

# IDFC GREEN FINANCE MAPPING REPORT 2023 Executive Summary

**\$1.5 trillion**

in total green finance since 2015

**\$221 billion**

in climate finance committed in  
non-OECD countries

**\$288 billion**

in green finance in 2022, a record  
high

More than half of  
members increased  
their green finance  
returning to, or surpassing,  
pre-pandemic levels

**Highest adaptation  
finance to date**

up 52% from 2021

**\$245 billion**

in mitigation finance in 2022

**\$18 billion**

in biodiversity finance in 2022

*September 2023*



## Introduction and Context

For more than a decade now, the International Development Finance Club (IDFC) has conducted an annual mapping of member institutions' green finance contributions.

**In 2022, IDFC members reported a record high of \$288 billion in total green finance commitments, a 29% increase from 2021.** Cumulatively, green finance commitments by IDFC members surpassed \$1.5 trillion<sup>1</sup> since the Paris Agreement was signed in 2015. This is the result of IDFC members' unique ability to deliver green finance at scale in their wider pursuit of Paris Alignment. Mitigation finance continued to grow, reaching its highest level to date (\$244.7 billion), up 31% over 2021. Adaptation finance also reached a record high, increasing 52% to \$31.6 billion. The uptick in adaptation finance follows members' commitment to increase their adaptation finance in the *IDFC State of Ambition* (2021).<sup>2</sup> Overall, 14 institutions increased their green commitments in 2022, 4 of which did not report in previous years.

At \$288 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, at \$894 billion in cumulative green finance commitments since 2019, IDFC as a group remains on track towards mobilizing \$1.3 trillion between 2019 and 2025, as pledged in the *IDFC State of Ambition* (2021). The Club's ambition to further strengthen the robustness and consistency of green finance tracking across members is currently being supported by a dedicated 3-year capacity building program, facilitated by the IDFC Climate Finance Facility in partnership with CPI.

### Key Findings in 2022 data

- **IDFC members reported total green finance commitments of \$288 billion.** This represents a 29% increase from 2021, evidence that green finance continues to be channelled at scale in the post-Covid period (see *Figure 2*).
- **In 2022, green finance represented approximately 24% of total new commitments reported by IDFC members.** Since 2015, green 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 98% of total green finance (or \$281.9 billion), on par with the share observed in 2021.
- Mitigation finance continued to dominate, representing 87% of climate finance, approximately the same share as in 2021.
- Adaptation finance increased 52% to a record high of \$31.6 billion, primarily driven by a doubling of commitments for water preservation projects. This reflects a broader trend amongst public DFIs emphasising the importance of placing equal weight on adaptation in investment portfolios.
- Finance to projects containing elements of both mitigation and adaptation increased 7% to \$5.6 billion but remained approximately the same share of total climate finance as in 2021 (2%).

Figure 1: IDFC green finance commitments in 2022 by theme

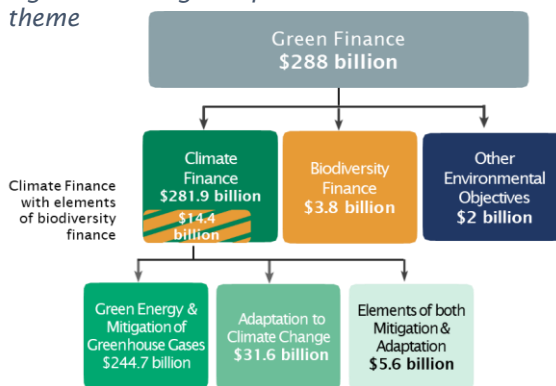
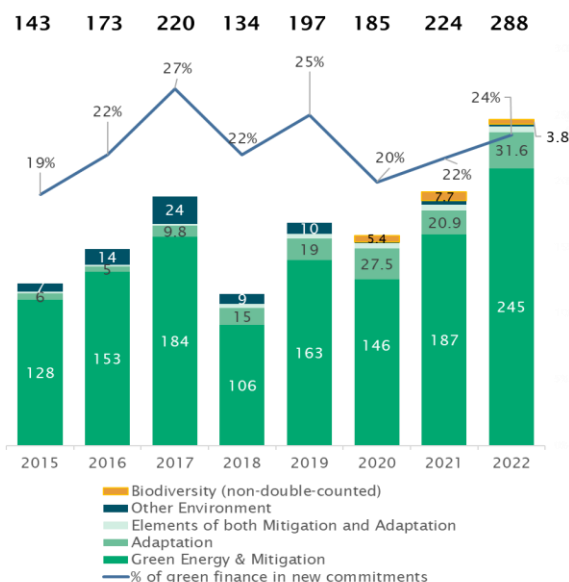


Figure 2: IDFC green finance commitments in 2015-2022 (\$ billion)<sup>3</sup>



<sup>1</sup> \$= US dollar.

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

<sup>3</sup> For KfW, domestic green finance commitments do not align exactly with the *Common Principles for Mitigation*; JICA's green finance excludes grant financing for the year 2022.

- **Finance for biodiversity projects remained stable in 2022, totalling \$18.2 billion.** This includes, *inter alia*, finance for water supply, wastewater treatment, and agriculture and natural resources that delivers biodiversity benefits, as well as dedicated conservation projects.
- Of the \$18.2 billion in biodiversity finance, \$14.4 billion was double-counted with climate finance while \$3.8 billion purely benefitted biodiversity (see *Figure 1*).
- Additionally, IDFC members reported \$2 billion of finance for other environmental objectives, which includes, *inter alia*, projects for circular economy or reducing pollution.

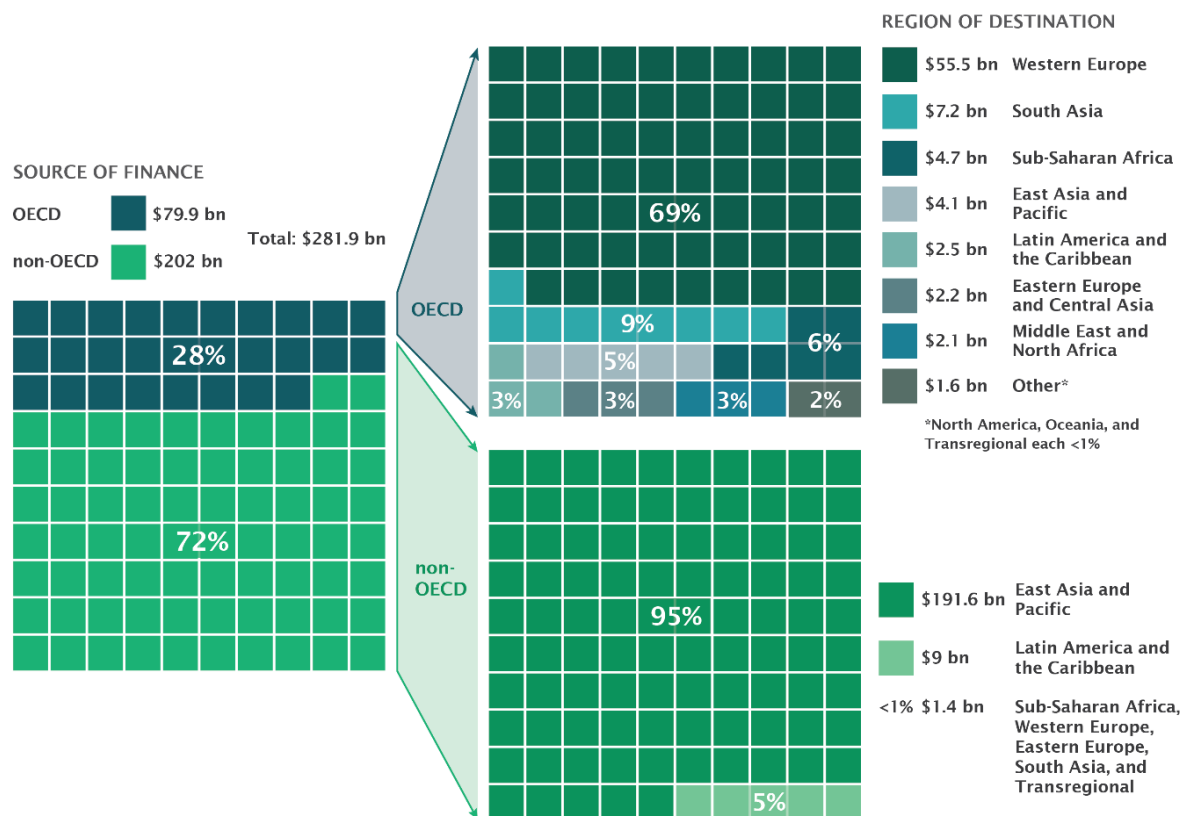
### Climate Finance in 2022

- **Sources of finance:** IDFC institutions based in non-OECD countries committed \$202 billion in climate finance, a 54% increase from \$131 billion in 2021. The share of total climate finance coming from these institutions has also increased from 62% in 2021 to 72% in 2022 (see *Figure 3*).
- **Adaptation finance increased 52% to a record high of \$31.6 billion.**

Institutions based in non-OECD countries committed \$27 billion, or 88% of total adaptation finance.

- **Geographic destinations:** The East Asia and Pacific region continues to account for the majority of climate finance, at 69% of commitments in 2022 (up from 60% in 2021), primarily driven by domestic commitments in China. Western Europe was the second highest recipient of climate finance, accounting for 20% of the total (see *Figure 3*).
- The share of total climate finance commitments made in the home country of IDFC member institutions was 88% (\$249.2 billion), while 12% (\$32.7 billion) was spent internationally.
- 64.5% of the \$32.7 billion climate finance committed internationally (that is, \$21.1 billion) flowed from institutions based in OECD countries to non-OECD countries.
- **Financing instruments:** Most climate finance was provided in the form of loans at \$256.5 billion, or 91% of the total, a share similar to previous years. Grant finance increased substantially from \$14 billion in 2021 to \$24 billion in 2022, with the remaining \$1.4 billion a mix of equity, guarantees and other instruments.

Figure 3: Climate finance commitments in 2022 by source of finance (OECD/non-OECD) and region of destination



## Biodiversity Finance in 2022

- As was the case in 2021, seven IDFC institutions reported investments in biodiversity, for a total of **\$18.2 billion**.
- **21% of biodiversity finance commitments (\$3.8 billion) went to non-climate-related biodiversity projects** while the remaining \$14.4 billion, or 79%, consisted of climate projects simultaneously delivering biodiversity benefits.
- **Sources of finance:** IDFC institutions based in non-OECD countries committed \$16.2 billion in biodiversity finance, accounting for 89% of the total. IDFC institutions based in OECD countries committed \$2 billion, or 11% of the total.
- **Geographic destinations:** The East Asia and Pacific region attracted 86% of biodiversity finance commitments in 2022 (or \$15.7 billion), followed by Latin America and the Caribbean at 8% (\$1.4 billion) (see *Figure 5*).
- **Sectors:** Most biodiversity finance (40%), or \$7.3 billion, went to water preservation projects. Wastewater treatment projects followed as the second highest sector for biodiversity finance, at \$4 billion (22%).

### 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 is 22 out of 26.

The IDFC survey uses the Joint Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation (updated in 2021) and Adaptation Finance Tracking (2015 version). The list of reporting institutions and reporting coverage across all categories vary from year to year. Consequently, comparisons with previous GFM figures may not be entirely consistent.

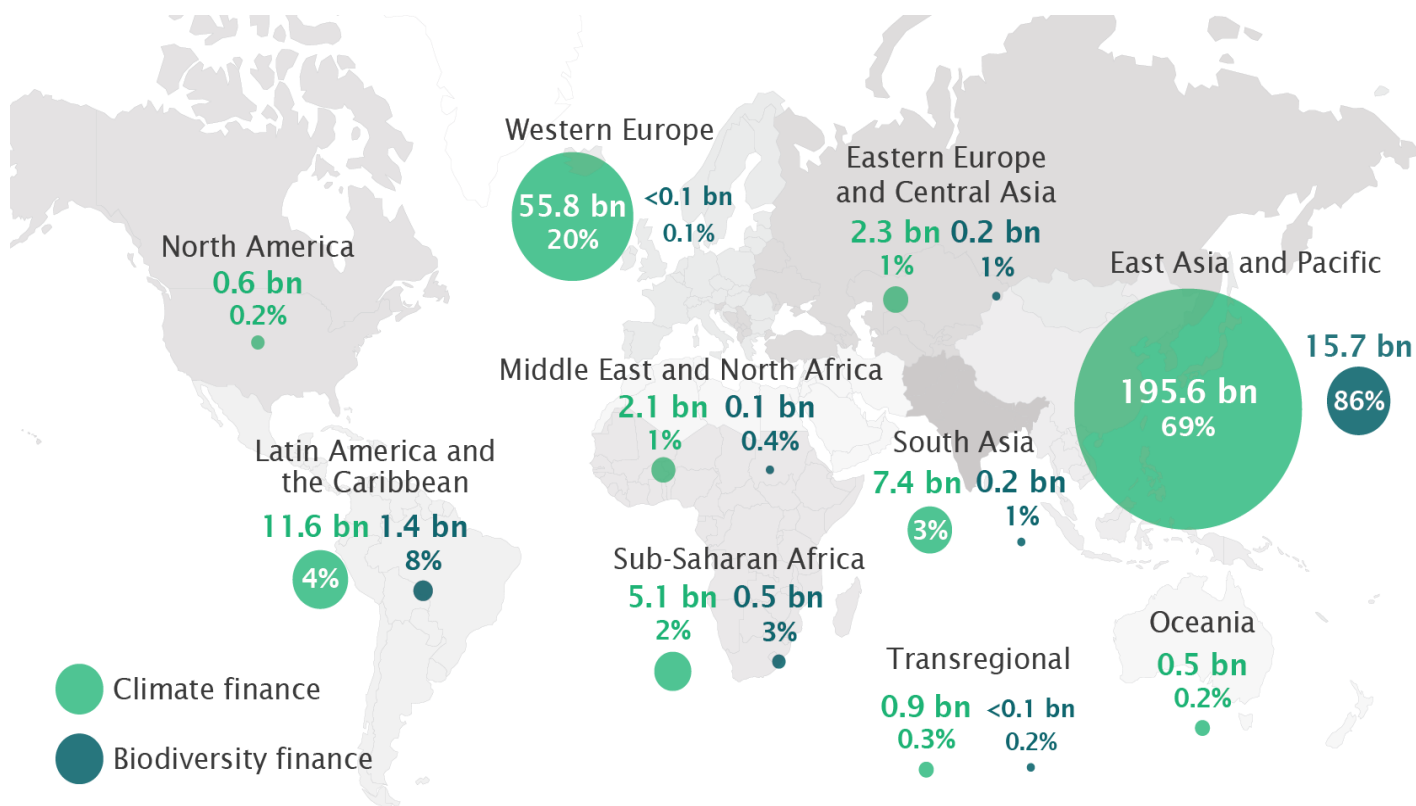
Following the Common Principles, uncertainty is overcome via the principle of conservativeness whereby it is preferred to under-report, rather than over-report, climate finance. In particular, adaptation commitments are expected to be conservative since adaptation-related activities are broadly context-specific and institutions are not always able to identify relevant projects consistently. Dedicated efforts to strengthen institutional capacity on tracking green finance are underway via a 3-year IDFC capacity building initiative facilitated by the IDFC Climate Finance Facility.

For the third year, the 2023 GFM tracks biodiversity finance as a separate category from other environmental finance. IDFC members could report on biodiversity finance at the project- or aggregate-level. Only 7 members have consistently reported biodiversity finance since tracking began in 2021

Figure 4: Biodiversity finance commitments in 2022 by source of finance (OECD/non-OECD) and end use (\$billion)



Figure 5: Regional distribution of climate and biodiversity finance in 2022



#### 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 finance and climate finance therein. 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](http://www.idfc.org). This year's green mapping report was prepared with the support of Climate Policy Initiative ([www.climatepolicyinitiative.org](http://www.climatepolicyinitiative.org))

#### IDFC MEMBERS

- Africa Finance Corporation (AFC)
- Agence Française de Développement (AFD)
- 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)*