

GREEN FINANCE MAPPING REPORT 2018

EXECUTIVE SUMMARY

SEPTEMBER 2018



 international
development
finance club

supported by
Climate Policy Initiative

\$220 billion in green finance in 2017

27% increase from 2016

87% in home country of IDFC members

84% of total finance committed in 2017 in Green energy and Mitigation of Greenhouse Gases

X2 growth in adaptation finance from 2016

27% of total new commitments in 2017 were green finance commitments

\$26 billion international finance to projects in non-OECD countries

Introduction

Since 2011, the IDFC has conducted a periodic mapping exercise of its member institutions' contributions to green finance. This report presents the findings for commitments made in 2017.

The major categories of the IDFC report include an overall green finance number divided into two major categories, namely climate finance and other environmental objectives. The former is composed of finance for green energy and mitigation of greenhouse gases (GHG), adaptation to climate change, and projects that include elements of both mitigation and adaptation. The latter is composed of non-climate related environmental activities.

Key Findings

- IDFC members committed \$220 billion in green finance in 2017
- This represents a 27% increase from 2016.
- Green finance commitments from IDFC members in 2017 represent 27% of all new commitments from the institutions in the same year. This proportion has steadily increased from 22% in 2016 and 19% in 2015.
- The largest segment is in Green Energy and Mitigation of Greenhouse Gases representing 84% of the total green finance commitments or \$184 billion. This segment increased by 22% from 2016.
- Adaptation to climate change and projects with both elements of mitigation and adaptation represent 4% and 1% of the total green finance. However, adaptation finance doubled in absolute terms from 2016 to \$9.7 billion, while projects with both mitigation and adaptation remained at approximately \$1.5 billion.
- Climate Finance, in the form of finance for mitigation of greenhouse gases and adaptation to climate change, represents 89% of the total green finance commitments.
- Other environmental projects such as industrial pollution control or wastewater treatment represented the remaining 11% of total green finance committed or \$24 billion. This segment increased by 75% from 2016.

Figure 1: IDFC Green Finance 2017 by theme (rounded)

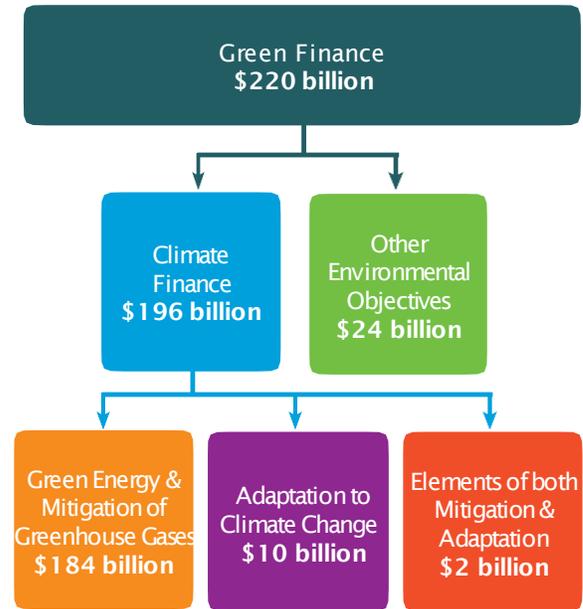


Figure 2: IDFC Green Finance 2015 -2017

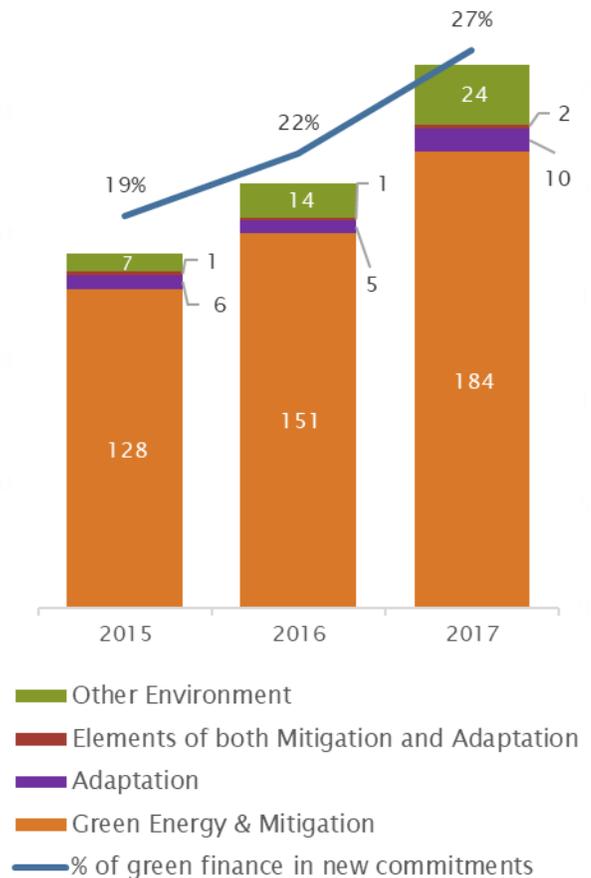
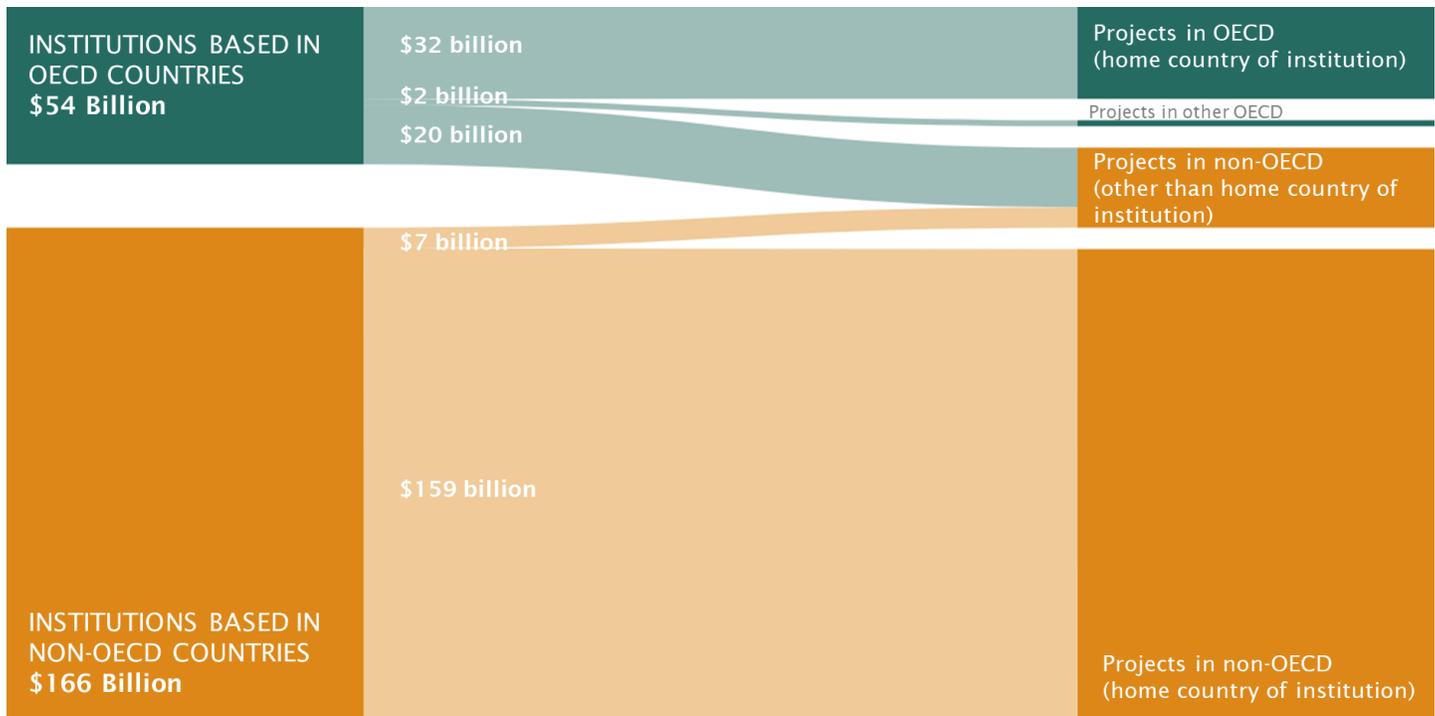


Figure 3: Green finance commitments from IDFC members based in OECD and non-OECD regions, 2017



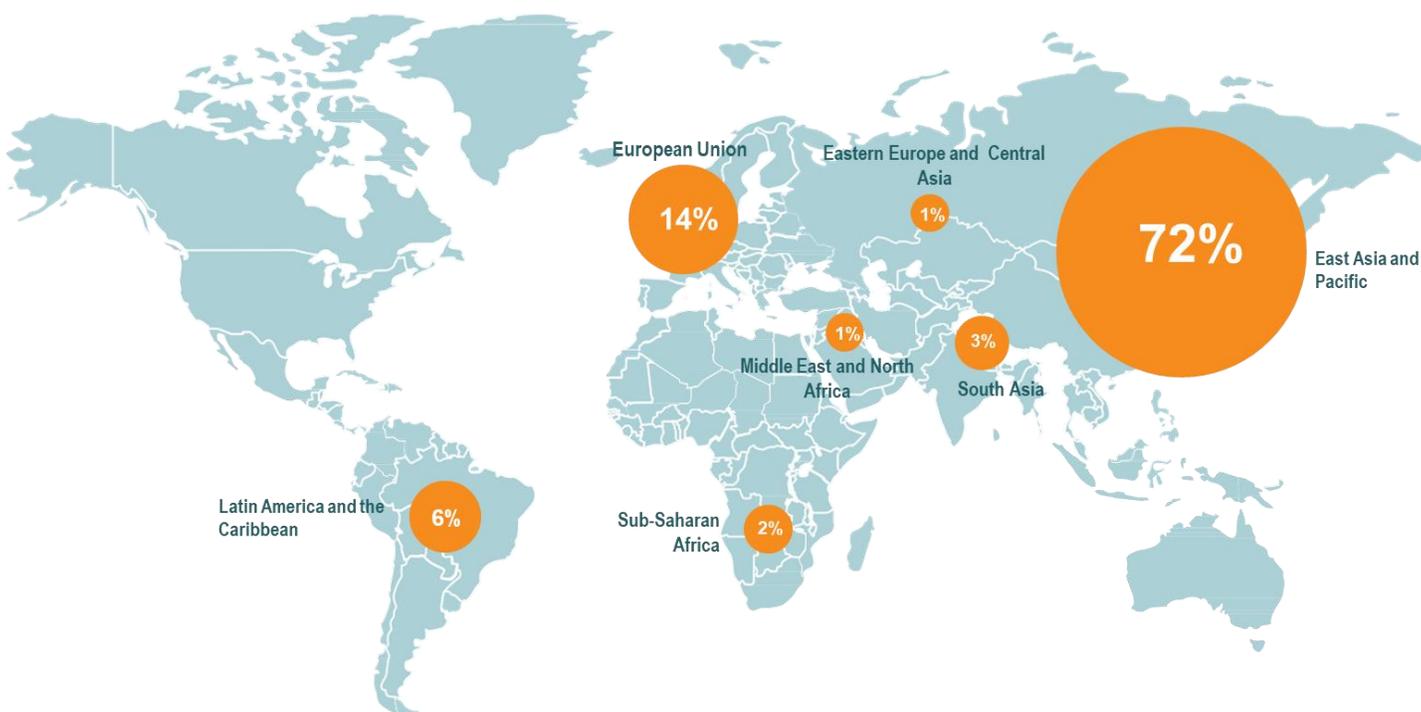
- 87% of the green finance in 2017 was committed in the home country of the IDFC member institution. 13 members committed \$191 billion to projects in their home country. This was a slight increase proportionally on 2016 and 2015 when 83% and 79% of the total was committed domestically.
- Institutions based in non-OECD regions were responsible for 75% of the total or \$166 billion. This is a sizable increase from 67% and 68% in 2015 and 2016. The corresponding figure for OECD-based institutions was \$54 billion.
- As in 2016, most international financing originated from OECD-based institutions and directed towards projects in non-OECD regions. This amount increased from \$19 billion to \$20 billion from 2016 to 2017.
- International financing from non-OECD based institutions stayed level with 2016 levels at approximately \$6.5 billion, although this remains below \$8.5 billion recorded in 2015.
- The largest share of finance went to the East Asia and Pacific region with 72%, an increase from 65% in 2016. The European Union (14%), Latin America and the Caribbean (6%) and South Asia (3%) retained their positions as the next three most popular destinations.
- Loans provided 97% of green finance commitments with non-concessional and concessional loans accounting for 79% and 18% respectively.
- Grants increased in value from \$2.1 billion in 2016 to 3.3 billion in 2017. They represented 1.5% of total green finance commitments.

Methodology For Climate Finance Tracking

The mapping exercise administers a survey to IDFC members, and data are checked for reliability and are then presented in aggregate form. The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. The number of reporting institutions for 2017 is 18 out of 23.

Differences in reporting institutions as well as reporting coverage across all green finance activities may vary from year to year. There are still operational and methodological challenges, notably regarding adaptation finance, where the tracking methodology is more resource intensive. As stated in the Common Principles, any uncertainty is overcome following the principle of conservativeness where climate finance is preferred to be under reported rather than over reported.

Figure 4: Regional distribution of green finance in 2017



ABOUT IDFC

IDFC members represent a global group of development banks at the national and subnational level. Likeminded in mission, members unite their expertise to help countries reach their national and international commitments.

Members work toward a vision of increased sustainable development. Specific topics include climate finance, infrastructure finance, social development, poverty reduction, green banking, and innovation finance.

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

More information about the IDFC can be found at www.idfc.org.

This year's green mapping report was prepared with the support of Climate Policy Initiative (www.climatepolicyinitiative.org)

IDFC Members

- Agence Française de Développement (AFD)
- Banco del Estado de Chile (BE)
- Bancoldex S.A.
- Banco Nacional de Desenvolvimento Econômico Social (BNDES)
- Banque Ouest Africain de Développement (BOAD)
- Black Sea Trade and Development Bank (BSTDB)
- Development bank of Latin America (CAF)
- Caisse de Dépôt et de Gestion (CDG)
- 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)
- Indonesia Exim Bank (IEB)
- Industrial Development Bank of Turkey (TSKB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- Japan International Cooperation Agency (JICA)
- KfW Bankengruppe
- Korean Development Bank (KDB)
- Nacional Financiera (NAFIN)
- Small Industries Development Bank of India (SIDBI)
- Vnesheconombank (VEB)