CLIMATE FINANCE AND THE USD 100 BILLION GOAL

OECD measurement and analysis of progress

Presentation outline

- Context
- Coverage of the OECD's latest climate finance report
- Headline results

OECD (2020), Climate Finance Provided and Mobilised by Developed Countries in 2013-18, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Context: the USD 100 billion goal and its accounting

COP16 - Decision 1/CP.16

“*developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to* ***a goal of mobilizing jointly USD 100 billion per year by 2020*** *to address the needs of developing countries*

(…)

funds provided to developing country Parties ***may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources***;”

COP24

Agreed modalities for the accounting of financial resources provided and mobilized through public interventions:

- **Sources**: Bilateral, regional and other channels, multilateral channels, mobilized through public interventions
- **Instruments**: grant, concessional and non-concessional loan, equity, guarantee, insurance, other

The OECD only accounts for climate finance that developed countries provide or mobilise

IN ✓

- Developed countries' bilateral public climate finance
- Multilateral public climate finance attributable to developed countries
- Developed countries' climate-related export credits
- Private climate finance mobilised by and attributed to developed countries' public climate finance interventions

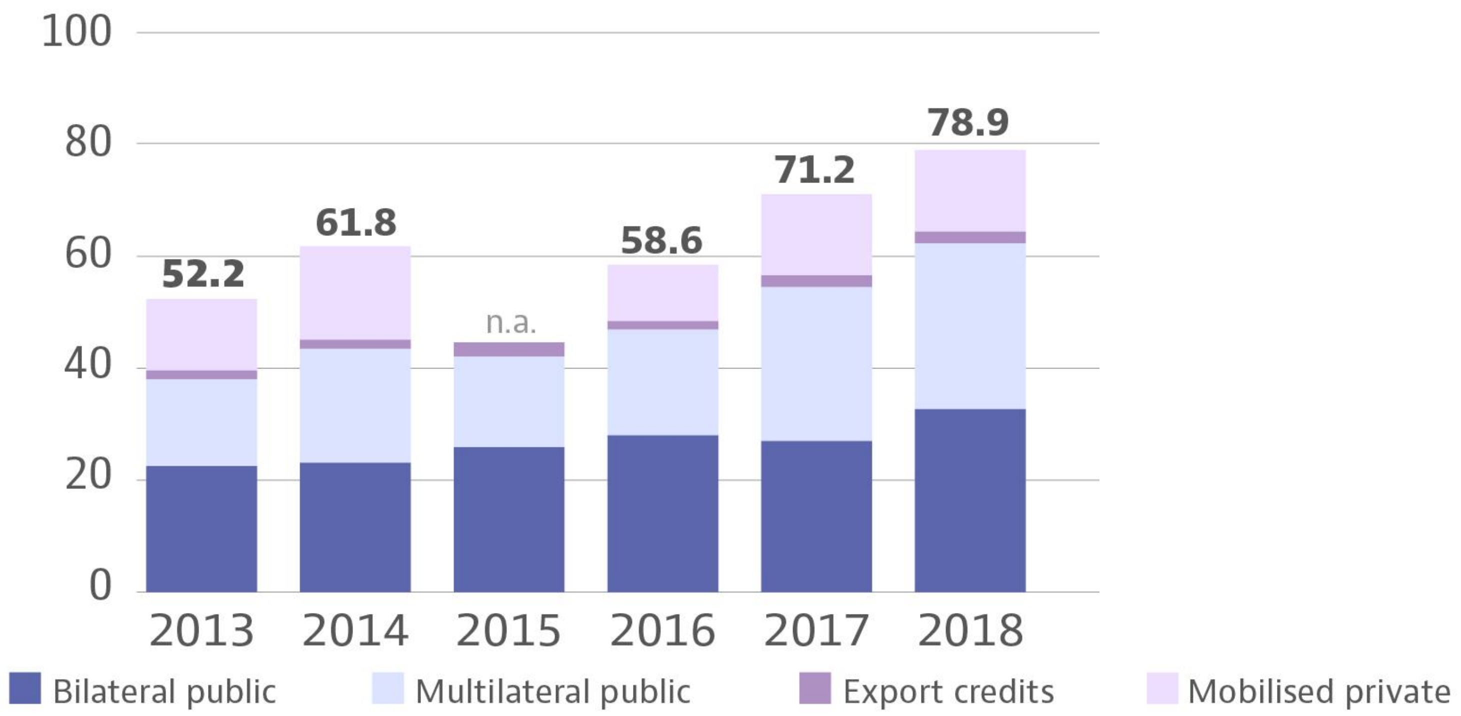
OUT ✗

- Developing countries' domestic public and South-South public climate finance
- Multilateral public climate finance attributable to developing countries
- Private finance mobilised by developing countries' public climate finance interventions
- Private finance in the absence of developed countries' public climate finance interventions
- Coal financing

Climate finance provided and mobilised by developed countries for developing countries (USD billion)

Aggregate trends:

- Total: +11% in 2018 versus + 22% in 2017
- Growth driven by public climate finance
- Mobilised private climate finance plateaued in 2018
- Climate-related export credits remain small



The gap in the private finance time series in 2015 is due to the implementation of enhanced measurement methodologies. As a result, private flows for 2016-18 cannot be directly compared with private flows for 2013-14.

A 13% annual average increase required in 2019 and 2020 to meet the goal

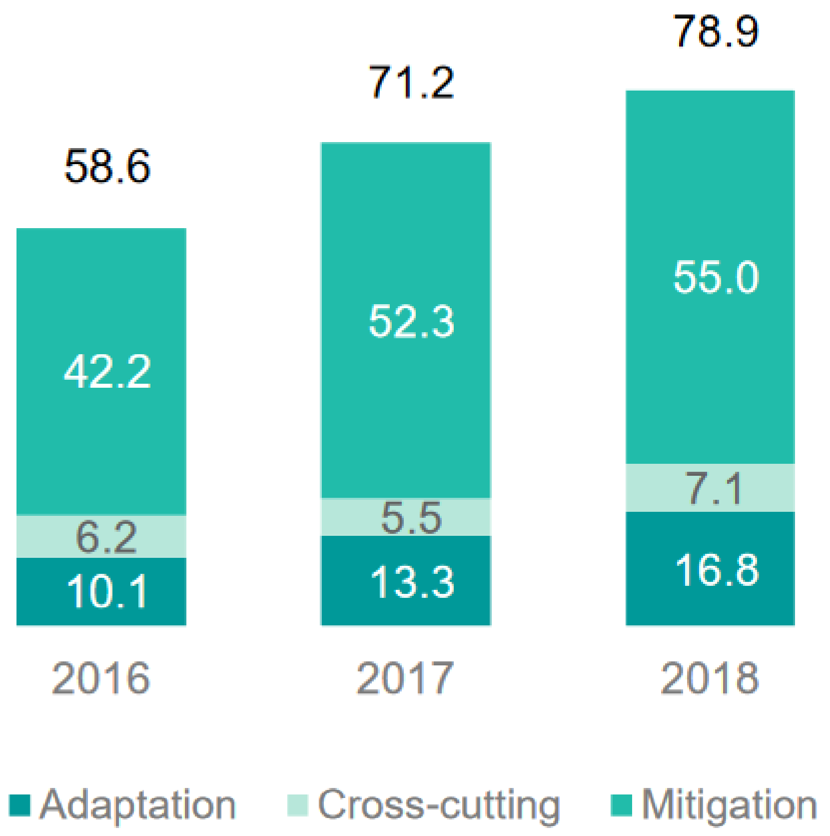
Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Mitigation continues to represent the over 2/3 of **total climate finance provided and mobilised**

Mitigation and adaptation finance each followed an increasing trend

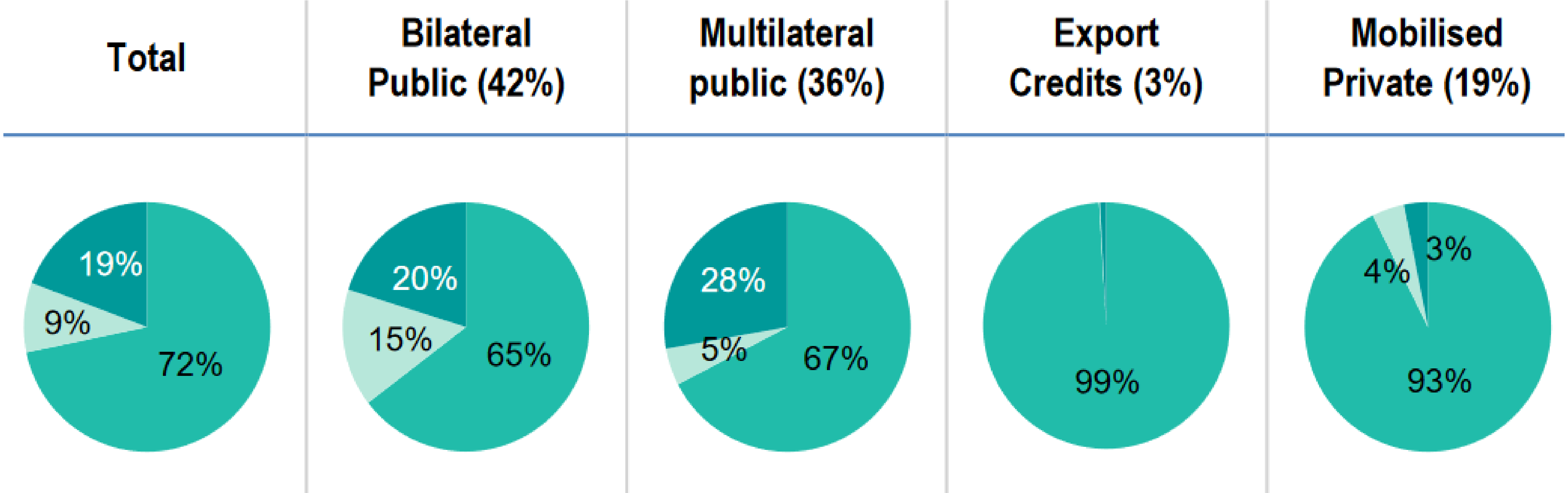
- Finance for adaptation grew by 29% per year on average to reach USD 16.8 billion in 2018,
- Finance for mitigation grew by 15% per year on average and more in absolute terms, reaching USD 55 billion in 2018.

In 2018, mitigation represented 70%, adaptation 21%, cross-cutting the rest.



Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

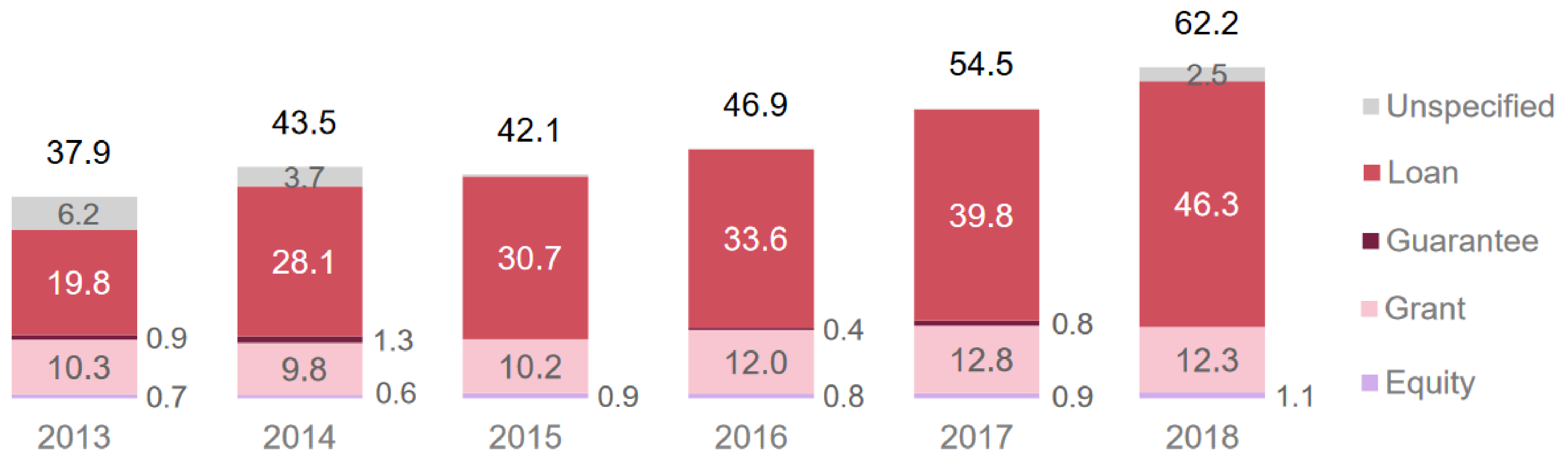
Climate focus differs per funding source (2016-2018)



- The combined share of adaptation and cross-cutting reaches 1/3 of public climate finance
- Mobilised private finance and export credits almost exclusively benefit mitigation

Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Loans represent an increasing proportion of **public climate finance** (USD billion)



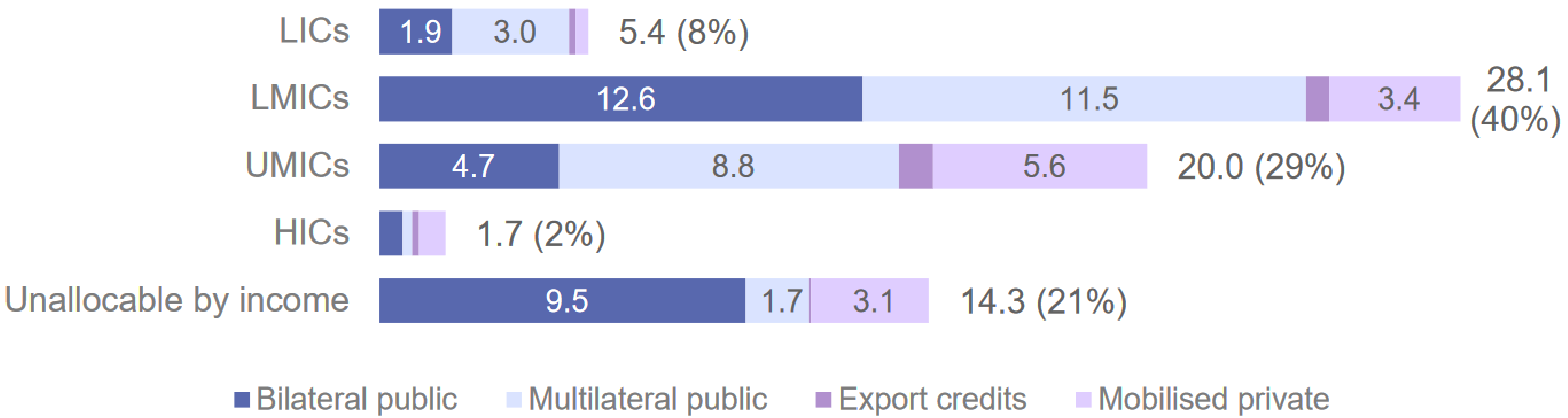
Between 2013 and 2018, the share of loans in public finance provided grew from 52% to 74%, while the share of grants decreased from 27% to 20%:

- Loans more than doubled from USD19.8 billion in 2013 to USD 46.3 billion in 2018.
- Grants fluctuated around USD 10 billion per year in 2013-15 and around USD 12 billion in 2016-18.
- Equity investments remain marginal, accounting for 2% of public climate finance

Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Middle income countries benefited from over 2/3 of **total climate finance provided and mobilised** in 2016-18

Climate finance provided and mobilised (2016-18 average, USD billion)

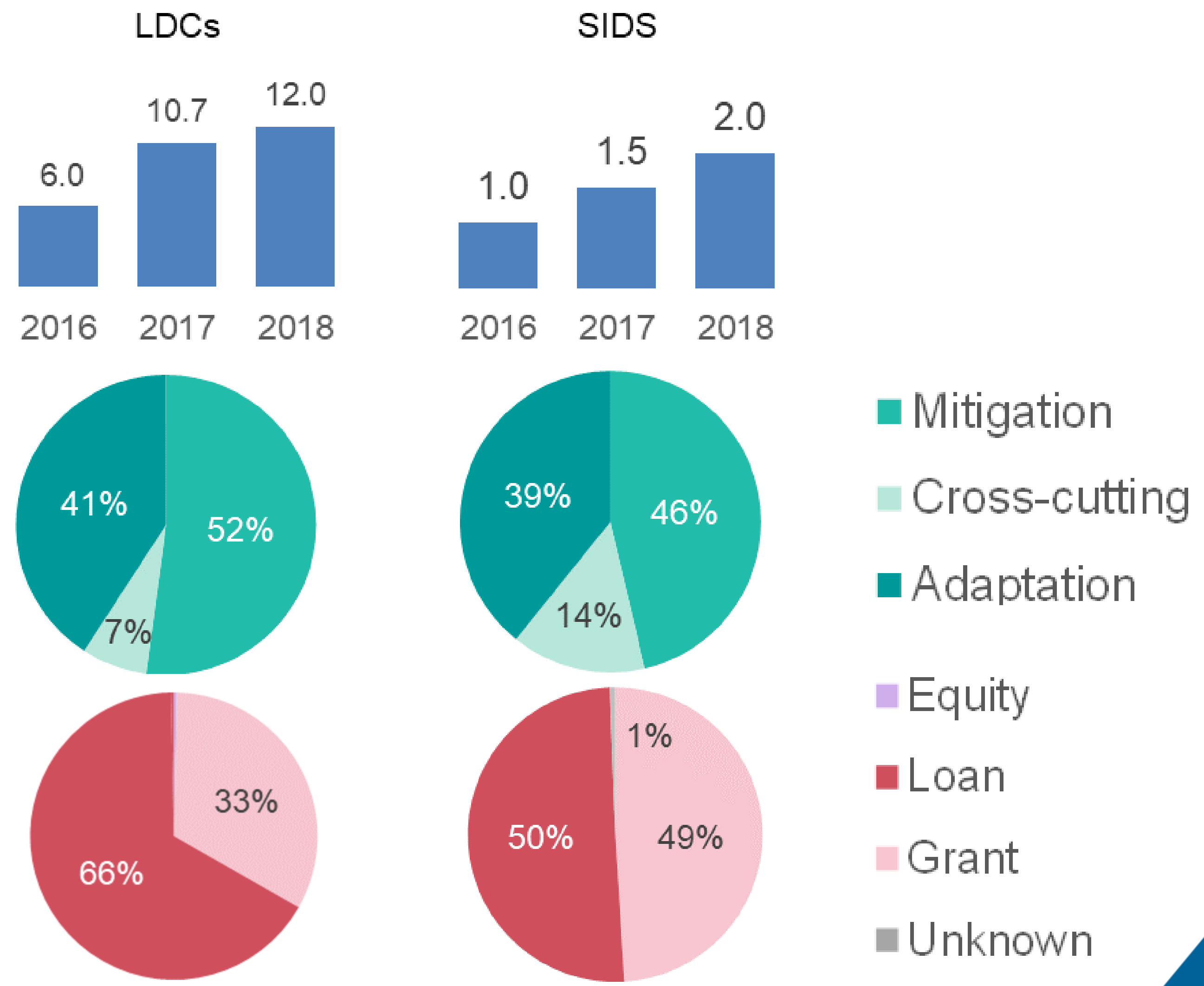


- A very small share of mobilised private climate finance went to low-income countries
- A large share of bilateral public climate finance is reported as targetting mutliple countries

Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Climate finance for Small Island Developing States and Least Developed Countries grew strongly (2016-2018)

LDCs and SIDS accounted for 14% and 2% of total climate finance provided and mobilised (USD billion)



The share of adaptation and grants for both LDCs and SIDS is higher than for all developing countries on average

Source: OECD (2020), *Climate Finance Provided and Mobilised by Developed Countries in 2013-18*, OECD Publishing, Paris, https://doi.org/10.1787/f0773d55-en.

Thank you!
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http://oe.cd/cf-2013-18

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