### Fixing climate finance: the role of development finance institutions towards the 100 billion USD per year objective

**December 4th 2023, 4:00-6:00 PM**

120 minutes

| Name of the organization and contact details | Proparco, from the Agence Française de Développement (AFD) group  
Fabio Menten  
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| --- | --- |
| Co-organizers | IDFC members: the German Investment Corporation (DEG) from the KfW group, the Banco Nacional de Desenvolvimento Econômico e Social (BNDES).  
External partners: African Export-Import Bank (Afreximbank), British International Investment (BII), Dutch Entrepreneurial Development Bank (FMO), the International Institute for Environment and Development (IIED), and the Organisation for Economic Co-operation and Development (OECD). |
| Description of objective, content and expected outcomes of the session | At COP15 in Copenhagen in 2009, developed countries committed to a goal of mobilising collectively USD 100 billion per year by 2020 to address the needs of developing countries. This goal was formalized at COP16 in Cancun (2010). At COP21 in Paris (2015), the USD 100 billion target was extended to 2025.  
In 2015, the Paris Agreement also reaffirmed that developed countries should take the lead in providing financial assistance to countries that are less endowed and more vulnerable, aiming to achieve a balance between adaptation and mitigation (Article 9)¹.  
However, the latest 2023 OECD analysis shows, even if there is a substantive increase in levels of climate finance provided and mobilised compared to 2021, the 100 billion dollar target has not yet been reached. Indeed, a total of USD 89.6 billion was mobilised in 2021² (+7.6% increase over the previous year: total of USD 83.3 billion in 2020³), which was just over USD 10.4 billion short of the target. |

¹ UNFCC (2015), Paris Agreement,  
² OECD (2023), Climate Finance Provided and Mobilised by Developed Countries in 2013-2021: Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilised Private Finance, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris,  
https://doi.org/10.1787/e20d2bc7-en  
³ OECD (2022), Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris,  
https://doi.org/10.1787/286dae5d-en
Key takeaways from the 2023 OECD report include the following:

- **Most of climate finance in 2021 is provided by public institutions**, including both bilateral and multilateral entities (82%, or USD 73.1 billion). It almost doubled over the 2013-21 period, from USD 38 billion to USD 73.1 billion, and has increased consistently year on year since 2015.

- **Adaptation finance dropped by USD 4 billion (-14%) in 2021**, resulting in a decrease in its share of total climate finance from 34% to 27% (or USD 24.6 billion), while mitigation and cross-cutting finance increased by USD 5.1 billion (+11%) and USD 5.2 billion (+86%) respectively over the previous year.

- **Most public climate financing in 2021 consisted of loans** (68%, or USD 49.6 billion, including concessional and non-concessional loans) and, to a lesser extent, grants (28%, or USD 20.2 billion).

- **Mobilised private climate finance is still limited** amounted to USD 14.4 billion in 2021, or 16% of the total climate finance. This has been a central point of negotiations taking place at the COPs. Developing countries are urging for these objectives to be met and extended (also with the creation of a Loss and Damages fund) so that the developed world can fulfil their part of the differentiated shared responsibilities.

In addition, the manner developed nations are contributing to the 100 billion goal has been criticized by civil society. Research institutes also suggest to use innovative finance instruments such as parametric insurance, use of carbon markets, and KPI linked swaps for heavily indebted poor countries requiring substantial debt relief.

In this context, development banks, especially MDBs have been fundamental in establishing eligibility criteria for climate finance, and mobilising the financial flows necessary for respecting this commitment. The objective of this side event is to investigate how development finance institutions can better contribute to the operationalization of climate finance and increase its volume to meet NDCs climate finance needs.

<table>
<thead>
<tr>
<th>Run of show and Speakers</th>
<th>Moderator: Proparco – Fabio Menten, Senior Impact Officer</th>
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<tbody>
<tr>
<td>Panel participants:</td>
<td>Afreximbank – Edmund Bala-Bgogbo, ESG Officer and Senior Risk Manager</td>
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<td>BII – Nicola Mustetea, Head of Climate</td>
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</tbody>
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4 OECD (2023), Climate Finance Provided and Mobilised by Developed Countries in 2013-2021: Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilised Private Finance, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, [https://doi.org/10.1787/e20d2bc7-en](https://doi.org/10.1787/e20d2bc7-en)


BNDES – Claudia Prates, Head of Climate Transition Department  
DEG – Monika Beck, Managing Director  
FMO – Carrie Walczak, Senior Advisor, Sustainability Strategy & Policy  
IIED – Tom Mitchell, Executive Director  
OECD – Chiara Falduto, Policy Analyst, Finance for Climate Action  
Proparco – Guillaume Barberousse, Director Sustainable Development

Agenda (120 min – see the detail in the tab below):
1. Introduction
2. DFI presentations
3. Roundtable / debates
4. Conclusion
5. Questions and answers

<table>
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<tr>
<th>Part</th>
<th>Duration (min)</th>
<th>Topic</th>
<th>Speakers</th>
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<tr>
<td>Part 1 – Introduction</td>
<td>20 min</td>
<td>OECD and IIED present the context of the 100 billion USD goal, the status, latest data and the implications on COP negotiations</td>
<td>OECD, IIED</td>
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<td>Part 2 – DFI presentations</td>
<td>20 min</td>
<td>3-min presentation from each DFI focusing on their climate finance objectives, strategies and action plans</td>
<td>Afreximbank, BII, BNDES, DEG, FMO, Proparco</td>
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<td>Part 3 – Roundtable / debates</td>
<td>20 min</td>
<td>Question 1 – Despite an increasing climate finance worldwide, emissions are still growing. Either what we call ‘climate mitigation finance’ does not induce emission reductions or the amounts are far from being enough. What do we know about effectiveness of climate mitigation finance so far?</td>
<td>All</td>
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<td>10 min</td>
<td>Question 2 – What are the barriers to financing the most effective mitigation activities (e.g., nature-based solutions such as afforestation/reforestation, early retirement of highly emitting infrastructures, etc.)?</td>
<td>All</td>
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<td>10 min</td>
<td>Question 3 – What are the barriers for financing adaptation in the private sector?</td>
<td>All</td>
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<td>20 min</td>
<td>Question 4 – What other innovative financing instruments are available to boost climate finance, especially in climate-</td>
<td>IIED and then all speakers</td>
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<td>Part 4 – Conclusion</td>
<td>10 min</td>
<td>Concluding statements and wrap-up</td>
<td>Proparco</td>
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<td>Part 5 – Questions and Answers</td>
<td>10 min</td>
<td>Questions and answers</td>
<td>All</td>
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**Deliverable**

- Detailed minutes

**Support seek from the Climate Facility**

- Technical Organization
- Please describe

- Technical support on site.
- Hybrid event where some participants may be present virtually.