

IDFC Green Finance Mapping Report 2019

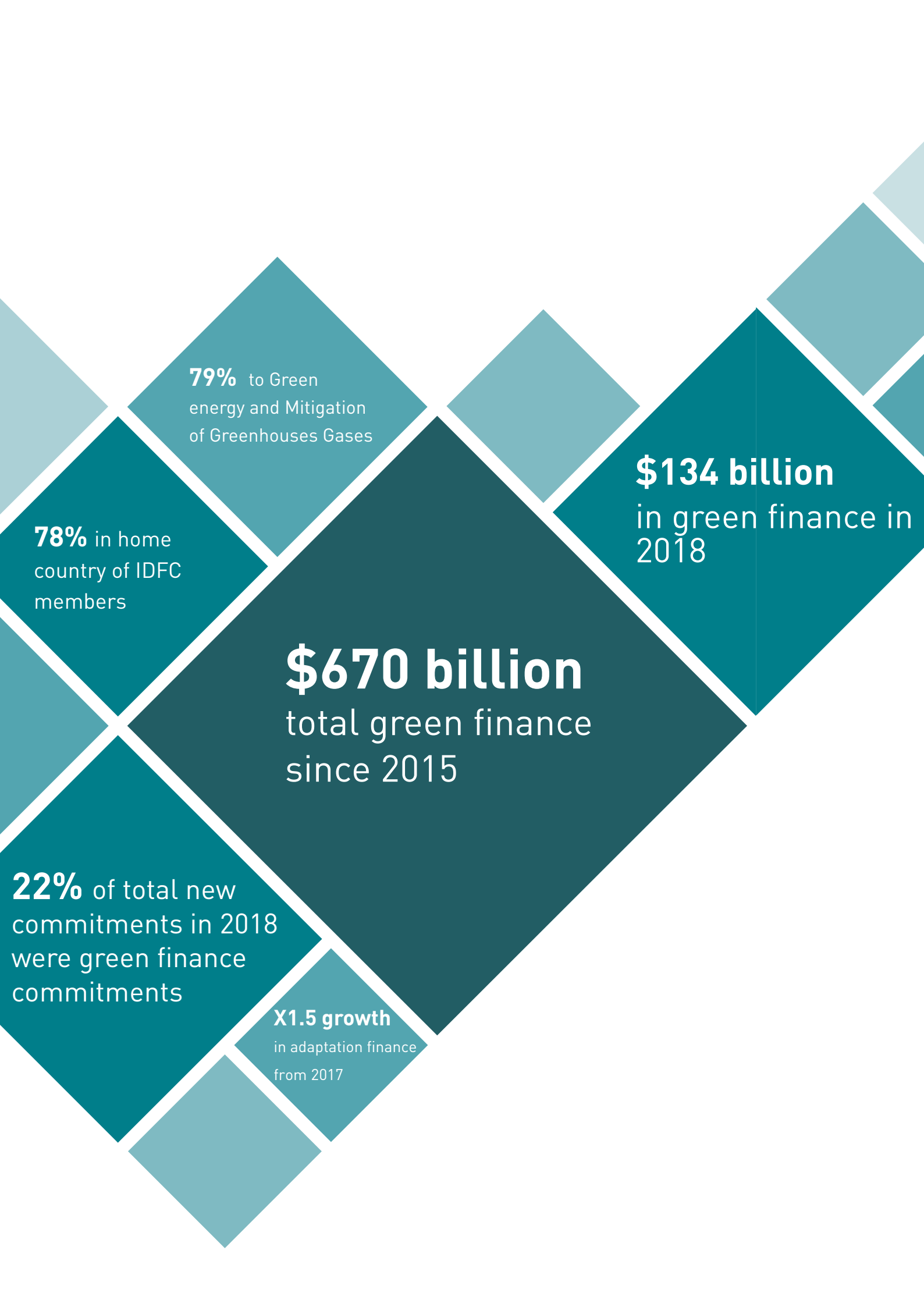
December
2019



Supported By:



CLIMATE
POLICY
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\$670 billion
total green finance
since 2015

\$134 billion
in green finance in
2018

78% in home
country of IDFC
members

79% to Green
energy and Mitigation
of Greenhouses Gases

X1.5 growth
in adaptation finance
from 2017

22% of total new
commitments in 2018
were green finance
commitments



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Executive summary

Since 2011, IDFC has periodically conducted mapping of member institutions' contributions to green finance. While 2015-2017 saw strong, sustained growth in green commitments from IDFC members, findings from 2018 indicate a decrease from the record levels of 2017, in particular in the areas of mitigation and other non-climate-related environmental projects. Among other factors, the fall is due to cyclical macroeconomic policy evolutions in some countries, impacting development banks' overall financial commitments and therefore green finance levels, in particular in the areas of urban development and (to a lesser extent) hydropower generation, which had benefited from considerable support in recent years. However, many IDFC institutions show stable or increasing green finance commitments. eco-systems values into national, regional and local development policy and finance.

2018 Key Findings

- IDFC members reported total green finance commitments of \$134 billion in 2018. Although this represents a 39% decrease from commitments in 2017, cumulative green finance commitments by IDFC members sum to over \$670 billion since 2015.
- Green finance commitments represented approximately 22% of total new commitments made by the reporting IDFC members in 2018.

Green commitments have consistently been above one-fifth of total IDFC investments since 2016.

- Climate finance – consisting of all activities related to mitigation of GHG emissions and adaptation to climate change – accounted for 93% of total green finance.
 - Finance for green energy and mitigation of greenhouse gases continued to dominate, representing 85% of climate finance.
 - Adaptation represented more than 12% of climate finance, and commitments for adaptation to climate change increased by 57% from 2017. Following a second consecutive year of growth, commitments to adaptation projects have almost tripled since 2015.
 - Finance for projects containing elements of both mitigation and adaptation, though still a small proportion of climate finance at 3%, doubled in absolute terms.
- The remaining 7% of green finance went to other environmental finance, which includes waste and water management, biodiversity, and controlling industrial pollution. Commitments in this category fell by 63% compared to 2017.

Figure ES1 | Breakdown of IDFC Green Finance Commitments in 2018 (left) and 2015-2018 (right)

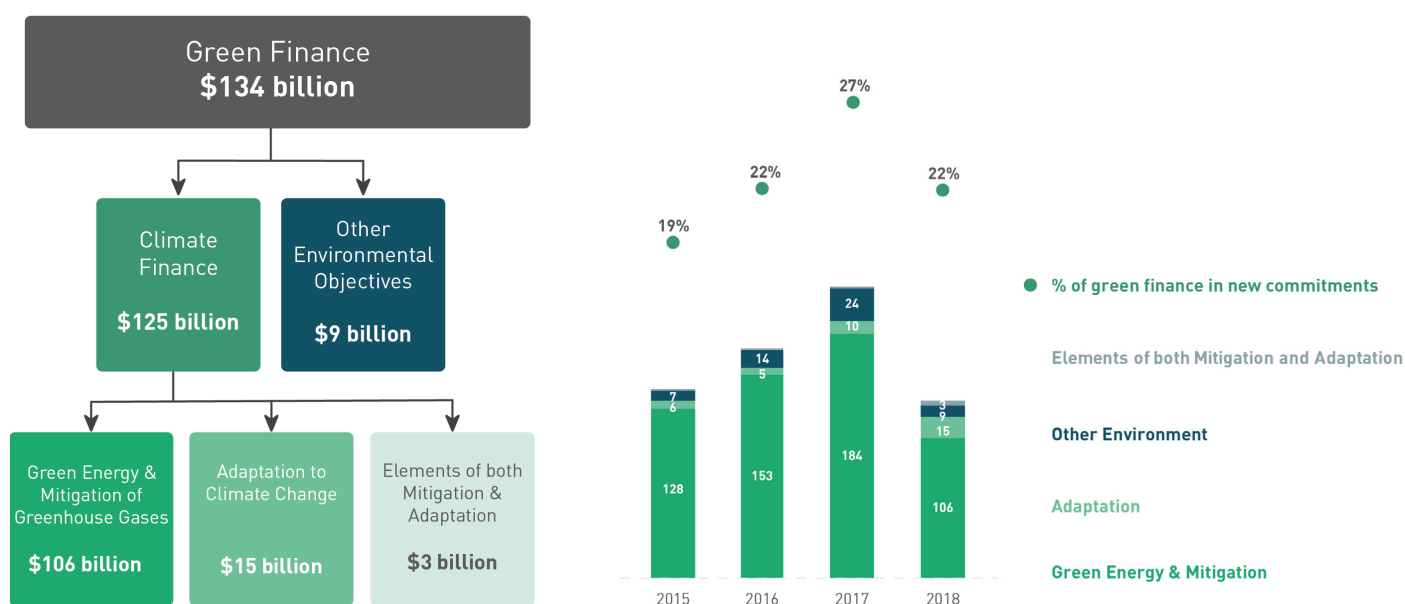
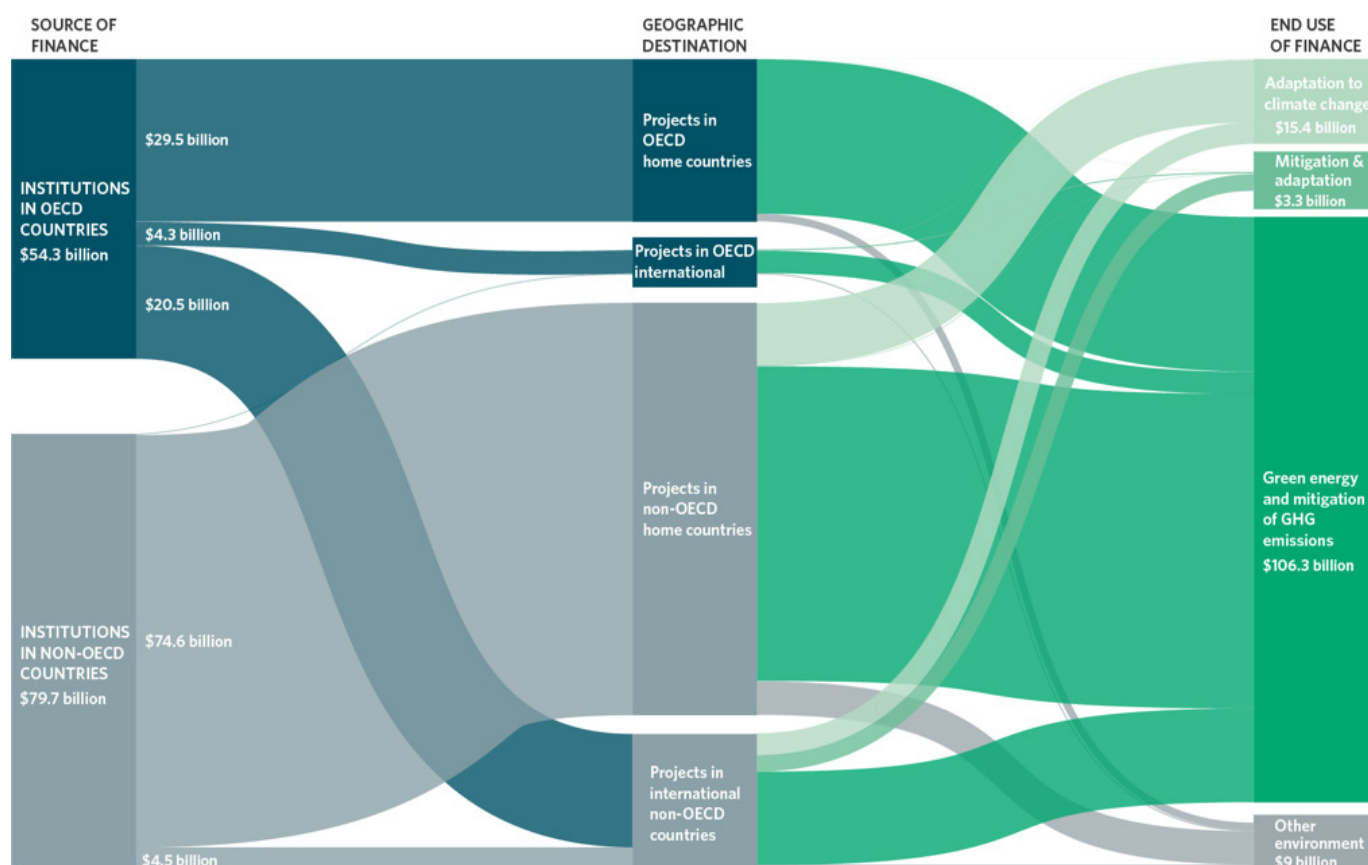


Figure ES2 | Green finance commitments in 2018 by origin, destination (OECD/non-OECD), and category



- IDFC institutions based in non-OECD countries committed \$80 billion, a smaller proportion (59%) of the total than in previous years. This decrease reversed an upward trend in the non-OECD share of IDFC green finance, which reached 75% (\$166 billion) in 2017 and 68% (\$118 billion) in 2016 (Figure ES2).
- Green finance commitments have become more regionally balanced. While the East Asia and Pacific region again received the largest share of finance at 56%, this was lower than in 2017 (72%). As in 2016 and 2017, the East Asia and Pacific region was followed by the EU (22%), Latin America and the Caribbean (9%) and South Asia (6%), as the leading destinations of finance (Figure ES3).
- The share of total green finance commitments made in IDFC institutions' home countries was 78% (\$104 billion), while 22% (\$30 billion) was spent internationally.
- Flows from institutions in OECD countries to recipients in non-OECD countries represented 69% (\$21 billion) of the total \$30 billion in international green finance commitments.

- Flows from institutions in non-OECD countries represented 17% (\$5 billion) of international green finance commitments.
- Most commitments were provided in the form of loans, at \$129 billion, or 96% of total green finance (down from 97% in 2017), while \$3.4 billion, or 2.3% of commitments, were provided in the form of grants (up from 1.5% in 2017).

Improving Green Finance Mapping Methodology

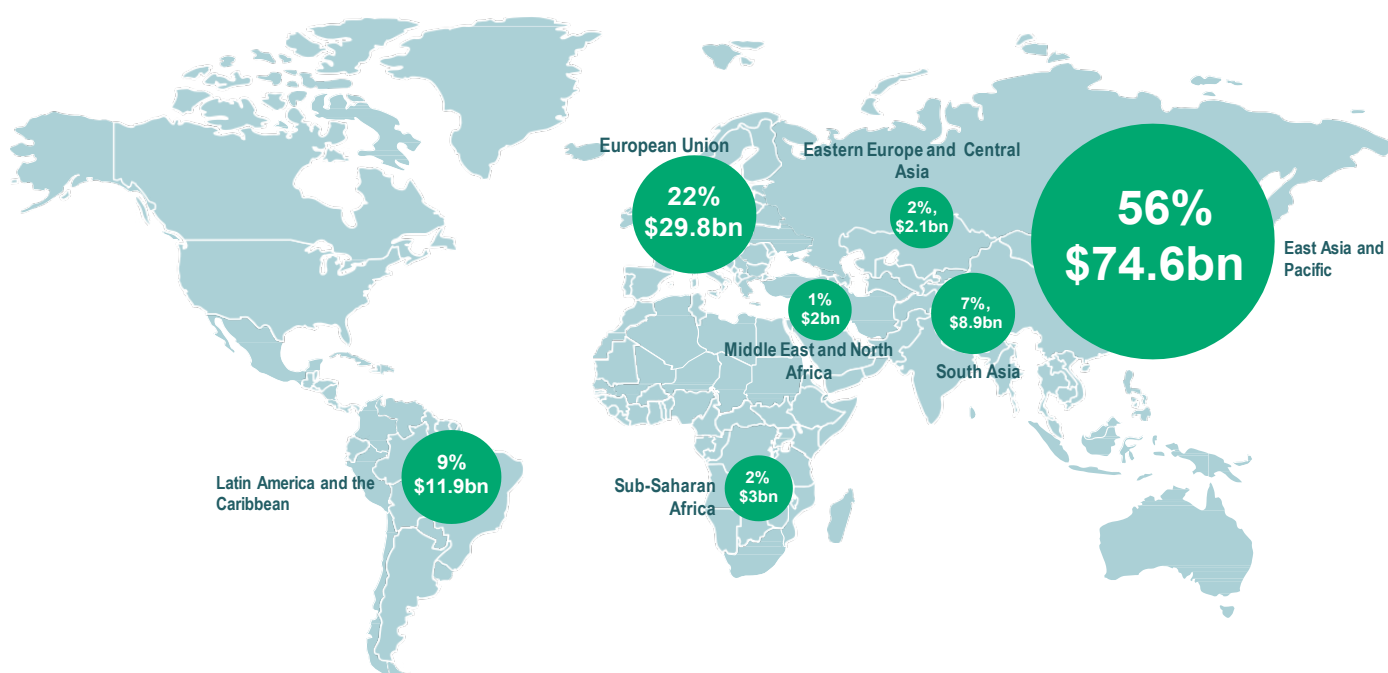
To inform this exercise, IDFC members complete a survey template, from which the data are checked for consistency and aggregated. The number of reporting institutions for 2018 is 17 out of 24, at the time of data collection in 2018.

The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. The specific list of reporting institutions and reporting coverage across all categories vary from year to year. Following the Common Principles, uncertainty is overcome via the principle of conservativeness: Climate finance tracking errs on the side of under-reporting rather than over-reporting. In particular, adaptation commitments are expected to be conservative, since activities that count as

adaptation are broadly context-specific and institutions are not always able to apply consistent category markers.

Another reporting challenge is estimating private sector co-investment mobilized by IDFC members. Efforts to develop and apply common methodologies to estimate, track and report on private finance mobilized will help address this issue, potentially in the form of the pilot IDFC Climate Facility launched in September 2019, which will help build capacity and knowledge among member institutions working on climate objectives. Improved reporting will help assess current trends and identify gaps and opportunities, increasing the effectiveness and catalytic potential of green finance committed by IDFC members (see Section 4.2)

Figure ES3 | Green finance commitments by geographic destination in 2018



1. INTRODUCTION

Development finance institutions (DFIs) will play a pivotal role in the effort to raise finance for achieving the goals set out in the Paris Agreement and the Sustainable Development Goals.

The International Development Finance Club (IDFC) is the leading group of 26 national and regional development banks from all over the world, the majority of which are active in emerging markets. Together, the IDFC members are the largest provider of public development finance globally, with \$4 trillion in combined assets and annual commitments above \$600 billion. During the United Nations Climate Action Summit 2019, IDFC resolved to mobilize significant volumes of financing for meeting climate and development goals, highlighting the potential of the IDFC members to:

1. provide more than \$1 trillion of climate finance cumulatively from 2019 to 2025 inclusive, including an increasing share for adaptation and resilience;
2. leverage financing from the private sector and create the space for blending of public finance to accelerate the crowding in and reorientation of private finance for sustainable and climate-compatible development.

These resolutions represent the quantitative dimension of a wider initiative to increase the scale and impact of green and climate finance to address national, regional and global needs. Alongside greater volumes of finance, IDFC has committed to move beyond “climate finance as usual,” to improve the quality of finance and to align all financial flows with the Paris Agreement and Sustainable Development Goals. That involves, for example, embedding climate change within member institutions’ strategies and working at country and subnational level to help promote tailored low-carbon and climate-resilient development pathways.

IDFC member institutions also committed to launching a \$10 million¹ Climate Facility, due to be operational by the end of 2019, and agreed to establish a partnership with the Green Climate Fund (GCF), with which the IDFC already has a joint portfolio of \$826 million.ⁱ

Robust and consistent tracking of green finance flows will be essential for IDFC members to evaluate progress in achieving their green finance ambitions. IDFC has conducted regular mapping of its member institutions’ green finance commitments since 2011 (first report published in 2012), to increase transparency and accessibility as outlined by the 2017 One Planet Summit joint resolution with Multilateral Development Banks (MDBs). This report presents the methodology used and findings from the 2019 mapping exercise, concerning commitments made during 2018. The report, prepared with the support of Climate Policy Initiative, is structured as follows:

- Section 2 outlines the methodology used to record member institutions’ green financial commitments;
- Section 3 presents the findings for 2018 green finance flows, including aggregated flows across IDFC and breakdowns by region of destination, financial instrument, sector of use, and sub-sectoral technologies.
- Section 4 summarizes trends.

1 Including in-kind contributions.

Box 1: IDFC members' climate commitments

At the 2019 United Nations Climate Action Summit, IDFC members also reported on their individual achievements and ambitious forward plans with regard to green finance. The institutions that provided this additional information were: AFD, BICE, BNDES, BOAD, CABEL, CAF, CDP, DBSA, JICA, KfW and TSKB, which as a group committed \$60 billion of green finance in 2018. Some highlights include:

- AFD adopted a new Energy Transition Strategy, with three focus areas: Access to energy services for all, energy efficiency and demand management, and a modernized and low-carbon energy supply. The Group will exclude fossil fuels from its financing, including any coal-fired power plant project, any project based exclusively on fuel oil or diesel, and any exploration or production projects.
- Bancoldex dedicated 7% of new commitments to green finance, a significant jump from 1% in 2017, with the intention to grow green finance at a similar rate in 2019 and beyond.
- BICE launched the first Sustainable Bond in South America at the end of 2018, with the \$30 million issuance financing projects with significant mitigation impacts while contributing to seven sustainable development goals (SDGs).
- CABEL adopted a Zero Carbon Statement, committing to limit financing of coal through exploration, extraction, or energy generation, as well as to the development of innovative climate finance instruments.
- CAF pledged to compensate its 50 years of carbon footprint by 2020, the year of its anniversary. The institution has set a green finance goal of 30% of annual commitments by 2020, with the goal of increasing this percentage incrementally to 50% by 2050.
- CDP joined IDFC at the end of the 2018, and with a new 2019-2021 business plan has established a strategic plan targeting the Sustainable Development Goals for the first time.
- KfW's green finance commitments mobilized a reported \$56 billion of private finance in 2018. Out of this total, \$27 billion were mobilized by a programme promoting energy efficiency in new building construction.
- TSKB's sustainability objectives for 2019 and 2020 have sustainability finance and renewable energy at their core. In practice, the institution aims to finance 10 projects targeting energy or resource efficiency by 2020, in addition to approving new loans for at least 150 MW of renewable energy.

Our members

26 Members from developed and developing countries

EUROPE

Italy

Cassa depositi e prestiti (CDP)

Black Sea Region (Location: Greece)

Black Sea Trade and Development Bank (BSTDB)

France

Agence Française de Développement (AFD)

Croatia

Croatian Bank for Reconstruction and Development (HBOR)

Germany

KfW Bankengruppe

Turkey

Industrial Development Bank of Turkey (TSKB)

Russia

Vnesheconombank (VEB)

AFRICA

Morocco

Caisse de Dépôt et de Gestion (CDG)

South Africa

Development Bank of Southern Africa (DBSA)

Western Africa Region

(Location: Togo)

Banque Ouest Africaine de Développement (BOAD)

Eastern & Southern Africa Region

(Location: Burundi & Mauritius)

The Eastern and Southern African Trade and Development Bank (TDB)

ASIA AND MENA

India

Small Industries Development Bank of India (SIDBI)

China

China Development Bank (CDB)

South Korea

The Korea Development Bank (KDB)

Japan

Japan International Cooperation Agency (JICA)

Indonesia

PT Sarana Multi Infrastruktur (Persero) (PT SMI)

CENTRAL AND SOUTH AMERICA

Central America Region

Central American Bank for Economic Integration (BCIE/CABEI)

Mexico

Nacional Financiera (NAFIN)

Central and Latin America Region

Development Bank of Latin America (CAF)

Perú

Corporación Financiera de Desarrollo S.A. (COFIDE)

Colombia

Bancoldex S.A.

Brazil

Banco Nacional de Desenvolvimento Econômico e Social (BNDES)

Chile

Banco Estado (BE)

Argentina

Banco de Inversión y Comercio Exterior S.A (BICE)

INTER-REGIONAL INSTITUTIONS

Islamic Corporation for the Development of the Private Sector (ICD)

International Investment Bank (IIB)



2. METHODOLOGY

Following improvements in methodology implemented in the 2018 green finance mapping report (covering 2017 commitments), the 2019 edition adopts a similar approach, with minor changes to improve the transparency, comparability, consistency, and flexibility of the process. The IDFC survey aligns with the **MDB-IDFC Common Principles for Climate Mitigation Finance Tracking** and **MDB-IDFC Common Principles for Climate Change Adaptation Finance Tracking**.

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

- i) **Collecting commitments data 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. Detailed guidelines were provided to IDFC members on the categorization 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 mobilization. Please see the Appendices for further details on the survey.
- 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) **Analyzing the dataset and presenting findings at aggregate and organization levels.** Commitments by individual institutions were published for the first time in the 2017 green finance mapping exercise, a practice continued in the current edition.

In this year's mapping, 17 IDFC members responded with surveys, down from 18 responses collected on 2017 data and 20 in the previous two years (2016 and 2015 commitments). All institutions that submitted data this year also returned surveys last year, with the exception of CDP, which joined IDFC during the interceding period. Annual fluctuations in the number of reporting institutions and in coverage across green finance activities affect year-to-year comparisons.

Box 2: New elements introduced in the 2018 Green Finance Mapping exercise

- **Project-level data:** Member institutions were provided with the option of providing project-level data, rather than aggregated information. Project-level reporting ensures greater accuracy and integrity in reported data and assists in layered analysis. However, it is demanding in terms of internal capacity and resources, and can raise confidentiality issues. As such, only two institutions reported finance at the project level. Improved granularity of data would allow greater transparency and comparability of green finance commitments.
- **Improved detail on private finance mobilization:** IDFC has gathered estimates of the volume of private investment mobilized by its member institutions since 2014. However, this process faces challenges surrounding definitions, scope, and methodologies. The 2018 green finance survey included clearer guidance on available methodologies and requested members to report more granular data on private mobilization by category and financial instrument. As well as bringing greater transparency, lessons from this process will help improve private co-financing estimates, to better determine the effectiveness of public finance flows. This process requires coordination across multiple internal business units within IDFC member institutions to collect the necessary data, as well as strong collaboration between members to identify overlap and correct for potential double-counting when aggregating results.

3. GREEN FINANCE MAPPING OUTCOMES

This report includes an overall green finance number divided into two major categories, namely climate finance and other environmental objectives. The former grouping is composed of finance for green energy and mitigation of greenhouse gases (GHG) (henceforth 'mitigation'), adaptation to climate change, and projects that include elements of both mitigation and adaptation. In many cases, climate-related activities also have environmental co-benefits (e.g. renewable energy projects contributing to air quality improvement). For the sake of simplicity, these are classified here as climate finance. Finance for activities that have no climate co-benefits but only environmental co-benefits is considered in the category of other environmental objectives.

Out of the \$134 billion committed by the IDFC members in 2018 for green finance, \$125 billion was allocated to climate finance.² Compared to 2017, investment in green finance decreased by \$86 billion. Mitigation continues to account for the largest share of climate finance, representing 79% of green finance committed in 2018. Despite the overall decrease in green finance commitments, adaptation finance continues to increase in absolute terms from the \$10 billion committed in 2017 to \$15.4 billion in 2018. Projects with elements of both mitigation and adaptation also increased more than twofold with \$3.3 billion tracked in 2018. Finance for other environmental objectives decreased

by \$15 billion, with \$9 billion committed in 2018.

3.1 GREEN FINANCE COMMITMENTS

IDFC members' commitments for green finance amounted to \$134 billion in 2018, a 39% decrease from the \$220 billion tracked in 2017. Out of this, \$125 billion, or 93% of total green finance commitments, went towards climate finance. Within this category, most finance was committed to projects in mitigation, accounting for \$106 billion, or 79% of total green finance. The types of activities that received the most finance in this category were urban transport modal change, renewable energy generation, and energy efficiency.

Finance for adaptation projects continued to increase in 2018 to the sum of \$15 billion, an increase of 54% from the \$10 billion tracked in 2017. Tracking adaptation finance remains difficult, as it entails capturing finance directed towards specific activities or components within a broader project-level investment, partly explaining why the number is lower than the reported finance for mitigation and other environmental objectives.

Financing commitments for projects with elements of both mitigation and adaptation received \$3 billion in 2018, compared to \$2 billion in 2017. Meanwhile, the share of commitments in green finance flowing towards projects with other environmental objectives decreased from the \$24 billion

Figure 2 | Breakdown of IDFC Green Finance Commitments in 2018 (left) and 2015-2018 (right)

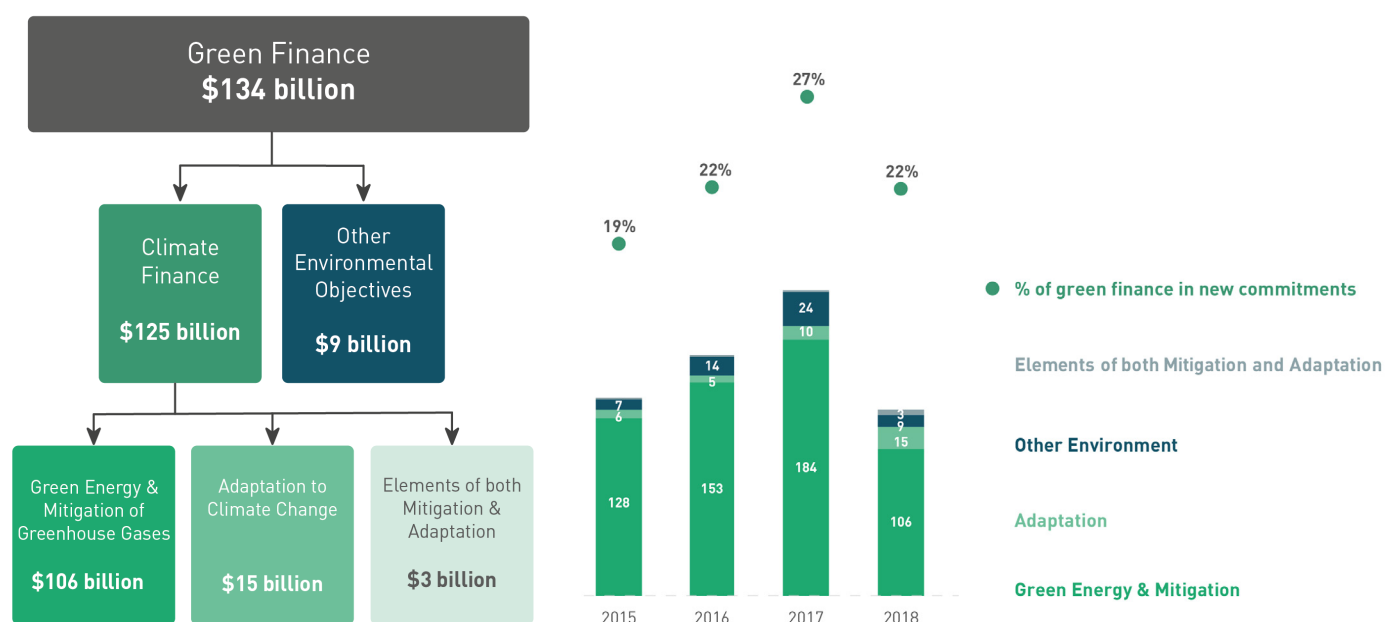


Table 1 | Total Green Finance Commitments in 2017 by IDFC Members (\$, millions)

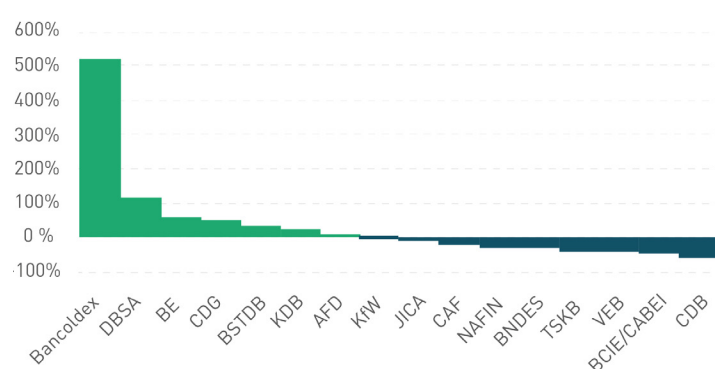
LOCATION OF IDFC MEMBER	REPORTING MEMBER INSTITUTIONS IN 2018	GREEN ENERGY AND MITIGATION OF GHGS		ADAPTATION		BOTH MITIGATION AND ADAPTATION		OTHER ENVIRONMENT		TOTAL GREEN COMMITMENTS	
		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Europe	KfW	33,648	31,502	641	1,082	842	1,004	1,682	1,425	36,811	35,023
	AFD	3,159	3,187	847	1,209	596	1,480	993	127	5,595	6,003
	CDP	-	1,819	-	2	-	0	-	391	-	2,212
	VEB	768	475	-	-	-	-	-	-	768	475
	TSKB	544	360	-	-	-	-	60	22	604	382
	BSTDB	30	42	-	-	-	-	11	11	41	54
	HBOR	68	-	4	-	-	-	5	-	77	-
Central and South America	BNDES	4,258	2,840	19	-	75	55	232	321	4,585	3,215
	CAF	1,787	2,254	1,647	472	-	-	135	155	3,568	2,881
	BE	545	873	-	-	-	-	-	-	545	873
	BCIE/CABEI	546	-	170	184	-	-	343	425	1,059	609
	NAFIN	514	378	-	-	-	-	-	-	514	378
	Bancoldex	14	95	-	-	-	-	4	17	18	112
Africa	DBSA	136	277	33	-	-	-	14	117	183	394
	CDG	2	0	10	18	-	-	-	-	12	18
Asia and MENA	CDB	134,064	54,772	3,175	11,382	-	-	18,076	5,821	155,315	71,975
	JICA	3,693	6,875	3,130	1,024	112	786	2,577	131	9,511	8,814
	KDB	421	515	-	-	-	-	-	-	421	515
	ICD	104	-	-	-	-	-	-	-	104	-
Total ³		184,301	106,264	9,676	15,372	1,625	3,325	24,132	8,962	219,731	133,931

tracked in 2017 to \$9 billion in 2018, a 63% decline.

Table 1 provides an institutional level breakdown of green finance in both 2017 and 2018, for institutions that reported finance in 2018. Of these 17 institutions, all but one reported commitments to mitigation projects, while 12 institutions committed to other environment projects and eight to adaptation projects.

Only seven members increased their green finance commitments between 2017 and 2018, adding a combined \$3.4 billion. This was offset by the nine members that reported a total reduction in commitments of \$90 billion, leading to the general decrease observed in 2018. Figure 3 shows the scale at which individual institutions reported increases and decreases in commitment this year as a proportion of their 2017 commitments. While these year-over-year trends vary due to the diverse nature of IDFC members and their mandates, most institutions that reported significant absolute

decreases in green finance in 2018 maintained a stable share of green finance within total new commitments. This is partially due to the fact that, in some institutions, cyclical macroeconomic trends have affected overall new commitments as well as green finance levels.

Figure 3 | Changes in Green Finance Commitments of IDFC Members between 2017 and 2018 (% change from 2017 commitments)

³ Totals for commitments in each category will not add up exactly to total green finance commitments, due to some institutions having reported minor unattributed amounts of finance.

3.2 GREEN FINANCE COMMITMENTS FROM INSTITUTIONS BASED IN OECD AND NON-OECD COUNTRIES

Green finance committed to projects in institutions' home countries greatly outweighed finance committed internationally. This ratio was higher for institutions based in non-OECD countries or regions compared to those based in OECD locations, highlighting the diversity of IDFC members and their specific mandates. Finance for dual benefits (combined mitigation and adaptation) projects was the category with the highest proportion of international flows, followed by adaptation finance, while other environmental finance was the most concentrated in domestic flows.

Out of the 17 reporting institutions, eight are non-OECD-based institutions and nine are OECD-based. Non-OECD-based institutions provided the majority of green finance in 2018, at \$80 billion, or 59% of the total. This was a decrease of over half from commitments of \$166 billion in 2017, the highest level of annual commitments on record. For non-OECD institutions, 94% of 2018 commitments were to projects in the source institution's home country, with the remainder

committed to projects in other non-OECD countries.

OECD-based institutions committed the remaining \$54 billion, or 41%, of total green finance in 2018. This was a stable level from 2017, which saw the same total committed by OECD institutions, although this aggregate result masks changes in the composition of the group and increases or decreases on the part of individual institutions described in Section 3.1. This group committed \$29 billion, or 54% of its total finance, to projects in institutions' home countries; \$21 billion flowed internationally to non-OECD countries; and the final \$4 billion went to other OECD countries.

Total financing provided in non-OECD countries fell to \$100 billion, from \$185 billion in 2017. This corresponded with a fall as a share of total commitments received, from 85% in 2017 to 75% in 2018. International commitments to projects in non-OECD countries also declined slightly, from \$27 billion to \$25 billion in 2018. This decline resulted from reduced commitments between non-OECD countries, as finance from institutions in OECD countries to projects in non-OECD countries actually rose by \$1 billion during this period.

Figure 4 | Green Finance Flows from OECD and Non-OECD IDFC Members by Category in 2018 (\$ billion)

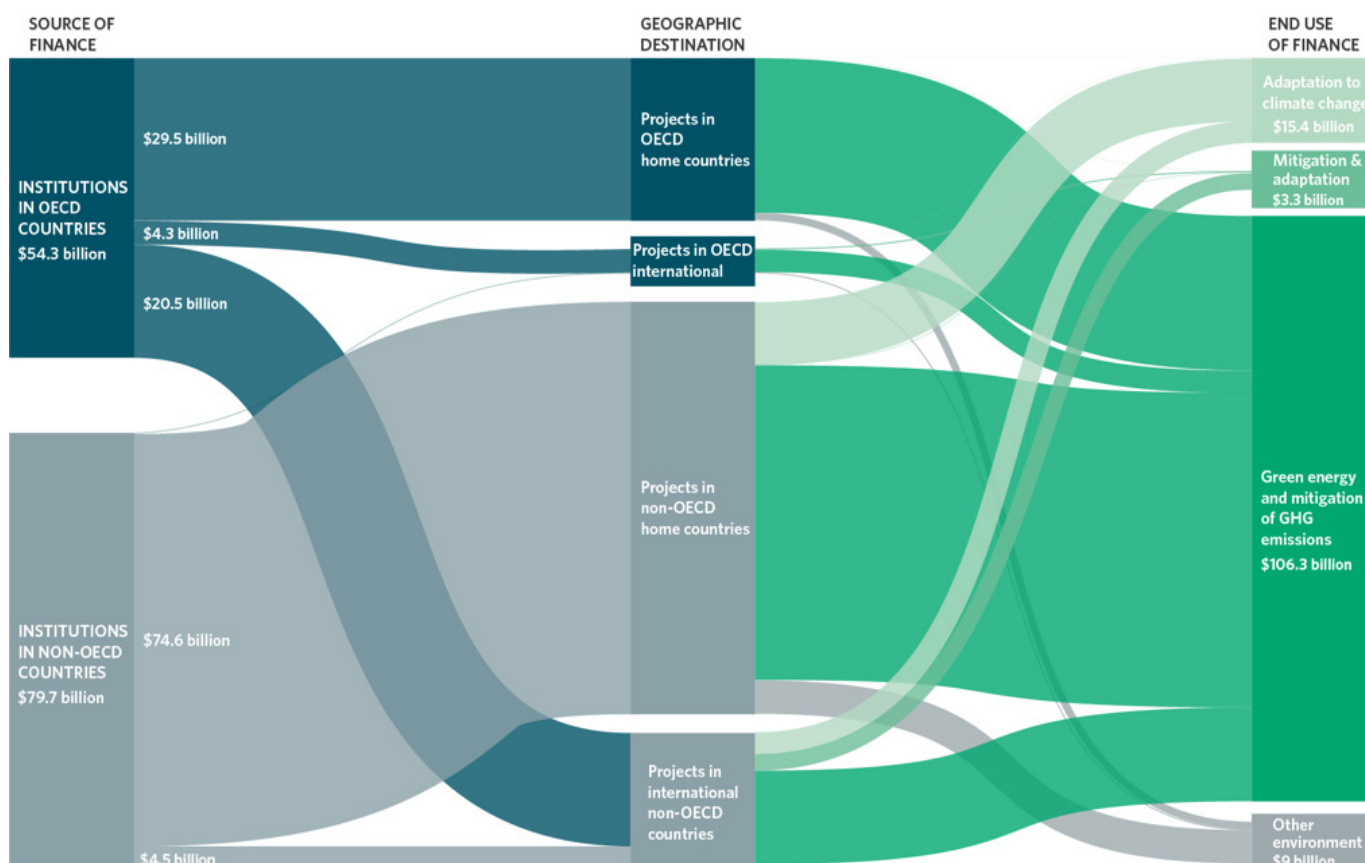


Figure 5 | Green Finance Commitments from OECD and Non-OECD, 2015-2018 (\$ billion)

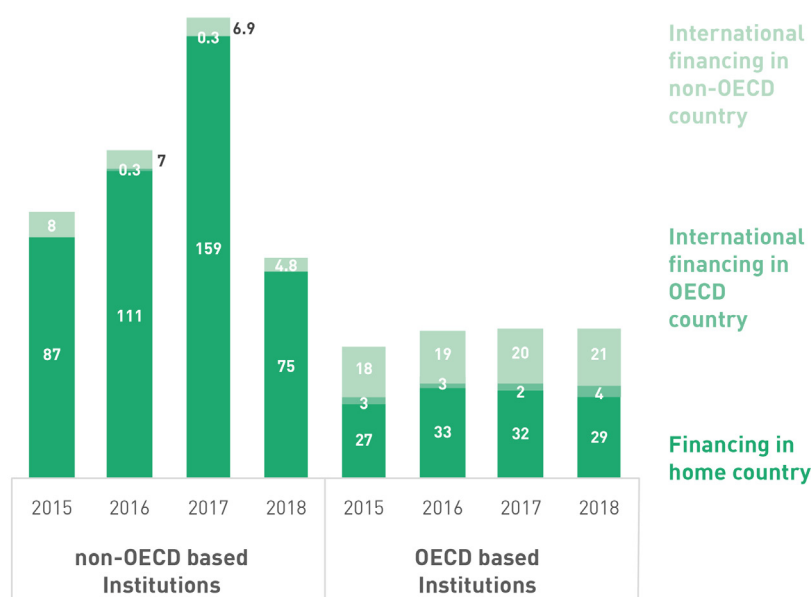


Figure 6 | Proportion of Domestic and International Green Financing Commitments by Category in 2018 (percent and \$ billion)

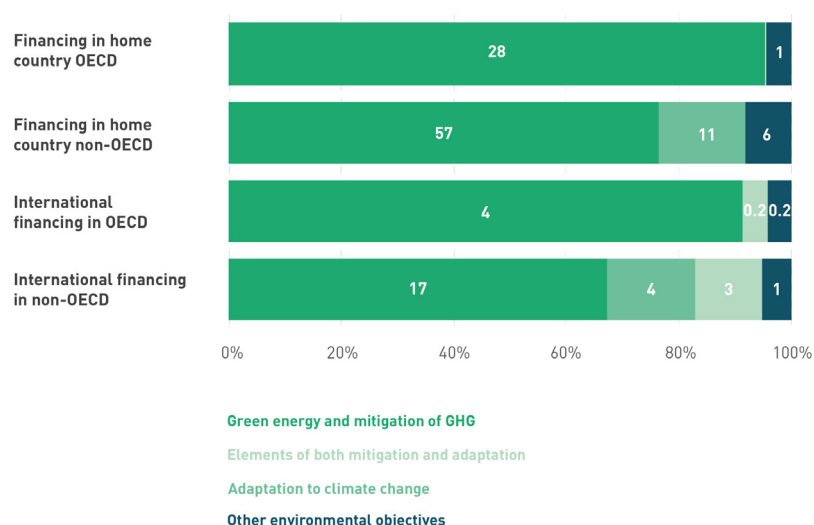
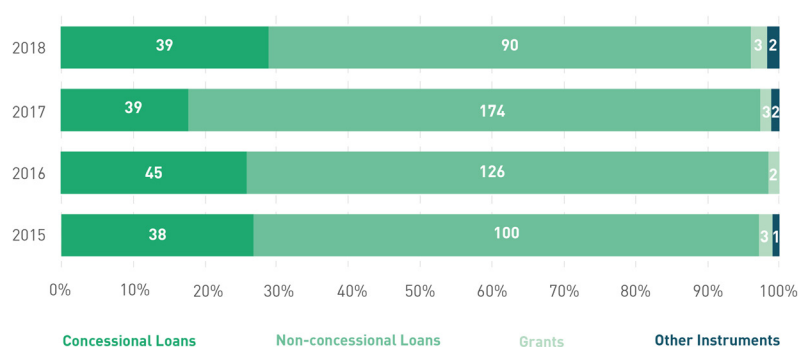


Figure 7 | Green Finance Commitments by Instrument Type, 2015-2018 (percent and \$ billion)



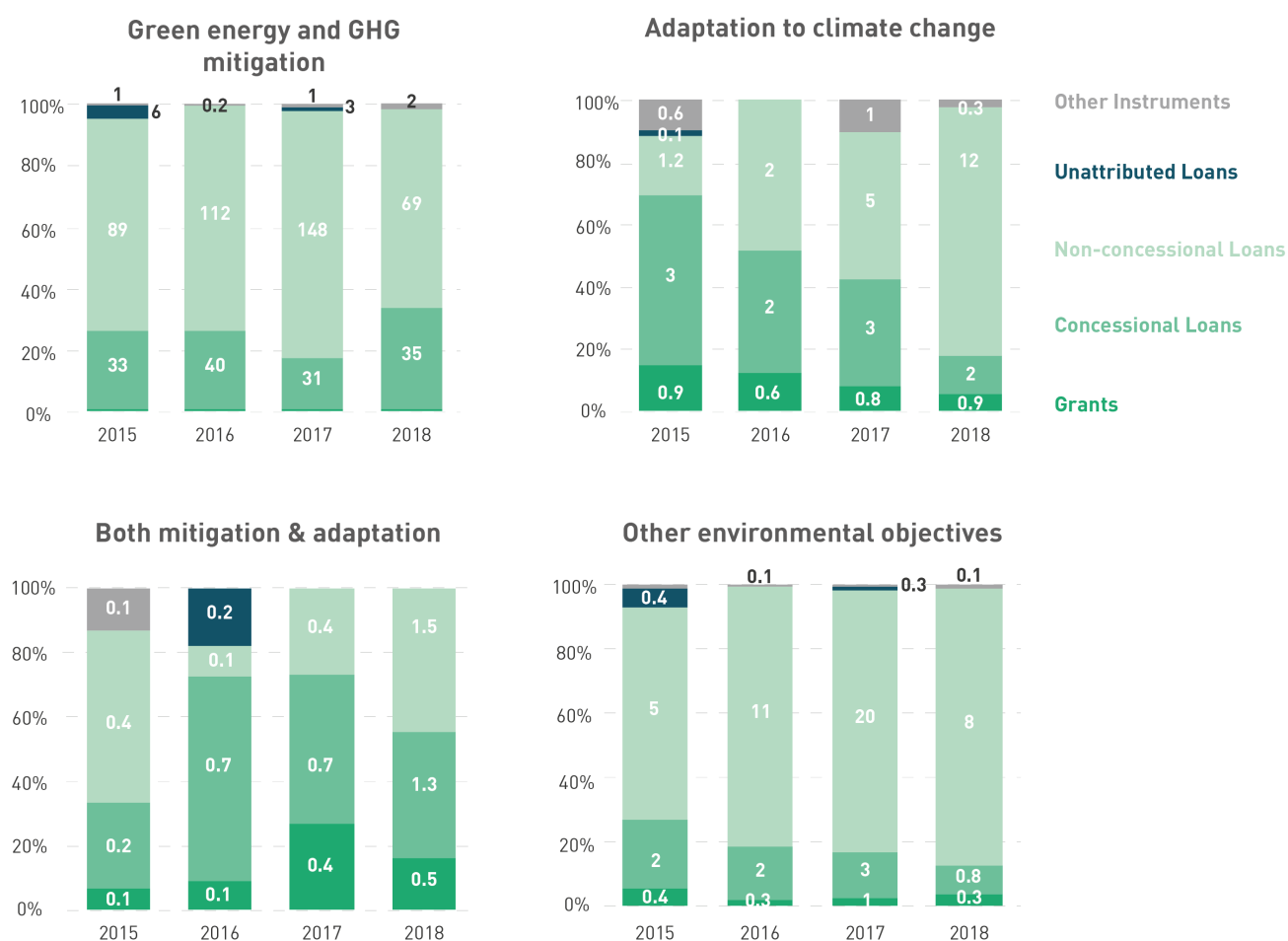
The split between commitments made domestically and internationally varies greatly by category of green finance. As Figure 6 shows, most finance for projects in OECD countries was for mitigation or other environmental objectives: mitigation represented 95% (\$28 billion) of domestic flows and 91% (\$4.1 billion) of international flows to OECD countries. Projects with dual mitigation and adaptation benefits totaled 5% (\$0.2 billion) of international commitments in OECD countries. By contrast, commitments for adaptation projects registered \$11 billion of domestic flows and \$4 billion of international flows to non-OECD countries, representing around 15% of total flows to non-OECD countries.

3.3 GREEN FINANCE COMMITMENTS BY INSTRUMENT TYPE

Loans remain the primary vehicle through which IDFC member institutions committed green finance, accounting for \$129 billion or 96% of the 2018 total, with concessional and non-concessional loans accounting for 29% and 67%, respectively. The declining share of non-concessional loans from 2017 to 2018 meant that concessional loans played a bigger role in 2018, although concessional finance stayed flat in absolute terms. Finance committed in the form of grants remained the same in 2018 at \$3 billion. Other instruments, such as guarantees and equity, continue to account for under 1% of green finance commitments.

Figure 7 shows the breakdown of green financing received by instrument type from 2015 to 2018, while Figure 8 demonstrates how that breakdown varies by category and year. Non-concessional loans to mitigation decreased by 54% in 2018, while concessional loans for mitigation projects increased by 11%. Non-concessional (i.e. market-rate) finance for projects targeting adaptation objectives increased from \$4.5 billion to \$12.2 billion, while concessional adaptation finance has stagnated over the last four years. Non-concessional financing for projects with both mitigation and adaptation

Figure 8 | Green Finance Commitments by Instrument and Category, 2015-2018 (percent and \$ billion)



benefits increased from \$0.4 to \$1.5 billion in 2018.

As with previous years, only a small percentage of finance is committed through grants, with the instrument contributing at most 16% of the total in the case of the combined mitigation and adaptation category, and significantly less in the other categories. This diverges from recent trends witnessed in global climate finance, where grants represent a larger share of climate finance than ever before, as public actors seek to build strong enabling environments and undertake demonstration projects for sustainable investment across a range of sectors.ⁱⁱ

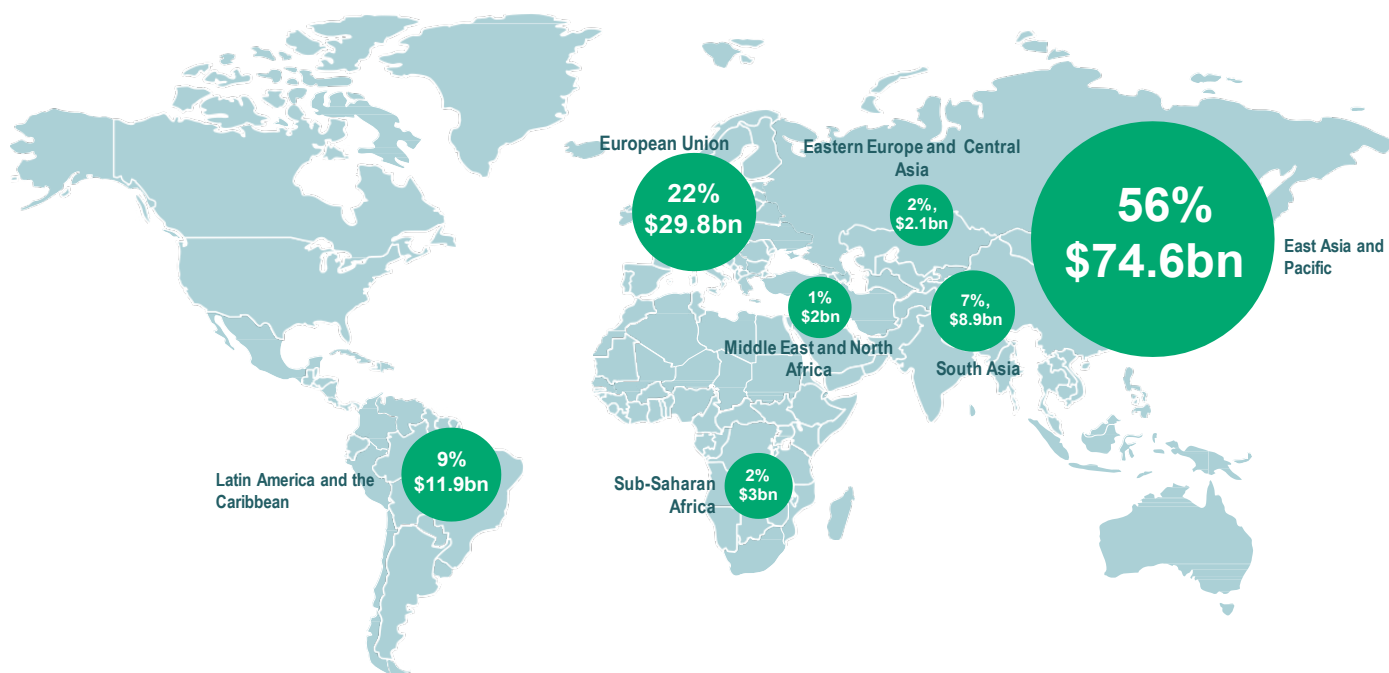
3.4 GREEN FINANCE COMMITMENTS BY GEOGRAPHIC DESTINATION

Figure 9 depicts the main regions targeted by the IDFC institutions in 2018. Most of the finance went to the East Asia and Pacific region, accounting for 56% of total green finance commitments, despite a decrease of 53% from the \$157 billion tracked in 2017. The second region to

receive the most finance was the European Union, with 22% of the global total and only a 7% decrease from 2017. Both Latin America and the Caribbean and the South Asia regions were the second and third largest recipients, representing 9% and 7% of the total green finance committed by IDFC institutions in 2018. While finance for Latin America and the Caribbean decreased by 15%, commitments for South Asia increased by 11% in 2018. These trends are reflective of the IDFC members' region of operation, their mandates, and strong domestic preferences as home-country risks are well understood.

Most finance for adaptation went to the East Asia and Pacific region, where a significant uptick of \$10 billion helped the region reach \$12 billion in 2018, accounting for 78% of total adaptation commitments. The region also received the most mitigation finance, at 54% of the category, with \$57 billion tracked in 2018, and the most funding for other environmental objectives, with 64% of the category committed in the East Asia and Pacific.

Figure 9 | Green Finance Commitments by geographic destination in 2018



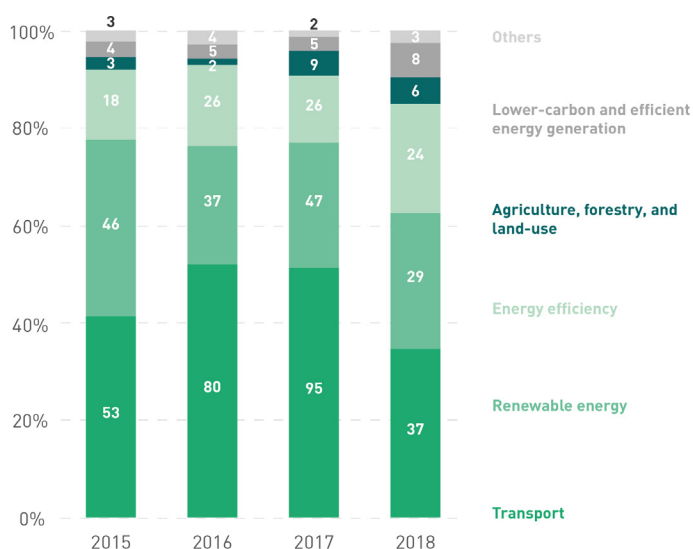
3.5 GREEN FINANCE COMMITMENTS TO GREEN ENERGY AND GHG MITIGATION

In 2018, \$106 billion was allocated for projects in mitigation, which received 79% of green finance from IDFC members despite the 42% decrease in commitments for the category from 2017. As with previous years, the transport sector received the most finance, at \$37 billion, or 35% of mitigation, underlining growing public-sector commitments to pursue low-carbon transport as a key component of climate-smart investment strategies. The next-largest subcategories for finance received were renewable energy (\$29 billion) and energy efficiency (\$24 billion), receiving 28% and 22% of

mitigation commitments respectively. Commitments for efficient and lower-carbon energy generation increased in 2018 by more than \$2 billion, making up 7% of mitigation finance provided by IDFC member institutions.

Within the top three subcategories – transport, renewable energy, and energy efficiency – Figure 11 shows the activities that received the most finance in 2018. Following trends from previous years, the activity that attracted the most finance within the transport subcategory was urban transport modal change, accounting for \$27 billion and 74% of the total, despite a 70% drop from 2017 levels. Finance for inter-urban transport, the second largest of this category, tripled in volume, making up 20% of the total with \$7 billion. For renewable energy, the second largest category, most finance went towards electricity generation, continuing previous years' trend despite a 38% decrease. In line with previous trends, the third category, energy efficiency, saw \$9 billion – 38% of the total – go towards improving energy efficiency in new commercial, public and residential building, followed by 32% for existing industrial facilities and 24% for improvements in existing buildings.

Figure 10 | Green Finance Commitments to Green Energy and Mitigation of GHG by subcategory, 2015-2018 (percent and \$ billion)



The further breakdown of renewable energy generation by different technologies shows that most finance was committed for onshore wind power in 2018, totaling 33% of the \$26 billion reported for the subcategory. This was followed by large hydro and solar PV power, which respectively accounted for 28% and 26% of renewable energy generation commitments (Figure 12).

Figure 11 | Disaggregation of Green Energy and Mitigation Subcategories, 2015-2018 (percent and \$ billion)

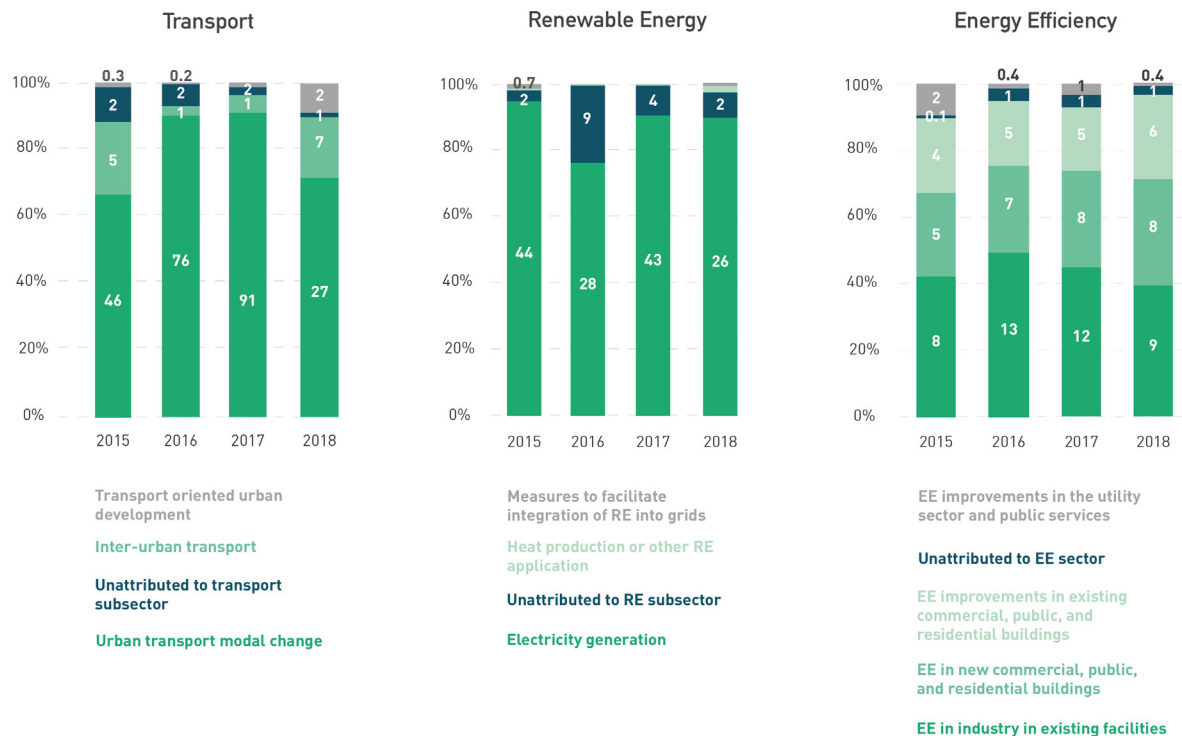
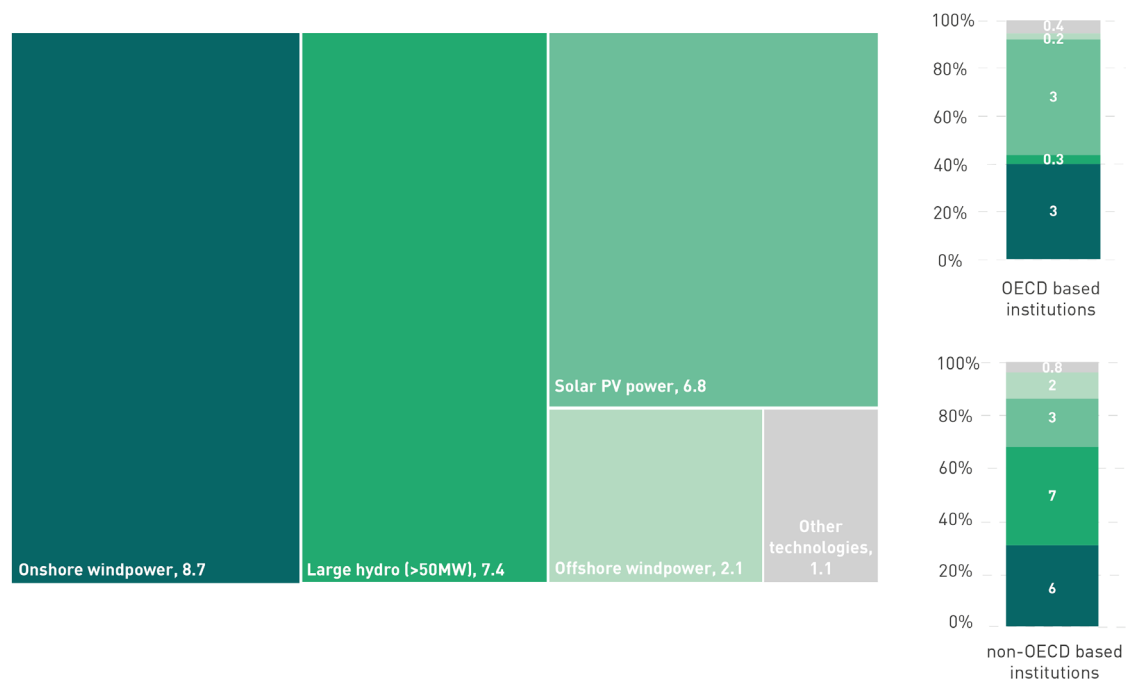


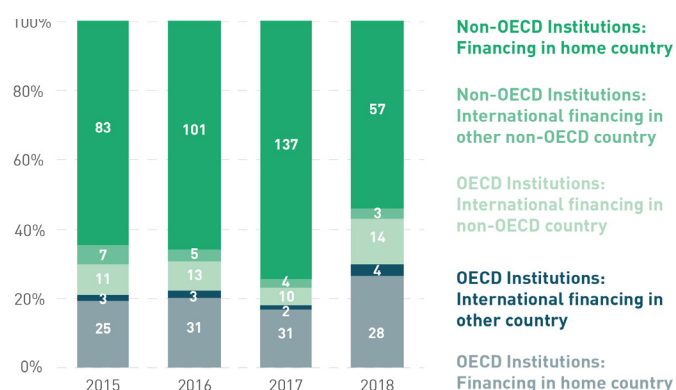
Figure 12 | Commitments to Renewable Energy by Technologies and OECD and non-OECD based Institutions in 2018 (percent and \$ billion)



Out of the \$106 billion committed to mitigation, 57% was committed by IDFC members based in non-OECD countries, while those based in OECD countries accounted for 43% (Figure 13). Compared to previous years, the share of non-OECD institutions committing finance in their home countries decreased both in proportion and in absolute magnitude, declining

58% from \$137 billion in 2017 to \$57 billion in 2018. Meanwhile, OECD institutions' financial commitments in non-OECD countries increased by \$4 billion.

Figure 13 | Commitments to Green Energy and Mitigation of GHGs from IDFC Members in 2018 (percent and \$ billion)



3.6 GREEN FINANCE COMMITMENTS TO CLIMATE ADAPTATION

2018 was marked by an increase in green finance commitments to climate change adaptation, with an increase of 54% from the \$10 billion tracked in 2017 to \$15 billion in 2018 (figure 14). Following a trend noted in 2018, there was a 12% increase in commitments for water preservation, although this category was overtaken this year by finance for other disaster risk reduction measures, suggesting a turn to more diverse methods of climate change adaptation such as emergency response systems, improvement of drainage systems, or monitoring of disease outbreaks and elaboration of a national response plan. Tracking climate change adaptation finance is a persisting challenge for the development finance community. As such, having adopted the Common Principles for Adaptation Finance tracking (co-developed with MDBs), IDFC institutions will continue to work on improving understanding and capacity for applying the principles to ensure consistent reporting practices.

Figure 14 | Green Finance Commitments to Adaptation by subcategory, 2015-2018 (percent and \$ billion)

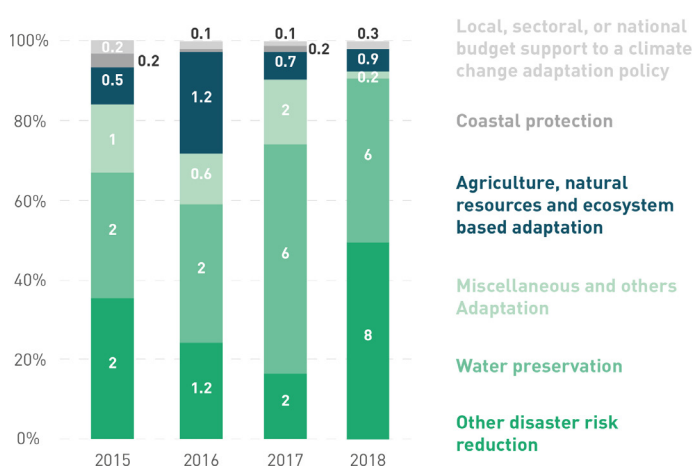


Figure 15 | Commitments to Adaptation from OECD and Non-OECD IDFC Members, 2015-2018 (percent and \$ billion)

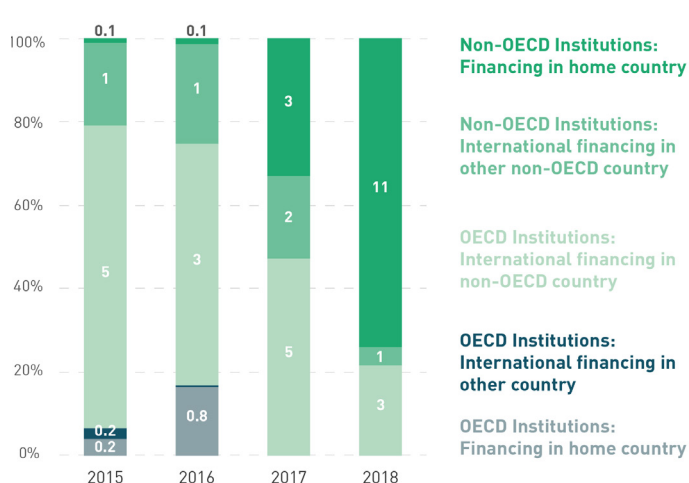


Figure 15 shows the domestic and international flows to adaptation projects, broken down according to the source institution's location. Non-OECD institutions' commitments to adaptation in their home countries were almost four times greater than in 2017, an increase of \$8 billion that drove the rise in levels of climate adaptation finance in 2018.

3.7 GREEN FINANCE COMMITMENTS TO OTHER ENVIRONMENTAL OBJECTIVES

Green finance for other environmental objectives decreased by 63% in 2018, from \$24 billion to \$9 billion (figure 16). The largest decrease was in industrial pollution control, accounting for 64% of the \$15 billion decline. Other noteworthy subcategories that decreased were in waste water treatment (by 53%) and in sustainable infrastructure (by 94%). This decrease can potentially be attributed to better understanding of mitigation and/or adaptation impacts of projects and initiatives undertaken by member institutions, as well as greater harmonization of methodologies and processes towards MDBs-IDFC Common Principles for Climate Finance Tracking.

Figure 17 shows international and domestic finance for other environmental objectives. In contrast to the trend observed for adaptation finance, domestic financing from non-OECD-based institutions decreased by 66%, although this subcategory still accounted for 68% of total commitments for other environmental objectives. International finance from OECD institutions to non-OECD institutions also decreased in 2018, by 86%, while other growth in other subcategories stagnated during this period.

Figure 16 | Green Finance Commitments to Other Environment Objectives by subcategory, 2015-2018 (percent and \$ billion)

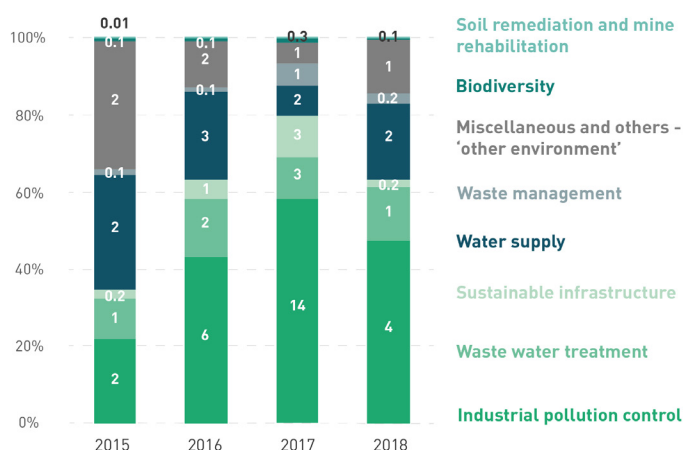
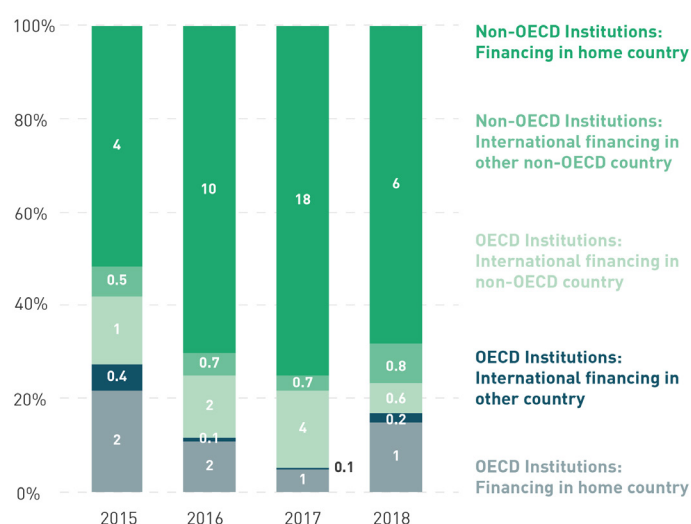


Figure 17 | International and Domestic Financing to Other Environmental Objectives, 2015-2018 (percent and \$ billion)



3.8 MOBILIZED PRIVATE FINANCE

Although IDFC green finance tracking has included private sector mobilization since 2014, generalizable findings remain elusive. In the 2018 mapping exercise, the IDFC survey included an expanded section on private sector mobilization. Members were asked to report their total commitments to projects that receive private sector co-financing,⁴ and the total private co-financing to the same projects. Where possible, member institutions also disaggregated their reported mobilized finance by the financial instrument used. Finally, members were given a choice of methodologies with which to estimate their attributed co-financing by instrument. All member institutions that reported their mobilized private finance, save one, used the Joint DFI methodology,ⁱⁱⁱ while the

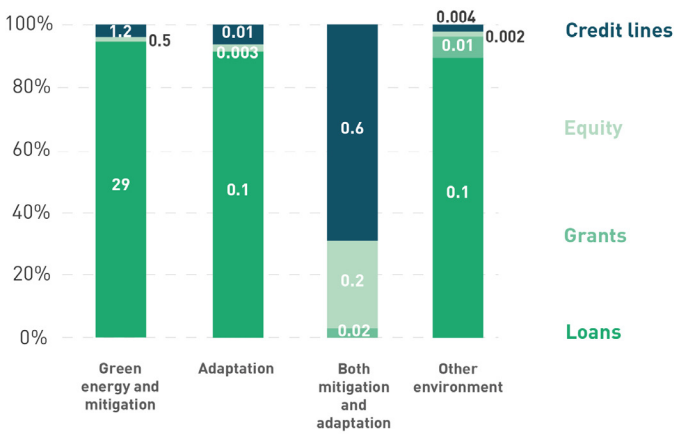
other (AFD) used an alternative methodology provided by the OECD Development Assistance Committee.^{iv}

Eight institutions reported on private mobilization in 2018, compared to 10 in the previous mapping exercise. These members reported \$32 billion of finance to projects with private sector participation, and corresponding private finance of \$61 billion, a total much higher than the \$6 billion figure reported in 2017. The discrepancy illustrates the challenges of consistent tracking of co-financing when different members report in each reporting period. However, the greater methodological transparency provided by the 2018 survey indicates measures that can be taken to improve reporting in this area to ensure the greatest possible effectiveness of public funds committed by IDFC members, as discussed further in Section 4.

The majority of reported private finance mobilized was for mitigation, coming to \$58 billion. Other environmental objectives received \$2 billion in co-financing; projects with dual mitigation and adaptation benefits received \$800 million, while adaptation projects received only \$140 million. While this reflects a significant adaptation finance gap, these differentials also result in part from the challenge of tracking and accounting for private investment in adaptation sectors.

Figure 18 shows the breakdown of private green finance mobilized by category and the instrument used by IDFC members to finance projects that received private co-financing. Instruments are grouped into broad categories (loans, equity, grants, credit lines), notwithstanding different methodologies used to estimate flows. Due to limitations in the reporting process, only \$32 billion in private co-financing can be attributed to both a particular category and instrument. Most was linked to loans by IDFC members in three main categories of mitigation (95%), adaptation (92%), and other environment (89%). However, for dual benefits projects, credit lines mobilized the most finance (69%), mainly because assessment of climate relevance for projects financed through credit lines is often performed ex-ante (based on project pipeline) than ex-post. Grants played the largest role for projects with other environmental objectives, accounting for 7% of private finance mobilized.

Figure 18 | Private Finance Mobilized in 2018, by Category and Instrument used by IDFC Members, 2015-2018 (percent and \$ billion)



4. CONCLUSIONS

In 2018, IDFC institutions committed \$134 billion to green finance, representing 22% of all new commitments made by reporting institutions. Among other factors, the decrease from 2017 levels is due to cyclical macroeconomic policy evolutions in some countries impacting development banks' overall financial commitments and hence green finance levels, in particular in the areas of urban development and (to a lesser extent) hydropower generation, which benefited from considerable support in recent years. However, many IDFC institutions show stable or increasing green finance commitments. The share of total commitments compared to 27% in 2017 and 22% in 2016, although differences in reporting institutions limit such comparisons. The figures presented in this report are derived from surveys provided by 17 of the 24 institutions of the IDFC (at the time of data collection in 2018).

IDFC member institutions' commitments in 2018 for climate finance amounted to 93% of total green finance, with the rest directed to projects with other environmental objectives. Most of the commitments in climate finance were directed to mitigation projects, which totaled \$106 billion and accounted for 79% of total green finance. Urban transport modal change received the largest plurality of funding in this category, with 37 billion, or 35% of mitigation finance, followed by renewable-based energy generation and energy efficiency.

The year 2018 was marked by a substantial percentage increase of 54% in climate adaptation finance, albeit from a low baseline, rising to \$15 billion from the \$10 billion tracked in 2017. The increase was mostly concentrated in water preservation and other risk reduction projects. This is likely due to both growing recognition of the importance of adaptation to climate change and to increased attention to tracking adaptation activities, a category in which defining a standardized definition and typology is a continuous challenge.

Green financing directed to non-OECD countries represented 75% of total green finance commitments in 2018, decreasing from \$185 billion in 2017 to \$100 billion. International commitments in non-OECD countries decreased by \$2 billion to \$25 billion in 2018, due to a fall in commitments between non-OECD institutions.

Fifty-six percent of green finance commitments in 2018 went to projects targeting the East Asia and Pacific region, receiving \$75 billion. This was followed by the European Union, receiving 22% or \$30 billion of the finance. Similarly, 78% of finance for adaptation and 53% of commitments for mitigation flowed to the East Asia and Pacific region.

Mitigation received the largest proportion of green and climate finance, of which 74%, or \$27 billion, supported low-carbon transport. This spending centered on projects in urban transport modal change and inter-urban transport. The subcategories receiving the next-greatest amounts of finance were renewable energy and energy efficiency. Within renewable energy generation, 33% of the commitments went to projects in onshore wind power, followed by large hydro and solar PV power, receiving 28% and 26%, respectively.

The overwhelming majority of green finance reported, 96%, was deployed in the form of loans, with the remaining 4% composed of grants, guarantees, and equity. Loans comprise both non-concessional (i.e. market-rate) lending, accounting for 67% of all of green finance, and concessional loans, representing 29% of the total. Grants accounted for 2% and all other instruments, such as guarantees and equity, combined to make up under 2% of the total.

While eight institutions reported on private finance mobilization in 2018 in comparison with 10 in 2017, the sum mobilized increased to \$61 billion, linked to direct IDFC commitments of \$32 billion. Most of this private finance (80%) was mobilized by concessional loans from IDFC members, followed by non-concessional loans (10%) and grants (6%). Members also provided further details on the methodologies applied to estimate this total than in previous years.

In the coming years, **IDFC members will continue to take steps to improve on green finance reporting by filling gaps, building capacity among members, and reaching consensus on methodological and definitional approaches.** This is especially relevant for the persistent challenges associated with tracking and reporting on adaptation finance: Determining which economic activities contribute to adaptation or resilience often relies on expert judgment, and thus calls for

common approaches to be employed across institutions.

To address these tracking and reporting challenges, IDFC's \$10 million Climate Facility will develop strengthened methodologies and provide capacity building and knowledge sharing services.

The Facility will also support project preparation and mobilization of international co-financing for projects, to help IDFC members achieve the ambitious objective to increase climate finance to \$1 trillion cumulatively by 2025. Building a collective understanding of green finance flows can reveal where financial commitments are most effective and highlight opportunities for greater impact and collaboration, driving progress towards IDFC's ambitious objectives and helping its institutions realize their strong potential to make a significant contribution to meeting national and international climate and sustainable goals in the short term.

Finally, the trends highlighted in the 2019 Green Finance Mapping report suggest that national and regional development banks may be at a critical juncture, requiring support from governments and regulators to further increase financial commitments for activities to address climate change and broader environmental issues. Including explicit reference to the Paris Agreement and the Sustainable Development Goals (SDGs) in institutions' mandates and incorporating climate concerns into regulatory frameworks could ensure that IDFC members and other development banks are able to support the needed economic transformation to their full capacity.

5. APPENDICES

5.1 APPENDIX A: METHODOLOGY GUIDANCE – DEFINITIONS AND TERMINOLOGY

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 climate finance but is not limited to it. It also refers to a wider range of other environmental objectives; for example, industrial pollution control, water sanitation, and biodiversity protection. Mitigation and adaptation finance is specifically related to climate change related activities. Mitigation financial flows refer to investments in projects and programmes 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 three separate categories/themes:

- Green energy and mitigation of GHG
- Adaptation to climate change impacts
- 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. The mapping exercise adopted a two-step approach based on

- A global definition of mitigation, adaptation and other environment projects. A list of definitions is provided in Table A2.
- 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 Appendix C.

The categories were adopted from the 2011 IDFC Green Finance Mapping 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 three 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 Appendix C. In those cases where IDFC members did not have, or refrained from providing, subcategory information, non-attributed data were provided.

In this study, given data are for financial flows committed in the year 2017 in the form of inter alia loans (concessional and non-concessional), grants, guarantees, equity, and mezzanine finance used by financial institutions to finance investments. New commitments refer to financial commitments signed or approved by the board of the reporting institution during 2017. Cross financial flows between IDFC banks are minimal in the climate financing area and hence are not accounted for in the assessment.

Table A1 | Definition of Instruments

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

Table A2 | Definition of Categories/Themes

OTHER ENVIRONMENTAL OBJECTIVE		SOURCE
Definition	An activity will be classified as other environmental objective if it does not directly target climate-change mitigation or adaptation, yet is, however, related to sustainable development with a positive impact on the environment.	IDFC Green Finance Mapping
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 ^v
Criteria for Eligibility	<p>Where data is 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</p> <p>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</p> <p>Project reporting is ex-ante project implementation at board approval or financial commitment</p> <p>Climate finance tracking is independent of GHG accounting reporting in the absence of a joint GHG methodology.</p> <p>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.</p>	MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking V2

CLIMATE-CHANGE MITIGATION		SOURCE
Criteria for Eligibility	<p>Mitigation activities or projects can consist of a stand-alone project, multiple stand-alone projects under a larger program, a component of a stand-alone project, or a program financed through a financial intermediary.</p> <p>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.</p> <p>The methodology assumes that care will be taken to identify cases when projects do not mitigate emissions due to their specific circumstances.</p>	MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking V2

CLIMATE-CHANGE ADAPTATION		SOURCE
Definition	<p>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.</p> <p>Adaptation finance tracking may relate to activities consisting of stand-alone projects, multiple projects under larger programs, or project components, sub-components or elements, including those financed through financial intermediaries.</p>	IDFC-MDBs Common principles for climate change adaptation
Criteria for Eligibility	<p>Adaptation finance tracking process consists of the following key steps:</p> <p>Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change;</p> <p>Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation;</p> <p>Demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the financed activities.</p> <p>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.</p>	IDFC-MDBs Common principles for climate change adaptation

Table A3 | Definition of Regions (Adapted from the World Bank)

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

SUB-SAHARAN AFRICA		EU	Others
Angola	Mauritania	Austria	Trans-regional
Benin	Mauritius	Belgium	Include funds that are channelled to more than one region and/or that are channelled through multilateral climate funds.
Botswana	Mozambique	Bulgaria	
Burkina Faso	Namibia	Cyprus	
Burundi	Niger	Czech Republic	Australia
Cameroon	Nigeria	Denmark	Canada

Cape Verde	Rwanda	Estonia	Japan
Central African Republic	São Tomé and Príncipe	Finland	United States
Chad	Senegal	France	
Comoros	Seychelles	Germany	
Congo, Dem. Rep.	Sierra Leone	Greece	
Congo, Rep	Somalia	Hungary	
Côte d'Ivoire	South Africa	Ireland	
Eritrea	South Sudan	Italy	
Ethiopia	Sudan	Latvia	
Gabon	Swaziland	Lithuania	
Gambia, The	Tanzania	Luxembourg	
Ghana	Togo	Malta	
Guinea	Uganda	Netherlands	
Guinea-Bissau	Zambia	Poland	
Kenya	Zimbabwe	Portugal	
Lesotho		Romania	
Liberia		Slovakia	
Madagascar		Slovenia	
Malawi		Spain	
Mali		Sweden	
		United Kingdom	

Table A4 | Definition of climate policies

DEFINITION	SPECIFIC CLIMATE STRATEGY THAT THE INSTITUTION ACTS UPON	IDFC green finance mapping
Specifications	<p>Environment rate: rate that shows the proportion of commitments regarding environmental topics compared to total commitments</p> <p>Climate guidelines for new projects (like ESG standards): inclusion of environmental, social & governance criteria/guidelines/policies in investment analysis and decision processes</p>	

5.2 APPENDIX B: METHODOLOGY GUIDANCE – ESTIMATING PRIVATE SECTOR MOBILIZATION

Table B1 | Joint DFI Group

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

Table B2 | OECD Development Assistance Committee

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

5.3 APPENDIX C: ELIGIBLE PROJECT CATEGORIES

Despite the efforts of MDBs and IDFC to develop Common Principles for Climate Finance Tracking, a key challenge of the mapping study is to overcome the varying definitions for green finance and to distinguish the finance flows, attributed to other environmental objectives, green energy and mitigation of GHG and adaptation categories, from each other. In order to

most effectively distinguish between these categories, guidance was provided to IDFC members. Much of this guidance was determined in close coordination with representatives of IDFC.

Disaggregated data was collected as shown in Table 4 below. In addition, IDFC members were asked to further disaggregate their financial commitments to green energy and mitigation.

Table C1 | Eligible Project Categories (Based on MDBs-IDFC Common Principles 2015)

CATEGORY	SUBCATEGORY	ACTIVITIES
Green energy and mitigation of greenhouse gas emissions		
1. Renewable Energy	1.1 Electricity Generation	Wind power
		Geothermal power (only if net emission reductions can be demonstrated)
		Solar power (concentrated solar power, photovoltaic power)
		Biomass or biogas power (only if net emission reductions, including carbon pool balance, can be demonstrated)
		Ocean power (wave, tidal, ocean currents, salt gradient, etc.)
		Hydropower plants (only if net emission reductions can be demonstrated)
		Renewable energy power plant retrofits
	1.2 Heat Production or other renewable energy application	Solar water heating and other thermal applications of solar power in all sectors
		Thermal applications of geothermal power in all sectors
		Wind-driven pumping systems or similar
		Thermal applications of sustainably/produced bioenergy in all sectors, incl. efficient, improved biomass stoves
	1.3 Measures to facilitate integration of renewable energy into grids	New, expanded and improved transmission systems (lines, substations).
		Storage systems (battery, mechanical, pumped storage)
		New information and communication technology, smart-grid and mini-grid
2. Lower-carbon and efficient energy generation	2.1 Transmission and distribution systems	Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses including improving grid stability/reliability, (only if net emission reductions can be demonstrated)[1]
	2.2 Power Plants	Thermal power plant retrofit to fuel switch from a more GHG-intensive fuel to a different and less GHG-intensive fuel type
		Conversion of existing fossil-fuel based power plant to co-generation[2] technologies that generate electricity in addition to providing heating/cooling
		Waste heat recovery improvements.
3. Energy efficiency	3.1 Energy efficiency in industry in existing facilities	Energy-efficiency improvement in existing thermal power plant, industrial energy-efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery
		Installation of co-generation plants that generate electricity in addition to providing heating/cooling
		More efficient facility replacement of an older facility (old facility retired)

3. Energy efficiency	3.2 Energy efficiency improvements in existing commercial, public and residential buildings	Energy-efficiency improvement in lighting, appliances and equipment
		Substitution of existing heating/cooling systems for buildings by co/generation plants that generate electricity in addition to providing heating/cooling[3]
		Retrofit of existing buildings: Architectural or building changes that enable reduction of energy consumption
	3.3 Energy efficiency improvements in the utility sector and public services	Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment
		Rehabilitation of district heating and cooling systems
		Utility heat loss reduction and/or increased waste heat recovery
	3.4 Vehicle energy efficiency fleet retrofit	Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)
4. Agriculture, forestry and land-use	4.1 Agriculture	Reduction in energy use in traction (e.g. efficient tillage), irrigation, and other agricultural processes
		Agricultural projects that improve existing carbon pools (, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, reduced tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, peatland restoration, etc.)
		Reduction of non Co2 GHG emissions from agricultural practices (eg: paddy rice production, reduction in fertilizer use ...).
	4.2 Afforestation and reforestation, and biosphere conservation	Afforestation (plantations) on non-forested land
		Reforestation on previously forested land
		Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities
		Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems
	4.3 Livestock	Livestock projects that reduce methane or other GHG emissions (manure management with biodigestors, etc.)
	4.4 Biofuels	Production of biofuels (including biodiesel and bioethanol) (only if net emission reductions can be demonstrated)
5. Non-energy GHG reductions	5.1 Fugitive emissions	Reduction of gas flaring or methane fugitive emissions in the oil and gas industry
		Coal mine methane capture
	5.2 Carbon capture and storage	Projects for carbon capture and storage technology that prevent release of large quantities of CO2 into the atmosphere from fossil fuel use in power generation, and process emissions in other industries
	5.3 Air conditioning and refrigeration	Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower global warming potential
	5.4 Industrial processes	Reduction in GHG emissions resulting from industrial process improvements and cleaner production (e.g. cement, chemical), excluding carbon capture and storage

6. Waste and wastewater		Treatment of wastewater if not a compliance requirement (e.g. performance standard or safeguard) as part of a larger project that reduce methane emissions (only if net GHG emission reductions can be demonstrated)
		Waste management projects that capture or combust methane emissions
		Waste to energy projects
		Waste collection, recycling and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated).
7. Transport	7.1 Urban transport modal change	Urban mass transit
		Non-motorized transport (bicycles and pedestrian mobility)
	7.2 Transport oriented urban development	Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars
		Transport demand management measures dedicated to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones)
	7.3 Inter-urban transport	Railway transport ensuring a modal shift of freight and/or passenger transport from road to rail (improvement of existing lines or construction of new lines)
		Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure)
8. Low-carbon technologies	8.1 Products or equipment	Projects producing components, equipment or infrastructure dedicated for the renewable and energy efficiency sectors
	8.2 R&D	Research and development of renewable energy or energy efficiency technologies
9. Cross-cutting issues	9.1 Support to national, regional or local policy, through technical assistance or policy lending,	Mitigation national, sectorial or territorial policies/planning/action plan policy/planning/institutions
		Energy sector policies and regulations leading to climate change mitigation or mainstreaming of climate action (energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies)
		Systems for monitoring the emissions of greenhouse gases
		Efficient pricing of fuels and electricity (subsidy rationalization, efficient end-user tariffs, and efficient regulations on electricity generation, transmission, or distribution)
		Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action
	9.2 Financing instruments	Carbon Markets and finance (purchase, sale, trading, financing and other technical assistance). Includes all activities related to compliance-grade carbon assets and mechanisms, such as CDM, JI, AAUs, as well as well-established voluntary carbon standards like the VCS or the Gold Standard.
10. Miscellaneous	10.1 Other activities with net greenhouse gas reduction	Any other activity not included in this list for which the results of an ex-ante greenhouse gas accounting (undertaken according to commonly agreed methodologies) show emission reductions

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

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

[3] ibid

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)
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 dykes 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	SUBCATEGORY	ACTIVITIES
'Other Environment'		
Water supply	Water supply	Water supply - municipal / industrial / agricultural
Waste water treatment	Waste water treatment	Waste water treatment - municipal / industrial / agricultural
Industrial pollution control	Industrial pollution control	Reduction of fluid and air pollutants from industry
Soil remediation and mine rehabilitation	Soil remediation and mine rehabilitation	Clean up of hazardous waste sites
Biodiversity	Biodiversity	Forest species protection, biodiversity
Sustainable infrastructure	Sustainable infrastructure	Improvement of general transport logistics such as reduction of empty running

5.4 APPENDIX D: DATA TABLES

GREEN ENERGY AND MITIGATION OF GHG EMISSIONS	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018
Transport	79.6	94.6	36.9
Renewable energy	37.1	47.2	29.5
Energy efficiency	25.8	25.8	23.8
Lower-carbon and efficient energy generation	4.7	5.3	7.7
Agriculture, forestry, and land-use	1.8	9.3	5.7
Cross-cutting issues	1.0	1.2	2.0
Miscellaneous and others—green energy and mitigation	0.9	0.7	0.3
Waste and wastewater	0.4	0.3	0.3
Unattributed	2.0	-	0.1
TOTAL	153.3	184.5	106.3

ADAPTATION TO CLIMATE CHANGE	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018
Water preservation	1.7	5.6	6.4
Agriculture, natural resources and ecosystem-based adaptation	1.2	0.7	0.9
Other disaster risk reduction	1.2	1.6	7.6
Miscellaneous and others - Adaptation	0.6	1.6	0.2
Local, sectoral, or national budget support to a climate change adaptation policy	0.1	0.1	0.3
Coastal protection	0.03	0.2	0.02
TOTAL	4.8	9.7	15.4

PROJECTS WITH ELEMENTS OF BOTH MITIGATION AND ADAPTATION	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018
TOTAL	1.4	1.6	3.3

OTHER ENVIRONMENTAL OBJECTIVES	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018
Industrial pollution control	6.0	14.0	4.2
Water supply	3.2	1.8	1.8
Waste water treatment	2.1	2.7	1.2
Miscellaneous and others - 'other environment'	1.6	1.3	1.2
Sustainable infrastructure	0.7	2.6	0.2
Waste management	0.1	1.5	0.2
Biodiversity	0.1	0.3	0.06
Soil remediation and mine rehabilitation	0.001	0.001	0.001
TOTAL	13.8	24.2	9.0

5.5 APPENDIX E: INDEX OF ACRONYMS

ADB	Asian Development Bank
AFD	Agence Française de Développement
AfDB	African Development Bank
Bancoldex	Banco de Comercio Exterior de Colombia
BE	Banco de Estado
BICE	Banco de Inversión y Comercio Exterior S.A
BNDES	Brazilian Development Bank
BOAD	Banque Ouest Africain de Développement
BSTDB	Black Sea Trade and Development Bank
CABEI	Central American Bank for Economic Integration
CAF	Development Bank of Latin America
CDB	China Development Bank
CDG	Caisse de Dépôt et de Gestion
CDP	Cassa Depositi e Prestiti
CO ₂	Carbon dioxide
COFIDE	Corporación Financiera de Desarrollo S.A.
MDB-IDFC Common Principles	Common Principles for Climate Mitigation as well Climate Change Adaptation Finance Tracking, jointly developed by MDBs and IDFC
COP	Conference of Parties
CPI	Climate Policy Initiative
DBSA	Development Bank of Southern Africa
HBOR	Croatian Bank for Reconstruction and Development
ICD	Islamic Corporation for the Development of the Private Sector
IEB	Indonesia Exim Bank
IDFC	International Development Finance Club
IFC	International Finance Corporation
IIB	International Investment Bank
JICA	Japan International Cooperation Agency
KFW	Kreditanstalt für Wiederaufbau
KDB	Korean Development Bank
MDB	Multilateral Development Bank
NAFIN	Nacional Financiera S.N.C
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	Organisation for Economic Cooperation and Development Assistance Committee
PT SMI	PT Sarana Multi Infrastruktur (Persero)
PV	Photovoltaic
SEI	Stockholm Environment Institute
SIDBI	Small Industries Development Bank of India
TDB	Trade and Development Bank
TSKB	Industrial Development Bank of Turkey
UNEP	United Nations Environmental Programme
UNEP BFI	United Nations Environmental Programme Bilateral Finance Institutions
UNFCCC	United Nations Framework Convention on Climate Change
VEB	Vnesheconombank

Endnotes

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ⁱⁱ Climate Policy Initiative (CPI), 2019. Global Landscape of Climate Finance 2019. Available at: <https://climatepolicyinitiative.org/wp-content/uploads/2019/11/GLCF-2019.pdf>

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^v IDFC and MDBs, 2015. Common Principles for Climate Mitigation Finance Tracking. Available at: http://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf