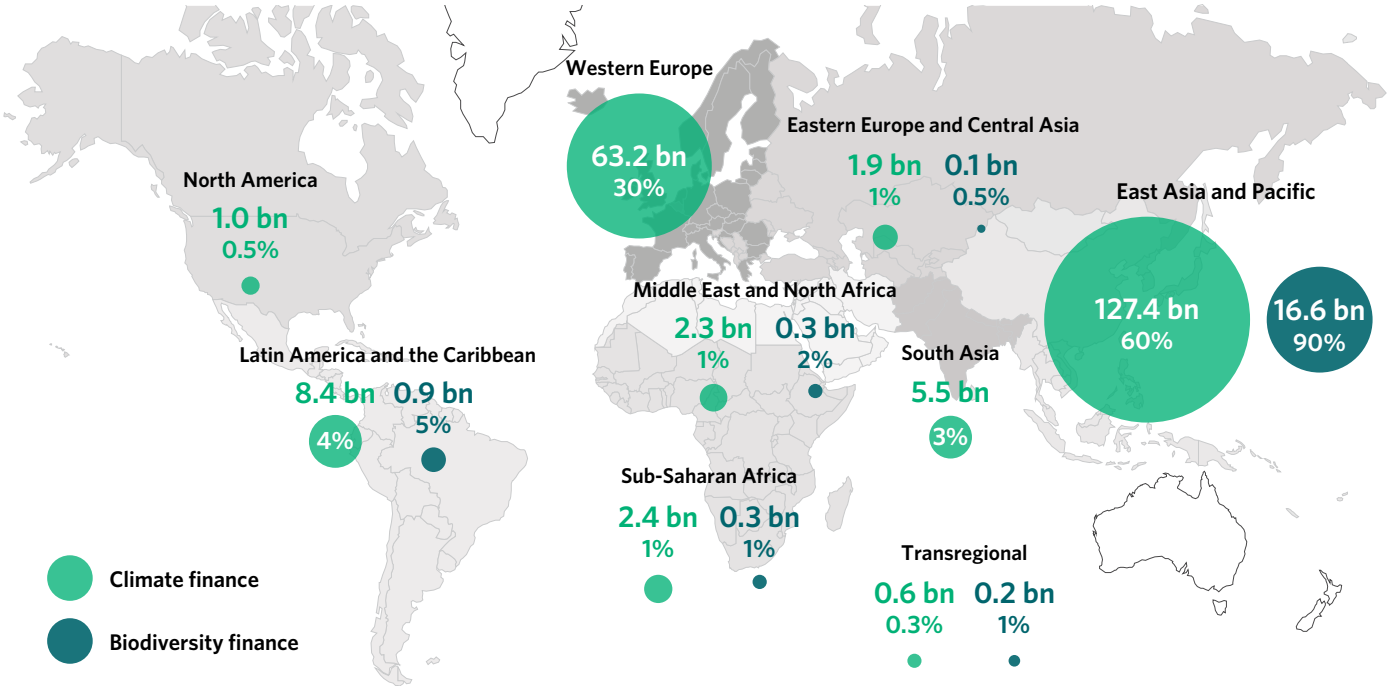


Figure ES 5: Regional distribution of climate and biodiversity finance in 2021



ABOUT IDFC

IDFC, created in 2011, is a leading group of 27 national and regional development banks from all over the world. IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies. IDFC members are aligned with and work together to implement the Sustainable Development Goals (SDGs) and the Paris Climate Agreement agendas. Through IDFC, and in close partnership with other development bank networks, members join forces as a platform to promote and leverage sustainable development investment worldwide.

The green finance mapping report exists to illustrate the contributions that IDFC members provide to green and climate finance. The report is constantly improving the reporting methodology and hopes to further member efforts in tracking and reporting on green finance flows.

More information about the IDFC can be found at www.idfc.org. This year's green mapping report was prepared with the support of Climate Policy Initiative (www.climatepolicyinitiative.org).

IDFC MEMBERS

- Africa Finance Corporation (AFC)
- Agence Française de Développement (AFD)
- Banco del Estado de Chile (BE)
- Banco Industrial y de Comercio Exterior (BICE)
- Bancóldex S.A.
- Banco Nacional de Desenvolvimento Econômico e Social (BNDES)
- Banque Ouest Africaine de Développement (BOAD)
- Black Sea Trade and Development Bank (BSTDB)
- Development bank of Latin America (CAF)
- Caisse de Dépôt et de Gestion (CDG)
- Cassa depositi e prestiti (CDP)
- Central American Bank for Economic Integration (BCIE/ CABEI)
- China Development Bank (CDB)
- Corporación Financiera de Desarrollo S.A. (COFIDE)
- Croatian Bank for Reconstruction and Development (HBOR)
- Development Bank of Southern Africa (DBSA)
- The Eastern and Southern African Trade and Development Bank (TDB)
- Industrial Development Bank of Turkey (TSKB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- International Investment Bank (IIB)
- Japan International Cooperation Agency (JICA)
- KfW Bankengruppe
- Korean Development Bank (KDB)
- Nacional Financiera (NAFIN)
- PT Sarana Multi Infrastruktur (PTSMI)
- Small Industries Development Bank of India (SIDBI)
- State Development Corporation (*VEB*)

1. INTRODUCTION

The International Development Finance Club (IDFC) plays a significant role in the global landscape of public development finance. There are over 500 Public Development Banks (PDBs) and Development Finance Institutions (DFIs) worldwide which had around $23 trillion in assets and committed $2.3 trillion[5] in public development finance in 2020, a staggering 10% of the total amount invested in the world by all public and private sources combined annually (Xu et al, 2021). In comparison, in 2020, the 27 member institutions of the IDFC had about $4.8 trillion in assets, a majority of which were in non-OECD countries (62%) and committed $930 billion in new investments. About a third of these new investments were made by members from the non-OECD countries and about one fifth were for green finance. This highlights IDFC's unique ability to act as a catalyst for change in the alignment of global financial flows with sustainable development goals (SDGs) and with the goals set under the Paris Agreement.

This Green Finance Mapping (GFM) report assesses green finance commitments made by members of IDFC during 2015-2021, including climate and biodiversity finance. 2021 was a challenging year as financial institutions faced the dual challenge of mobilising finance for addressing climate change and recovering from the impacts of the COVID-19 pandemic. Despite the challenges, green finance commitments by IDFC members reached a record-high level of $224 billion in 2021, driven by the increase of climate finance flows. At $606 billion in cumulative green finance commitments since 2019, IDFC, as a collective group, is well on track towards mobilising $1.3 trillion between 2019 and 2025, as pledged in the IDFC State of Ambition (2021). In addition, IDFC members have committed to mainstream adaptation and resilience considerations into strategies and operations as well as to promote biodiversity and nature-based solutions.

In 2019/2020, global climate finance reached an all-time high of annual average $653 billion. However, investment levels need to increase by almost seven times to meet the international climate goals set under the Paris Agreement (CPI, 2022). Total global climate finance flows continue to be evenly split between public and private actors. Public climate finance increased from 2017/2018 to 2019/2020, but remained largely stable at 51% ($334 billion) of the total. Development Finance Institutions (DFIs), especially national DFIs continued to deliver the majority of public climate finance, contributing 36% ($237 billion); 66% of which was committed by IDFC members.

Box 1: IDFC Green Finance Capacity Building initiatives for members in 2022

- In May, the IDFC Climate Facility delivered its first training week for members, hosted by TSKB in Istanbul. Gathering more than 12 members and 34 climate experts, the training week was centred around introducing the **Climate Strategy and Physical Risk Assessment Toolkits**, with knowledge sharing on topics related to calculating GHG emission baselines, defining (qualitative and quantitative) climate targets, and climate strategy implementation.
- The IDFC Climate Facility also recently delivered **a workshop on mobilising finance from the Green Climate Fund (GCF)**, specifically for the buildings sector. Participating experts from the French-German Programme for Energy Efficiency in Buildings (PEEB) unpacked GCF's governance structures and its appraisal procedures; emphasising the need for IDFC members to actively familiarise themselves with the priorities of the GCF in order to capitalise on this pool of funding for sectors that are difficult to decarbonise, such as infrastructure and built environment.
- **IDFC Steering Group Meeting** was hosted by BNDES in Manaus, Brazil, with a particular emphasis on Biodiversity. Members had an opportunity to reflect on the challenges and opportunities, both locally in Brazil and across all regions in which IDFC is active. On this occasion IDFC released its *Biodiversity Toolbox* publication, outlining how members can integrate biodiversity into strategies and operations (IDFC, 2021b). This was complemented by a technical workshop, the objective of which was to build capacities on Nature-Based Solutions for Adaptation.

5 $ = US dollar.

IDFC continually works to ensure members have the knowledge and tools to adequately design, implement and report on green projects. 2022 has seen growing momentum for capacity building across IDFC, with various workshops, seminars and publications addressing a variety of topics in relation to green finance. Highlights of the year thus far are included in Box 1.

In November 2021, IDFC reiterated its commitments made at the One Planet Summit in December 2017, at the UNSG Climate Action Summit in September 2019, and at the first edition of the Finance in Common Summit in November 2020. Key highlights of IDFC's State of Ambition in 2021 are given in Box 2.

At a more granular level, many IDFC member are committing to stronger pledges to climate action and green finance more broadly, the extent to which will be reflected in future iterations of the GFM report, notably:

- The China Development Bank (CDB) partnered with UNDP and the National Development and Reform Commission of China (NDRC) to advance Sustainable Financing for SDGs and Climate action (UNDP, 2022).
- KfW Group, DEG (Deutsche Investitions- und Entwicklungsgesellschaft) committed to achieving net-zero emissions at portfolio level by 2040 by aligning its portfolio to a science-based reduction pathway of reducing the carbon intensity of investments by two-thirds until 2040 (DEG, 2022).
- Japan International Cooperation Agency (JICA) committed to contribute about 1 trillion ¥ to the realisation of the Japanese Government's commitment at the G7 Cornwall Summit to provide a total of 6.5 trillion yen in climate finance, from 2021 to 2025.(JICA, 2021).
- Agence Française de Développement (AFD) Group, at COP 26 in Glasgow, committed to no longer finance fossil fuels (coal, oil, gas) as of 2022. In addition, it has committed to "no net loss" policy on biodiversity since 2017 and is bringing together climate financing and biodiversity financing. Its biodiversity road map has two main targets: (i) raise the Group's financial contribution towards biodiversity to € 1 billion by 2025; (ii) ensure that 30% of the Group's climate finance is nature positive (AFD, 2021).

Box 2: IDFC Climate State of Ambition 2021 – Key highlights

In 2021, IDFC recognised the suggestions made by the Intergovernmental Panel on Climate Change Assessment and the importance of keeping the 1.5°C goal considering that the impacts of climate change are distributed unequally affecting the most vulnerable population of the world. IDFC members have the potential to mobilise **$1.3 trillion between 2019 and 2025** in green finance including a significant increase for adaptation and biodiversity. IDFC members committed to:

- Promote and finance investment supporting their countries of interventions to reach **carbon neutrality** as soon as possible, taking into consideration the **IPCC's very low GHG emission scenario** (SSP1 – 1.9) as well as national and regional circumstances while supporting a just transition to a low carbon economy;
- Support the **energy transition toward a decarbonized economy**, especially by promoting, financing and enabling deep sectoral transformations and decarbonisation in all sectors.
- **End the provision of international public finance for new unabated coal power generation abroad by the end of 2021;**
- **Mainstream adaptation and resilience** considerations into strategies and operations, taking into account physical and transitional climate risks within credit risks procedures.
- Promote **ecosystem-based adaptation and nature-based solutions** including through forest conservation and reforestation contributing to both mitigation and adaptation.
- Support integrated climate disaster risk management, including risk analysis and vulnerability studies, investments and activities to reduce ex-ante risk and increase preparedness, and financial management of residual risk using insurance and guarantees against climate disaster.

- The Development Bank of Latin America (CAF) enhanced its ambition to deliver 40% green financing by 2026, up from 24% in 2020. CAF will also build a platform to mobilize climate and environmental funds that in the 2021-2026 period will make it possible to mobilize climate and environmental funds in the period 2021-2026, that will make it possible to the region (CAF, 2021).
- Brazil's National Development Bank for Economic and Social Development (BNDES) and the Climate Bonds Initiative (CBI) signed a cooperation agreement with the objective of promoting financing mechanisms to attract international investments that support sustainable projects in Brazil (CBI, 2022).
- PT Sarana Multi Infrastruktur (Persero) (PT SMI) conveyed its commitment to support the sustainable finance agenda of the G20 presidency in Indonesia. It signed a cooperation commitment with Bloomberg Philanthropies to encourage clean energy transition in Indonesia through the SDG Indonesia One (SIO) funding platform (PT SMI, 2021).
- Africa Finance Corporation (AFC), IDFC's newest member, launched Africa's first Infrastructure Climate Resilient Fund (ICRF), which has the objective of driving investments in low carbon and climate resilient infrastructure across Africa (AFC, 2022).

In short, both as a collective and as individual entities, IDFC continues to bolster the momentum behind, and ambition for, more green finance.

Robust and consistent tracking of green finance flows will be essential for IDFC members to assess and evaluate progress towards achieving their green finance pledges. Data gaps, especially in certain sectors, make it challenging to estimate the true volume and impact of green finance. Committing to better reporting, including filling these data gaps, is essential to understanding the current state of green finance, measuring progress and mapping specific actions to reach Paris-aligned goals within this decade.

This report presents the methodology and the findings of the annual GFM exercise across 20 IDFC members during the year 2021. The rest of the report, prepared with the support of Climate Policy Initiative, is structured as follows:

- Section 2 outlines the methodology used to record IDFC members institutions' green financial commitments.
- Section 3 presents GFM outcomes, including aggregated flows across IDFC and includes breakdowns by region of destination, financial instrument, sector, sub-sector, and overall use (mitigation; adaptation; or both).
- Section 4 discusses synergistic finance for climate and biodiversity, spotlighting IDFC's current work on, and opportunities for, biodiversity financing.
- Section 5 summarises trends and concludes.

2. METHODOLOGY

The methodology utilized for the GFM reports has evolved over time to improve the transparency, comparability, consistency, and flexibility of the process.

For the first time, this edition (covering 2021 commitments) is aligned with the MDB-IDFC Common Principles for Climate Mitigation Finance Tracking developed in 2021 for tracking and reporting of climate change mitigation finance. The survey template sent out to IDFC members this year was modified accordingly. The methodology has been improved with greater granularity especially for the energy sectors. For example, previously, energy efficiency improvements in various sectors such as industries, buildings, utilities, transport, etc. were clubbed together under the Energy Efficiency sub-category. The revised list includes energy efficiency improvements under each sectoral sub-category separately. Please see APPENDIX D for the list of activities and more guidance on the new list eligible project categories.

The survey continues to use the MDB-IDFC Common Principles for Climate Change Adaptation Finance Tracking developed in 2015 for climate change adaptation finance tracking and reporting. In the absence of common principles for biodiversity finance, the IDFC survey used the methodology for tracking biodiversity finance flows developed for the 2021 Green Finance Mapping exercise (IDFC, 2021).

As in previous years, mapping is conducted in three stages:

i. **Collecting data on commitments using a survey template filled out by member institutions.** All commitments were reported in U.S. dollars, which institutions converted using World Bank exchange rate data where required.[6] Detailed guidelines were provided to IDFC members on the categorisation of projects and use of this template, including standardized definitions of regions, categories, and instruments; lists of eligible projects; and methodologies for estimating private finance mobilisation. Specific guidelines for the biodiversity component of the survey were developed for the first time last year and are further detailed in Section 2.1.

ii. **Checking the data and verifying reliability and consistency of reporting.** Institutions were encouraged to note and report any deviations from the guidelines, and inconsistencies were identified and corrected. In cases of uncertainty, the reported estimates are conservative, following a preference for under-reporting rather than over-reporting green finance.

iii. **Analysing the dataset and presenting findings at aggregate and organization levels.** Commitments by individual institutions were published for the first time in the 2017 GFM exercise, a practice continued in all subsequent editions (2018-2021), including this 2022 edition.

This year's mapping is based on survey responses from 20 out of 27 IDFC members, of which seven also reported financial commitments to biodiversity.[7] All institutions submitting data this year also returned surveys last year, with the exception of one.[8] Two of the 20 institutions that responded to the survey reported no green finance commitments for 2021. Annual fluctuations in the number of reporting institutions and in coverage across green finance activities does affect year-to-year comparisons.

In the absence of granular data, estimates were made for KfW's breakdown of domestic finance with respect to sectors, destinations and instruments, based on ratios provided in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology.

Box 3 summarises new elements introduced in the 2022 Green Finance Mapping exercise.

6 Average annual exchange rates were drawn from the Global Economic Monitor (World Bank, 2021).

7 The 20 respondents for 2021 data included: AFD, Bancoldex, BICE ,BNDES, BOAD, BSTDB, CABEI, CAF, CDB, CDG, CDP , DBSA, HBOR, JICA ,KDB, KfW, NAFIN, PT SMI, TDB, TSKB. Additionally, AFD, Bancoldex, BNDES, CAF, CDB, JICA, and KfW also reported their biodiversity finance commitments. There were 21 respondents on 2020 data (7 respondents for biodiversity), 22 respondents on 2019 data, 17 respondents for 2018, 18 respondents for 2017, and 20 respondents for 2016 and 2015.

8 The membership of VEB is suspended.

2.1 TRACKING POSITIVE CONTRIBUTIONS TO BIODIVERSITY IN THE GFM

The methodology used to track biodiversity finance flows builds upon prior work of IDFC in the report "Benchmarking report on Biodiversity Practices of Development Banks" (IDFC, 2020b) and the study on "Testing of Reporting Methodologies on Biodiversity Finance" (Belvaux, 2020). It is based on the OECD approach using the Common Reporting Standard (CRS) codes and the Rio Markers rating system.

This is the second time that biodiversity is included in the GFM survey as a separate dedicated section. In previous years, IDFC members could report on biodiversity as a sub-category of the 'Other Environment' category. Building on the work done last year, IDFC members could once again report their financial flows targeting biodiversity either as a primary objective or as a co-benefit to interventions targeting climate or other environmental issues.

Members could report biodiversity relevant finance at the project or aggregate level.

Only **positive contributions to biodiversity, also known as 'net gains' or co-benefits**, are tracked in this year's survey. Compliance to 'do no significant harm principles' and contributions to achieve neutrality or to mitigate environmental risks when undertaking projects[9] were not counted. However, the GFM survey template leaves room for IDFC members to report qualitative information on best practices or specific procedures related to net gains.

Eligibility criteria

As stated by the OECD Development Assistance Committee (DAC), to be relevant for biodiversity, an activity should comply with at least one of the following eligibility criteria:

Box 3: New Elements Introduced in the GFM 2022 Exercise

New taxonomy for climate mitigation finance

A key component of the 2022 edition of the GFM was the introduction of the new Common Principles for Climate Mitigation Finance Tracking, consolidated by IDFC and the MDB Group in 2021. The Common Principles were updated, and strengthened, including a revised list of eligible activities that (i) are required to achieve the structural changes demanded by the Paris Agreement and (ii) account for the need to avoid locking-in emission-intensive technologies over the long-term that would thereby undermine the established temperature goals.

Initially, MDBs and IDFC agreed that the latter would use the revised list of eligible activities as a guide, applying it to the greatest extent possible but with a transitional period of up to two years for operationalising the new taxonomy. Nonetheless, the 2022 GFM survey integrated the new taxonomy, with an accompanying eligibility assessment tool provided to members to further clarify criteria for inclusion/exclusion of projects. Overall, few IDFC members specifically reported issues using the new taxonomy, signalling progress towards fully implementing the new Common Principles for Mitigation Finance Tracking and the agility of IDFC members to align with best practices. The Common Principles for Adaptation Finance Tracking currently remain the same as previous years

Better reporting and increased transparency

Another new and important component of the 2022 GFM exercise was the shift towards better reporting and increased transparency through the provision of project-level data. Indeed, project-level data is really the gold standard for green finance tracking, ensuring finance is accurately classified (whether climate, biodiversity or green more generally) while also facilitating deeper, more meaningful analysis of flows. In a positive development, nine members, compared to seven last year, were able to fully report project-level data. This year, while three members were able to partially report on key projects in their portfolio in addition to fully reporting aggregate data. The importance of reporting project-level data cannot be overemphasised: the hope is that IDFC will continue to make progress on this front so that all members will eventually have the ability and resources to provide granular data for the GFM, ensuring high levels of transparency and credibility behind IDFC's green finance numbers.

9 As defined by environmental safeguards published by ADB (2021), AFD (2018) and IFC (2021).

1. Conservation or enhancement of ecosystems, species or genetic resources, and/or enhancement of the sustainability of their use, through in-situ or ex-situ measures, or the restoration of existing damages; or
2. Integration of biodiversity and ecosystem services concerns within recipient countries' development objectives, economic decision making and sectoral policies, through measures such as institution building, capacity development, strengthening the regulatory and policy frameworks, research, technology transfer, knowledge management and stakeholder engagement; or
3. Elimination, phasing out or reform of incentives, including subsidies, harmful to biodiversity, and provision of positive incentives for the conservation and sustainable use of biodiversity; or
4. Maintenance of genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species; or
5. Fair and equitable sharing of the benefits arising from the utilization of genetic resources, including by appropriate access to these resources and by appropriate transfer of relevant technologies, as internationally agreed; or
6. Developing countries' efforts to meet their obligations under the Convention on Biological Diversity (CBD).

A comprehensive list of activities eligible to classify as biodiversity finance is included in Appendix D.

Weighting system for scoring activities with relevance for biodiversity

According to the OECD DAC Marking scoring logic, the level of biodiversity relevance is indicated by a DAC Marker 1 or 2:

- **DAC Marker 2** indicates that the project has been undertaken specifically to contribute positively to biodiversity (principal objective).
- **DAC Marker 1** indicates that elements of the project contribute positively to biodiversity (significant objective).

Drawing on the DAC approach, the GFM weights finance for projects which are primarily dedicated to biodiversity conservation – "Biodiversity Conservation (2) - as 100% of their value (principal objective). "Biodiversity Conservation (1) projects, along with projects in other sectoral categories which have biodiversity benefits, are weighted as 30% of total financing,[10] or at the internal rate used by the reporting member institution if one is provided (significant objective or co-benefit).

It should be noted that this methodology is not widely used yet: only seven out of the 27 IDFC members reported biodiversity finance. Common principles for biodiversity finance tracking – as they exist for climate finance – still need to be built, in coherence with the forthcoming post-2020 Global Biodiversity Framework. While providing a first picture for tracking biodiversity investment, the methodology presented here will need to be refined to better reflect the CBD goals (i.e., protection, restoration, integrated spatial management, governance, sustainable management of natural resources, reduction of local pressures). So far, the flat rate applied to all projects marked as "DAC 1" does not allow to identify the goal and intensity of investments with respect to biodiversity, as opposed to the GFM framework used for climate finance which allows specificity on whether finance is reported towards climate mitigation or adaptation goals of the Paris Agreement.

10 30% was used as a conservative approach for mainstreaming biodiversity into climate projects, rather than the 40% more typically used/recommended by OECD guidance.

3. GREEN FINANCE MAPPING OUTCOMES

This report outlines green finance commitments by IDFC members along three major categories:

i. climate finance

ii. biodiversity finance and

iii. finance with other environmental objectives.

Climate finance is composed of financial flows for: green energy and mitigation of greenhouse gases (GHG) (henceforth mitigation); adaptation to climate change; and projects that include elements of both mitigation and adaptation.

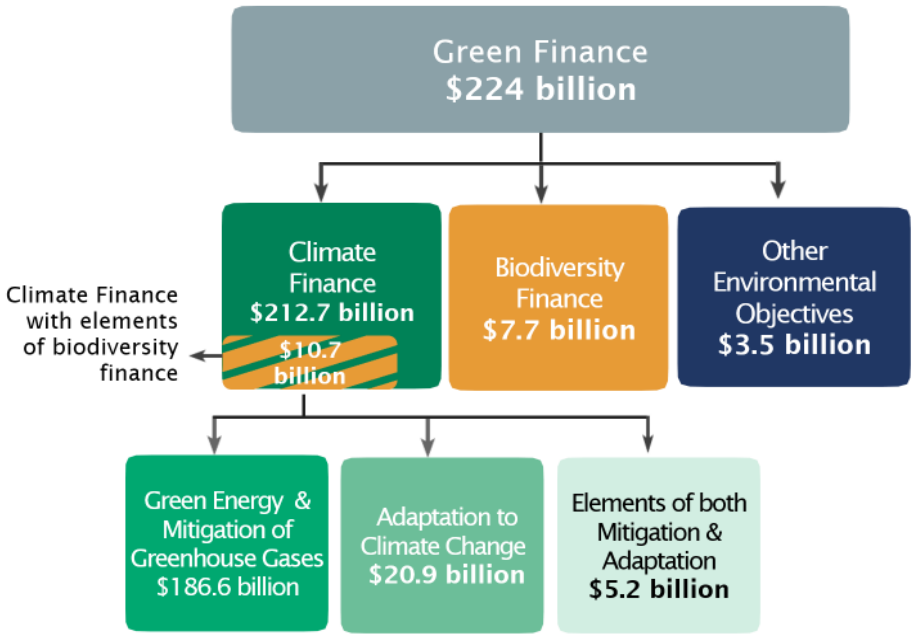
Biodiversity finance includes, for example, finance for water supply, wastewater treatment, biodiversity conservation and waste management, among others. In many cases, climate-related activities also have biodiversity co-benefits and vice versa (e.g., a forestry project which includes, as a significant objective, the protection and sustainable management of biodiversity-rich ecosystems). These co-benefits are assigned a specific weight depending on whether biodiversity was the principal objective or a significant objective, as explained in Section 2.1.

The category of other environmental objectives refers to finance for projects that have no climate or biodiversity benefits, identified as such by the reporting institution. These may include projects which do not clearly integrate activities dedicated to biodiversity and nature-based solutions (e.g., projects tackling pollution).

In 2021, green finance commitments by IDFC members reached $224 billion. This represents a 21% increase from 2020, evidence that green finance was channeled at scale in building back from the COVID-19 pandemic. Indeed, at $606 billion in cumulative green finance commitments since 2019, IDFC as a group is well on track towards mobilizing $1.3 trillion between 2019 and 2025, as pledged in IDFC State of Ambition (2021).

New green finance commitments by 13 IDFC members were higher than their 2020 commitments, returning to, or even surpassing, pre-pandemic levels. In 2021, green finance represented 22% of total new commitments by members: climate finance accounted for 95% of total green finance, or $212.7 billion, whereas finance for projects solely targeting

Figure 1: Breakdown of IDFC green finance commitments in 2021 ($ billion)



biodiversity represented 3% of the total ($7.7 billion). Within climate finance, $10.7 billion was dedicated to projects with biodiversity co-benefits. Total biodiversity finance committed by IDFC in 2021 reached $18.4 billion, a 31% increase from 2020. An additional $3.5 billion was reported for other environmental objectives. Among those members whose green finance total decreased from 2020 numbers, regional or country trends as well as the post-COVID recovery context were cited as the main reasons for the decline.

Table 1 provides an overview of each IDFC institution's green finance commitments in 2021 compared to 2020, broken down by category. Further findings on climate finance are discussed in Section 3.1 while Section 3.2 describes financial commitments to biodiversity in detail.

Figure 2: Breakdown of IDFC green finance commitments in 2015-2021

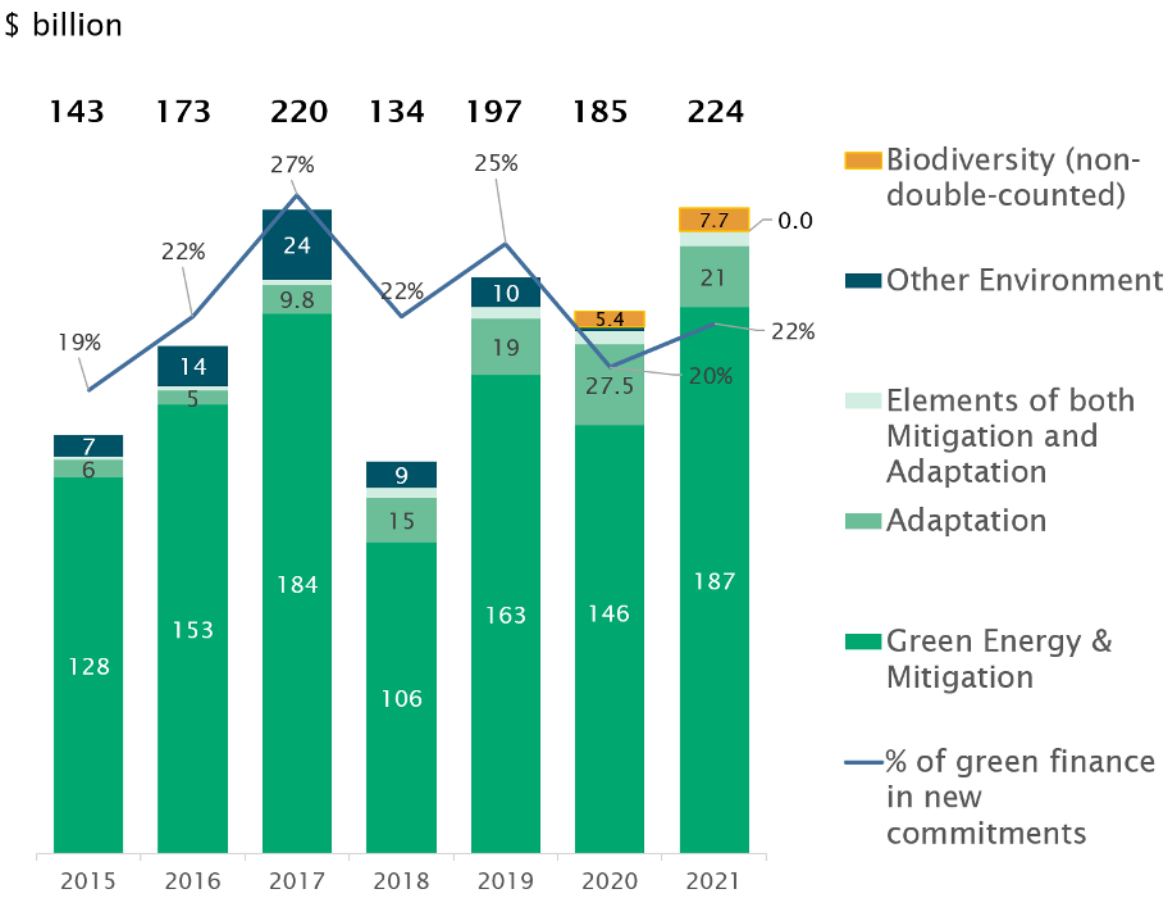


Table 1. Green finance commitments by IDFC member in 2021 as compared to 2020 ($ million).[10]

Location of IDFC member	Reporting Member Instituions in 2020	Green Energy and Mitigation of GHGs		Adaptation		Both Mitigation and Adaptation		Other Environment		Biodiversity (double-counted)		Biodiversity (non-double-counted)		Total Green Commitments	
		2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Asia and Middle East	CDB	80,390	114,966	14,822	10,324					6,393	9,298	5,264	7,185	100,476	132,474
	JICA	5,000	3,468	3,783	1,234	246	12	1,062	780	173	125	9	23	10,100	5,517
	KDB	527	925											527	925
	PTSMI	25	193		3									25	196
	ICD														
	SIDBI														
	Sub-total	**85,942**	**119,551**	**18,605**	**11,562**	**246**	**12**	**1,062**	**780**	**6,566**	**9,423**	**5,273**	**7,208**	**111,129**	**139,112**
Europe	KfW	49,162	56,061	4,243	5,615	1,095	2,229	200	1,868	566			463	54,700	66,236
	AFD	2,675	2,912	1,081	1,435	3,108	2,804			672	692	38		6,902	7,151
	VEB	626												626	
	CDP	3,183	2,840	1,358	1,310	205	145							4,746	4,295
	TSKB	435	253											435	253
	BSTDB	147	73											147	73
	IIB														
	HBOR	125	138											125	138
	Sub-total	**56,354**	**62,276**	**6,682**	**8,360**	**4,408**	**5,179**	**200**	**1,868**	**1,238**	**692**	**38**	**463**	**67,682**	**78,146**
Latin America and the Caribbean	CAF	1,556	1751	1,722	646				242	801	572	29		3,307	2,639
	BE (Banco Estado)														
	BNDES	1,408	1,608						10		17	104		1,512	1,618
	BCIE/CABEI	1,027	1,214	435	301									1,462	1,516
	Bancoldex	25	37		1									25	38
	COFIDE														
	BICE														
	NAFIN		113												113
	Sub-total	**4,016**	**4,722**	**2,157**	**948**	**0**	**0**	**0**	**253**	**801**	**589**	**133**	**0**	**6,306**	**5,923**
Africa	DBSA	103	32	1		1		93	486	1				198	518
	TDB		4												4
	BOAD	34	36	16			15		74					49	125
	CDG														
	Sub-total	**137**	**72**	**17**	**0**	**1**	**15**	**93**	**560**	**1**	**0**	**0**	**0**	**247**	**647**
Total		**146,448**	**186,621**	**27,461**	**20,871**	**4,655**	**5,206**	**1,355**	**3,460**	**8,606**	**10,704**	**5,444**	**7,671**	**185,363**	**223,829**

3.1 CLIMATE FINANCE

3.1.1 CLIMATE FINANCE COMMITMENTS BY USE

Climate finance commitments by IDFC members is tracked across three broad categories:

1. Mitigation
2. Adaptation
3. Projects with both mitigation and adaptation elements

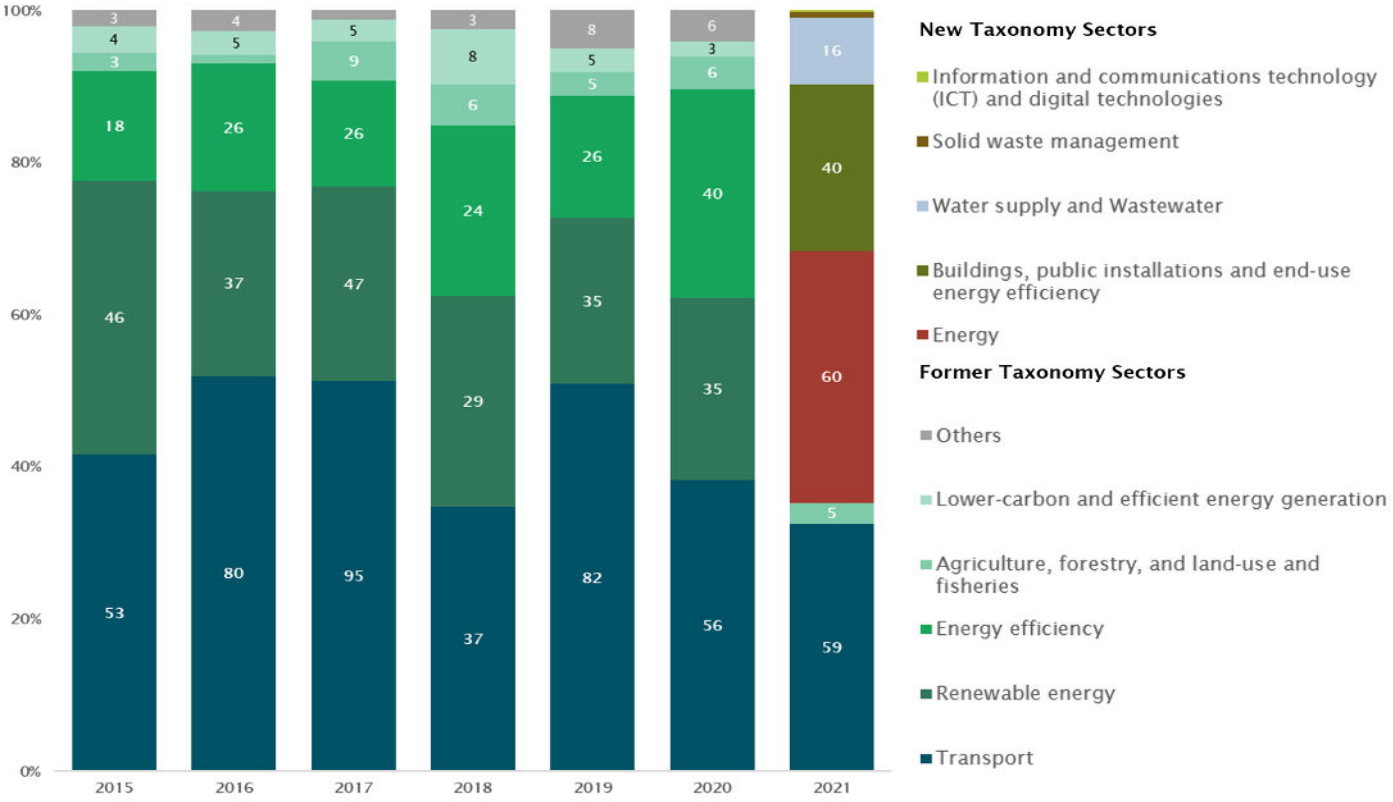
In 2021, mitigation finance reached a record high of $186.6 billion, primarily driven by investments into energy[11] ($60 billion) as well as low-carbon transport ($59 billion). Renewable energy finance was dominated by investments in (on-shore and off-shore) wind ($22.6 billion, or 39% of the total) followed by hydropower ($15.4 billion, or 27% of the total). Solar PV accounted for 14% of total renewable energy investments. Due to the risks and processes inherent to hydro investments, especially large hydro, these projects tend to be more oriented towards public sector investment, hence their dominance among IDFC members relative to investments in solar which is now a far more mature, commercial technology.

Following a record high in 2020, adaptation finance fell by 24% to $20.9 billion but still outpaced commitments made in 2019. The annual change in adaptation finance was primarily driven by 50% lower commitments for disaster risk reduction (excluding coastal protection), likely due, at least in part, to higher commitments made in 2020 as an emergency response during the COVID-19 pandemic.

Green energy and GHG mitigation

Within the $186.6 billion committed for mitigation projects, the energy sector received the most finance – $60 billion or 32% of the total - **closely followed by transport at $59 billion.** It is important to note,

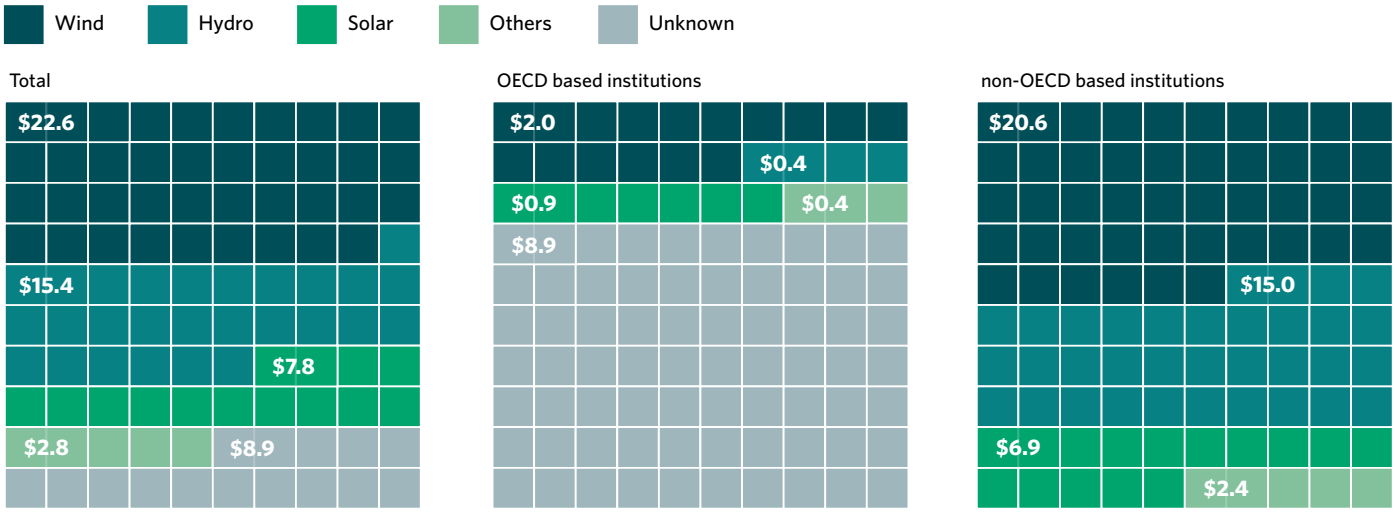
Figure 3: Green finance commitments to green energy and mitigation of GHG by subcategory, 2015-2020 and 2021 (percent and $ billion)



Note: For KfW, the breakdown of 2020 & 2021 domestic finance flows was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology. The mitigation taxonomy was updated in 2021 following the adoption of the new Common Principles (see Section 2), hence sectors for 2021 are slightly different from those tracked in previous years. The legend is for revised list of sectors in 2021.

11 As per the new taxonomy, includes investments in renewable energy, transportation and storage of energy, lower-carbon energy and energy efficiency improvements in the sector.

Figure 4: Commitments to renewable energy technologies by technologies and OECD and non-OECD based institutions in 2021 (percent and $ billion)

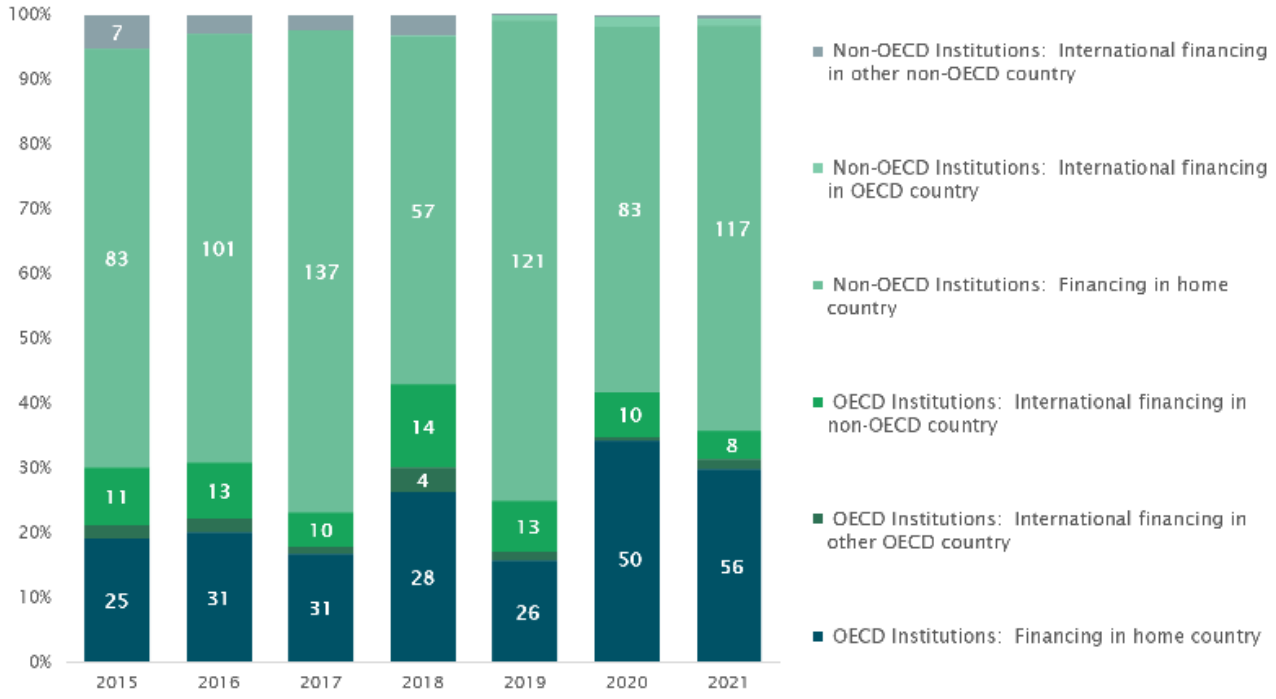


Note: For KfW, the breakdown of domestic finance flows was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology

as explained in Section 2, that the changes to the mitigation taxonomy prevents an accurate comparison being made between mitigation finance committed in 2021 and the historical trend observed between 2015-2020 (see Figure 3). Mitigation finance committed for *Buildings, public installations and end-use energy efficiency*, accorded with its own sectoral sub-category for the first time, was also a substantial investment destination in 2021, totaling $40 billion or 21% of the total.

As shown in Figure 4, the largest share of renewable energy finance ($57.5 billion, total) was committed for wind, accounting for $22.6 billion, or 39% of total renewable energy commitments. Investment into wind projects was mainly provided by institutions based in non-OECD countries ($20.6 billion). Hydropower followed as the next biggest renewable energy investment, totaling 15.4 billion, the majority of which (97%) was also provided by institutions based in non-OECD countries. $7.8 billion was committed to

Figure 5: Commitments to green energy and mitigation of GHGs from reporting IDFC members in 2021 (percent and $ billion)



solar, $2.8 billion to other technologies (consisting of, inter alia, geothermal and biomass/biogas) and the remaining $8.9 billion (unknown), from OECD-based institutions, could not be tracked to specific technologies.

Of the $186.6 billion committed by IDFC members to climate mitigation, 64% was provided by institutions based in non-OECD countries[12] (see Figure 5). Non-OECD institutions' international commitments to other non-OECD countries (i.e. South-South flows) were $1.1 billion. OECD institutions' overall commitments to mitigation increased from $61 billion in 2020 to $67 billion in 2021, with most of the increase attributable to financing in the home country.[13]

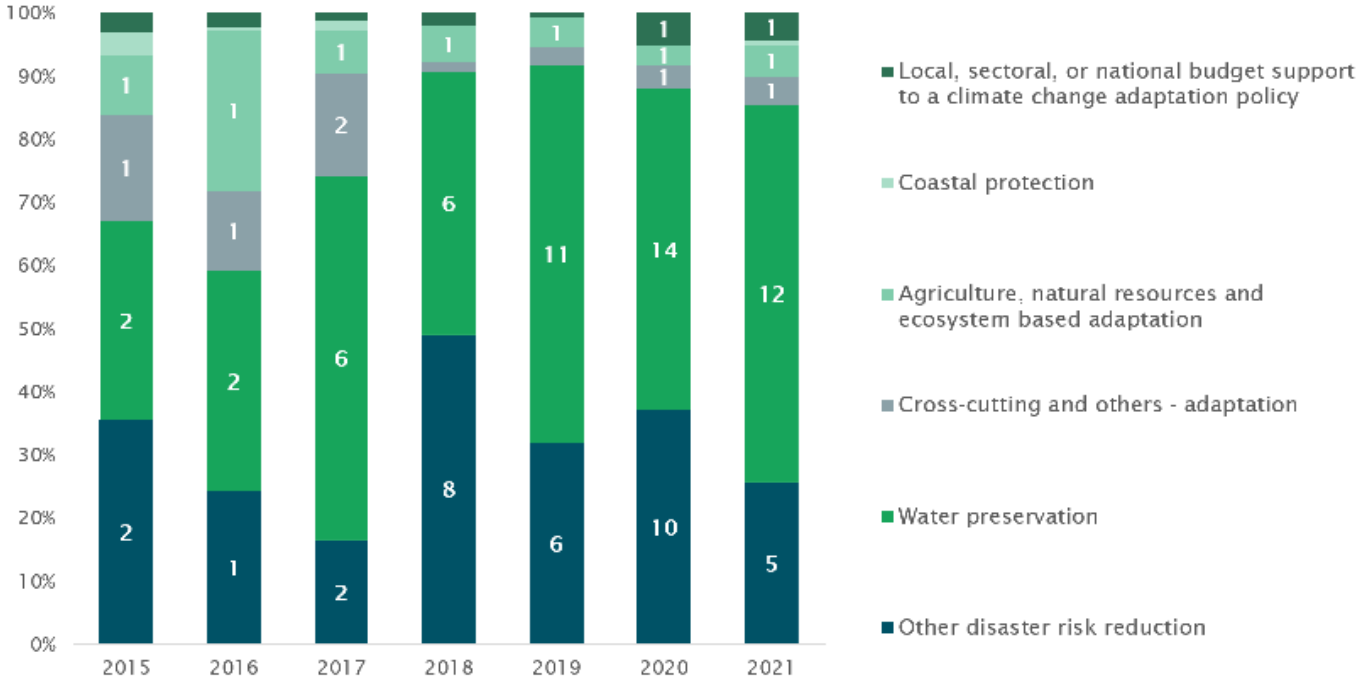
Mitigation finance committed by institutions based in OECD countries to non-OECD countries (i.e. North-South flows) amounted to $8 billion. Noting that out of the 18 institutions that reported climate finance commitments in 2021, 10 are non-OECD based institutions and eight are OECD-based. Non-OECD members together contributed 73% of total IDFC commitments in 2021.

Adaptation

Tracking adaptation finance is difficult since standardized definitions and methodologies for measuring adaptation benefits are less developed compared to mitigation activities where GHG emissions-reduction is the standard, and measurable, outcome of interest. Based on the MDB-IDFC Common Principles, adaptation finance consists of projects with a stated intent to address any identified climate risks, vulnerabilities and impacts, and requires adaptation activities to be disaggregated from non-adaptation activities as far as reasonably possible. **Adaptation finance totalled $20.9 billion in 2021 decreasing 24% from 2020 levels, but still outpacing commitments made in 2019.**

This drop was driven by a $5 billion (or 50%) reduction in commitments towards disaster risk reduction compared to 2020 (see Figure 6). Finance for water preservation remained relatively consistent at $12 billion, compared to $14 billion in 2020. As in previous years, these two sub-categories continue to be the main areas where adaptation finance flows (together 86% of the total).

Figure 6: Commitments to adaptation by subcategory, 2015-2021 (percent and $ billion)



Note: For KfW, the breakdown of 2020 & 2021 domestic finance flows was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology

12 Noting that Out of the 18 institutions that reported climate finance commitments in 2021, 10 are non-OECD based institutions and 8 are OECD-based. Non-OECD members together contributed 73% of total commitments (green + non-green finance) by IDFC in 2021.

13 Recalling that changes to the mitigation taxonomy in 2021 makes historical comparisons more difficult

Figure 7 shows domestic and international flows to adaptation projects, broken down by the location of the funding institution. Non-OECD institutions' commitments to adaptation in their home countries accounted for the dominant share, at 50% or $10 billion, down from $17 billion in 2020. Approximately $1 billion of these members' finance went to other non-OECD countries in 2021. OECD institutions' adaptation financing in their home country increased by $2 billion in 2021, accounting for 28% of total adaptation finance. In 2021, these institutions decreased their adaptation financing to non-OECD countries by $2 billion compared to 2020, returning to 2019 levels ($4 billion).

Since 2020, IDFC has been taking steps towards closer collaboration and coordination with the Green Climate Fund (GCF) in order to increase developing countries' access to climate finance and as part of efforts to foster a resilient green recovery in the aftermath of COVID-19 (IDFC & GCF, 2020). Out of 35 PDBs that are accredited to the GCF, 15 are IDFC members. This partnerships holds strong potential to help catalyse adaptation finance among IDFC members: the GCF has an explicit mandate to ensure a 50-50 balance in allocation of funding between mitigation and adaptation; it is uniquely placed to de-risk high impact adaptation projects therein helping to attract additional private investment; and offers a Readiness Programme, assisting countries in vital adaptation planning processes (GCF, 2021).

Both Mitigation & Adaptation

As shown in Figure 8, finance for projects with both mitigation & adaptation objectives has been growing consistently since 2015 in OECD members. Momentum continued to build in 2021, with IDFC members committing a record high $5.2 billion of climate finance with dual benefits. Box 4 provides an example of a project delivering both mitigation & adaptation benefits, a good illustration of how public money can be used effectively to maximise impact, tackling climate change with co-benefits for biodiversity. The majority of these commitments have been made by institutions in OECD countries. Such finance offers a window of opportunity for development interventions to deliver both adaptation and mitigation outcomes, ensuring that limited public resources have maximum impact.

Indeed, IDFC as a group is concerned with both the quality, as well as the quantity, of green finance, and anticipates a continuation of this positive trend observed since 2015.

Figure 7: Commitments for adaptation to climate change from OECD and non-OECD IDFC members, 2015-2021 (percent and $ billion)

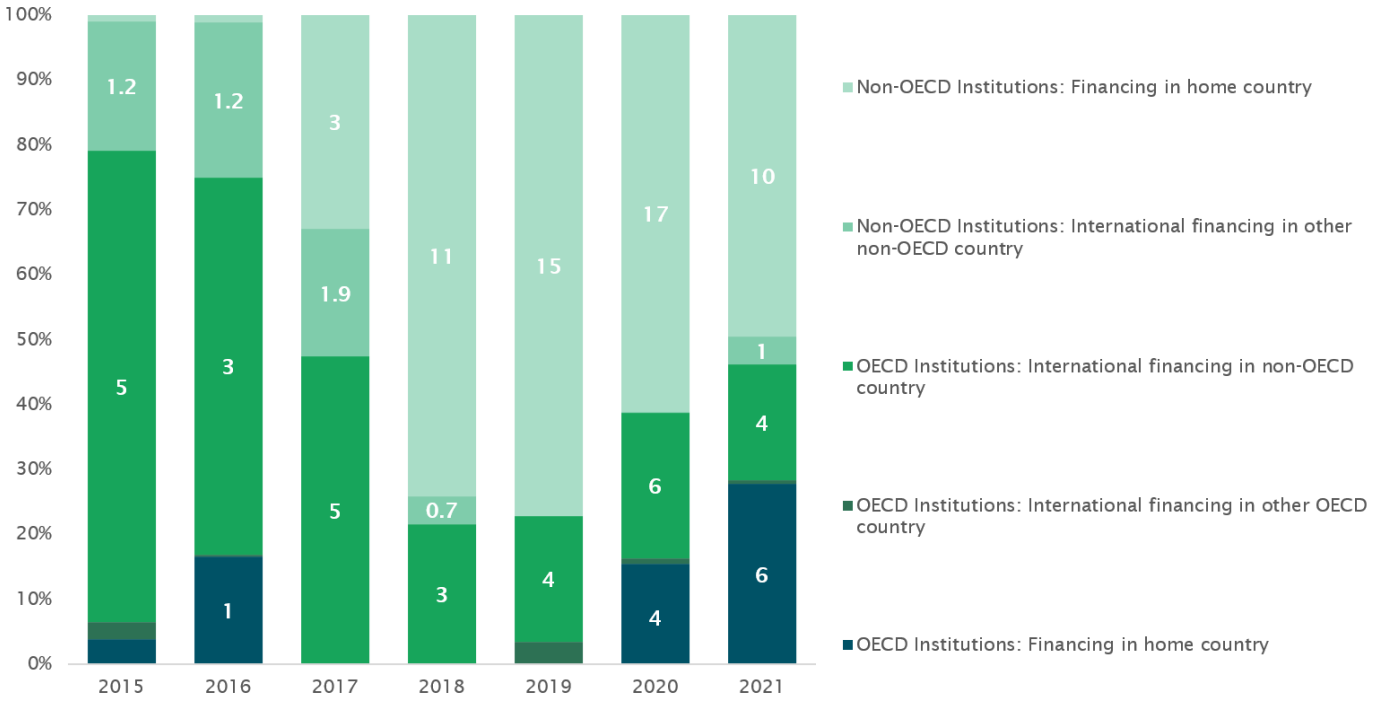
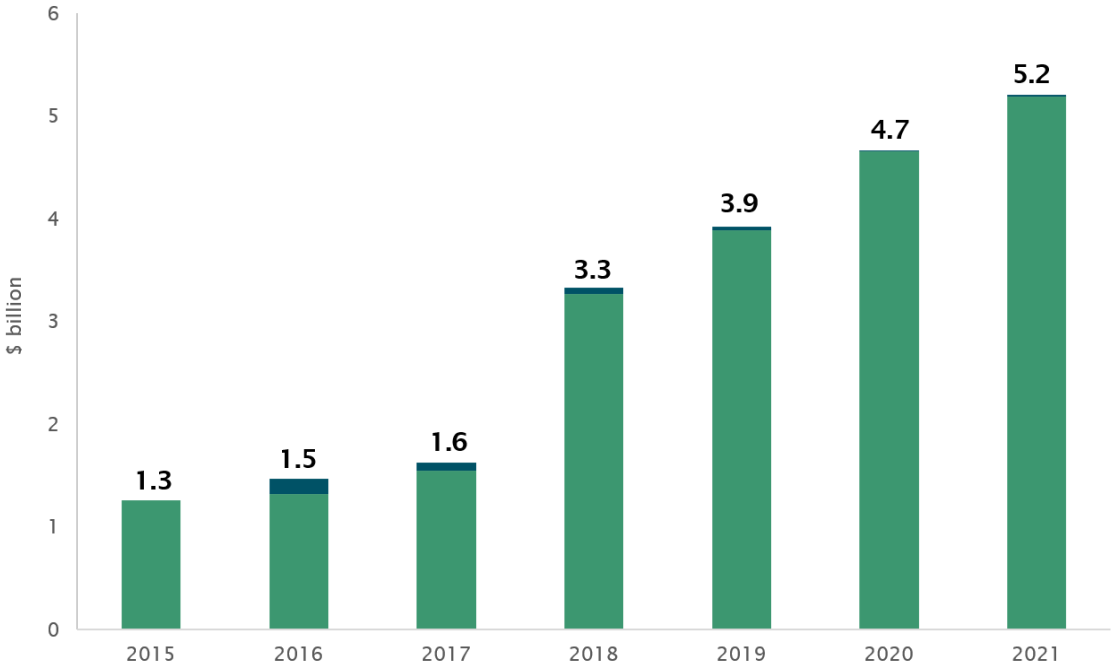


Figure 8: Commitments for **both** mitigation & adaptation from OECD and non-OECD IDFC members, 2015-2021 ($ billion)



Box 4: Dual Benefits project case study – AFD "Ghabati Hayati" Program ("My forest, my life")

Morocco's varied landscapes - with forest spread over 9 million hectares - makes the country one of exceptional biological wealth. Indeed, the forest is both a reserve and refuge for biodiversity as well as a key carbon sink helping to regulate the climate. However, this rich heritage is increasingly threatened by the effects of anthropogenic climate change, with visible implications for ecosystem health and endangered species therein.

In response to this looming problem, AFD has launched the "Ghabati Hayati" Program, 2020-2030. The first four years includes a €100 million loan to support climate- and biodiversity-positive projects, with an explicit target to reforest between 50,000 and 100,000 hectares each year, favouring local species and involving local populations to ensure participatory and sustainable management of the forest. In addition, a €3 million grant is to stimulate research studies, promoting exchanges and technical partnerships. Overall, the goal is to harness preservation of biodiversity to the creation of local economic value given that the forest can be sustainably used for wood and tourism.

AFD has become particularly conscious that forest protection is one of the most optimal means of combating climate change and protecting biodiversity simultaneously. Indeed, the finance provided for this project qualifies as Both Mitigation & Adaptation climate finance in the GFM as well as biodiversity finance. As such, this project forms a part of the $10.7 billion Climate Finance with Biodiversity Co-Benefits (see Figure 1) and must be separated from "pure" biodiversity finance ($7.7 billion) to avoid double-counting when aggregating IDFC's green finance figures. Dual benefits interventions can offer a cost-effective means of achieving both mitigation and adaptation objectives, while providing a host of other co-benefits, thereby ensuring the efficacy of green finance channelled by public development banks.

Source: AFD, 2022. "Protecting the Biodiversity of Morocco's National Forests and Parks." Available at: https://www.afd.fr/en/actualites/protecting-biodiversity-moroccos-national-forests-and-parks

3.1.2 CLIMATE FINANCE COMMITMENTS FROM INSTITUTIONS IN OECD AND NON-OECD COUNTRIES

Climate finance committed to projects in institutions' home countries greatly outweighed finance committed internationally ($190 billion vs $23 billion, respectively), in line with IDFC members' different mandates according to their institutional arrangements.

Non-OECD-based institutions provided the majority of climate finance in 2021, at $131 billion (up 28% from 2020), accounting for 62% of the total. For non-OECD institutions, nearly all 2021 commitments (97%) went to projects in the home country of the funding institution, with the remainder committed internationally. For the second consecutive year, in 2021 non-OECD based institutions also reported international commitments directed toward OECD

Figure 9: Climate finance commitments from OECD and non-OECD, 2015-2021 ($ billion)

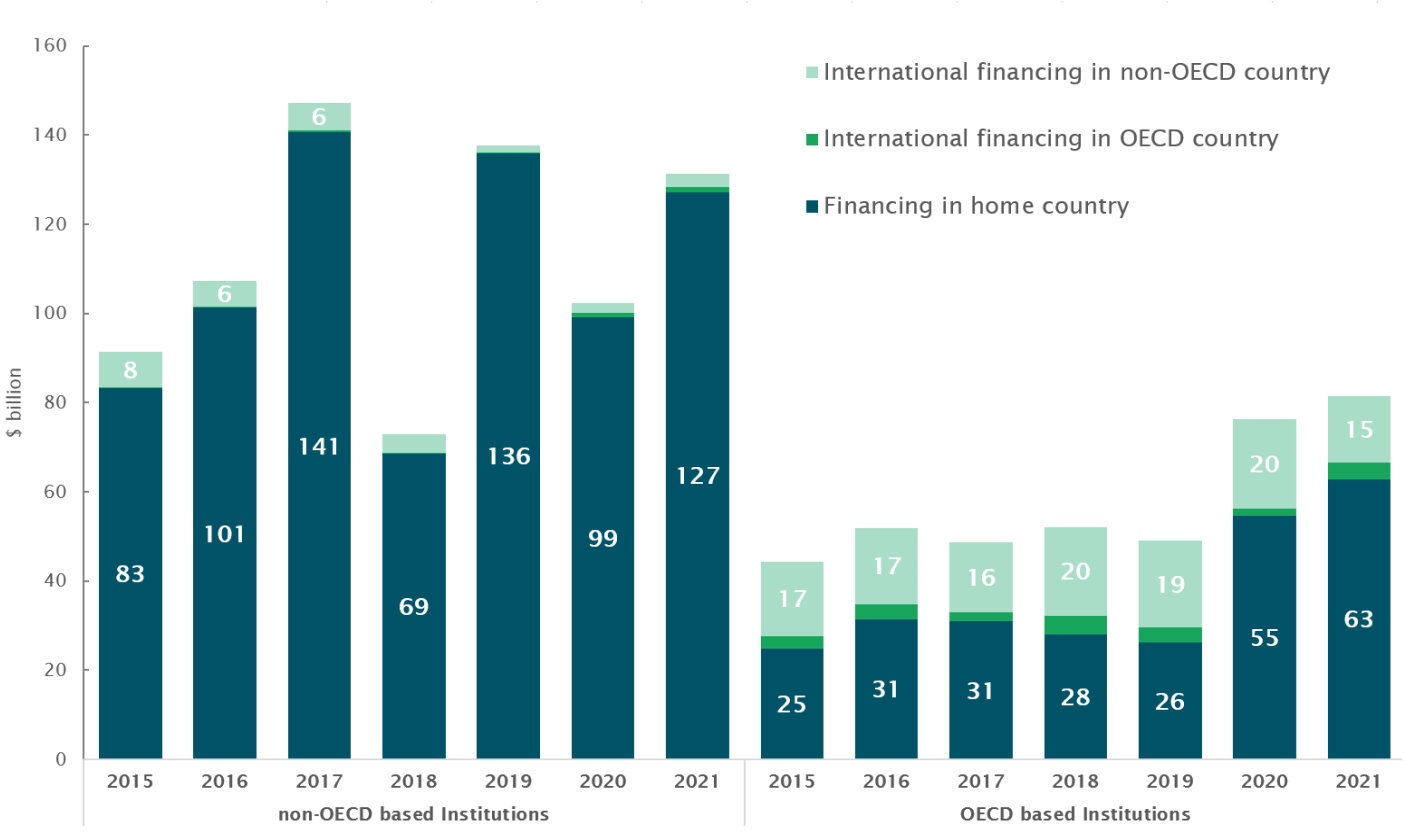
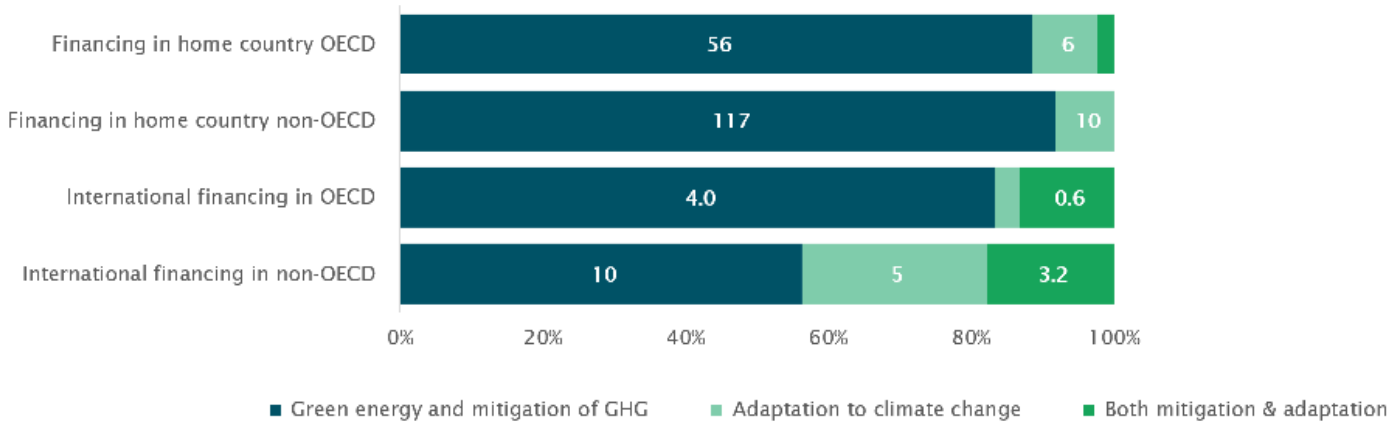


Figure 10: Proportion of domestic and international climate finance commitments by category in 2021 (percent and $ billion)



Note: For KfW, the breakdown of domestic finance flows was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology

countries, though only accounting for approximately 1% of total climate finance flows from these institutions. This included, for example, financing from the Central American Bank for Economic Integration (CABEI), Development Bank of Latin America (CAF) and the Croatian Bank for Reconstruction and Development (HBOR).

OECD-based institutions committed the remaining $81 billion, or 38% of total climate finance in 2021 (see Figure 9). This was 7% higher than the $76 billion tracked in 2020. Growth in 2021 was driven by an uptick in domestic commitments, increasing $8 billion on 2020 and accounting for 77% of total finance from OECD-based institutions. In addition, $15 billion flowed internationally toward non-OECD countries and $4 billion went to projects in other OECD countries.

Total financing provided in non-OECD countries reached $145 billion in 2021, representing 68% of total climate finance commitments. International commitments to projects in non-OECD countries totalled $18 billion. The breakdown of commitments made domestically and internationally varies greatly by category of green finance. As Figure 10 shows, the majority of domestic finance flows targeted mitigation, representing 89% of domestic flows in OECD countries ($56 billion) and 92% of domestic flows in non-OECD countries ($117 billion). Within adaptation, most finance was committed domestically (77%), while projects with both mitigation & adaptation benefits were primarily delivered via international financing, accounting for 73% of the category total.

3.1.3 CLIMATE FINANCE COMMITMENTS BY INSTRUMENT TYPE

As in previous years, loans were the primary instrument through which IDFC member institutions channelled climate finance, in line with the typology of their portfolios, accounting for $198.5 billion or 93% of the 2021 total, with concessional and non-concessional loans accounting for 28% and 64%, respectively. Finance committed in the form of grants increased by 118% in 2021 to $14 billion, though continued to account for approximately the same share of total climate finance (6%). Situating this in a broader context, this is line with the global trends. The share of grants in IDFC's total climate finance is exactly equivalent to the overall share of grants in the global landscape of climate finance (GLCF, 2021). Though still relatively low in absolute terms, the share of grants in global climate finance has been steadily increasing in recent years, as public actors seek to build strong enabling environments and undertake demonstration projects to build the pipeline for sustainable investment across a range of sectors. Other instruments, including guarantees and equity, were negligible in 2021 as a share of IDFC's total climate finance. Box 5 highlights some recent development in the green bonds space by various IDFC members.

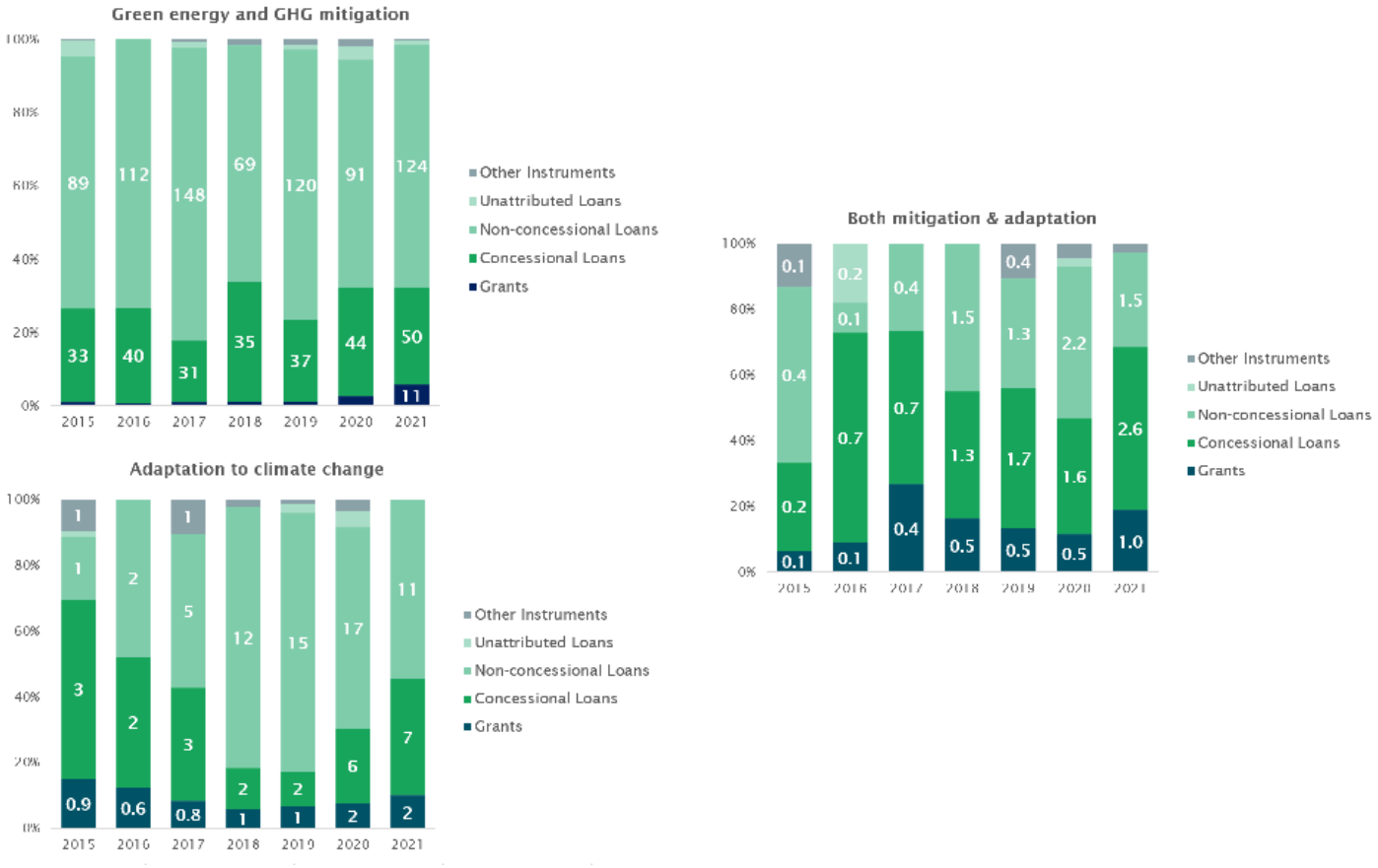
Figure 11 shows the breakdown of climate financing by instrument type from 2015 to 2021, while Figure 12 demonstrates the variation by category and year. Within mitigation, non-concessional (i.e., market-rate) loans increased 36% to $124 billion – as expected

Figure 11: Climate finance commitments by instrument type, 2015-2021 (percent and $ billion)



Note: For KfW, the breakdown of 2020 & 2021 domestic finance flows was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology.

Figure 12: Climate finance commitments by instrument and category, 2015-2021 (percent and $ billion)



Note: For KfW, the breakdown of 2020 & 2021 domestic finance flows were estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology.

Box 5: Innovative financial instrument case study – Bonds

IDFC members, as public development banks with specific policy mandates and generally higher risk-tolerance than other financial actors, have a unique capacity to support innovative financial instruments / structures with an emphasis on de-risking, and scaling-up, green projects across the regions in which they work. Some innovative instruments developed recently by IDFC members include:

BOAD's first Sustainability Bonds: In 2021, the West African Development Bank (BOAD) issued its first bond with sustainable development objectives, worth €750 million with a 12-year maturity and attracting more than 260 investors worldwide. The issue is a product of BOAD's Sustainability Bond Framework, which aims to catalyse finance for projects with high social and environmental impact. Specifically, the proceeds will build BOAD's capacity to invest in agriculture, food security, renewable energy, infrastructure, health, education, and social housing, in the context of meeting the SDGs.

BSTDB's first Sustainability-linked Bond: in 2021, BSTDB invested €30 million in a sustainability-linked bond, issued on the Athens Stock Exchange by GEK TERNA, an infrastructure and energy group in Greece largely active in renewable (thermal) energy and construction. The proceeds will be used to finance emissions-reducing mitigation activities in infrastructure, energy, industry and real estate, promoting the green economy, and sustainable development generally.

CABEI's Blue Bond Initiative: in 2022, CABEI announced its intention to launch a blue and sustainable growth initiative, proposing innovative financial instruments to implement the regional blue economy strategy aimed at sustainable growth of coastal marine resources. While no blue bonds have yet been issued, this initiative forms part of a broader movement to build the blue bond market in the same way that green bonds have witnessed rapid growth in recent years.

CDP's Green, Social and Sustainability Bond Framework: in 2021, CDP published a new Framework, outlining its intention and potential to issue three types of bonds: social bonds; green bonds; and sustainability bonds.

given relative maturities and commercialisation of many mitigation technologies e.g. renewable energy technologies – while concessional loans and grants increased to $50 billion and $11 billion respectively. Concessional loans for adaptation remained largely the same on 2020 numbers while non-concessional loans fell 33% to $11 billion. Concessional loans accounted for the largest share of both mitigation & adaptation finance (49%), with the remaining commitments mostly spread between grants and non-concessional loans.

3.1.4 CLIMATE FINANCE COMMITMENTS BY GEOGRAPHIC DESTINATION

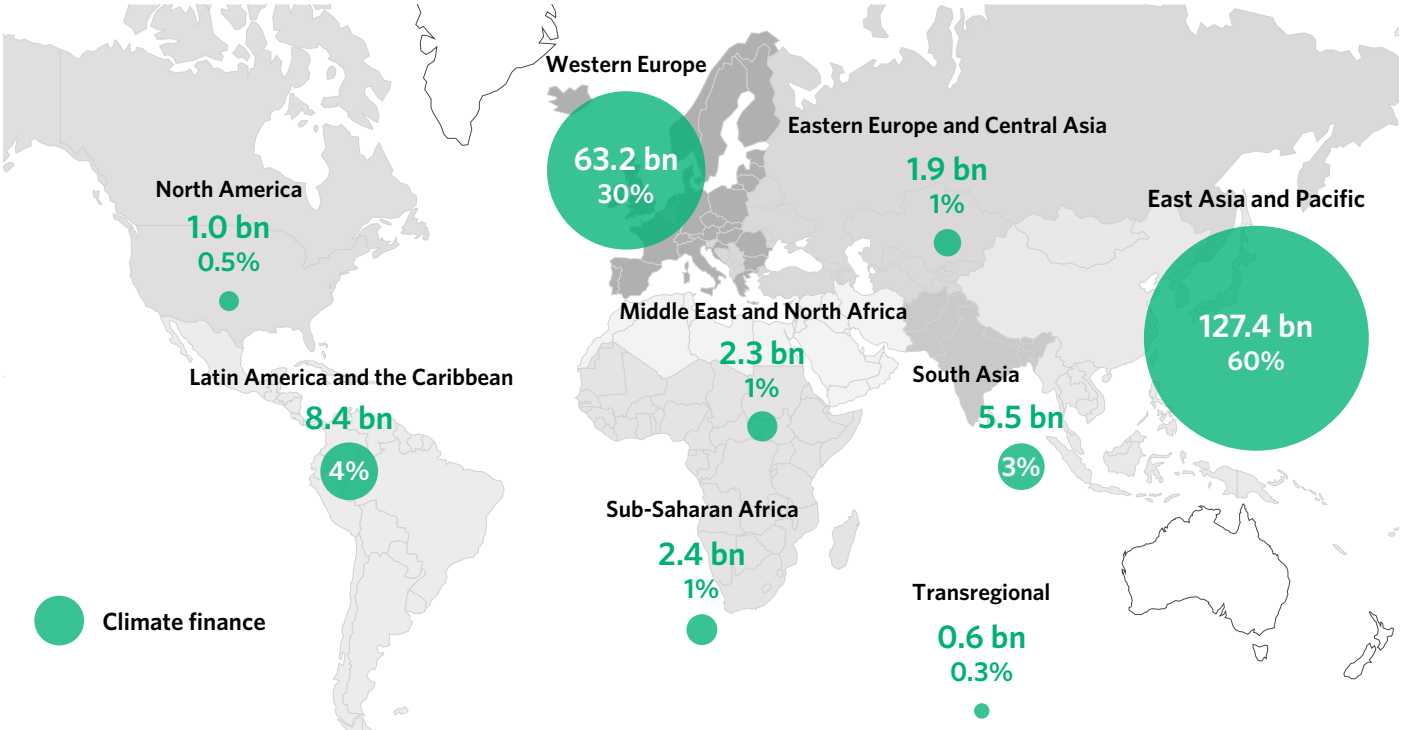
Figure 13 shows the distribution of climate finance by geographic destination in 2021. As in previous years, **the majority of commitments ($127.4 billion) went to the East Asia and Pacific region, accounting for 60% of total climate finance flows.** Western Europe[14] received the second highest commitments at $63.2 billion (or 30% of the total), on par with shares observed in 2020. Climate finance commitments fell slightly for Eastern Europe and Central Asia, Latin America and the Caribbean, South Asia, and Sub-Saharan Africa on 2020 numbers, however, their overall shares of climate finance remained largely the same. These trends reflect IDFC members' relative scale within their region of operation and their wider climate mandates.

The East Asia and Pacific region received the majority of commitments going to mitigation and adaptation, at $126 billion and $11 billion respectively; this accounted for 67% and 55% of total commitments in each category. Western Europe received the highest commitments going to projects with *both* mitigation & adaptation objectives at $1.4 billion, or 27% of total commitments in this category, followed by Sub-Saharan Africa at $1 billion, or 20% of the total.

3.1.5 MOBILISED PRIVATE FINANCE

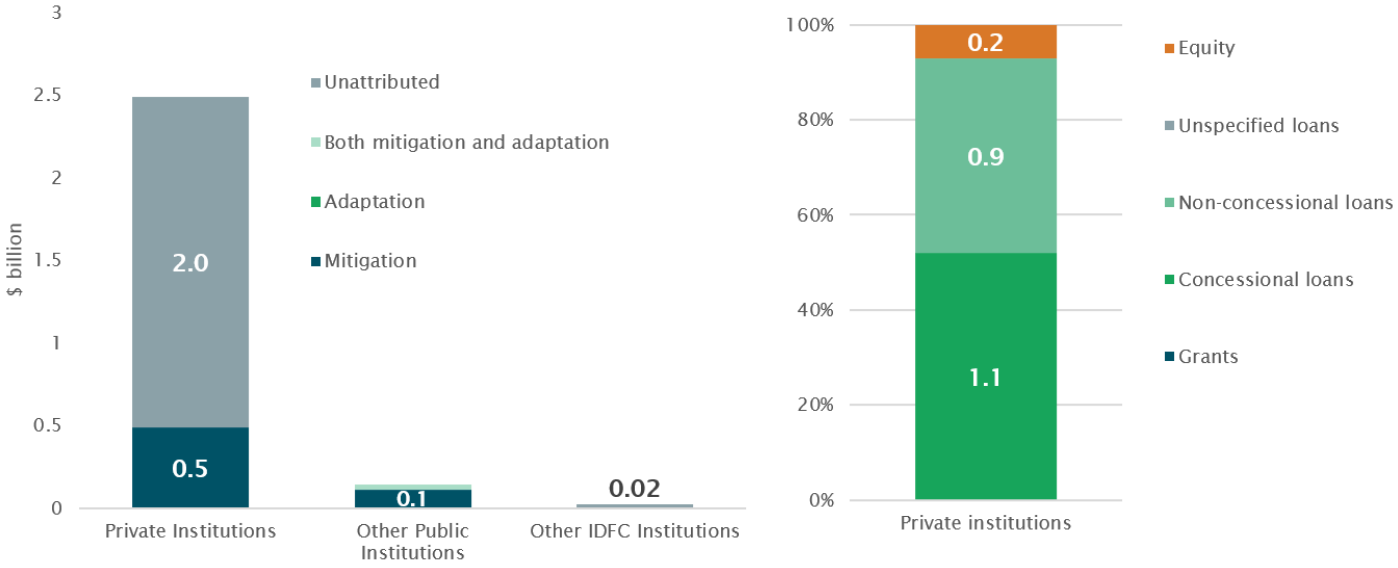
Public actors can catalyse private finance by deploying innovative blended finance structures which combine concessional capital with private capital such that each class of investor is able to reach their target return threshold. Beyond adjusting the risk-return profile, blended finance – by including private investors in exposure to frontier geographies and sectors – can result in positive learning externalities which serve to demonstrate market viability and commercial sustainability (IFC, 2020). Moving forward,

Figure 13: Climate finance commitments by geographic destination in 2021



14 Reported as the European Union and the United Kingdom. Please refer to Appendix A for more details about regional groupings used for this analysis.

Figure 14: Co-finance mobilized for climate finance projects in 2021, by source and category ($ billion)



expanding blended finance solutions and encouraging commercial capital will be crucial to crowding-in much needed private sector investment to help deliver on the Paris Agreement.

IDFC GFM has included private sector mobilisation since 2014, but findings that can be generalised remain difficult due to limited data and varying methodologies. In the 2022 mapping exercise, the IDFC survey included a section for members to report their total commitments to projects receiving co-financing from private institutions, as well as from other IDFC institutions and other public institutions.

Where possible, member institutions also disaggregated their reported mobilized finance by the financial instrument used.

Among the seven institutions reporting co-financing data (public and private), four members[15] provided an instrument breakdown and three members[16] provided data at the project-level.

In total, these institutions reported $2.7 billion mobilised in co-financing for climate projects from other public and private institutions, a 26% drop from $3.6 billion tracked in 2020. The majority of this was provided by private institutions ($2.5 billion) followed by other public institutions, with minimal mobilisation from other IDFC institutions; the exact use of such finance (mitigation; adaptation; both) was largely unknown (see Figure 14).

Among the co-financing received from private institutions, concessional loans accounted for the largest share at 52% (down from 63% in 2020), followed by non-concessional loans at 41% (up from 35% in 2020).

3.2 BIODIVERSITY FINANCE

For the second year, the GFM explicitly tracks finance flows to projects delivering biodiversity benefits in addition to climate finance. These can include financial flows targeting biodiversity either as a primary objective or as a co-benefit to interventions targeting climate or other environmental issues. In iterations of the GFM prior to 2021, IDFC members could already report on biodiversity as a sub-category of 'Other Environment' finance.

In 2021, seven IDFC institutions reported investments in biodiversity – AFD, Bancoldex, BNDES, CAF, CDB, JICA, and KfW – **for a total commitment of $18.4 billion.** 42% of these commitments ($7.7 billion) went to projects which had no simultaneous climate objective. An additional $10.7 billion was invested in climate finance projects simultaneously reporting

15 AFD; Bancoldex; TDB; TSKB
16 BOAD; CABEI; KfW

Box 6: Biodiversity project case study – JICA, La Union Biological Corridor Project for Sustainable Use and Conservation of Biodiversity in Honduras

Deforestation and forest degradation has been a consistent problem in Honduras, caused by uncertain forest tenure rights, illegal foresting, forest fires as well as invasive pest species. However, there are various so-called *biological corridors* throughout the country, areas that are intended to maximize and ensure (i) connectivity between protected natural areas; (ii) the integrity of natural or modified landscapes, ecosystems and habitats; (iii) ecological and evolutionary processes; and (iv) the associated ecosystem services and benefits.

La Union is one such biological corridor, spreading over 715km² with 68% forest cover and three watersheds therein. Key activities identified for La Union corridor include protecting watersheds, preventing forest fires, monitoring wildlife, and creating an environmental label for products and services originating there.

Completed in 2021, JICA invested 204 million Japanese Yen ($ 1.86 million) in a project specifically concerned with strengthening management of La Union biological corridor. Overall, the project delivered four key outputs:

1. Building capacity among, and providing information for, the national committee on biological corridors (CONACOBIH) to develop an operational guidance for better management of these corridors, with short- and medium-term roadmaps of relevant activities moving forward.
2. Building capacity amongst, and providing information for, enhanced local management of La Union corridor, including the collection of baseline data to inform studies of existing biodiversity in the area. The management plan was broken down according to specific issues, including but not limited to, watersheds, forest fires, conservation of wildlife, and ecotourism.
3. Selection of nine pilot communities and priority activities for sustainable use and conservation of natural resources in these areas; pilot activities related to promotion of ecological agriculture, improved waste management systems, and watershed conservation, among others.
4. Knowledge sharing on outcomes and lesson learned at various domestic and international events with an additional focus on environmental education activities in schools.

At project-close, JICA's La Union investment was evaluated as having been highly effective, enhancing top-down biodiversity management as well as bottom-up, local participation. The resulting guidance is a rich resource that can help to inform management of existing biological corridors in Honduras as well as incentivising the establishment of new, additional corridors

Source: JICA (2021), internal project documentation.

biodiversity objectives. Box 6 provides an example of a biodiversity project funded by JICA in Honduras, the overall purpose of which was sustainable use and conservation of biodiversity.

The number of institutions reporting on biodiversity finance was on par with 2020, the first attempt to explicitly track these financial commitments in the GFM. Members are still working to build capacity in this space (see Box 1 and Chapter 4) and the hope is that, moving forward, biodiversity finance tracking and reporting can be mainstreamed across IDFC. While tackling climate change has now garnered high-level buy-in and is, increasingly, an explicit mandate among IDFC members, interest in, and momentum for, biodiversity finance is still gathering pace and will require more internal resources with a focus on capacity building in order to facilitate more and better reporting on such finance in future iterations of the GFM. In advance of COP15, there has been a flurry of

activity geared towards developing methodologies for tracking nature-related finance, including for example the publication of AFD's *Principles for tracking biodiversity and nature-positive finance* (2022) as well as the Joint Statement by Multilateral Development Banks declaring their intention to agree on an operational definition of 'nature positive' investments (Joint MDB Nature Statement, 2021) .

3.2.1 BIODIVERSITY FINANCE COMMITMENTS FROM INSTITUTIONS IN OECD AND NON-OECD COUNTRIES

Out of the seven institutions that reported biodiversity finance flows, four are based in OECD countries (AFD, Bancoldex, JICA, and KfW) **while three are non-OECD-based** (BNDES, CAF, CDB).

As shown in Figure 15, institutions based in non-OECD countries provided the majority of biodiversity finance in 2021, committing $17.1 billion, or 93% of the total. Non-OECD institutions' commitments in 2021 were $4.5 billion, or 36%, higher than in 2020. Institutions based in OECD countries accounted for the remaining $1.3 billion committed for biodiversity projects in 2021, or 7% of the total, a slight decrease on $1.5 billion in 2020. In both years now, the majority of biodiversity finance was double-counted with climate finance (58% in 2021; 61% in 2020), evidence of the potential synergies for tackling the biodiversity and climate crises simultaneously. Overall, Figure 15 shows strong annual progress in biodiversity finance among reporting institutions, increasing 31% within only the second year of reporting.

Figure 15: Biodiversity finance commitments 2020-2021, with OECD/non-OECD and double-counted/non-double-counted breakdown ($ billion)

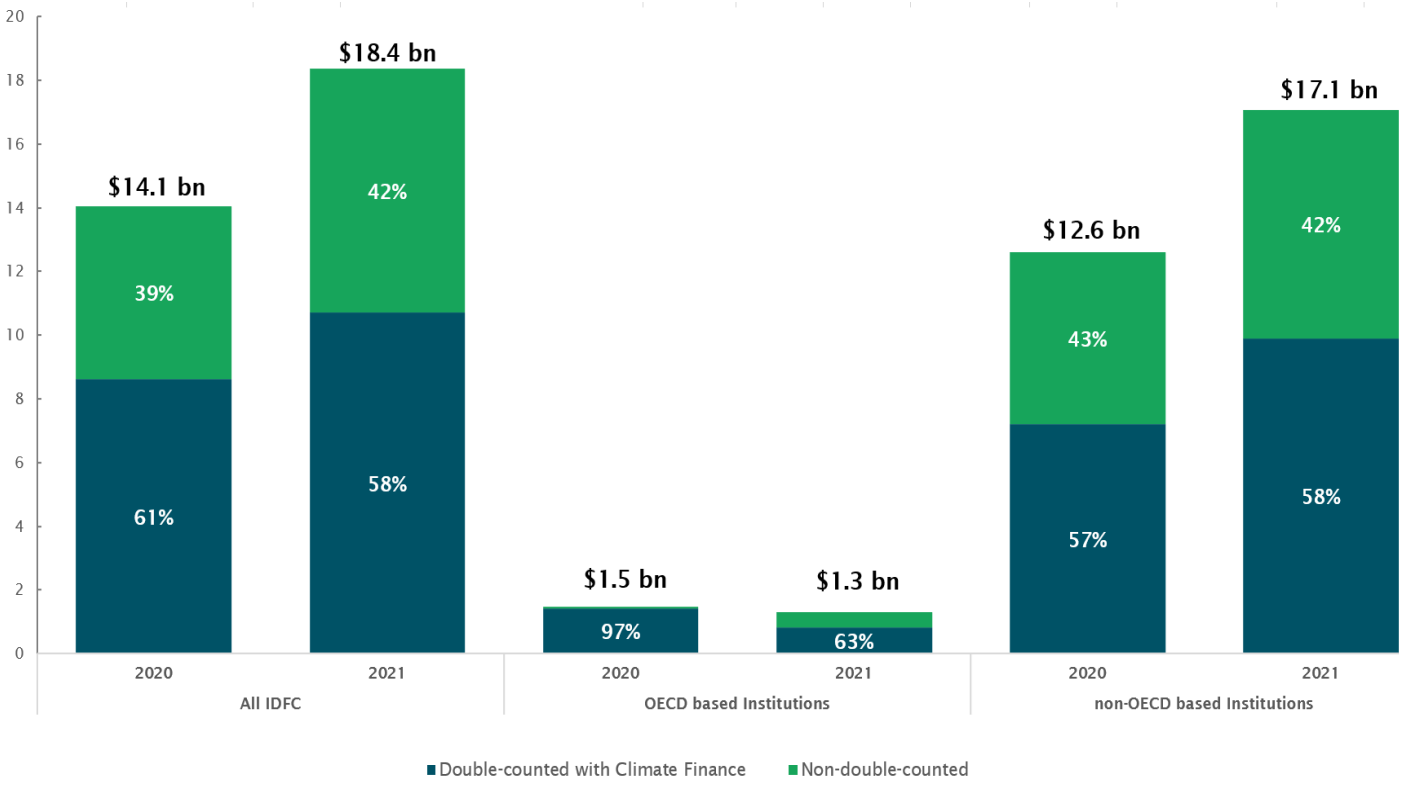
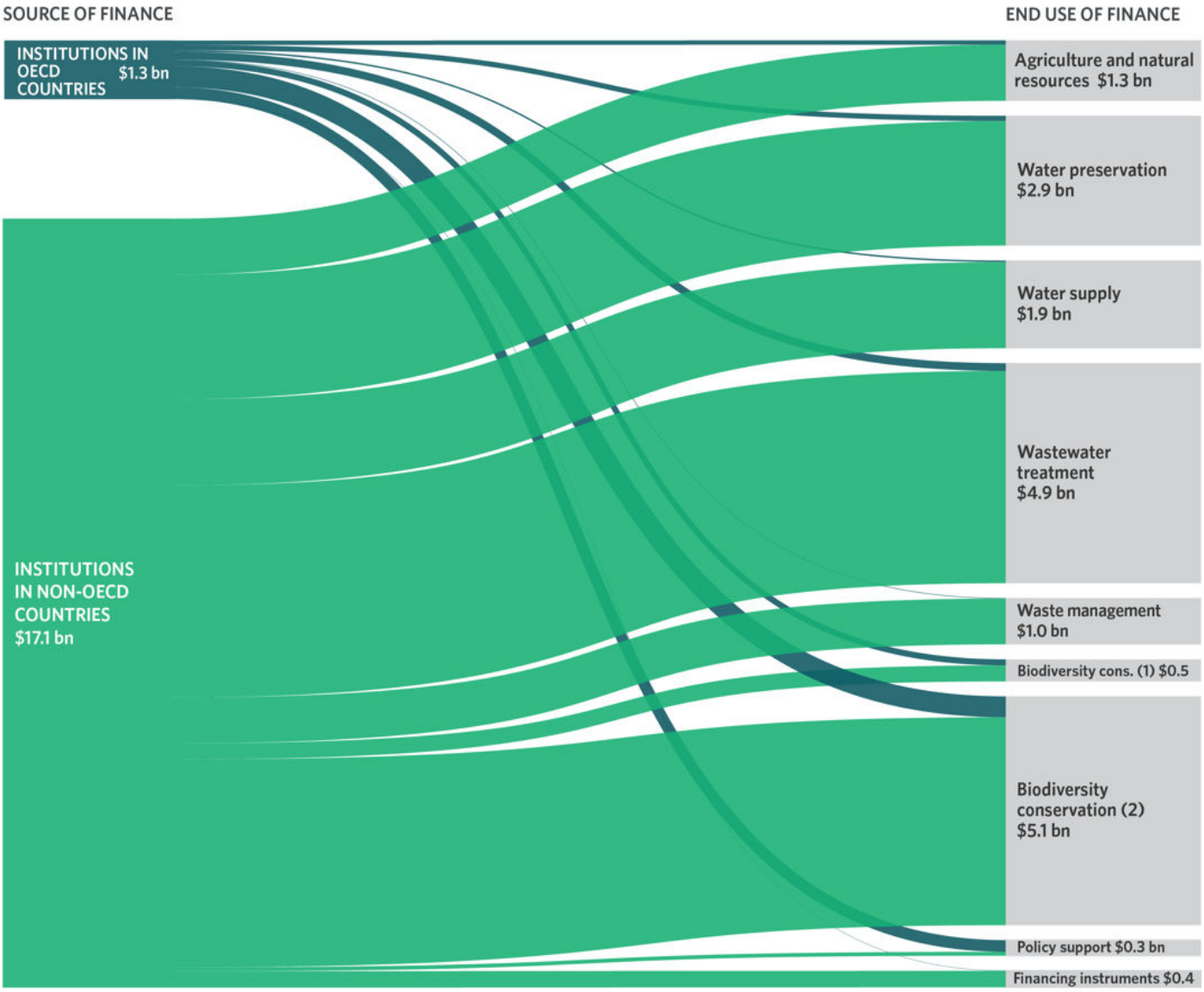


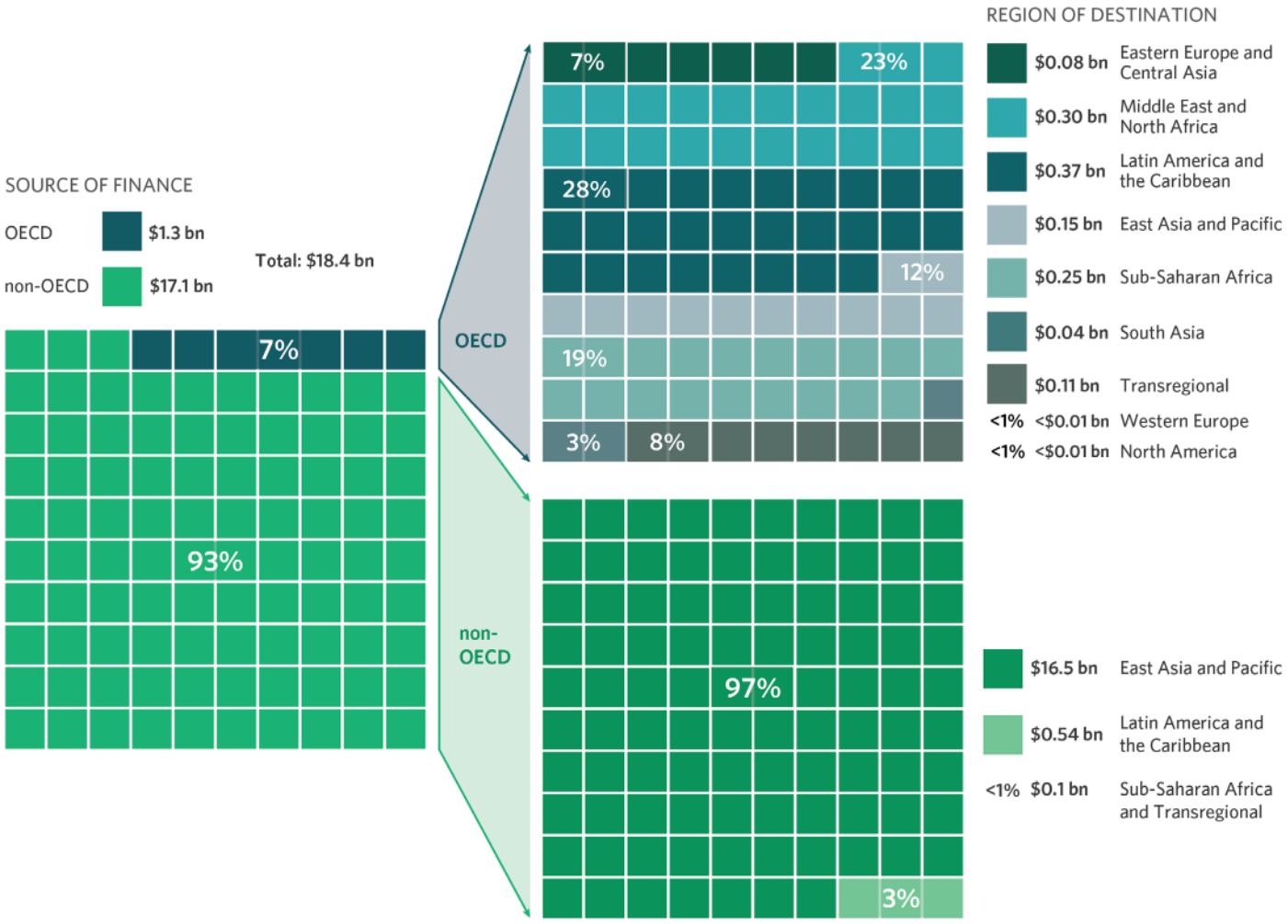
Figure 16: Biodiversity finance flows from OECD and non-OECD IDFC members by sector in 2021 ($ billion)



In terms of biodiversity sectors (see Figure 16)**, institutions based in non-OECD countries primarily invested in wastewater treatment** ($4.7 billion, or 28% of their biodiversity commitments) **followed by projects in which biodiversity conservation was the principal objective of the intervention**[17] ($4.6 billion, or 27%). Water preservation and water supply projects were also a key component of these institutions' biodiversity interventions, at 16% and 11% of their biodiversity commitments respectively. Among OECD-based institutions, financing was spread more evenly among a handful of sectors. Overall, across OECD and non-OECD members, most biodiversity finance, or $5.1 billion, went to Biodiversity conservation (2) projects (28%), in which conservation was the principal objective of the intervention. Wastewater treatment projects followed as the second highest amount of total biodiversity finance at $4.9 billion (27%). Indeed, the growth in biodiversity finance observed between 2020 and 2021 was primarily due to more conservation finance, followed by an uptick in wastewater treatment projects. Conservation finance aside, biodiversity finance committed to the other sectors reflects efforts to build a nature positive economy whereby impacts on, and risks to, nature are considered and mainstreamed across sectors and investment activities therein.

17 Designated "Biodiversity Conservation(2)" projects; as per IDFC's biodiversity tracking methodology, biodiversity conservation (1) projects are those in which conservation is a significant objective of the development intervention alongside other objectives and is, therefore, weighted at less than 100% when calculating the biodiversity finance element; biodiversity conservation(2) projects are those in which conservation is the principal objective, weighted 100% when calculating biodiversity finance (see Appendix D).

Figure 17: Biodiversity finance flows from OECD and non-OECD IDFC members by geographic destination in 2021 ($ billion)



As shown in Figure 17, among non-OECD based institutions, nearly all biodiversity commitments (97%) went to projects in East Asia and Pacific. The remaining 3% of finance from non-OECD based institutions was directed to projects in Latin America and the Caribbean ($0.5 million). It should be noted that, given the low number of IDFC members reporting on biodiversity finance (seven out of 27), the specific geographic focus of these institutions inevitably affects the geographical distribution of commitments.

Biodiversity finance provided by OECD-based institutions was more equally distributed among regions and was mainly invested internationally. Latin America and the Caribbean was the main destination of investments among these institutions, receiving 28% of commitments in 2021. Middle East and North Africa followed at 23%, with Sub-Saharan Africa receiving 19%. Biodiversity finance from OECD-based institutions is currently minimal, relative to their climate finance and overall capacity for resource mobilisation, suggesting that the biodiversity agenda needs more high-level backing in order for finance to start flowing at scale.

4. IMPORTANCE OF MAINSTREAMING BIODIVERSITY

More than half of the world's total GDP, approximately $ 44 trillion, is moderately or highly dependent on nature and its services (WEF, 2020). In general, $700 billion a year is needed for conservation and sustainable use of ecosystems and natural resources (Deutz et al. 2020). In this context, the agenda for biodiversity has attracted growing interest from international financing community alongside sustainable development goals and climate change. Mainstreaming biodiversity in investment decisions will not only make the investments resilient but also safeguard natural resources. The PDBs are best placed to enable this transition using their strong networks with the public and private sectors and leading the way for holistic, systemic change.

Financing nexus solutions between biodiversity and climate change, particularly through the development of nature-based solutions is gaining support (WWF & The Biodiversity Consultancy, 2021). In December 2022, Parties to the UN Convention on Biological Diversity (CBD) will meet at the UN Biodiversity Conference (COP15) to determine the post-2020 global biodiversity framework after it was postponed due to the Covid-19 pandemic in 2021. At COP14, Parties to the CBD affirmed that 'resource mobilisation' would be an integral part of the agenda at COP15. A recent publication from the Finance for Biodiversity (F4B) initiative on 'Climate-Nature Nexus' reiterated this concern that the financial sector needs to urgently to account for nature-related risks in investment decisions for effectively managing the overall climate-related risks (Finance for Biodiversity, 2022). Acknowledging the role of public finance in transformational changes, IDFC set up the *Making Finance Work for Nature* Group (MFW4N) in 2018. In 2020, during the high-level event "Building Back Better with a Biodiversity-Positive Economy" at the Finance in Common Summit (FiCS), the group announced the first ever IDFC common position on *Biodiversity for building a more inclusive and resilient future* (IDFC, 2020). IDFC members committed to the following actions focused around improving the strategy, impact, mobilisation, reporting and knowledge sharing for biodiversity financing.

- Developing their biodiversity strategy or action plans
- Keeping mitigating negative impacts and risks on biodiversity
- Developing positive biodiversity impacts in their investment portfolios
- Mobilising finance and mainstreaming biodiversity into key economic development sectors
- Assessing biodiversity value, measuring impacts and risks on Nature and counting biodiversity contributions and co-benefits
- Emphasizing the importance of consistent and robust reporting methodologies for direct and indirect biodiversity financing and sharing the reporting experiences with the broader finance community
- Actively exploring all opportunities to contribute to achieving the objectives of the future Post-2020 Global Biodiversity Framework.

In 2020, IDFC also published a *Benchmark Report on Biodiversity Practices of Development Banks* to gather and share information on how IDFC members are currently integrating biodiversity in their operations and identifying some practical solutions for the resource mobilisation (IDFC, 2020b). The exercise revealed that even though none of the banks have quantitative targets for financial commitments towards biodiversity (except AFD), biodiversity issues are integrated in broader climate, environmental, corporate strategies, and results frameworks. For example, CAF's Strategic Program for Biodiversity 2015-2020, supported CAF member countries for the fulfilment of the Aichi targets (CAF, 2015). Please see Boxes 3 and 5 for other examples of IDFC members' projects and initiatives for biodiversity financing.

The benchmarking exercise also led to the conclusion that mainstreaming biodiversity into projects is challenging for some PDBs. Integration is dependent on overcoming sectoral challenges and knowledge

barriers. Availability of operational guidelines is essential to scaling up effective mainstreaming and integration. To address this challenge, in 2021/2022, IDFC developed a toolbox on *Integrating Biodiversity into Strategies and Operations of Development Finance Institutions* which provides information on tools, methods, and processes to support IDFC members at different levels of know-how to integrate biodiversity concerns into their strategies and operations (IDFC, 2021b). The toolbox, divided in various strategic steps, is designed to summarize the key characteristics of each tool and approach, with key references and other publications.

IDFC strongly emphasises the need for consistent and robust reporting methodologies for biodiversity financing and, for the first time in 2021, included biodiversity in IDFC's Green Finance Mapping exercise. Common principles for biodiversity finance tracking, similar to climate finance, can be one of the crucial next steps to ensure alignment with the post-2020 Global Biodiversity Framework. Learning from IDFC's experience of tracking biodiversity finance, understanding the challenges and refining the methodology for future editions of the Green Finance Mapping reports will be advantageous.

In other efforts for improving reporting standards, IDFC is also collaborating with *Taskforce on Nature related Financial Disclosures* (TNFD). Launched in June 2021, the TNFD aims to inform financial institutions on nature-related risks and to provide a universal disclosure framework useful to all financial institutions. The TNFD and the French Development Agency (AFD) have convened a Development Finance Network, in coordination with IDFC and FiCS, which will coordinate and input the experiences of the PDBs in terms of reporting and assessing biodiversity related risks, impacts, safeguards, and financial mechanisms into the forthcoming disclosure framework. The initiative is a great way of accelerating peer knowledge exchange and can help transfer the learnings of IDFC member institutions to the private sector.

5. CONCLUSION

In 2021, green finance commitments by IDFC members reached $224 billion, a record-high level. This represents a 21% increase from 2020, evidence that green finance was channeled at scale in building back from COVID-19. In 2021, green finance represented approximately 22% of total new commitments reported by IDFC members, consistent with the trend of dedicating more than more than one-fifth of total IDFC investments to green sectors since 2015, demonstrating a strong commitment of IDFC members towards sustainable development. Non-OECD member organizations provided the majority of climate finance in 2021, at $131 billion, 62% of the total.

At $606 billion in cumulative green finance commitments between 2019- 2021, IDFC as a group is well on track towards mobilizing $1.3 trillion between 2019 and 2025, as pledged in IDFC State of Ambition (2021). New green finance commitments by 13 IDFC members were higher than their 2020 commitments, returning to, or even surpassing, pre-pandemic levels. Climate finance accounted for 95% of total green finance, or $212.7 billion, whereas finance for projects solely targeting biodiversity represented 3% of the total ($7.7 billion).

The Common Principles for Climate Mitigation Finance Tracking, consolidated by IDFC and the MDB Group in 2021, were successfully introduced in the GFM this year signaling IDFC members' commitment to improved reporting and their agility to align with best practices. The GFM 2022 exercise also made progress towards better reporting through provision of project-level data. 12 members provided full or partial project-level information compared to seven members last year. Members still face significant challenges in reporting of biodiversity financing, despite the initiatives for strategy, impact, mobilization, reporting and knowledge sharing for biodiversity financing. Only seven members, the same amount as last year, reported on biodiversity financing in 2021.

IDFC plays a significant role in the global landscape of public development finance. There are over 500 PDBs with roughly $23 trillion in combined assets and committing $2.3 trillion in public development finance annually. With close to $4.8 trillion assets and $1 trillion in new investments in 2021, IDFC is one of the largest groups of national and regional PDBs from all over the world. A majority of IDFC members are active in non-OECD countries and contribute about a third of the new investments made annually.

IDFC members are strategically positioned among all the PDBs to strengthen climate action and promote a financing for climate-biodiversity nexus. The COVID-19 pandemic, unprecedented energy crisis due to the Ukraine-Russia war, market volatility, rising debt and climate change-induced weather events have gathered growing interests from the international finance community to invest in the climate and biodiversity agenda. IDFC is well positioned to lead the way in this transition among all the PDBs because of their unique ability to mobilise their own resources, mobilise co-financing from private institutions and leverage their networks to coordinate with key public sector actors such as government and other development banks at global, regional and national levels. It is important that green commitments made by public finance institutions are designed in a way that takes into account the challenges faced by local populations, so as to ensure a just and equitable transition toward a climate-safe future. As attention turns to COP27 for climate change and COP15 for biodiversity, IDFC has a key opportunity to build awareness and clarity on next steps while accelerating the climate and biodiversity agenda.

6. APPENDICES

6.1 APPENDIX A.1: LIST AND BRIEF DESCRIPTION OF IDFC OECD MEMBER ORGANIZATIONS

REGION	ORGANIZATION
Europe	Agence Française de Développement (AFD), France
	Black Sea Trade and Development Bank (BSTDB), Greece
	Cassa Depositi e Prestiti (CDP), Italy
	Industrial Development Bank of Turkey (TSKB), Turkey
	KfW Bankengruppe, Germany
Central and South America	Banco Estado (BE) Chile
	Nacional Financiera (NAFIN), Mexico
Asia and MENA	The Korea Development Bank (KDB), South Korea

6.2 APPENDIX A.2: LIST AND BRIEF DESCRIPTION OF IDFC NON-OECD MEMBER ORGANIZATIONS

REGION	ORGANIZATION
Europe	Croatian Bank for Reconstruction and Development (HBOR), Croatia
	Vnesheconombank (VEB.RF), Russia
Central and South America	Banco de Inversion y Comercio Exterior S.A. (BICE), Argentina
	Bancoldex S.A., Colombia
	Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazil
	Central American Bank for Economic Integration (BCIE/CABEI), Honduras
	Corporación Financiera de Desarrollo S.A. (COFIDE), Peru
	Development Bank of Latin America (CAF), Peru
Africa	Banque Ouest Africaine de Développement (BOAD), Togo
	Caisse de Dépôt et de Gestion (CDG), Morocco
	Development Bank of Southern Africa (DBSA), South Africa
	The Trade and Development Bank (TDB), Burundi
Asia and MENA	China Development Bank (CDB), China
	PT Sarana Multi Infrastruktur (PT SMI)Indonesia Exim Bank, Indonesia
	Small Industries Development Bank of India (SIDBI), India
Inter-regional institutions	Islamic Corporation for the Development of the Private Sector (ICD), Saudi Arabia
	International Investment Bank (IIB), Russia Hungary

Table B1 | Definition of Categories/Themes

BIODIVERSITY		SOURCE
Definition	An activity will be classified as biodiversity-related (score Principal or Significant) if it promotes at least one of the three objectives of the Convention on Biological Diversity (CBD): (1) the conservation of biodiversity, (2) sustainable use of its components (ecosystems, species or genetic resources), or (3) fair and equitable sharing of the benefits of the utilization of genetic resource.	OECD DAC (2018)
CLIMATE-CHANGE MITIGATION		**SOURCE**
Definition	An activity will be classified as related to climate change mitigation if it promotes "efforts to reduce or limit greenhouse gas (GHG) emissions or enhance GHG sequestration". Reporting according to the Principles does not imply evidence of climate change impacts and any inclusion of climate change impacts is not a substitute for project-specific theoretical and/or quantitative evidence of GHG emission mitigation; projects seeking to demonstrate climate change impacts should do so through project-specific data	MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking V2
Criteria for Eligibility	Where data are unavailable, any uncertainty is to be overcome following the principle of conservativeness where climate finance is preferred to be under-reported rather than over-reported • The Principles are activity-based as they focus on the type of activity to be executed, and not on its purpose, the origin of the financial resources, or its actual results. The list of activities eligible under these principles are illustrated in Table 1 • Project reporting is ex-ante project implementation at board approval or financial commitment • Climate finance tracking is independent of GHG accounting reporting in the absence of a joint GHG methodology. • The Principles require mitigation activities to be disaggregated from non-mitigation activities as far as reasonably possible. If such disaggregation is needed and not possible using project specific data, a more qualitative/experience-based assessment can be used to identify the proportion of the project that covers climate mitigation activities, consistent with the conservativeness principle. This is applicable to all categories, but of particular significance for energy efficiency projects. • Mitigation activities or projects can consist of a stand-alone project, multiple stand-alone projects under a larger programme, a component of a stand-alone project, or a programme financed through a financial intermediary. • In fossil fuel combustion sectors (transport, and energy production and use), the methodology recognizes the importance of long-term structural changes, such as the energy production shift to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, for renewable energy and transport projects ensuring modal shift, both new and retrofit projects are included. In energy efficiency, however, the methodology acknowledges that drawing the boundary between increasing production and reducing emissions per unit of output is difficult. Consequently, greenfield energy efficiency investments are included only in few cases when they enable preventing a long-term lock-in in high carbon infrastructure, and, for the case of energy efficiency investments in existing facilities, it is required that old technologies are replaced well before the end of their lifetime, and new technologies are substantially more efficient than the replaced technologies. Alternatively, it is required that new technologies or processes are substantially more efficient than those normally used in greenfield projects. • The methodology assumes that care will be taken to identify cases when projects do not mitigate emissions due to their specific circumstances.	MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking V2
CLIMATE-CHANGE ADAPTATION		**SOURCE**
Definition	Adaptation finance tracking relates to tracking the finance for activities that address current and expected effects of climate change, where such effects are material for the context of those activities. Adaptation finance tracking may relate to activities consisting of stand-alone projects, multiple projects under larger programmes, or project components, sub-components or elements, including those financed through financial intermediaries.	IDFC-MDBs Common principles for climate change adaptation
Criteria for Eligibility	Adaptation finance tracking process consists of the following key steps: o Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change; o Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation; o Demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the financed activities. Adaptation finance tracking requires adaptation activities to be disaggregated from non-adaptation activities as far as reasonably possible. If disaggregation is not possible using project specific data, a more qualitative or experience-based assessment can be used to identify the proportion of the project that covers climate change adaptation activities. In consistence with the principle of conservativeness, climate finance is underreported rather than over-reported in this case.	IDFC-MDBs Common principles for climate change adaptation

Table B2 | Definition of Instruments

INSTRUMENT	DEFINITION
Loans	A loan is a debt evidenced by a note that specifies, among other things, the principal amount, interest rate, and date of repayment.
...of which concessional loans	Loans which are extended on terms substantially more generous than market loans. The concessionality is achieved either through interest rates below those available on the market or by longer pay back periods or a combination of these.
...of which non-concessional loans	Loans with regular market conditions
Grants	Grants are transfers made in cash, goods, or services for which no repayment is required.
Other Instruments includes	
Guarantee	Formal assurance that liabilities of a debtor will be met if the debtor fails to settle the debt.
Equity	A stock or any other security representing an ownership interest.

Table B3 | Definition of Regions (adapted from the World Bank)

EAST ASIA AND THE PACIFIC	EASTERN EUROPE AND CENTRAL ASIA	LATIN AMERICA AND THE CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SOUTH ASIA
American Samoa	Albania	Antigua and Barbuda	Algeria	Afghanistan
Cambodia	Armenia	Argentina	Djibouti	Bangladesh
China	Azerbaijan	Belize	Egypt, Arab Rep.	Bhutan
Fiji	Belarus	Bolivia	Iran, Islamic Rep.	India
Indonesia	Bosnia and Herzegovina	Brazil	Iraq	Maldives
Kiribati	Georgia	Chile	Jordan	Nepal
Korea, Dem. Rep.	Kazakhstan	Colombia	Lebanon	Pakistan
Lao PDR	Kosovo	Costa Rica	Libya	Sri Lanka
Malaysia	Kyrgyz Republic	Cuba	Morocco	
Marshall Islands	Macedonia, FYR	Dominica	Syrian Arab Republic	
Micronesia, Fed. Sts	Moldova	Dominican Republic	Tunisia	
Mongolia	Montenegro	Ecuador	West Bank and Gaza	
Myanmar	Russian Federation	El Salvador	Yemen, Rep.	
Palau	Serbia	Grenada		
Papua New Guinea	Tajikistan	Guatemala		
Philippines	Turkey	Guyana		
Samoa	Turkmenistan	Haiti		
Solomon Islands	Ukraine	Honduras		
Thailand	Uzbekistan	Jamaica		
Timor-Leste		Mexico		
Tuvalu		Nicaragua		
Tonga		Panama		
Vanuatu		Paraguay		
Vietnam		Peru		
		St. Lucia		
		St. Vincent and the Grenadines		
		Suriname		
		Uruguay		
		Venezuela, RB		

Philippines	Turkey	Guyana		
Samoa	Turkmenistan	Haiti		
Solomon Islands	Ukraine	Honduras		
Thailand	Uzbekistan	Jamaica		
Timor-Leste		Mexico		
Tuvalu		Nicaragua		
Tonga		Panama		
Vanuatu		Paraguay		
Vietnam		Peru		
		St. Lucia		
		St. Vincent and the Grenadines		
		Suriname		
		Uruguay		
		Venezuela, RB		

SUB-SAHARAN AFRICA		EU	Others
Angola	Mauritania	Austria	Trans-regional
Benin	Mauritius	Belgium	Include funds that are channelled to more than one region and/or that are channelled through multilateral climate funds.
Botswana	Mozambique	Bulgaria	
Burkina Faso	Namibia	Cyprus	
Burundi	Niger	Czech Republic	Australia
Cameroon	Nigeria	Denmark	Canada
Cape Verde	Rwanda	Estonia	Japan
Central African Republic	São Tomé and Principe	Finland	United States
Chad	Senegal	France	
Comoros	Seychelles	Germany	
Congo, Dem. Rep.	Sierra Leone	Greece	
Congo, Rep	Somalia	Hungary	
Côte d'Ivoire	South Africa	Ireland	
Eritrea	South Sudan	Italy	
Ethiopia	Sudan	Latvia	
Gabon	Swaziland	Lithuania	
Gambia, The	Tanzania	Luxembourg	
Ghana	Togo	Malta	
Guinea	Uganda	Netherlands	
Guinea-Bissau	Zambia	Poland	
	Zimbabwe	Portugal	
Kenya		Romania	
Lesotho		Slovakia	
Liberia		Slovenia	
Madagascar		Spain	
Malawi		Sweden	
Mali		United Kingdom	

6.4 APPENDIX C: METHODOLOGY GUIDANCE – ESTIMATING PRIVATE SECTOR MOBILIZATION

Table C1 | Joint DFI Group

Description	Defined as the amount of financial resources contributed by external entities alongside finance invested by an IDFC member.		
Eligiblility	**IDFC INSTRUMENT**	**PRIVATE FINANCE MOBILIZED**	**ATTRIBUTION IF SEVERAL PUBLIC SECTOR ACTORS**
	Grants	Private finance loans, equity	Allocate mobilised investment on a pro-rata basis to different public financiers independent of the specific instruments applied.
	Loans	Private finance loans, equity	
	Equity	Private finance loans, equity	
	Guarantees	Private finance loans, equity	
	Credit lines	Private finance loans, subtracting original loan amount to avoid double counting	
Sampling vs. Complete coverage	It is acceptable to derive representative mobilisation factors (e.g. 1.5 for revolving credit lines to banks or 1.5 for equity in project finance) for homogenous fractions of the portfolio based on a representative subset of projects. Member institutions were asked to indicate which factors were used per instrument type in the survey sheet.		
Source	KfW, 2015. Proposal of a methodology for tracking publicly mobilized private climate finance.		

Table C2 | OECD Development Assistance Committee

Description	Implies a causal link for when specific mechanisms stimulate the allocation of additional financial resources to particular objectives.		
Eligibility	**IDFC INSTRUMENT**	**PRIVATE FINANCE MOBILZED**	**ATTRIBUTION IF SEVERAL PUBLIC SECTOR ACTORS**
	Syndicated loans	Private finance loans in the syndicate	If public arranger, allocate 50% of private finance loans to arranger, and the remainder to all public financiers on a pro-rata basis. If private arranger, allocate 100% of private finance loans on a pro-rata basis among public financiers.
	Shares in Collective Investment Vehicles (e.g. funds)	Private finance equity in CIV	At the time of each private investment, 50% of amount to those in riskiest tranche pro-rata, and the remainder 50% pro-rata to all (including those in riskiest tranche).
	Guarantees	Private finance loans (full value)	Allocate private finance on a pro-rata basis among public financiers
	Credit lines	Additional loans from local private finance institution, equity from private end-borrower (estimated). If credit line is longer maturity than typical loan for target borrowers, apply factor for use of revolving funds by credit line. (calculated by estimating the proportion of the average loan maturity against the credit line term and multiply by average utilization rate (percentage of the finance available in similar credit lines)).	Allocate private finance on a pro-rata basis among public financiers
	Direct investment in companies	Private loans, equity during financing round	At the time of the financing round, 50% of private finance amount to those in riskiest part of corporate structure e.g. equity or mezzanine, and the remainder 50% pro-rata among all public financiers
Sampling vs. Complete coverage	It is acceptable to derive representative mobilisation factors (e.g.1,5 for revolving credit lines to banks or 1,5 for equity in project finance) for homogenous fractions of the portfolio based on a representative subset of projects. Please indicate which factors were used per instrument type in the survey sheet.		
Source	OECD DAC, 2018. DAC methodologies for measuring the amounts mobilised from the private sector by official development finance interventions.		

6.5 APPENDIX D: ELIGIBLE PROJECT CATEGORIES

Despite the efforts of MDBs and IDFC to develop Common Principles for Climate Finance Tracking, a key challenge of the mapping study is to overcome the varying definitions for green finance and to distinguish the finance flows, attributed to green energy and mitigation of GHG, adaptation, biodiversity and other environmental objectives, categories, from each other. In order to most effectively distinguish between these categories, guidance was provided to IDFC members. Much of this guidance was determined in close coordination with representatives of IDFC.

Disaggregated data was collected as shown in Table D1 below. IDFC members were asked to disaggregate their financial commitments to: (i) green energy and mitigation of greenhouse gas emissions; (ii) adaptation to climate change; and (iii) biodiversity by sub-sector and activity, wherever possible.

Table D1 | Eligible Project Categories (based on MDBs-IDFC Common Principles, 2015)

CATEGORY	SUBCATEGORY	ACTIVITIES
Green energy and mitigation of greenhouse gas emissions		
1. Renewable Energy	1.1 Electricity Generation	Wind power
		Geothermal power (only if net emission reductions can be demonstrated)
		Solar power (concentrated solar power, photovoltaic power)
		Biomass or biogas power (only if net emission reductions, including carbon pool balance, can be demonstrated)
		Ocean power (wave, tidal, ocean currents, salt gradient, etc.)
		Hydropower plants (only if net emission reductions can be demonstrated)
		Renewable energy power plant retrofits
	1.2 Heat Production or other renewable energy application	Solar water heating and other thermal applications of solar power in all sectors
		Thermal applications of geothermal power in all sectors
		Wind-driven pumping systems or similar
		Thermal applications of sustainably/produced bioenergy in all sectors, incl. efficient, improved biomass stoves
	1.3 Measures to facilitate integration of renewable energy into grids	New, expanded and improved transmission systems (lines, substations).
		Storage systems (battery, mechanical, pumped storage)
		New information and communication technology, smart-grid and mini-grid
2. Lower-carbon and efficient energy generation	2.1 Transmission and distribution systems	Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses including improving grid stability/ reliability, (only if net emission reductions can be demonstrated)[1]
	2.2 Power Plants	Thermal power plant retrofit to fuel switch from a more GHG-intensive fuel to a different and less GHG-intensive fuel type
		Conversion of existing fossil-fuel based power plant to co-generation[2] technologies that generate electricity in addition to providing heating/cooling
		Waste heat recovery improvements.
		Energy-efficiency improvement in existing thermal power plant, industrial energy-efficiency improvements though the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery

3. Energy efficiency	3.1 Energy efficiency in industry in existing facilities	industrial energy-efficiency improvements though the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery
		Installation of co/generation plants that generate electricity in addition to providing heating/cooling
		More efficient facility replacement of an older facility (old facility retired)
	3.2 Energy efficiency improvements in existing commercial, public and residential buildings	Energy-efficiency improvement in lighting, appliances and equipment
		Substitution of existing heating/cooling systems for buildings by co/generation plants that generate electricity in addition to providing heating/cooling[3]
		Retrofit of existing buildings: Architectural or building changes that enable reduction of energy consumption
	3.3 Energy efficiency improvements in the utility sector and public services	Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment
		Rehabilitation of district heating and cooling systems
		Utility heat loss reduction and/or increased waste heat recovery
		Improvement in utility scale energy efficiency through efficient energy use, and loss reduction
	3.4 Vehicle energy efficiency fleet retrofit	Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)
	3.5 Energy efficiency in new commercial, public and residential buildings	Use of highly efficient architectural designs, energy efficiency appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes
	3.6 Energy audits	Energy audits to energy end-users, including industries, buildings, and transport systems
4. Agriculture, forestry and land-use	4.1 Agriculture	Reduction in energy use in traction (e.g. efficient tillage), irrigation, and other agricultural processes
		Agricultural projects that improve existing carbon pools (, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, reduced tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, peatland restoration, etc.)
		Reduction of non Co2 GHG emissions from agricultural practices (eg: paddy rice production, reduction in fertilizer use ...).
	4.2 Afforestation and reforestation, and biosphere conservation	Afforestation (plantations) on non-forested land
		Reforestation on previously forested land
		Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities
		Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems
	4.3 Livestock	Livestock projects that reduce methane or other GHG emissions (manure management with biodigestors, etc.)
	4.4 Biofuels	Production of biofuels (including biodiesel and bioethanol) (only if net emission reductions can be demonstrated)

	9.2 Financing Instruments	Carbon Markets and finance (purchase, sale, trading, financing and other technical assistance). Includes all activities related to compliance-grade carbon assets and mechanisms, such as CDM, JI, AAUs, as well as well-established voluntary carbon standards like the VCS or the Gold Standard.
10. Miscellaneous	10.1 Other activities with net greenhouse gas reduction	Any other activity not included in this list for which the results of an ex-ante greenhouse gas accounting (undertaken according to commonly agreed methodologies) show emission reductions

[1] In case capacity expansion only the part that is reducing existing losses is included

[2] In all cogeneration projects it is required that energy efficiency is substantially higher than separate production.

[3] ibid

6.6 APPENDIX E: DATA TABLE

GREEN ENERGY AND MITIGATION OF GHG EMISSIONS	$ BILLIONS IN 2016	$ BILLIONS IN 2017	$ BILLIONS IN 2018	$ BILLIONS IN 2019	$ BILLIONS IN 2020
Transport	79.6	94.6	36.9	81.9	56
Renewable energy	37.1	47.2	29.5	35.1	35.1
Energy efficiency	25.8	25.8	23.8	26	40.2
Lower-carbon and efficient energy generation	4.7	5.3	7.7	5.1	2.9
Agriculture, forestry, and land-use	1.8	9.3	5.7	4.8	6.3
Cross-cutting issues	1.0	1.2	2.0	1.9	4
Miscellaneous and others—green energy and mitigation	0.9	0.7	0.3	5.2	0.4
Waste and wastewater	0.4	0.3	0.3	1.2	1.6
Unattributed	2.0	-	0.1	2.4	-
TOTAL	153.3	184.5	106.3	163.5	146.4

ADAPTATION TO CLIMATE CHANGE	$ BILLIONS IN 2016	$ BILLIONS IN 2017	$ BILLIONS IN 2018	$ BILLIONS IN 2019	$ BILLIONS IN 2020
Water preservation	1.7	5.6	6.4	11	14
Agriculture, natural resources and ecosystem-based adaptation	1.2	0.7	0.9	1	0.8
Other disaster risk reduction	1.2	1.6	7.6	6	10.2
Miscellaneous and others - Adaptation	0.6	1.6	0.2	0.5	1.1
Local, sectoral, or national budget support to a climate change adaptation policy	0.1	0.1	0.3	0.1	1.4
Coastal protection	0.03	0.2	0.02	0.03	0.05
TOTAL	4.8	9.7	15.4	19.3	27.5

PROJECTS WITH ELEMENTS OF BOTH MITIGATION AND ADAPTATION	$ BILLIONS IN 2016	$ BILLIONS IN 2017	$ BILLIONS IN 2018	$ BILLIONS IN 2019	$ BILLIONS IN 2020
TOTAL	1.4	1.6	3.3	3.9	4.7

OTHER ENVIRONMENTAL OBJECTIVES	$ BILLIONS IN 2016	$ BILLIONS IN 2017	$ BILLIONS IN 2018	$ BILLIONS IN 2019
Industrial pollution control	6.0	14.0	4.2	0.2
Water supply	3.2	1.8	1.8	4
Waste water treatment	2.1	2.7	1.2	2
Miscellaneous and others - 'other environment'	1.6	1.3	1.2	2
Sustainable infrastructure	0.7	2.6	0.2	0.8
Waste management	0.1	1.5	0.2	1
Biodiversity	0.1	0.3	0.06	0.03
Soil remediation and mine rehabilitation	0.001	0.001		0.00
TOTAL	**13.8**	**24.2**		**10.1**

Note: In 2020, $1.4 billion of finance for other environmental objectives was tracked at the aggregated level.

BIODIVERSITY	$ BILLIONS IN 2020
Agriculture and natural resources	2.1
Water preservation	3.4
Water supply	1.6
Waste water treatment	2.3
Industrial pollution control	-
Waste management	0.8
Biodiversity conservation (1)	1.2
Biodiversity conservation (2)	1.8
Support to national, regional or local policy, through technical assistance or policy lending	0.3
Financing instruments	0.6
TOTAL	**14.1**

Note: Biodiversity finance was not tracked in the years prior to 2020.

6.7 APPENDIX F: INDEX OF ACRONYMS

ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
Bancoldex	Banco de Comercio Exterior de Colombia
BE	Banco de Estado
BICE	Banco de Inversión y Comercio Exterior S.A
BNDES	Brazilian Development Bank
BOAD	Banque Ouest Africain de Développement
BSTDB	Black Sea Trade and Development Bank
CABEI	Central American Bank for Economic Integration
CAF	Development Bank of Latin America
CDB	China Development Bank
CDG	Caisse de Dépôt et de Gestion
CDP	Cassa Depositi e Prestiti
CO2	Carbon dioxide
COFIDE	Corporación Financiera de Desarrollo S.A.
MDB-IDFC Common Principles	Common Principles for Climate Mitigation as well Climate Change Adaptation Finance Tracking, jointly developed by MDBs and IDFC
COP	Conference of Parties
CPI	Climate Policy Initiative
DBSA	Development Bank of Southern Africa
HBOR	Croatian Bank for Reconstruction and Development
ICD	Islamic Corporation for the Development of the Private Sector
IEB	Indonesia Exim Bank
IDFC	International Development Finance Club
IFC	International Finance Corporation
IIB	International Investment Bank
JICA	Japan International Cooperation Agency
KFW	Kreditanstalt für Wiederaufbau
KDB	Korean Development Bank
MDB	Multilateral Development Bank
NAFIN	Nacional Financiera S.N.C
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	Organisation for Economic Cooperation and Development Assistance Committee
PT SMI	PT Sarana Multi Infrastruktur (Persero)
PV	Photovoltaic
SEI	Stockholm Environment Institute
SIDBI	Small Industries Development Bank of India
TDB	Trade and Development Bank
TSKB	Industrial Development Bank of Turkey
UNEP	United Nations Environmental Programme
UNEP BFI	United Nations Environmental Programme Bilateral Finance Institutions
UNFCCC	United Nations Framework Convention on Climate Change
VEB	Vnesheconombank

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