



GREEN FINANCE MAPPING REPORT 2022

FINDINGS IN 2021 DATA

EXECUTIVE SUMMARY

OCTOBER 2022



supported by:



\$1.2 trillion in total green finance since 2015

\$224 billion in green finance in 2021, a record high since 2015

Highest mitigation finance to date up 27% from 2020

\$21 billion in adaptation finance in 2021

\$18.4 billion in biodiversity finance in 2021

\$145 billion in climate finance committed in non-OECD countries

13 members increased their green finance returning to, or surpassing, pre-pandemic levels

Introduction and Context

Since 2011, the International Development Finance Club (IDFC) has conducted a periodic mapping of member institutions' green finance contributions.

In 2021, IDFC members reported a record high of \$224 billion in total green finance commitments, a 21% increase from 2020. Cumulatively, green finance commitments by IDFC members surpassed \$1.2 trillion¹ since the Paris Agreement was signed in 2015. This is the result of IDFC members' unique ability to deliver green finance at scale. Mitigation finance reached the highest level to date (\$186.6 billion), increasing by 27% over 2020 and returning to a level not seen since 2017. Adaptation finance (\$20.9 billion) decreased 24%, following a record high in 2020 (\$27.5 billion). However, in 2021, members reiterated a strong commitment to increase their adaptation finance in the *IDFC State of Ambition (2021)*.² Overall, 13 institutions increased their green commitments in 2021, returning to, or even surpassing, pre-pandemic levels.

At \$224 billion, the Club's highest annual *green* finance committed to date, IDFC members are showcasing strong progress on their respective paths towards attaining climate and broader environmental targets at the individual institution-level. Indeed, IDFC members together continue to be a key player in the global landscape, contributing substantially to the \$321 billion of *global public climate finance* tracked across 2019/2020 (CPI, 2021). Additionally, at \$606 billion in cumulative green finance commitments since 2019, IDFC as a group is well on track towards mobilizing \$1.3 trillion between 2019 and 2025, as pledged in the *IDFC State of Ambition (2021)*. 2021 saw a step-up in biodiversity finance, up 31% on 2020 to \$18.4 billion, a development that is also aligned with the Club's ambition to significantly scale-up biodiversity finance as part of the \$1.3 trillion target.

2021 Key Findings

- **IDFC members reported total green finance commitments of \$224 billion.** This represents a 21% increase from 2020, evidence that green finance was channelled at scale in building back from Covid.
- **In 2021, green finance represented approximately 22% of total new commitments reported by IDFC members.** Since 2015, green

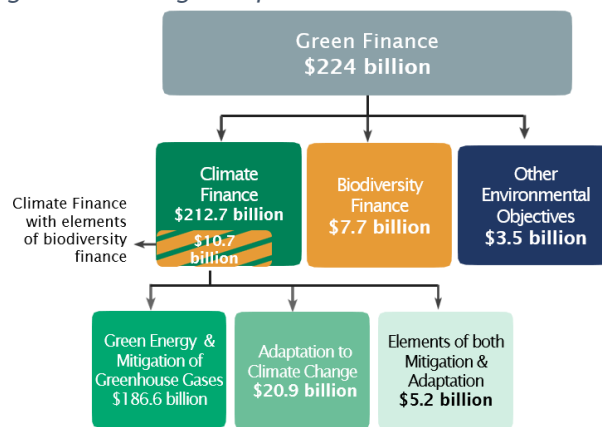
¹ \$= US dollar.

² <https://www.idfc.org/wp-content/uploads/2021/11/idfc-state-of-ambition-2021-final.pdf>

finance commitments have consistently represented more than one-fifth of total IDFC investments.

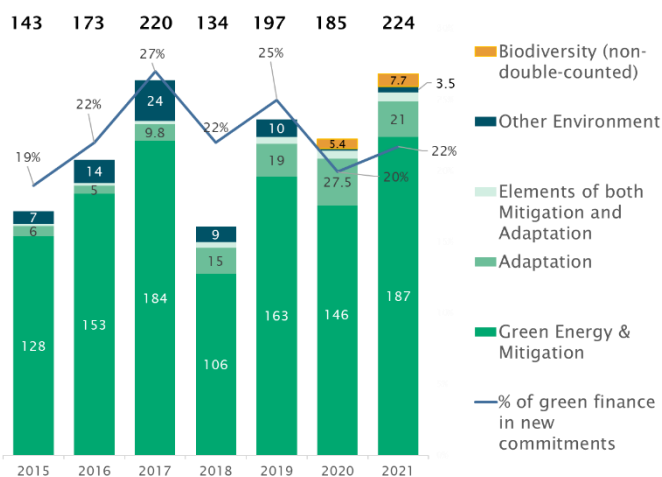
- **Climate finance** – consisting of all activities related to the mitigation of greenhouse gas (GHG) emissions and adaptation to climate change – accounted for 95% of total green finance (or \$212.7 billion), almost the exact same share as in 2020.
- Finance for green energy and mitigation of GHGs was the largest category, representing 88% of climate finance.
- Following record levels in 2020, adaptation finance declined 24%, primarily driven by 50% lower commitments for disaster risk reduction in 2021 compared to 2020 (excluding coastal protection). This is likely due, at least in part, to higher commitments in 2020 as an emergency response to the Covid-19 pandemic.

Figure 1: IDFC green finance commitments in 2021 by



theme

Figure 2: IDFC green finance commitments in 2015-2021³ \$ billion



³ For KfW, the breakdown of 2020 & 2021 domestic finance was estimated based on figures reported in 2019. KfW reports its GFM data partially based on their national green financing reporting methodology.

- Finance to projects containing elements of both mitigation and adaptation increased 12% to \$5.2 billion but remained approximately the same share of total climate finance as in 2020 (2%).
- **Finance for biodiversity projects reached \$18.4 billion** in 2021, 31% higher than in 2020. This includes, for example, finance for water supply, wastewater treatment, biodiversity conservation, and waste management, among others.
- Additionally, IDFC members reported \$3.5 billion of finance for other environmental objectives, which includes, *inter alia*, projects tackling pollution.

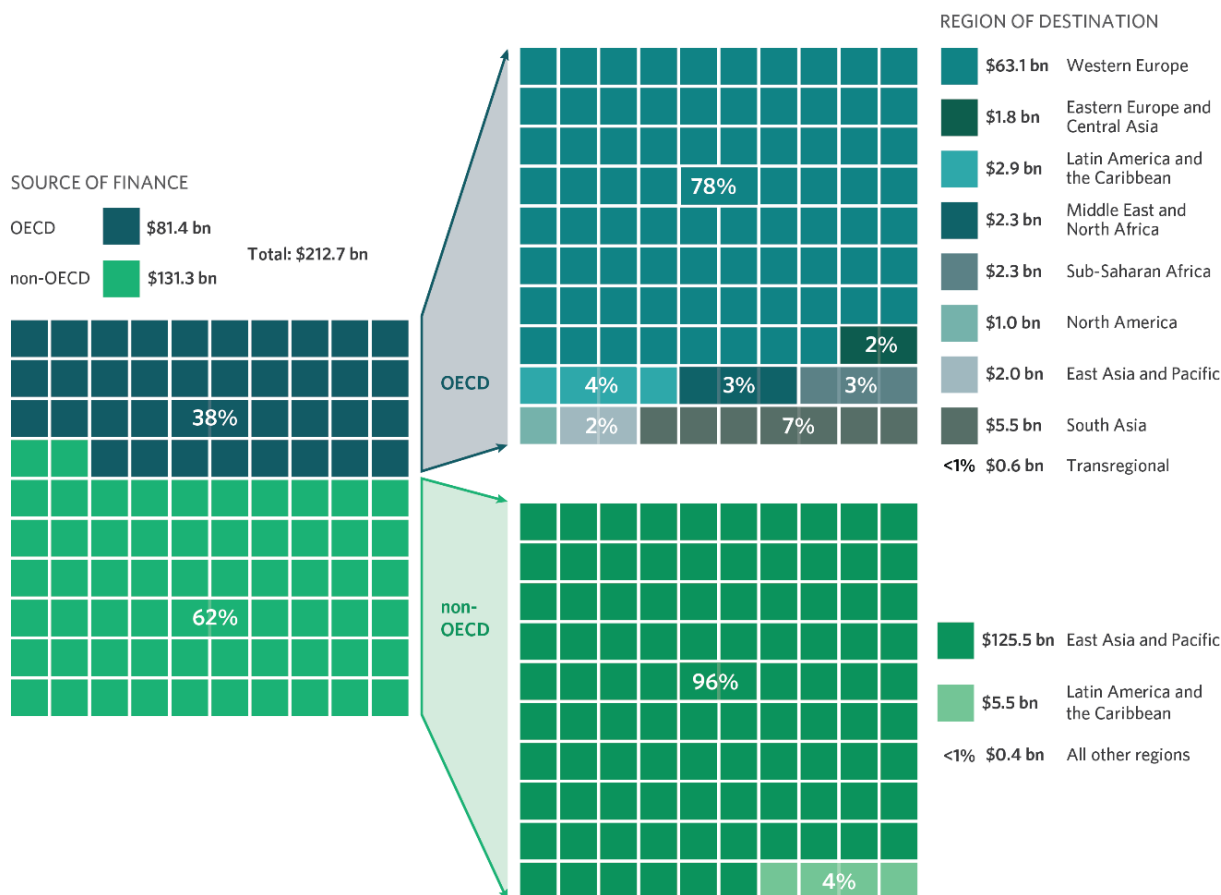
\$81 billion, an increase of 7% on \$76 billion in 2020.

- **Geographic destinations:** The East Asia and Pacific region continues to attract the majority of climate finance, accounting for 60% of commitments in 2021 (up from 55% in 2020). Western Europe was the second highest recipient of climate finance, accounting for 30% of the total (or \$63.2 billion), approximately the same share as in 2020 (31%).
- The share of total climate finance commitments made in the home country of IDFC member institutions was 89% (\$190 billion), while 11% (\$22.6 billion) was spent internationally.
- 66% of the \$22.6 billion climate finance committed internationally (that is, \$15 billion) flowed from institutions based in OECD countries to non-OECD countries.
- **Financing instruments:** Most climate finance commitments were provided in the form of loans at \$198.5 billion, or 93% of total climate finance, a share similar to previous years. \$14 billion was provided through grants, a 118% increase from \$6 billion in 2020.

Climate Finance in 2021

- **Sources of finance:** IDFC institutions based in non-OECD countries committed \$131 billion in climate finance, a 28% increase from \$102 billion in 2020. The share of total climate finance coming from these institutions has also increased from 57% in 2020 to 62% in 2021 (IDFC institutions based in OECD countries committed

Figure 3: Climate finance commitments in 2021 by source of finance (OECD/non-OECD) and region of destination (\$billion)



Biodiversity Finance in 2021

- As in 2020, seven IDFC institutions reported investments in biodiversity in 2021, for a total of **\$18.4 billion**.
- **42% of biodiversity finance commitments (\$7.7 billion) went to non-climate-related biodiversity projects** while the remaining \$10.7 billion, or 58%, consisted of climate projects simultaneously reporting biodiversity objectives.
- **Sources of finance:** IDFC institutions based in non-OECD countries committed \$17.1 billion in biodiversity finance, accounting for 93% of the total.
- **Geographic destinations:** The East Asia and Pacific region attracted 90% of biodiversity finance commitments in 2021 (or \$16.6 billion), followed by Latin America and the Caribbean at 5% (\$0.9 billion).
- **Sectors:** Most biodiversity finance, or \$5.1 billion, went to Biodiversity Conservation (2) projects (28%), in which conservation was the principal objective of the intervention. Wastewater treatment projects followed as the second highest amount of biodiversity finance at \$4.9 billion (27%).

Improving Green Finance Mapping Methodology

To inform this exercise, IDFC members completed a survey template, from which data are checked for consistency and aggregated. The number of reporting institutions for 2021 is 20 out of 27.

The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation (updated for 2021) and Adaptation Finance Tracking. The list of reporting institutions and reporting coverage across all categories vary from year to year. Consequently, comparison with previous GFM figures may not be entirely consistent.

Following the Common Principles, uncertainty is overcome via the principle of conservativeness whereby it is preferred to under-report, rather than over-reported, climate finance. In particular, adaptation commitments are expected to be conservative since adaptation-related activities are broadly context-specific and institutions are not always able to identify relevant projects consistently.

For the second year, the 2022 GFM tracks biodiversity as a separate category from other environmental finance. IDFC members could report on biodiversity finance at the project- or aggregate-level, weighted according to each institution's internal method for calculating the percentage of project funding allocated to biodiversity benefits, or according to IDFC's communal default scores.

Figure 4: Biodiversity finance commitments in 2021 by source of finance (OECD/non-OECD) and end use (\$billion)

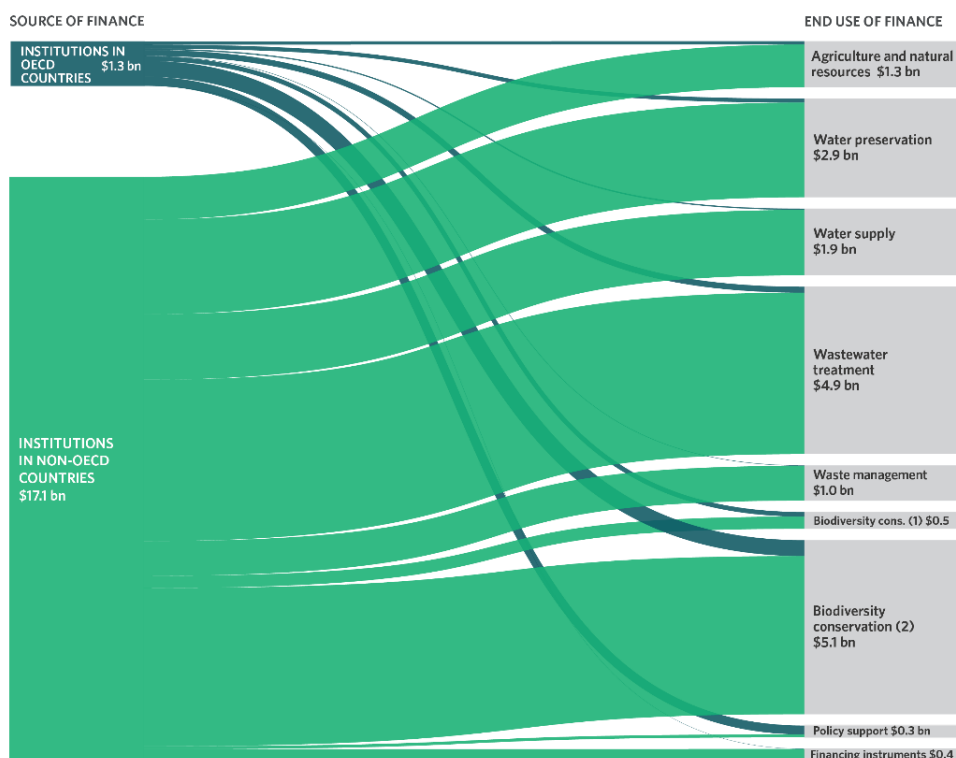
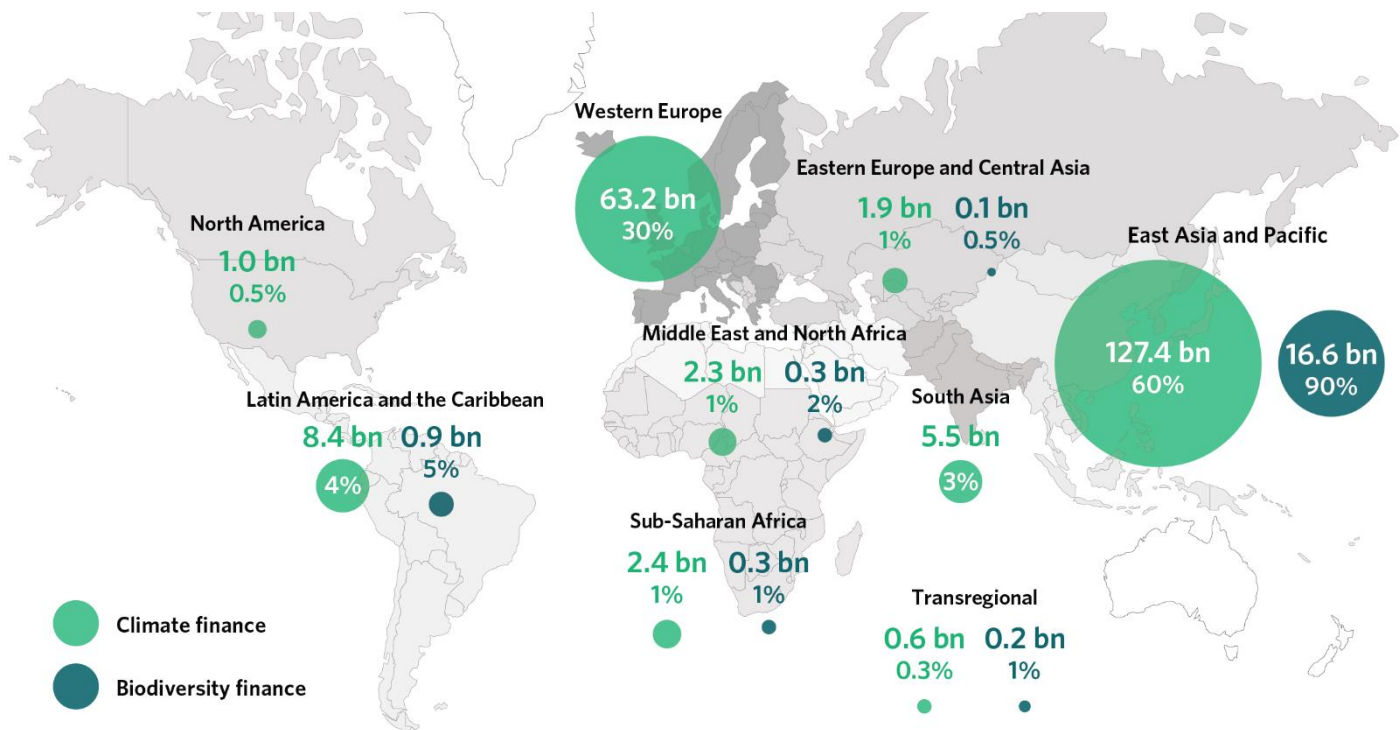


Figure 5: Regional distribution of climate and biodiversity finance in 2021



ABOUT IDFC

IDFC, created in 2011, is a leading group of 27 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

- Africa Finance Corporation (AFC)
- 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)