

MAPPING OF GREEN FINANCE DELIVERED BY IDFC MEMBERS IN 2014

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Since 2011, the International Development Finance Club (IDFC) has carried out a periodic mapping on green financing by its member banks. This booklet summarizes the results of the mapping of green finance delivered by IDFC members in 2014.

The IDFC “Green finance” consists of “Climate finance” and “Other environmental objectives”, the first being composed of “Green energy and mitigation of greenhouse gases”, “Adaptation to climate change” and “Green energy and mitigation of GHG as well as adaptation to climate change”.

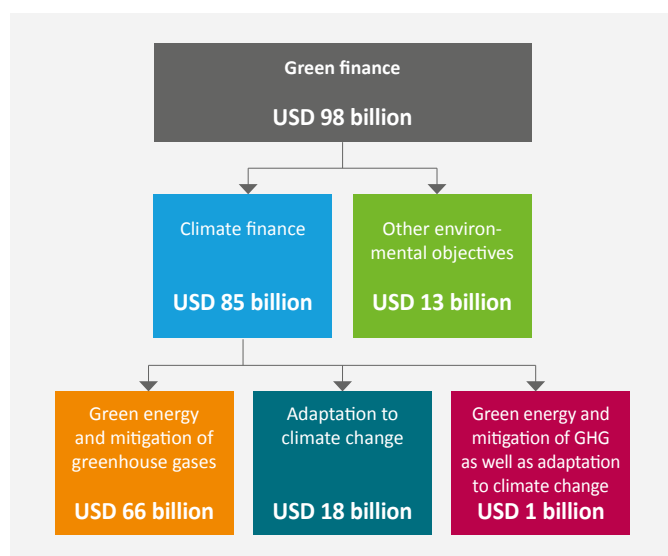


Figure A | New green financial commitments of IDFC members in 2014.²

¹ | Greenhouse gases are now referred to as “GHG”.

² | Available at www.IDFC.org.

³ | The numbers of reporting members differ due to improvements in methodology and tracking processes as well as growth of the size of IDFC.

METHODOLOGY FOR CLIMATE FINANCE TRACKING

The mapping exercise draws on first-hand data provided by IDFC members. Data is checked for consistency and presented in aggregate form. With regard to the climate finance tracking methodology, IDFC is working with the group of Multilateral Development Banks (MDBs) to harmonize respective approaches. In 2015, the two groups jointly developed Common Principles for Climate Finance Tracking, both for mitigation and adaptation². In the IDFC green finance mapping for 2014, the finance for “Green energy and mitigation of GHG” was tracked based on the MDBs-IDFC Common Principles, while the IDFC’s own methodology was still applied to “Adaptation to climate change”. In 2014, the numbers of IDFC members reporting on new green finance commitments increased to 21 compared to 18 in 2013 and 2012 and 16 in 2011³.

KEY INSIGHTS FROM THE MAPPING OF GREEN FINANCE DELIVERED BY IDFC MEMBERS IN 2014

USD 98 billion of new green finance in 2014. Following years of continuous increasing green finance contributions since the initial IDFC green finance mapping exercise in 2011, the green finance contributions in 2014 are similar to 2013. From 2011 to 2014, total green finance commitments increased by nearly USD 10 billion, corresponding to a rise of more than 10%.

Total climate finance commitments of USD 85 billion in 2014. The share of the total new green finance commitments for green energy and mitigation of GHG was USD 66 billion in 2014. Investments targeted at adaptation to climate change, and for finance with both elements of green energy and mitigation of GHG as well as adaptation to climate change were USD 18 billion and more than USD 1 billion respectively in 2014.

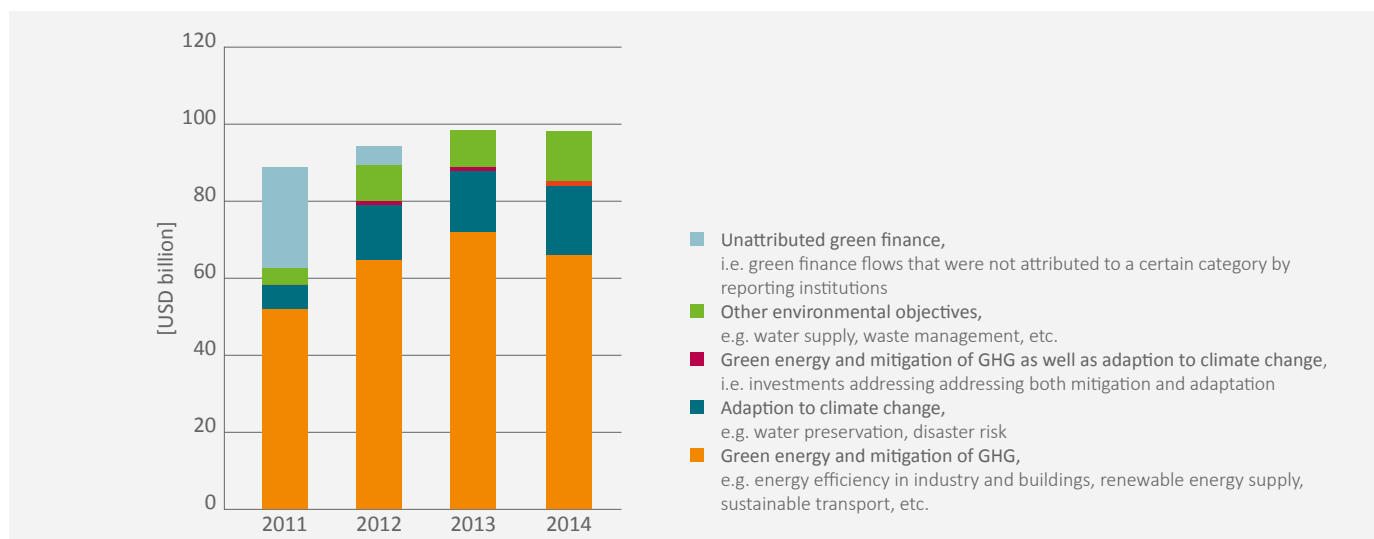


Figure B | Comparison of the share of financial commitments for each category.

Total green finance commitments by IDFC members stabilize at a high level. All categories except green finance commitments to green energy and mitigation of GHG, continued to rise in 2014 resulting in a slight decrease of total green finance commitments by roughly USD 1 billion. At the same time, there has been a significant scaling-up of finance to climate change adaptation indicating the increasing capacity of banks to generate and handle finance to meet both, climate change mitigation and adaptation needs.

Central role of green finance delivery to the respective home countries. The mapping of new green finance commitments for 2014 confirms the important pattern of IDFC members providing green finance in their respective home countries. Overall, the order of magnitude of the flows does not differ much from 2013 numbers. Loans take up the highest share at 95%, with non-concessional loans representing more than half of green finance delivery in 2014.

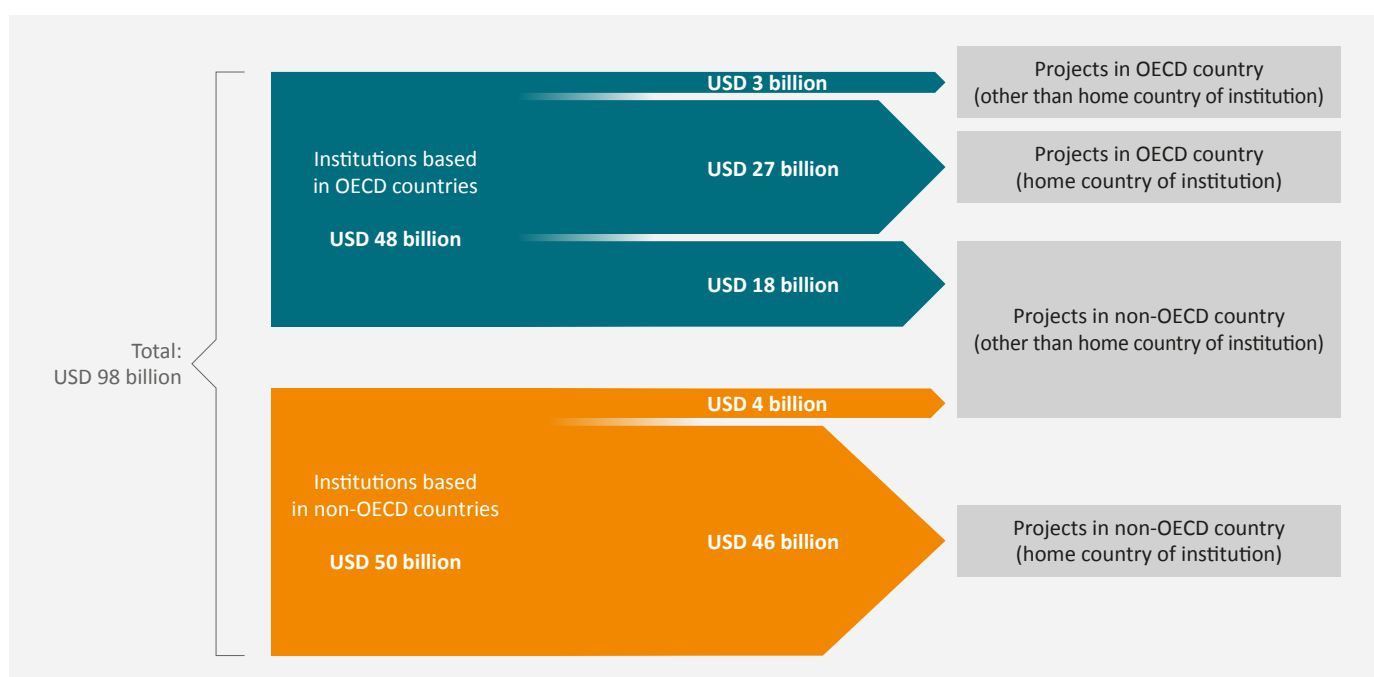


Figure C | Flows of international and domestic new green finance delivered by IDFC members in 2014.

GREEN ENERGY AND MITIGATION OF GREENHOUSE GASES

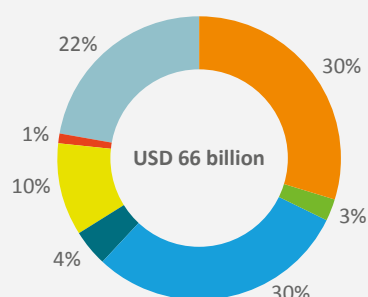


Figure D | Finance to green energy and mitigation of GHG in 2014.⁴

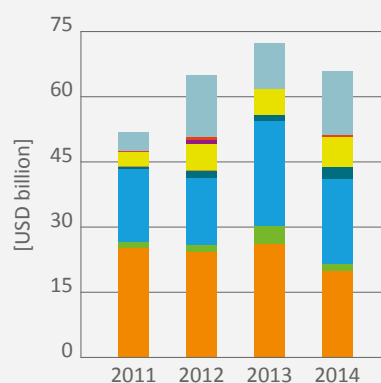
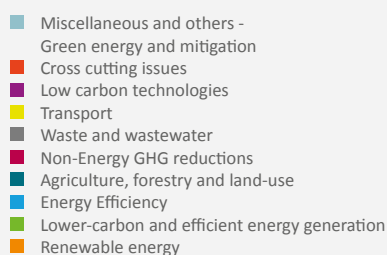


Figure E | Change in finance to green energy and mitigation of GHG from 2011 to 2014.⁴



ADAPTATION TO CLIMATE CHANGE

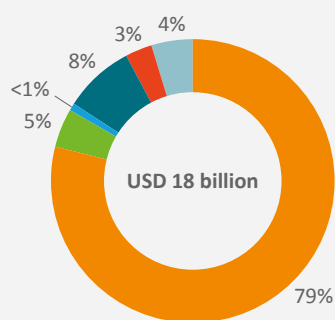


Figure F | Finance to adaptation to climate change in 2014.

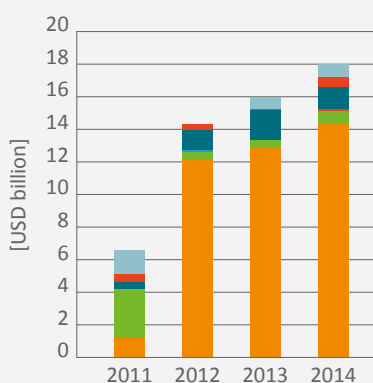
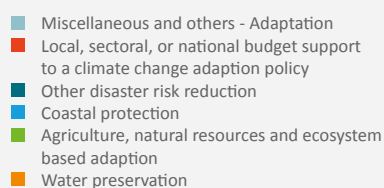


Figure G | Change in finance to adaptation to climate change from 2011 to 2014.



OTHER ENVIRONMENTAL OBJECTIVES

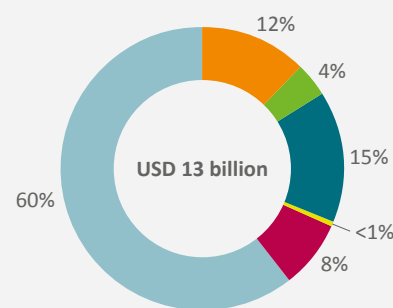


Figure H | Finance to other environmental objectives in 2014.

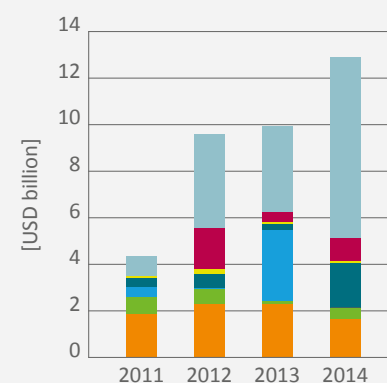
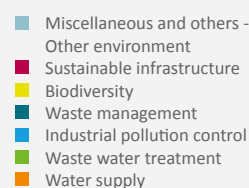


Figure I | Change in finance to other environmental objectives from 2011 to 2014.



Total new finance commitments for green energy and mitigation of GHG amount to USD 66 billion. Renewable energy and energy efficiency represented the largest sub-categories, each accounting for a share of 30%.

Investments in green energy and mitigation of GHG decreased but remain the focus of IDFC. Notwithstanding a reduction of USD 6 billion in comparison to 2013, this category remains the most significant with a share of 67% of total green finance.

Finance for adaptation to climate change increased in 2014, representing a volume of USD 18 billion. Adaptation accounts for more than 18% of new green finance provided by IDFC members. In comparison to 2013, commitments rose from USD 16 billion to USD 18 billion in 2014. With almost 80%, water preservation accounts for the major share.

Investments in areas with elements of green energy and mitigation of GHG as well as adaptation to climate change contribute to another USD 1 billion in 2014.

IDFC members' investments for other environmental objectives sum up to USD 13 billion. Total investment provided for other environmental objectives grew compared to previous years from USD 10 billion in 2013 to USD 13 billion in 2014. A significant extent of green finance flows were addressed to waste management (15%) and water supply (12%), notwithstanding that a large share of 60% could not be attributed to one of the respective categories.

⁴ | Note that "subcategory names" from previous years may have changed as a result of the MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking.

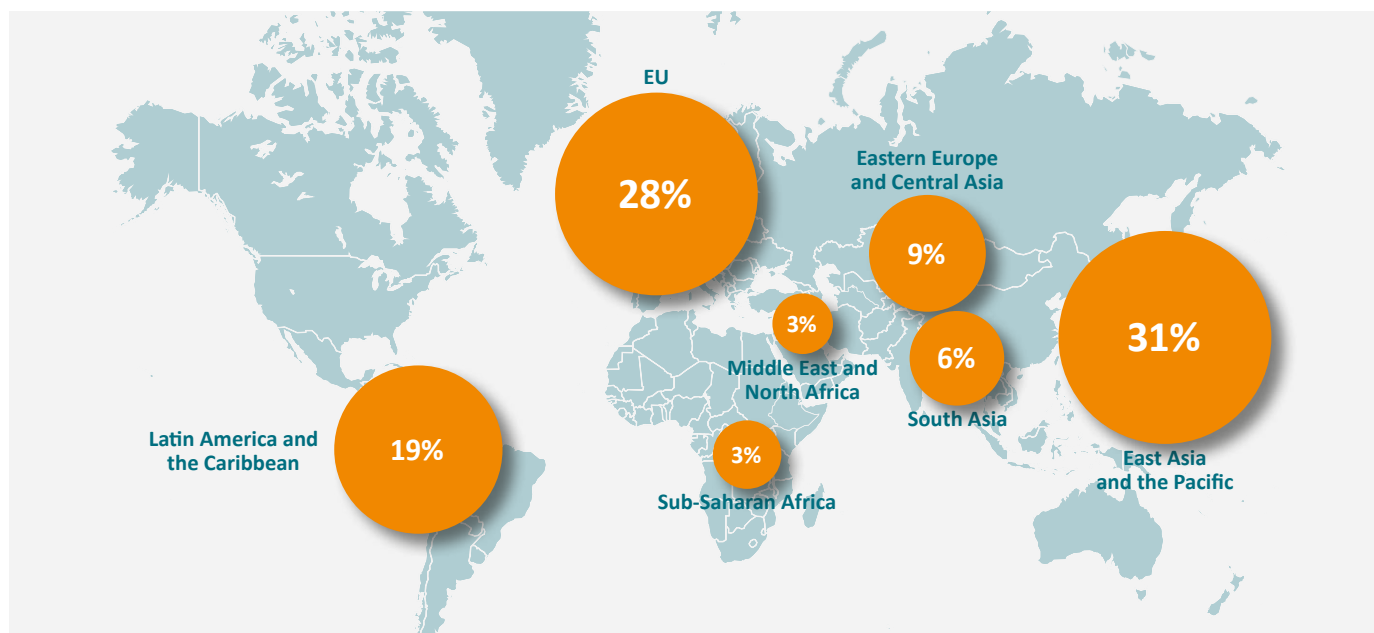


Figure J | New green finance per target region in 2014.⁵

The distribution of IDFC's green finance flows by target region reflects member institutions' global reach. Major green finance flows by IDFC members in 2014 went to East Asia and Pacific (USD 30 billion), the EU (USD 28 billion), Latin America and the Caribbean (USD 19 billion) as well as Eastern Europe and Central Asia (USD 9 billion). In comparison to 2013, green finance flows to East Asia and the Pacific as well as the EU decreased, whereas they increased for Eastern Europe and Central Asia, Latin America and the Caribbean as well as the Middle East and North Africa.

ABOUT IDFC

The Members of IDFC share a similar background and view of their role in the world. IDFC unites global expertise and innovation with in-depth local know-how and total assets of more than 2.1 trillion USD.

Sustainable Development is on the top of its development agenda. IDFC focusses on four major climate-related topics, comprising

Sustainable Infrastructure, Energy Efficiency, Renewable Energy and Sustainable Urban Development. The Green Finance Mapping, which is one of the most notable and substantial reports of the Club, supports this work by demonstrating IDFC's contribution to green and climate finance.

IDFC continuously improves its green finance tracking methodology. It collaborates with the group of MDBs and other parties to further develop international best practice standards. IDFC is committed to help enhance its members' capacity to track and report on their green finance flows.

Further information on the IDFC, its members and activities can be found at www.idfc.org.

This IDFC green finance mapping report was prepared with the support of WRI (www.wri.org) and Ecofys (www.ecofys.com).

IDFC MEMBERS

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| <ul style="list-style-type: none"> • Agence Française de Développement (AFD) • Banco del Estado de Chile (BE) • Bancoldex S.A. • Banque Ouest Africaine de Développement (BOAD) • Black Sea Trade and Development Bank (BSTDB) • Brazilian Development Bank (BNDES) • CAF - Development Bank of Latin America (CAF) • Caisse de Dépôt et de Gestion (CDG) | <ul style="list-style-type: none"> • Central American Bank for Economic Integration (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) • Eastern & Southern African Trade and Development Bank (PTA) • Indonesia Eximbank (IEB) | <ul style="list-style-type: none"> • Industrial Development Bank of Turkey (TSKB) • Islamic Corporation for the Development of the Private Sector (ICD) • Japan International Cooperation Agency (JICA) • KfW Bankengruppe (KfW) • Korean Development Bank (KDB) • Nacional Financiera, S.N.C. (NAFIN) • Small Industries Development Bank of India (SIDBI) • Vnesheconombank (VEB) |
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⁵ | Note that due to mathematical rounding of decimals, the numbers do not necessarily add up to the total.