IDFC Members Deliver Large Share of Global Green Financing Flows

19 June 2012

Contribution of IDFC members with total green finance of 89 billion US$ in 2011

High capacity and commitment to additionally channel significant private capital resources into green projects

Today, the IDFC, the International Development Finance Club, a network of 19 leading national and sub-regional development banks published their mapping of green finance 2011 (carried out by energy and climate consultancy Ecofys) and their internal report on instruments to leverage additional private capital into green finance. It is the first time that consistent and transparent information on green finance flows from a major group of national and sub regional development banks based in OECD and non OECD countries is provided. This comprises financing climate change mitigation, especially in renewable energies and energy efficiency as well as adaptation to climate change and other measures for environmental protection. It also shows how IDFC members use their loans and grants to raise additional private funding into co-financing these projects, or structured funds to leverage private capital for climate finance on a wholesale level.

IDFC members made new commitments of 89 billion US$ in green finance in 2011 – with increasing trend. The largest share of attributable green financing (83%) was invested in green energy and mitigation of greenhouse gas emissions projects. *"IDFC's development banks have demonstrated their capacity and commitment to channel large volumes of their own resources into 'green' projects", said Dr. Ulrich Schröder, Chairperson of the IDFC and CEO of KfW (Germany)*. *"Beyond climate finance flows from governments, UN agencies and multilateral development banks, national and sub-regional development banks play a major role in providing climate and green finance, particularly to developing countries. And we are very innovative in "green finance engineering" to leverage additional private finance.*

The studies show that 66% (*59 billion US$)* of the total green finance for 2011 was channeled to 'green' projects in developing countries. The finance flows from institutions based in OECD countries to non-OECD countries constituted 15 billion US$ in 2011. *"The findings from this study indicate that IDFC's development banks have the financial and technical capacities to deliver larger amounts of green financing*", commented Mr. Enrique García, Vice-Chairperson of the IDFC and CEO of CAF, Latin American Development Bank. ""*IDFC banks can thus play a key role in leveraging current green finance flows by involving the private sector and by participating in initiatives such as the Green Climate Fund"*.

Furthermore, a sample of 16 IDFC members shows an increasing share of green finance in total financing commitments, from 20% in 2010 to 24% in 2011, and additional innovative programs for leveraging private capital were designed. "*This indicates that national, sub-regional and international development banks, along side with other international organizations, have both the experience and capacities to increase the volume of finance currently being dispensed into 'green' projects*" said Dov Zerah, CEO of AFD (France).

We at IDFC are convinced that Green Financing will have a positive impact on the recovery of worldwide growth by fostering productive investment in sustainable basis.

The reports are available on the IDFC website (www.idfc.org)