

idfc International Development Finance Club

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IDFC GREEN FINANCE MAPPING

REPORT 2024

2023 IDFC Green Finance Commitments
October 2024



$199 BILLION

IN GREEN FINANCE COMMITMENTS IN 2023



$1.7 TRILLION

TOTAL GREEN FINANCE SINCE 2015



>30%

OF GLOBAL PUBLIC CLIMATE FINANCE PROVIDED BY IDFC MEMBERS

IDFC GREEN FINANCE MAPPING

REPORT 2024

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EXECUTIVE SUMMARY

INTRODUCTION AND CONTEXT

Since 2011, the International Development Finance Club (IDFC), a group of 26 national and regional development banks with over $4 trillion in combined assets and annual commitments exceeding $800 billion, has conducted an annual mapping of member institutions' green finance contributions.

In 2023, IDFC members reported $199 billion[1] in total green finance commitments (see Figure ES1). After a record-breaking year in 2022, overall green finance commitments decreased by 31% in 2023, returning to pre-pandemic levels. Despite this decrease, which was driven by a few large reporting institutions, IDFC members overall are showing continued and increased engagement in green finance. More than half of members (13) increased their total green finance commitments, with these commitments increasing by an average of 27% across the Club. In addition, a record number of institutions participated in the Green Finance Mapping (GFM) survey (23) and reported biodiversity commitments (8) in 2023.[2]

The drop in overall green finance is largely driven by:

- A decrease in total new commitments (both green and non-green) of 16% across the Club in 2023, which may be partly explained by normal year-on-year investment fluctuations and shifting investment priorities in a slowing global economy.
- Currency depreciation in East Asia and the Pacific.[3]
- The adoption of more conservative tracking methodologies, specifically the updated Common Principles for Adaptation (2023), by institutions that provide a significant share of total green finance.

Cumulative green finance commitments by IDFC members have surpassed $1.7 trillion since the signing of the Paris Agreement in 2015, demonstrating these public development banks' (PDBs') unique ability to deliver green finance at scale. The integration of updated and more conservative tracking methodologies highlights members' commitment to rigorous climate finance tracking, with more expected to adopt these methodologies next year.

In the context of the exceptional levels of green finance commitments reached in 2022 (see Figure ES2) as part of investment strategies to boost post-pandemic economic recovery, lower levels of finance in 2023 do not represent diminished ambition of members to scale green finance. Rather, green finance commitments have returned to levels seen prior to COVID-19 recovery efforts. Indeed, green finance in 2023 was on par with average annual investments over the previous five years (2018-2022). Despite these factors, decreases in green finance commitments among members are concerning at a time when such finance needs to scale urgently to avoid the worst impacts of climate change. Therefore, efforts are now needed to scale green finance beyond historic levels, and many members have indicated that their medium- and long-term investment strategies prioritize further scaling of these commitments.

IDFC members are showing strong progress on their respective paths to attaining climate and broader environmental targets at the individual institution level. Indeed, at $1.1 trillion in cumulative green finance commitments since 2019, the IDFC as a group remains on track to mobilize $1.3 trillion between 2019 and 2025, as pledged in the IDFC State of Ambition (2021). However, as one of the largest groups of national and regional PDBs globally, which consistently provides more than 30% of total global public climate finance, the Club has an opportunity to raise ambition even further on green finance in the face of increasingly urgent climate challenges.

The Club's aim to further strengthen the robustness and consistency of green finance tracking across members is currently being supported by a dedicated three-year capacity-building program facilitated by the IDFC Facility in partnership with Climate Policy Initiative (CPI).

As a major provider of public finance, the IDFC has an important role to play in channeling transformative finance to deliver climate impact at scale.

In the context of the New Collective Quantified Goal on Climate Finance (NCQG), it is particularly relevant to foster more strategic use of public and concessional finance provided by IDFC members. The Club calls for the NCQG to integrate "transformational criteria" into climate

1 $= US dollar.

2 22 members responded to the GFM survey in 2022, 7 of which also reported biodiversity commitments.

3 BBVA Research, 2023. China | 2023 RMB exchange rate outlook: should we worry about the recent sharp depreciation?. Available at: https://www.bbvaresearch.com/wp-content/uploads/2023/07/202307_China_Should-we-worry-about-RMB-dipping-to-historical-low.pdf

finance tracking taxonomies to identify climate finance with the highest potential to sustainably transform entire systems and have a catalytic effect on mobilizing and reorienting larger financial flows in line with countries' climate objectives and the goals of the Paris Agreement.

Figure ES1: IDFC green finance commitments in 2022 by theme

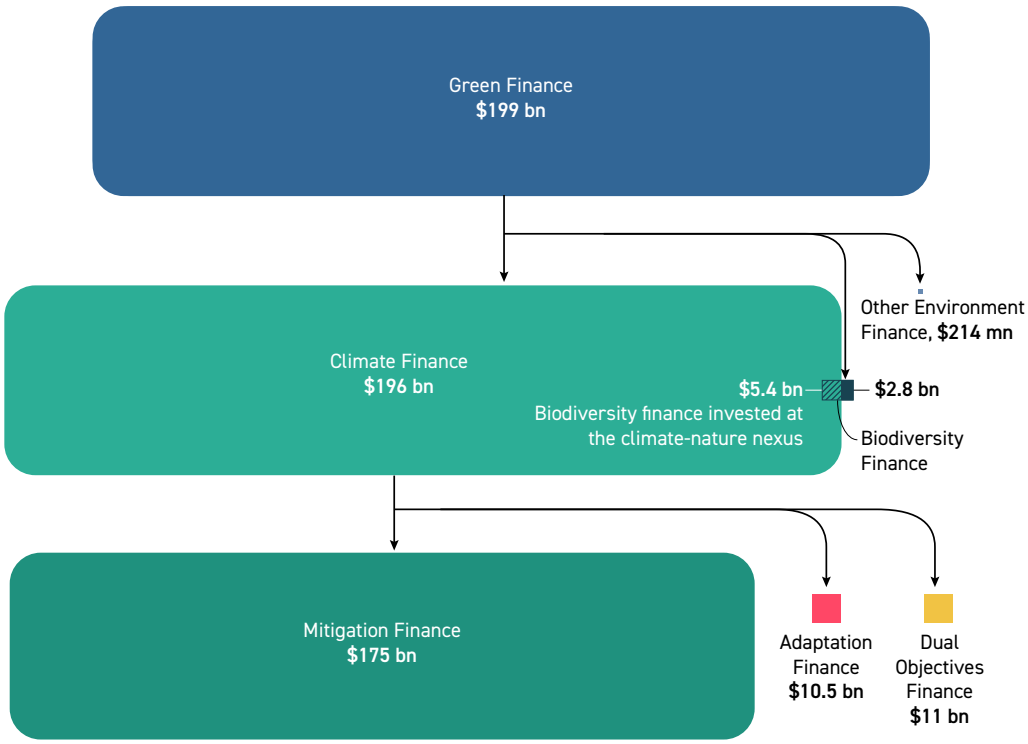
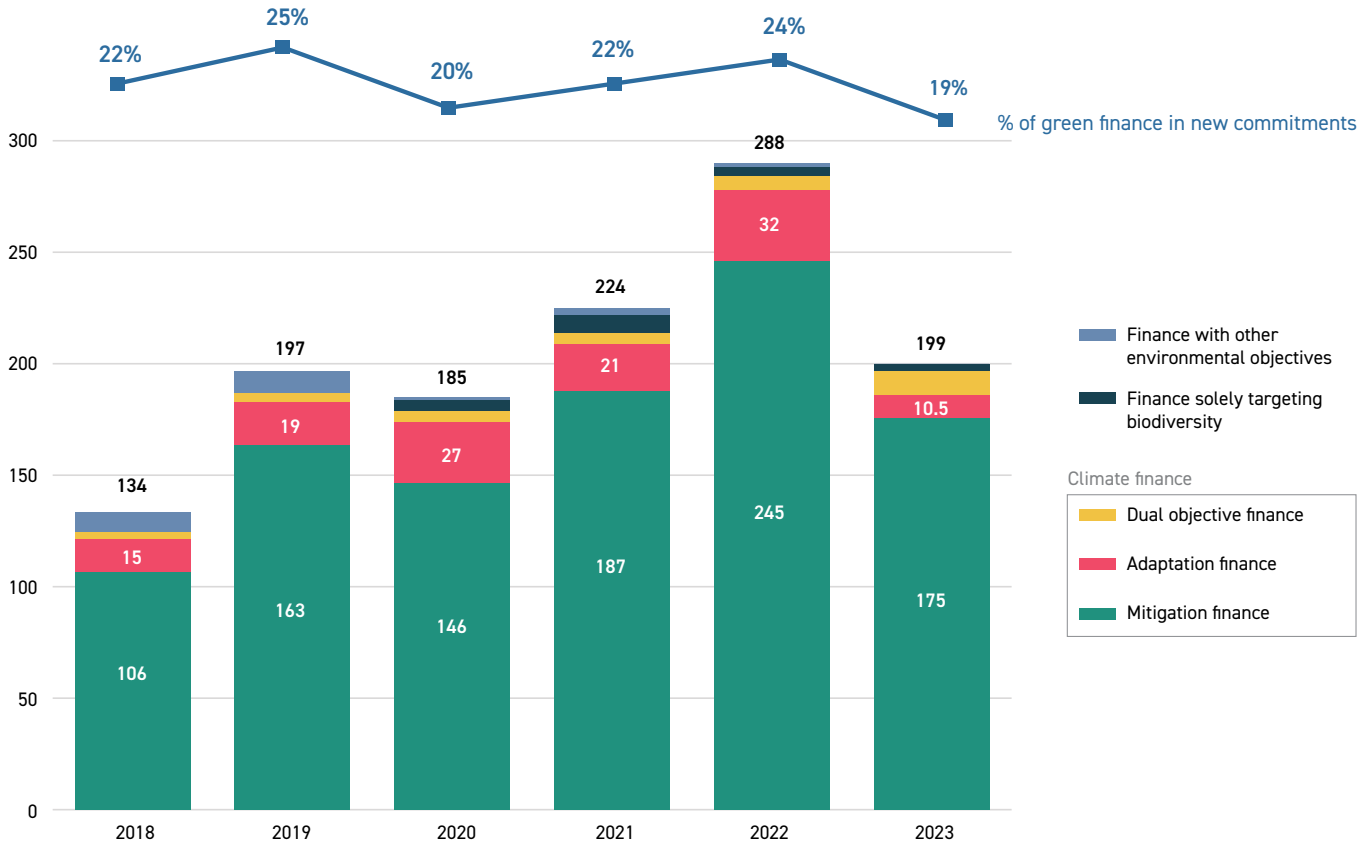


Figure ES2: IDFC green finance commitments 2019-2023 ($ billion)[4]



4 KfW reports its GFM data based on their national green financing reporting methodology which does not exactly align with the Common Principles

KEY FINDINGS IN 2023 DATA

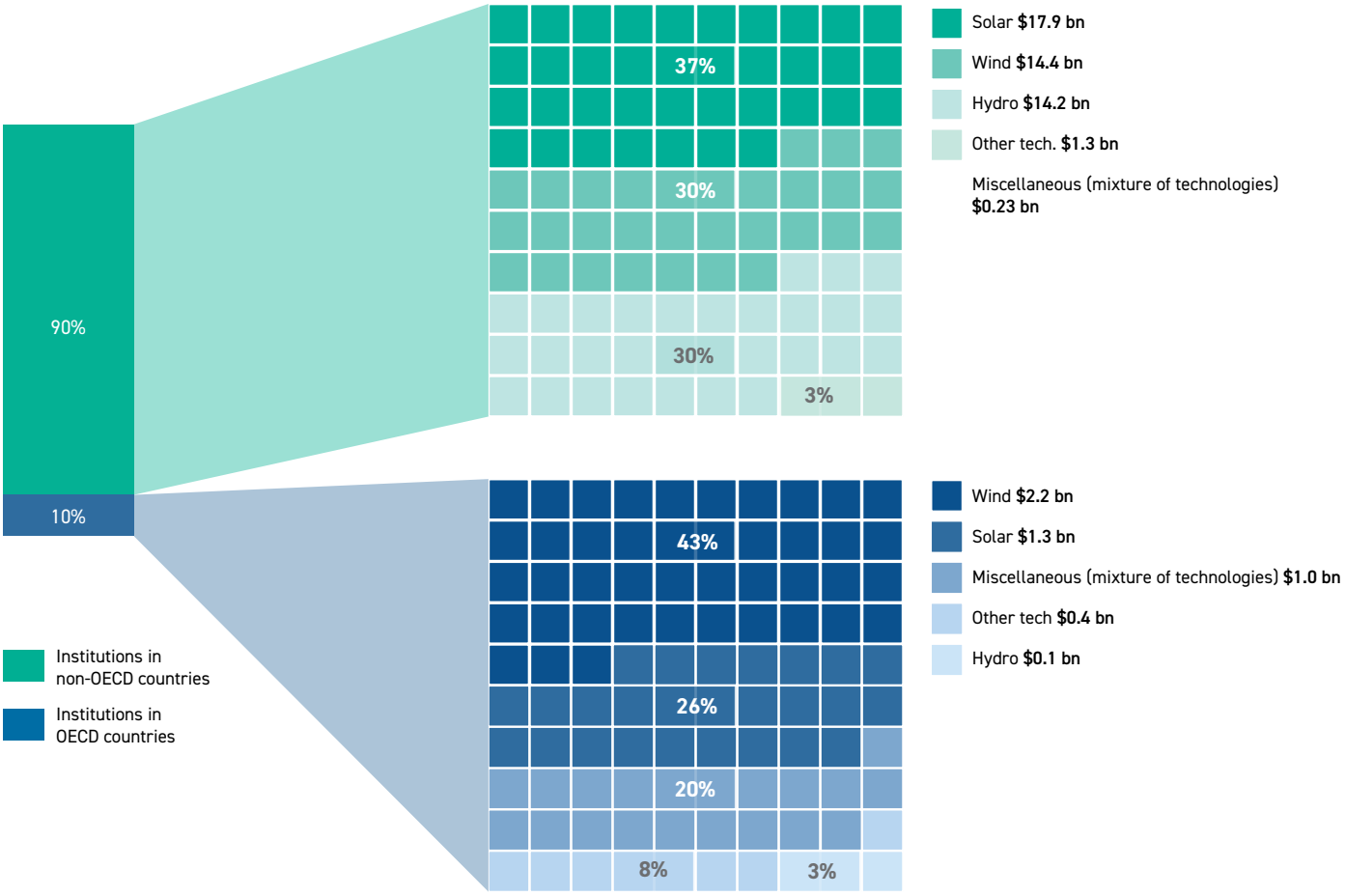
- **IDFC members reported total green finance commitments of $199 billion in 2023.** This represents a 31% decrease from a record year in 2022 (see Figure ES2).
- **In 2023, green finance represented approximately 19% of total new commitments reported by IDFC members.** Since the 2015 signing of the Paris Agreement, green finance commitments have consistently represented approximately 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 98% of total green finance (or $196.4 billion)**, on par with the share observed in 2022.
- Mitigation finance continued to dominate, representing 89% of climate finance, approximately the same share as in 2022.
- Adaptation finance totaled $10.5 billion in 2023, following an unprecedented $32 billion in 2022. The decrease in adaptation finance was driven by more conservative tracking methodologies, as well as currency depreciation and overall lower investment volumes, particularly from institutions with larger total investments relative to other members.
- Despite the overall decrease in adaptation finance, 64% of members who reported adaptation finance increased their adaptation commitments, half of which reported adaptation finance for the first time. This increased reporting underscores members' commitment to scaling their adaptation finance as highlighted in the Club's Contribution to the UNFCCC Post-2025 Climate Finance Dialogues.[5]
- Finance to projects containing elements of both mitigation and adaptation, which has been increasing since 2019, nearly doubled in 2023, reaching $11 billion. These flows accounted for 6% of total climate finance in 2023. Such finance not only contributes to adaptation objectives but also highlights an increased awareness and emphasis on the integration of both mitigation and adaptation considerations in climate investments.
- **Finance for biodiversity projects decreased by 55% in 2023, totaling $8.2 billion.** This includes finance for water supply, wastewater treatment, and agriculture and natural resources management that deliver biodiversity benefits, as well as dedicated conservation projects.
- Additionally, IDFC members reported $214 million in finance for other environmental objectives, including projects for circular economy or reducing pollution.

CLIMATE FINANCE IN 2023

- **Sources of finance:** IDFC institutions based in non-OECD countries continued to commit the majority of climate finance. Totaling $129 billion, climate finance commitments from non-OECD-based institutions represented 66% of total climate finance in 2023 (see figures ES3 and ES4). This trend is primarily driven by domestic commitments in China.
- **Geographic destination:** East Asia and the Pacific continued to receive the majority of climate finance, at 61% in 2023 (compared to 69% in 2022), also driven by China's domestic commitments. Western Europe was the second-highest climate finance recipient, with 17% of the total, followed by Latin America and the Caribbean (9%) (see Figure ES3).
- The share of total climate finance commitments made in the home countries of IDFC member institutions was 77% ($151 billion), while 23% ($46 billion) was spent internationally, an increase from 2022 ($33 billion).
- Of the $46 billion climate finance committed internationally, 65% ($30 billion) flowed from institutions based in OECD countries to non-OECD countries (see Figure ES4).
- **Financing instruments:** Similar to previous years, climate finance was overwhelmingly provided in the form of loans at $189 billion, representing 96% of the total. Non-concessional debt lending remained the most prominent type of loan used, accounting for two thirds of debt. Grant finance decreased substantially from $24 billion in 2022 to $4 billion in 2023. The remaining $4 billion is a mix of equity, guarantees, and other instruments.

5 Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-contribution-post-2025-climate-finance-final-design.pdf

Figure ES3: Climate finance commitments in 2023 by source of finance (OECD/non-OECD) and region of destination



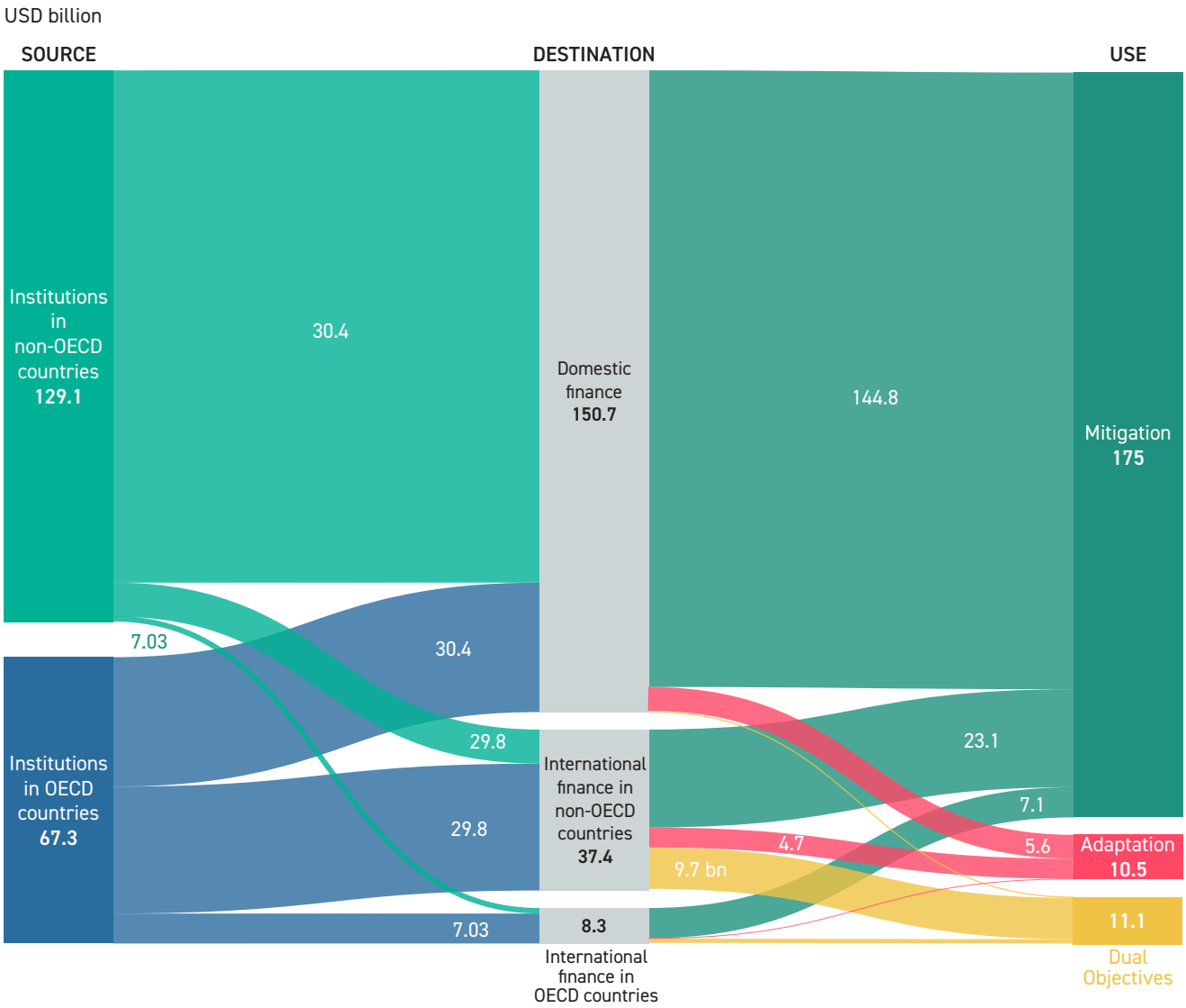
BIODIVERSITY FINANCE IN 2023

- Eight IDFC members reported investments in biodiversity,[6] compared to seven in previous years. This represents the highest number of institutions reporting biodiversity finance to date. **A total of $8.2 billion of biodiversity finance was reported for 2023**, approximately half of the annual average committed from 2020 to 2022.
- **Of these biodiversity finance commitments, 35% ($2.8 billion) went to projects solely targeting biodiversity**, while the remaining $5.4 billion consisted of investments at the climate-nature nexus.
- **Sources of finance:** IDFC institutions based in non-OECD countries committed $6.3 billion in biodiversity finance, accounting for 77% of the total. IDFC institutions based in OECD countries committed $1.9 billion, or 23% of the total.
- **Geographic destinations:** East Asia and the Pacific attracted 71% of biodiversity finance commitments in 2023 (or $5.8 billion), followed by Latin America and the Caribbean at 18% ($1.4 billion) (see Figure ES5).
- **Sectors:** Most biodiversity finance (33%, or $2.73 billion) went to water preservation activities. Urban biodiversity[7] and wastewater treatment projects followed as the second- and third-highest sectors for biodiversity finance, at $1.48 billion (18%) and $1.45 billion (18%), respectively.

6 The IDFC members reporting biodiversity finance in 2023 were AFD, Bancoldex, BNDES, CAF, CDB, JICA, KfW, and Nafin.

7 Urban biodiversity activities include green infrastructure and measures to reduce urban pollution.

Figure ES4: Climate finance commitments in 2023 by source of finance (OECD/non-OECD) and destination



IMPROVING GREEN FINANCE MAPPING METHODOLOGY

To inform this exercise, IDFC members completed a survey in which they self-reported their green finance commitments.[8] The collected data was then checked for consistency and aggregated.

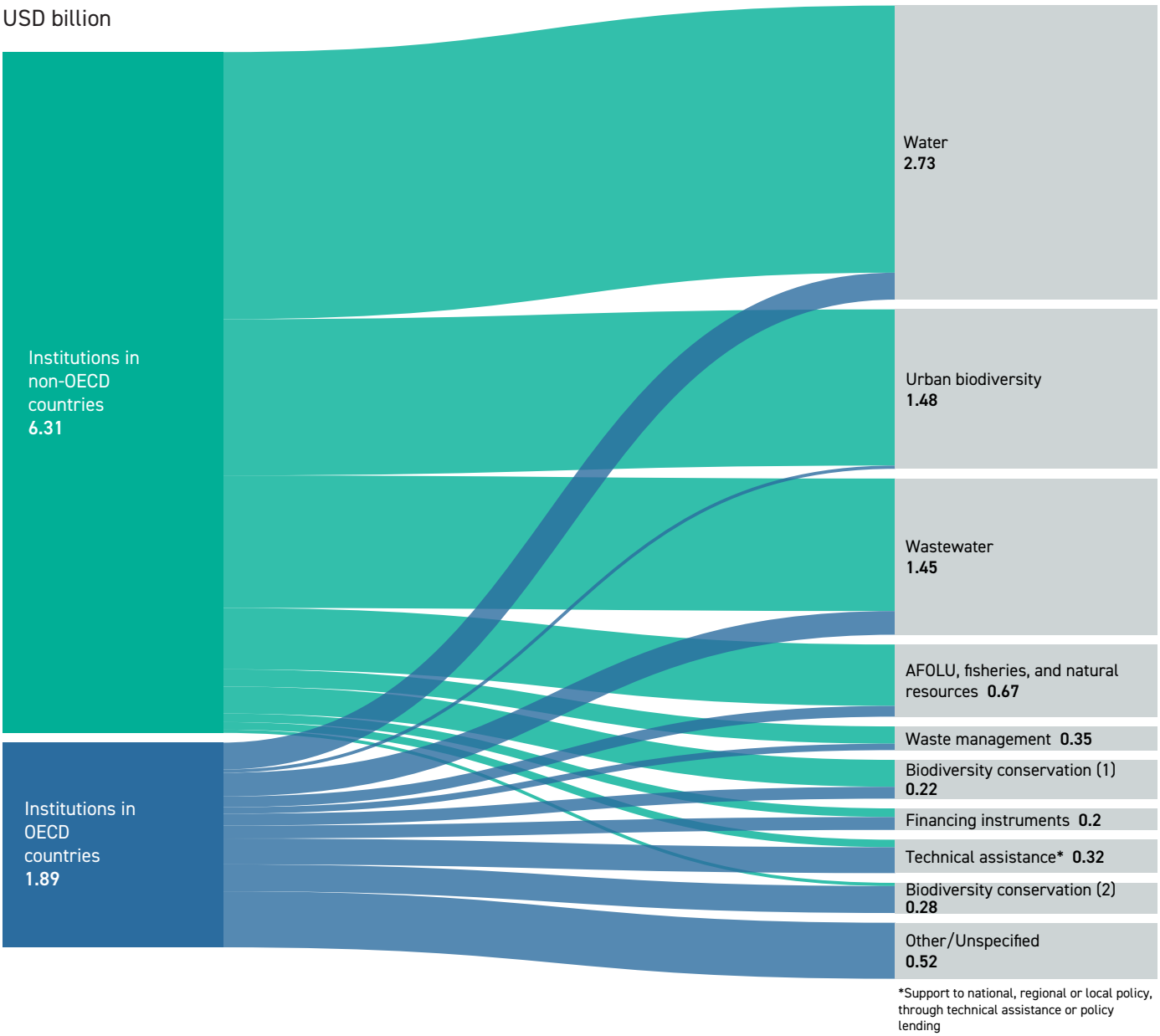
The IDFC survey uses the Joint Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation Finance Tracking (updated in 2023) and the new Common Principles for Climate Change Adaptation Finance Tracking (2023 version). The list of reporting institutions and reporting coverage across all categories varies from year to year. Consequently, comparisons with previous GFM figures may not be entirely consistent.

The Common Principles address uncertainty by following the principle of conservativeness, preferring to under-report rather than over-report climate finance. This principle particularly impacts the reporting of adaptation commitments. Given that the context-specific nature of adaptation activities creates challenges to consistently identifying and tracking relevant projects, taking a conservative approach to complex estimates of adaptation-relevant costs may result in lower reported sums. The IDFC Facility is conducting a three-year initiative with CPI to enhance institutional capacity for tracking green finance.

For the fourth year, the 2023 GFM tracks biodiversity finance separately from other environmental finance. IDFC members may report on biodiversity finance at the project or aggregate level. Seven members have consistently reported biodiversity finance since tracking began in 2021, with eight reporting biodiversity finance for 2023.

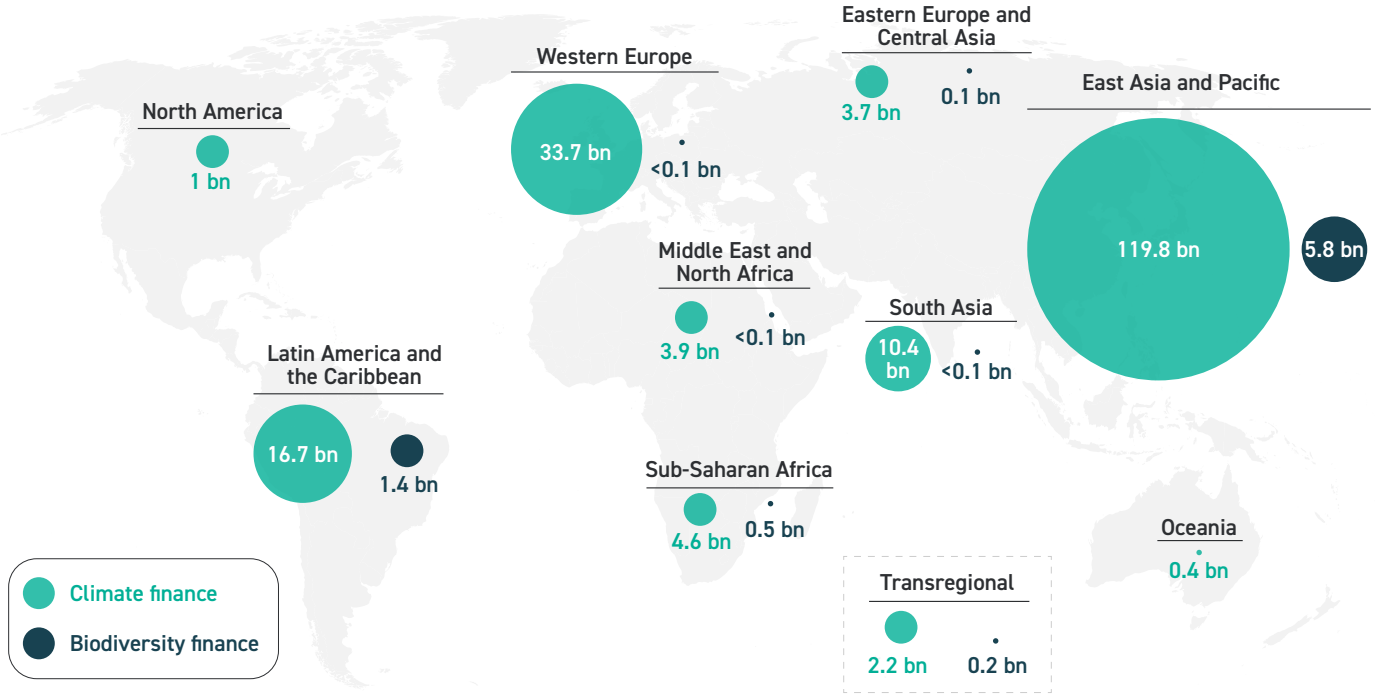
8 Green finance commitments are defined per IDFC Common Principles tracking methodologies.

Figure ES5: Biodiversity finance commitments by source of finance (OECD/non-OECD) and end use in 2023[9]



9 'Water' encompasses activities targeting water preservation and/or the reduction of water pollution; biodiversity conservation (1) has significant biodiversity impact whereas biodiversity conservation (2) has principal biodiversity impact (per OECD DAC).

Figure ES6: Regional distribution of climate and biodiversity finance in 2023,[10] USD billion



ABOUT THE IDFC

The IDFC, created in 2011, is a leading group of 26 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, the Paris Climate Agreement and the Kunming-Montreal Global Biodiversity Framework. Through the 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 finance and climate finance therein. The reporting methodology is constantly improving, with the hope of furthering 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 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)*

10 Relative scales are shown for climate and biodiversity finance.

1. INTRODUCTION

The International Development Finance Club (IDFC, or "the Club") is a leading group of 26 national and regional public development banks (PDBs) located around the world. Together, they represent the largest provider of public development finance globally, with over $4 trillion in combined assets and annual commitments exceeding $800 billion, including more than $200 billion per year in green finance on average ($199 billion in 2023). The IDFC plays a unique and critical role as a provider, catalyst, and facilitator in shifting global finance toward a climate-compatible and sustainable future.

IDFC members are major providers of public climate finance; over the last five years, they have consistently accounted for more than 30% of total public climate finance worldwide. These institutions also play a catalytic role in mobilizing private capital by providing upfront public funds to foster enabling conditions, mitigate certain risks, and facilitate market development.[11] Furthermore, the IDFC is well positioned to facilitate cooperation among different stakeholders. With their public missions and deep roots in the economic and social structures of their respective countries and regions, IDFC members, as PDBs, are well-placed to foster collaboration between governments, regulatory bodies, and the private sector; align domestic and international agendas; and coordinate short-term, project-centered mitigation and adaptation efforts with long-term visions for low-carbon and resilient development.[12]

In addition to efforts to scale up and mobilize further capital for climate and biodiversity, the IDFC actively participates in climate negotiations, enhances green finance tracking and reporting methodologies, conducts capacity building to facilitate knowledge sharing, and establishes platforms for PDBs to take collective action:

- The IDFC adopted the revised version of the Common Principles on Mitigation and Adaptation Finance tracking and launched a dedicated three-year capacity-building program (see Box 1 in Section 2). Improving tracking methodologies and members' capacity to apply them, reaffirms institutions' commitment to advancing green finance, and establishes the Club as a leader and an example of ambitious and transparent tracking, particularly for the private sector.[13]
- The IDFC adopted a framework for the implementation of PDBs' alignment on the UN Sustainable Development Goals (SDGs).[14] By encouraging PDBs to integrate sustainability into their core strategies and operations, and promoting the use of impact assessment tools, the framework sets a roadmap for advancing impactful investments with both climate and development objectives for IDFC members and the wider public finance community.
- During COP28, the IDFC and its members organized 31 events, released eight deliverables (including the IDFC GFM report) and capacity building programs, and published 216 publications on social networks.[15] The IDFC's participation at COP28 showcased record-high green finance commitments[16] presented new methodologies and tools for climate alignment, and promoted collaboration between public development banks to increase climate finance flows and support the transition to low-carbon, resilient economies in developing countries.
- The IDFC Facility continues to support IDFC members in advancing more and better climate finance and aligning with the goals of the Paris Agreement. Through activities such as knowledge sharing, capacity building, project preparation support, and facilitation of access to climate funds, the Facility enhances IDFC members' ability to integrate climate goals into their mandates, develop innovative financial products, and increase collaboration, thereby scaling up green finance across the Club. Ongoing activities and initiatives of the Facility include organizing regional and global forums for knowledge exchange, providing tailored training modules, implementing a mentoring program for targeted expertise sharing, and supporting collaborative projects between IDFC members.[17]
- The IDFC actively contributes to discussion of the UNFCCC climate finance processes, such as the New Collective Quantified Goal on Climate (NCQG) and the Sharm el Sheik dialogue (see Section 4), emphasizing

11 CPI, 2024. Understanding Global Concessional Climate Finance. Available at: https://www.climatepolicyinitiative.org/publication/understanding-global-concessional-climate-finance-2024/

12 IDFC, 2023. Contribution to the UNFCCC Post-2025 Climate Finance dialogues. Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-contribution-post-2025-climate-finance-final-design.pdf

13 CPI, 2024. Tracking and Mobilizing Private Sector Climate Adaptation Finance. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/09/Tracking-and-Mobilizing-Private-Sector-Climate-Adaptation-Finance-2024.pdf

14 IDFC, 2023. Making the financial system consistent with achieving the SDGs. Available at: https://www.idfc.org/wp-content/uploads/2023/09/20230904idfc-elements-of-implementation-sdg-alignment-final-3.pdf

15 IDFC, 2023. COP28 IDFC Global Report. Available at: https://www.idfc.org/wp-content/uploads/2024/03/11-cop28idfc-global-report.pdf

16 IDFC, 2023. IDFC Green Finance Mapping Report 2023. Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-gfm-2023-final-1.pdf

17 IDFC, 2024. IDFC Facility. Available at: https://www.idfc.org/idfc-facility/

the importance of PDBs in catalyzing climate action and promoting climate-aligned finance. The Club suggests a comprehensive approach to the new climate finance goal, including incentive frameworks and accountability measures in the UNFCCC Post-2025 Climate Finance dialogues.[18]

Individually, many IDFC members are committing to more ambitious climate action and green finance, the result of which will be reflected in future GFM reports. Notable green finance actions from members are highlighted in Table 1 below.[19]

Table 1: Highlighted green finance actions from IDFC members in 2023

IDFC member	Highlighted green finance action
African Finance Corporation (AFC)	Launched a report titled How Africa can Unlock World's Most Promising Net Zero Solution, which addresses Africa's role in tackling climate change, particularly through its carbon sinks, such as forests, grasslands, peatlands, and mangroves.[20]
Agence Française de Développement (AFD)	Committed record-high biodiversity finance in 2023 ($1.2 billion), reaching its target two years ahead of schedule. Additionally, it contributed €1 million to the Asian Development Bank's new Nature Solutions Finance Hub, which targets $1 billion in funding for Asia-Pacific projects by 2030. [21]
Brazilian Development Bank (BNDES)	Published a new guideline for climate change in its Sectoral Climate Transition Pathways publication, committing to expand climate finance, engage clients in just transition efforts, improve portfolio alignment, and leverage diverse funding sources for climate action.[22] Under these guidelines, BNDES will implement its updated green taxonomy for each new project.
West African Development Bank (BOAD)	Launched a process to establish a biodiversity strategy aimed at integrating biodiversity into its activities. This has included setting up a working group to increase awareness and understanding of biodiversity issues across the organization and adopting the new biodiversity reporting requirements defined by the IDFC.
Corporación Andina de Fomento (CAF)	Announced at COP28 that it would invest more than $2 billion annually, totaling $15 billion until 2030, in Latin America to fight climate change.[23]
China Development Bank (CDB)	Issued 15 billion yuan ($2.24 billion) of three-year-term "Bond Connect" green financial bonds for environmental conservation and green development of the Yangtze River at a rate of 2.65%, which was subscribed by various domestic and international investors, with a subscription ratio of 3.74 times.[24]
CDP	Managing the Italian Climate Fund (ICF), which became operational in 2023. The ICF has an endowment of over €4 billion ($4.3 billion) over five years to finance initiatives that pursue 'principal' climate change mitigation and/or adaptation activities (per the Rio Markers) carried out in any of the 140 countries eligible for public development assistance (OECD-DAC list), prioritizing Africa and the Middle East.
Development Bank of Southern Africa (DBSA)	Partnering with various government departments and with support from the Green Climate Fund, the DBSA has developed a National Water Reuse Programme, including an Environmental and Social Management Framework, to support climate-resilient water reuse projects across South African municipalities to enhance water security in the face of climate change.
Japan International Cooperation Agency (JICA)	Established the Facility for Accelerating Climate Change Resilient and Sustainable Society (ACCESS), a debt facility of up to $1.5 billion, as part of its private sector finance operations.[25]
Korean Development Bank (KDB)	Committed to reducing the institution's carbon emissions by 50% by 2030. KDB also established an ESG Committee to oversee and guide the development of sustainable management strategies within the bank.[26]
KfW Group	Continues to finance biodiversity projects via several innovative financing instruments, including the eco.business impact fund and the Sustainable Oceans Fund (see Box 6). KfW aims for 25% of all its climate finance to be biodiversity-related from 2025.
Nacional Financiera (Nafin)	Has signed an Accreditation Master Agreement with the Green Climate Fund to access concessional loans as a Direct Accredited Entity in 2023. Nafin has also submitted two concept notes for projects related to electric vehicles and energy efficiency in SMEs.

18 Ibid.

19 Some IDFC members reported their main climate actions in the annual survey, with the rest collected from public resources as indicated in footnotes referenced.

20 Invest Africa, 2023. How Africa can Unlock World's Most Promising Net-Zero Solution.. Available at: https://www.investafrica.com/insights-and-news/how-africa-can-unlock-wolrds-most-promising-net-zero-solution.

21 AFD, 2024. AFD, ADB Signed Grant Cofinancing for Nature Solutions Finance Hub. Available at: https://www.afd.fr/fr/actualites/communique-de-presse/afd-adb-signed-grant-cofinancing-nature-solutions-finance-hub

22 BNDES, 2024. Cross-sectional guidelines for our pathway to a just transition. Available at: https://www.bndes.gov.br/wps/portal/site/home/desenvolvimento-sustentavel/clima/climate/guidelines

23 Reuters, 2023. CAF pledges $2 billion investment annually to fight climate change in Latin America. Available at: https://www.reuters.com/sustainability/sustainable-finance-reporting/caf-pledges-2-billion-investment-annually-fight-climate-change-latin-america-2023-12-02/

24 CDB, 2023. CDB issued 15 billion yuan of green financial bonds to support the environmental conservation and green development of Yangtze River. Available at: https://www.cdb.com.cn/English/xwzx_715/khdt/202304/t20230410_10749.html

25 JICA, 2023. Establishment of the Facility for Accelerating Climate Change Resilient and Sustainable Society (ACCESS) (Private Sector Investment Finance): Promoting climate-change action by the private sector in developing countries. Available at: https://www.jica.go.jp/english/information/press/2023/20230524_31.html

26 Finance News. 2023. Industrial Bank of Korea, ESG Committee established; Strengthening responsibility through sustainable management. Available at: https://www.fnnews1.com/news/articleView.html?idxno=98388

IDFC member	Highlighted green finance action
Small Industries Development Bank of India (SIDBI)	Launched a Decarbonization Challenge Fund to support innovative and scalable technologies and, projects and solutions that are environmentally friendly and have high impact potential.[27]
The Eastern and Southern African Trade and Development Bank (TDB)	Launched new virtual TDB deal rooms to expand its search for impactful climate projects across the region and accelerate the deployment of capital into climate initiatives in Africa.[28]
Industrial Development Bank of Turkey (TSKB)	Published its second climate report, titled TSKB Climate Report 2023, highlighting tangible outcomes and committing to cease financing coal projects by the end of 2035 and sharing its objective of delivering $4 billion in climate finance by the end of 2030.[29]

Amid competing demands of the post-COVID economic landscape, global security tensions threatening multilateralism, and diverging priorities between short-term growth and long-term sustainability, 2023 was a challenging year for PDBs. The global economic slowdown and currency depreciation in the Asia-Pacific region have slowed the pace of green finance commitments. Additionally, the implementation of the updated "Common Principles," with more conservative screening criteria for climate finance tracking, affecting adaptation in particular (see Box 2 in Section 3.1), has placed the IDFC in a transitional period for green finance reporting. Despite these challenges, the IDFC has continued its historic trend of financing climate and biodiversity activities since 2015. Recognizing the gap between current commitments and actual needs, the IDFC anticipates that its members will further raise their ambition and contribute more moving forward.

This Green Finance Mapping (GFM) 2024 report assesses the green finance commitments made by IDFC members in 2023, including on climate and biodiversity. Robust and consistent tracking of green finance flows is essential for IDFC members to assess and evaluate progress on achieving their green finance pledges. Indeed, IDFC members have placed growing importance on the GFM exercise. In 2024, the number of reporting members increased to 23 out of 26 (from 22 in 2022). More institutions also provided project-level data, which improves transparency and facilitates more robust tracking.

This report presents the methodology and the findings of the annual GFM exercise across 23 IDFC members, with data for the calendar year 2023. The report, prepared with the support of Climate Policy Initiative (CPI), is structured as follows:

- Section 2 briefly outlines the methodology used to record IDFC members' green finance commitments.
- Section 3 presents GFM outcomes, including breakdowns by regional destination, financial instrument, sector of use, and sub-sectoral solutions.
- Section 4 explores the IDFC's contribution to discussions on the New Collective Quantified Goal (NCQG) on Climate Finance, and PDBs' role at the center of providing more efficient and transformational climate finance.
- Section 5 summarizes trends and concludes the report.

27 SIDBI, 2023. Launch of Decarbonization Challenge Fund. Available at: https://www.sidbi.in/en/tenders/launch-of-decarbonization-challenge-fund-dcf-window-i-inviting-proposal

28 TDB, 2023. TDB to Accelerate the Financing of Infrastructure, Health and Climate Action Projects in Africa Through Three New Virtual Deal Rooms with Asoko Insight. Available at: https://www.tdbgroup.org/tdb-to-accelerate-the-financing-of-infrastructure-health-and-climate-action-projects-in-africa-through-three-new-virtual-deal-rooms-with-asoko-insight/

29 TSKB, 2024. TSKB Climate Report 2023. Available at: https://www.tskb.com.tr/en/about-us/about-us/news/tskb-publishes-second-climate-report

2. METHODOLOGY

The IDFC GFM Report provides an overview of green finance commitments by IDFC members. Members report these commitments in three categories:

I. Climate finance.

II. Biodiversity finance.

III. Finance with other environmental objectives.

Climate finance comprises financial flows for mitigation of greenhouse gases (GHG) (henceforth mitigation); adaptation to climate change; and projects that include elements of both mitigation and adaptation (referred to as dual objectives finance).

Biodiversity finance comprises finance flows to projects with the objective of protecting and/or sustainably managing biodiversity or nature. Biodiversity finance includes, for example, finance for water supply, wastewater treatment, biodiversity conservation, and waste management.

In many cases, climate-related activities also have biodiversity co-benefits and vice versa (e.g., a forestry project that acts as a carbon sink and also includes the protection and sustainable management of biodiverse ecosystems as a significant objective). Within this report, finance with both climate and biodiversity benefits is referred to as investments made at the **climate-nature nexus**. Finance that only targets biodiversity (without climate co-benefits) is referred to as **finance solely targeting biodiversity**. For investments at the climate-nature nexus, co-benefits are assigned a specific weighting depending on whether biodiversity was the principal objective or a significant objective.

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

The methodology used for the GFM exercise has evolved over time to enhance the transparency, comparability, consistency, and flexibility of the process. The 2024 GFM survey uses the Joint Multilateral Development Banks (MDBs) and the IDFC Common Principles for Climate Mitigation (updated in 2023) and Adaptation Finance Tracking (2023 version). In the absence of common principles for biodiversity finance, the survey employs the IDFC's in-house methodology first developed for tracking biodiversity finance flows in the 2021 GFM, which was refined in this reporting year following capacity-building work by the IDFC and CPI on improving green finance tracking across the Club.

Further details of the GFM methodology are provided in Appendix 6.3.

This year's mapping is based on survey responses from 23 of the 26 IDFC members, of which eight also reported financial commitments for biodiversity. These responses represent the highest survey participation across the Club to date for both green finance overall, as well as for biodiversity finance. The participation milestone coincides with ongoing capacity building work conducted by the IDFC Secretariat, IDFC Facility and CPI (See Box 1). We note that two of the 23 survey respondents reported no green finance commitments for 2023.

Box 1: Strengthening IDFC staff capacity on green finance tracking

The IDFC Facility, in partnership with CPI, in 2023 launched a three-year capacity-building program to enhance IDFC members' ability to track and report their green finance commitments using the Common Principles. This initiative aims to improve the quality and consistency of reporting under the GFM exercise, enabling the Club to measure progress on its collective green finance goals and promoting greater transparency among members.

The program consists of three key phases:

- **Phase I (completed): Capacity-Building Needs Assessment**
  In July 2023, the IDFC Facility and CPI surveyed all 26 IDFC members to identify their specific capacity-building needs. The survey covered five areas: (1) familiarity with green finance tracking methods, (2) current tracking methodologies, (3) internal systems and processes, (4) team composition, and (5) technical capacity requirements. In-depth bilateral meetings were held with ten members to further explore their experiences and insights on green finance mapping. This assessment has informed the tailored support developed in later steps.

- **Phase II (completed): Practical Guidance Documents**
  The General Guidance Document was published in 2024 and addresses two key questions: (1) how to identify projects or activities that qualify as climate mitigation, adaptation, or biodiversity; and (2) how to quantify the financing allocated to these projects. Additionally, it provides an overview of the processes, teams, and expertise required to implement these guidelines effectively within member organizations.

- The Sectoral Guidance Document was published in 2024 and provides detailed instructions for using the Common Principles to track climate finance across five sectors: energy; transport; water; agriculture, forestry, and other land use (AFOLU) and fisheries; and the urban sector.

- **Phase III (first round completed): Training Workshops**
  Three rounds of training workshops have been scheduled for 2024, 2025, and 2026 to enhance members' capacity in green finance tracking. The first workshops took place in June 2024, where participants engaged with the guidance documents through interactive sessions, case studies, and discussions to deepen their understanding and application of green finance tracking practices. The first set of workshops attracted over 100 attendees across multiple sessions.

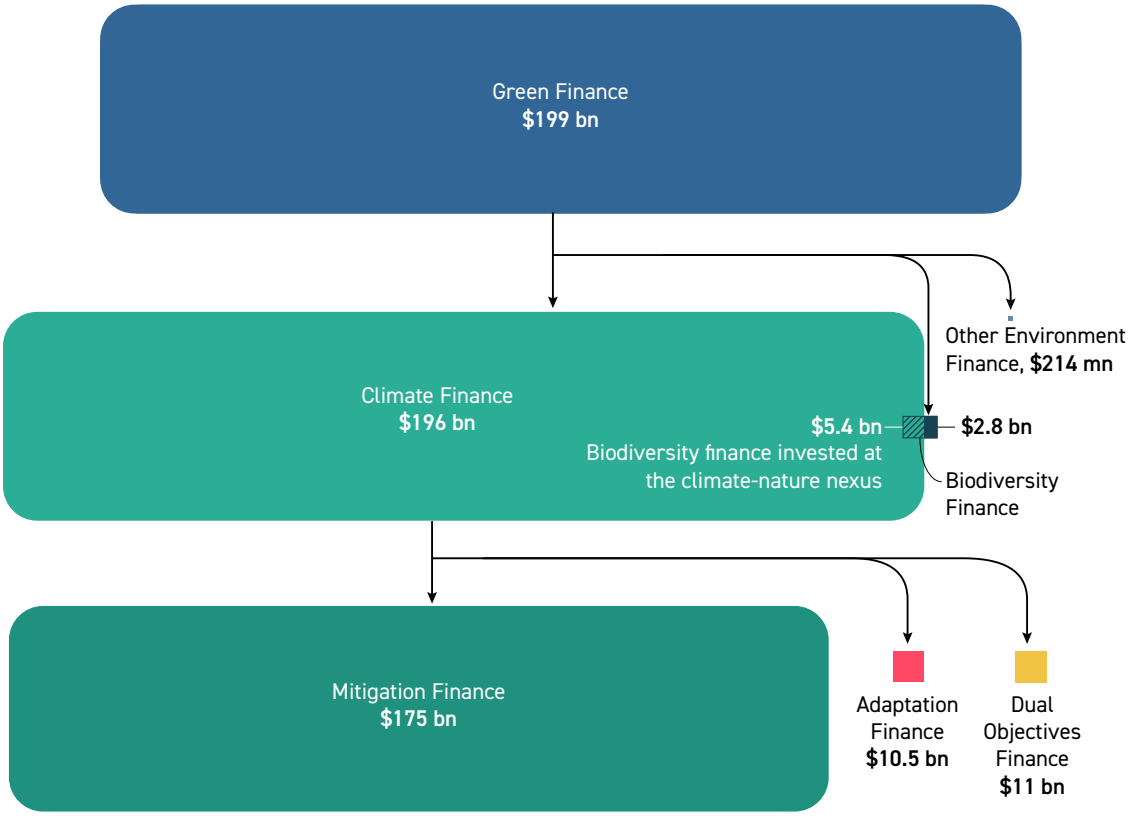
3. GREEN FINANCE MAPPING OUTCOMES

In 2023, IDFC members reported $199 billion in total green finance commitments, a 31% decrease from a record high in 2022. Despite this, IDFC members are showing continued and increased engagement on green finance.

While 13 of the 23 GFM respondents recorded an increase in new green finance commitments by an average of 27% in 2023, total new green finance commitments fell across the Club, driven in part by lower overall commitments among larger members in particular. Indeed, total new commitments (both green and non-green) fell by 16% across the Club in 2023. Currency depreciation in the East Asia and Pacific region also contributed to the decrease in commitments in 2023.[30] For China Development Bank (CDB), for example, the depreciation caused a reduction of 7.8% in the USD value of investments when converted from local currency (RMB). CDB's operations are large relative to many other members. The institution provided, on average, approximately 60% of the Club's annual green finance commitments since 2019, and therefore can significantly influence green finance trends within the Club. The adoption of updated and more conservative tracking methodologies in the new Joint MDB-IDFC Common Principles for Climate Change Adaptation Finance Tracking (2023) also impacted the volumes of green finance commitments.

In the context of the exceptional levels of green finance commitments reached in 2022, lower levels of finance in 2023 do not represent diminished ambition of IDFC members. The record highs in 2022 were largely driven by the expansion of low-carbon transport infrastructure, particularly China, as part of post-COVID-19 recovery strategies, as well as a doubling of commitments to water preservation projects. Levels of commitment in 2023, therefore, reflect a return to investment levels prior to the COVID-19 recovery efforts, as well as the cyclical nature of business operations.[31] Green finance commitments in 2023 are on par with the average investment over the previous five years (2018-2022), with greater efforts now

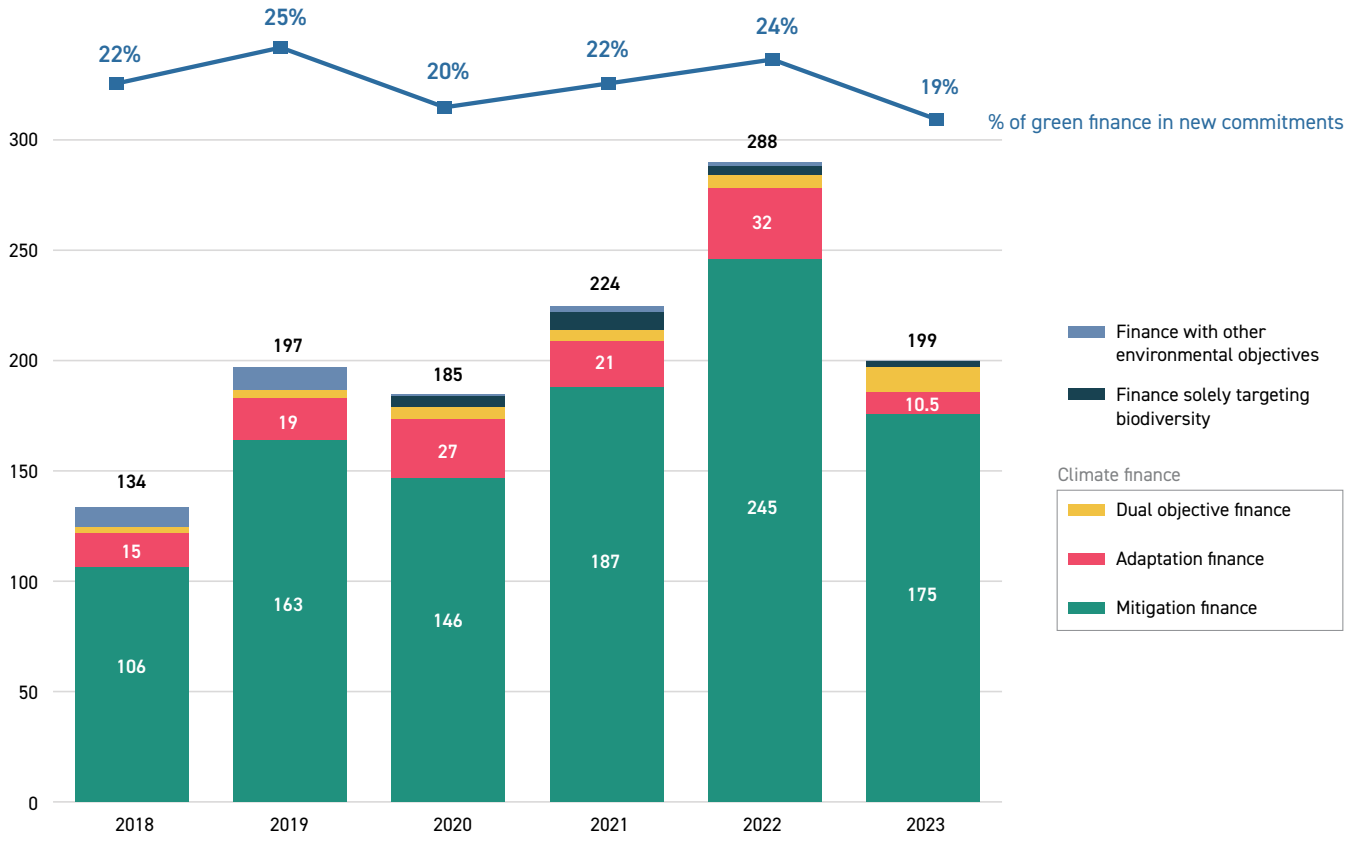
Figure 1: IDFC green finance commitments by theme in 2023



30 BBVA Research, 2023. China | 2023 RMB exchange rate outlook: should we worry about the recent sharp depreciation?. Available at: https://www.bbvaresearch.com/wp-content/uploads/2023/07/202307_China_Should-we-worry-about-RMB-dipping-to-historical-low.pdf

31 Financial commitments in the GFM are tracked on a year-to-year basis. Therefore, annual fluctuations in investment cycles may impact yearly comparisons. For instance, high commitments in one year may be followed by lower commitments in the following year (and vice versa) as large projects are implemented and funds are disbursed

Figure 2: IDFC green finance commitments by theme in 2019-2023



needed to scale beyond past levels. Many IDFC members have indicated both in public announcements and in their GFM survey responses that their medium- and long-term investment strategies prioritize further scaling of green finance.

In 2023, green finance constituted 19% of the total new commitments by members. Since 2015 when the Paris Agreement was signed, green finance commitments have consistently represented approximately one-fifth of total IDFC investments. Of the $199 billion of new green commitments in 2023, climate finance made up 98%, amounting to $196.4 billion, of which $5.4 billion was invested in the climate-nature nexus. An additional $2.8 billion was committed as finance solely targeting biodiversity objectives. Total biodiversity finance pledged by the IDFC in 2023, therefore, totaled $8.2 billion, its lowest level since reporting of biodiversity began in 2020. This drop is linked to a pronounced decrease in adaptation commitments, since many adaptation projects have biodiversity co-benefits. Additionally, $214 million was allocated to other environmental projects.

Table 2: Green finance commitments by IDFC members in 2023, as compared to 2022 ($ million)

IDFC member location	Reporting Member Institutions in 2024	Green Energy and Mitigation of GHGs		Adaptation		Both Mitigation and Adaptation		Other Environment		Biodiversity (nexus)		Biodiversity (sole objective)		Total Green Commitments	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Asia and the Middle East	CDB[32]	166,303	111,549	25,111	4,897		0			12,440	3,524	2,922	2,138	194,336	118,584
	JICA	6,507	10,608	641	858	487	4,136		85	392	93	19	26	7,655	15,713
	KDB	602	894											602	894
	PT SMI	180	160											180	160
	ICD	48												48	
	SIDBI	200	921											200	921
	Sub-total	**173,840**	**124,131**	**25,751**	**5,756**	**487**	**4,136**	**0**	**85**	**12,832**	**3,617**	**2,942**	**2,163**	**203,021**	**136,272**
Europe	KfW	56,573	37,657	2,242	816	1,071	1,141	1,925		797	502	24	13	61,836	39,626
	AFD	2,764	1,636	752	1,485	3,750	5,128			771	1,246		7	7,266	8,256
	CDP	4,108	2,383	10	39									4,118	2,422
	TSKB	347	439		10									347	449
	BSTDB	49												49	
	HBOR	250	263											250	263
	Sub-total	**64,091**	**42,378**	**3,004**	**2,350**	**4,821**	**6,269**	**1,925**	**0**	**1,569**	**1,748**	**24**	**20**	**73,865**	**51,017**
Latin America and the Caribbean	CAF	1,474	2,035	2,057	1,023		85				2	811	598	4,341	3,742
	BNDES	3,378	4,792		34			18	26			22	12	3,417	4,864
	CABEI	1,065	700	800	607	250	487							2,115	1,794
	Bancoldex	39	43	2	1				7					41	51
	COFIDE[33]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	BICE	15	15											15	15
	NAFIN	12	12										3	12	14
	Sub-total	**5,984**	**7,596**	**2,859**	**1,665**	**250**	**572**	**18**	**33**	**0**	**2**	**833**	**613**	**9,942**	**10,480**
Africa	AFC	580	263		51								38	583	351
	DBSA	125	482		6			37	96			1		162	584
	TDB	34	55											34	55
	BOAD	85	53	16	88									101	141
	CDG				556										556
	Sub-total	**824**	**853**	**16**	**700**	**0**	**0**	**37**	**96**	**0**	**0**	**1**	**38**	**880**	**1,687**
Total		**244,739**	**174,958**	**31,630**	**10,471**	**5,559**	**10,976**	**1,980**	**214**	**14,401**	**5,367**	**3,800**	**2,834**	**287,709**	**199,454**

32 For China Development Bank, currency depreciation caused a reduction of 7.8% in the USD value of investments when converted from RMB.

33 This institution did not respond to the GFM survey.

3.1 CLIMATE FINANCE

3.1.1. CLIMATE FINANCE COMMITMENTS BY USE

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

I. Mitigation.

II. Adaptation.

III. Projects with both mitigation and adaptation elements (dual objectives).

Mitigation and adaptation commitments both dropped in absolute terms in 2023, with mitigation maintaining its dominant role in climate finance. These drops are due to various contextual, external, and methodological factors explained below. On the other hand, commitments for dual objectives nearly doubled—highlighting increased awareness of the need to tackle both sides of the climate challenge in development projects.

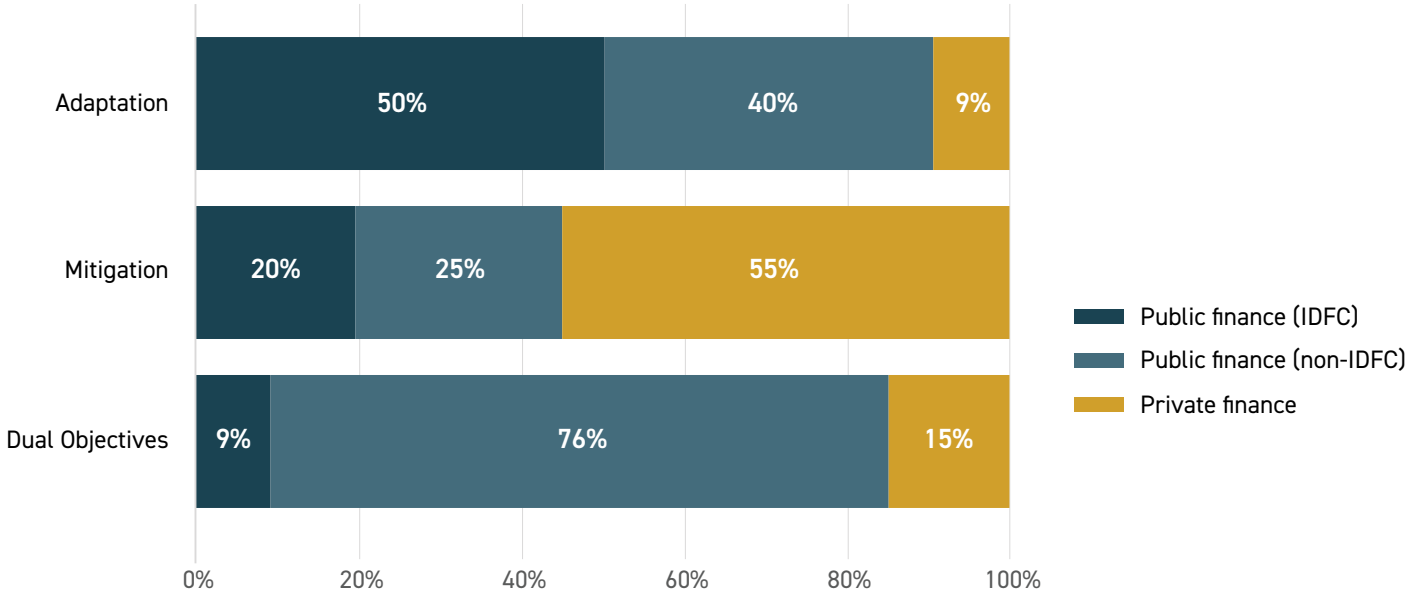
Globally, adaptation continues to be underrepresented in climate finance, a worrying trend at a time when climate risks are escalating, and countries' climate vulnerabilities are growing. Adaptation finance is almost entirely funded by the public sector, with multilateral and national development finance institutions providing nearly 70% globally since 2019.[34] **IDFC members play a significant role in global adaptation finance, providing more than half of global adaptation flows in 2021/22** (see Figure 3).[35]

While the dominance of the public sector in global adaptation finance is partly due to limitations in tracking private adaptation investment, there are also several barriers that prevent private actors from financing and facilitating climate adaptation solutions. Therefore, IDFC members have a critical role in advancing adaptation finance to regions most negatively impacted by climate change. Indeed, IDFC members have highlighted their commitment to accelerating their adaptation finance in the Club's Climate State of Ambition 2021[37], as well as in the Contribution to the UNFCCC Post-2025 Climate Finance Dialogues.[38]

IDFC members similarly provided nearly half of public sector flows to mitigation, representing 20% of total global mitigation flows in 2021/22 (See Figure 3).[39]

The IDFC's influence is less prominent in global climate finance which targets both mitigation and adaptation objectives (dual benefits finance). Members' commitments represented just 9% of global dual benefits flows in 2021/22, showcasing an opportunity for members to increase efforts to ensure adaptation considerations are

Figure 3: IDFC contribution to global annual climate finance flows by climate objective in 2021/22



Source: Global Landscape of Climate Finance 2024

34 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

35 Ibid.

36 Ibid.

37 IDFC, 2021. IDFC Climate State of Ambition 2021. Available at: https://www.idfc.org/news/publication/idfc-climate-state-of-ambition-2021/

38 Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-contribution-post-2025-climate-finance-final-design.pdf

39 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

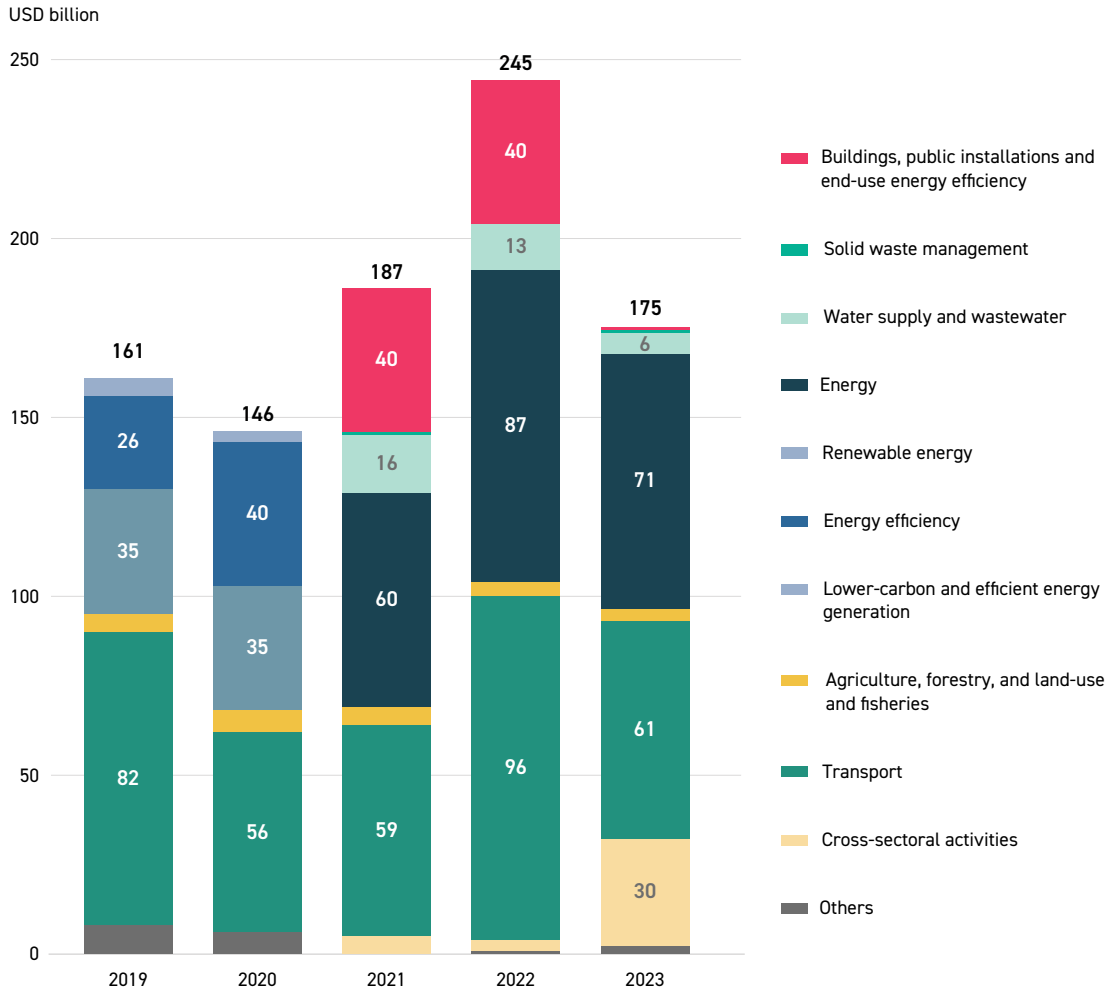
better integrated into mitigation projects, and vice versa.[40] Given the wide-reaching climate and socioeconomic benefits of dual objective finance, increased consideration of both climate objectives can multiply the impact of members' commitments, while also setting an example for how public actors can adopt a more integrated approach to climate investment. Indeed, dual objectives commitments by IDFC members nearly doubled in 2023, integrating that more members are considering this holistic approach to green finance.

MITIGATION

Mitigation finance continued to dominate IDFC green finance commitments in 2023, representing 89% of total IDFC climate finance. This is in line with global climate finance flows, 90% of which have targeted mitigation since 2019.[41] This dominance is partly due to the nature of mitigation projects, particularly for energy and transport, which often have clearer revenue streams, more mature markets, and stronger policy support. Indeed, at least 60% of IDFC members' mitigation commitments have gone to the energy and transport sectors since 2019.

While representing approximately the same share of climate commitments as in 2022, levels of mitigation commitments made by IDFC members in 2023 fell by 29% compared to 2022, 5% lower than the average level of mitigation commitments made by the Club since 2019 (see Figure 4). While lower levels of mitigation finance in 2023 may be partly explained by factors such as currency depreciation and year-to-year investment fluctuations, this decrease is nevertheless discouraging considering that mitigation has consistently represented at least 80% of IDFC climate finance commitments since 2018. With what the UNFCCC Global Stocktake has called a "rapidly narrowing window"[42] for increasing global climate investment by more than fivefold in order to reach the Paris Agreement goals and avoid catastrophic climate costs,[43] the IDFC's role as a leader in the provision of public climate finance is more important than ever.

Figure 4: Mitigation finance commitments by sector in 2019-2023 ($ billion)[44]



40 Ibid.

41 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/.

42 UNFCCC, 2023. Outcome of the first global stocktake. Available at: https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

43 CPI, 2024. The Cost of Inaction. Available at: https://www.climatepolicyinitiative.org/the-cost-of-inaction/#:~:text=Broadly%2C%20costs%20of%20inaction%20fall%20into%20two%20categories%3A,negative%20climate-related%20impacts%20on%20people%20and%2For%20their%20environments.

44 Sector classification was updated in 2021 with the publication of the updated Common Principles for Mitigation Finance Tracking

The Club reaffirmed its commitment to supporting the energy transition and decarbonization of economies with an emphasis on clean power and energy efficiency in the IDFC Climate State of Ambition (2021).[45] Notably, none of the 15 IDFC members[46] responding to a 2023 survey on progress against the State of Ambition goals had provided public finance for new unabated coal power generation abroad since 2021.[47] However, more action is needed to ensure that IDFC mitigation investments surpass previous levels in both scope and impact (see Section 4), targeting not only low-carbon economy and energy transition, but also underserved sectors with high mitigation potential, such as agriculture, forestry, and other land use (AFOLU) and fisheries.

In 2023, energy represented 41% ($71.3 billion) and transport 35% ($60.8 billion) of total reported IDFC mitigation commitments. The concentration of mitigation investment in the energy and transport sectors reflects their high mitigation potential, technology maturity, and policy support.

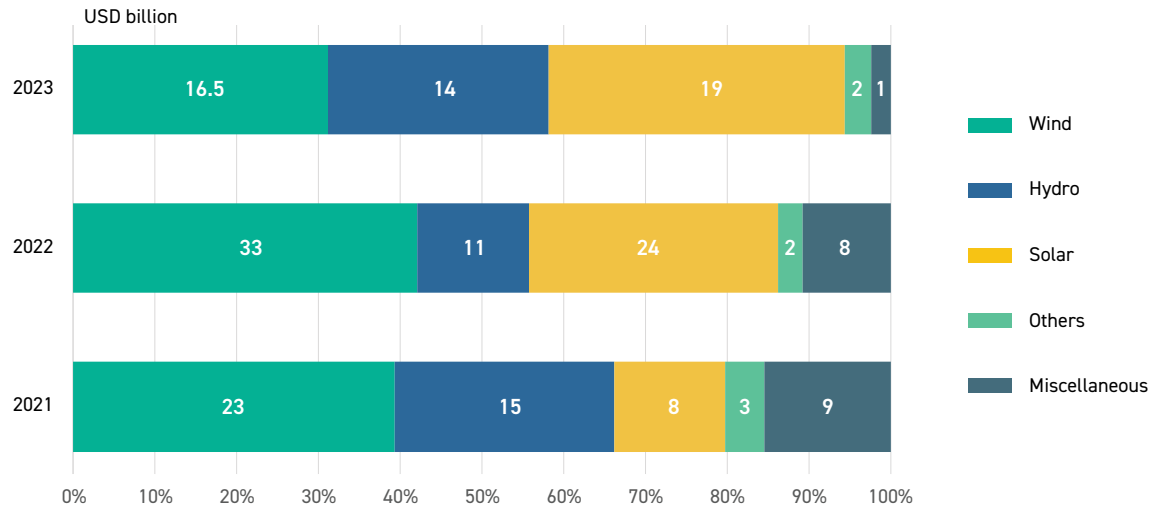
Investment in green buildings and infrastructure significantly decreased, totaling only $755 million in 2023, compared to $40 billion in 2022. The drop is almost entirely attributed to one reporting institution, which in the past has led the investment in this sector but, due to limitations in granular data availability, reported a larger proportion of finance as 'Other and Cross-sectoral' for 2023. Indeed, finance to the Other and Cross-sectoral category increased by nearly tenfold in 2023.

As in past years, 2023 commitments remained comparatively low in the sectors of water and wastewater management ($564 million), AFOLU and fisheries ($335 million), and solid waste management ($77 million) despite their high mitigation potential. For instance, after the energy sector, the AFOLU sector has the second largest mitigation potential of any sector.[49] Underinvestment in these sectors is partly due to the nature of investing in related climate solutions, which have higher perceived risks and lower returns than sectors like energy or transport. These sectors represent an opportunity for IDFC members to invest in new, high-impact technologies.

As shown in Figure 5, the largest share of renewable energy commitments, which totaled $53 billion in 2023, was for solar projects, accounting for $19.2 billion or 36% of total renewable energy commitments. Previously, renewable energy investments have primarily flowed to on-shore and off-shore wind, which represented 31% ($16.5 billion) of 2023 renewable energy commitments.

Members based in non-OECD countries provided the lion's share of renewable energy finance (90%, $48 billion). These investments focused on solar ($17.9 billion), wind ($14.4 billion), and hydro ($14.2 billion), as shown in Figure 6. The remaining $1.6 billion from non-OECD-based institutions was allocated to a mixture of technologies ("Miscellaneous")[51] or to projects where the specific technology could not be tracked ("Others"), as shown in Figure 5. OECD-based members focused investments in wind ($2.2 billion) and solar ($1.3 billion).

Figure 5: IDFC contribution to global annual climate finance flows by climate objective in 2021/22[50]



45 Available at: https://www.idfc.org/news/publication/idfc-climate-state-of-ambition-2021/

46 The survey respondents were AFC, AFD, Bancoldex, BICE, BNDES, BOAD, CABEI, CAF, CDP, DBSA, HBOR, JICA, KfW, PT-SMI, and TSKB

47 IDFC, 2023. IDFC Green Finance Mapping Report 2023. Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-gfm-2023-final-1.pdf

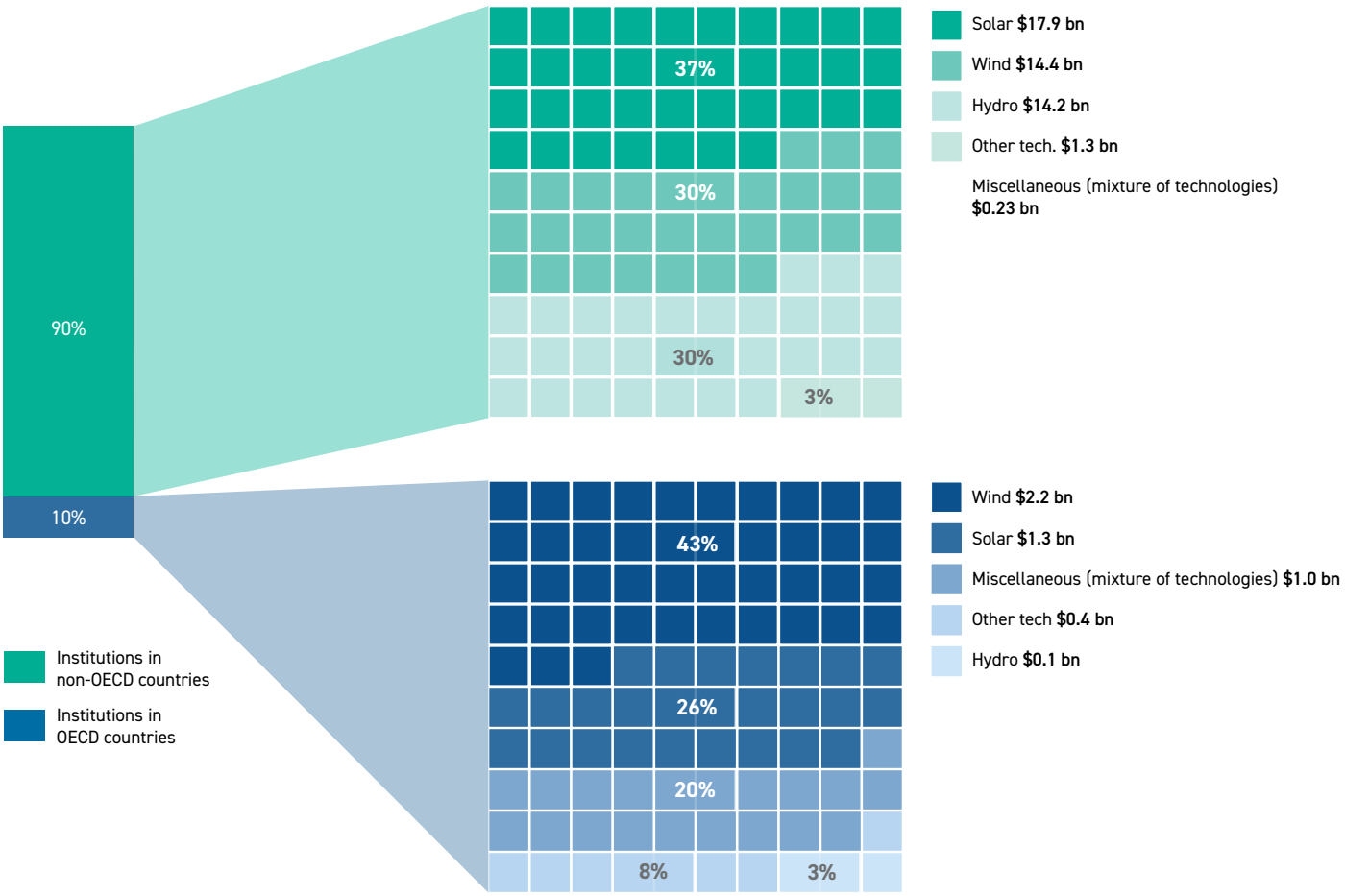
48 Sector classification was updated in 2021 with the publication of the updated Common Principles for Mitigation Finance Tracking

49 UNEP, 2024. Emissions Gap Report 2024: No more hot air...please!. Available at: https://www.unep.org/resources/emissions-gap-report-2024

50 Changes to the mitigation taxonomy prevent comparison prior to 2021.

51 Where the same project includes multiple, different renewable energy technologies.

Figure 6: Commitments to renewable energy technologies by technologies and source (OECD-/non-OECD-based members) in 2023



Investment in renewable energy continues to be critical for the decarbonization of electricity grids, particularly in the South Asia and East Asia and Pacific regions, where the energy sectors continue to be one of the largest contributors to GHG emissions. Energy consumption has dramatically increased in these regions in recent decades alongside economic growth, a trend that is likely to continue.[52] In Southeast Asia, oil and gas is still heavily relied upon to meet rising energy demand, accounting for 56% of primary energy supply in 2020.[53] Public investments in renewable energy in these key regions are crucial to support the transition away from fossil fuel reliance.

Overall, IDFC members continue to contribute a significant portion of global renewable energy investments, which totaled $494 billion (annual average) in 2021/22, of which nearly half ($242 billion, 49%) was invested in China and 17% ($86 billion) was invested in emerging and developing economies (EDMEs).[54] However, it is estimated that an additional $2.4 trillion per year is needed for the energy sector globally between now and 2050 to limit the global average temperature rise to well below 2°C by the end of the century. [55]

The regional distribution of mitigation finance followed similar trends to previous years. In 2023, 69% of the $175 million mitigation finance committed came from non-OECD-based institutions, which is in line with the average of 70% since 2019. Mitigation finance continues to flow primarily in home countries (82%), with non-OECD-based IDFC members committing more domestically (94%) than OECD-based ones (56%). However, overall domestic finance decreased for institutions both outside and inside the OECD by 43% and 32%, respectively.

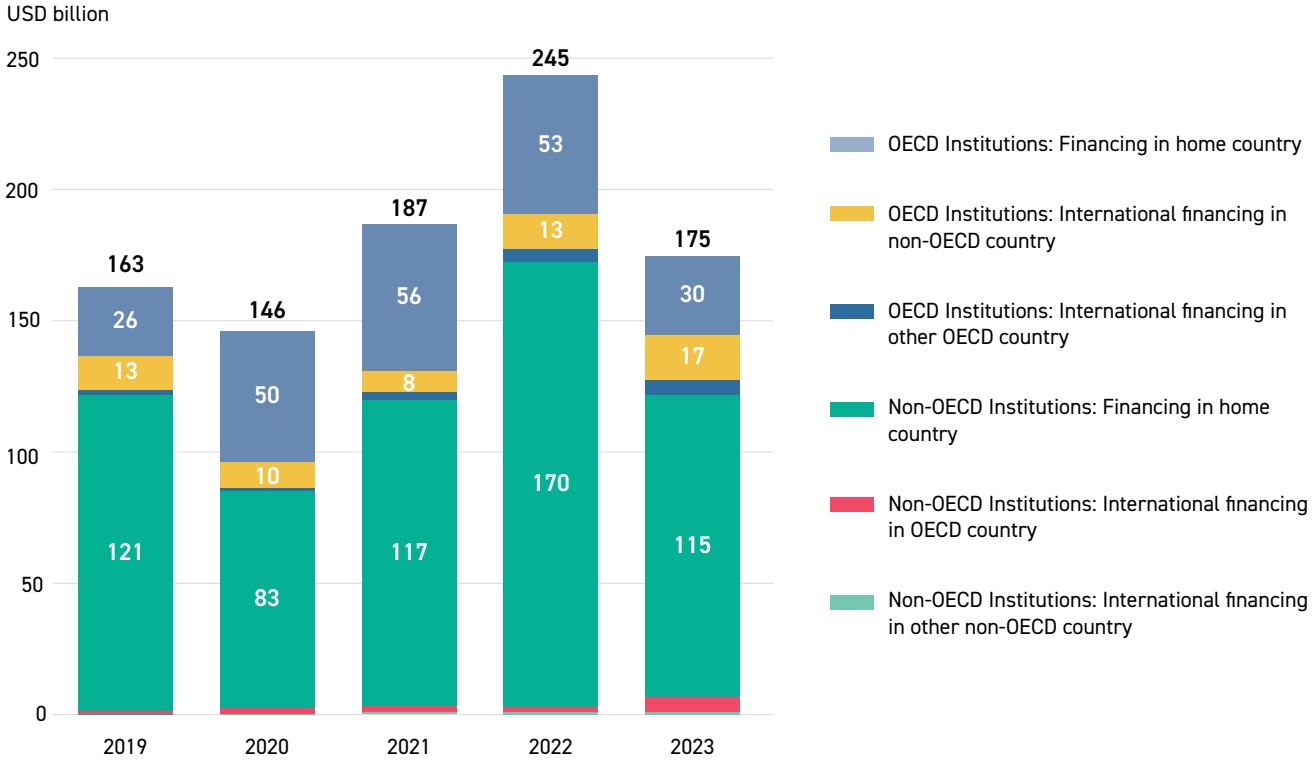
52 CPI, 2023. Landscape of Methane Abatement Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/landscape-of-methane-abatement-finance-2023/

53 ASEAN Centre for Energy, 2022. The 7th ASEAN Energy Outlook. Available at: https://aseanenergy.org/the-7th-asean-energy-outlook/

54 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

55 CPI, 2024. Top-down Climate Finance Needs. Available at: https://www.climatepolicyinitiative.org/publication/top-down-climate-finance-needs/

Figure 7: Mitigation commitments from IDFC members in 2023, by destination



ADAPTATION

Adaptation finance totaled $10.5 billion in 2023, representing just 5% of IDFC members' total climate finance commitments. Following an unprecedented $32 billion in 2022, this two-third decrease was largely driven by the adoption of more conservative adaptation finance tracking methodologies by key reporting members that result in more conservative figures (see Box 2). Currency depreciation, a general investment slowdown, and the context of exceptional adaptation commitments in 2022, which were driven by a doubling of water preservation commitments, are other factors driving the downward trend in 2023.

Nonetheless, individual IDFC members are demonstrating their commitment to advancing adaptation finance. Of the 14 members that reported adaptation finance commitments in 2023, 64% increased their commitments, half of which reported adaptation finance for the first time.

While it is encouraging that more members are reporting on and increasing their adaptation finance, ambition must be further scaled. Public finance plays an important role in the global adaptation landscape and IDFC members are a key contributor. Not only can members increase their primary investments in adaptation projects, they can also help to increase private sector engagement with adaptation and resilience opportunities. Considering their relatively advanced climate finance tracking abilities, public financial institutions can offer ambitious and transparent leadership on adaptation finance tracking. By sharing examples of criteria and methodology used for identifying and quantifying adaptation finance, as well as information on hazards, exposures and vulnerabilities, IDFC members can help fill data gaps and methodological challenges that inhibit reporting on private sector investment.[56] IDFC members can also leverage their concessional resources and technical assistance to build the capacity of domestic and regional private financial institutions. The use of public resources as a mechanism for transformative climate action is discussed further in Section 4.

56 CPI, 2024. Tracking and Mobilizing Private Sector Climate Adaptation Finance. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/09/Tracking-and-Mobilizing-Private-Sector-Climate-Adaptation-Finance-2024.pdf

Box 2: Updated Adaptation Finance Tracking Methodology

Since 2015, the MDBs and IDFC have been tracking their adaptation finance through the application of a joint methodology. In 2022, the joint adaptation methodology was updated by the MDB Group, which IDFC then adopted a year later as the Common Principles for Climate Change Adaptation Finance Tracking (2023).

The underlying tracking principles remain the same (conservativeness to avoid over-reporting and granularity to track only relevant project components), as do the initial three qualifying characteristics of adaptation activities:

1. The context of climate change vulnerability is clearly stated.
2. There is evidence of explicit intent to reduce the identified climate change vulnerability.
3. A direct link is made between project activities and the identified climate change vulnerability.

However, the new methodology goes a step further by outlining three distinct adaptation activity types:

- Type 1 adaptation activities, which integrate measures to manage physical climate risks and ensure project objectives are realized despite these risks;
- Type 2 joint adaptation and development activities, whereby the activity directly reduces climate risk but has adaptation as a joint objective alongside wider development objectives.
- Type 3 enabling activities that have adaptation as a primary objective and that offer more transformational impact in terms of reducing the underlying vulnerability to climate risk at a systemic level.

While type 3 activities are eligible to count 100% of total activity finance as adaptation, activity types 1 and 2 are weighted at less than 100% of total activity finance since adaptation is not the primary objective. The IDFC-CPI climate finance tracking guidance documents provide further information on how to operationalize the updated methodology. While most IDFC members are still preparing to implement the updated methodology, some advanced members, such as China Development Bank, are already using this new approach for their reporting under the 2024 GFM. This partly explains the substantial reduction in adaptation finance observed in 2023, given the more conservative nature of the updated methodology.

Adaptation finance continued to be largely directed to water preservation activities, which represented 55% ($5.7 billion) of total IDFC adaptation flows in 2023, followed by investment in disaster risk reduction (23%, $2.8 billion), as shown in Figure 8. This reflects wider trends, with the water and wastewater sector receiving almost half of the total global tracked adaptation finance in 2021/22.[57] The continued prevalence of these activities underscores the growing incidence of water stress and climate-related disasters globally, and in many IDFC members' geographies of operation. For instance, China released a national water security plan in 2022 in order to respond to significant domestic water challenges. The plan aims to enhance water security by preventing floods and droughts, conserving and optimizing water resources, and strengthening aquatic ecological protection.[58] Indeed, CDB's domestic commitments to water preservation more than doubled in 2022.

Many of the most significant environmental and social effects of climate change are likely to manifest through impacts on the water cycle and water security.[59] This is a particular challenge for developing economies that are still working to establish adequate and sustainable water and sanitation. Box 3 provides an example of an IDFC member-funded disaster risk reduction adaptation project deployed in a region vulnerable to climate change.

Finance for agriculture, natural resource management, and ecosystem-based adaptation continues to be underserved, accounting for only 5% of IDFC adaptation commitments in 2023 ($495 million). Financing adaptation measures is critical for the sector which is heavily impacted by climate change-induced drought, flooding, and extreme heat, particularly in developing countries, threatening food insecurity and complex socio-economic systems while heightening the likelihood of human displacement, conflict, and malnutrition.[60] Such

57 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

58 Donnellon-May. China's Five-Year National Water Security Plan. Available at: https://thediplomat.com/2022/12/chinas-five-year-national-water-security-plan/#:~:text=During%20the%20current%20five%2Dyear,as%20undertaking%20the%20construction%20of

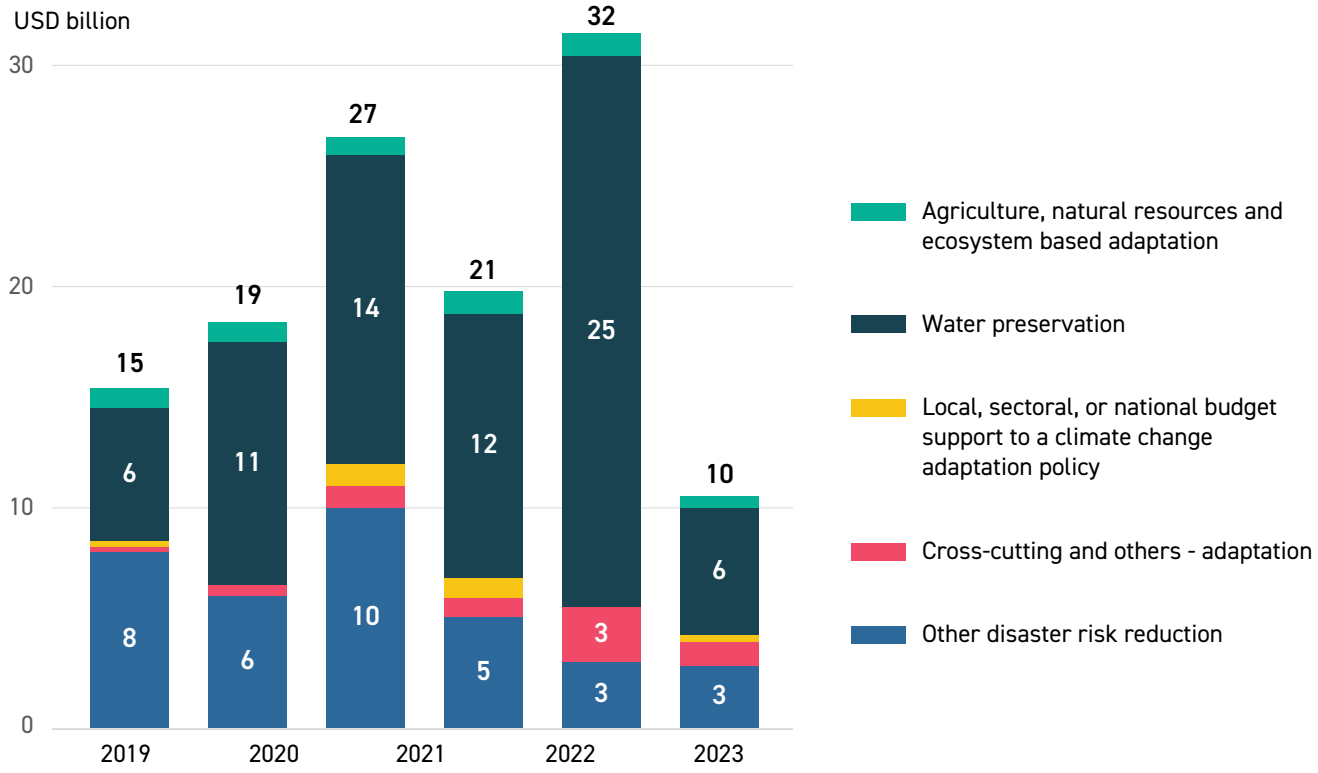
59 LSE, 2023. What is water security and how is it impacted by climate change?. Available at: https://www.lse.ac.uk/granthaminstitute/explainers/what-is-water-security-and-how-is-it-impacted-by-climate-change/

60 CGIAR, 2020. Actions to Transform Food Systems Under Climate Change. Available at: https://cgspace.cgiar.org/items/c87d359e-62e1-4eec-9b0b-ec056cd23205

investments could target climate smart agriculture, such as the integration of drought-resistant crops or using more efficient irrigation systems[61] to improve the resiliency of global food systems. There are many inherent risks which serve as barriers to private investment for agricultural adaptation, particularly in developing countries.[62] Therefore, IDFC members, as influential public actors, should lead the charge by using their resources in a catalytic, and transformative manner to encourage further adaptation investment in this key sector (See Section 4).

Finance for coastal protection is even lower, accounting for less than 1% of IDFC adaptation flows ($3.3 million). Scaling investment for coastal protection is much needed. Indeed, sea level rise and the increasing incidence and severity of storms threaten low-lying coastal areas, which are home to millions of people as well as critical ecosystems such as mangroves, coral reefs, salt marshes and wetlands.[63] Adaptation-related coastal protection, delivered through nature-based solutions, also offers mitigation and biodiversity co-benefits since coastal ecosystems act as carbon sinks.[64]

Figure 8: Adaptation finance commitments by subcategory in 2019-2023



61 Other examples of climate-smart agriculture include using, integrating digital platforms for better crop management, vertical farming or low-input crop production.

62 USAID, 2023, Climate Finance for Low-Emission Agriculture in sub-Saharan Africa. Available at: https://www.climatelinks.org/sites/default/files/asset/document/2024-02/OCA%20%26%20CPI_Climate%20Finance%20Innovation%20for%20Agriculture%20Report_Copy-Edited.pdf#:~:text=Objectives:%20USAID%20ATI%20engaged%20Open%20Capital%20(OCA)%20and%20Climate%20Policy

63 Hülsen et al., 2023. Global protection from tropical cyclones by coastal ecosystems—past, present, and under climate change, Available at: https://iopscience.iop.org/article/10.1088/1748-9326/ad00cd

64 Ibid.

Box 3: AFD's Disaster Risk Reduction in Himachal Pradesh

AFD's Disaster Risk Reduction program in Himachal Pradesh demonstrates the importance of promoting a collaborative and integrated approach to improve resilience, offering lessons for coordinating similar efforts in other regions.

Himachal Pradesh, a mountainous state in northern India, has been experiencing increasing vulnerability to climate risks, including floods, landslides, and forest fires. For instance, in 2023, devastating monsoons severely impacted several northern Indian states, with Himachal Pradesh suffering particularly heavy casualties. The mountainous terrain of the region increases the state's exposure to natural hazards and extreme weather events, threatening Himachal Pradesh's institutions, economy, and population, which are severely affected by extreme climate events. Despite its climate vulnerability, Himachal Pradesh is one of the few Indian states acting as a carbon sink, further highlighting the urgent need for resilience and adaptation efforts.

To address challenges faced in Himachal Pradesh, the Agence Française de Développement (AFD) has announced a $110 million disaster risk reduction (DRR) program for the state. Set to begin in Q3 2024 for a period of five years, this program includes a sovereign loan of $91 million, supplemented by a $550,000 French Technical Cooperation grant. The initiative aims to enhance the state's resilience to climate change impacts and various disasters through a holistic, state-wide approach that combines improved governance, enhanced response capacities, and the implementation of nature-based solutions.

The program, which would be implemented with the State Disaster Management Authority, is structured around enhancing disaster risk governance and disaster preparedness as well as promoting mitigation measures such as eco-DRR approaches and nature-based solutions. A notable innovation is the Contingency for Early Recovery component, which comprises 10% of project expenditure. This focuses on early recovery and reconstruction, demonstrating a proactive approach to post-disaster management.

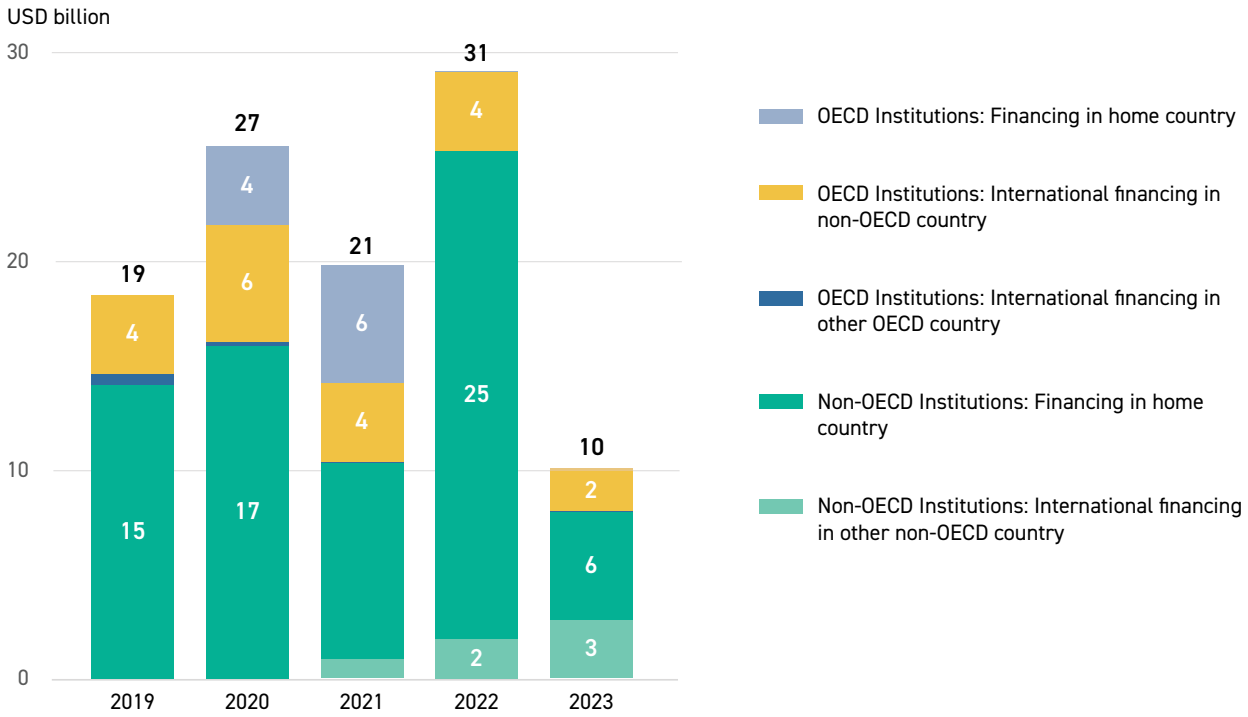
More than ten state departments and central governmental institutions will contribute to the program's implementation, reflecting its multi-sectoral nature. This collaborative approach aims to create a comprehensive disaster risk management strategy that addresses the unique challenges faced by Himachal Pradesh.

By supporting a low-emissions region that is heavily impacted by climate change, this program embodies the principle of climate justice, aiming to not only enhance Himachal Pradesh's resilience but also to provide a model for effective DRR in vulnerable mountainous regions worldwide.

Similar to mitigation commitments, the majority of IDFC adaptation finance (54%) was committed in institutions' home countries in 2023 (see Figure 9). Historically, three-quarters of adaptation finance has been committed in institutions' home countries from 2019 to 2023. This trend is driven by non-OECD-based members, whose domestic adaptation commitments accounted for 52% ($5.5 billion) of all adaptation commitments in 2023. These members have a key role to play in implementing national adaptation strategies; for example, BNDES has an explicit adaptation strategy to act in line with Brazil's National Adaptation Plan, directing capital to priority sectors and adaptation and resilience technologies therein.[65] OECD-based institutions directed most of their adaptation commitments ($3 billion) outside of the OECD, providing just $117 million domestically in 2023.

65 BNDES, 2023. Climate and development: The BNDES's Contribution to a Just Transition. Available at: https://web.bndes.gov.br/bib/jspui/bitstream/1408/22606/1/PRFol_BNDES_Climate%20and%20deevelopment%202022.pdf

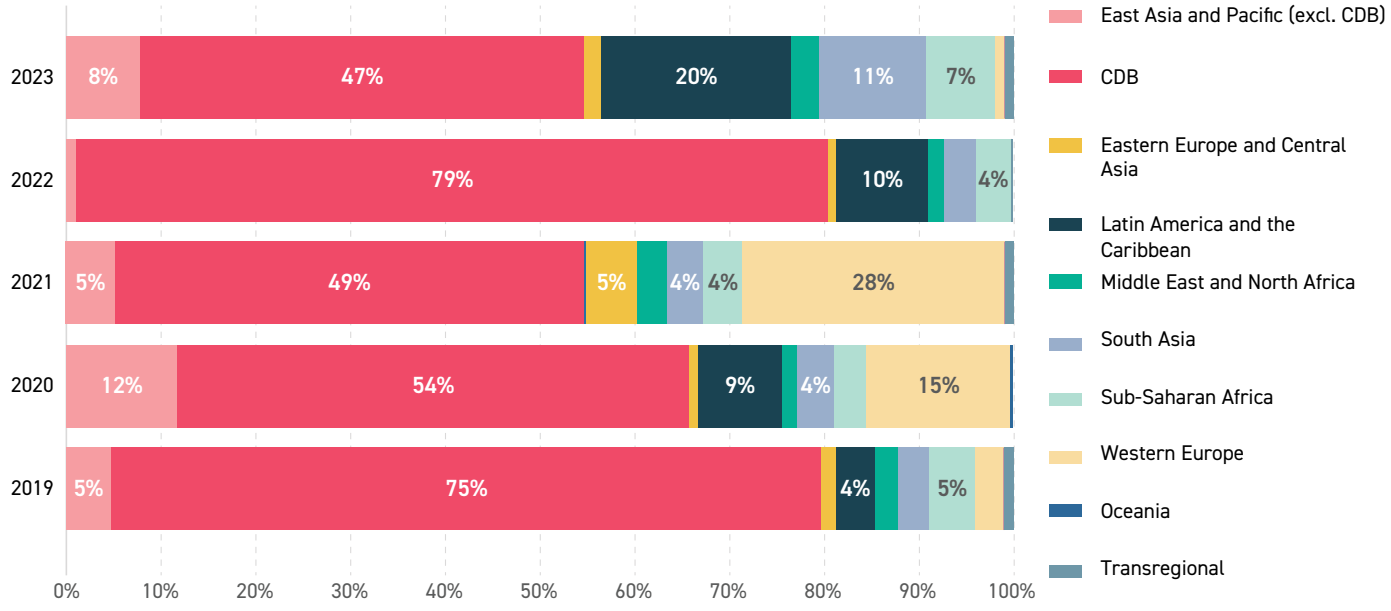
Figure 9: Adaptation finance commitments by source (OECD/non-OECD IDFC members) with international-domestic breakdown, 2019-2023



As shown in Figure 10, in 2023 adaptation commitments were concentrated in East Asia and the Pacific (55%), Latin America and the Caribbean (20%), South Asia (11%), and sub-Saharan Africa (7%), similar to past years. East Asia and the Pacific is also the largest recipient region of global adaptation finance overall, followed by sub-Saharan Africa, Latin America and the Caribbean, and South Asia.[66]

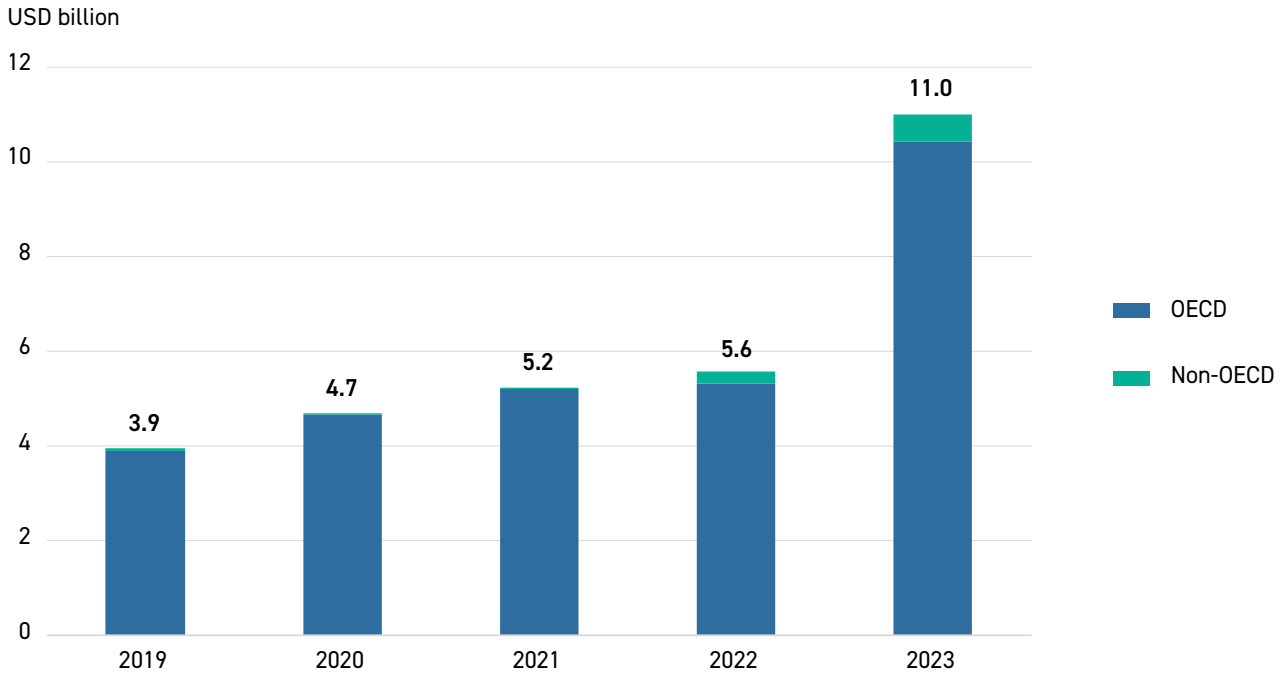
The geographic distribution among IDFC members illustrates adaptation finance flowing to or within their primary regions of operation; 86% of adaptation finance in East Asia and the Pacific was provided by the CDB in 2023.

Figure 10: Regional distribution of adaptation finance commitments in 2019-2023



66 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

Figure 11: Dual objective commitments by source (OECD/non-OECD IDFC members) in 2019-2023



DUAL OBJECTIVES

Finance targeting both mitigation and adaptation objectives (dual objectives) nearly doubled in 2023, reaching $11 billion. This continues the growth seen since 2019, particularly among OECD-based members. The increase in commitments with dual objectives showcases an ongoing effort to amplify the impact of climate finance by delivering emissions reduction and resilient development simultaneously, allowing entities to optimize the effectiveness of limited public funds.

Dual objectives finance also offers an opportunity for high-impact climate investment in sectors that may currently be underserved. For instance, projects in the AFOLU and fisheries sector,[67] which received just 2% of mitigation finance and 5% of adaptation finance in 2023, have a high potential for dual objectives finance. These include activities such as the installation of solar-powered irrigation technology or afforestation and reforestation efforts to reduce wildfire risk. While data limitations prevent analysis of the sectoral breakdown of commitments with both mitigation and adaptation benefits made by IDFC members in 2023, these types of investments, particularly in agriculture and forestry, can amplify the impact of IDFC finance across sectors and climate objectives.

3.1.2 CLIMATE FINANCE COMMITMENTS FROM OECD/NON-OECD COUNTRY INSTITUTIONS

Climate finance commitments continue to be concentrated in institutions' home countries (77%), with three times more domestic than international commitments ($151 billion vs. $46 billion, respectively), as shown in Figure 12. However, the dominance of domestic finance was less pronounced in 2023 than in 2019 to 2022, when domestic commitments outstripped international ones by an average of seven-to-one. In 2023, IDFC members' climate commitments for their home countries decreased by almost 40% compared to 2022, while their international commitments increased by roughly the same amount.

Non-OECD-based institutions committed 66% of overall IDFC climate finance in 2023, at $129 billion. Of this amount, nearly all ($127.9 billion) remained within non-OECD countries, and more specifically with institutions' home countries, which received 80% ($120 billion) of non-OECD-based institutions' commitments. This trend reflects the mandates of these PDBs to invest domestically.

OECD-based institutions made $67 billion in overall climate finance commitments. $37.7 billion was concentrated in OECD countries, of which $30.4 billion was committed within institutions' home countries. OECD-based institutions committed $36.9 billion internationally, consisting of $7 billion in other OECD countries and $29.8 in non-OECD countries, thereby providing the majority of IDFC international climate finance. Nine OECD-based institutions and 14 non-OECD-based institutions reported green finance commitments for 2023.

67 In the case of adaptation, these commitments would be classified under agriculture, natural resources management and ecosystem-based adaptation.

Figure 12: Distribution of climate finance commitments by source (OECD/non-OECD IDFC members) in 2023

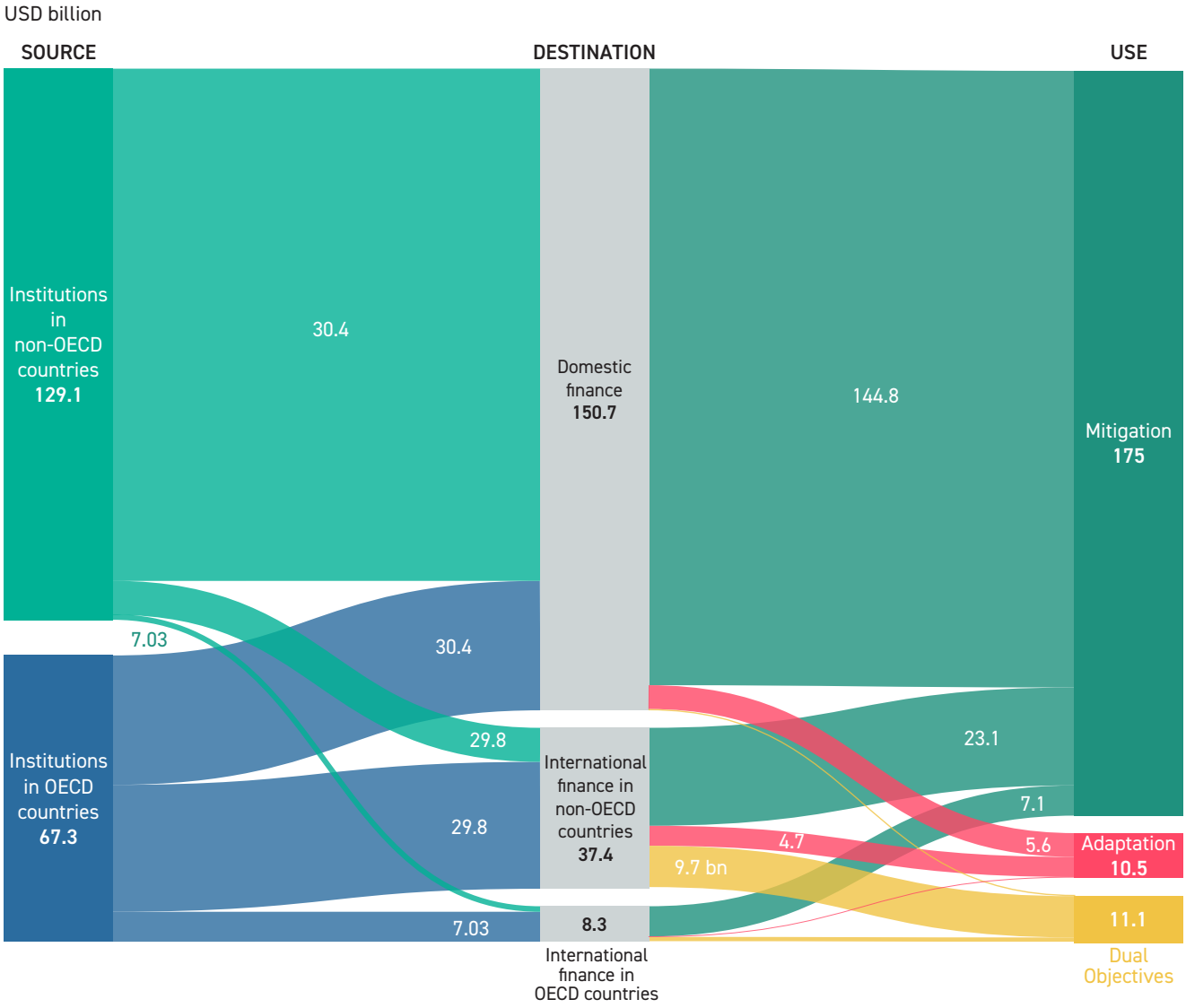
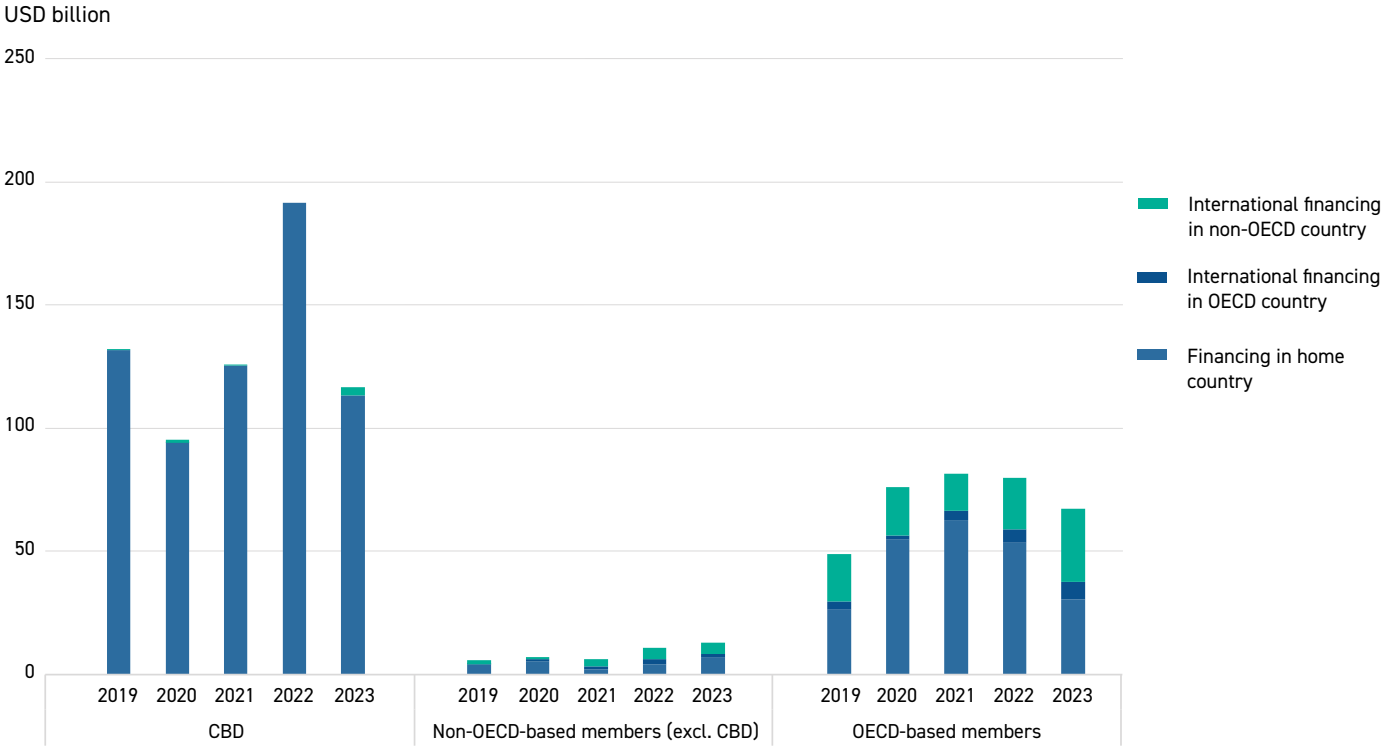


Figure 13: Climate finance commitments by source (OECD non-OECD IDFC members) and destination in 2019-2023



It should be noted that the distribution of OECD and non-OECD-based climate finance is greatly influenced by the significant commitments of the China Development Bank (CDB). Figure 13 shows the distribution of climate finance commitments from OECD and non-OECD members from 2019 to 2023, with CDB's contribution shown separately. In 2023, the CDB's commitments made up 90% of non-OECD-based climate investments. **Excluding the CDB, commitments from non-OECD-based institutions represent just 16% of the total climate commitments in 2023.**

While IDFC climate finance to OECD countries almost exclusively supported mitigation (96%), adaptation finance was slightly more represented for non-OECD recipients, with 13% of commitments targeting them destined for either adaptation or dual-objective activities. As shown in Figure 14, nearly half of all adaptation commitments ($4.7 billion) and 88% of dual-benefit commitments ($9.7 billion) were international finance to non-OECD countries in 2023.

The concentration of their international finance commitments in non-OECD countries, particularly for adaptation, reflects IDFC members' unique ability to advance climate finance in regions that are typically underserved by private investment. Indeed, while overall global climate finance flows were roughly evenly distributed between OECD and non-OECD countries in 2021/22, 65% of climate finance in OECD countries came from the private sector, compared to 37% in non-OECD countries As shown in Figure 15, nearly all of the global adaptation finance flowing to non-OECD countries is provided by the public sector. IDFC members provided 55% of public adaptation finance for non-OECD countries in 2021/22, highlighting their key roles as providers of adaptation finance within their regions of operation.

As PDBs with specific mandates and generally higher risk tolerance than other financial actors, IDFC members are distinctly well-placed to step in and scale green finance in regions with limited private sector participation. IDFC members' ongoing commitment to advancing both domestic and international climate finance in non-OECD countries will be integral to closing the climate finance investment gap in emerging markets and developing economies.

Figure 14: Proportion of domestic and international climate finance commitments by use category in 2023

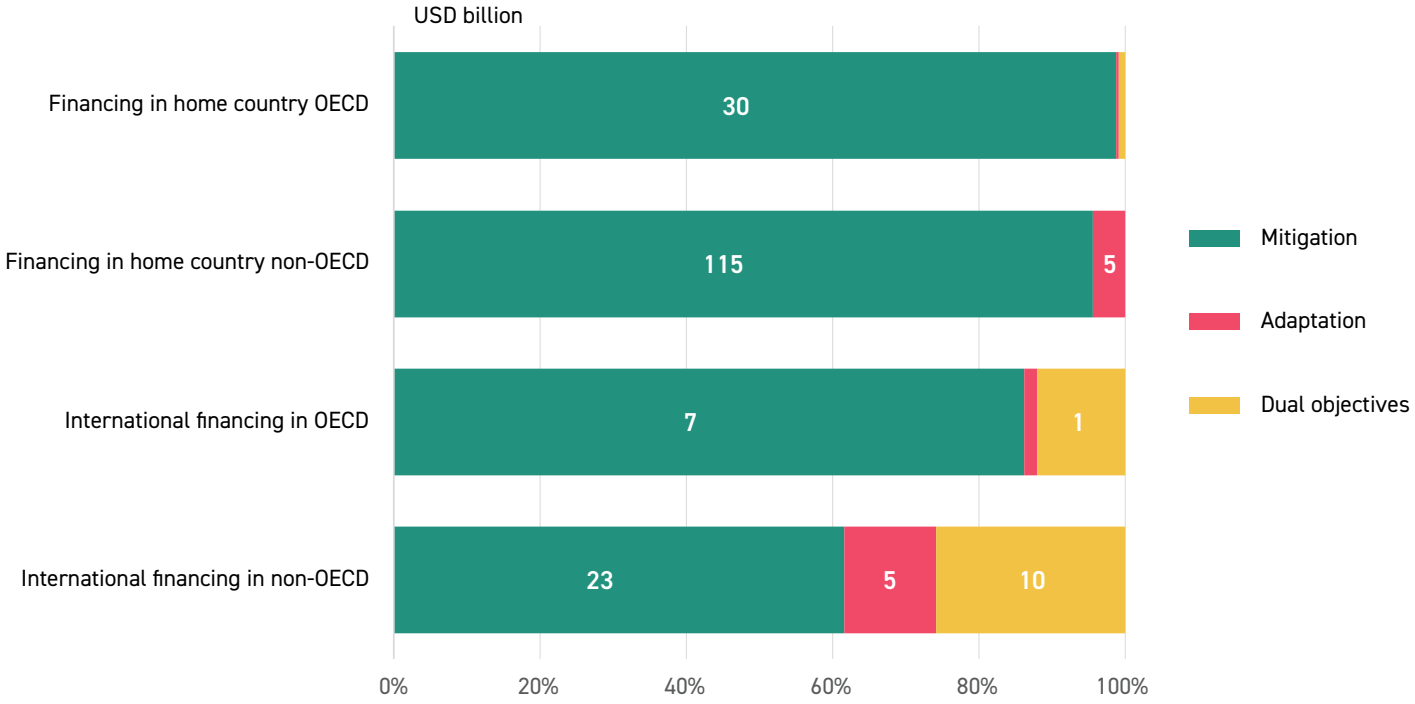
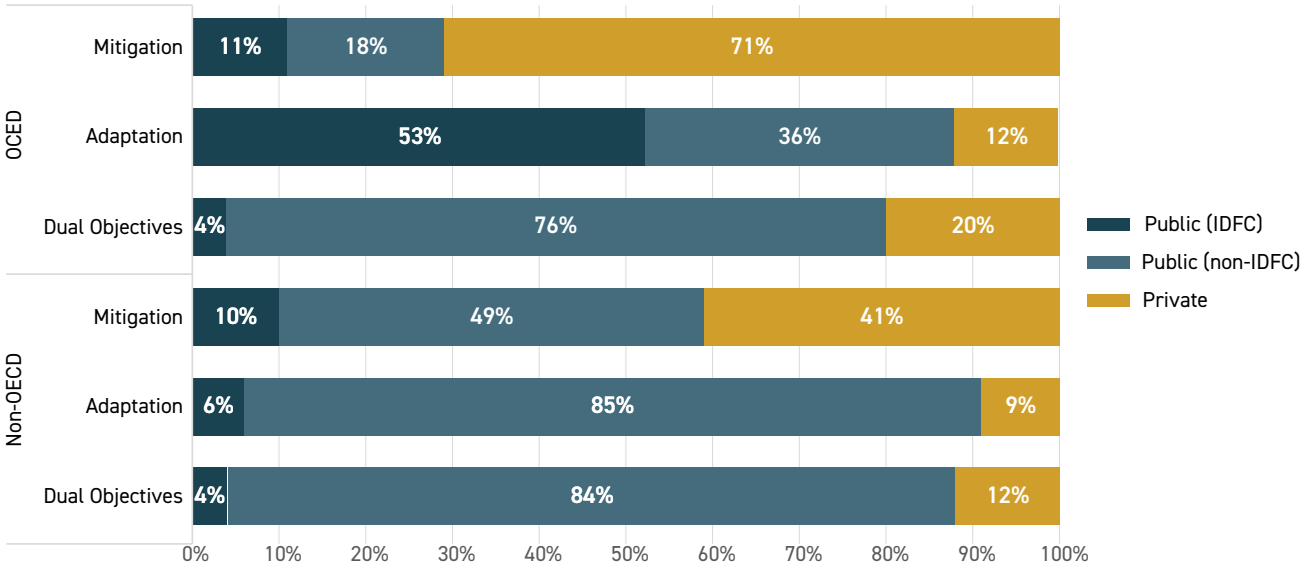


Figure 15: Distribution of annual average global climate finance flows from private and public sources in OECD and non-OECD countries, with IDFC contribution, 2021/22

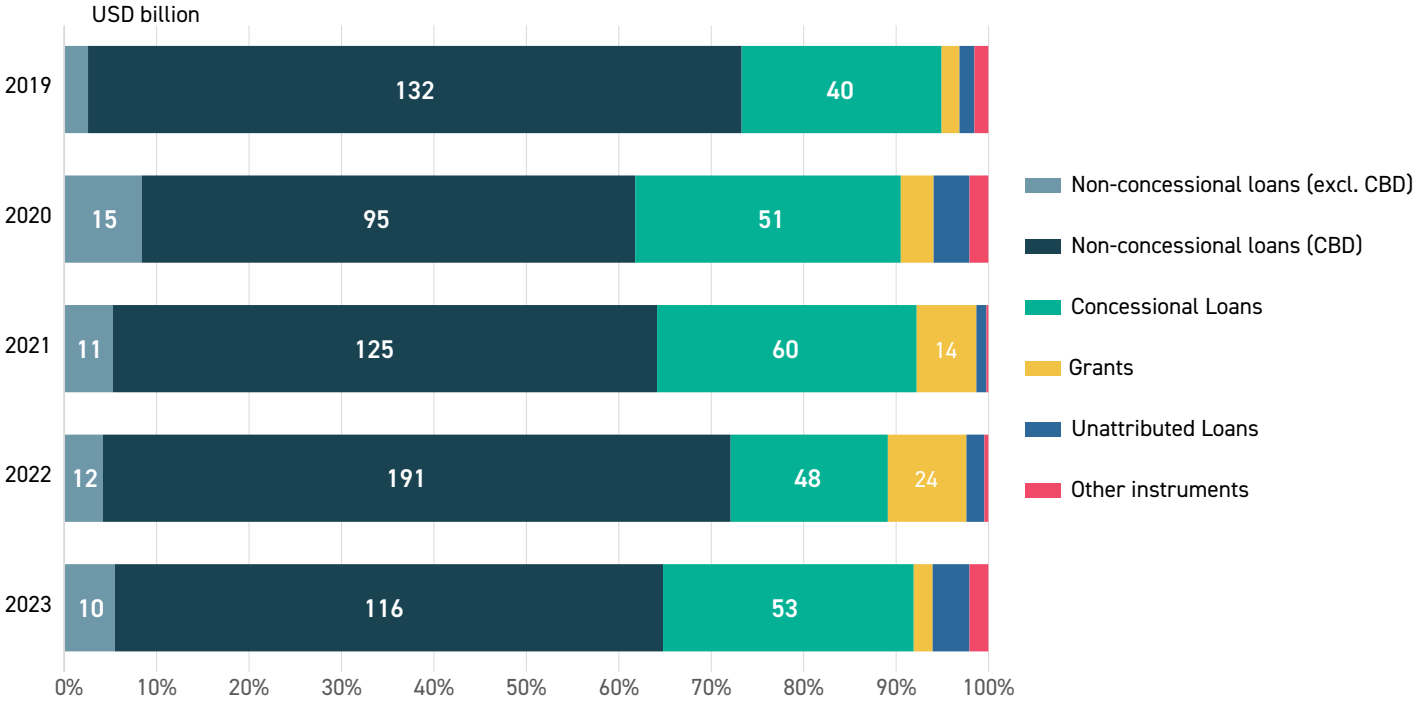


Source: Global Landscape of Climate Finance 2024

3.1.3 CLIMATE FINANCE COMMITMENTS BY INSTRUMENT TYPE

As in previous years, loans were the primary instrument deployed by IDFC members to channel climate finance ($189 billion, 96%). These were primarily committed as non-concessional debt ($127 billion), largely driven by the CDB, representing 91% of the total market-rate lending commitments in 2023. Excluding the CDB, concessional loans were the most prevalent instrument, totaling $53 billion (67% of non-CDB climate finance). Non-concessional loans have represented, on average, 68% of total climate finance since 2019 (see Figure 16). Concessional finance holds a critical importance, as the availability of affordable capital is key for the green transition, particularly in developing economies.[68]

Figure 16: Climate finance commitments by instrument type in 2019-2023



68 CPI, 2024. Understanding Global Concessional Climate Finance. Available at: https://www.climatepolicyinitiative.org/publication/understanding-global-concessional-climate-finance-2024/

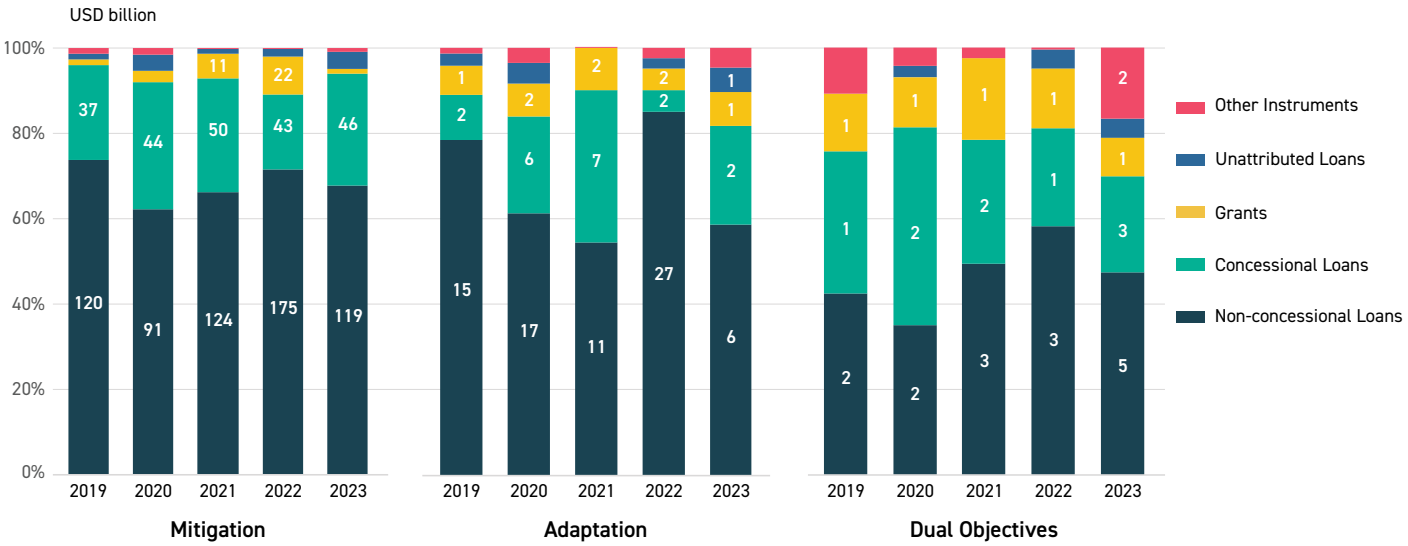
Grant financing fell to its lowest level since 2019, totaling $4 billion in 2023 and representing just 2% of total climate commitments. Grant financing reached a high of $24 billion in 2022, driven by substantial grant funding committed by OECD-based members for energy efficiency and renewable energy in buildings. Falling by more than 80% compared to 2022, grant finance in 2023 returned to the level observed in 2019. Globally, grants represented 5% of climate finance flows in 2021/22.[69]

Total concessional finance ($57 billion), comprising concessional loans and grant finance, was 8% less in 2023 than it was, on average, from 2019 to 2022. This is a potentially worrying trend because of concessional funding's important role in green finance for developing and emerging economies. Concessional finance can relieve debt distress experienced in vulnerable low- and middle-income countries, while in emerging economies, it can help kickstart frontier markets for innovative climate change solutions. Prior to 2023, the share of grants in IDFC's total climate finance had been steadily increasing. Going forward, concessional finance, as well as non-concessional public resources, should be leveraged by members as they seek to increase the impact of their green finance commitments by harnessing concessional finance in transformational ways (see Section 4).

The use of other instruments, such as equity, multiple instruments, and other instruments,[70] increased in 2023 from $1.4 billion in 2022 to $3.8 billion. In particular, equity finance rose from $0.6 billion in 2022 to $1.9 billion in 2023, representing 1% of total climate finance commitments in 2023. Guarantees totaled $270 million, less than 1% of climate finance commitments. Risk mitigation instruments such as guarantees can be used by members to address market barriers and crowds in other investors in areas where the risk of investment is perceived as high. Box 4 describes examples of how guarantees have been used to promote energy efficiency investment in India.

As shown in Figure 17, non-concessional loans are the most-used instrument for both mitigation (68%) and adaptation (59%). Concessional loans are also significant, representing 26% of mitigation commitments and 23% of adaptation commitments. Concessional loans are the largest single financing instrument for projects with dual benefits (47%).

Figure 17: Climate finance commitments by instrument and use category in 2019-2023



69 Ibid.

70 Other instruments include credit lines, guarantees, and others.

Box 4: SIDBI's Innovative Partial Risk Sharing Facility for Energy Efficiency

As PDBs, IDFC members generally possess higher risk tolerance than other financial actors, enabling them to bring funds to de-risk and scale green projects through innovative financial instruments. The Partial Risk Sharing Facility for Energy Efficiency (PRSF), operated by the Small Industries Development Bank of India (SIDBI), is one example.

With a total value of $43 million, the PRSF is a guarantee program aims to increase investments in energy efficiency projects and transform the energy efficiency market in India, particularly through energy service performance contracting with energy service companies (ESCOs).

Through this program, SIDBI provides partial credit guarantees to cover a share of default risk faced by participating financial institutions lending to eligible energy efficiency projects implemented through ESCOs. This risk-sharing approach helps minimize the perceived risks for lenders, encouraging them to provide loans for energy efficiency and green projects. The PRSF's participation structure allows scheduled commercial banks and non-banking financial companies registered with the Reserve Bank of India to express interest in empanelment as participating financial institutions. Loans can be granted to either ESCOs or host entities implementing energy-saving projects.

In addition to the risk-sharing facility, which is valued at $37 million, the PRSF allocates an additional $6 million for technical assistance, which is managed jointly by SIDBI and Energy Efficiency Services Limited, and ESCO promoted by India's Ministry of Power as a private-public joint venture. This component focuses on capacity building and other developmental/operational support for projects, further strengthening the program's effectiveness.

The PRSF's innovative approach to de-risking energy efficiency investments has garnered international recognition. The World Bank is replicating this model in many countries, and the OECD has recently identified it as one of 12 global models for promoting energy efficiency finance. By addressing the perceived risks associated with energy efficiency projects, the PRSF is helping to unlock significant private sector investment in this crucial area. This not only supports India's climate change mitigation efforts but also promotes energy security and economic competitiveness through reduced energy costs.

The program's success demonstrates the potential for similar risk-sharing facilities to accelerate the adoption of energy-efficient technologies and practices in other developing economies. As IDFC members continue to innovate on green finance, instruments like the PRSF serve as valuable models for addressing market barriers and catalyzing investments in sustainable development.

3.1.4 IDFC CLIMATE FINANCE COMMITMENTS BY GEOGRAPHIC DESTINATION

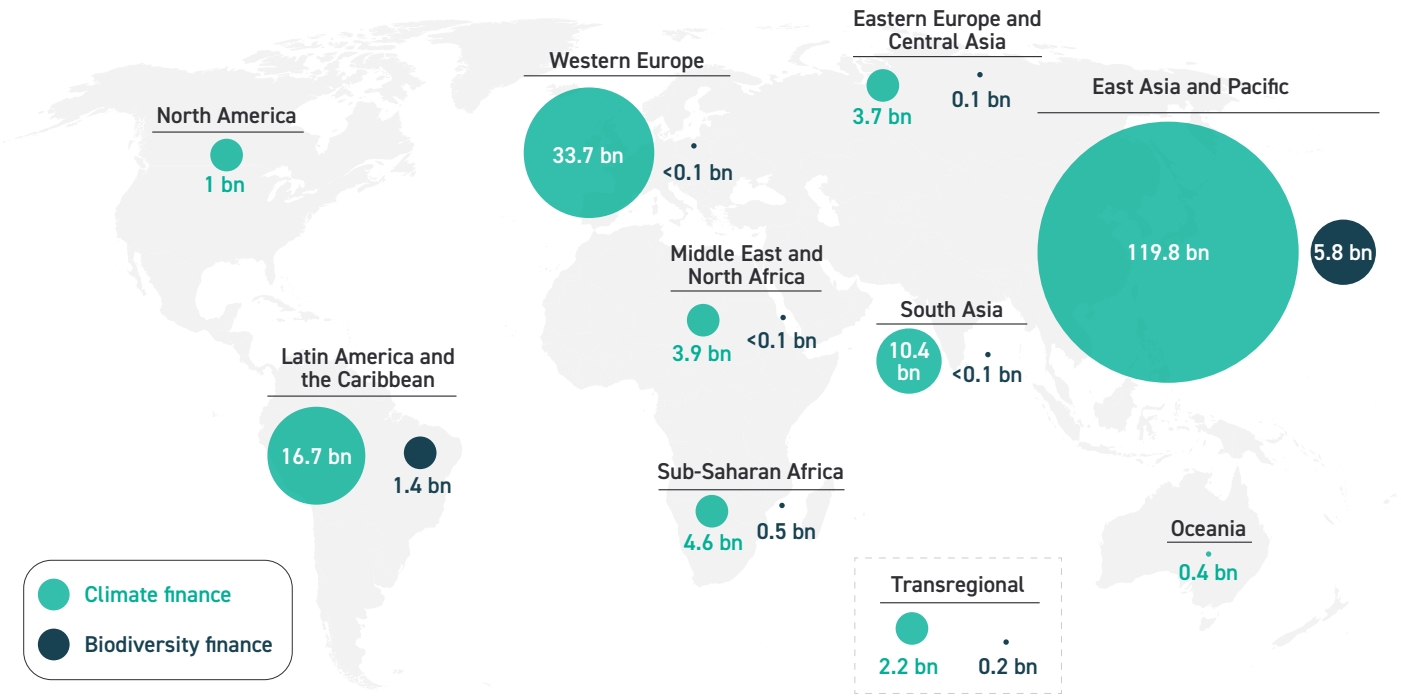
As shown in Figure 18, **61% of reported IDFC climate finance commitments ($119.8 billion) were in or to East Asia and the Pacific.** Western Europe[71] was the second highest destination region ($33.7 billion, 17%). Nevertheless, these regions' shares of total finance commitments decreased compared to 2022 by 8% and 3%, respectively. Commitments to Latin America and the Caribbean, South Asia, Eastern Europe and Central Asia, and Middle East and North Africa, which together accounted for 8% of climate finance commitments in 2022, increased both in relative and absolute terms in 2023. Together, these regions accounted for $34.7 billion, 18% of climate commitments in 2023. Finance to sub-Saharan Africa decreased marginally on 2022 numbers, with the region receiving 2% of total IDFC climate finance committed in 2023. These geographical trends roughly mirror previous years and reflect IDFC members' relative scale in their primary regions of operation.

Both mitigation and adaptation commitments were primarily concentrated in East Asia and the Pacific, at 65% ($113 billion) and 55% ($5.7 billion) in each respective category. This trend is largely due to CDB's domestic commitments in China, accounting for 95% of mitigation commitments and 86% of adaptation commitments in the region.

Western Europe received the second-highest commitments for mitigation at 23% ($55.6 billion) of total commitments in this category. This trend is again driven by one member with relatively large operations: KfW's domestic commitments in Germany account for 81% of mitigation investments in Western Europe.

71 Reported as the European Union and the United Kingdom. Please refer to Appendix 6.3 for more details on the regional groupings used for this analysis.

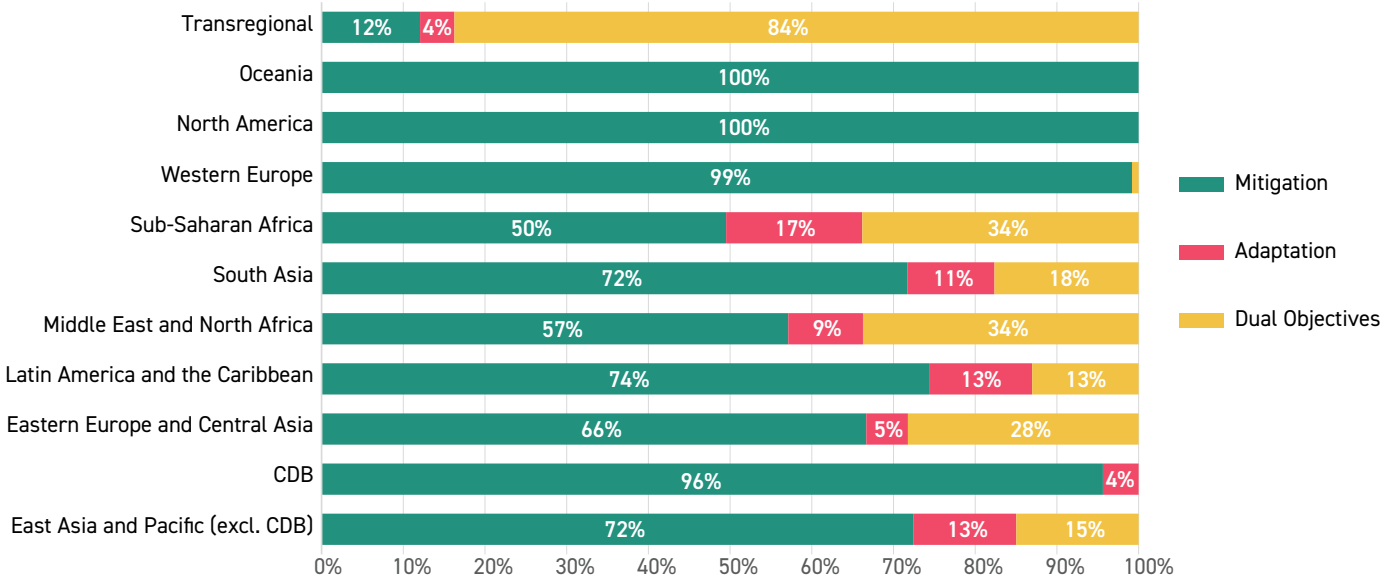
Figure 18: Climate finance and biodiversity commitments by geographic destination in 2023[72]



Latin America and the Caribbean received the second-highest share of adaptation finance (20%, or $2.1 billion) and the highest share of dual benefits finance (20%, or $2.2 billion).

Distribution of IDFC climate commitments by climate objectives varied greatly across regions, as shown in Figure 19. For instance, there were negligible-to-no investments for adaptation in Western Europe, North America,[73] and Australia, reflecting both the relative lack of IDFC members based in these regions (in the case of North America and Australia) and the lower climate vulnerability of these regions. Indeed, these regions have no stated adaptation finance needs,[74] and receive limited annual adaptation finance flows (together receiving approximately 13% of global adaptation finance flows in 2021/22).

Figure 19: IDFC climate finance commitments by geographic destination and climate objective in 2023

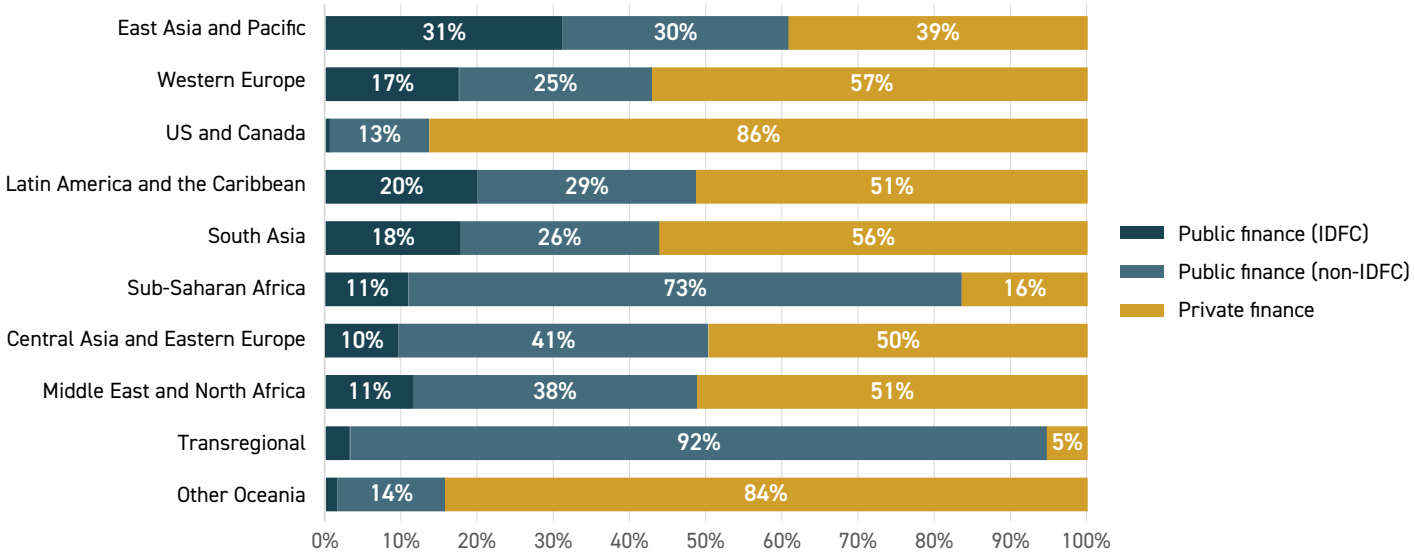


72 A relative scale is shown for climate and biodiversity finance commitments in Figure 18.

73 Referring to the US and Canada. Mexico is included in Latin America.

74 Based on countries' submitted NDCs as of August 31, 2024. CPI, 2024. Bottom-up Climate Finance Needs. Available at: https://www.climatepolicyinitiative.org/publication/bottom-up-climate-finance-needs/

Figure 20: Global annual average climate finance flows in 2021/22 by public and private sources



Source: Global Landscape of Climate Finance 2024

In contrast, adaptation represented a greater proportion of IDFC commitments in other regions with greater climate vulnerability. For instance, 17% of commitments to sub-Saharan Africa were for adaptation, 13% in Latin America and the Caribbean, and 11% in South Asia (see Figure 19).

Regional concentrations of IDFC commitments mirror total global climate finance flows, which were similarly concentrated in East Asia and the Pacific (44%) and Western Europe (22%) in 2021/22.[75] Notably, IDFC contributions accounted for 32% of total global flows to East Asia and the Pacific and 18% to Western Europe in 2021/22, again, largely driven by CDB and KfW, respectively.[76] Figure 20 shows the IDFC's relative influence in the global climate finance landscape across regions in 2021/22.

IDFC members contributed the largest proportion of global climate finance in Latin America and the Caribbean in 2021/22, providing 21% of overall climate finance, and 42% of all public climate finance in the region. In other regions where IDFC members are based, the Club had a similar impact, providing at least 10% of total climate finance in South Asia (17%), sub-Saharan Africa (13%), and the Middle East and North Africa (12%) (see Figure 20).

3.1.5 MOBILIZED PRIVATE FINANCE

Since 2014, the GFM has tracked the co-financing—including private finance mobilization—achieved by finance from IDFC members. Public actors can use blended finance structures to mobilize private capital by strategically combining concessional and commercial funding to meet diverse investor risk-return requirements. For IDFC members, embracing such blended finance approaches and fostering commercial investment will be critical to catalyzing the substantial private sector participation needed to achieve Paris Agreement targets. Technical assistance provided by public actors can reduce risk and contribute to an enabling environment, as can the use of risk-sharing instruments, such as guarantees (see Box 4 for an example of a partial credit guarantee). These risk-sharing mechanisms can help address persistent barriers, particularly in emerging markets and developing economies, by reducing the cost of capital and enhancing project bankability.

Despite improvements made to this year's GFM survey to encourage increased reporting of mobilized finance, only six institutions reported co-financing or mobilized finance in 2023.[78] Therefore, generalized analysis remains difficult due to limited reporting and varying methodologies used by members to track mobilized finance. In order to fully realize the impact of public sector finance in catalyzing climate investments, great strides must be made in tracking and reporting of co-finance. As proponents of using their public resources as transformative finance (See Section 4), members must increase transparency accounting of their co-financing. Box 5 describes different methodologies used by members to track mobilized finance, highlighting the need for a joint definition and

75 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

76 Ibid.

77 For the purposes of this graphic, global climate finance flows where the destination is unknown, totaling $1.2 billion, are not shown. CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

78 The institutions to report co-financing or mobilized finance in 2023 were Bancoldex, BICE, CDP, Nafin, TDB, and TSKB.

methodology for tracking mobilized finance to be adopted across the Club.

Among the six institutions reporting co-financing data (public and private), three[79] provided an instrument breakdown and three[80] provided project-level data. In total, the six reporting institutions reported $394 million mobilized in co-financing for climate projects from other public and private institutions, a 88% decrease from $3.4 billion tracked in 2022. It should be noted that this decrease is largely driven by gaps in reporting of co-financing data. Of the total reported, 71% ($282 billion) was provided by private institutions and the remaining 28% ($113 million) was provided by other public institutions.

Reporting institutions indicated that non-concessional loan-based climate projects mobilized the most private finance ($179 million), followed by unspecified loans ($100 million) and equity ($2 million). The exact use of finance (mitigation, adaptation, dual objective) by private institutions was largely unreported (see Figure 21).

Figure 21: Co-finance mobilized for climate projects in 2023 by source and category



79 Bancoldex, TDB, and TSKB

80 Bancoldex, Nafin, and TDB

Box 5. Approaches to Tracking Co-Finance

Co-financing plays a crucial role in mobilizing private finance for climate action. However, tracking it accurately is challenging due to issues with data availability, varying definitions, and diverse methodologies. There is currently no universally accepted definition of what counts as mobilized private finance or co-finance. This challenge is mainly due to difficulties in identifying the source country of private finance, setting clear boundaries for mobilized climate finance, and differences in how public and private finance are defined.[81]

The estimates of private finance mobilization in developed countries are primarily derived from the IDFC, MDBs, and OECD DAC. This box summarizes how these entities define and attribute co-financing/mobilization. The UNFCCC 2018 Biennial Assessment summarizes information on the approaches in detail, including the information on definitions, financial instruments, coverage, attribution and measurement methods, etc.[82]

IDFC: Private Sector Co-Financing[83]

IDFC members began tracking private sector finance in 2015. However, there is no standardized operational definition of private-sector co-financing. Generally, it includes:

- Financing of an asset owned privately (>50% private ownership).
- Financial contributions made by private sector actors (private capital).

The IDFC also lacks a common methodology for attributing co-financing. Representative mobilization factors (e.g., 1.5 for revolving credit lines to banks or equity in project finance) are often applied based on a sample of similar projects within a portfolio.

MDBs: Private Mobilization and Climate Co-Finance[84]

In 2015, the group of MDBs started reporting climate co-finance flows using harmonized definitions and indicators. MDBs distinguish between:

- Private Direct Mobilization: Financing from private entities secured due to an MDB's direct involvement in a project.
- Private Indirect Mobilization: Financing from private entities linked to a specific project where an MDB is not directly involved in securing the private investment.

Private mobilization refers to investments made by a private entity that operates independently of national or local governments. Public entities with financial and managerial independence may also be counted as private. For private direct mobilization, the entire investment amount is attributed to the MDB, which played an active role. For indirect mobilization, the attribution is on a pro-rata basis, depending on the MDB's share in the overall financing. Only amounts that can be accurately tracked are reported.

Climate Co-Finance: This includes financial resources contributed by external entities alongside MDBs' climate finance. Climate co-finance is categorized by source as follows:

- Other MDBs.
- IDFC members, both bilateral and multilateral.
- Other international public entities, like donor governments.
- Domestic public entities, including recipient country governments.
- Private entities (those with at least 50% private ownership), further divided into direct and indirect mobilization

OECD DAC: Mobilization[85]

In 2012, the OECD DAC was tasked with improving statistics on external development finance beyond Official Development Assistance. By 2014, this task was expanded to include a standard for measuring private investment mobilized by public interventions.

81 UNFCCC, 2021. Fifth Biennial Assessment and Overview of Climate Finance Flows. Available at: https://unfccc.int/fifth-biennial-assessment-and-overview-of-climate-finance-flows

82 UNFCCC, 2018. 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report. Available at: https://unfccc.int/documents/184621

83 IDFC, 2017. IDFC Green Finance Mapping Report 2016. Available at: https://collaboration.worldbank.org/content/usergenerated/asi/cloud/attachments/sites/collaboration-for-development/en/groups/green-finance-community-of-practice/documents/jcr:content/content/primary/blog/green_finance_educat-wMlP/IDFC_Green_Finance_Mapping_Report_2017_12_11.pdf#:~:text=The%20IDFC%20Green%20Finance%20Mapping%20report%20pres-ents%20the%20applied%20finance

84 EBRD, 2024. Climate finance by multilateral development banks hits record in 2023. Available at: https://www.ebrd.com/news/2024/climate-finance-by-multilateral-development-banks-hits-record-in-2023.html

85 OECD, 2017. Private finance for climate action. Available at: https://issuu.com/oecd.publishing/docs/web_20research_20collaborative_20br#:~:text=The%20group%20contributes%20towards%20data%20and%20methodological%20developments%20for%20estimating

In DAC statistics, "mobilization" means the stimulation of additional resource flows through specific financial mechanisms or interventions. Attribution of private mobilization involves:

- Assumptions that private investors would not have invested without the official donor's involvement.
- Causality based on the type of financial instrument or mechanism used, considering the risk taken and the role played by public financiers, as well as their commitment level.

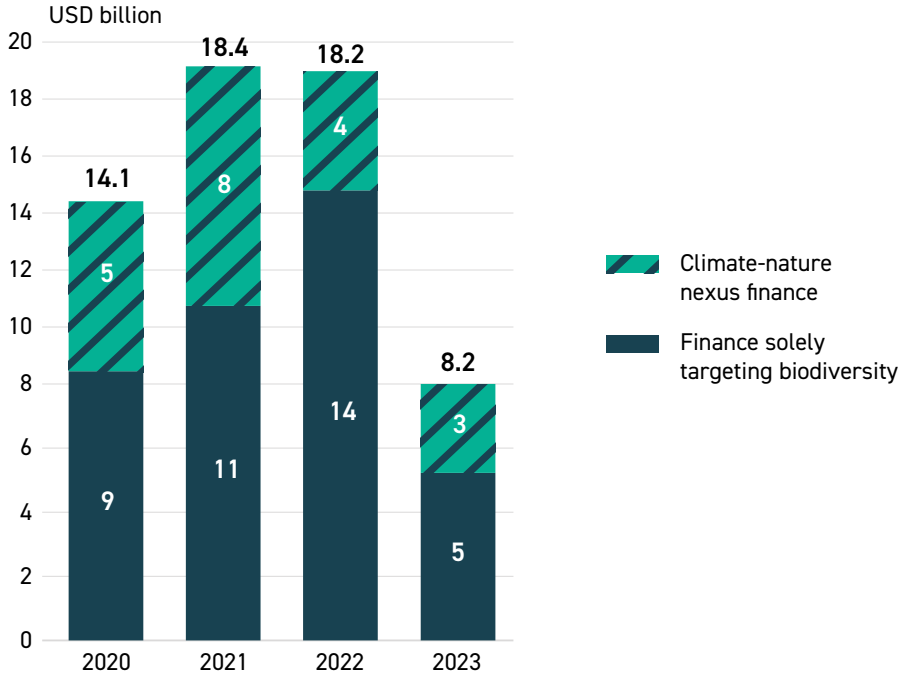
Currently, there is no established approach for tracking co-finance across the IDFC. As such, members may use different approaches to track co-financing or may not track co-financing at all, hindering analysis of the wider impact of IDFC green finance commitments. In order to standardize the tracking of co-financing, and increase members' awareness and capacity to track it, a joint definition and methodology for qualifying and quantifying co-finance mobilized should be established.

3.2 BIODIVERSITY FINANCE

This year marks the fourth year of GFM tracking of financial commitments to projects with biodiversity benefits, tracking investments both at the climate-nature nexus and those solely targeting biodiversity objectives. Eight IDFC institutions reported biodiversity commitments for 2023, the most members to date.[86] Biodiversity finance totaled $8.2 billion in 2023, consisting of $5.4 billion invested at the climate-nature nexus and $2.8 billion, which solely targeted biodiversity objectives. Biodiversity finance fell to its lowest level since reporting began in 2020, approximately half of the levels reached in previous years.

As shown in Figure 22, the decrease in total biodiversity commitments was primarily driven by a drop in finance with both climate and biodiversity objectives (nexus finance), which fell by 63% in 2023. Considering that nexus biodiversity finance primarily has adaptation co-benefits, this decrease mirrors the drop in adaptation finance, which similarly fell by more than 60% in 2023 (see Section 3.1.1). Comparatively, finance solely targeting biodiversity fell by 26%, which may be explained in part by the same reasons as the overall drop in green finance, explained above. Indeed, despite the decrease in 2023, members have indicated increasing engagement with biodiversity finance, with many members developing biodiversity policies and objectives (see Appendix 6.6). Box 6 describes two innovative sustainable funds operated by IDFC member KfW that demonstrate the potential for blended finance to amplify impact in critical ecological landscapes.

Figure 22: Biodiversity finance commitments in 2019-2023



86 These institutions were AFD, Bancoldex, BNDES, CAF, CDB, JICA, KfW, and Nafin.

Box 6: KfW's Innovative Biodiversity-focused Sustainable Funds

As part of its ongoing commitment to biodiversity finance, KfW operates two innovative sustainable funds that prioritize biodiversity conservation and sustainable resource management. These funds leverage KfW's unique position as a PDB to channel capital to critical environmental initiatives, demonstrating the potential of blended finance in addressing global biodiversity challenges.

eco.business Fund: This fund was initiated in 2014 by KfW Development Bank, Conservation International, and Finance in Motion, with financial support from the German Federal Ministry for Economic Cooperation and Development (BMZ), the European Union, and the UK Government's Department for Environment, Food and Rural Affairs. The fund aims to promote business and consumption practices that contribute to biodiversity conservation, sustainable use of natural resources, and climate change mitigation and adaptation in Latin America and the Caribbean, and sub-Saharan Africa.

The fund provides financing through three avenues: local financial institutions committed to the fund's mission, direct financing to target groups (companies and producers), and intermediaries in sub-Saharan Africa. It supports sustainable operations in the agriculture, fishery (including aquaculture), forestry, and tourism sectors.

By the end of 2023, the eco.business Fund had achieved a significant impact, with total available funding reaching $846 million. The fund has supported 1,188,000 hectares of farmland under sustainable management and facilitated the storage of 6.7 million tons of CO2 through (agro-)forestry activities. It has enabled a cumulative volume of $4,12 million in sub-loans to end-borrowers and launched 157 technical assistance projects across 32 countries.

Sustainable Ocean Fund: Launched by KfW in partnership with the Caribbean and Central American region, this fund focuses on protecting and sustainably using marine natural resources. The overarching development policy objective is to improve living conditions and resilience of coastal populations through natural resource protection, biodiversity preservation, and waste recycling.

The Sustainable Ocean Fund has total funding of $28 million from KfW and concentrates on sustainable fisheries, circular economy, marine conservation, and sustainable coastal development. It aims to support SMEs operating in the Caribbean to increase their competitiveness, with a strong emphasis on biodiversity protection and support for the green transition.

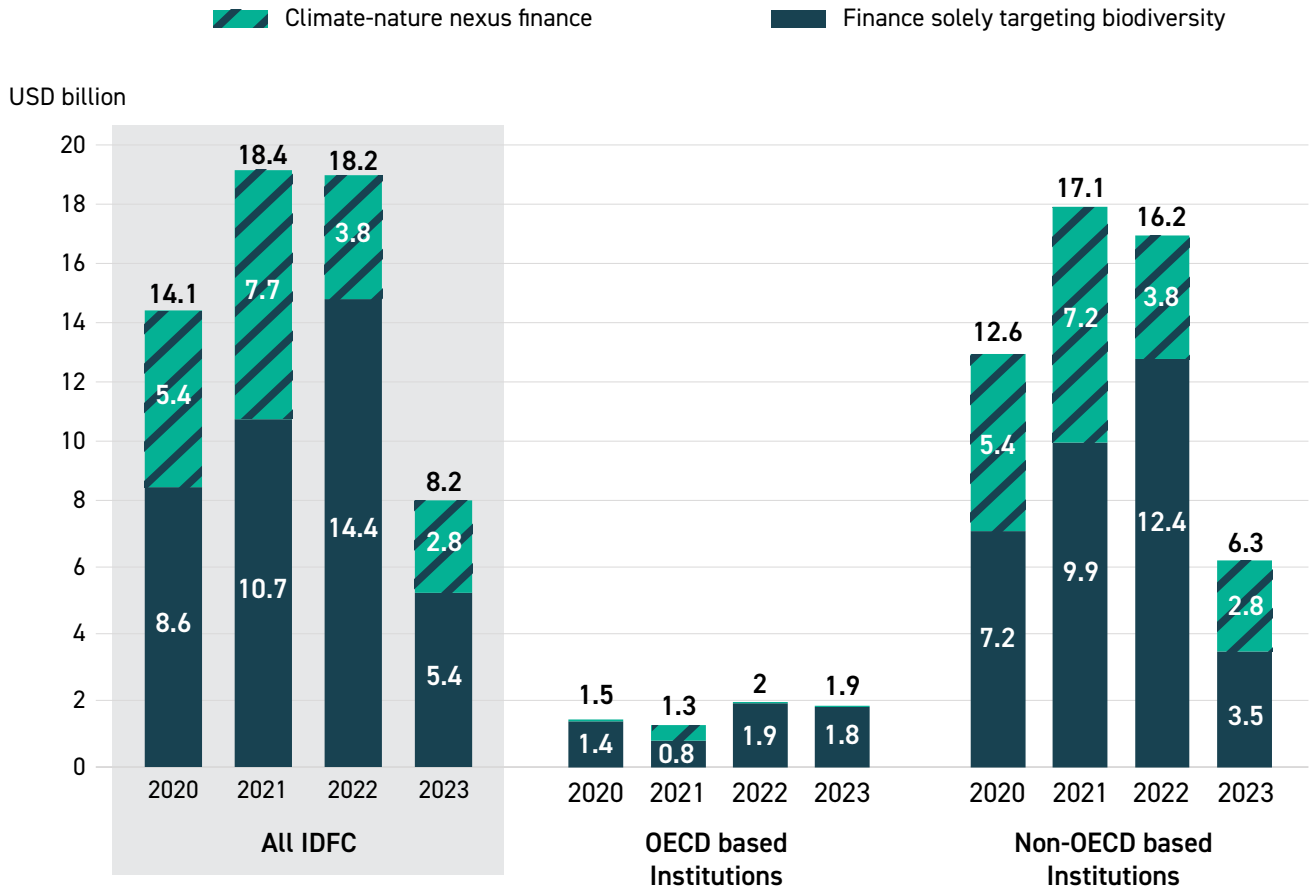
3.2.1 BIODIVERSITY FINANCE FROM OECD AND NON-OECD COUNTRIES

Institutions based in non-OECD countries (AFC, BNDES, CAF, and CDB) provided the majority of biodiversity finance in 2023, contributing $6.3 billion (77% of total biodiversity finance), while OECD-based institutions (AFD, KfW, Nafin) committed the remaining $1.9 billion (23%). Since 2020, non-OECD-based institutions have committed nearly 90% of all reported biodiversity finance. In 2023, biodiversity spending from institutions based in non-OECD countries decreased by 57%, compared to a 10% decrease from those based in OECD countries.

Nature based solutions (NbS) represent another emerging area of finance and can provide up to a third of climate mitigation needs for 2030. These solutions can support both mitigation and adaptation while delivering socioeconomic benefits aligned with the Sustainable Development Goals.[87] As shown in Figure 23, the biodiversity finance commitment at the climate-nature nexus constituted the majority of biodiversity finance across all members since 2020, suggesting that institutions recognize the overlapping goals between climate-focused and biodiversity-oriented projects.

87 CPI, 2024. Toolbox on Financing Nature-Based Solutions. Available at: https://www.climatepolicyinitiative.org/wp-content/uploads/2024/09/Report-Toolbox-on-Financing-Nature-Based-Solutions.pdf

Figure 23: Biodiversity finance commitments by source (OECD/non-OECD) with breakdown by nexus/solely biodiversity 2020-2023



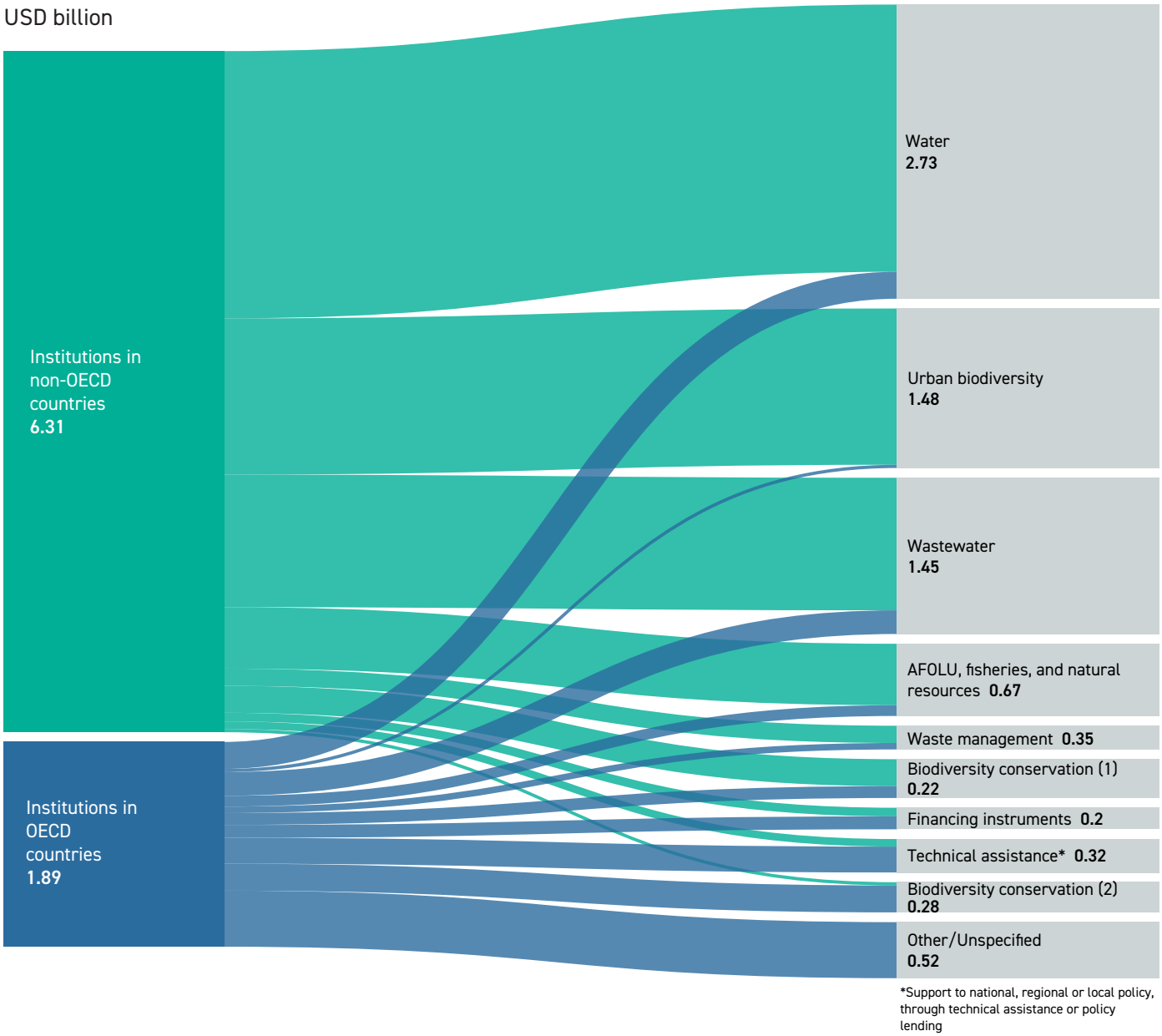
3.2.2 BIODIVERSITY FINANCE BY SECTOR

Across all IDFC institutions, projects targeting water management received the highest amount of biodiversity finance in 2023, $2.73 billion (33% of total biodiversity commitments). This includes investments in activities targeting water preservation, such as watershed management or reduction of water pollution, and water supply, such as sustainable management of water resources. Non-OECD-based institutions provided $2.48 billion of biodiversity finance for water, while OECD-based institutions provided $253 million.

Non-OECD-based institutions also financed urban biodiversity ($1.45 billion), which includes green infrastructure and measures to reduce urban pollution and wastewater projects ($1.23 billion). OECD-based institutions additionally targeted policy support and lending ($245 million) and wastewater ($214 million).

Across institutions in both OECD-based and non-OECD-based countries, commitments channeled to policy support and financing instruments increased substantially, despite the overall decrease in finance. Finance for policy support increased more than tenfold across the Club, while commitments supporting financing instruments nearly doubled. The increase may be due to growing global emphasis on biodiversity policy and finance in recent years following the historic Kunming-Montreal Global Biodiversity Framework (GBF) agreed upon by nearly 200 countries at COP15 in December 2022.

Figure 24: Biodiversity finance flows by source (OECD/non-OECD IDFC members) and sector in 2023[88]



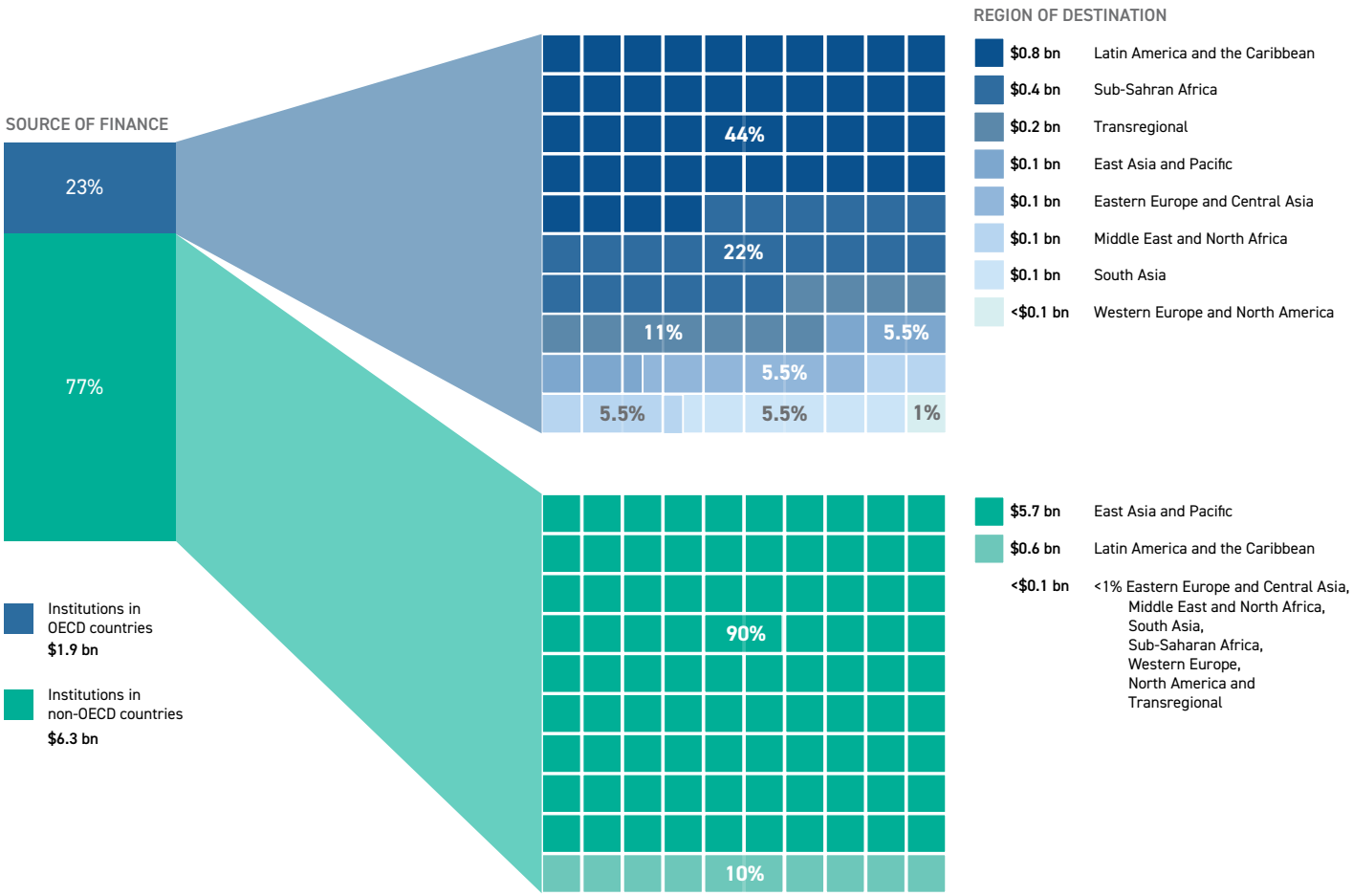
88 'Water encompasses activities targeting water preservation and/or the reduction of water pollution; biodiversity conservation (1) has significant biodiversity impact whereas biodiversity conservation (2) has principal biodiversity impact (per OECD DAC).

3.2.3 BIODIVERSITY FINANCE BY GEOGRAPHIC DESTINATION

Similar to past years, OECD-based institutions made biodiversity commitments mostly in non-OECD countries, with Latin America and the Caribbean receiving the majority of these commitments (44%), followed by sub-Saharan Africa (23%). Figure 25 shows the regions to which the eight reporting IDFC institutions directed their biodiversity finance in 2023.

Flows from the four reporting institutions based in non-OECD countries went almost exclusively to East Asia and the Pacific (90%), all of which was invested within China by the CDB. The remainder of non-OECD biodiversity commitments went to Latin America and the Caribbean (10%, from BNDES and CAF).

Figure 25: Biodiversity finance flows by source (OECD/non-OECD IDFC members) and geographic destination in 2023

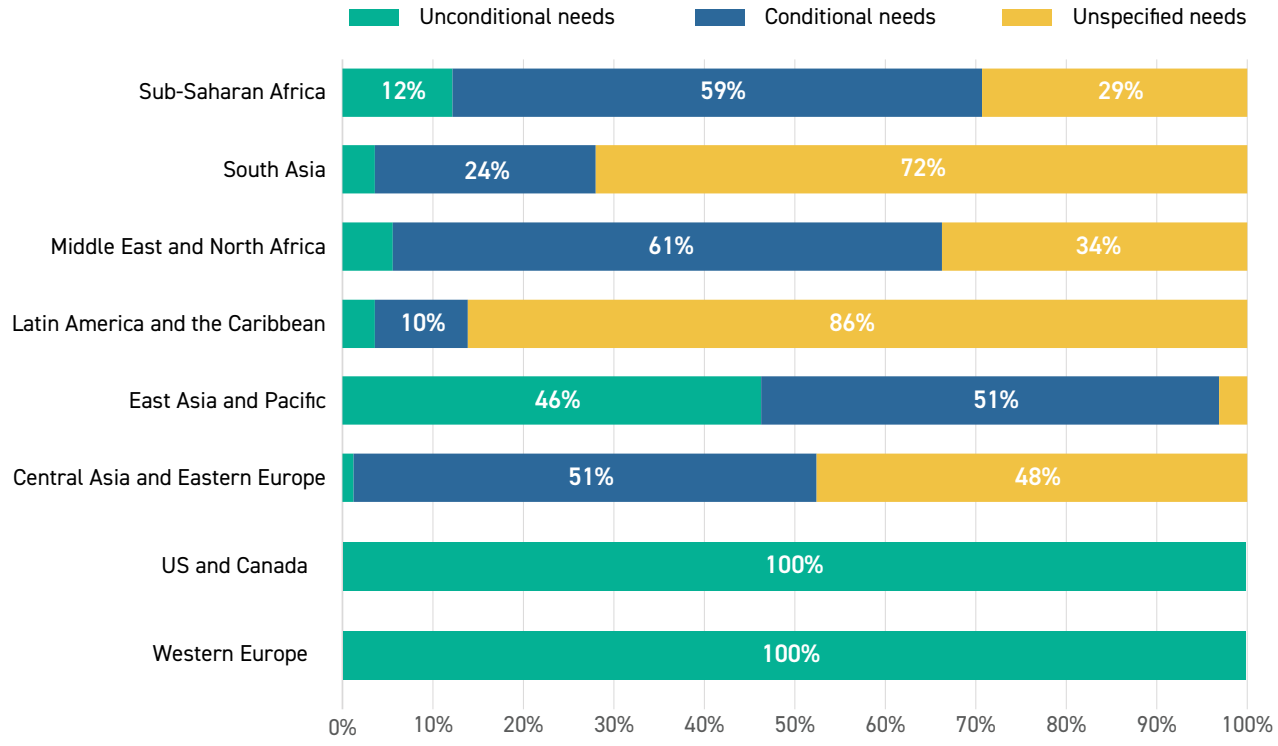


4. PDBS AND TRANSFORMATIONAL FINANCE FOR CLIMATE

While global climate finance has been growing in recent years, reaching an all-time high of nearly $1.3 trillion per year in 2021/22, these flows remain chronically insufficient to meet climate finance needs. The New Collective Quantified Goal on Climate Finance (NCQG), which is currently under deliberation and is to be established this year at COP29 in Azerbaijan, sets the stage for increased international climate finance for developing countries. This is a much-needed development, as global climate finance needs are on average $7.4 trillion annually between now and 2030 and $9.5 trillion from 2031 to 2050, revealing a climate finance gap of at least $5.9 trillion per year.[89] At the same time, a large share of global expenditure remains inconsistent with the goals of the Paris Agreement, with trillions of dollars each year allocated to fossil fuel expansion and subsidies.[90] These flows need to be redistributed or reallocated to align with global climate goals.

Climate finance gaps are particularly persistent in regions containing low- and middle-income countries, which are particularly vulnerable to the negative impacts of climate change. As such, many countries in these regions require international support to meet their climate objectives, known as conditional climate finance needs. In fact, of the total needs stated in countries' Nationally Determined Contributions (NDCs),[91] 47% are conditional on international support, and just 15% are unconditional or able to be committed from domestic public sources.[92] The remaining 38% of stated climate finance needs do not specify if the finance is able to be provided domestically or must be obtained externally.[93] However, given the scale of climate finance needs compared to limited domestic resources in many countries, it is highly likely that significant international support will be required. As shown in Figure 26, the regions with the highest stated conditional needs are the Middle East and North Africa (61%), sub-Saharan Africa (59%), Central Asia and Eastern Europe (51%), and East Asia and the Pacific (51%).

Figure 26: Expected source of annual climate finance needs[94] until 2030, by region



89 CPI, 2024. Top-down Climate Finance Needs. Available at: https://www.climatepolicyinitiative.org/publication/top-down-climate-finance-needs/

90 IMF (International Monetary Fund). 2023. IMF Fossil Fuel Subsidies Data: 2023 Update. Available at: https://www.imf.org/en/Publications/WP/Issues/2023/08/22/IMF-Fossil Fuel-Subsidies-Data-2023-Update-537281

91 Due to data gaps and methodology limitations in countries' NDCs, climate finance needs estimated at the country-level are materially lower than climate finance needs estimated by global modelling, indicating that cumulative needs as stated in NDCs are insufficient to maintain a 1.5C pathway. However, given that countries indicate conditional and unconditional needs in their NDCs, country-level needs estimates are useful to get a sense of the scale of international support required to reach climate objectives.

92 CPI, 2024. Bottom-up Climate Finance Needs. Available at: https://www.climatepolicyinitiative.org/publication/bottom-up-climate-finance-needs/

93 Ibid.

94 As stated in countries' NDCs as of August 31, 2024.

Considering the significant international support required for countries across several regions, global ambition must be raised to accelerate climate finance to address the scale and urgency of climate challenges, especially in the most vulnerable countries. As such, the NCQG offers a unique and critical opportunity to accelerate high-quality, transformative public and private climate finance. The NCQG will establish a new target of global climate finance to be channeled to developing countries, replacing the existing goal of $100 billion per year, which was only met for the first time in 2022.

The IDFC has an important role to play in channeling transformative finance to contribute to climate impact at scale. The ability of members to foster and scale the most impactful use of public and concessional finance at scale is particularly relevant in the context of the NCQG. The IDFC has been a key player in the global concessional finance landscape, consistently accounting for approximately half of the annual global concessional total from 2019 to 2022, with some variation of +/- 10% each year. In 2022, global concessional climate finance reached $163 billion, comprising approximately equal contributions from domestic and international actors.[95] While international concessional climate finance grew by 50% between 2019 and 2022 to a total of $81 billion, these flows fall well short of the needs articulated by eligible recipient countries.[96]

As PDBs, IDFC members can use their concessional resources strategically to enable systemic shifts, including but going beyond directly de-risking climate investments, to crowd in additional, more risk-averse finance from private actors. Members can also help drive such systemic change by supporting the creation and implementation of effective policies and regulations and by providing support and technical assistance to private and public entities seeking to develop strategic transition plans.

Moving beyond transaction-level impacts to a more systemic and comprehensive approach allows for the best strategic use of available public and concessional resources but will require greater collaboration, not only among all PDBs but also between the public and private financial sectors and across developing and developed countries.

As such, **the IDFC recommends that the NCQG be designed to foster collaboration across all levels of the financial system in order to mobilize more and higher quality public and private climate finance and accelerate the alignment of the entire financial system with the Paris Agreement.**[97]

Notably, the Club calls for the NCQG to integrate "transformational criteria" into tracking taxonomies to identify and incentivize finance with the highest potential to sustainably transform entire systems and have a catalytic effect on mobilizing and reorienting larger financial flows, thereby mobilizing domestic resources at scale in line with countries' climate priorities and the goals of the Paris Agreement. Examples of transformational activities include capacity-building efforts to reinforce country-driven policies and transition plans or leveraging concessional resources to mobilize domestic finance and support country platforms.[98] Deployed in a coordinated manner, concessional capital in developing countries can facilitate early-stage, upstream project development and capacity building, deal aggregation, and risk management support for a variety of key domestic actors (i.e., governments; national/sub-national development finance institutions; private sector), thereby mobilizing domestic resources at scale and achieving long-lasting impact[99] The NCQG should also **establish global, system-wide accountability frameworks** to encourage a consistent approach to quantitatively and qualitatively assessing climate investments and promoting both consistency and collaboration across the financial ecosystem.[100]

Given that the IDFC members are, collectively, the largest providers of public climate finance worldwide, the Club, alongside other PDBs, has huge potential to support the implementation of the Paris Agreement. By improving the efficiency of concessional resources and focusing on 'transformational finance for climate', the Club can continue working towards closing the climate finance gap, mobilizing climate finance in vulnerable contexts and for unserved and underserved climate priorities, reorienting misaligned finance and providing an example for other financial actors seeking to advance impactful, climate-aligned finance.

95 CPI, 2023. Global Landscape of Climate Finance 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/

96 Ibid.

97 IDFC, 2024. Contribution to the UNFCC Post-2025 Climate Finance dialogues. Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-contribution-post-2025-climate-finance-final-design.pdf

98 Ibid.

99 G20 IHLEG, 2024. Accelerating Sustainable Finance for Emerging Markets and Developing Economies. Independent High-Level Expert Group review of the vertical climate and environmental funds. Available at: https://www.climatepolicyinitiative.org/publication/accelerating-sustainable-finance-for-emerging-markets-and-developing-economies/

100 IDFC, 2024. Contribution to the UNFCC Post-2025 Climate Finance dialogues. Available at: https://www.idfc.org/wp-content/uploads/2023/11/idfc-contribution-post-2025-climate-finance-final-design.pdf

5. CONCLUSION

In 2023, green finance commitments by IDFC members totaled $199 billion, falling by 31% from record-breaking levels in 2022. Larger commitments in 2022 were driven by post-COVID-19 recovery efforts and expansion of low-carbon transport infrastructure in emerging economies, while those in 2023 were affected by overall lower investment volumes globally, changes in green finance tracking methodologies, and currency depreciation. Despite these factors, decreases in green finance commitments among members are concerning at a time when global climate finance commitments need to scale urgently to avoid the worst impacts of climate change. Therefore, in the short and medium term, increased efforts are needed among IDFC members, to scale investment targeting both mitigation and adaptation. In particular, members should focus on leveraging their resources through the catalytic use public finance to amplify the impact of their green investments.

The IDFC continues to play a pivotal role in the global green finance landscape. As one of the largest groups of national and regional PDBs globally, the IDFC possesses a unique opportunity to scale the quantity and quality of green finance worldwide. Indeed, over the last five years, IDFC climate finance has consistently accounted for more than 30% of total global public climate finance. In 2021/22, IDFC members provided more than half of all global adaptation finance. Since 2015, green finance commitments have consistently represented approximately one-fifth of total IDFC investments. With $1.1 trillion in cumulative green finance commitments since 2019, the IDFC as a group remains on track to mobilize $1.3 trillion between 2019 and 2025, as pledged in its State of Ambition. However, with over $4 trillion in combined assets and annual commitments exceeding $800 billion, the Club has an opportunity to raise its ambition further to meet urgent global climate finance needs.

While total green finance dropped in 2023, IDFC members remain committed to advancing green finance, with 13 out of 23 GFM respondents increasing their green finance commitments in 2023. In addition, eight members reported biodiversity commitments. This represents growing engagement as the IDFC seeks to improve the robustness and transparency of its members' green finance tracking, supported by its ongoing three-year green finance tracking capacity building program. The adoption of updated and more conservative tracking methodologies via the new Joint MDB-IDFC Common Principles for Climate Change Adaptation Finance Tracking further demonstrates this commitment.

Additionally, the Club is actively contributing to international climate negotiations and to the discussions around the development of the NCQG. The IDFC recommends that the NCQG be designed to foster collaboration across all levels of the financial system and integrate "transformational criteria" into climate finance characterizations. By improving the efficiency of its resources and focusing on transformational climate finance, the IDFC can continue to contribute significantly to closing the climate finance gap and serve as an example for financial actors seeking to advance impactful, climate-aligned finance pursuing economy-wide systemic changes in line with low-carbon and resilient transitions.

6. APPENDIX

6.1 LIST AND BRIEF DESCRIPTION OF IDFC OECD MEMBER ORGANISATIONS

REGION	ORGANISATION
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	Nacional Financiera (NAFIN), Mexico
	Bancoldex S.A., Colombia
Asia and MENA	The Korea Development Bank (KDB), South Korea
	Japan International Cooperation Agency (JICA), Japan

6.2 LIST AND BRIEF DESCRIPTION OF IDFC NON-OECD MEMBER ORGANISATIONS

REGION	ORGANISATION
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
	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
	Africa Finance Corporation (AFC)
Asia and MENA	China Development Bank (CDB), China
	PT Sarana Multi Infrastruktur (Persero) (PT SMI), Indonesia
	Small Industries Development Bank of India (SIDBI), India
	Islamic Corporation for the Development of the Private Sector (ICD), Saudi Arabia
Inter-regional institutions	International Investment Bank (IIB), Russia Hungary

6.3 METHODOLOGY

DEFINITIONS AND TERMINOLOGY

With no standardized and internationally agreed definitions for green and climate finance, this methodology provides working definitions for both the terminologies. Green finance is a broad term that can refer to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy. Green finance includes: (i) climate finance; (ii) biodiversity finance (including, for example, for water supply, wastewater treatment, biodiversity conservation and waste management); and (iii) finance for other environmental objectives, that is finance for all those activities that have no climate and biodiversity co-benefits.

Within climate finance, mitigation financial flows refer to investments in projects and programs that contribute to reducing or avoiding GHG emissions, whereas adaptation financial flows refer to investments that contribute to reducing the vulnerability of goods and persons to the effects of climate change. Thus, for the purposes of the mapping exercise, green finance is split into five separate categories/themes:

- Mitigation
- Adaptation
- Dual objectives (projects with both mitigation and adaptation elements)
- Biodiversity
- Other environmental objectives

To provide accurate and comparable data for this mapping exercise, a consistent categorization of mitigation and adaptation activities was agreed to by IDFC members, taking into consideration the outcomes of the MDBs-IDFC Common Principles for Climate Finance Tracking. This year, IDFC member further agreed on a categorization of biodiversity activities. The mapping exercise adopted a two-step approach based on:

- A global definition of mitigation, adaptation, and biodiversity projects. A list of definitions is provided in Table B1.
- A core list of project categories that were consensually accepted by all IDFC members as projects that typically contribute to tackling climate change. A list of project categories is provided in Table D1.

The categories were adopted from the 2011 IDFC GFM methodology and updated according to the MDBs-IDFC Common Principles for Climate Finance Tracking. As there are significant challenges to unambiguously attributing specific investments to only one of the four themes, it was decided to split each theme into separate subcategories with clear project activity examples. The category on green energy and mitigation was also disaggregated further into sub-subcategories, based on the developed MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking. This approach also helps to avoid double-counting of projects. Additional details on the themes, subcategories, and sub-subcategories are provided in Table D. In those cases where IDFC members did not have, or refrained from providing, subcategory information, non-attributed data were provided.

In 2021, MDBs and IDFC agreed and released new Common Principles for Climate Mitigation Finance Tracking, which was subsequently updated in 2023. The new Common Principles take into account new mitigation activities in line with the structural changes required for the Paris Agreement. Since 2015, the MDBs and IDFC have been tracking their adaptation finance through the application of a joint methodology. In 2022, the joint adaptation methodology was updated by the MDB Group, which IDFC then adopted a year later as the Common Principles for Climate Change Adaptation Finance Tracking (2023). This new Adaptation Common Principles adopt a more conservative approach to identifying and quantifying adaptation finance. Most IDFC members are still preparing to implement the updated methodology. These newly released Common Principles will be reflected in future iterations of the GFM exercise and reporting requirements. Similarly, the methodology for biodiversity finance tracking will be further enhanced to integrate any relevant developments from the UN Biodiversity Conference (COP 16) with regards to the Post-2020 Global Biodiversity Framework.

In this study, data provided are for financial flows committed in the year 2023 in the form of inter alia loans (concessional and non-concessional), grants, guarantees, equity, and mezzanine finance. A definition of financial instruments is provided in Table B2. New commitments refer to financial commitments signed or approved by the board of the reporting institution during 2023. Cross financial flows between IDFC banks are minimal in the green financing area and hence are not accounted for in the assessment.

Table B3 shows the regional grouping used for the analysis of green finance flows this report, Table B4 provides a definition of private sector co-financing and Table B5 provides a definition of climate policies.

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: Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change; Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation; 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-concession-al 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 Marshall Islands Micronesia, Fed. Sts Mongolia Myanmar Palau Papua New Guinea Philippines Samoa Singapore Solomon Islands Thailand Timor-Leste Tuvalu Tonga Vanuatu Vietnam	Kyrgyz Republic Macedonia, FYR Moldova Montenegro Russian Federation Serbia Tajikistan Turkey Turkmenistan Ukraine Uzbekistan	Cuba Dominica Dominican Republic Ecuador El Salvador Grenada Guatemala Guyana Haiti Honduras Jamaica Mexico Nicaragua Panama Paraguay Peru St. Lucia St. Vincent and the Grenadines Suriname Uruguay Venezuela, RB	Morocco Syrian Arab Republic Tunisia West Bank and Gaza Yemen, Rep.	
SUB-SAHARAN AFRICA		**EU**	**Others**	
Angola Benin Botswana Burkina Faso Burundi Cameroon Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. Congo, Rep Côte d'Ivoire Eritrea Ethiopia Gabon Gambia, The Ghana Guinea Guinea-Bissau Kenya Lesotho Liberia Madagascar Malawi Mali	Mauritania Mauritius Mozambique Namibia Niger Nigeria Rwanda São Tomé and Principe Senegal Seychelles Sierra Leone Somalia South Africa South Sudan Sudan Swaziland Tanzania Togo Uganda Zambia Zimbabwe	Austria Belgium Bulgaria Cyprus Czech Republic Denmark Estonia Finland France Germany Greece Hungary Ireland Italy Latvia Lithuania Luxembourg Malta Netherlands Poland Portugal Romania Slovakia Slovenia Spain Sweden	Trans-regional Include funds that are channelled to more than one region and/or that are channelled through multilateral climate funds. Australia Canada Japan United States United Kingdom Norway	

Table B4: Definition of Private Sector Co-financing

Definition	The asset financed is in private ownership (>= 50%) ("private investment") AND/OR the financial contribution comes from a private sector actor ("private capital")	DFI climate finance questionnaire
Criteria for Eligibility	Loans by private sector actors mobilised by IDFC member loans Loans by private sector actors mobilised by IDFC member equity positions Loans by private sector actor mobilised by IDFC member guarantees Equity from private sector mobilised by IDFC member loans Equity from the private sector actor mobilised by IDFC member equity positions Loans by private sector actor mobilised by IDFC member grants (e.g., to cover costs of a renewable energy feed-in law or premium or CO2-certificates in the CDM) Equity from private sector actor mobilised by IDFC member grants (e.g., to cover costs of a renewable energy feed-in law or premium or CO2-certificates in the CDM) Loans to the private sector generated by the revolving use of credit lines or green funds (subtract original loan to avoid double counting) Loans and equity mobilised from the private sector in other ways under Public-Private-Partnerships (PPP)	
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.	
Several public sector actors are involved	Allocate mobilised investment on a pro-rata basis to different public financiers independent of the specific instruments applied.	

Table B5: Definition of Climate Policies

Definition	Specific climate strategy that the institution acts upon	IDFC Green Finance Mapping
Specifications	Environment rate: rate that shows the proportion of commitments regarding environmental topics compared to total commitments Climate guidelines for new projects (like ESG standards): inclusion of environmental, social & governance criteria/guidelines/policies in investment analysis and decision processes	

PROCESS

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.[101] 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 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 cleaned dataset and presenting findings at aggregate and entity levels.** Commitments by individual institutions were published for the first time in the 2017 GFM exercise. This edition largely analyses the Club's commitments across the last five years for which data is available (2019-2023).

The 2024 GFM is based on survey responses from 23 out of 26 IDFC members, the best participation rate so far.[102],[103] Out of these, eight institutions reported financial commitments to biodiversity in 2023, the most to date. There was one institution which reported their green finance commitments for the first time in the past five years, CDG. Annual fluctuations in the number of reporting institutions and in coverage across green finance activities inevitably affects year-to-year comparisons.

Another new and important component of the 2024 GFM exercise was the shift towards better reporting and increased transparency through the provision of project-level data. Indeed, high quality project-level data is 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. 11 members, were able to fully report project-level data this year, while an additional member was able to partially report on key projects in their portfolio, in addition to fully reporting aggregate data. The hope is that IDFC members 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.

BIODIVERSITY FINANCE TRACKING

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 fourth year 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 in 2021, IDFC members could once again report their financial flows targeting biodiversity either as a principal objective or as a significant objective (or 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'** are tracked as biodiversity finance. Compliance to 'do no significant harm principles' and contributions to achieve neutrality or to mitigate environmental risks when undertaking projects[104] were not counted to follow the principle of conservativeness. The GFM survey template leaves room for IDFC members to report qualitative information on best practices or specific procedures related to net gains.

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:

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

101 Average annual exchange rates were drawn from the Global Economic Monitor (World Bank, 2022).

102 The 23 respondents for 2023 data included AFD, AFC, Bancoldex, BICE ,BNDES, BOAD, BSTDB, CABEI, CAF, CDB, CDG, CDP, DBSA, HBOR, ICD, JICA ,KDB, KfW, NAFIN, PT SMI, SIDBI, TDB, TSKB. Additionally, AFC, AFD, BNDES, CAF, CDB, JICA, KfW and Nafin also reported their biodiversity finance commitments. There were 22 respondents on 2022 data (7 respondents for biodiversity), 20 respondents on 2021 data, 21 respondents on 2020 data, 22 respondents for 2019, 17 respondents for 2018, 18 respondents for 2017, and 20 respondents for 2016 and 2015.

103 KfW reports its GFM data partially based on their national green financing reporting methodology.

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

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 agreed internationally; 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 Table D.1.

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,[105] or at the internal rate used by the reporting member institution if one is provided (significant objective/co-benefit).

It should be noted that this methodology is not widely used yet: only eight out of the 26 IDFC members reported biodiversity finance in 2024. Common principles for biodiversity finance tracking – as they exist for climate finance – still need to be built, in coherence with the post-2020 Global Biodiversity Framework, which sets out an ambitious plan to halt and reverse biodiversity loss to achieve a nature-positive world by 2030. While providing a first picture for tracking biodiversity investment, the methodology presented here could be refined to better reflect the Convention on Biological Diversity (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 for distinguishing between different levels of biodiversity relevance in eligible projects.

ELIGIBILE PROJECTS

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

105 30% was used as a conservative approach for mainstreaming biodiversity into climate projects, rather than the 40% more typically used/recommended by OECD guidance.

Table D1: Eligible Project Categories (based on MDBs-IDFC Common Principles, 2021)

Category	Subcategory	Activities
Mitigation		
1. Energy	1.1 Renewable energy generation	Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling
		Joint use of renewable energy and fossil fuel to supply electricity, heat, mechanical energy or cooling
	1.2 Lower-carbon energy	Production, storage or use of low-carbon hydrogen
		Brownfield displacement of a carbon-intensive fuel with a different, lower-carbon fuel to supply electricity, heat, mechanical energy or cooling
		Use of waste gas as a feedstock or fuel to supply electricity, heat, mechanical energy or cooling
	1.3 Energy storage and network stability	Energy storage or measures to improve network stability that increase consumption of very-low-carbon energy
	1.4 Transportation of energy	Greenfield transmission or distribution of electricity that increases the share of very-low-carbon electricity delivered
		Greenfield high-efficiency transmission or distribution of heat or cooling energy
		Brownfield efficiency improvement or reduction of CO2e emissions in transmission or distribution of electricity, heat or gas
		Commercial and collection loss reduction in distribution of electricity, heat or gas; or measures aimed at demand-side management
	1.5 Fugitive emissions	Reduction of fugitive GHG emissions in existing energy transportation or storage infrastructure, or flaring of fugitive emissions from a closed coal mine where methane utilisation is not commercially viable
2. Mining and metal production for climate action	2.1 Mining for climate action	Projects that support mining of minerals and metal ores prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions
	2.2 Metal production for climate action	Projects that support production of metals or alloys prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions

Category	Subcategory	Activities
3. Manufacturing	3.1 Energy and carbon efficiency	Brownfield industrial energy-efficiency improvement
		Highly efficient or low-carbon greenfield manufacturing facilities or greenfield supplementary equipment or production lines at an existing manufacturing facility
		Retrofit of existing industrial infrastructure resulting in avoidance of industrial GHGs, a switch to industrial GHGs with lower global warming potential, or implementation of technologies or practices that minimise leakages
		Improvements to existing industrial processes, new processes, or advanced manufacturing technology solutions, leading to a reduction in consumption or a reduction in waste of non-energy resources through changes in processes or process inputs
	3.2 Lower-carbon energy generation	Brownfield conversion from production of one type of energy to joint generation, or delivery for use of electricity, heat, mechanical energy, cooling, or desalination
		Production or use of low-carbon hydrogen
		Use of waste gas as a feedstock or as a fuel to supply electricity, heat, mechanical energy or cooling
	3.3 Electrification	Brownfield replacement of equipment or processes based on fossil fuels with electrical equipment or processes components
	3.4 Energy storage	Energy storage or smart industrial-scale solutions to increase integration of very-low-carbon energy or use of previously waste energy
	3.5 Support for low-carbon development	Projects that support production of components, equipment or infrastructure dedicated exclusively to utilisation in the renewable energy, energy efficiency improvement, or other low-carbon technologies
4. Agriculture, forestry and land-use and fisheries	4.1 Agriculture: energy efficiency, carbon sequestration, GHG-emission reduction	Reduction in energy consumption in operations
		Agricultural projects that contribute to increasing the carbon stock in the soil or avoiding loss of soil carbon through erosion control measures
		Reduction of non-CO2 GHG emissions from agricultural practices or technologies
	4.2 Livestock: GHG-emission reduction, carbon sequestration	Projects that reduce methane or other GHG emissions from livestock
		Livestock projects that improve carbon sequestration through rangeland management
	4.3 Forestry: GHG-emission reduction and carbon sequestration	Forestry or agroforestry projects that sequester carbon through sustainable forest management, avoided deforestation or avoided land degradation
	4.4 Marine and other water habitats: GHG-emission reduction	Projects that reduce GHG emissions from the degradation of marine ecosystems or other water-based ecosystems
	4.5 Fisheries and aquaculture: GHG-emission reduction	Projects that reduce CO2e intensity in fisheries or aquaculture
	4.6 Food and diet: resource use efficiency	Projects that reduce food losses or waste or promote lower-carbon diets
	4.7 GHG reduction through biomaterial production	Projects that contribute to reduction of GHG emissions through production of biomaterials/bioenergy from biomass

Category	Subcategory	Activities
5. Water supply and wastewater	5.1 Water supply: GHG-emission reduction, energy efficiency and demand management	Brownfield energy efficiency improvement in water supply systems through deployment of low-energy-consumption technologies or equipment, promotion of better auditing practices, or reduction of water losses
		Lower-carbon greenfield and brownfield water supply projects that replace tanker use or local coping mechanisms with a piped utility water supply system
		Greenfield water supply projects meeting high energy efficiency standard or making use of demand management
		Greenfield and brownfield projects that promote improved operation and maintenance to reduce water losses, promote energy savings, or meet or exceed wastewater treatment targets
	5.2 Wastewater management: GHG-emission reduction, energy efficiency and demand management	Greenfield projects that reduce methane or nitrous oxide emissions through wastewater, fecal sludge or septage collection and treatment
		Brownfield projects for wastewater that reduce emissions through energy efficiency improvements or improved treatment targets
		Greenfield or brownfield projects that improve latrines or collection of wastewater, fecal sludge or septage
	5.3 Efficient use of wastewater	Wastewater reuse
6. Solid waste management	6.1 Waste collection, transport, storage and transfer	Separate collection and transport of source-segregated waste fractions
		Temporary storage, bulking, or transfer of separately collected, source-segregated waste fractions
	6.2 Product reuse and Material recovery from solid waste	Repair and reconditioning of products or product components to enable their reuse
		Material recovery from separately collected waste involving mechanical processes
		Material recovery from separately collected or pre-sorted waste involving processes other than mechanical processes
	6.3 Recovery and valorisation of bio-waste	Anaerobic digestion of separately collected bio-waste
		Composting of separately collected bio-waste
		Other types of recovery and valorisation of bio-waste
	6.4 Treatment of mixed residual waste	Mechanical or biological treatment of mixed residual waste
		Waste incineration with energy recovery (waste-to-energy) from mixed residual waste, RDF or SRF
	6.5 Landfill gas capture, abatement and utilisation	Landfill gas capture, abatement or utilisation as part of closure of old landfills, landfill cells or dumpsites
		Landfill gas capture, abatement or utilisation in new sanitary landfills or landfill cells
	6.6 Energy efficiency	Brownfield projects aimed at improving energy efficiency in waste management facilities

Category	Subcategory	Activities
7. Transport	7.1 Urban and rural transport	Urban and rural public transport projects
		Non-motorised transport (NMT) or schemes for sharing bicycles
	7.2 Low-carbon inter-urban transport	Inter-urban railway projects for freight or passengers
		Bus or coach public passenger transport
	7.3 Low-carbon vehicles, low-carbon fuels and demand management	Passenger or freight fleets or associated infrastructure with zero or low direct emissions
		Transport operations using biofuels or synthetic fuels with low lifecycle GHG emissions
		Transport demand management policy or associated intelligent transport systems (ITS)
		Use of waste gas as a transportation fuel
	7.4 Maritime transport: low-carbon mode and efficiency improvement	Water transport projects for freight or passengers, or efficiency improvement
	7.5 Aviation: efficiency and renewable energy	Efficient air traffic management
		Efficient airport system operations or on-site renewable energy generation
8. Buildings, public installations and end-use energy efficiency	8.1 Energy efficiency, renewable energy, CO2e-emission reduction, and carbon sinks in buildings and public areas	Measures that reduce net energy consumption, resource consumption or CO2e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds
		Measures that reduce net energy consumption, resource consumption or CO2e emissions, or measures that increase plant-based carbon sinks in new or retrofitted buildings and associated grounds, enabling certification standards to be met
		Measures that reduce net energy consumption, resource consumption or CO2e emissions, or increase plant-based carbon sinks in public areas or installations
	8.2 End-use energy efficiency	Brownfield stand-alone end-use energy efficiency improvement or CO2e-emission reduction in existing appliances or equipment
		New or replacement stand-alone energy efficient appliances or equipment
9. Information & communications technology (ICT) and digital technologies	9.1 Energy efficiency, renewable energy and CO2e-emission reduction	Energy Efficiency improvement, renewable energy deployment, or CO2e-emission reduction in existing data centres
		Greenfield data centres that meet best international practices for energy efficiency or that are supplied largely by on-site renewable energy generation
		Telecommunications networks with energy efficiency levels that meet best international practices
10. Research, development and innovation	10.1 Research, development and innovation	Research on or development of renewable energy, energy efficiency improvement, low-carbon technologies, or other technologies instrumental to achieving full decarbonisation

Category	Subcategory	Activities
11. Cross-sectoral activities	11.1 Energy and resource-use efficiency	An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems
	11.2 Demand reduction	An activity aimed at demand-side management
	11.3 Electronic service delivery	Digitisation of service delivery or internal operations, leading to a substantial reduction in travel or material use
	11.4 Energy transition	Direct financing, policy actions, programs, or technical assistance to support closure of fossil fuel plants or other activities involving fossil fuel extraction, processing or transport, including support to workers or communities affected by such closure
	11.5 GHG-emission reduction	Transport, use, or permanent storage of captured CO2
	11.6 Policy support, technical assistance, capacity building and information dissemination	National, subnational or territorial cross-sectoral policy actions that aim to lead to climate change mitigation actions or technical support for such actions
		Policy actions, programs, or technical assistance for establishing more stringent energy or resource-use efficiency standards or more stringent enforcement of efficiency standards
		Systems or transparency tools for monitoring GHG emissions
		Energy audits aimed at identifying scope for increasing energy efficiency or on-site renewable energy generation
		Policy actions, programs, or technical assistance for establishing fiscal incentives for scaling up investments in or deployment of low-carbon technologies and measures
		Policy actions, programs, or technical assistance that target carbon prices or other payments that have the equivalent effects
		Policy actions, programs, or technical assistance for reducing unplanned low-density urban development or promoting densification, leading to avoidance of a long-term lock-in of a higher-carbon built environment
		Education, training, capacity building or awareness-raising focused on climate change mitigation
		Programmes or systems that provide incentives or tools to units or teams within entities to manage and minimise GHG emissions and contribute to the entity's decarbonisation goals
		Articulation of entity-level climate action or decarbonisation plans
	11.7 Support for climate change mitigation	Technical services required to develop or implement climate change mitigation finance projects
		Carbon trading or financial services or instruments
Category	**Subcategory**	**Activities**
Adaptation to climate change		
Water preservation	Water preservation	Improvement in catchment management planning (to adapt to a reduction in river water levels due to reduced rainfall)
		Installation of domestic rainwater harvesting equipment and storage (to adapt to an increase in groundwater salinity due to sea level rise)
		Rehabilitation of water distribution networks to improve water resource management (to adapt to increased water scarcity caused by climate change)

Category	Subcategory	Activities
Agriculture, natural resources and ecosystem-based adaptation	Agriculture, natural resources and ecosystem-based adaptation	Conservation agriculture such as provision of information on crop diversification options (to adapt to an increased vulnerability in crop productivity)
		Increased production of fodder crops to supplement rangeland diet (to adapt to a loss in forage quality or quantity caused by climatic changes)
		Adoption of sustainable fishing techniques (to adapt to the loss of fish stocks due to changes in water flows or temperature)
		Identification of protected ecosystem areas (to adapt to a loss of species caused by sudden temperature changes)
		Improved management of slopes basins (to adapt to increased soil erosion caused by flooding due to excess rainfall)
Coastal protection	Coastal protection	Building of dikes to protect infrastructure (to adapt to the loss and damage caused by storms and coastal flooding, and sea level rise)
		Mangrove planting (to build a natural barrier to adapt to increased coastal erosion and to limit saltwater intrusion into soils caused by sea level rise)
Other disaster risk reduction	Other disaster risk reduction	Early warning systems for extreme weather events (to adapt to an increase in extreme weather events by improving natural disasters management and reduce related loss and damage)
		Improved drainage systems (to adapt to an increase in floods by draining off rainwaters)
		Insurance against natural disasters (to adapt better to extensive loss and damage caused by extreme weather events)
		Building resilient infrastructures such as a protection system for dams (to adapt to exposure and risk to extreme weather impacts, such as flooding, caused by climate change)
		Monitoring of disease outbreaks and development of a national response plan (to adapt to changing patterns of diseases that are caused by changing climatic conditions)
Local, sectoral, or national budget support to a climate change adaptation policy	Local, sectoral, or national budget support to a climate change adaptation policy	Dedicated budget support to a national or local authorities for climate change adaptation policy implementation

Category	Description & Relevant CRS Code	Maximum weight (%)*	Examples of projects and activities
Biodiversity			
AFOLU, fisheries, and natural resources	312. Forestry projects include activities such as forest management, reforestation and rehabilitation of forestry, forestry policies, research and education activities that are likely to include biodiversity concerns as their significant objective. Some activities (such as monocrop commercial afforestation) might have negative impact on biodiversity and the marker shall be awarded on a case-by-case basis.	30 or internal rate equivalent to DAC1	Facilitate reforms to address the governance, policy and market failures that cause and sustain illegal logging and associated trade. International conferences to enhance readiness on climate change response in the forestry sector and promote capacity building at the regional level.
	43040. Rural development that includes active protection for ecosystems, promotes biodiversity or improves access to the benefits of biodiversity and ecosystem services, would score 1 if biodiversity is a significant component.	30 or internal rate equivalent to DAC1	Integrated rural development and nature conservation.
	311. Agriculture activities are inherently linked to biodiversity conservation, sustainable use of its components and utilisation of genetic resources. Activities in this category can have both a positive or negative effect on biodiversity (e.g., sustainable agriculture vs. large monocultures) and can be scored against the biodiversity marker only if their significant objective is to contribute to the above-mentioned goals.	30 or internal rate equivalent to DAC1	The project aims at increased food security, preservation of bio-diversity and increase the income of small scale farmers by focusing on organic agricultural production. Integrated management of Rice Yellow Mottle Virus (RYMV) in lowland ecosystem.
	52010. Food aid and food security programmes can include biodiversity components, particularly when dealing with access and improvement of subsistence agriculture, most likely with score 1.	30 or internal rate equivalent to DAC1	Increase and improve food security and poverty reduction in Africa by adapting climate-smart agricultural technologies and strengthening the implementation of relevant national policies and programmes.
	313. Projects in the fishery sector will qualify against biodiversity if they promote a sustainable use of the resource, applying ecosystem-based approaches. Projects to avoid overfishing, and recovery plans and measures for depleted species will also qualify. Sustainability of fisheries entails that they have no significant adverse impacts on threatened species and vulnerable ecosystems and the impacts of fisheries on stocks, species and ecosystems are within safe ecological limits.	30 or internal rate equivalent to DAC1	Integration of biological diversity concerns into promotion of sustainable marine, coastal and inland fishing.

Water	14040. River basins' development activities could impact significantly the ecosystems. If they include biodiversity protection or sustainable use of its components among other objectives, they can be scored 1.	30 or internal rate equivalent to DAC1	Integration of biological diversity concerns into integrated watershed, catchment and river basin protection and management.
	14015. Water resources conservation is a key element to prevent environmental degradation and the loss of biodiversity. These activities, including data collection, usage of quantitative and qualitative data on water resources; creation and sharing of water knowledge; conservation and rehabilitation of inland surface waters (rivers, lakes etc.), ground water and coastal waters; prevention of water contamination, would be eligible for score 1 if biodiversity is mainstreamed among other goals.	30 or internal rate equivalent to DAC1	Improvement of livelihoods by reducing water pollution through environmental protection, conservation and recovery of natural resources (water and soil)
	1402X & 1403X. Water supply activities, particularly large ones, can have a strong impact on the circulation of surface and underground water and could thus impact biodiversity. The activities that include biodiversity concerns among their objectives would score 1.	30 or internal rate equivalent to DAC1	Development of water supply systems that protect the biodiversity of the affected ecosystems through sustainable management of water resources.
Waste water	1402X & 1403X. Sanitation activities could avoid or reduce the pollution of water ecosystems and thus protect their biodiversity. They most likely include biodiversity concerns as a significant objective among others.	30 or internal rate equivalent to DAC1	Sanitation and waste management activities that contribute to protecting biodiversity by avoiding pollution.
Waste management	14050. Waste, especially hazardous waste, can have a profoundly negative impact on biodiversity. Waste management projects that aim to prevent or remove wastes that can harm the environment and biodiversity would score [1].	30 or internal rate equivalent to DAC1	Developing a model of green municipality integrating solid waste and natural resource management practices.
Biodiversity Conservation (DAC Marker 1)	41050 Flood prevention activities can contribute to biodiversity protection or sustainable use of ecosystems, avoiding the damages of flooding, including sea water intrusion and prevention of sea level rise. These activities are most likely to have biodiversity as a significant objective (score 1) but can also be marked as principal (score 2) if sufficient justification is available	30 or internal rate equivalent to DAC1	Protecting the coastal regions from the negative consequences of climate change (especially coastal erosion), through ecological and economical rehabilitation and protection measures
	730. Reconstruction relief and rehabilitation activities in the aftermath of a disaster can include biodiversity concerns in their activities and be eligible to be marked as such.	30 or internal rate equivalent to DAC1	Relief activities including rehabilitation of ecosystem in a coastal zone affected by oil spillage.

Biodiversity Conservation (DAC Marker 2)	41030. Including natural reserves and actions in the surrounding areas; other measures to protect endangered or vulnerable species and their habitats (e.g. wetlands preservation).	100	Maintain and improve waterfowl habitat for migratory species. The purpose of this project is to improve the protection of chimpanzees and other large mammals in the remaining forest blocks of the region.
	410. General environmental protection activities include environmental policy and administrative management, protection of terrestrial and marine areas, research and education. These activities are likely to have a positive impact on biodiversity and to address the objectives of the CBD. They can be marked for biodiversity as a principal objective after a case-by-case evaluation.	100	Sustainable management of the biodiversity in protected areas and forests. Conserve biodiversity and manage natural resources in ways that maintain their long-term viability and preserve their potential to meet the needs of present and future generations. Activities include combating illegal and corrupt exploitation of natural resources and the control of invasive species.
Urban Biodiversity	43030. Urban development and management: Integrated urban development projects can include measures to assure environmental sustainability and protection of the biodiversity in their activities, most likely as a significant objective.	30 or internal rate equivalent to DAC1	Capacity building for local municipalities to implement urban planning activities that include an ecological, sustainable, socially balanced and efficient steering of use of land. Project activities could range from local development and urban management; urban infrastructure and services; municipal finances; urban environmental management; urban development and planning; urban renewal and urban housing; land information systems.
	320. Projects in this category cover a wide range of activities that typically do not contribute to the objectives of the CBD. The ones that are more likely to be linked to biodiversity are Agro Industries (32161) and, in specific cases, Small and medium-sized enterprises (SME) development (32130). If they include an ecosystem or biodiversity component, they would score 1.	30 or internal rate equivalent to DAC1	Reduction of fluid and air pollutants from industry. Contribute towards the development of sustainable production and consumption practices in the rattan/timber value chains that promotes responsible exploitation of the resource and protection of the environment.

Support to national, regional or local policy, through technical assistance or policy lending	110. The inclusion of biodiversity topics into wider educational programmes is eligible to be marked with the score 1.	30 or internal rate equivalent to DAC1	Mainstreaming of biodiversity themes into teaching, research, training and knowledge sharing activities.
	14010 Water sector policy and administrative management & 14081 Education and training in water supply and sanitation. Water sector policy and governance, including legislation, regulation, planning and management of projects, together with institutional capacity development and training activities, could have a strong impact on biodiversity. These activities would be eligible for score 1 if they include biodiversity among other goals.	30 or internal rate equivalent to DAC1	Community Driven Watershed Management for Climate Change Adaptation: Individuals, families and rural and urban communities actively involved in the management and implementation of the climate change adaptation agenda of their watershed, with knowledge about climate change and disaster risk reduction, with values and skills for protecting forests, soil, water, and biodiversity.
	410. General environmental protection activities include environmental policy and administrative management, protection of terrestrial and marine areas, research and education. These activities are likely to have a positive impact on biodiversity and to address the objectives of the CBD. They can be marked for biodiversity as a significant objective after a case-by-case evaluation.	30 or internal rate equivalent to DAC1	The project aims to provide technical and managerial tools for proper land use planning that protects the environment and promotes the improvement of income generating activities. Developing Agroforestry (agriculture and forestry technologies) to create more integrated, diverse, productive, profitable, healthy, and sustainable land-use systems.
Financing instruments	240. Banking and financial services Activities that support the banking and financial sector can be marked as biodiversity-related if they include activities such as biodiversity mainstreaming in investment projects (score 1).	30 or internal rate equivalent to DAC1	Support microfinance institutions to offer a new agricultural product which has been developed to support sustainable and environmentally friendly rural enterprises.

Category	Subcategory	Activities
'Other Environment'	**Any other climate-related activities that do not fit the above descriptions**	

6.4 DATA TABLES

MITIGATION	$ BILLIONS IN 2019	$ BILLIONS IN 2020
Transport	81.9	56
Renewable energy	35.1	35.1
Energy efficiency	26	40.2
Lower-carbon and efficient energy generation	5.1	2.9
Agriculture, forestry, and land-use	4.8	6.3
Cross-cutting issues	1.9	4
Miscellaneous and others—green energy and mitigation	5.2	0.4
Waste and wastewater	1.2	1.6
Unattributed	2.4	-
TOTAL	**163.5**	**146.4**

GREEN ENERGY AND MITIGATION OF GHG EMISSIONS	$ BILLIONS IN 2021	$ BILLIONS IN 2022	$ BILLIONS IN 2023
Energy	60.2	86.7	71.3
Mining and metal production for climate action	0.0	0.0	0.0
Manufacturing	0.2	0.9	2.5
Agriculture, forestry and land-use and fisheries	4.8	4.4	3.4
Water supply and Wastewater	16.0	13.1	5.6
Solid waste management	1.2	0.3	0.8
Transport	59.1	95.8	60.8
Buildings, public installations and end-use energy efficiency	39.8	40.4	0.8
Information and communications technology (ICT) and digital technologies	0.5	0.2	0.0
Research, development and innovation	0.0	0.0	0.1
Cross-sectoral activities	4.8	2.9	29.8
TOTAL	**186.6**	**244.7**	**175.0**

ADAPTATION TO CLIMATE CHANGE	$ BILLIONS IN 2019	$ BILLIONS IN 2020	$ BILLIONS IN 2021	$ BILLIONS IN 2022	$ BILLIONS IN 2023
Water preservation	11.2	14	12.5	25.1	5.8
Agriculture, natural resources and ecosystem-based adaptation	0.9	0.8	1.04	0.7	2.8
Other disaster risk reduction	6	10.2	5.4	3.2	0.3
Miscellaneous and others - Adaptation	0.5	1.1	0.9	2.5	1.1
Local, sectoral, or national budget support to a climate change adaptation policy	0.1	1.4	0.9	0.0	0.5
Coastal protection	0.03	0.05	0.16	0.13	0.0
TOTAL	19.3	27.5	20.9	31.6	10.47

PROJECTS WITH ELEMENTS OF BOTH MITIGATION AND ADAPTATION	$ BILLIONS IN 2019	$ BILLIONS IN 2020	$ BILLIONS IN 2021	$ BILLIONS IN 2022	$ BILLIONS IN 2023
TOTAL	**3.9**	**4.7**	**5.2**	**5.6**	**11.0**

OTHER ENVIRONMENTAL OBJECTIVES	$ BILLIONS IN 2020	$ BILLIONS IN 2021	$ BILLIONS IN 2022	$ BILLIONS IN 2023
TOTAL	**1.4**	**3.5**	**2.0**	**0.2**

Note: from 2020, other environmental objectives was only tracked at the aggregated level.

BIODIVERSITY (double-counted & non-double-counted, total)	$ BILLIONS IN 2020	$ BILLIONS IN 2021	$ BILLIONS IN 2022
Agriculture and natural resources	2.1	1.34	1.6
Water preservation	3.4	2.9	7.3
Water supply	1.6	1.9	2.0
Waste water treatment	2.3	4.9	4.0
Industrial pollution control	-	-	0.3
Waste management	0.8	1.0	0.3
Biodiversity conservation (1)	1.2	0.5	0.55
Biodiversity conservation (2)	1.8	5.1	2.0
Support to national, regional or local policy, through technical assistance or policy lending	0.3	0.35	0.03
Financing instruments	0.6	0.4	0.11
TOTAL	**14.1**	**18.4**	**18.2**

BIODIVERSITY (double-counted & non-double-counted, total)	$ BILLIONS IN 2023
AFOLU, fisheries, and natural resources	0.7
Water	2.7
Waste water	1.5
Waste management	0.4
Biodiversity conservation (1)	0.2
Biodiversity conservation (2)	0.3
Urban biodiversity	1.5
Support to national, regional or local policy, through technical assistance or policy lending	0.3
Financing instruments	0.2
Other/Unspecified	0.5
TOTAL	**8.2**

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

6.5 INDEX OF ACRONYMS

ADB	Asian Development Bank
AFC	Africa Finance Corporation
AFD	Agence Française de Développement
AfDB	African Development Bank
Bancoldex	Banco de Comercio Exterior de Colombia
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
CBD	Convention on Biological Diversity
CCA	Climate Change Adaptation
CDB	China Development Bank
CDG	Caisse de Dépôt et de Gestion
CDP	Cassa Depositi e Prestiti
CEPF	Critical Ecosystem Partnership Fund
CFF	Climate Finance Facility

COFIDE	Corporación Financiera de Desarrollo S.A.
CRS	Common Reporting Standard
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
DMMP	Disaster Management Master Plan
DREAM	Disaster Resilience Enhancement and Management
DRR	Disaster-risk Reduction
GBF	Global biodiversity framework
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	greenhouse gases
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 IDFC
IFC	International Finance Corporation
IIB	International Investment Bank
JICA	Japan International Cooperation Agency
KFW	Kreditanstalt für Wiederaufbau
KDB	Korean Development Bank
L&D	Loss & Damage
MDB	Multilateral Development Bank
NAFIN	Nacional Financiera S.N.C
NDC	Nationally Determined Contributions
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	Organisation for Economic Cooperation and Development Assistance Committee
PDB	Public Development Bank
PT SMI	PT Sarana Multi Infrastruktur (Persero)
RKP	Indonesia's Government Work Plan
RPJMN	Indonesia's National Medium-Term Development Plan
SDG	Sustainable Development Goal
SEI	Stockholm Environment Institute
SIDBI	Small Industries Development Bank of India
TDB	Trade and Development Bank
TSKB	Industrial Development Bank of Turkey
VEB	Vnesheconombank

6.6 BIODIVERSITY FINANCE STOCKTAKE

The IDFC GFM has tracked biodiversity finance since 2021. The IDFC's biodiversity tracking methodology builds on its Benchmarking report on Biodiversity Practices of Development Banks (IDFC, 2020a) and Testing of Reporting Methodologies on Biodiversity Finance (Belvaux, 2020). The IDFC methodology for tracking biodiversity-relevant finance uses the OECD's Creditor Reporting System (CRS) codes and the Rio Markers rating system (IDFC, 2022).

Since tracking began in 2021, only seven IDFC members have consistently reported biodiversity finance in the GFM, with eight members reporting in 2024. A total of $58.8 billion in biodiversity commitments have been made by IDFC members from 2020-2023, of which $39.1 billion also had climate co-benefits (climate-nature nexus finance). Although collective commitments are absent in the current biodiversity finance tracking methodologies, both the IDFC and the MDB group are actively addressing this gap by improving methodologies and encouraging members to increase, track, and report biodiversity commitments.

In 2023, IDFC members were asked to complete a survey on their respective progress towards achieving the objectives of the (2021) State of Ambition. The survey covered several topics, including institutional strategies on biodiversity. The GFM survey also asked members to report qualitative information on their institutional biodiversity policies and strategies. Among the 15 respondents to the State of Ambition survey, six have reported biodiversity finance since tracking has begun in 2021 (AFC, AFD, BNDES, CAF, JICA, KfW).

Promoting ecosystem-based adaptation and nature-based solutions, with an emphasis on forest conservation and reforestation is one of the 8 key commitments made by IDFC members in the State of Ambition, however progress has been limited with biodiversity finance dropping to an all-time low in 2023 (See Section 3.2).

The 2023 State of Ambition progress update also noted that few members have an explicit biodiversity strategy but adhere to do no significant harm principles, and that tracking biodiversity finance is still early-stage, if not non-existent. Eight members provided information on their institutional biodiversity policies, strategies, objectives and initiatives in the 2024 GFM survey, summarized below.

Member	Biodiversity Policies or Strategies	Biodiversity Objective(s) or Initiatives.
AFD	AFD aligns its activity with the Kunming-Montreal Global Biodiversity Framework (GBF) objectives. AFD is also an early adopter of the TNFD framework	AFD aims to commit €1 billion in 100% nature-positive finance by 20245
BNDES	BNDES is currently developing a biodiversity strategy, which will launch at COP16 in Cali.	BNDES's biodiversity action focuses on restoration of biomes with non-replenishable resources. The following programs and initiatives: • the Arch Restoration Initiative, launched at aims to restore 6 million hectares of forest in the Amazon by 2030 • the Floresta Viva Initiative which is forecasted to devote R$500 million for the ecological restoration of other Brazilian terrestrial biomes. BNDES will provide 50% finance for this initiative • BNDES will provide R$32 million to Brazilian marine spatial planning and R$60 million for coral restoration (with partner resources).
BOAD	BOAD has launched a process to put in place a "Biodiversity Strategy" aimed at integrating biodiversity into its activities. As part of this process, a biodiversity working group has been set up, bringing together representatives from various operational departments, which is working to increase awareness and understanding of biodiversity issues within the Bank, as well as the new biodiversity reporting requirements defined within the IDFC.	A roadmap to have a biodiversity related policy is currently ongoing, with the aim of defining specific targets, exclusion criteria and a reporting framework. This strategy will lead to the development of specific procedures for each business sector, as well as the development of a pipeline of pro-biodiversity projects.

Member	Biodiversity Policies or Strategies	Biodiversity Objective(s) or Initiatives.
CDP	Although CDP does not yet have a strategy dedicated to biodiversity, biodiversity considerations are incorporated into its Agrifood, Wood and Paper industries policy, aligning with international strategies like the EU Biodiversity Strategy for 2030. CDP therefore aims to protect endangered species, foster biodiversity-friendly practices, and support activities considered environmentally sustainable according to EU Taxonomy. CDP welcomes counterparties with biodiversity monitoring systems and reporting practices, while excluding those involved in activities that threaten endangered species or significantly deteriorate protected areas.	
DSBA	DSBA has a draft biodiversity strategy, and aligns with IDFC's position statement on biodiversity.	
KfW	KfW applies the same sector guidelines to biodiversity as climate, and is in the process of developing a biodiversity strategy for the KfW Banking Group (planned to be finalised in 2025).	At the UN General Assembly in New York in September 2022 German Chancelor Scholz has announced to increase the public German funding towards biodiversity reaching $1.5 billion annually in 2025. In addition, a new objective for KfW Development Bank (Financial Cooperation) is that as from 2025 25% of all Climate Finance has to be biodiversity-related (with a OECD DAC Marker 1 or 2)
PT SMI	While no specific biodiversity strategy has been developed yet, PT SMI is conducting studies and mitigates risks related to the environment and social aspects of the Company's business activities, which include risks and/or impacts on biodiversity. PT SMI has updated its policy related to the management of environmental and social risks in its business activities through the inauguration of the Environmental and Social Protection Guidelines in 2020. The sixth safeguard includes "Biodiversity Conservation and Natural Resource Management".	PT SMI prioritizes the implementation of a comprehensive monitoring program to ensure compliance with environmental regulations in all its business activities. This involves close collaboration with project owners and implementers, aiming to ensure the effectiveness of environmental management programs and the adoption of environmentally friendly operational practices through various operational procedure systems. The program is designed with the following objectives, which includes Reduction and utilization of B3 and non-B3 waste and protection of biodiversity.
TSKB	TSKB is a signatory of IDFC Biodiversity Declaration which was announced in IDFC Finance in Common Summit in 2020. TSKB is a also member of the IDFC Biodiversity Working Group, which intends to introduce the conceptual foundations for understanding the role of biodiversity among financial institutions. TSKB has a list of excluded activities which are not to be finance, included as an annex of the TSKB Sustainability Policy, which defines TSKB's restrictions on protection of biodiversity resources.	

While members are increasingly incorporating biodiversity considerations into their investment strategies, tracked biodiversity finance remains low across the Club. Considering the many climate co-benefits nature-positive investments can have, ambition should be increased to accelerate biodiversity finance amongst members.