

Finance in Common Summit: IDFC strengthens its commitment to meet the Paris Agreement Goals

November 12, 2020



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International
Development
Finance Club

International Development Finance Club (IDFC) Communiqué

Press release

Finance in Common Summit – The International Development Finance Club, largest provider of climate finance in the world, strengthens its commitment to meet the Paris Agreement Goals

Paris, November 12, 2020 - During the Finance in Common Summit High Level Event “*European and Global Leadership for Paris Alignment: Committed to Action*” taking place on November 12, the International Development Finance Club (IDFC), through the voice of its co-chair, Patrick Dlamini, CEO of the Development Bank of Southern Africa (DBSA), announced the [Club’s new commitments to fight climate change](#).

IDFC, the leading group of 26 national and regional development banks from all over the world, a majority active in emerging markets, is the largest provider of public development and climate finance globally, with US\$ 4 trillion in combined assets and over US\$ 600 billion of annual commitments, including US\$ 150 billion per year of climate finance. In December 2017, IDFC members have committed to align their financial flows with the objectives of the Paris Agreement by following six objectives: increasing climate finance; supporting country-led strategies; mobilize the private sector; promote adaptation and resilience; support the energy transition and recognize the need for internal transformation of financial institutions.

At the Climate Action Summit in New York in 2019, IDFC also pledged to deploy more than US\$ 1 billion in climate finance by 2025, an increasing portion of which will be allocated to adaptation.

In today’s High Level Event “*European and Global Leadership in Paris Alignment: Commitment to Action!*” the IDFC co-chair, Patrick Dlamini, CEO of the Development Bank of Southern Africa (DBSA) reiterated IDFC’s past commitments, and presented new measures. They include tools to operationalize alignment with the Paris Agreement, the consideration of social issues in the context of COVID 19 and the climate-biodiversity nexus. The Club also announced several milestones such as the creation of the IDFC Climate Facility launched during COP25, and the strategic partnership with the Green Climate Fund (GCF).

“IDFC put in place a Climate Facility dedicated to supporting cooperation amongst public development banks on climate, to which the GCF is actively contributing. Our strategic partnership is illustrated by the fact that among the 29 PDBs accredited by the GCF 13 of those are IDFC members. This makes IDFC the largest group of financial institutions collaborating with the GCF ” explained Mr. Dlamini, “Moreover, the IDFC, committed US\$ 197 billion in green finance in 2019, as indicated in the 2020 IDFC Green Finance Mapping, and will publish by COP26 a framework for operationalizing Paris alignment.”

Rémy Rioux, IDFC Chairperson and Agence Francaise de Developpement (AFD) CEO, added : “*It is a great honor to chair the International Development Finance Club and witness the*

determination of its members to mobilize and direct the finance we need for the Paris-aligned future we want. At the Finance in Common Summit, which gathers for the first time all Public Development Banks in the world, this collective, unrelenting climate engagement is showcased by additional measures designed to go one decisive step further in protecting the environment through a coherent response prior to COP 26 and preparing for a green recovery. With my friend and fellow DBSA CEO Patrick Dlamini, we presented tools to operationalize alignment with the Paris Agreement – including through a strategic partnership with the Green Climate Fund and the creation of a climate facility launched during COP 25. We also reaffirmed the need to tackle climate change and biodiversity loss as intertwined challenges while simultaneously addressing social issues in the context of COVID-19.”

For more information about IDFC and its Climate commitments please check **the IDFC website** at www.idfc.org or follow the club on Twitter [@IDFC_Network](https://twitter.com/IDFC_Network)

About the Finance in Common Summit

The first-ever global meeting of Public Development Banks – The Finance in Common Summit - focuses on how Public Development Banks can influence the global financial system to better protect our planet and societies. The Summit takes place on the sidelines of and in partnership with the Paris Peace Forum, and contributes to the UNSG “SDG Decade of Action”, just ahead of the G20 Summit in Riyadh (21-22 November), and the 5th anniversary of the Paris Agreement and the COP21.

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Annex 1: IDFC Statement on the Paris Agreement



IDFC Statement

Together for a sustainable and resilient global recovery, advancing the Paris Agreement and Sustainable Development Goals.

1. Attaining the objectives of the Paris agreement on climate and the Sustainable Development Goals (SDGs) has never been more important than today, given the context of a crisis of unprecedented scale. Adding to its devastating economic impact, the pandemic has also inflicted irreversible wounds to the social fabric that sustains our societies. In particular, both COVID-19 and climate change disproportionately affect developing countries that have less resources to address all the negative consequences.
2. As the pandemic continues, governments and public development banks are not only focusing on immediate needs, but also thinking ahead: in a scenario where, for the first time in history, all regions are projected to experience negative growth in 2020, the long term response to the crisis is an opportunity to revisit the development path that humanity has embarked upon for the past century, and build a more resilient and sustainable future triggering employment, opportunities and improvement of livelihoods.
3. Members of the International Development Finance Club (IDFC) have historically stepped in to counter the negative impacts of economic crises. They have also begun to forge their role to support the implementation of the Paris agreement, and generate green and climate - public and private - finance at scale to address the specific needs of economies, societies and environments. Whenever possible, efforts are made to ensure that financial flows are accessible and concessional, to mitigate the most severe impacts.
4. On December 11th 2017, in Paris, IDFC members committed to “align financial flows with the Paris Agreement”, and started advancing along 6 core ideas : increasing climate finance, supporting country led strategies, mobilizing the private sector, promoting adaptation & resilience, as well as the energy transition, and recognizing the need for internal transformation of financial institutions.
5. In September 2019, at the UNSG’s Climate Summit in New York, IDFC members further pledged to provide more than USD 1 trillion of climate finance by 2025, including an increasing share for adaptation, and to strengthen the quality and impacts of finance to implement the climate and sustainable development agendas, in partnership the private sector and other key stakeholders such as the Green Climate Fund.
6. Since then, the IDFC members (i) collectively reported more than \$187 billion of climate finance approved in 2019 with an increased share of \$19 billion for adaptation finance, (ii) made operational, by COP25, the IDFC Climate Facility aimed at fostering

cooperation on members on climate and build collective capacities of all IDFC members to originate and finance climate activities, (iii) concretely advanced their strategic partnership with the GCF with 17 projects promoted by IDFC members approved by the GCF Board to date, for a total amount of GCF co-financing of more than US\$1 billion.

7. Therefore, as countries are facing cumulative and interlinked threats of COVID-19 and climate change, as well as a unique opportunity to 'build back better' to get economies on track for a green and inclusive recovery, we, IDFC members in accordance with our institutional mandates:
8. Reiterate our commitment to:
 - Align our own, direct and indirect, financial flows and our operations with the different countries' low-emissions development pathways and in compatibility with the overall climate change mitigation objectives of the Paris Agreement.
 - In the context of long-term, NDCs and adaptation strategies, work towards mobilizing and shifting all financial flows, public and private, towards sustainable development, as well as engaging with the private sector to step up the provision of basic services and critical systems and infrastructure,
 - Support more resilient societies, economies and ecosystems, recognizing that financing adaptation and resilience is crucial for the most vulnerable populations.
 - Support the energy transition toward a decarbonized economy, especially by promoting, financing and enabling deep sectorial transformations and decarbonisation of the energy sector, while taking into consideration national and regional circumstances.
 - Strengthen our assistance to elaborate or update policy and regulatory frameworks, at national and subnational levels, on the basis of long-term low greenhouse gas emission development strategies as well as sectoral climate resilient strategies.
 - Continue the internal transformation of member institutions, which can build on existing principles and/or practices, for example the voluntary principles for mainstreaming "Climate Action within Financial Institutions" or the recommendations of the TCFD.
9. Further commit to:
 - Develop, by COP26, an operationalization framework for IDFC members with clear and practical guidance on how to align our operations, strategies and institutions with the requirements and objectives of the Paris Agreement.
 - Better harness synergies between the fight against climate change and the loss of biodiversity, to protect ecosystems and support the restoration and sustainable management of natural areas, with and for the benefit of local populations, for example through the development of nature-based solutions.
 - Support sustainable development at the nexus of social issues - such as poverty and inequalities - and global environmental issues, by, in particular, promoting a just transition towards an inclusive, climate resilient and low-carbon recovery.

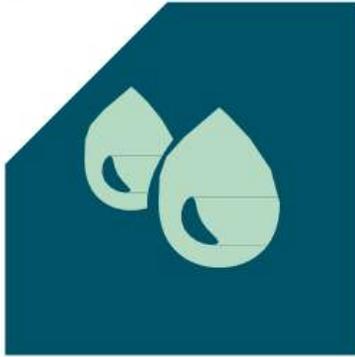
- Report financial flows allocated to climate change, total support for sustainable development, and regularly report on progress made regarding the alignment with the Paris agreement in a transparent and consistent fashion.

10. Public Development Banks and other financial institutions and stakeholders participating at the Finance in Common Summit must be active players in devising and implementing long-lasting solutions to address the impacts of the COVID-19 crisis and to avoid further harm caused by climate change. Together, IDFC members stand in solidarity, ready to engage in constructive partnerships and they call on other members of the Public Development Banks community and system to join them in this endeavor by endorsing this statement.

Approved at the IDFC Annual Meeting on October 30th 2020



Annex 2: IDFC Green Finance Mapping 2020 (4-pager)



IDFC GREEN FINANCE MAPPING REPORT

2020

FINDINGS IN 2019 DATA

EXECUTIVE SUMMARY

OCTOBER 2020



supported by:



\$197 billion

in green finance in 2019

\$867 billion

total green finance since 2015

87%

in home country of IDFC members

89%

 to Green energy and Mitigation of Greenhouse Gases

X3 increase

 in adaptation finance from 2015

25%

 of total new commitments in 2019 were green finance commitments

\$22 billion

 of finance to non-OECD countries were international commitments

Introduction and Context

Since 2011, IDFC has conducted a periodic mapping of member institutions' green finance contributions. During the 2019 UN Climate Action Summit, IDFC affirmed a series of commitments to improve the quality of climate finance beyond increasing volume, including efforts to further align financial flows with the Paris Agreement and SDGs. Towards this end, IDFC launched a Climate Facility and established a strategic partnership with the Green Climate Fund.¹

2019 also saw a strong rebound in green finance commitments by IDFC institutions following a significant drop in 2018, although not nearly enough to continue the trend of sustained growth seen from 2015-2017. Financing for all project categories increased, in particular for mitigation and adaptation projects. Most IDFC institutions indicated stable or increasing green finance commitments, with nine members reporting an increase of 10% or higher from 2018. Six members have more than doubled their commitments since 2015.

2019 Key Findings

- **IDFC members reported total green finance commitments of \$197 billion.** This represents a 47% increase from 2018, but still below the high point reached in 2017. Cumulative green finance commitments by IDFC members have reached \$867 billion since 2015.
- **Green finance commitments represented approximately 25% of total new commitments reported by members.** Green commitments have consistently represented more than one fifth of total IDFC investments since 2015.
- **Climate finance** - consisting of all activities related to mitigation of GHG emissions and adaptation to climate change - accounted for 95% of total green finance (\$187 billion).
 - Finance for green energy and mitigation of greenhouse gases was the largest category, representing 87% of climate finance.
 - Adaptation represented 10% of climate finance, an increase of 25% from 2018. This continues three years of consecutive growth, achieving more than three times the level of adaptation commitments made in 2015.

- Projects containing elements of both mitigation and adaptation have been steadily increasing but remain a small portion of the total at 2%.
- The remaining 5% of green finance (\$10 billion) went to other environmental finance, which includes waste and water management, biodiversity, and industrial pollution control. Commitments in this category remained below the levels recorded in 2016-2017.

Figure 1: IDFC Green Finance 2019 by theme (rounded)

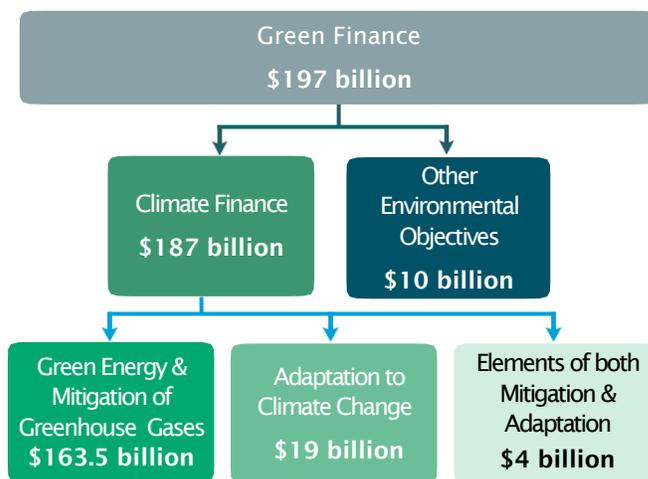
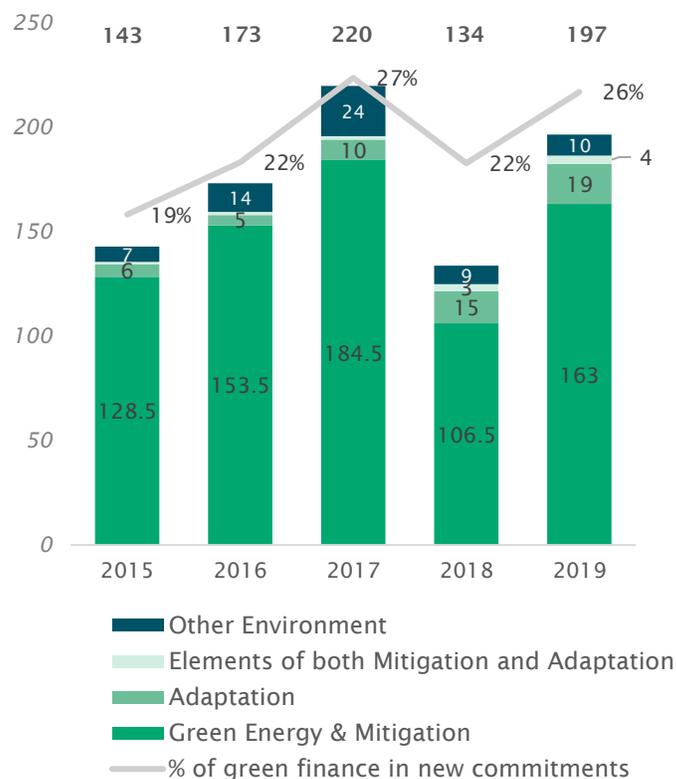


Figure 2: IDFC Green Finance 2015-2019 (\$ billion)



¹ <https://www.idfc.org/wp-content/uploads/2019/09/official-idfc-communicue-vdef21-09-2019-22h50-cet.pdf>

Figure 3: Green finance commitments in 2019 by origin, destination (OECD/non-OECD), and end use



- Source of Finance:** IDFC institutions based in non-OECD countries committed \$146 billion (74%). This increase resumes the upward trend of the non-OECD share of IDFC green finance, which reached 75% (\$166 billion) in 2017 and 68% (\$118 billion) in 2016. OECD country based IDFC institutions committed \$51 billion (26%), lower than in previous years 2015-2017 (\$54-55 billion).
- Geographic Destination:** East Asia and Pacific region again accounted for the largest share of commitments at 69%, in accordance with the geographical distribution of total commitments and assets. Commitments reaching Eastern Europe and Central Asia significantly increased from \$2.1 billion (2%) to \$10 billion (5%), and slightly increased in Sub-Saharan Africa to \$4.5 billion (2%). Commitments to other remaining regions have decreased from 2018.
- Domestic and Outbound finance:** The share of total green finance commitments in the home countries of the respective IDFC member institutions was 87% (\$171.5 billion), while the remaining 13% (\$25 billion) was outbound (i.e. international commitments).
- Among outbound commitments, flows from OECD country institutions to non-OECD countries represented 79% (\$20 billion). Flows from non-OECD country institutions largely remained at home, representing 87% (\$143.9 billion) of total finance reaching non-OECD countries, in line with the mandate and scope of the operations of IDFC members.
- Financing instruments:** Most commitments were provided in the form of loans at \$190 billion, or 97% of total green finance, similar to previous years. \$4 billion was provided through grants, continuing the increasing trend since 2016.

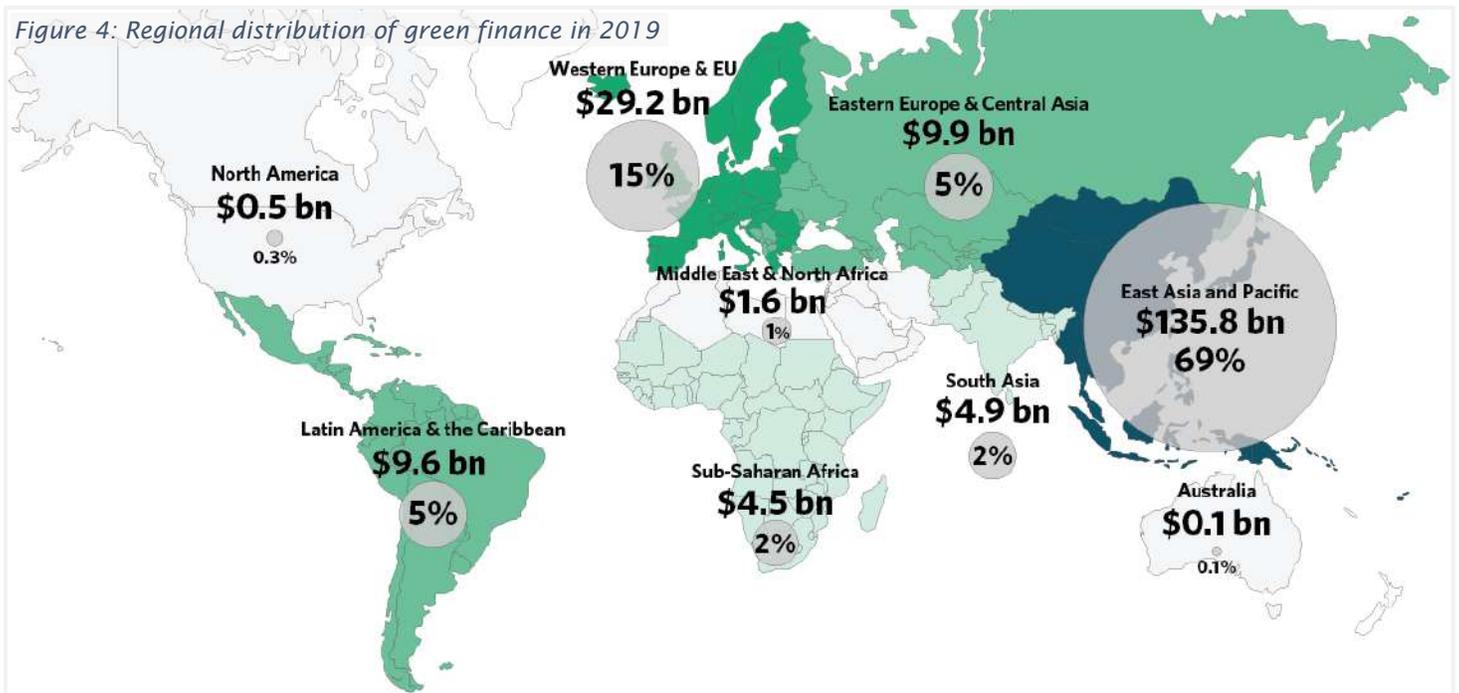
The Green Finance Mapping Methodology

To inform this exercise, IDFC members completed a survey template, from which data are checked for consistency and aggregated. The list of reporting institutions and reporting coverage across all categories vary from year to year. The number of reporting institutions for 2019 is 22 out of 26, compared to 17 out of 24 for 2018.

The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. Following the Common Principles, uncertainty is overcome via the principle of conservativeness where climate finance is preferred to be under-reported rather than over-reported. In particular, adaptation commitments are expected to be conservative, as adaptation-related activities are context-specific and institutions are not always able to consistently identify relevant projects. Another challenging area for reporting is private sector co-finance mobilized by IDFC members.

The IDFC Climate Facility, launched in September 2019, supports knowledge transfer and capacity development on climate issues amongst IDFC members. It will also support the development and application of common methodologies for estimating, tracking, and reporting private finance mobilized in coming years. Improved reporting can help increase the effectiveness and catalytic potential of green finance committed by IDFC members. The Coordination Unit of the Climate Facility supported the 2019 GFM exercise by providing direct assistance to members during data collection. This support facilitated the involvement of some members, contributing to the increase in participating members.

Figure 4: Regional distribution of green finance in 2019



ABOUT IDFC

IDFC, created in 2011, is a leading group of 26 national and regional development banks from all over the world. IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies. IDFC members are aligned with and work together to implement the Sustainable Development Goals (SDGs) and the Paris Climate Agreement agendas. Through IDFC, and in close partnership with other development bank networks, members join forces as a platform to promote and leverage sustainable development investment worldwide.

The green finance mapping report exists to illustrate the contributions that IDFC members provide to green 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)
- Banco Industrial y de Comercio Exterior (BICE)

- Bancóldex S.A.
- Banco Nacional de Desenvolvimento Econômico e Social (BNDES)
- Banque Ouest Africaine de Développement (BOAD)
- Black Sea Trade and Development Bank (BSTDB)
- Development bank of Latin America (CAF)
- Caisse de Dépôt et de Gestion (CDG)
- Cassa depositi e prestiti (CDP)
- Central American Bank for Economic Integration (BCIE/ CABEL)
- China Development Bank (CDB)
- Corporación Financiera de Desarrollo S.A. (COFIDE)
- Croatian Bank for Reconstruction and Development (HBOR)
- Development Bank of Southern Africa (DBSA)
- The Eastern and Southern African Trade and Development Bank (TDB)
- Industrial Development Bank of Turkey (TSKB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- International Investment Bank (IIB)
- Japan International Cooperation Agency (JICA)
- KfW Bankengruppe
- Korean Development Bank (KDB)
- Nacional Financiera (NAFIN)
- PT Sarana Multi Infrastruktur (PTSMI)
- Small Industries Development Bank of India (SIDBI)
- State Development Corporation (VEB)



Annex 3: IDFC-GCF Publication



GREEN
CLIMATE
FUND



International
Development
Finance Club

The Green Climate Fund and the International Development Finance Club:

*A strategic alliance to
realize the full potential of
public development banks
in financing the green and
climate-resilient transition*

About IDFC

The **International Development Finance Club (IDFC)**, created in 2011, is the leading group of 26 national and regional development banks from all over the world, a majority active in emerging markets. IDFC is the largest provider of public development and climate finance globally, with US\$ 4 trillion in combined assets and annual commitments above US\$ 600 billion, including US\$ 150 billion per year of climate finance. IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies. IDFC members are aligned with and work together to implement the Sustainable Development Goals (SDGs) and the Paris Climate Agreement agendas. Through IDFC, and in close partnership with other development bank networks, members join forces as a platform to promote and leverage sustainable development investment worldwide. IDFC is chaired since October 2017 by the Agence Française de Développement (French Development Agency) where the IDFC Secretariat is hosted in Paris, France. To learn more about IDFC please visit our [website](#) or follow us on [Twitter](#) & [Linked in](#).

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About GCF

The **Green Climate Fund (GCF)** is the world's largest dedicated climate fund. GCF's mandate is to foster a paradigm shift towards low emission, climate resilient development pathways in developing countries. To achieve its mandate, GCF supports developing countries' efforts to create low-emission and climate-resilient markets by fostering long-term climate planning, policy integration between climate action and sustainable development, innovation and de-risking pioneer investments. GCF has a portfolio of over USD 6 billion in projects and programmes with a total value of over USD 20 billion across more than 100 countries. It also has a readiness support programme to build capacity and help countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees celsius.

Contact person : info@gcfund.org



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Foreword

The COVID-19 pandemic has brought the world to either a tipping point or turning point in the fight against climate change. Decisions taken by leaders today to revive economies will either entrench dependence on fossil fuels or put the world on a path to achieve the Paris Agreement and the Sustainable Development Goals (SDGs).

For the COVID-19 pandemic to prove a turning point, climate action and COVID-19 economic stimulus measures must be mutually supportive, and developing countries must be able to access long-term affordable finance to develop and implement green stimulus measures.

The members of the Group of Twenty (G20) have allocated over USD 12 trillion to economic stimulus measures. However, governments do not have to compromise economic recovery priorities with their Paris Agreement commitments. Many investments can meet this dual objective. For example, investment in energy-efficient buildings can rapidly generate large employment opportunities, reduce energy poverty, and increase resilience to extreme weather events. However, the efforts by the G20 to optimize the medium- and long-term contribution of its economic response to sustainability and resilience have been uneven, or their effects are currently unknown.

Developing countries – already those most vulnerable to the impacts of climate change – do not have the same monetary and fiscal space to roll out ambitious recovery packages. The sharp drop in public revenues, massive outflow of portfolio capital, precipitous fall in foreign direct investment and remittances, and rising debt burdens have added stress to government balance sheets and threaten to wipe out decades of socioeconomic gains. Moreover, the devastating economic and financial consequences of COVID-19 could severely undermine the capacity of developing countries to access long-term affordable finance to realize their climate ambitions and revive their economies.

Multilateral, international, regional, national and subnational development banks – known as public development banks (PDBs), for they all are publicly owned financial institutions with specific development or policy mandates – have a critical role to play in overcoming these challenges. These some 450 institutions are equipped to aid recovery from the COVID-19 crisis along the pathway promised by the Paris Agreement and SDGs. Every year, they represent 10 per cent of global investments, both public and private, disbursing over USD 2.3 trillion annually. There are 260 PDBs operating in the Global South, representing USD 5 trillion in assets. Worldwide, PDBs have the capacity to provide more than USD 400 billion in climate finance per year.

At the nexus of finance and development, PDBs have the unique capacity to operate at three levels. At the operational level, they can play an early, risk-taking, countercyclical role, which is essential to catalyse private investments to scale up climate-friendly projects. At the financing level, PDBs can redirect financial flows towards low-carbon, climate-resilient assets aligned with the Paris Agreement by creating green financial products and deepening capital markets in developing countries. At the policy level, they can promote policy integration between climate action, economic recovery and sustainable development.

There is an urgent need to implement climate ambition in the context of COVID-19 and to build momentum prior to the 2021 United Nations Climate Change Conference (COP26). To this end, the International Development Finance Club (IDFC), a worldwide group of 26 national and regional PDBs committed to aligning their activities with the Paris Agreement, and the Green Climate Fund (GCF), the world's largest climate fund to support developing countries in addressing mitigation and adaptation needs, have formed a strategic alliance designed to enable PDBs to realize their full potential in financing a green transition. Today, the GCF has accredited 30 PDBs, with 13 of those being IDFC members, making the IDFC the largest group of financial institutions collaborating with the GCF.

Because of its mandate and business model, the GCF is well positioned to contribute to unlocking the full potential of PDBs, including by: promoting sound governance and management, which is an essential part of its accreditation process; enabling PDBs to develop a pipeline of bankable climate-friendly projects through co-financing and risk-sharing; supporting efforts to deepen local capital markets; strengthening capacity and deal flow management; and integrating PDBs into the global climate finance landscape.

This publication highlights the synergies created by the GCF-IDFC partnership to enable PDBs to finance low-carbon, climate-resilient development pathways to their full potential in the era of COVID-19.

We look forward to working closely with PDBs to unleash their potential for an inclusive, net-zero emission, and resilient future.



Yannick Glemarec
Executive Director
Green Climate Fund

A green ink signature of Yannick Glemarec, consisting of several overlapping, fluid strokes.



Rémy Rioux
Chair
International Development
Finance Club

A green ink signature of Rémy Rioux, featuring a stylized 'R' and 'M' with a long horizontal stroke.

1. Introduction

Achieving the goals of the Paris Agreement to keep the global average temperature rise to well below 2 °C above pre-industrial levels and increase the ability to adapt to the adverse impacts of climate change will require all countries to significantly scale up climate mitigation and adaptation efforts. Without strong, collaborative action, increasing climate impacts could drive more than 100 million people into poverty by 2030¹ and induce over 143 million people to migrate out of their countries². The climate crisis could also undermine the stability of national and global economic systems. Firms and assets are increasingly exposed to the physical risks of extreme events, and to transition risks related to stranded assets and changing customer preferences.

A clear conclusion from the Special Report by the Intergovernmental Panel on Climate Change³ is that limiting warming to 1.5 °C and adapting to the impacts of climate change requires the accelerating of transitions across four systems: energy systems; land and ecosystems; urban and infrastructure systems; and industrial systems. Acting sooner to enact the system transitions is critical to limiting risks and can contribute to economic recovery and achievement of the Sustainable Development Goals (SDGs). The financial system has a critical role to play in investing in such mitigation and adaptation actions to accelerate the transitions and limit global warming⁴. In recognition of this role, article 2.1c of the Paris Agreement commits to “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”

Adapting to the consequences of global warming of 1.5 °C requires considerable investments in water management, flood protection, agriculture, healthcare, and infrastructure. Specific adaptation investment needs are projected to be in the order of USD 140 billion to USD 400 billion annually by 2030⁵. Most estimates of the investment needs related to climate change mitigation generally cover energy supply and energy savings. Including transport and the built environment leads to opportunities of between USD 1.8 trillion and USD 4.5 trillion annually over the next two decades. Despite this range of uncertainty, the Intergovernmental Panel on Climate Change indicates that the incremental investments in energy, transportation and building needed to achieve an emission pathway compatible

¹ Hallegatte S, Bangalore M, Bonzanigo L, Fay M, Kane T, Narloch U, Rozenberg J, Treguer D and Vogt-Schilb A. 2015. *Shock Waves: Managing the Impacts of Climate Change on Poverty*. Available at <<https://openknowledge.worldbank.org/handle/10986/22787>>.

² Rigaud KK, de Sherbinin A, Jones B, Bergmann J, Clement V, Ober K, Schewe J, Adamo S, McCusker B, Heuser S and Midgley A. 2018. *Groundswell; Preparing for Internal Climate Migration*. Available at <file:///C:/Users/HOME/AppData/Local/Temp/WBG_ClimateChange_Final-1.pdf>.

³ *Special Report: Global Warming of 1.5 °C*. Available at <<https://www.ipcc.ch/sr15/>>.

⁴ Green Climate Fund. 2019. *GCF: Driving the Transformation to a Climate-resilient Financial System*. Available at <<https://www.greenclimate.fund/document/gcf-driving-transformation-climate-resilient-financial-system>>.

⁵ United Nations Environment Programme. 2016. *The Adaptation Finance Gap Report*. Available at <<https://unepdtu.org/wp-content/uploads/2018/10/unep-gap-report-2016-web-6-6-2016.pdf>>.

with an increase in global temperatures of 1.5 °C require the redirection of 2.5 per cent of global fixed capital formation towards low-carbon options⁶.

While this relatively modest figure suggests that the goal should be attainable, the growth in climate finance (amounting to over USD 0.5 trillion for the first time in 2017 and 2018)⁷ is too slow to channel financial resources towards low-emission, sustainable development at the scale and pace required to achieve the goals of the Paris Agreement. As a result, the infrastructure investment gap could reach a cumulative value of between USD 14.9 trillion and USD 30 trillion by 2040, representing between 15.9 per cent and 32 per cent of the infrastructure investments required to foster low-emission, climate-resilient pathways⁸.

Part of this investment gap reflects a silo approach to development. Reducing the infrastructure investment gap to scale up climate action would also contribute to achievement of the SDGs. Studies indicate that a high level of integration of climate and SDG policies could reduce the total investment requirements for the SDGs and the Paris Agreement by 40 per cent⁹.

The financing gap is also caused by barriers on both the supply and demand sides of private finance. These barriers include (i) the systemic underestimation of the risks of investing in carbon-intensive and climate-vulnerable infrastructure due to gaps in climate data and analysis critical to support financial decision-making, (ii) the limited capacity of investors and financiers to assess the risk-reward profiles of alternative climate investments and assets, (iii) the higher upfront capital costs, longer payback period, and limited track record of alternative climate investments, (iv) the smaller average size of transactions, (v) and perceived policy, technology, financial and macroeconomic risks. These, in turn, drive up the required risk-adjusted return of potential investments and affect the financial attractiveness of climate investments.

At a time when the effects of climate change are already putting development outcomes at risk, and financing for low-emission, climate-resilient development is vastly inadequate, the COVID-19 pandemic is creating a humanitarian tragedy and the broadest economic collapse since the second World War¹⁰. Developing countries – already those most vulnerable to the impacts of climate change – are being hit the hardest by the economic crisis. While 135 million people faced acute food insecurity before COVID-19, the United Nations expects this number to almost double in 2020, to 270 million people¹¹. Similarly, the World Bank expects the number of people in extreme poverty to rise for the first time since the 1990s¹².

⁶ de Coninck H, Revi A, Babiker M, Bertoldi P, Buckeridge M, Cartwright A, Dong W, Ford J, Fuss S, Hourcade J-C, Ley D, Mechler R, Newman P, Revokatova A, Schultz S, Steg L and Sugiyama T. 2018. *Strengthening and Implementing the Global Response*. In: *Global Warming of 1.5°C*, pp. 313–443. IPCC.

⁷ USD 612 billion in 2017, USD 546 billion in 2018

⁸ Green Climate Fund. 2020. *Tipping or Turning Point: Scaling Up Climate Finance in the Era of COVID-19*. Available at <<https://www.greenclimate.fund/document/tipping-or-turning-point-scaling-climate-finance-era-covid-19>>.

⁹ Ibid

¹⁰ United Nations Annual Report (2020)

¹¹ United Nations World Food Programme (2020)

¹² World Bank (2020). *Poverty and Shared Prosperity Report*. Available at <<https://openknowledge.worldbank.org/bitstream/handle/10986/34496/9781464816024.pdf>>.

While the members of the Group of Twenty (G20) have been able to allocate an estimated USD 12 trillion to stimulate their economies through expansionary fiscal and monetary policies, developing countries do not have the monetary or fiscal space to do the same.

COVID-19 has thus brought the world to either a tipping point or a turning point. Economic-recovery decisions taken today will either entrench dependence on fossil fuels, widen inequalities and put achievement of the Paris Agreement out of reach, or create the momentum and scale needed to shift the economic paradigm towards zero-carbon, climate-resilient and inclusive development for all. At this critical juncture, the international community is facing a dual challenge: (i) maintain climate ambition by ensuring that economic stimulus measures being developed foster a green, resilient recovery; and (ii) enable developing countries to access finance to implement required, priority, green economic stimulus measures without increasing their debt stress.

As highlighted in the recent working paper of the Green Climate Fund (GCF) on scaling up climate finance in the era of COVID-19, ensuring a green, resilient recovery from the COVID-19 pandemic, and channelling large-scale investments towards the goals of the Paris Agreement and the SDGs will require a combination of policy, financial and institutional initiatives¹³.

One of the game-changing initiatives is to leverage the full potential of multilateral, regional, national and subnational development banks, or public development banks (PDBs) – publicly owned financial institutions with a specific development or policy mandate. Representing 10 per cent of global investment¹⁴, PDBs are in a unique position to support this transformational integrated policy development, de-risk climate infrastructure and service investment, and redirect financial flows to contribute to the goals of the Paris Agreement.

The International Development Finance Club (IDFC), a group of 26 PDBs worldwide committed to aligning their activities with the Paris Agreement, and the GCF, the world's largest climate fund to support developing countries in addressing urgent mitigation and adaptation needs, have formed a strategic alliance to enable PDBs to realize their full potential in the realignment of financial flows with the Paris Agreement. Today, the GCF has accredited ¹⁵30 PDBs, with 13 of those being IDFC members, making the IDFC the main group of financial institutions collaborating with the GCF. The GCF-IDFC partnership allows both entities to share knowledge on climate finance and action, facilitate access to GCF resources with co-financing from IDFC members¹⁶, and support capacity-building activities.

¹³ Ibid

¹⁴ Agence Française de Développement and the Institute of New Structural Economics at Peking University, work-in-progress database, to be released at the Finance in Common Summit in November 2020.

¹⁵ Accredited entities partner with the GCF to implement projects. To access GCF funding, institutions go through a process of “accreditation,” designed to assess whether they are capable of strong financial management and of safeguarding funded projects and programmes. Accredited entities can be private or public, non-governmental, subnational, national, regional or international, and include public development banks.

¹⁶ Agence Française de Développement, Banco Nacional de Desenvolvimento Econômico e Social, Banque Ouest Africaine de Développement, Cassa Depositi e Prestiti S.p.A., CDG Capital S.A., Central American Bank for Economic Integration, Corporación Andina de Fomento, Development Bank of Southern Africa, Japan International Cooperation Agency, Korea Development Bank, Kreditanstalt für Wiederaufbau, PT Sarana Multi Infrastruktur, and Small Industries Development Bank of India.

Given the urgent need to maintain climate ambition in the context of COVID-19 and the 2021 United Nations Climate Change Conference (COP26), both the GCF and the IDFC are committed to strengthening their partnership in order to help shift financial flows at scale towards low greenhouse gas (GHG) emissions and resilient development pathways.

This publication aims to demonstrate the strong benefits that a strategic partnership between the GCF and the IDFC can have in enabling PDBs to realize their full potential in financing the green transition. Chapter II describes why PDBs are such critical players in supporting the transition towards low-emission, climate-resilient development, and highlights the challenges that PDBs face in fully realizing their potential. Chapter III highlights how the GCF supports PDBs in addressing a number of these challenges, with case studies provided in annex I. Chapter IV discusses the implications of COVID-19 to fully leverage the potential of PDBs to scale up climate action and the measures taken by the GCF and the IDFC. The paper concludes by illustrating the synergies between the GCF and the IDFC to enable PDBs to maintain climate ambition in the era of COVID-19.

One of these steps is contributing together to the Finance in Common Summit, which will take place on 12 November 2020, and convene the 450 PDBs and their various stakeholders. The summit will demonstrate the potential of PDBs in linking short-term needs with long-term transformations, and in redirecting financial flows towards sustainable development objectives while ensuring alignment with the UN Guiding Principles on Business and Human Rights and considerations for Indigenous Peoples. It will also highlight how a strategic GCF-IDFC alliance can unleash the full potential of PDBs for financing a green and sustainable transition. Notably, at the summit, the GCF is planning to announce its contribution to the IDFC Climate Facility, a capacity-development initiative that aims to support IDFC members in leveraging resources for climate action, mainstreaming climate finance into their operations, and promoting knowledge-sharing, through the GCF Readiness and Preparatory Support Programme (Readiness Programme).

2. The role of public development banks in financing the green transition

The PDBs represent a broad group of institutions at the interface between development finance and public policy. They share three common characteristics: (i) they enjoy an independent legal status and financial autonomy; (ii) they operate under or are supported by central or local governments; and (iii) they execute a public development mandate. There are about 450 PDBs around the world, operating at the subnational, national, regional, international and multilateral levels. The volume of activity of these institutions amounts to more than USD 2 trillion disbursed annually – 10 per cent of the total amount invested in the world every year by all public and private sources combined¹⁷. A total of 258 PDBs are located in developing countries, representing about USD 5 trillion in assets and USD 1 trillion in annual disbursements. Among them, 68 are rated by at least one international credit rating agency and, thus, have ready access to capital markets, representing a large potential for green bond issuance¹⁸, for example, in Brazil, China, Egypt, Indonesia, Nigeria, Peru and South Africa.

Other PDBs, mobilizing local savings and resources, can be strengthened through readiness and capacity-building programmes to unleash their full financial potential and multiply the concessional resources they receive. This is precisely what the GCF can directly contribute to. In fact, in 2019, IDFC members that are potentially eligible and able to be accredited by the GCF provided USD 180 billion of climate finance (96 per cent of the USD 187 billion reported by the IDFC in that year). Assuming climate finance accounts for an average of 20 per cent of total commitments, based on the experience of the IDFC (box 1), PDBs today have the capacity to extend more than USD 400 billion of climate finance per year. This is where the GCF, through its activities in support of PDBs, can have a qualitative impact on these investments. To date, the GCF has approved 15 projects submitted by IDFC members, for an amount of GCF financing representing USD 985 million, a share that does not reflect the respective size of their assets and financial capacity, highlighting the leverage effect the GCF can have on these actors. Beyond their own financing, PDBs also have a powerful role to play in redirecting financial flows and activities towards low-GHG emissions and climate-resilient markets. Deeply rooted in the national and regional frameworks they operate in, PDBs have extensive knowledge of existing opportunities and barriers to investment. Moreover, their long-standing relationships with both local private and public sectors, their sectoral and project expertise, and their ability to work closely with national authorities to support economic development plans make them central pieces of the development scheme as country platforms. In addition, PDBs are policy influencers that can help shape

¹⁷ First-ever data base on 455 PDBs, developed by Agence Française de Développement and the Institute of New Structural Economics at Peking University, to be released at the Finance in Common Summit in November 2020.

¹⁸ As an illustration, the green bond portfolio of Agence Française de Développement currently accounts for 8 per cent of its total assets. The same ratio applied to the total assets of these 68 banks would lead to an additional potential of USD 500 billion in green bond issuance

the policy to encourage and channel public and private investments to climate-friendly infrastructure.

Financially, PDBs are inclined to take risks and play a countercyclical role to finance public investments and to incentivize the market and the private sector. In the current COVID-19 pandemic, providing countercyclical funding to clients is highly necessary. PDBs can act as first-tier institutions in nascent markets, which commercial banks avoid due to the perceived unattractive risk-return profiles and mismatching payback periods. Through their loan-screening and lending activities, PDBs stand as early knowledge providers to design productive policies. They also act as first-movers to identify and address market barriers hindering capital flows, supporting the transition to a low-emission and climate-resilient economy. This positions PDBs as premier implementing entities and intermediaries to channel climate finance productively and sustainably, and, ultimately, to transform the local market to be self-sustaining.

Thanks to their public and – for some of them – development mandates, PDBs are well positioned to reduce market failures and financing constraints, notably for the financing of small and medium-sized enterprises, essential infrastructure, local financial markets, etc. They can access finance at longer maturities and in a more cost-effective manner than can private actors. Thus, they can provide lower-cost, longer-term financing for investment and/or co-investment in climate finance-related investment (i.e. low-GHG emission and climate-resilient infrastructures). They can possess key technical knowledge of certain sectors (e.g. renewable energy) or projects, as well as more experience with existing and new technologies than private financial institutions may have. These aspects allow PDBs to act both as public financiers and as mobilizers and facilitators of private finance for investment.

Box 1: International Development Finance Club

The International Development Finance Club (IDFC) is the leading group of 26 national and regional public development banks (PDBs) from all over the world, mostly active in emerging markets, with the primary goal of supporting domestic and regional policies while translating international priorities into their own portfolios. The IDFC is committed to aligning its activities with the Paris Agreement by: (i) further embedding climate change considerations within its strategies and activities; and (ii) redirecting financial flows in support of the transition towards low-carbon and climate-resilient sustainable development.

Over the period 2014–2018, PDBs that are members of the IDFC reported on average close to USD 150 billion in climate finance per year, representing about 20 per cent of their total financial commitments, and committed to provide more than USD 1 trillion of climate finance by 2025, including an increasing share for adaptation and resilience. The IDFC empowers its members not only by mainstreaming cross-cutting risk management procedures to address climate risks but also by building resilient portfolios to seize untapped revenue generation opportunities.

Given these characteristics, PDBs have a key role to play to support low-emission, climate-resilient development, notably as financiers of low-emission investments. They are also: catalysers of external public and private finance; intermediaries that blend climate and public development finance; policy influencers that help create an enabling policy environment to attract private investment; and pipeline developers that identify bankable projects proactively, acting as early investors to prove commercial viability¹⁹. At the same time, PDBs that play a critical role in financing development in their countries are also affected by climate risk. This requires PDBs to realign their strategy and risk management frameworks to address the impacts of climate change²⁰.

There are several prerequisites for PDBs to realize their potential in financing the green transition, which create challenges for some PDBs. First, research has highlighted the importance of good governance – the need for PDBs to be well run and managed, with a clear green and climate-resilient mandate and a seat at the policy table. Second, PDBs require the skills, tools and track records to assess the specific risks associated with the policy environment and investments in new climate technologies and business models, as well as the most appropriate financial structures. Most PDBs have limited capacity in these areas, which undermines their ability to identify and build a pipeline of bankable climate projects. Third, PDBs require sufficient capitalization to be able to operate at the required scale. Given the higher risk-adjusted rate of return usually required from climate investments, PDBs need to have a large capital base that can be leveraged to catalyse private and public investors. This includes co-financing from international climate finance to help PDBs take on early investment risk. This is particularly important for small PDBs, which operate in countries with shallow capital markets and limited domestic public resources. Finally, PDBs need to be able to access local capital markets, notably to overcome challenges related to scale in terms of public resource constraints²¹.

¹⁹ Overseas Development Institute. 2020. *Securing Climate Finance through National Development Banks*. Available at <https://www.odi.org/sites/odi.org.uk/files/resource-documents/200124_ndbs_web.pdf>.

²⁰ International Finance Corporation and Insurance Development Forum. 2020. *A Guidebook for National Development Banks on Climate Risk*. Unpublished draft.

²¹ Op. cit., see note 19.

3. The role of the Green Climate Fund in supporting public development banks to unlock finance to accelerate climate action

The GCF, as one of the operating entities of the financial mechanism of the United Nations Framework Convention on Climate Change serving the Paris Agreement, develops strong partnerships and unique coalitions to scale up and channel climate finance in developing countries. GCF partners include over 150 accredited entities and delivery partners worldwide, ranging from large commercial and development banks (multilateral, international, regional and national) to United Nations agencies, national institutions, government ministries and civil society organizations. The core principle of the GCF is country ownership, and national authorities, including national and regional development banks, can directly access GCF funds. In addition to facilitating access to climate finance, the GCF creates low-emission and climate-resilient markets by improving enabling environments, reducing the risks of pioneer investments, and attracting private capital. Through its country-driven approach, the GCF provides upstream support to government ministries to build their capacity and develop effective climate policies, while also prioritizing locally driven solutions and promoting climate compatible markets and technologies.

The GCF de-risks the delivery of public and private capital and scales up investment flows for low-GHG emission and climate-resilient development in developing countries. To achieve such sizeable and transformational investments, the GCF co-finances projects through a range of concessional financial instruments including grants, concessional debt, guarantees and equity, increasing their “bankability” and attractiveness to investors. In doing so, the GCF can take on greater project risks, enabling its partners to be more ambitious in terms of climate action, and attracting more capital into climate activities.

Through its mandate and business model, the GCF is well positioned to help unlock the full potential of PDBs, notably by:

→ **Promoting sound governance and management:** A number of PDBs acknowledge that working with multilateral development banks and development finance institutions has led to improvements in governance. While the process can be onerous, access to international climate finance has incentivized governance reforms. Notably, the accreditation process for the GCF has had positive reputational effects for PDBs. Through its accreditation process, the GCF assesses entities’ governance systems, policies and procedures, as well as their track record and demonstrated capacity to manage resources in line with the fiduciary standards of the GCF. The GCF also assesses entities’ ability at the corporate level to manage environmental and social risks that

may arise at the project level, and to implement its gender policy. The GCF offers a tiered accreditation to accommodate a diverse set of partners by matching the nature, scale and risk of intended activities to the application of GCF fiduciary standards, environmental and social safeguards, including a commitment to ensure free, prior and informed consent of Indigenous Peoples, and gender policy. The result of the accreditation process specifies: the accredited entity's project or programme activity size; fiduciary functions, which will shape how it operates using the resources of the GCF (grants, loans, equity and guarantees); and the highest category of environmental and social risk of its intended projects. Throughout the process, the GCF offers technical support to applicants, particularly to direct access entities²².

→ **Co-financing and risk-sharing:** Access to concessional international climate finance enables PDBs to develop a pipeline of bankable projects and take on early investment risk. This is particularly valuable for smaller PDBs that rely on external public finance, as well as for larger PDBs that raise capital on capital markets and are not subsidized. By providing appropriate risk-mitigating mechanisms, the GCF enables PDBs to mobilize finance for climate action, gain more exposure to climate investments in developing and emerging countries to build a track record, and support country-led climate-related policies. For example, the GCF is providing concessional debt, equity and guarantees to the Inter-American Development Bank to create a Low Emissions and Climate Resilient Agriculture Risk Sharing Facility. This facility will finance climate-resilient investments for agricultural micro, small and medium enterprises (MSMEs) in Guatemala and Mexico. The programme has been developed in line with each country's national climate plans, and it provides technical assistance for capacity-building of local financial institutions and MSMEs. The GCF also enables PDBs to set up dedicated climate financing facilities to de-risk climate projects and crowd in private investment. For example, the GCF is supporting the Development Bank of Southern Africa (DBSA) to set up the first private sector climate facility in Africa using a green bank model. Annex I provides more detailed case studies involving IDFC members that demonstrate the co-financing and risk-sharing approach of the GCF.

→ **Deepening local capital markets:** Deepening and improving access to local capital markets is important for PDBs to reach the scale required to finance transformative climate action. International financial institutions have been

²² These are subnational, national or regional organizations that need to be nominated by developing countries' national designated authorities. The latter are appointed to act as focal points to the GCF on behalf of their countries.

supporting developing country efforts to issue local currency debt. “Green” local currency bonds are one instrument with documented success for some PDBs (e.g. the China Development Bank). However, the bond markets in many developing countries (especially least developed countries and small island developing States) remain shallow, and collaborative efforts with government and regulatory authorities are needed in order to improve access to long-term finance in local currencies. The GCF is part of such collaborative efforts. For example, the GCF is supporting Jamaica to set up the Caribbean’s first regional green bond exchange through its Readiness Programme. Under this programme, the GCF is providing funds to Jamaica’s Ministry of Economic Growth and Job Creation to develop a regulatory framework for green bonds, raise awareness in the marketplace among potential issuers and investors, and, ultimately, issue a green bond on the exchange.

→ **Strengthening capacity and deal flow management:** PDBs, particularly national development banks, need support to strengthen their capacity in climate investments and manage a pipeline of bankable projects. The Readiness Programme of the GCF supports countries to develop relevant strategies, including enhanced nationally determined contributions and investment plans, as well as to strengthen national capacities and empower institutions to build enabling environments for successful climate action implementation. The Project Preparation Facility (PPF) of the GCF provides countries with financial and technical assistance to translate priority concepts into bankable project and programme funding proposals. The PPF focuses on direct access entities to strengthen their capacity to access GCF resources. Support is provided in the form of grants or repayable grants, and equity investments may be considered for private sector projects.

→ **Integration into the global climate finance landscape:** The GCF also provides PDBs with non-financial benefits, including access to global climate finance networks and federations. The GCF cooperates as a partner with several project preparation partnerships and platforms, and leverages the use of digital technologies to generate and identify bankable project ideas. An example of such a platform is the Climate Investment Platform²³ launched during the United Nations Climate Action Summit in September 2019. Organized around four “tracks”, it aims to declutter and streamline support provided by partner institutions to countries and project developers to develop, structure and finance climate initiatives.

²³ Available at <<https://www.climateinvestmentplatform.com/>>.

4. Actions by the Green Climate Fund and the International Development Finance Club to support public development banks in maintaining climate ambition in the era of COVID-19

The economic crisis caused by the COVID-19 pandemic is devastating for public balance sheets in developing countries and threatens to widen the climate finance gap. Fiscal balances in developing countries are expected to turn sharply negative too, in the range of from -5.7 per cent to -9.1 per cent of gross domestic product, as exports, export prices, remittances and tourism revenues all fall sharply, while spending needs grow²⁴. Developing countries are expected to be the hardest hit by the 40 per cent decrease in global foreign direct investment in 2020²⁵. According to the June 2020 World Economic Outlook of the International Monetary Fund, growth in emerging and developing economies is forecast at -3.0 per cent in 2020²⁶, and many developing countries continue to face risks of debt distress. As a result, due to their high climate vulnerability, developing countries, particularly least developed countries and small island developing States – which are priority countries for the GCF alongside African nations – face severe challenges in accessing long-term affordable finance to implement green recovery measures. The failure to implement such measures could wipe out decades of socioeconomic gains.

The G20 has suspended official bilateral debt payments from the poorest countries – freeing up about USD 5 billion for 42 developing countries in 2020. However, additional international assistance and engagement from all development partners are required in order to enable developing countries to revive their economies and maintain their climate ambitions in the context of COVID-19. Climate and COVID-19 recovery efforts must be supportive in order to be effective. Most climate-friendly investments meet this dual objective. For example, investments in renewable energy, energy-efficient and climate-resilient infrastructure, gender-responsive and climate-resilient agriculture, and ecosystem-based approaches can create jobs while scaling up climate action.

The GCF and the IDFC are taking several steps that can enable PDBs to increase developing countries' access to climate finance in order to foster a green resilient recovery based on global solidarity.

²⁴ United Nations Department of Economic and Social Affairs (2020). *UN/DESA Policy Brief #72: COVID-19 and Sovereign Debt*. Available at <<https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-72-covid-19-and-sovereign-debt/>>.

²⁵ United Nations Conference on Trade and Development (2020). *World Investment Report 2020: International Production Beyond the Pandemic*. Available at <https://unctad.org/en/PublicationsLibrary/wir2020_overview_en.pdf>.

²⁶ Available at <<https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>>.

ACTIONS BY THE INTERNATIONAL DEVELOPMENT FINANCE CLUB

To cope with the COVID-19 crisis, IDFC members have been mobilizing their full set of instruments and financial capacity. All PDBs are in the process of deploying their efforts in responding to the COVID-19 crisis, be they national development banks (supporting the definition and implementation of their government's emergency and recovery programmes), regional development banks (underpinning the orientations of their member States), or international development banks (collaborating with partner countries at a time when cooperation is most needed).

IDFC members have been actively responding to the situation with a full set of measures designed to simultaneously address short-term needs and prepare better recovery. They have implemented their countercyclical mandate by providing emergency loans, financing facilities, and guarantees, by massively reallocating funding, and/or by putting in place easing measures with moratoriums on repayments, introducing grace periods and/or reducing interest rates. They have proposed systemic solutions by supporting local financial systems to ensure corporate liquidity and maintain jobs. These provisions are available to most affected entities and sectors, such as MSMEs and the transport, tourism, energy, industry, commerce and services sectors. In addition, some members have already mobilized capital markets by issuing dedicated bonds to support their interventions in addressing the COVID-19 crisis. The IDFC is committed to capitalizing on its experiences to help structure the most adequate collective answer to the situation, with a view to strengthening health systems and social infrastructures and to supporting a sustainable and inclusive economic and financial recovery, contributing to the redirection of financial flows towards a just transition.

ACTIONS BY THE GREEN CLIMATE FUND

Thanks to its extensive partnerships and flexible funding modalities, the GCF is well positioned to contribute to a green and resilient economic recovery. The GCF is pursuing a three-pronged approach to contribute to a green recovery in developing countries:

→ **Adaptive management of the GCF project portfolio:** Climate investments deliver large development co-benefits, including job creation and improved health and food security, all critical to the response to COVID-19. The most efficient way for the GCF to support green recovery efforts is to minimize project disbursement and implementation delays related to COVID-19 within its ongoing portfolio. The GCF has offered its partners, including PDBs, a series of operational measures to protect project personnel and mitigate implementation challenges for GCF-funded projects in the coming months. For example, to alleviate the immediate impacts of the crisis for grants under the Readiness Programme and PPF, the GCF has authorized a 6-month blanket no-cost grant extension for projects with a completion date after 1 March 2020, and allowed a reasonable reallocation of travel budgets and use of the

contingency budget to cover unforeseen project management costs related to the pandemic in line with GCF policies and the Secretariat's guidance. The GCF is also exploring options to streamline procedures from approval to first disbursement to ensure that they make an impact in the coming months.

→ **Readiness Programme:** Developing countries will need to explore innovative financial structuring to ensure that these green stimulus measures do not compound the debt burden they face. Through its Readiness Programme and PPF, the GCF is responding rapidly to country needs to craft priority resilient recovery measures, explore new types of financing structures to capitalize them, and integrate priorities from nationally determined contributions into stimulus packages. For example, the GCF has provided a PPF grant of USD 515,000 to DBSA to develop a water reuse programme in South Africa. The PPF grant, among other things, supports the further development of a blended finance solution using project bonds as a financial instrument to support the implementation of water-use infrastructure as a new asset class in South Africa, as well as a financial model to determine the financial structure of individual projects under the programme.

→ **Accelerating development of climate investments with strong socioeconomic co-benefits:** The GCF is accelerating the development of climate investments with strong co-benefits, including poverty alleviation, increased energy security, improved air and water quality, and enhanced resilience of essential infrastructure. In practice, this has entailed active co-development of funding proposals with accredited entities of the GCF to respond to the most urgent needs in developing countries, and an increased urgency in the GCF review cycle to approve these proposals and disburse funds.

SYNERGIES BETWEEN THE GREEN CLIMATE FUND AND THE INTERNATIONAL DEVELOPMENT FINANCE CLUB TO MAINTAIN CLIMATE AMBITION IN THE ERA OF COVID-19

The GCF and the IDFC are committed to maintaining climate ambition in the era of COVID-19 and helping PDBs realize their full potential in financing the green transition. Several IDFC members are partnering with the GCF to develop new country-led initiatives. At its Board meeting in August 2020, the GCF approved a project by the West African Development Bank in Senegal with a total value of USD 235 million to electrify over 1,000 villages, including health centres, benefiting almost 400,000 people and avoiding 1.1 million tonnes of GHG emissions. Electricity is a precondition for reviving economies and being able to provide 24-hour health services during the pandemic is critical to reduce human suffering and protect both patients and medical staff. There are also several

country-led proposed projects in the GCF pipeline that employ de-risking instruments and capacity-building support so that PDBs can provide much-needed financing in the markets hit hardest by COVID-19. Some proposed projects target MSMEs and vulnerable populations in sectors such as sustainable land use for smallholder farmers, energy-efficient equipment for manufacturing companies, and large- and small-scale renewable energy generation. National governments with IDFC members are also exploring support through the Readiness Programme of the GCF to help policymakers craft green recovery measures and explore innovative financing structures to implement such measures without increasing domestic debt burdens.

In order to create opportunities for developing countries to tap into international private investment for sustainable infrastructure, the GCF and a number of IDFC members are part of a global coalition – Finance to Accelerate the Sustainable Transition-Infrastructure. The coalition aims to develop sustainable infrastructure into a liquid asset class by creating a label and developing platforms for targeted investment. A sustainable infrastructure label will allow institutional investors to identify sustainable assets to finance in developing countries, and incentivizing high environmental, social and resilience starts in the pre-construction phase. The coalition is also exploring financing platforms and mechanisms to de-risk sustainable infrastructure investments and create much-needed liquidity.

In terms of capacity development, the GCF and the IDFC are joining forces through the IDFC Climate Facility. This aims to support members to further integrate climate change into their mandates, develop innovative financial products, mainstream climate finance into operations, and promote knowledge-sharing. Specifically, through the IDFC Climate Facility, the GCF will strengthen the capacity of 13 IDFC members that are also GCF accredited and/or nominated (including direct access) entities to access GCF resources, and thereby support PDBs in becoming key actors for climate action at the regional and country level. The GCF and the IDFC are planning to announce this joint initiative during the Finance in Common Summit in November 2020.

The summit is a key opportunity to emphasize the role of PDBs in implementing the Paris Agreement and in leveraging climate finance at scale to address the specific needs of their national economies, societies and environment. The GCF stands ready to support PDBs in implementing their joint declaration on contributing to recovery efforts and aligning with sustainable finance principles. The GCF-IDFC partnership could pave the way and set the standard for a more inclusive architecture of all PDBs that would mainstream accreditation principles for all international sources of concessional climate finance.

Annex 1: Project showcases

The partnership between the GCF and the IDFC shows the importance of collective action and international cooperation to continuously advance the fight against climate change. To date, the GCF has 15 projects with IDFC members, providing about USD 985 million in GCF finance and leveraging over USD 2.7 billion in co-financing. Here below, the examples of projects show how public development banks (PDBs), through the IDFC as an entry point, and the GCF can work together to leverage climate investments and contribute to the creation of green markets. Through this strong partnership, the GCF and the IDFC help PDBs achieve their climate goals and commitments under the Paris Agreement.

KREDITANSTALT FÜR WIEDERAUFBAU, BLUE ACTION FUND (BAF): GCF ECOSYSTEM BASED ADAPTATION PROGRAMME IN THE WESTERN INDIAN OCEAN

Submitted to the GCF for funding by the Kreditanstalt für Wiederaufbau (KfW) in 2019, the objective of the Blue Action Fund (BAF) is to reduce or avoid climate change impacts through ecosystem-based adaptation for vulnerable coastal populations. The Western Indian Ocean region is undergoing rapid climate change. Mozambique was hit by two major cyclones in 2019, while the other countries in the region are facing similarly increasing threats of cyclones and tropical storms, exacerbated by climate change. The BAF provides individual grants to selected conservation projects in marine protected areas and their buffer zones to support climate adaptation of coastal communities in the Western Indian Ocean region. The BAF serves as a financial partner for national and international non-governmental organizations that are already working successfully in this field.

→ Name of the project/programme	FP095 : Transforming Financial Systems for Climate (TFSC)
→ Accredited entity	Agence Française de Développement (AFD)
→ Total project value	EUR 653 million EUR 209 million (loan) and EUR 31 million (grant) from the GCF; EUR 413 million from AFD
→ Target countries	Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ecuador, Egypt, Kenya, Madagascar, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Togo, Uganda, United Republic of Tanzania
→ Theme	Cross-cutting
→ Expected impacts	1 million beneficiaries – 36 million tonnes of emissions avoided

WEST AFRICAN DEVELOPMENT BANK, CLIMATE FINANCE FACILITY TO SCALE UP SOLAR ENERGY INVESTMENTS IN FRANCOPHONE WEST AFRICA LDCS

The West African Development Bank (BOAD) Climate Finance Facility targets six least developed countries in West Africa, a region characterized by one of the lowest access rates to modern energy services in the world, high cost of electricity, and an overreliance on fossil fuels and subsequent energy security challenges. Based on nationally determined contributions and country energy plans, the target countries plan to reach 1,192 MW of installed solar capacity by 2030. However, a significant mobilization of the private sector at scale would be required in order to reach this goal. The programme will help the selected countries to achieve their nationally determined contributions and address the barriers to solar investments. It will do so by using a blended finance approach to provide affordable long-term funding to solar projects, and by providing tenor extension loans that will help de-risk projects, and crowd in commercial and public banks in scaling up solar investments in the region. The programme is expected to quadruple the existing solar capacity by providing 215 MW in solar energy access to 2.9 million people. It will also provide grant funding to build the capacity of local project developers to structure investments, particularly in terms of project preparation and management. In addition, technical assistance will be provided to build the capacity of BOAD in integrating climate change considerations into the project cycle. Finally, the programme will enhance the regulatory framework by building the capacity of public institutions in the energy sector.

→ Name of the project/programme	FP105: BOAD Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs
→ Accredited entity	West African Development Bank (BOAD)
→ Total project value	EUR 122 million EUR 57 million (loan) and EUR 4 million (grant) from the GCF; EUR 61 million from BOAD
→ Target countries	Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Togo
→ Theme	Mitigation
→ Expected impacts	4.1 million tonnes of emissions avoided

CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION, PRODUCTIVE INVESTMENT INITIATIVE FOR ADAPTATION TO CLIMATE CHANGE, CAMBIO II

Managed by the Central American Bank for Economic Integration (CABEI), the objective of CAMBio II is to reduce obstacles for MSMEs in accessing credit and to support the best available adaptation measures in seven Central American countries. While agriculture, livestock and forestry are key sectors in Central American economies, they are also highly

sensitive to climate change. Conservative banking practices and high perceived risks associated with operations in rural areas have led to limited access to credit for MSMEs to finance adaptation measures. This initiative will provide concessional loans and technical assistance to encourage MSMEs to invest in adaptation. It is also designed to consolidate agricultural production systems adapted to climate change. A grant component of this programme will provide financial rewards to MSMEs and intermediary financial institutions for their successful implementation of adaptation activities.

→ Name of the project/programme	FP097: Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)
→ Accredited entity	Central American Bank for Economic Integration (CABEI)
→ Total project value	USD 28 million USD 12.5 million (loan) and USD 3 million (grant) from the GCF; USD 12.5 million from CABEI
→ Target countries	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama
→ Theme	Adaptation
→ Expected impacts	69,720 beneficiaries

CORPORACIÓN ANDINA DE FOMENTO, CLIMATE ACTION AND SOLAR ENERGY DEVELOPMENT PROGRAMME IN THE TARAPACÁ REGION IN CHILE

Led by the Corporación Andina de Fomento (CAF), the Climate Action and Solar Energy Development Programme in the Tarapacá Region is a 143 MW solar park that will supply a low-cost, clean and renewable alternative to coal-fired or liquefied natural gas-generated power. The investment from the GCF, together with CAF, will complete the long-term project financing required for this private sector-led, photovoltaic power project, and facilitate further investment from other financial institutions. Chile is still heavily dependent on imported fossil fuels, but is committed to reaching a goal of 20 per cent of non-conventional renewable power generation by 2025. Current market conditions restrict the participation of local commercial banks in financing large-scale renewables projects. Without GCF and CAF funding, it would be difficult for the project to be financed. The GCF investment in the project will be of demonstrative value and facilitate future private sector investment. The project, in the Atacama Desert, will also act as a demonstration of solar power in a region with the highest level of solar radiation in South America, which could host many more large-scale photovoltaic projects.

→ Name of the project/programme	FP017: Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile
→ Accredited entity	Corporación Andina de Fomento (CAF)
→ Total project value	USD 191 million USD 49 million (loan) from the GCF; USD 40 million from CAF, USD 82 million from the project sponsor, USD 20 million from the private sector
→ Target countries	Chile
→ Theme	Mitigation
→ Expected impacts	3.7 million tonnes of emissions avoided

DEVELOPMENT BANK OF SOUTHERN AFRICA, CLIMATE FINANCE FACILITY

This programme of the Development Bank of Southern Africa (DBSA) is the first private sector climate finance facility in Africa, using a pioneering green bank model. It will de-risk and increase the bankability of climate projects in order to crowd in private sector investment. Its successful implementation will prove that similar financial models can be replicated in other developing countries. The Climate Finance Facility of DBSA is a lending facility intended to increase climate-related investment in Southern Africa by addressing market constraints and playing a catalytic role with a blended finance approach. The facility will use its capital to fill market gaps and crowd in private investment, targeting projects that are potentially able to attract market-rate capital at scale without “credit enhancement,” but that are currently unable to do so. It will focus on infrastructure projects that mitigate or adapt to climate change.

→ Name of the project/programme	FP098: DBSA Climate Finance Facility
→ Accredited entity	Development Bank of Southern Africa (DBSA)
→ Total project value	USD 170.5 million USD 55 million (loan) and USD 0.6 million (grant) from the GCF; USD 55.6 million from DSBA, USD 59 million from development finance institutions, USD 0.3 million from Convergence
→ Target countries	Eswatini, Lesotho, Namibia, South Africa
→ Theme	Cross-cutting
→ Expected impacts	29.7 million tonnes of emissions avoided; 466,400 beneficiaries

Annex 2: List of members of the International Development Finance Club

Our members

26 Members from developed and developing countries

EUROPE

Black Sea Region

Black Sea Trade and Development Bank (BSTDB)

Croatia

Croatian Bank for Reconstruction and Development (HBOR)

France

Agence Française de Développement (AFD)

Germany

KfW Bankengruppe

Hungary

International Investment Bank (IIB)

Italy

Cassa depositi e prestiti (CDP)

Russian Federation

Vnesheconombank (VEB)

Turkey

Industrial Development Bank of Turkey (TSKB)

AFRICA

Eastern & Southern Africa Region

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

Morocco

Caisse de Dépôt et de Gestion (CDG)

South Africa

Development Bank of Southern Africa (DBSA)

Western Africa Region

Banque Ouest Africaine de Développement (BOAD)

ASIA & MIDDLE EAST

China

China Development Bank (CDB)

India

Small Industries Development Bank of India (SIDBI)

Indonesia

PT Sarana Multi Infrastruktur (Persero) (PT SMI)

Japan

Japan International Cooperation Agency (JICA)

Republic of Korea

The Korea Development Bank (KDB)

Saudi Arabia

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

CENTRAL AND SOUTH AMERICA

Argentina

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

Brazil

Banco Nacional de Desenvolvimento Econômico e Social (BNDES)

Chile

Banco Estado (BE)

Central and Latin America Region

Development Bank of Latin America (CAF)

Central America Region

Central American Bank for Economic Integration (BCIE/CABEI)

Colombia

Bancoldex S.A.

Mexico

Nacional Financiera (NAFIN)

Peru

Corporación Financiera de Desarrollo S.A. (COFIDE)



Annex 3: List of projects submitted by members of the International Development Finance Club and approved by the Green Climate Fund

Accredited entity	Funding proposal no.	Project name	Countries	Sector	Theme	GCF financing (USD equivalent)	Total financing (USD equivalent)
AFD	FP021	Senegal Integrated Urban Flood Management Project	Senegal	Public	Adaptation	17,605,634	83,333,333
AFD	FP042	Irrigation Development and Adaptation of Irrigated Agriculture to Climate Change in Semi-arid Morocco	Morocco	Public	Adaptation	23,474,178	89,201,878
AFD	FP095	Transforming Financial Systems for Climate	Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ecuador, Egypt, Kenya, Madagascar, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Togo, Uganda, United Republic of Tanzania	Private	Cross-cutting	281,690,141	766,431,925
AFD	FP119	Water Banking and Adaptation of Agriculture to Climate Change in Northern Gaza	State of Palestine	Public	Cross-cutting	27,828,383	52,476,270
AFD	FP135	Ecosystem-based Adaptation in the Indian Ocean – EBA IO	Comoros, Madagascar, Mauritius, Seychelles	Public	Adaptation	38,000,000	49,200,000
BOAD	FP102	Mali Solar Rural Electrification Project	Mali	Public	Mitigation	30,479,592	40,202,121

Accredited entity	Funding proposal no.	Project name	Countries	Sector	Theme	GCF financing (USD equivalent)	Total financing (USD equivalent)
BOAD	FP105	BOAD Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs	Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Togo	Private	Mitigation	71,596,244	143,192,488
BOAD	FP138	ASER Solar Rural Electrification Project	Senegal	Public	Mitigation	88,550,676	233,206,786
CABEI	FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama	Private	Adaptation	15,500,000	28,000,000
CAF	FP017	Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile	Chile	Private	Mitigation	39,000,000	181,000,000
DBSA	FP106	Embedded Generation Investment Programme (EGIP)	South Africa	Private	Mitigation	100,000,000	537,000,000
DBSA	FP098	DBSA Climate Finance Facility	Eswatini, Lesotho, Namibia, South Africa	Private	Cross-cutting	55,610,000	170,550,000
KfW	FP041	Simiyu Climate Resilient Project	United Republic of Tanzania	Public	Adaptation	120,539,906	200,704,225
KfW	FP004	Climate Resilient Infrastructure Mainstreaming (CRIM)	Bangladesh	Public	Adaptation	40,000,000	81,001,500
KfW	FP122	Blue Action Fund (BAF): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean	Madagascar, Mozambique, South Africa, United Republic of Tanzania	Public	Adaptation	35,211,268	64,553,991
Total:						935,086,022	2,720,054,517





Annex 4: Press Note on the GCF contribution to the Climate Facility

PRESS NOTE : IDFC CLIMATE FACILITY – GCF READINESS AND PREPARATORY SUPPORT

The IDFC Climate Facility receives an USD 700.000 Readiness allocation from the Green Climate Fund to strengthen the capacities of 13 national and regional development banks.

About the IDFC Climate Facility:

The IDFC Climate Facility is an operational and innovative tool to strengthen knowledge and leverage resources in the field of climate change mitigation and adaptation. The Facility aims at supporting IDFC member efforts:

1. To further integrate climate change into their mandates, develop innovative and more flexible financial products, mainstream climate finance into operations, and develop private sector engagement.
2. To reinforce collaboration and knowledge sharing between them.

The Facility – which is already operational - will be implemented during a pilot phase of up to 4 years. It shall then be extended and adapted based on the feedback from experience, capitalization work and IDFC members' evolving needs. During the pilot phase, the Facility will focus on four activity lines:

- (1) knowledge sharing,
- (2) capacity building,
- (3) support to project preparation, and
- (4) facilitation of access to the Green Climate Fund.

The expected impacts of the Facility are the following ones:

- Increased resources to implement the Paris Agreement.
- Upgraded knowledge management and communication on climate change and climate action.
- Fostered multi-actor partnerships between development banks from developed and developing countries as well as with private actors.
- Enhanced private sector engagement and mobilization of local and international capital.
- Improved complementarities and synergies among members' activities.
- Coherence and complementarity in the operationalization of climate related projects.
- Strengthened capacity of development banks to originate, structure and deliver climate change projects to grow their pipeline.
- Enhanced pooling of resources for greater impact.

About the GCF contribution:

The USD 700.000 Readiness capacity building proposal, titled “**Strengthening the capacities of national and regional development banks, which are members of the International Development Finance Club (IDFC), to access GCF resources**”, will directly benefit 13 public development banks from LAC, Africa and Asia and will be implemented by AFD as Delivery Partner in an 18 months period.

The proposal will focus on two main objectives:

1. Capacity building of Direct Access Applicants and Accredited Entities (DAEs) amongst the members of the IDFC, to make them fit for GCF co-funding.

This objective includes the support of already accredited DAE-IDFC members in developing and further integrating climate finance tools and methodologies (e.g. for climate risk assessment, greenhouse gas accounting, impact assessment and reporting), which are needed for effectively implementing GCF-funded activities, into their operations, and the support of DAE applicants/entities in reaching institutional GCF standards and requirements for accreditation.

2. Establishing strategic frameworks for guiding and developing climate related project pipelines, with special emphasis on key sectors relevant for post COVID-19 economic recovery.

This second objective includes the support of the public development banks in the development of individual project pipelines that largely fulfil GCF co-funding requirements. Based on these individual pipelines, a joint, well-coordinated and synergistic GCF-IDFC Work Program will be elaborated which fosters a proactive, strategic and country owned approach to pipeline development and programming with the GCF.

The joint work programme and concept note (multi-country) to be developed will specifically target MSMEs and vulnerable populations in sectors such as sustainable land use for smallholder farmers, energy efficient equipment for manufacturing companies and large and small scale renewable energy generation.

Building on the IDFC-GCF strategic collaboration, the successful implementation of the cross country program will help to remove the main barriers to catalyze access of DAE- IDFC members to GCF resources, turning national and regional development banks into key actors for climate action at regional and country level to support the transition to a low carbon and climate resilient economy.

Indicative Budget

Outcomes / Outputs		Total Budget USD (per sub-outcome)	
Outcome 1.2 Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF's accreditation standards; and accredited DAEs have the capacity to develop a pipeline of projects and effectively implement GCF-funded activities	Output 1.2.1 Capacity development needs of DAE-IDFC members identified	51300	544 200
	1.2.2 Output Baseline of DAE-IDFC portfolio impact (mitigation/adaptation) defined and common framework for reporting established	67300	
	1.2.3 Output DAE-IDFC members institutionalized a robust system for climate finance tracking	35200	
	1.2.4 Output DAE capacity strengthened to undertake GCF-related roles and responsibilities	38400	
	1.2.5 Output Pre-accreditation technical assistance support delivered to IDFC members	114000	
	1.2.6 Output Platforms for exchange and harmonization of skills and practice standards in place for IDFC members	238000	
Outcome 2.3 Entity Work Programs of accredited direct access entities developed, that are aligned with the priorities of the countries, including Country Programs and the	2.3.1 Output A joint GCF(DAE) -IDFC Work Program elaborated which fosters a proactive, strategic and country-owned approach to pipeline development and programming with the GCF	63500	63 500
Outcome 4.1 An increase in the number of quality project concept notes developed and submitted	Output 4.1.1 Multi-country concept notes developed which promote green-resilient recovery in developing countries.	47200	47 200
Total Outcome Budget		654 900	654 900
Project Management Cost (PMC) Up to 7.5% of Total Activity Budget (the IDFC CU will provide co-financing to cover the PMC-related costs)		49 118	49 118
Delivery Partner Fee (DP) - Up to 8.5% of the Sub-Total		45 100	45 100
TOTAL USD		700 000	700 000



Annex 5: IDFC green Finance Mapping 2020 (Full report)

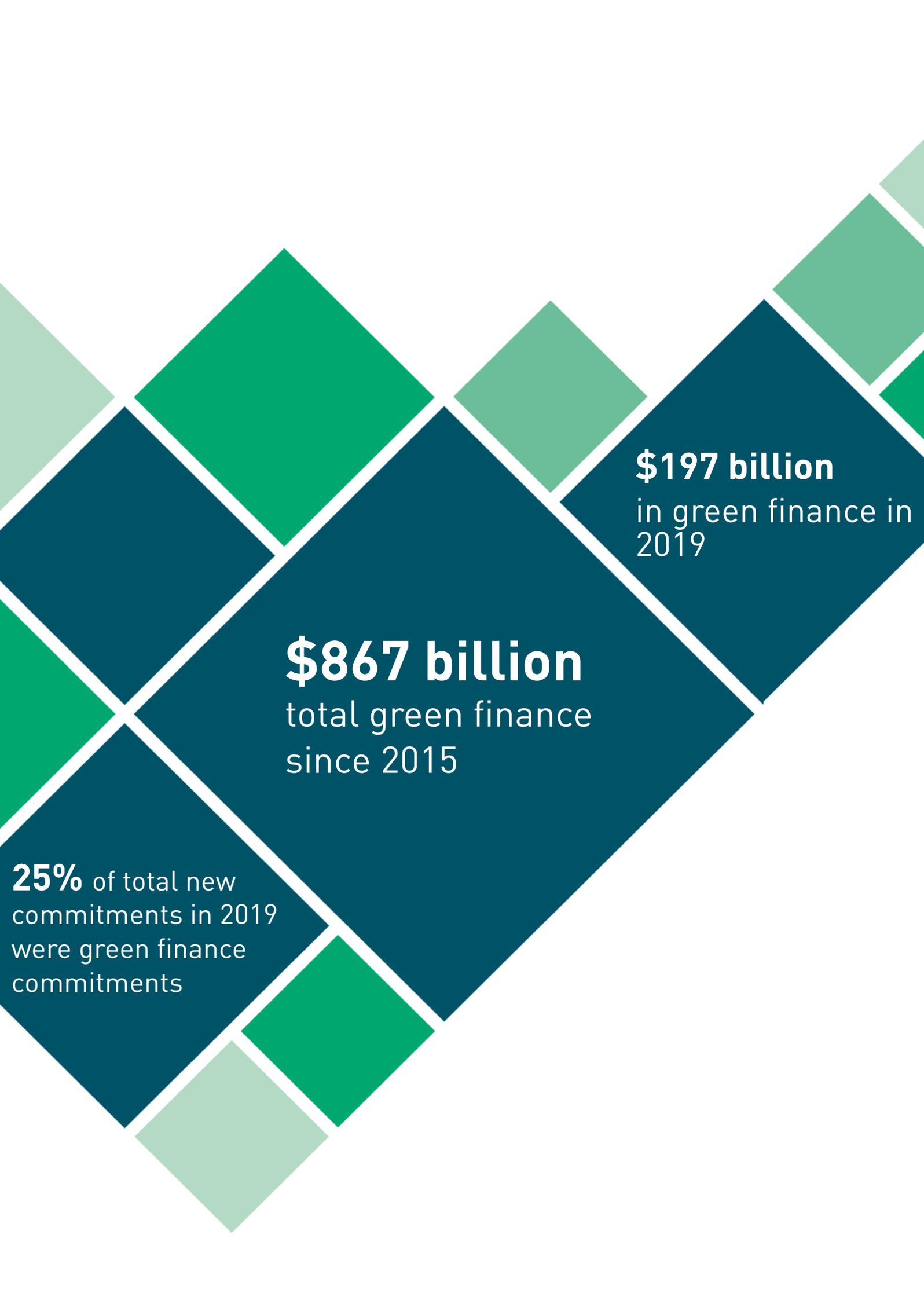
IDFC Green Finance Mapping Report 2020

December
2020

 International
Development
Finance Club

Supported By





\$197 billion
in green finance in
2019

\$867 billion
total green finance
since 2015

25% of total new
commitments in 2019
were green finance
commitments

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EXECUTIVE SUMMARY

Since 2011, IDFC has conducted a periodic mapping of member institutions' green finance contributions. During the 2019 UN Climate Action Summit, IDFC affirmed a series of commitments to improve the quality of climate finance – in addition to increasing its quantity – including efforts to further align financial flows with the Paris Agreement and SDGs.ⁱ Towards this end, IDFC launched a Climate Facility and developed a strategic partnership with the Green Climate Fund (GCF).ⁱⁱ The partnership with GCF was signed in June 2019 to cooperate on integrating climate considerations in financial institutions and facilitate access to GCF resources with co-financing from IDFC members, among other measures.ⁱⁱⁱ Currently 13 IDFC members are accredited by the GCF, with BNDES and CDP gaining their accreditation status in 2019.

2019 also saw a strong rebound in green finance commitments by IDFC institutions following a significant drop in 2018. Financing for all project categories increased, in particular for mitigation and adaptation projects. Most IDFC institutions indicated stable or increasing green finance commitments, with nine members out of 26 reporting an increase of 10% or higher from 2018. Six members have more than doubled their commitments since 2015.

2019 Key Findings

- **IDFC members reported total green finance commitments of \$197 billion.** This represents a 47% increase from 2018, but still below the high point reached in 2017. Cumulative green finance commitments by IDFC members have reached \$867 billion since 2015.
- **Green finance commitments represented approximately 25% of total new commitments reported by members, resuming an upward trend.** Green commitments have consistently represented more than one fifth of total IDFC investments since 2015. Climate finance – consisting of all activities related to mitigation of GHG emissions and adaptation to climate change – accounted for 93% of total green finance.
- **Climate finance** – consisting of all activities related to mitigation of GHG emissions and adaptation to climate change – accounted for 95% of total green finance (\$187 billion). Cumulative climate finance commitments have reached \$803 billion since 2015.
 - Finance for green energy and mitigation of greenhouse gases was the largest category, representing 87% of climate finance.

Figure ES1 | Breakdown of IDFC Green Finance Commitments in 2019 (left) and 2015-2019 (right) (\$ billion)

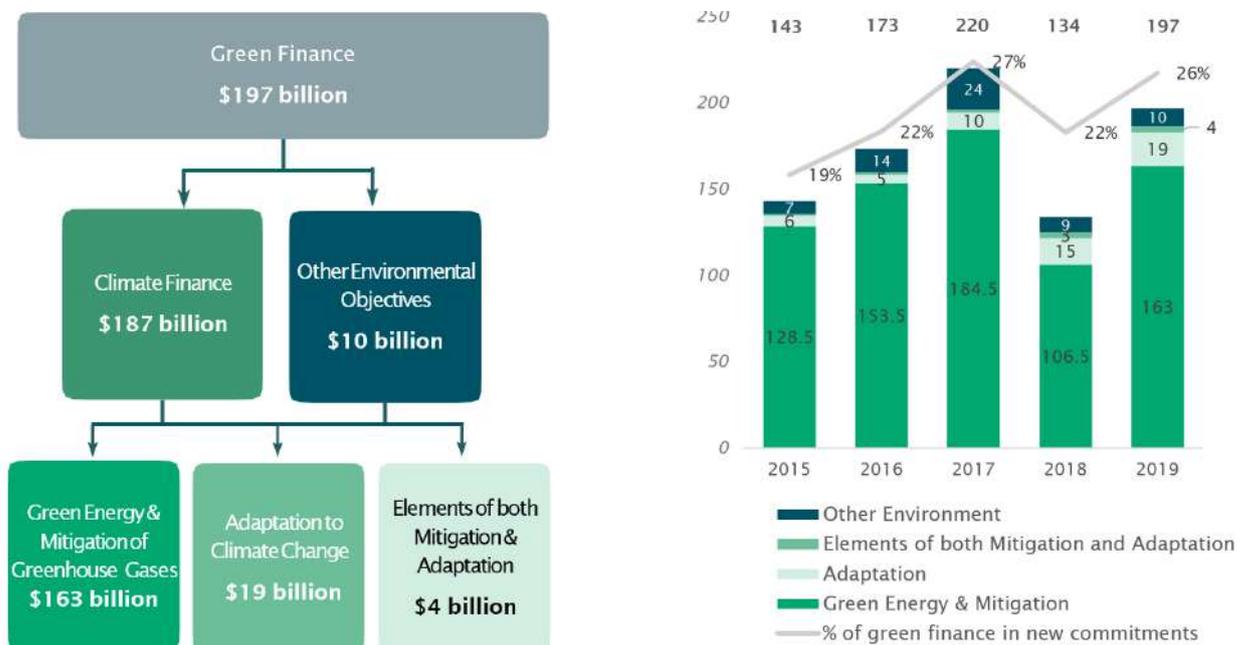
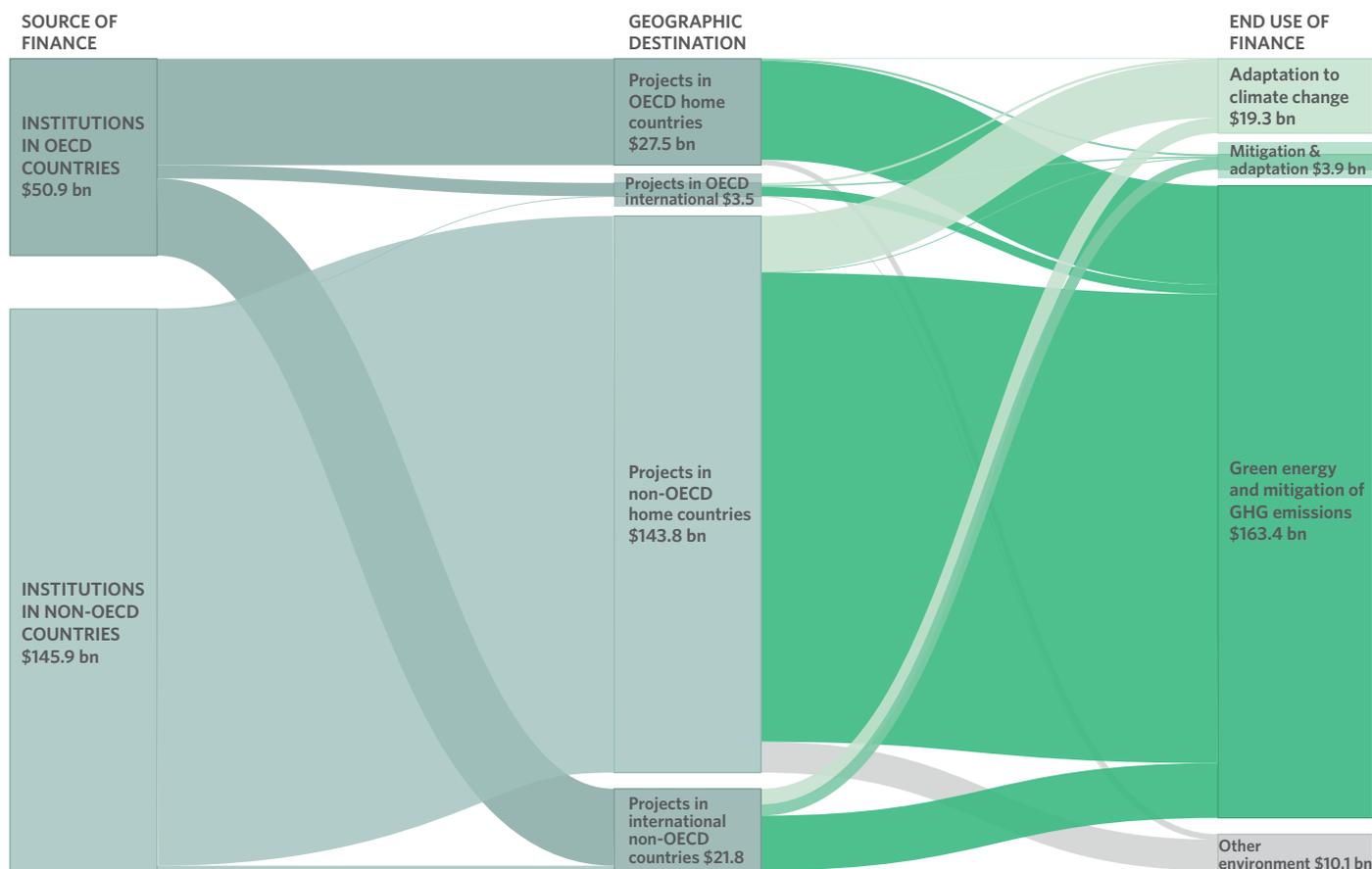


Figure ES2 | Green finance commitments in 2019 by origin, destination (OECD/non-OECD), and end use



- Adaptation represented 10% of climate finance, an increase of 26% from 2018. This continues three years of consecutive growth, achieving more than three times the level of adaptation commitments made in 2015.
- Projects containing elements of both mitigation and adaptation have been steadily increasing but remain a small portion of the total at 2%.
- **Other Environment** - The remaining 5% of green finance (\$10 billion) went to other environmental finance, or activities that are addressing environmental issues but are not directly related to GHG mitigation or adaptation to climate change. The category includes activities related to waste and water management, biodiversity, and industrial pollution control.
- **Source of Finance:** IDFC institutions based in non-OECD countries committed \$146 billion (74%). This increase resumes the upward trend of the non-OECD share of IDFC green finance, which reached 75% (\$166 billion) in 2017 and 68% (\$118 billion) in 2016. OECD country based

IDFC institutions committed \$51 billion (26%), lower than in previous years 2015-2017 (\$54-55 billion).

- **Geographic Destination:** East Asia and Pacific region again accounted for the largest share of commitments at 69%, in accordance with the geographical distribution of total commitments and assets. Commitments reaching Eastern Europe and Central Asia significantly increased from \$2.1 billion (2%) to \$10 billion (5%), and slightly increased in Sub-Saharan Africa from \$3 billion to \$4.5 billion (2%). Commitments to other remaining regions have decreased from 2018.
- **Domestic and Outbound finance:** The share of total green finance commitments in the home countries of the respective IDFC member institutions was 87% (\$171.5 billion), while the remaining 13% (\$25 billion) was outbound (i.e. international commitments) in line with the mandate and scope of the operations of IDFC members.
- Among outbound commitments, flows from OECD country institutions to non-OECD

countries represented 79% (\$20 billion). Flows from non-OECD country institutions largely remained at home, representing 87% (\$143.9 billion) of total finance reaching non-OECD countries..

- **Financing instruments:** Most commitments were provided in the form of loans at \$190 billion, or 97% of total green finance, similar to previous years. in line with the typology of IDFC members' investment portfolios. \$4 billion was provided through grants, continuing the increasing trend since 2016.

Improving Green Finance Mapping Methodology

To inform this exercise, IDFC members complete a survey template, from which data are checked for consistency and aggregated. The list of reporting institutions and reporting coverage across all categories vary from year to year. The number of reporting institutions for 2019 is 22 out of 26, compared to 17 out of 24 for 2018.

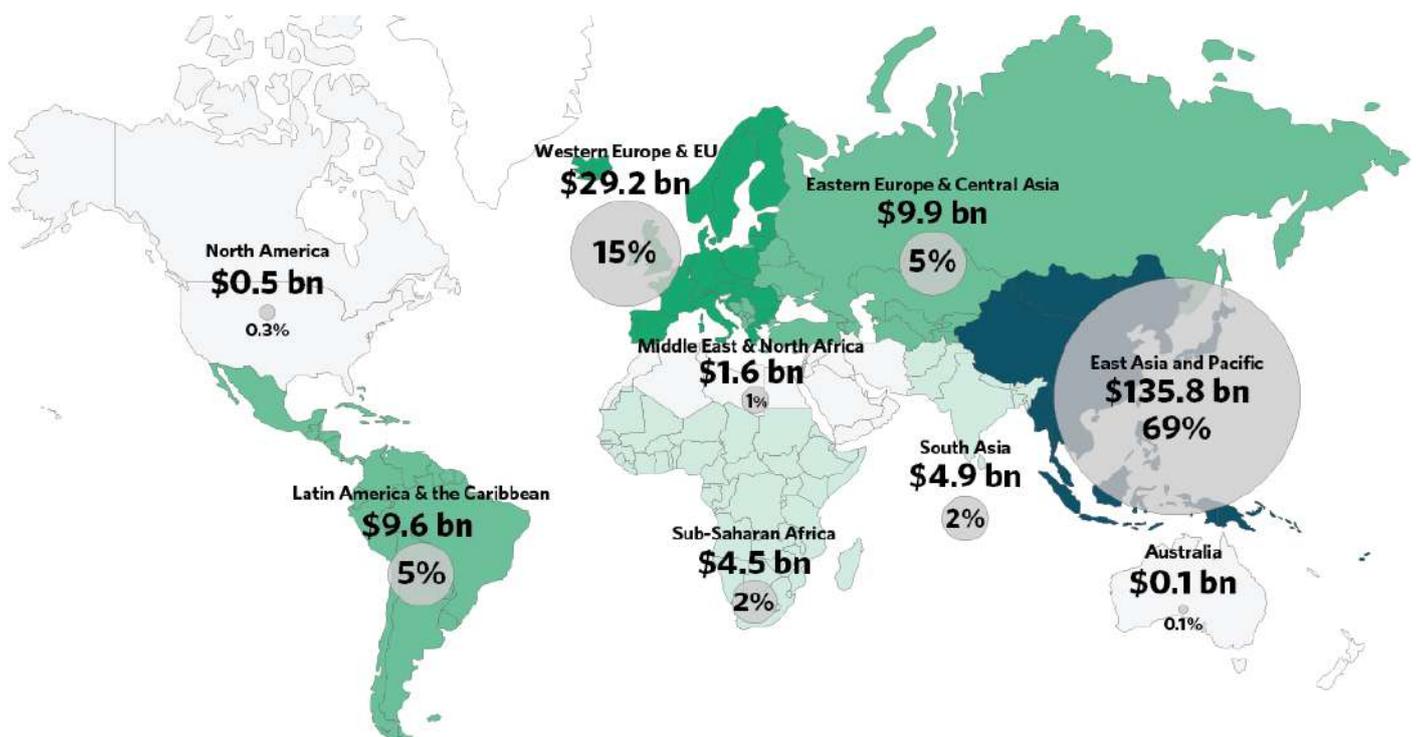
The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation^{iv} and Adaptation Finance Tracking.^v Following the Common Principles, uncertainty is overcome via the principle of conservativeness where climate finance is preferred to be under-reported rather than over-reported. In particular, adaptation

commitments are expected to be conservative, as adaptation-related activities are context-specific and institutions are not always able to consistently identify relevant projects. Another challenging area for reporting is private sector co-finance mobilized by IDFC members.

The IDFC Climate Facility launched in September 2019 supports knowledge transfer and capacity development on climate issues amongst IDFC members. It will also support the development and application of common methodologies for estimating, tracking and reporting private finance mobilized in coming years. Improved reporting can help increase the effectiveness and catalytic potential of green finance committed by IDFC members (see Section 4.2).

The Coordination Unit of the Climate Facility supported the 2019 GFM exercise by providing direct assistance to members during the data collection. This support facilitated the involvement of some members and thus contributed to the increase in the number of participating members.

Figure ES3 | Green finance commitments by geographic destination in 2019



1. INTRODUCTION

Climate finance flows worldwide reached an annual USD 579 billion, their highest level ever, in the 2017/18 period. However, investment is still far from the level needed to achieve international climate goals. The public and private sector each accounts for around half of total climate finance flows, but the sectoral and regional breakdown varies greatly across different types of actors: 85% of private finance in this period flowed to renewable energy generation primarily in Western Europe, North America and East Asia Pacific, while public finance prioritized relatively nascent and harder to invest sectors such as low-carbon transport, energy efficiency, as well as agriculture, forestry and land use in developing countries.^{vi}

In times of COVID-19, alignment with the Paris Agreement and Sustainable Development Goals (SDG) is becoming progressively challenging and ever more urgent. The dual challenge policymakers now face is to promote investment for a sustainable transition at much greater scale, to meet targets across all sectors and implement Nationally Determined Contributions while delivering economic recovery. Overcoming this unprecedented crisis and rebuilding a sustainable world calls for strengthened cooperation and collective action across public and private institutions.

In this context, public development banks (PDBs) will play a significant role in responding to the effects of the pandemic and shifting investment flows towards achieving the Paris Agreement and the SDGs. They can also foster effective collaboration and dialogue among market actors, governments and regulators to promote long term carbon neutrality and inclusive growth.

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 averaging more than \$600 billion in the past five years.

Towards the end of 2019, at the United Nations Climate Action Summit, IDFC stated its potential and capacity to mobilize and raise the volume of finance flowing to climate and environmental goals, through two key

channels, which include:

1. providing more than \$1 trillion of climate finance by 2025;
2. leveraging additional investment from the private sector by blending public finance with mobilized private funds. In this way IDFC seeks to accelerate a wider reorientation of private finance for sustainable and climate compatible development.

This Green Finance Mapping report assesses financial commitments made during 2019, offering the first measurement of initial progress towards these objectives. Moreover, in addition to providing and mobilizing finance at greater scale, IDFC is taking steps to address the quality of flows and how commitments promote the changes needed in key economic sectors. Its members are working to align financial flows with the Paris Agreement and the SDGs by:^{vii}

- Working at national and sub-national level and engaging with other actors to support national constituencies implement their commitments to the Paris Agreement and provide policy advice to devise development pathways consistent with long term resilience and carbon neutrality
- Further embedding climate change considerations and alignment with the Paris Agreement within IDFC members' strategies;
- Redirecting financial flows in support of low-carbon and climate-resilient sustainable development.

To help achieve these goals, IDFC established a Climate Facility which became operational in 2019.^{viii} The Facility, led by its Coordination Unit, will support these efforts and encourage cooperation among members. Activities supported by the Facility include capacity building, such as training and ad-hoc response to members' needs, knowledge sharing, and project preparation.

Furthermore, through a partnership with established in June 2019, IDFC and GCF will cooperate on a number of items including integrating climate

considerations in financial institutions, facilitating access to GCF resources for IDFC members, and capacity building. Already in 2019, 5 projects led by IDFC members (AFD, DBSA, 2 projects by BOAD, KfW) have received co-financing from GCF totaling \$265.5 million.

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 2020 mapping exercise, concerning commitments made during 2019. 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 2019 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 discusses IDFC's commitments for aligning with the Paris Agreement.
- Section 5 summarizes trends and concludes.

Figure 1 | IDFC Members and their locations

Our members

26 Members from developed and developing countries

EUROPE

Italia

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

The methodology for green finance mapping has continually evolved over the years to improve the transparency, comparability, consistency, and flexibility of the process. The 2020 edition reflects an improvement in the survey template sent out to IDFC members, to encourage project-level reporting, including data on co-financing and adaptation.

The IDFC survey is aligned with the MDB-IDFC Common Principles for Climate Mitigation Finance Tracking and MDB-IDFC Common Principles for Climate Change Adaptation Finance Tracking in 2015.

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.

This year's mapping is based on 22 survey responses from 26 IDFC members, an improvement from 17 responses out of 24 members in 2018.¹ All institutions submitting data this year also returned surveys last year, with the exception of BE and NAFIN. There were six additional respondents this year: BICE, COFIDE, HBOR, ICD, PTSMI and TDB. BICE and PTSMI joined IDFC in 2019. Annual fluctuations in the number of reporting institutions and in coverage across green finance activities affect year-to-year comparisons.

¹ The 22 respondents for 2019 included: AFD, Bancoldex, BICE, BNDES, BOAD, BSTDB, CABEI, CAF, CDB, CDG, CDP, COFIDE, DBSA, HBOR, ICD, JICA, KDB, KfW, PT SMI, TDB, TSKB, and VEB. There were 18 respondents in 2017, 20 respondents in 2016 and 2015.

Box 1: New elements introduced in the 2019 Green Finance Mapping exercise

- **Project-level data:** Member institutions were provided an improved template for reporting project-level data, as an alternative to reporting at the aggregate level. The template allowed members to report in multiple currencies, instruments, and sources for any given project. The template also featured automated calculations that provided members with the final aggregate figures, which could be utilized for internal reporting purposes as well. These improvements resulted in nine members' utilization of the project-level template, compared with only two institutions utilizing the template last year. While project-level reporting can be demanding in terms of internal capacity and may raise confidentiality issues, it brings significant benefits in terms of greater transparency and more accurate analysis. Granular information at the project-level allows IDFC to better identify which locations and industries commitments are flowing to, how the deployment of technologies compares to needs for low-carbon and climate resilient development, and which projects and financing structures mobilize greater private co-investment.
- **Adaptation project details:** To better understand adaptation finance flows, this year's template featured an additional sub-category for each adaptation project category, where members could specify whether an adaptation project was for 1) retrofitting existing infrastructure, 2) new infrastructure, or 3) building capacity. Out of eleven total institutions reporting on adaptation finance, four members provided further details on their adaptation projects at this level.
- **Simplified methodology for reporting 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 around the various definitions, scope, and methodologies employed by member institutions. The 2019 green finance survey provided member institutions with a simplified methodology for reporting private mobilization figures, differentiating between sources of finance and financial instrument. Lessons from this process will help improve private co-financing estimates, which can in turn 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 \$197 billion committed by the IDFC members in 2019 for green finance, \$187 billion was allocated to climate finance.² This was a strong rebound in commitments following a significant drop in 2018, resuming an overall upward trend. Mitigation continues to account for the largest share of climate finance, representing 89% of green finance committed in 2019. Adaptation finance has continued to increase in absolute terms from the \$15 billion committed in 2018 to \$19 billion in 2019. Projects with elements of both mitigation and adaptation also

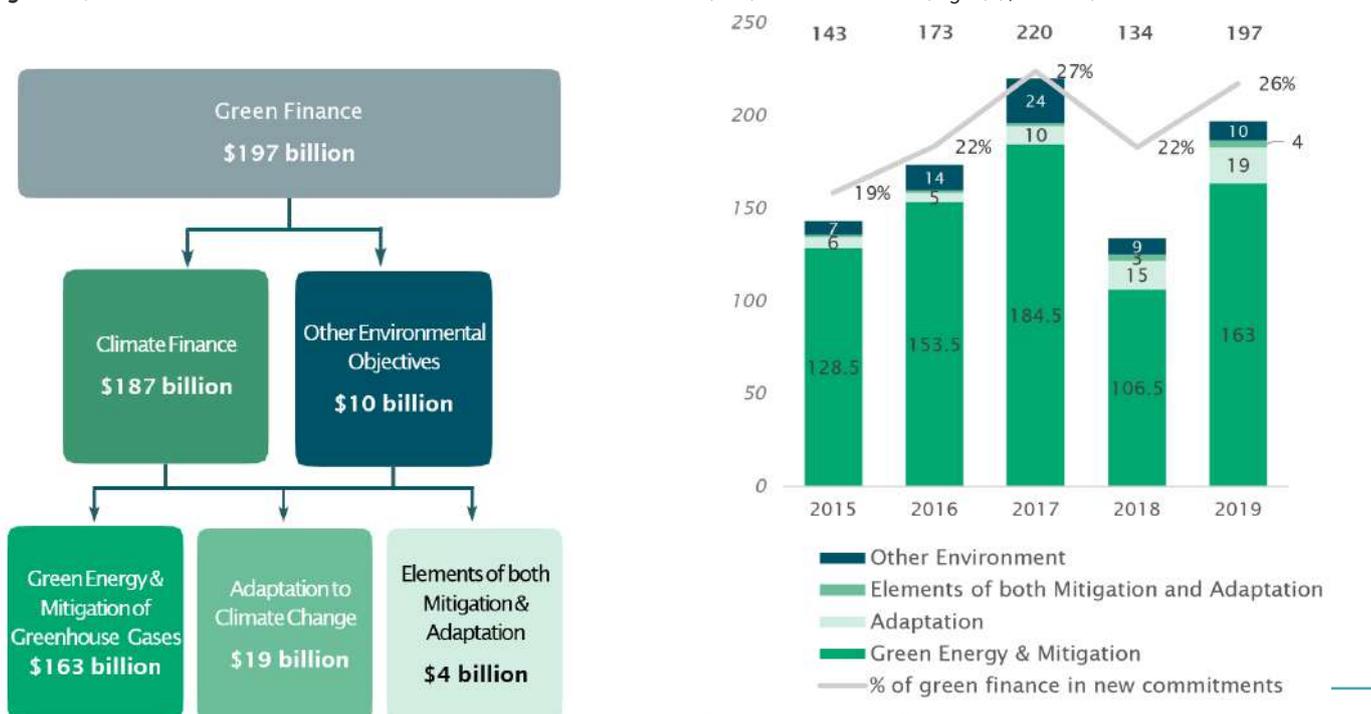
increased to \$4 billion. Finance for other environmental objectives remained at \$10 billion, a slight increase from 2018.

3.1 GREEN FINANCE COMMITMENTS

IDFC members’ commitments for green finance amounted to \$197 billion in 2019. While this marks a significant rebound from the \$134 billion tracked in 2018, it remains below the historic high of \$220 billion recorded in 2017. Climate finance accounted for \$187 billion, or 95% of total green finance commitments. Within this category, most finance went to mitigation projects, accounting for \$163 billion, or 89% of total green finance. Within mitigation projects, transportation (\$82 billion), renewable energy (\$35 billion), and energy efficiency (\$26 billion) were the categories receiving the most finance.

Finance for adaptation projects continued to increase in 2019 to \$19 billion, a 26% increase from the \$15 billion tracked in 2018 and achieving more than three times growth since 2015. This accounts for 10% of total IDFC climate finance, similar to the share of adaptation provided by development finance institutions in global climate finance among public sources (9% in 2017/18).

Figure 2 | Breakdown of IDFC Green Finance Commitments in 2019 (left) and 2015-2019 (right) (\$ billion)



² All figures are in US dollars nominal values unless otherwise stated.

LOCATION OF IDFC MEMBER	REPORTING MEMBER INSTITUTIONS IN 2019	GREEN ENERGY AND MITIGATION OF GHGS		ADAPTATION		BOTH MITIGATION AND ADAPTATION		OTHER ENVIRONMENT		TOTAL GREEN COMMITMENTS	
		2017/18 (AVERAGE)	2019	2017/18	2019	2017/18	2019	2017/18	2019	2017/18	2019
EUROPE	KfW	32,575	28,235	862	2,437	923	629	1,554	1,314	35,917	32,616
	AFD	3,173	3,056	1,028	1,154	1038	2,761	560	80	5,799	7,052
	VEB	622	6,686	-	-	-	-	-	-	622	6,686
	CDP	1,819	2,559	2	14	-	494	391	260	2,212	3,327
	TSKB	452	227	-	-	-	-	41	5	493	232
	BSTDB	36	270	-	-	-	-	11	25	48	295
	HBOR	68	142	4	-	-	-	5	0	77	142
	Sub-total	38,745	41,175	1,896	3,605	1961	3884	2562	1684	45,167	50,350
CENTRAL AND SOUTH AMERICA	CAF	2,021	1,613	1,060	161	-	0	145	758	3,225	2,532
	BNDES	3,549	1,983	19	-	65	-	276.5	263	3,900	2,246
	BCIE/CABEI	546	550	177	286	-	-	384	251	834	1,087
	Bancoldex	55	117	-	1	-	-	10.5	-	65	118
	COFIDE	-	101	-	-	-	-	-	-	-	101
	BICE ³	-	77	-	-	-	-	-	-	-	77
	Sub-total	6,170	4,441	1,256	447	65	0	816	1,272	8,024	6,161
AFRICA	DBSA	207	357	33	28	-	-	65.5	65	289	449
	TDB	-	153	-	12	-	-	-	-	-	176
	BOAD	-	34	-	23	-	28	-	16	-	101
	Sub-total	207	544	33	63	0	28	65.5	81	289	726
ASIA AND MENA	CDB	94,418	110,743	7,279	14,453	-	-	11,949	6,822	113,645	132,018
	JICA	5,284	5,527	2,077	720	449	18	1,354	224	9,163	6,490
	KDB	468	882	-	-	-	-	-	-	468	882
	PTSMI	-	92	-	-	-	-	-	-	-	92
	ICD	104	50	-	-	-	-	-	-	104	50
	CDG	1	-	14	-	-	-	-	38	15	39
	Sub-total	100,275	117,294	9,370	15,174	449	18	13,303	7,084	123,395	139,571
TOTAL⁴		145,283	163,454	12,524	19,289	2,475	3,931	16,547	10,121	176,831	196,769

Financing commitments for projects with elements of both mitigation and adaptation received \$4 billion in 2019, continuing the increasing trend from \$3 billion in 2018 and \$2 billion in 2017. Meanwhile, the share of commitments in green finance flowing towards projects with other environmental objectives increased to \$10 billion from \$9 billion last year but remained below the \$24 billion and \$14 billion tracked in 2017 and 2016.

Table 1 provides an institutional level breakdown of green finance comparing the average of 2017/18 with 2019. Of the 22 reporting institutions in 2019, all institutions reported commitments to mitigation, 11 reported commitments to adaptation, and 14

institutions reported commitments to other environment projects.

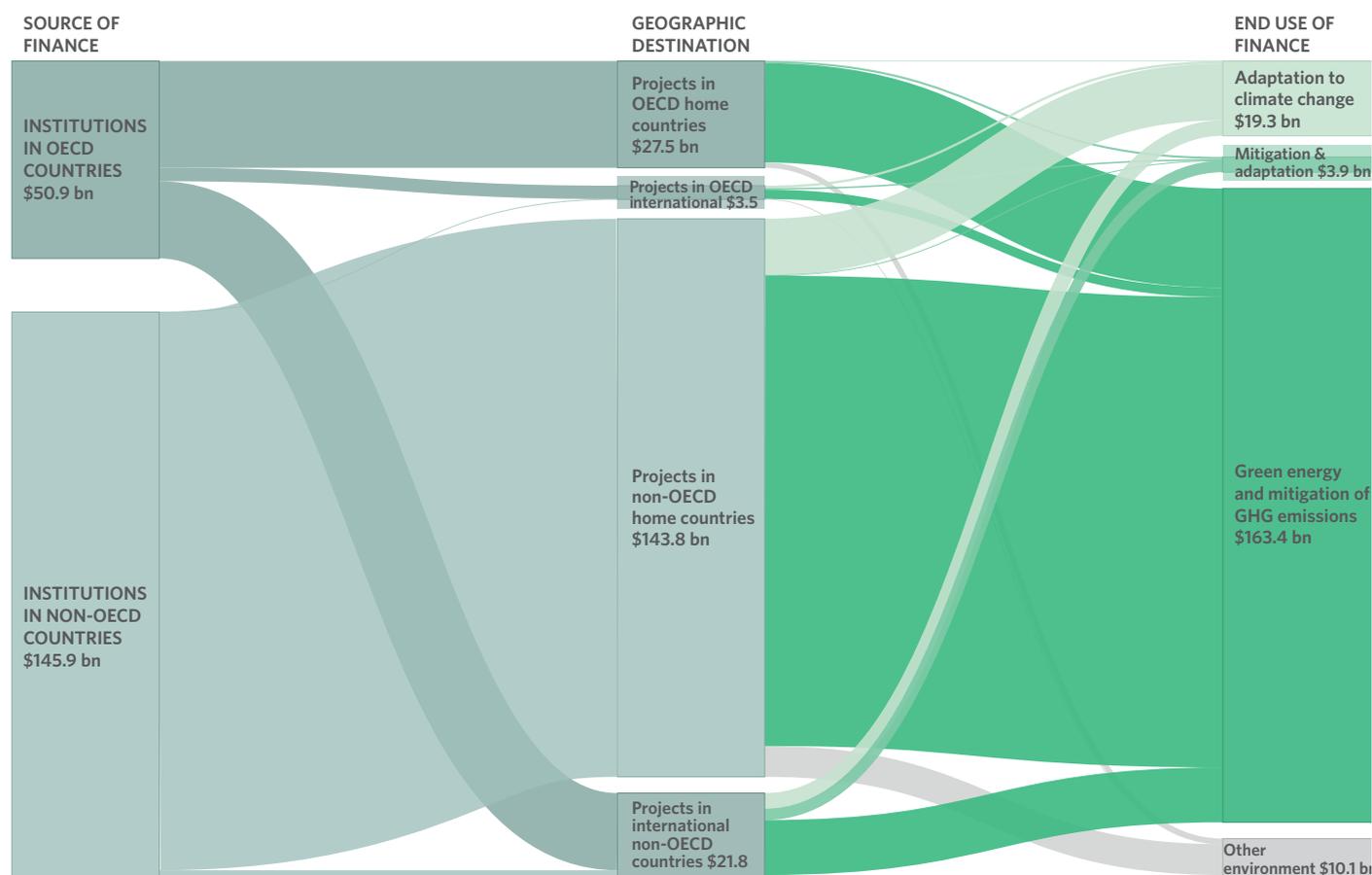
3.2 GREEN FINANCE COMMITMENTS FROM INSTITUTIONS IN OECD AND NON-OECD COUNTRIES

Green finance committed to projects in institutions' home countries greatly outweighed finance committed internationally, in line with IDFC members' different mandates according to their institutional arrangements. 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

³ New members to IDFC joining in 2019

⁴ Totals for commitments in each category will not add up exactly to total green finance commitments, due to some institutions reporting minor unattributed amounts of finance.

Figure 3 | Green Finance Flows from OECD and Non-OECD IDFC Members by Category in 2019 (\$ billion)



environmental finance was the most concentrated in domestic flows.

Out of the 22 reporting institutions, 15 are non-OECD-based institutions and seven are OECD-based. Non-OECD-based institutions provided the majority of green finance in 2019, at \$146 billion, or 74% of the total. This is an increase from \$80 billion last year, but remains below \$166 billion in 2017, the highest level of annual commitments on record. For non-OECD institutions, nearly all 2019 commitments (98%) went 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 \$51 billion or 26%, of total green finance in 2019. This was slightly lower than the \$54 billion tracked in the previous two years. This group committed \$27.5 billion, or 54% of its total finance, to projects in the source institutions’ home countries; \$20 billion flowed internationally non-OECD countries; and \$3.5 billion went to projects in other OECD countries.

Total financing provided in non-OECD countries was \$166 billion, an increase from \$100 billion but still

below the \$185 billion tracked in 2017. This represented 84% of total green finance commitments, similar to 2017 when the share was 85%. International commitments to projects in non-OECD countries was \$22 billion, a decrease from \$25 billion in 2018 and \$27 billion in 2017. This decline is attributable to reduced commitments between non-OECD countries, as well as finance from institutions in OECD countries to projects in non-OECD countries declining by \$1 billion.

The breakdown of commitments made domestically and internationally varies greatly by category of green finance. As Figure 5 shows, most finance for projects in OECD countries was for mitigation or other environmental objectives: mitigation represented 93% (\$26 billion) of domestic flows and 69% (\$2.4 billion) of international flows to OECD countries. In contrast, commitments for adaptation projects reported a slightly larger share in international, or outbound commitments, representing \$4 billion (18%) of international flows to non-OECD countries.

Figure 4 | Green Finance Commitments from OECD and Non-OECD, 2015-2019 (\$ billion)

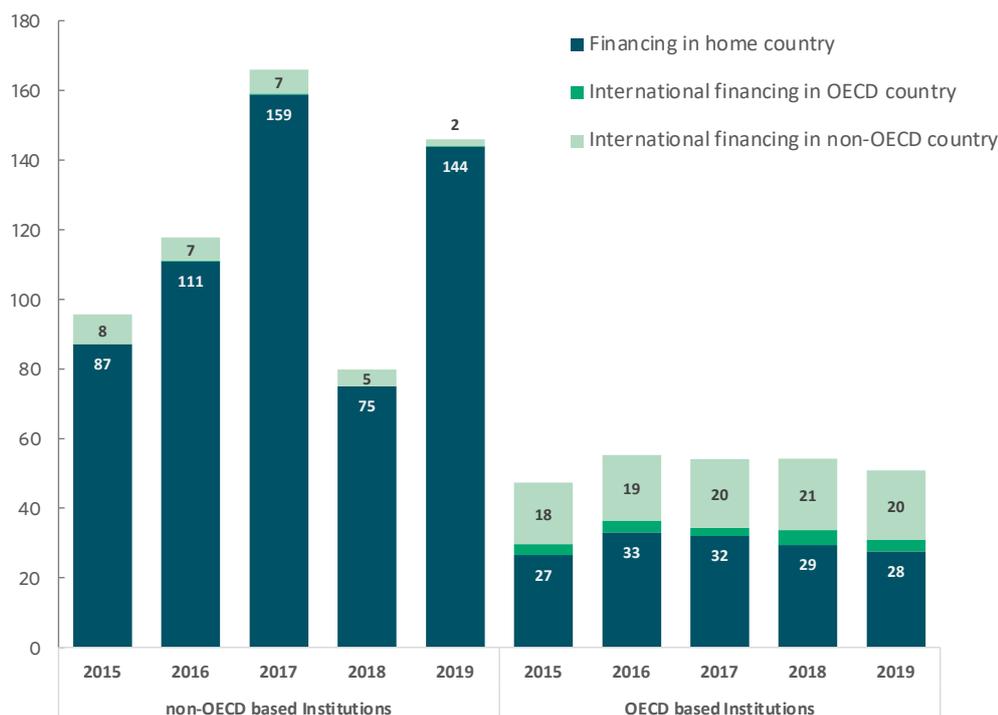


Figure 5 | Proportion of Domestic and International Green Financing Commitments by Category in 2019 (percent and \$ billion)



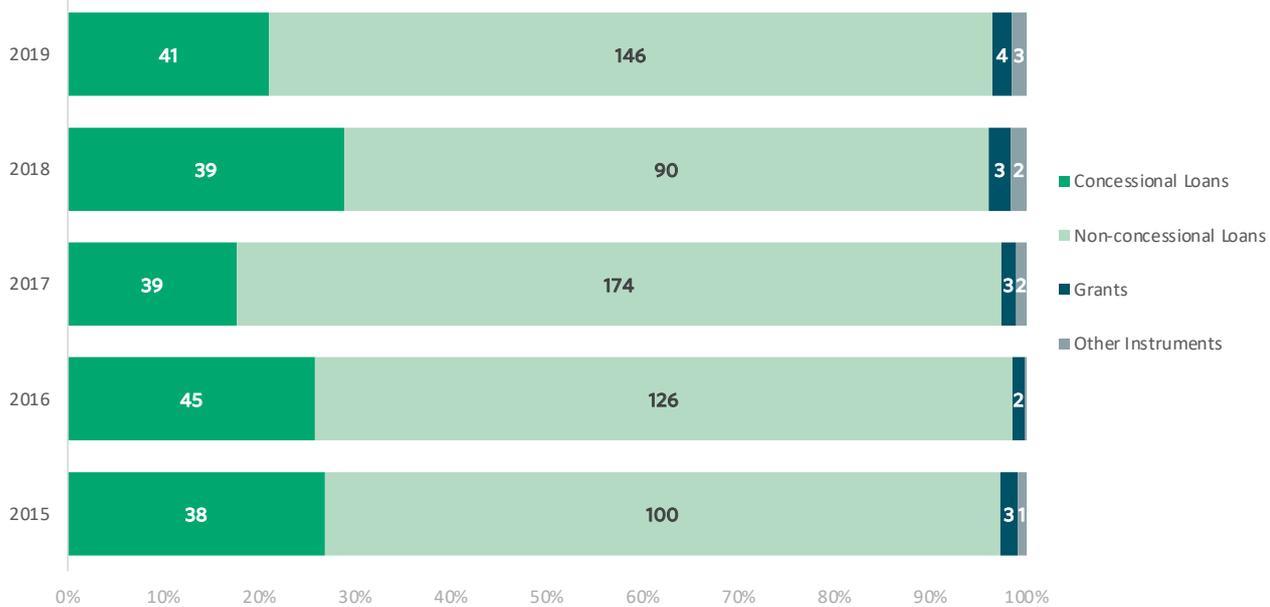
3.3 GREEN FINANCE COMMITMENTS BY INSTRUMENT TYPE

As in previous years, loans were the primary vehicle through which IDFC member institutions committed green finance, in line with the typology of their portfolios, accounting for \$146 billion or 95% of the 2019 total, with concessional and non-concessional loans accounting for 21% and 74%, respectively. Finance committed in the form of grants increased in 2019 to \$4 billion. Other instruments, such as guarantees and equity, continue to account for around 1% of green finance commitments.

Figure 6 shows the breakdown of green financing received by instrument type from 2015 to 2019, while Figure 7 demonstrates the variation by category and year. Non-concessional (i.e. market-rate) loans to mitigation increased to \$120 billion, while concessional loans and grants increased to \$37 billion and \$2 billion. Non-concessional finance for adaptation projects increased from \$12 to \$15 billion, while concessional adaptation finance has remained at \$2 billion following the decreasing trend in the past four years.

As with previous years, only a small percentage of finance has been committed through grants overall, contributing \$4 billion across all categories (2%). This is similar to the share of grants contributed by

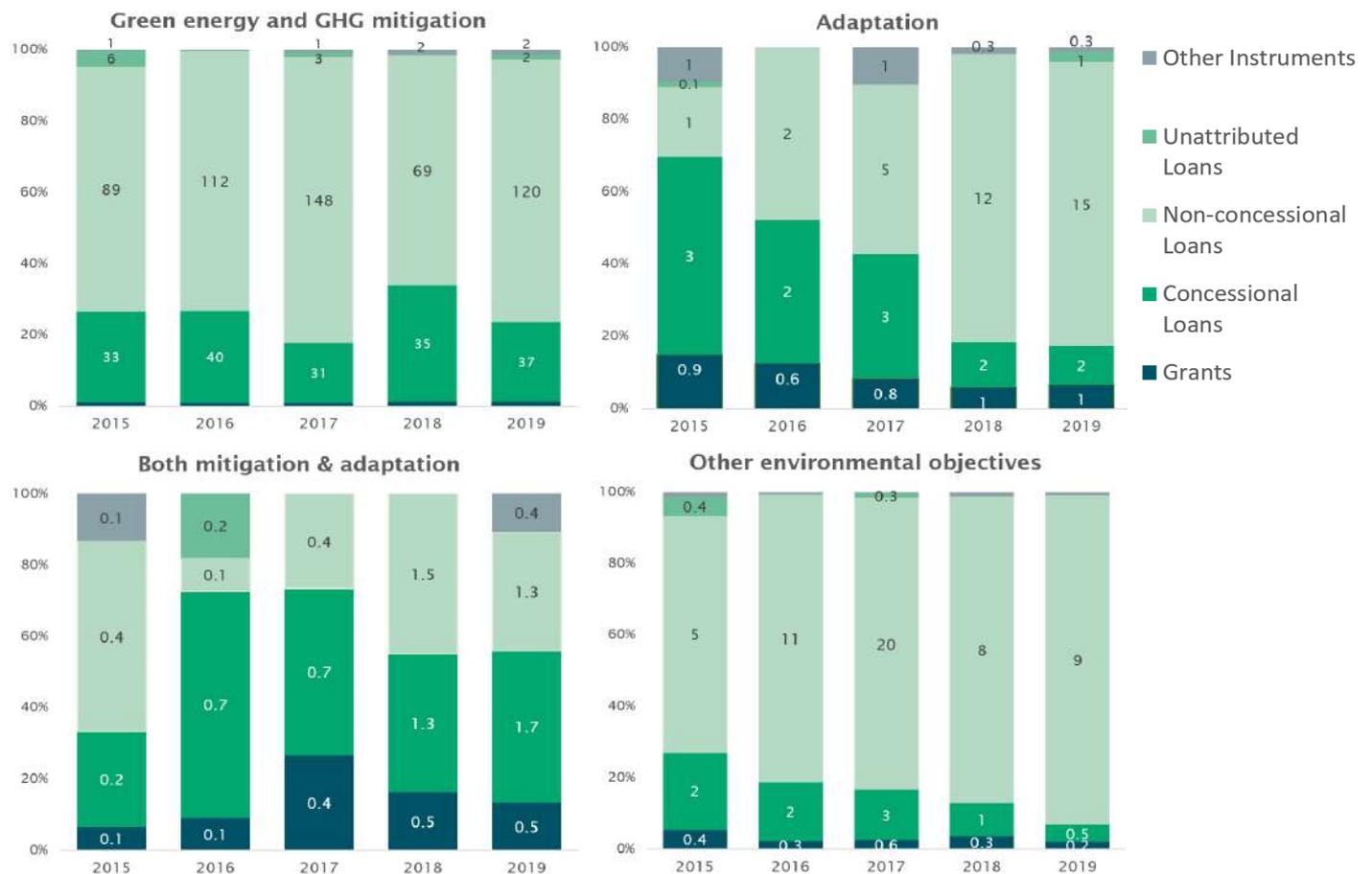
Figure 6 | Green Finance Commitments by Instrument Type, 2015-2018 (percent and \$ billion)



development finance institutions in global climate finance flows. The overall share of grants in global climate finance has been steadily increasing over the past five years, as public actors seek to build strong

enabling environments and undertake demonstration projects for sustainable investment across a range of sectors^{ix}.

Figure 7 | Green Finance Commitments by Instrument and Category, 2015-2019 (percent and \$ billion)

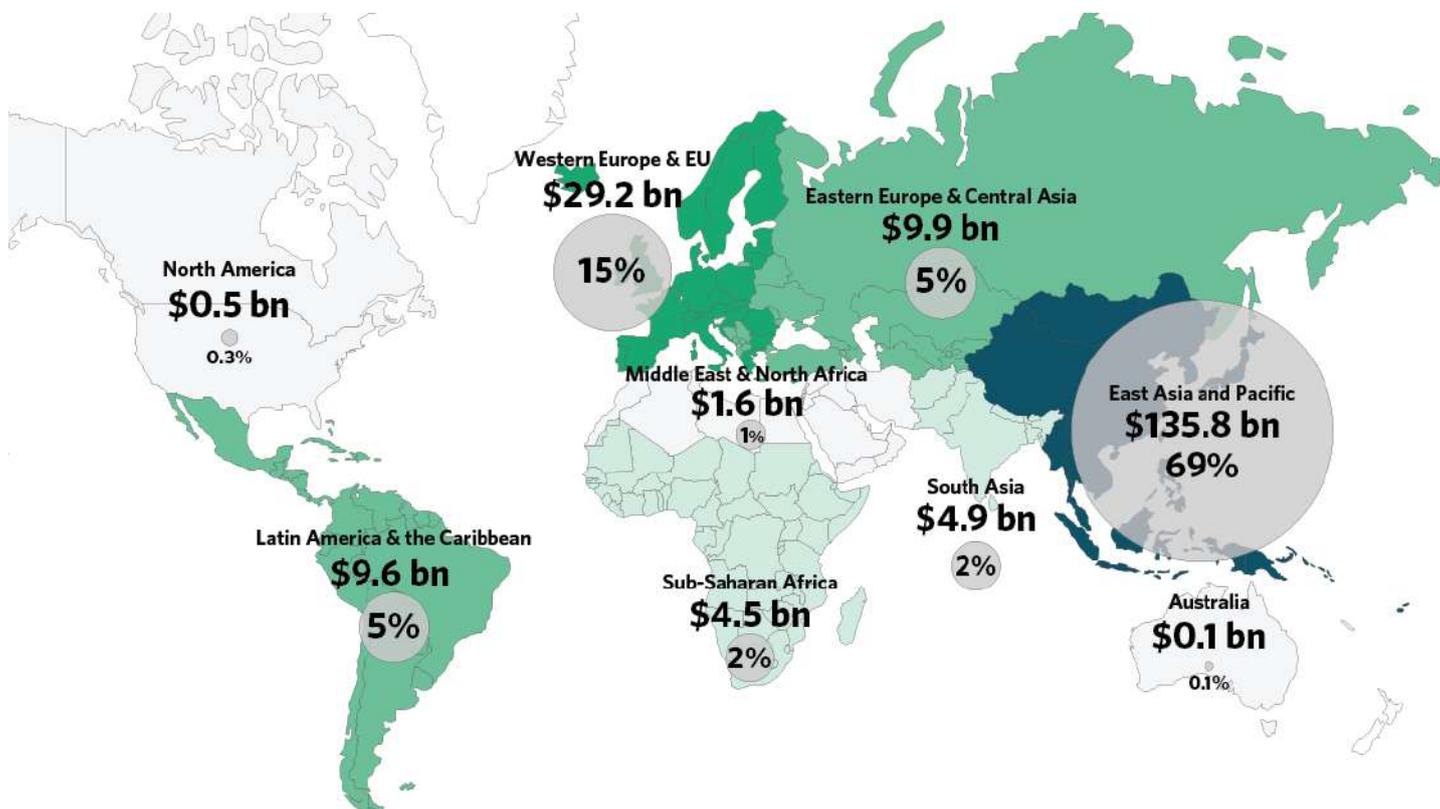


3.4 GREEN FINANCE COMMITMENTS BY GEOGRAPHIC DESTINATION

Figure 8 shows the distribution of commitments by geographic destination in 2019. The majority of com-

mitments went to the East Asia and Pacific region, accounting for 69% of total green finance commitments, in line with the trend prior to 2018 when commitments to this region had declined to 56%. Western Europe and EU region received the second largest amount of commitments at \$30 billion, or 15%. Commitments reaching Eastern Europe and Central Asia significantly increased from \$2.1 billion (2%) in 2018 to \$10 billion (5%), and slightly increased in Sub-Saharan Africa to \$4.5 billion (2%). Commitments to other remaining regions decreased from 2018. These trends reflect the IDFC members' region of operation and their mandates.

Figure 8 | Green Finance Commitments by geographic destination in 2019)



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The East Asia and Pacific region received the majority of commitments going to mitigation, adaptation, and projects with both mitigation and adaptation objectives, recording \$113 billion, \$15 billion, and \$7 billion respectively. This accounted for 69%, 81%, and 69%

3.5 GREEN FINANCE COMMITMENTS - CLIMATE FINANCE

The Green Finance Mapping exercise tracks finance across three broad categories: 1) Green energy and mitigation of GHG, 2) Adaptation, 3) Projects with both mitigation and adaptation elements, and 4) Other Environment. Climate finance is a subset of green finance, consisting of the first three categories of projects given their intended purpose is to address climate change. The fourth category, "Other Environment," involves projects that address environmental issues but are not directly related to GHG mitigation or adaptation to climate change. These include activities related to waste and water management, biodiversity, and industrial pollution control. This section provides an overview of climate finance categories, while Section 3.6 will give an overview of finance going to projects with other environmental objectives.

In 2019, climate finance accounted for 95% of total green finance (\$187 billion), a slightly higher share compared to past three years (Figure 9). Mitigation accounted for 87% of climate finance (\$163.5 billion), followed by adaptation at 10% (\$19 billion) and projects with both mitigation and adaptation elements at \$4 billion. Adaptation finance has increased for three consecutive years, achieving more

than three times the level of adaptation commitments in 2015, or \$6 billion. The increase in adaptation reflects a growing commitment among public development banks to address the impacts of climate change. Adaptation represented 5% of global climate finance in 2017/18, of which 79% was provided by development finance institutions, including public development banks.^x

Figure 9 | Share of Climate Finance in Total Green Finance Commitments, 2015-2019 (% and \$ billion)

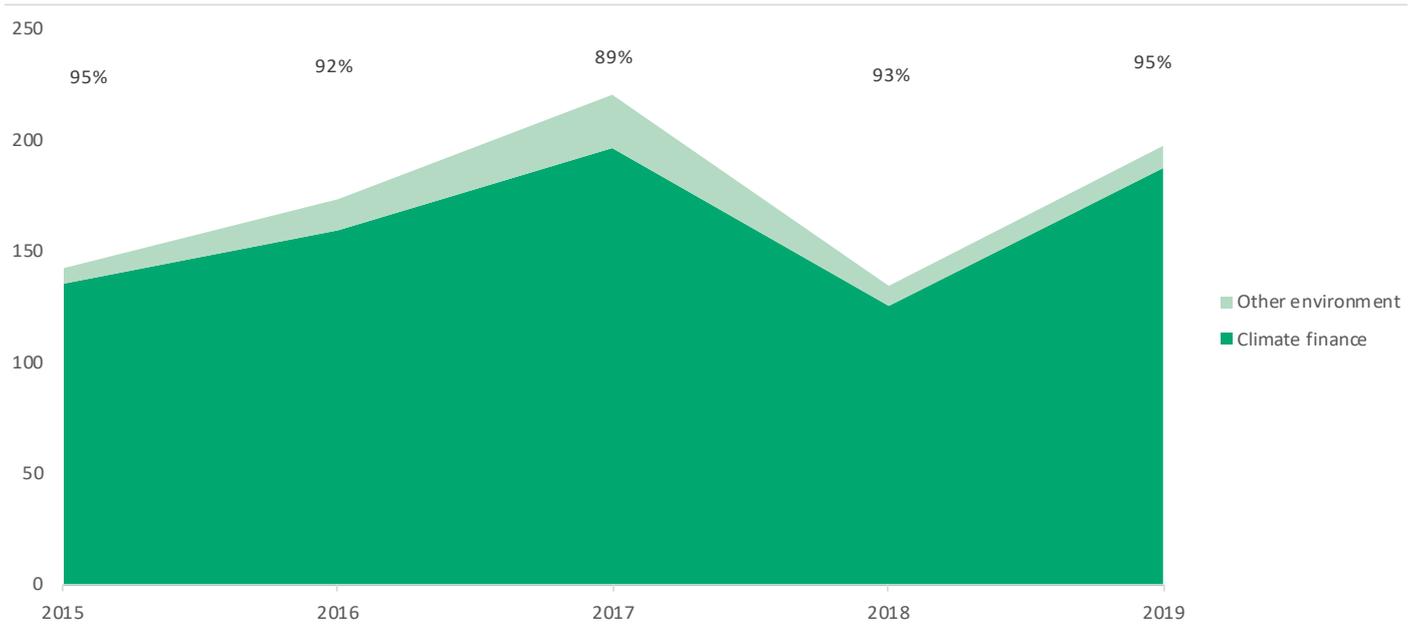
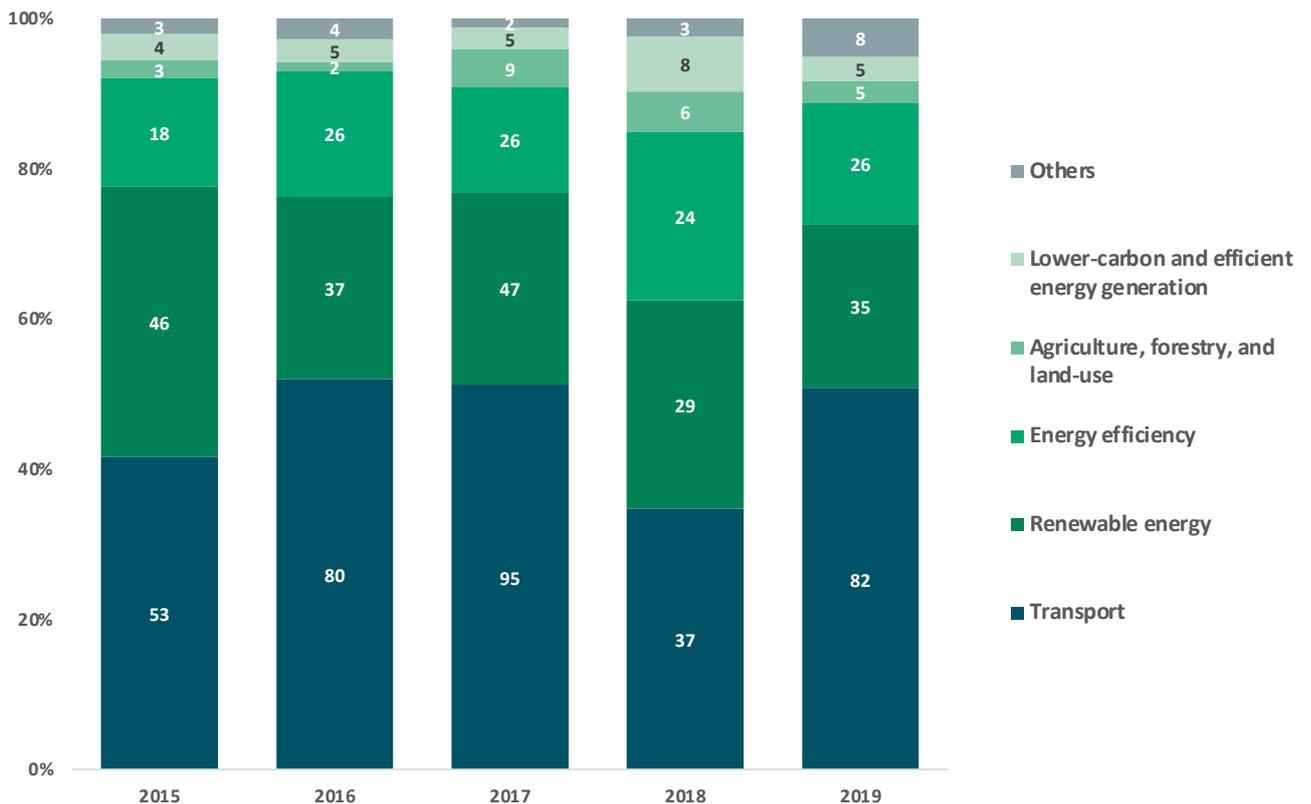


Figure 10 | Green Finance Commitments to Green Energy and Mitigation of GHG by subcategory, 2015-2019 (percent and \$ billion)



Box 2: Mitigation project case study: KfW in Germany – Deploying energy efficiency in buildings

KfW's programs for energy efficiency in the building sector are its flagship products promoting domestic investment in Germany. In 2019, KfW provided USD 14.6 billion (EUR 13 billion) in promotional finance for energy efficiency in all building types. Promotional support is available for efficient new construction as well as comprehensive refurbishment or single measures (such as replacement of heating or windows).

Finance is provided on more concessional terms the greater the energy efficiency achieved through the measures taken. In the current low interest rate environment, concessions are made primarily in the form of partial debt relief. For residential buildings, relief can be as much as 40% for comprehensive refurbishment packages, 25% for new construction and 20% for single measures.

The scheme is based on legal requirements for energy savings in Germany's building code. Prospective borrowers must contract a third-party energy expert to prove the resulting primary energy demand will be considerably less than required by the code. Additional finance is available to cover this cost. Private customers have the choice between loans and investment grants. The maximum loan amount for residential buildings is USD 134,000 (EUR 120,000) per housing unit and USD 56,000 (EUR 50,000) for single measures per housing unit. For non-residential buildings, the loan amount can be up to USD 28 million (EUR 25M) and the maximum debt relief for comprehensive refurbishment is 27.5%, capped at a max. of USD 308 (EUR 275) per square meter. Loans provided for energy efficient construction are partly refinanced by KfW Green Bonds.

Since its inception in 2006 until 2019, the program has supported 5.6 million housing units. In the first three quarters of 2020, KfW has exceeded the volume of finance provided for energy efficiency in 2019, priming low-carbon investment in buildings to be a key basis of a green recovery.

Sources: KfW, 2020. Energy efficiency, corporate environmental protection and renewable energies.

Web page, at <https://www.kfw.de/inlandsfoerderung/Unternehmen/Energie-Umwelt/index-2.html> KfW, 2020. Sustainability Report 2019.

3.5.1 GREEN ENERGY AND GHG MITIGATION

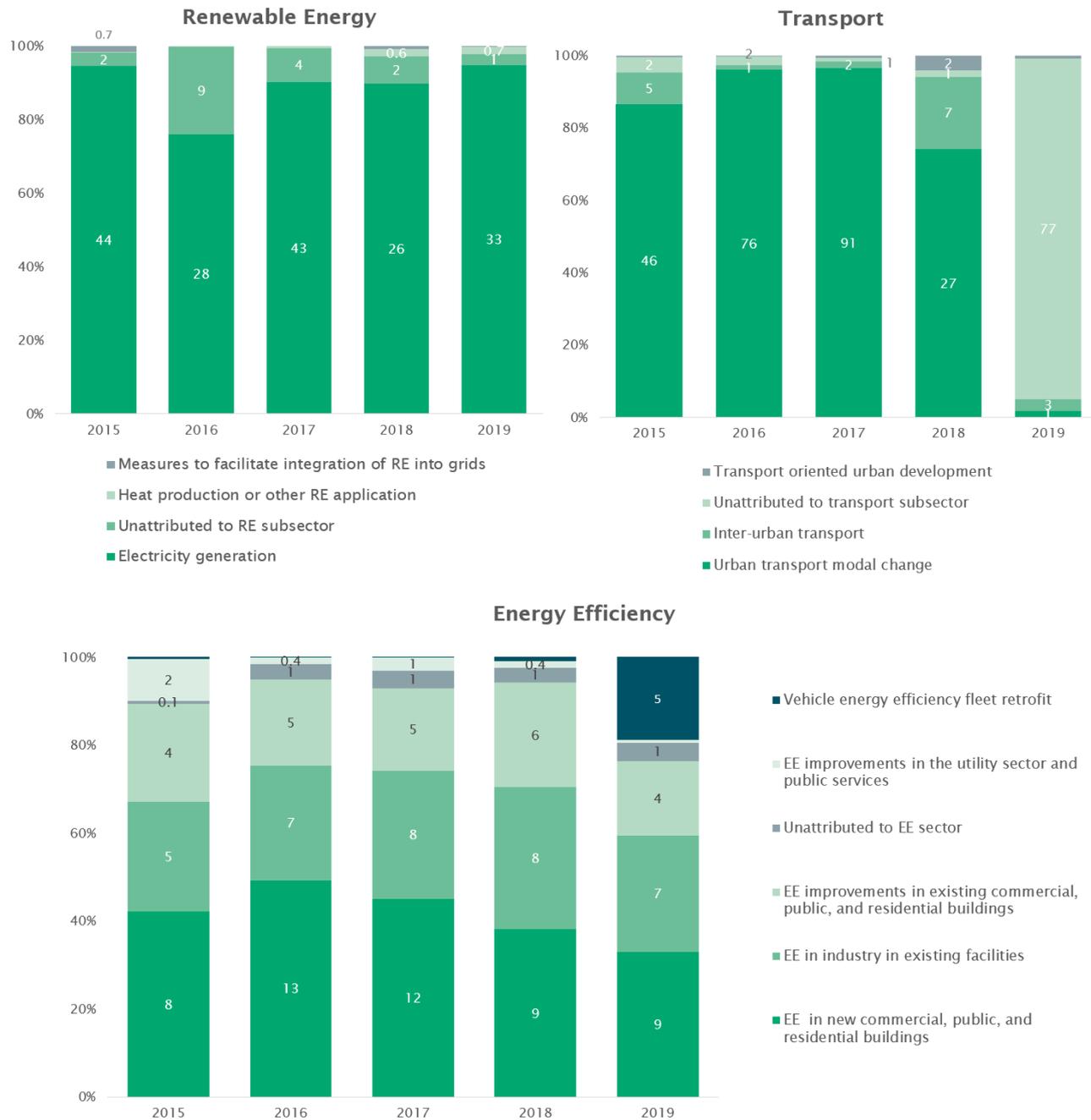
Among the \$163 billion allocated to mitigation projects, the transport sector received the most finance as in previous years, at \$82 billion, or 50% of total mitigation commitments. Renewable energy and energy efficiency continued to remain at second and third place for receiving the highest mitigation commitments, at \$35 billion (21%) and \$26 billion (16%) each. Commitments for agriculture, forestry and land use continued its declining trend since 2017.

Among the top three subcategories – transport, renewable energy, and energy efficiency – Figure 11 shows

the breakdown of activities receiving the most finance in 2019. In the transport category, a significant portion was unattributed this year due to lack of data on the sub-category activities.

For renewable energy, most finance went to electricity generation, continuing the trend from previous years. The third subcategory, energy efficiency, saw a marked increase in vehicle retrofits in 2019 compared to previous years. Energy efficiency for new commercial, public and residential buildings and existing industrial facilities represented 62% of total commitments in this sub-category

Figure 11 | Disaggregation of Green Energy and Mitigation Subcategories, 2015-2019 (percent and \$ billion)



A further breakdown of renewable energy generation by different technologies (Figure 12) shows that most finance was committed for wind in 2019, accounting for \$54 billion, or 79% of the total commitments to renewables. The majority of this commitment, or \$46.7 billion, was contributed by non-OECD based institutions. Solar and hydropower followed at \$7 billion and \$6 billion each.

Of the \$163 billion committed to mitigation, 74% was contributed by non-OECD based institutions, similar to 2017 (Figure 13). Compared to previous years, non-OECD institutions' international commitments to non-OECD countries contributions to other non-OECD countries declined to \$0.1 billion. OECD institutions'

overall commitments to mitigation also declined from \$46 billion in 2018 to \$41 billion in 2019.

3.5.2 GREEN FINANCE COMMITMENTS TO CLIMATE ADAPTATION

Adaptation finance continued its increasing trend in 2019, with another 26% increase from the \$15 billion recorded in 2018 (Figure 14). Following the trend of previous years, commitments to water preservation nearly doubled to \$11.2 billion, a 75% increase from 2018. The second largest sub-category was other disaster risk reduction measures, similar to some previous years, reflecting continued efforts to address climate-related disaster risks.

Figure 12 | Commitments to Renewable Energy Technologies by Technologies and OECD and non-OECD based Institutions in 2019 (percent and \$ billion)

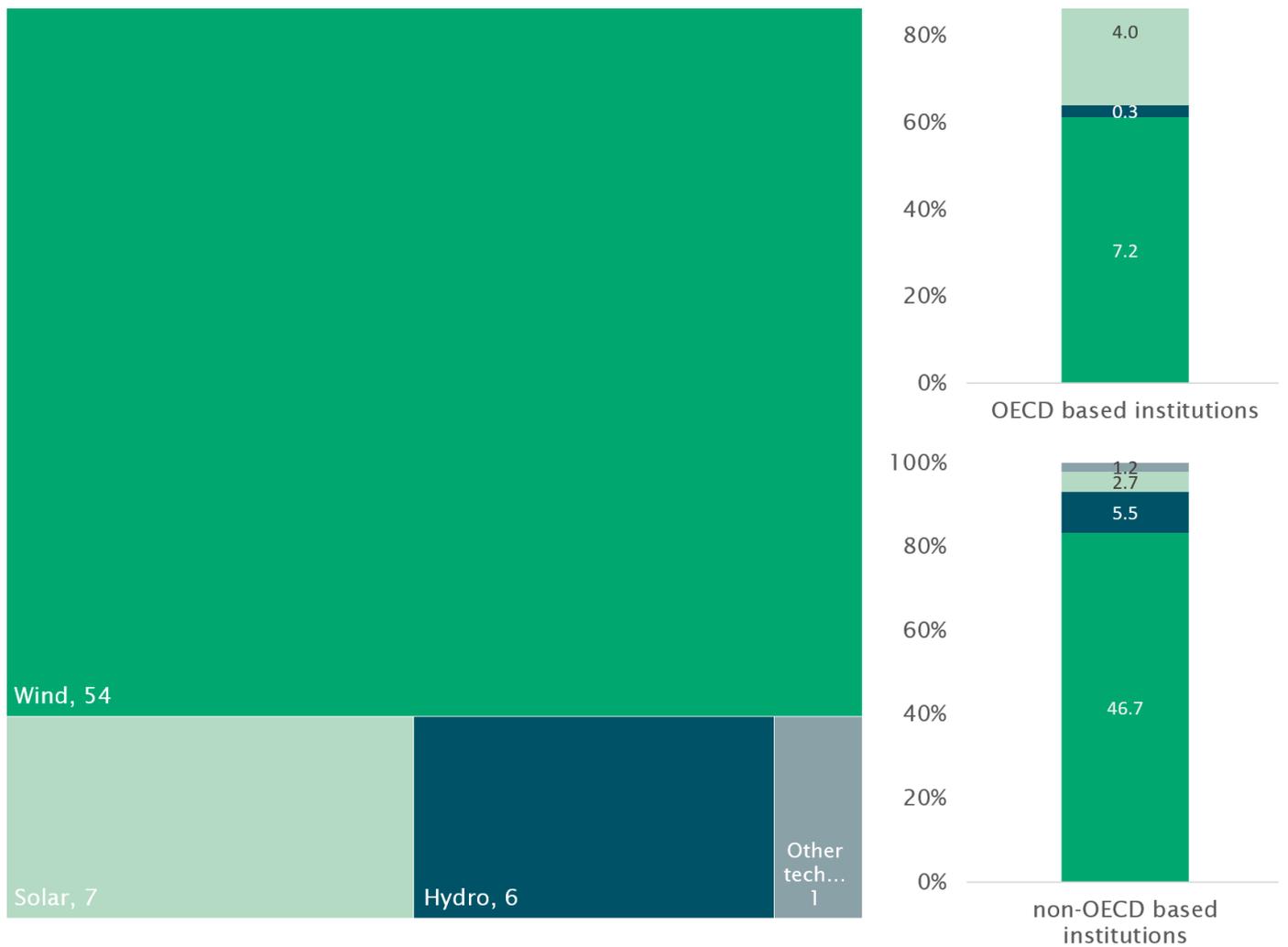
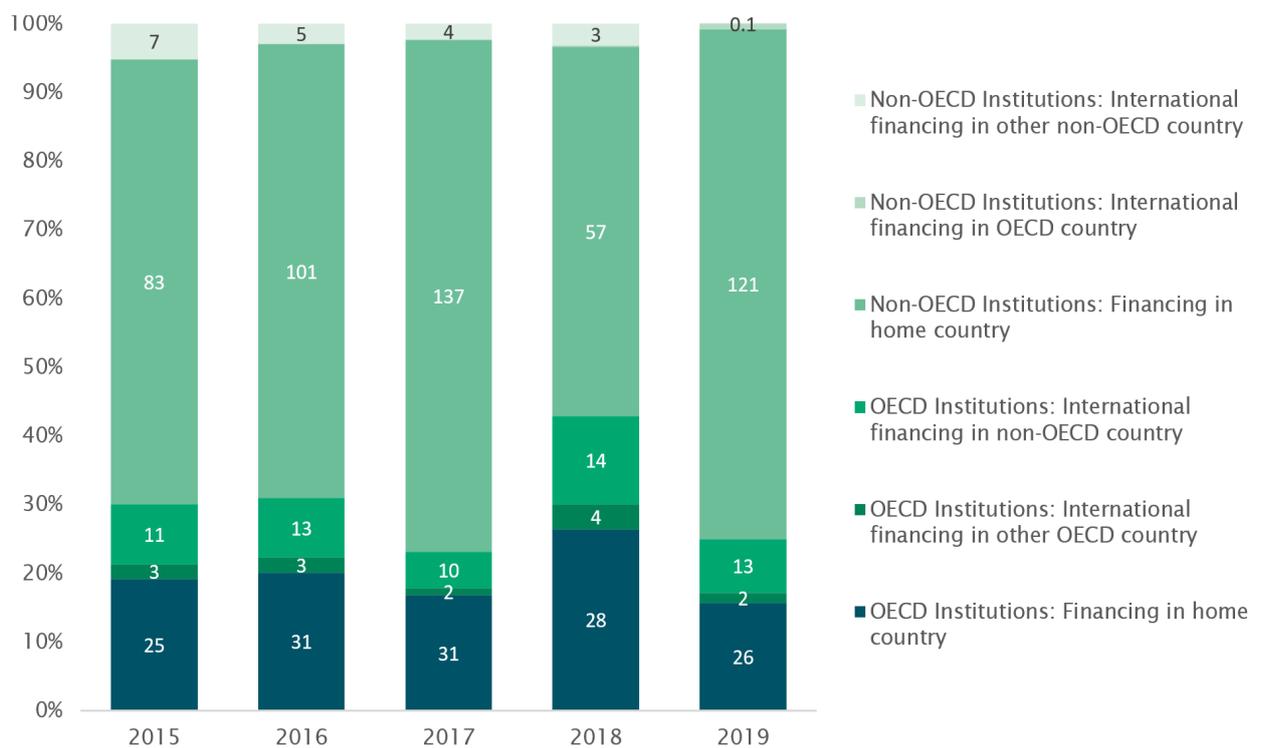


Figure 13 | Commitments to Green Energy and Mitigation of GHGs from IDFC Members in 2019 (percent and \$ billion)



Tracking climate change adaptation finance is a persisting challenge for the development finance community. With 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. This year's green finance mapping survey included an option for members to report specifically on the type of adaptation project undertaken, including: 1) investment in retrofitting existing infrastructure; 2) investment in new physical assets; and 3) investment in capacity building, climate risk assessments, etc. This information is helpful to better understand underlying trends in adaptation finance and identify gaps, especially given the need to scale up trillions in resilient infrastructure in the coming decade. Of the four members with available information on the above, investment in retrofitting assets accounted for the highest share (\$285 million out of \$369 million).

Figure 15 shows the domestic and international flows to adaptation projects, broken down by the source institution's location. Non-OECD institutions' commitments to adaptation in their home countries represented the dominant share at 79%, similar to 2018, with an increase of \$4 billion. Meanwhile, there were

no non-OECD institution commitments to other non-OECD institutions recorded this year. OECD institutions' international commitments to other OECD institutions also increased by \$1 billion.

Box 3: Adaptation project case study: CDB in China – Adapting urban water environments

One priority in CDB's lending has been the country's waterways: it provided over USD 10 billion to water preservation projects in 2019, mostly targeting water resource management and other integrated projects for managed adaptation of the river ecosystem. Through these measures, water preservation is tied to a broader plan to achieve balanced regional development and integration of several urban areas through new infrastructure. The Yangtze river has been a key focus. CDB made a loan commitment of approximately USD 900 million for an urban water environment project in JiuJiang, Jiangxi. Notably, this is the first public-private partnership project for protection and green development on the river. Development of the Yangtze River Economic Belt is being conducted in tandem with ecological projects to deliver both resilience and economic growth.

Source: CDB, 2020. 2019 Annual Report. <http://www.cdb.com.cn/English/bgxz/ndbg/ndbg2019/>

Figure 14 | Green Finance Commitments to Adaptation by subcategory, 2015-2019 (percent and \$ billion)

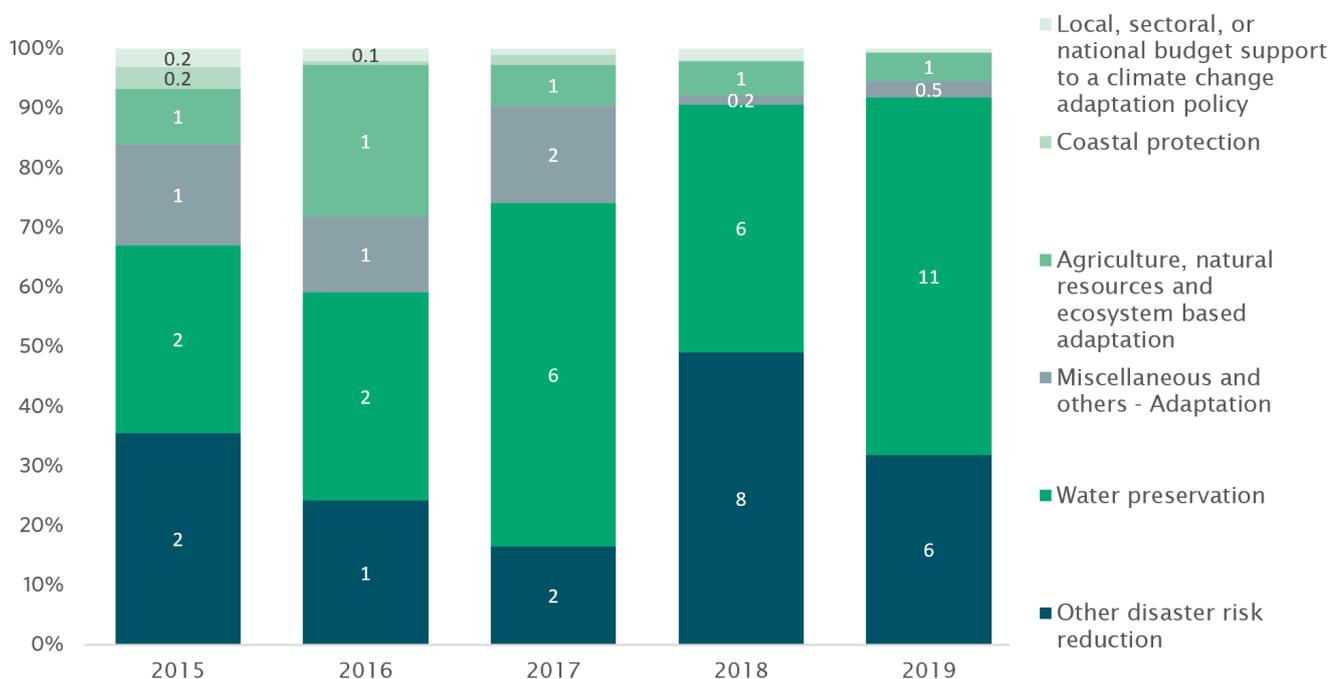
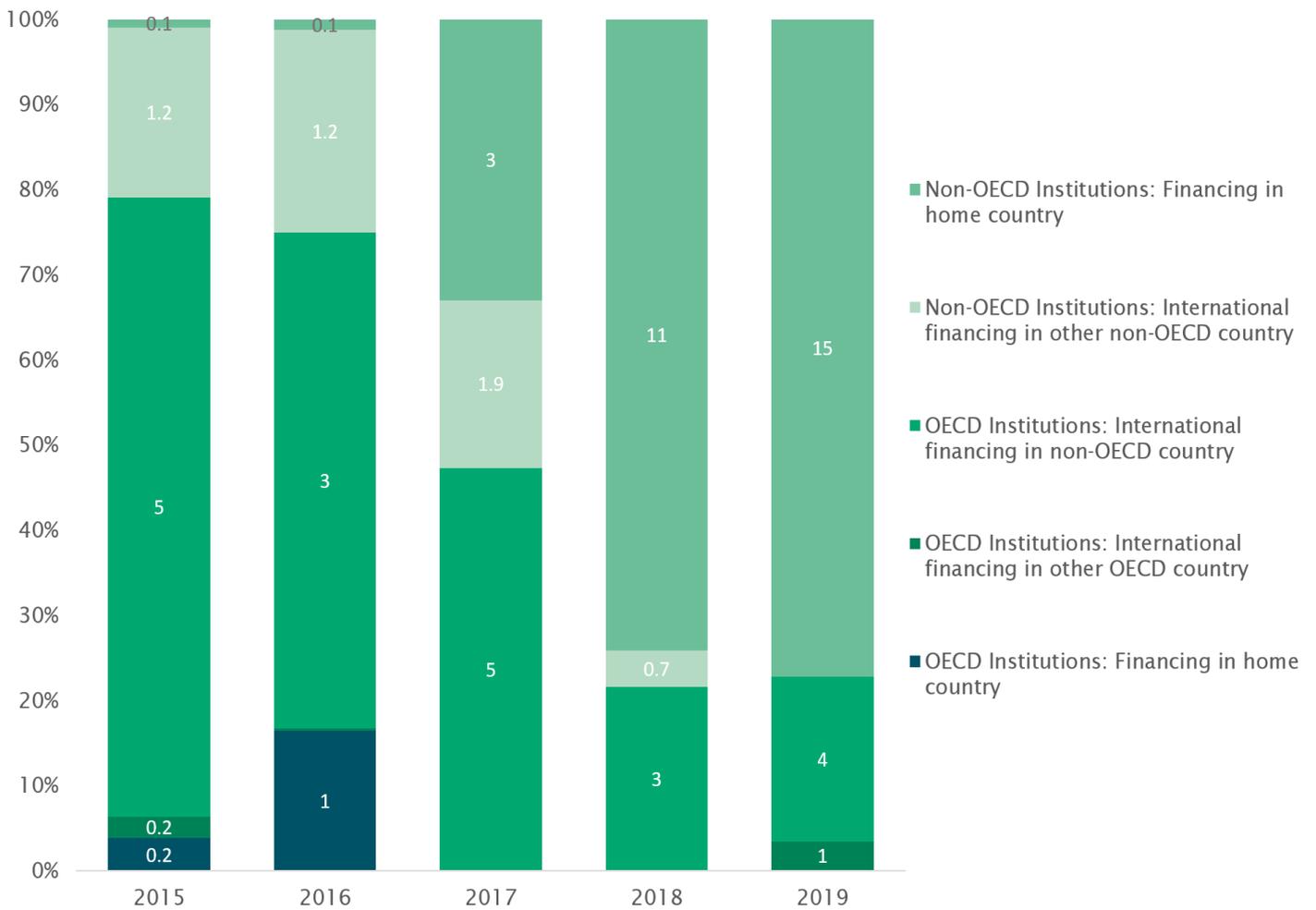


Figure 15 | Commitments to Adaptation to Climate Change from OECD and Non-OECD IDFC Members, 2015-2019 (percent and \$ billion)



Tracking adaptation finance remains difficult, as standardized definitions and methodologies for measuring adaptation benefits are less developed compared to mitigation activities. Often adaptation finance may entail capturing the portion of a broader investment going towards ensuring the project is climate resilient or overlap with traditional development projects that

aim to reduce the vulnerability or community exposed to climate risks. Based on the MDB-IDFC common principles, adaptation finance consists of projects with a stated intent to address any identified climate risks, vulnerabilities, and impacts, and requires adaptation activities to be disaggregated from non-adaptation activities as far as reasonably possible.^{xi}

3.6 GREEN FINANCE COMMITMENTS - OTHER ENVIRONMENTAL OBJECTIVES

In addition to climate finance, the GFM tracks “Other Environment” projects that address environmental issues but are not directly related to climate change mitigation or adaptation. These include activities related to waste and water management, biodiversity, and industrial pollution control. While these projects may also deliver some mitigation and adaptation benefits indirectly, they are tracked separately under this category as those climate benefits are not clearly identified and the primary objective of these projects is not related to climate change. By the same token, projects with a principal climate component will be counted under climate finance but may still have other environmental benefits, such as promoting biodiversity. This means that total commitments in the ‘Other Environment’ category are an underestimate of the volume of finance with benefits to these activities.

Green finance in this category increased slightly to \$10 billion, or 5% of total green finance. This was a slight increase compared to \$9 billion in 2018 but remained far below the \$24 billion recorded in 2017. Within this subcategory, commitments going to water supply increased to \$4 billion, while commitments to industrial pollution control declined to \$0.2 billion. Commitments for waste management and sustainable infrastructure increased to \$1 billion and \$0.8 billion. There haven’t been significant commitments to biodiversity and soil remediation or land rehabilitation after mining recorded in the past five years, although this may be due to those projects being tracked under climate finance, given they frequently have a mitigation and/or adaptation component. This attests to the need for continuous review and updating of standards and green project definitions, as IDFC members will be undertaking in the coming years.

Box 4: Other Environment project case study 1: AFD in France – Strengthening sustainable environmental management in the biodiversity hotspot of Madagascar and the Indian Ocean islands

The populations and economies of Comoros, Madagascar, Mauritius and Seychelles depend on natural resources and ecosystem services such as the provision of materials, food and plants, climate regulation or pollination, which are essential components of adaptation to climate change. Threatened by human activities, the capacity of ecosystems to provide these essential services is decreasing, while further increasing the vulnerability of populations to climate change. Biodiversity conservation and sound natural resource management measures can thus become powerful tools for adaptation and support for the most vulnerable populations.

AFD has obtained funding from the Green Climate Fund (GCF) for the Critical Ecosystem Partnership Fund (CEPF), which is hosted by the NGO Conversation International and to which AFD has been contributing for more than 10 years. This €35M grant aims to define and then launch (via local NGOs) ecosystem-based adaptation action plans aligned with the national climate change strategies of identified countries. The objective is to protect, restore or promote the sustainable use of critical ecosystems that provide ecosystem services to the most vulnerable people, while contributing to the achievement of the region’s climate objectives. In addition, through this support, CEPF will benefit from capacity building on adaptation issues.

This project exemplifies how the different categories in the Green Finance Mapping are often closely inter-linked, with projects that may be tracked under ‘other environment’ often delivering important adaptation benefits.

Source : AFD, 2020. Tour du monde des solutions pour le climat, 2020 edition.

Figure 16 | Green Finance Commitments to Other Environment Objectives by subcategory, 2015-2019 (percent and \$ billion)

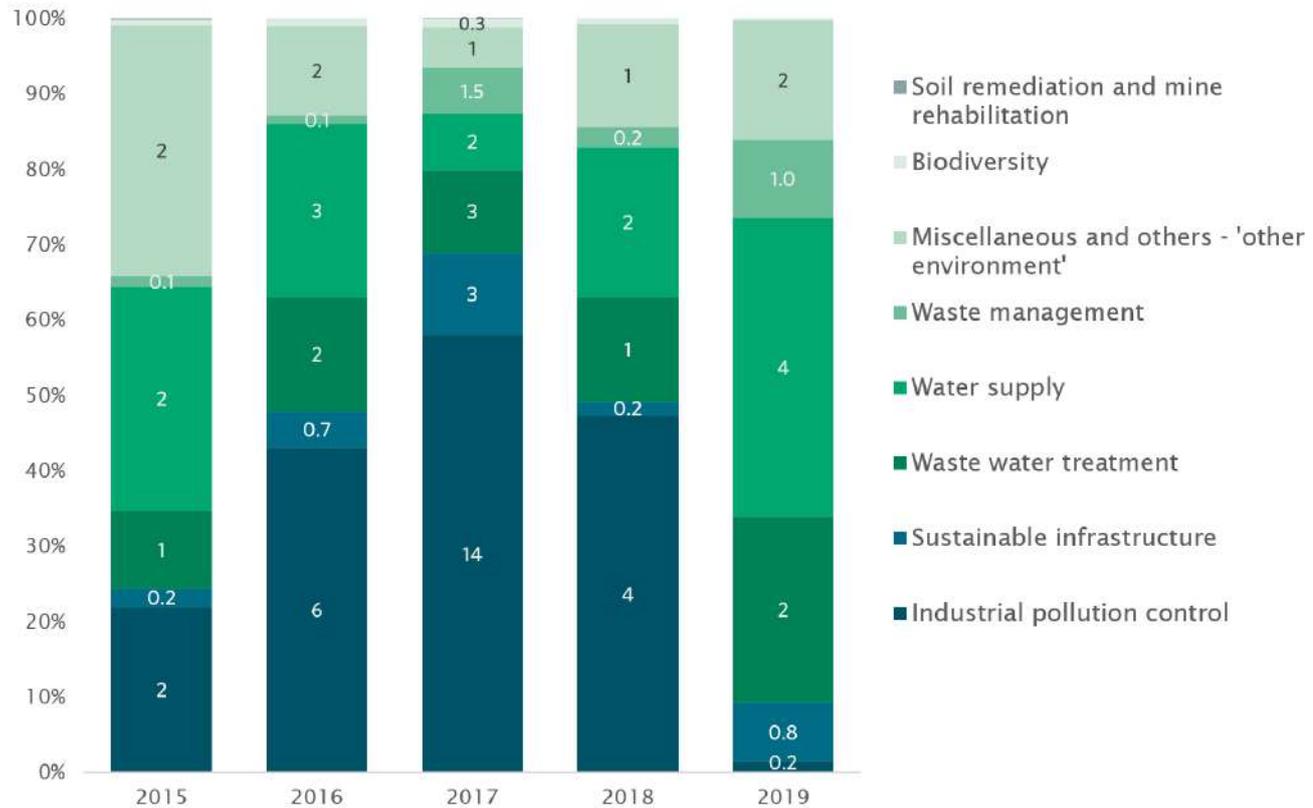
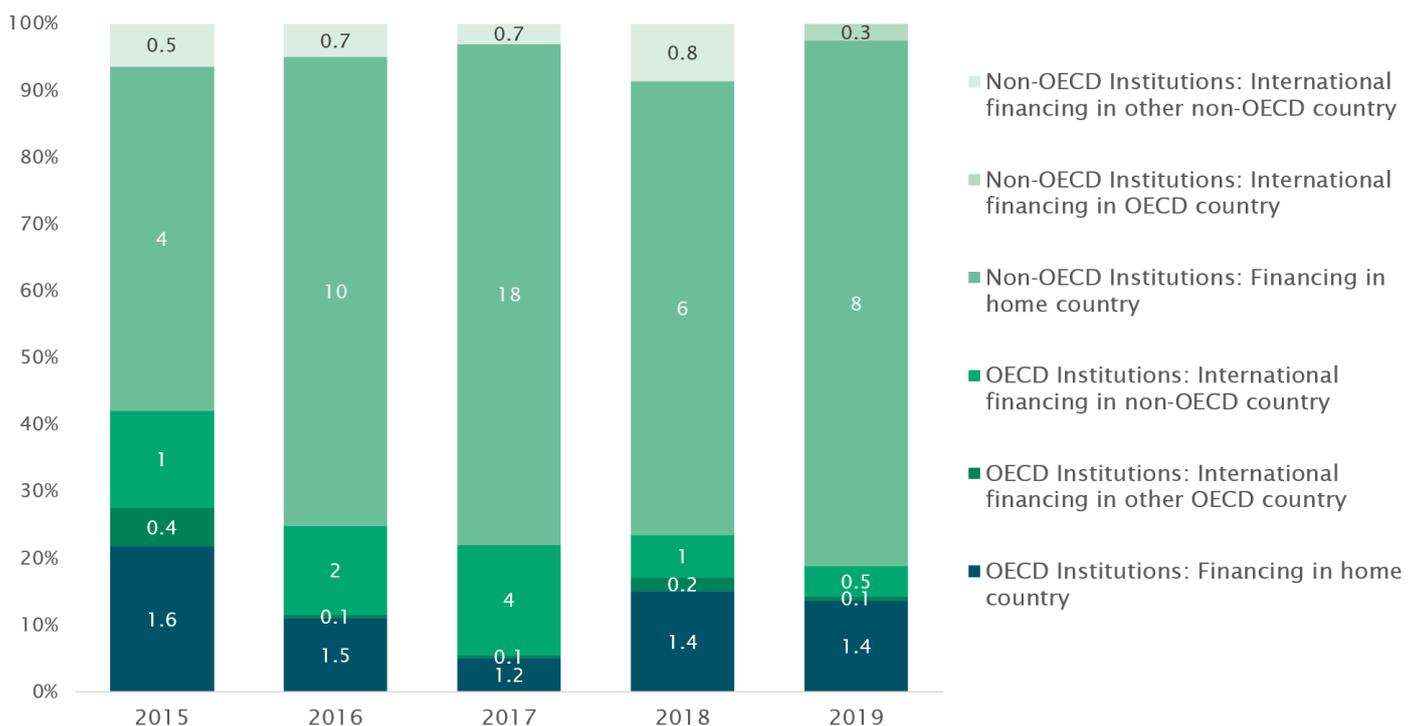


Figure 17 shows the breakdown of international and domestic finance for other environmental objectives. Similar to the trend observed for adaptation finance, domestic financing from non-OECD-based institutions increased to \$8 billion, with no international

commitments going to other non-OECD institutions. OECD institutions maintained a steady level of commitments going to domestic projects, representing 70% of total commitments made by OECD institutions.

Figure 17 | International and Domestic Financing to Other Environmental Objectives, 2015-2019 (percent and \$ billion)



Box 5: Other Environment project case study 2: DBSA in South Africa – Ecosystem Services for Water Security

During 2019, the DBSA provided financing for the planning and upgrading of water related infrastructure for a multitude of small projects in several South African municipalities.

In appraising these projects, DBSA recognized that municipal water services were highly dependent on catchment management and ecosystem services. The ad hoc nature of these projects made it difficult however to address catchment management on a project by project basis. Efforts were made to link these loans to a comprehensive national initiative called Ecosystem Services for Water Security. The initiative is funded by the Global Environment Facility (GEF). DBSA co-finances the initiative and also plays the role of a GEF implementing agency. The South African National Biodiversity Institute (SANBI) is the executing agency.

The initiative addresses the development of supportive policies, institutional structures and financing instruments to mobilise sustained investment in ecological infrastructure to improve water security. The project is implemented through three work programs which aim to:

- Create an enabling environment by integrating ecosystem services into the water value chain through natural capital accounts, supportive policies and financing mechanisms.
- Strengthen capacity for implementation through a demonstrable evidence base in two strategic water catchments critical to water security namely:
 - the **Berg and Breede** catchments in the Western Cape
 - the **Greater uMngeni** catchment in KwaZulu-Natal
- Share the knowledge generated through the project with stakeholders to mobilise action.

The initiative outlines a “roadmap”, of identified opportunities and interventions for the public and private sector to enhance investment in ecological infrastructure and improve water security.

Source: DBSA, 2019. 2019 Sustainability Review. <https://www.dbsa.org/EN/InvestorRelations/Pages/Sustainability.aspx>

3.7 MOBILIZED PRIVATE FINANCE

IDFC green finance tracking has included private sector mobilization since 2014, but generalizable findings remain difficult primarily due to limited data and varying methodologies. In the 2019 mapping exercise, the IDFC survey included a simplified template for members to report their total commitments to projects receiving co-financing from private institutions,⁵ as well as from other IDFC institutions and other public institutions. Where possible, member institutions also disaggregated their reported mobilized finance by the financial instrument used.

Among the nine institutions reporting co-financing data, five members provided an instrument breakdown and three members provided data at the project-level.

In total, these institutions reported around \$30 billion mobilized in co-financing from other public and private institutions. GCF provided \$265.5 million in co-financing for five projects led by IDFC members (AFD, DBSA, 2 projects by BOAD, KFW).

Of the \$9.6 billion in co-financing, the majority was provided by private institutions (\$7 billion) followed by other public institutions and other IDFC institutions (Figure 18). Mitigation received the largest share of co-finance from each source. Adaptation received only \$0.1 billion in co-financing from private institutions. While this reflects a significant adaptation finance gap, this result is partly due to challenges in tracking and accounting for private investment in adaptation sectors. Among co-financing received from private institutions, non-concessional loans accounted for the largest share at 61%.

5 For simplicity, the terms ‘co-financing’ and ‘finance mobilized’ are used here synonymously.

Private financing mobilization estimates vary from year to year depending on the members who are able to provide this data. This also reflects the challenges of consistently tracking co-financing amounts, the methodology and capacity for which varies from

institution to institution. To assess the effectiveness of public funds committed by IDFC members in mobilizing finance, project-level details on these amounts will be critical.

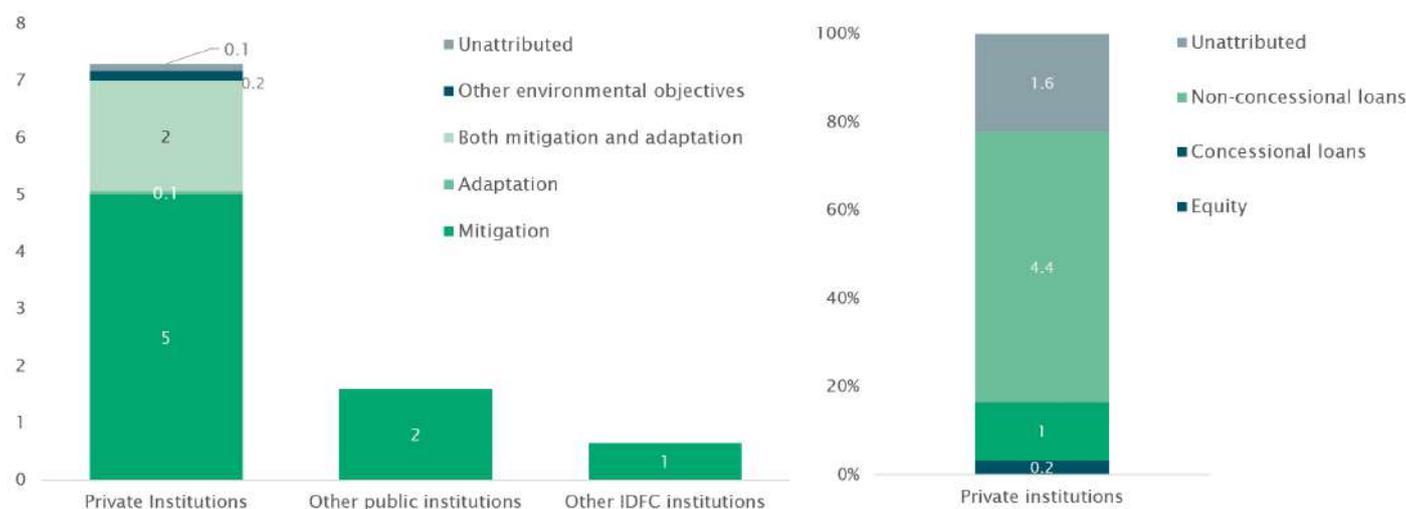
Box 6: Private finance mobilization case study: COFIDE in Peru – Mobilizing Finance for Energy Access

Concessional finance can be leveraged to mobilize private capital to achieve development goals, an approach often referred to as blended finance. COFIDE funded one project in 2019 targeting energy access for rural areas in Peru not yet connected to the electricity grid. Financed through concessional loans (first phase) and bonds (second phase), these projects funded the installation and maintenance of 220,000 solar panels. In the 2019 Green Finance Mapping, project-level reporting by members highlighted direct links between particular projects and commitments mobilized from private investors. Accounting for involvement from additional IDFC members, the project mobilized almost three times the volume of public funds (USD 68.95 million in the first phase and USD 23.7 million in the second phase) in private finance (USD 68.95 million in the first phase and USD 195.57 million in the second phase).

In April 2015, Ergon Peru S.A.C. (“Ergon”) entered into investment agreements with the Peruvian Ministry of Energy and Mines (“MEM”) to install and operate at up to 213,441 small-scale photovoltaic systems (“RER Kits” or “Kits”) supplying electricity to off-grid rural areas in Peru. The project funded the installation and maintenance of these solar panels. The total project cost was USD 254 million, financed in two phases through concessional loans (first phase) and bonds (second phase). Accounting for involvement from additional IDFC members, the project mobilized almost three times the volume of public funds (USD 68.95 million in the first phase and USD 23.7 million in the second) in private finance (USD 68.95 million in the first phase and USD 195.57 million in the second). The beneficiaries from the development of this project are rural populations in Peru, in regions including Puno, Huancavelica, Cajamarca, and Amazonas, who for the most part do not have access to the national electricity grid. Since the investment agreement has a long-term tenure, COFIDE believes this investment will ensure access to energy in rural areas for a long time.

Source: project-level reporting for Green Finance Mapping 2019

Figure 18 | Co-finance mobilized in 2019, by source and category (\$ billion)



4. ALIGNMENT WITH THE PARIS AGREEMENT

In support of making flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development, IDFC members along with MDBs pledged to align finance flows with the Paris Agreement at the One Planet Summit in December 2017.^{xi} Since then, IDFC has made considerable progress to advance understanding of Paris alignment and mobilize action towards alignment.

In December 2018, IDFC released a position paper on Paris Alignment which reaffirmed the unique role IDFC members play in implementing the Paris Agreement and aligning financial flows. The position paper outlines a series of commitments including:

- support country-led climate related policies
- seek to catalyze investments, and to mobilize private capital (local & international)
- recognize the importance of adaptation and resilience, especially in most vulnerable countries
- support the transition from fossil fuels to renewables financing
- [recognizing that] aligning with the Paris agreement is also a process of internal transformation of the institutions, which can build on existing principles and/or practices

- increasingly mobilize finance for climate action

Figure 19 | Implementing alignment across the national, strategic, and operational levels

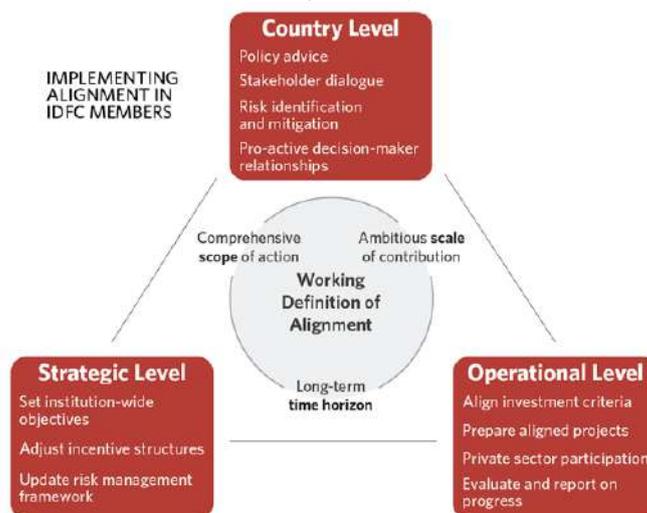
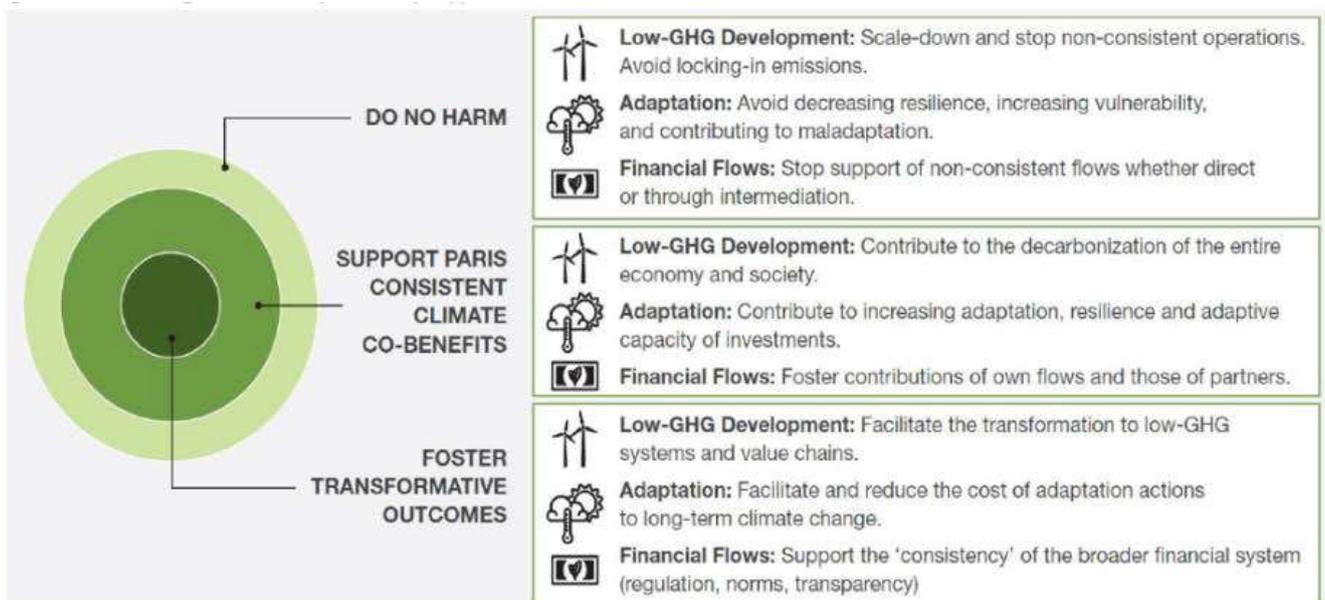


Figure 20 | The Paris Alignment 'Bulls Eye': actively support national and international transformations across all activities



In support of these commitments, IDFC commissioned a study on implementing alignment that would provide concrete recommendations for IDFC members, led by Climate Policy Initiative and the Institute for Climate Economics (ICE). The report was launched September 2019 in two parts: Part 1 establishing a theoretical and conceptual basis for alignment, and Part 2 identifying a targeted set of activities IDFC members may implement across the country-level, strategic and operational levels.^{xiii} It promotes (i) a comprehensive scope of action, i.e. screening all activities financed for positive or negative climate impacts; (ii) the contribution of near term actions to the achievement of long term goals of the Paris Agreement and the SDGs; and (iii) a do no harm approach while aiming for deep transformations of systems and value chains (Figures 19 and 20).

Box 7: The IDFC Climate Facility

In order to support members in their efforts to further integrate climate change into their mandates and align their approaches to address the needs of financing related projects, the IDFC has set up the “IDFC Climate Facility”. The objectives of the Climate Facility (CF) are to “institutionalize and facilitate collaborative work among members on climate change, and strengthen the capacity of IDFC members to originate and develop climate mitigation and adaptation projects and develop new and joint business opportunities in this field.” To achieve these objectives, the Facility will provide resources and services to IDFC members for facilitating cooperation between them and external stakeholders, easing access to project preparation and financing, as well as capacity building in climate finance and related fields.

For the pilot/initial phase of four years, the Facility is hosted by AFD. Its work is facilitated by a Coordination Unit (CU), currently staffed with secondees from TSKB, KfW and AFD. The CU roles consists in managing the Facility’s annual work programme, providing specific climate finance expertise and inputs to the technical work of the Facility, and contributing to the communication between the IDFC members, the IDFC Climate working group, the Secretariat and external stakeholders and potential partners.

At the 2019 United Nations Climate Action Summit, IDFC members made the additional commitment to mobilize significant financing volumes for achieving the Paris Agreement objectives, and undertake recommendations for implementing alignment by having members:

- Work at country and sub-national level and engage with other actors to support national constituencies implement their commitments to the Paris Agreement and provide policy advice to devise development pathways consistent with long term resilience and carbon neutrality;
- Further embed climate change considerations and alignment with the Paris Agreement within IDFC members’ strategies;
- Redirect financial flows in support of low-carbon and climate-resilient sustainable development.

The IDFC Climate Facility launched in 2019 aims to further institutionalize and facilitate collaboration among members on climate change (Box 7). Additionally, the partnership with GCF signed in June 2019 will be another resource for IDFC members, as it supports further knowledge sharing on climate finance, integration of climate considerations in financial institutions, facilitates access to GCF resources with co-financing from IDFC members and support to capacity building activities, as well as increasing joint outreach and awareness raising. In 2019, two new members of the Club were accredited to the GCF (reaching a total of 13) and 5 projects submitted by members were approved by the GCF for an amount of \$265 million (reaching a total of 15 projects representing \$985 million of GCF co-financing to the Club).

5. CONCLUSIONS

In 2019, IDFC institutions committed \$197 billion in green finance, representing 25% of total new commitments made by reporting institutions and a significant rebound from the historic low of \$134 billion recorded in 2018. A total of 22 members out of 26 (85%) participated in the GFM exercise this year, the highest participation rate to date and an important milestone for tracking green finance. Many IDFC institutions have reported increased green finance commitments, with 10 institutions reporting their largest yearly commitment to date in 2019. The quality of data also improved, with more members reporting at the project-level and providing more detailed information on adaptation projects.

Climate finance represented 95% of total green finance (\$187 billion), with the majority going to mitigation (\$163.5 billion) followed by adaptation (\$19 billion). Adaptation finance has increased for three consecutive years, achieving more than three times the level of commitments made in 2015. The continued growth of adaptation finance reflects growing awareness of the need to address climate risks and increased attention to tracking adaptation activities, a category in which defining a standardized definition and typology remains a challenge. In terms of source and destination, the majority of green finance commitments remained in the home countries of the respective IDFC member institutions, while \$22 billion in international commitments went to non-OECD countries.

The trends observed in 2019 reinforce IDFC's commitments to increase both the quantity and quality of green finance and marks a promising first step towards the commitment to provide more than \$1 trillion in climate finance by 2025. This year, however, the outbreak of COVID-19 presents unprecedented challenge for the development finance community in upholding the Paris climate commitments and ensuring a sustainable recovery. While the impact of the pandemic on climate finance flows remains to be seen,

it is expected that public resources will be stretched thin across multiple development priorities.

In the wake of COVID-19, IDFC members will need to strengthen cooperation on multiple fronts, including the integration of climate considerations for a sustainable recovery, while maintaining momentum on the rapid scale up of climate finance. The IDFC Climate Facility, and the partnership with GCF, will play key roles in supporting members towards this end, leveraging resources to meet development banks' needs for navigating the critical next years while ensuring alignment with the Paris Agreement and Sustainable Development Goals (SDG). Overcoming this unprecedented crisis and rebuilding a sustainable world will require collective action across public and private institutions, in which development finance institutions can play a catalytic role. Public development banks can also foster effective collaboration and dialogue among market actors, governments and regulators to promote long term carbon neutrality and inclusive growth.

At the Climate Action Summit in New York in September 2019, the IDFC proposed that a Summit of Development Banks be organized in 2020 under UN sponsorship, ahead of COP 26, to mobilize all public development banks worldwide as well as their broad stakeholders, with a view of further tapping their decisive potential to enable the implementation of the climate and SDGs agendas. This Summit is being organised as the Finance in Common Summit, together by the IDFC and the World Federation of Development Finance Institutions (WFDFI) and under the high patronage of the UNSG on November 9 – 13, 2020. Additional commitments and initiatives to further international goals are anticipated to launch on the occasion of the Summit. Collectively, IDFC members have transformative potential to strengthen climate action and inclusive growth during this period of unprecedented crisis, in partnership with other development finance institutions, policy makers, and private sector actors.

6. APPENDICES

6.1 APPENDIX A.1: LIST AND BRIEF DESCRIPTION OF IDFC OECD MEMBER ORGANIZATIONS

REGION	ORGANIZATION
Europe	Agence Française de Développement (AFD), France
	Black Sea Trade and Development Bank (BSTDB), Greece
	Cassa Depositi e Prestiti (CDP), Italy
	Industrial Development Bank of Turkey (TSKB), Turkey
	KfW Bankengruppe, Germany
Central and South America	Banco Estado (BE) Chile
	Nacional Financiera (NAFIN), Mexico
Asia and MENA	The Korea Development Bank (KDB), South Korea
	Japan International Cooperation Agency (JICA), Japan

6.2 APPENDIX A.2: LIST AND BRIEF DESCRIPTION OF IDFC NON-OECD MEMBER ORGANIZATIONS

REGION	ORGANIZATION
Europe	Croatian Bank for Reconstruction and Development (HBOR), Croatia
	Vnesheconombank (VEB.RF), Russia
Central and South America	Banco de Inversion y Comercio Exterior S.A. (BICE), Argentina
	Bancoldex S.A., Colombia
	Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Brazil
	Central American Bank for Economic Integration (BCIE/CABEI), Honduras
	Corporación Financiera de Desarrollo S.A. (COFIDE), Peru
	Development Bank of Latin America (CAF), Peru
Africa	Banque Ouest Africaine de Développement (BOAD), Togo
	Caisse de Dépôt et de Gestion (CDG), Morocco
	Development Bank of Southern Africa (DBSA), South Africa
	The Trade and Development Bank (TDB), Burundi
Asia and MENA	China Development Bank (CDB), China
	PT Sarana Multi Infrastruktur (PT SMI)Indonesia Exim Bank, Indonesia
	Small Industries Development Bank of India (SIDBI), India
	Islamic Corporation for the Development of the Private Sector (ICD), Saudi Arabia
Inter-regional institutions	International Investment Bank (IIB), Russia Hungary

6.3 APPENDIX B: 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 B2.
- 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 B1 | 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 B2 | 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 ^{xiii}
Criteria for Eligibility	<p>Where data are unavailable, any uncertainty is to be overcome following the principle of conservativeness where climate finance is preferred to be under-reported rather than over-reported</p> <ul style="list-style-type: none"> • The Principles are activity-based as they focus on the type of activity to be executed, and not on its purpose, the origin of the financial resources, or its actual results. The list of activities eligible under these principles are illustrated in Table 1 • Project reporting is ex-ante project implementation at board approval or financial commitment • Climate finance tracking is independent of GHG accounting reporting in the absence of a joint GHG methodology. • The Principles require mitigation activities to be disaggregated from non-mitigation activities as far as reasonably possible. If such disaggregation is needed and not possible using project specific data, a more qualitative/experience based assessment can be used to identify the proportion of the project that covers climate mitigation activities, consistent with the conservativeness principle. This is applicable to all categories, but of particular significance for energy efficiency projects. • Mitigation activities or projects can consist of a stand-alone project, multiple stand-alone projects under a larger programme, a component of a stand-alone project, or a programme financed through a financial intermediary. • In fossil fuel combustion sectors (transport, and energy production and use), the methodology recognizes the importance of long-term structural changes, such as the energy production shift to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, for renewable energy and transport projects ensuring modal shift, both new and retrofit projects are included. In energy efficiency, however, the methodology acknowledges that drawing the boundary between increasing production and reducing emissions per unit of output is difficult. Consequently, greenfield energy efficiency investments are included only in few cases when they enable preventing a long-term lock-in in high carbon infrastructure, and, for the case of energy efficiency investments in existing facilities, it is required that old technologies are replaced well before the end of their lifetime, and new technologies are substantially more efficient than the replaced technologies. Alternatively, it is required that new technologies or processes are substantially more efficient than those normally used in greenfield projects. • The methodology assumes that care will be taken to identify cases when projects do not mitigate emissions due to their specific circumstances. 	MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking V2

CLIMATE-CHANGE ADAPTATION		SOURCE
Definition	<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 programmes, 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 B3 | Definition of Regions (Adapted from the World Bank)

EAST ASIA AND THE PACIFIC	EASTERN EUROPE AND CENTRAL ASIA	LATIN AMERICA AND THE CARIBBEAN	MIDDLE EAST AND NORTH AFRICA	SOUTH ASIA
American Samoa	Albania	Antigua and Barbuda	Algeria	Afghanistan
Cambodia	Armenia	Argentina	Djibouti	Bangladesh
China	Azerbaijan	Belize	Egypt, Arab Rep.	Bhutan
Fiji	Belarus	Bolivia	Iran, Islamic Rep.	India
Indonesia	Bosnia and Herzegovina	Brazil	Iraq	Maldives
Kiribati	Georgia	Chile	Jordan	Nepal
Korea, Dem. Rep.	Kazakhstan	Colombia	Lebanon	Pakistan
Lao PDR	Kosovo	Costa Rica	Libya	Sri Lanka
Malaysia	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 B4 | Definition of private sector co-financing

Definition	The asset financed is in private ownership (>= 50%) ("private investment") AND/OR the financial contribution comes from a private sector actor ("private capital")	DFI climate finance questionnaire
Criteria for Eligibility	<p>Loans by private sector actors mobilised by IDFC member loans</p> <p>Loans by private sector actors mobilised by IDFC member equity positions</p> <p>Loans by private sector actor mobilised by IDFC member guarantees</p> <p>Equity from private sector mobilised by IDFC member loans</p> <p>Equity from the private sector actor mobilised by IDFC member equity positions</p> <p>Loans by private sector actor mobilised by IDFC member grants (e.g. to cover costs of a renewable energy feed-in law or premium or CO2-certificates in the CDM)</p> <p>Equity from private sector actor mobilised by IDFC member grants (e.g. to cover costs of a renewable energy feed-in law or premium or CO2-certificates in the CDM)</p> <p>Loans to the private sector generated by the revolving use of credit lines or green funds (subtract original loan to avoid double counting)</p> <p>Loans and equity mobilised from the private sector in other ways under Public-Private-Partnerships (PPP)</p>	
Sampling vs. complete coverage	It is acceptable to derive representative mobilisation factors (e.g. 1,5 for revolving credit lines to banks or 1,5 for equity in project finance) for homogenous fractions of the portfolio based on a representative subset of projects.	
Several public sector actors are involved	Allocate mobilised investment on a pro-rata basis to different public financiers independent of the specific instruments applied.	

Table B5 | Definition of climate policies

Definition	Specific climate strategy that the institution acts upon	IDFC green finance mapping
Specifications	<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>	

6.4 APPENDIX C: METHODOLOGY GUIDANCE – ESTIMATING PRIVATE SECTOR MOBILIZATION

Table C1 | 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 C1 | Joint DFI Group

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	If public arranger, allocate 50% of private finance loans to arranger, and the remainder to all public financiers on a pro-rata basis. If private arranger, allocate 100% of private finance loans on a pro-rata basis among public financiers.
	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	Additional loans from local private finance institution, equity from private end-borrower (estimated). 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)).	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.		

6.5 APPENDIX D: 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.

Category	Subcategory	Activities
Green energy and mitigation of greenhouse gas emissions		
1. Renewable Energy	1.1 Electricity Generation 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	Wind power
	1.2 Heat Production or other renewable energy application 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	Solar water heating and other thermal applications of solar power in all sectors
1.3 Measures to facilitate integration of renewable energy into grids Storage systems (battery, mechanical, pumped storage)	New, expanded and improved transmission systems (lines, substations).	
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.
		Energy-efficiency improvement in existing thermal power plant,

3. Energy efficiency	3.1 Energy efficiency in industry in existing facilities	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)
	3.2 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
		Improvement in utility scale energy efficiency through efficient energy use, and loss reduction
	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.)
3.5 Energy efficiency in new commercial, public and residential buildings	Use of highly efficient architectural designs, energy efficiency appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes	
3.6 Energy audits	Energy audits to energy end-users, including industries, buildings, and transport systems	
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
	4.3 Livestock	Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems
		Livestock projects that reduce methane or other GHG emissions (manure management with biogas, 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),
		Education, training, capacity building and awareness raising on climate change mitigation/sustainable energy/sustainable transport; mitigation research
		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
Waste management	Waste management	Solid waste collection and treatment, recycling
Biodiversity	Biodiversity	Forest species protection, biodiversity
Sustainable infrastructure	Sustainable infrastructure	Improvement of general transport logistics such as reduction of empty running

6.6 APPENDIX E: DATA TABLE

GREEN ENERGY AND MITIGATION OF GHG EMISSIONS	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018	\$ BILLIONS IN 2019
Transport	79.6	94.6	36.9	81.9
Renewable energy	37.1	47.2	29.5	35.1
Energy efficiency	25.8	25.8	23.8	26
Lower-carbon and efficient energy generation	4.7	5.3	7.7	5.1
Agriculture, forestry, and land-use	1.8	9.3	5.7	4.8
Cross-cutting issues	1.0	1.2	2.0	1.9
Miscellaneous and others—green energy and mitigation	0.9	0.7	0.3	5.2
Waste and wastewater	0.4	0.3	0.3	1.2
Unattributed	2.0	-	0.1	2.4
TOTAL	153.3	184.5	106.3	163.5

ADAPTATION TO CLIMATE CHANGE	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018	\$ BILLIONS IN 2019
Water preservation	1.7	5.6	6.4	11
Agriculture, natural resources and ecosystem-based adaptation	1.2	0.7	0.9	1
Other disaster risk reduction	1.2	1.6	7.6	6
Miscellaneous and others - Adaptation	0.6	1.6	0.2	0.5
Local, sectoral, or national budget support to a climate change adaptation policy	0.1	0.1	0.3	0.1
Coastal protection	0.03	0.2	0.02	0.03
TOTAL	4.8	9.7	15.4	19.3

PROJECTS WITH ELEMENTS OF BOTH MITIGATION AND ADAPTATION	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018	\$ BILLIONS IN 2019
TOTAL	1.4	1.6	3.3	3.9

OTHER ENVIRONMENTAL OBJECTIVES	\$ BILLIONS IN 2016	\$ BILLIONS IN 2017	\$ BILLIONS IN 2018	\$ BILLIONS IN 2019
Industrial pollution control	6.0	14.0	4.2	0.2
Water supply	3.2	1.8	1.8	4
Waste water treatment	2.1	2.7	1.2	2
Miscellaneous and others - 'other environment'	1.6	1.3	1.2	2
Sustainable infrastructure	0.7	2.6	0.2	0.8
Waste management	0.1	1.5	0.2	1
Biodiversity	0.1	0.3	0.06	0.03
Soil remediation and mine rehabilitation	0.001	0.001		0.00
TOTAL	13.8	24.2		10.1

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
CO2	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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