Climate Finance Provided and Mobilised by Developed Countries in 2013-18

Key Highlights

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Key highlights

This report presents annual volumes for 2013-18 of climate finance provided and mobilised by developed countries for developing countries in the context of UNFCCC processes. It adds figures for 2018 to those already published by the OECD for earlier years based on the same accounting framework. This framework is consistent with the outcome of the UNFCCC COP24 on funding sources and financial instruments for the accounting of finance provided and mobilised through public interventions.

The analysis is based on four distinct components: developed countries' bilateral public climate finance, multilateral public climate finance attributed to developed countries, climate-related officially-supported export credits extended by developed countries, and private climate finance mobilised by and attributed to developed countries public finance interventions. As such, the figures presented here do not capture all finance for climate action in developing countries. They notably exclude domestic and South-South public climate finance, multilateral climate finance attributable to developing countries, as well as private finance invested in the absence of developed countries' public finance interventions.

The year-on-year time series is consistent from 2013 to 2018 for bilateral and multilateral public climate finance as well as for export credits. Therefore, for these three components, the report presents analyses over 2013-18. In contrast, figures for mobilised private climate finance from 2016 onwards are not directly comparable with those for 2013-14 due to the implementation of enhanced measurement methods and a resulting gap in the time series in 2015. As a result, analyses of total climate finance provided and mobilised by developed countries, and of the mobilised private climate finance component focus on 2016-18.

Aggregate trends

- Total climate finance provided and mobilised by developed countries for developing countries reached USD 78.9 billion in 2018, up by 11% from USD 71.2 billion in 2017. This represents a slower growth rate than the 22% rise from 2016 (USD 58.6 billion) to 2017.
- Within this total, public climate finance provided by developed countries increased from USD 37.9 billion in 2013 to USD 62.2 billion in 2018, excluding climate-related officially-supported export credits. This rises to USD 64.3 billion in 2018 when including export credits.
    - Bilateral public climate finance reached USD 32.7 billion in 2018, accounting for the largest share of the 2018 total. This represents a rise of USD 5.7 billion (+21%) from 2017. Since 2013, this component has increased on average by USD 2 billion per year.
    - Multilateral public climate finance attributed to developed countries totalled USD 29.6 billion in 2018. This figure is USD 2.1 billion more (+8%) than in 2017. Since 2013, this component has increased on average by USD 2.8 billion per year.
    - Officially-supported export credits remained a small component, amounting to USD 2.1 billion in 2018. The annual average level over 2013-18 was USD 1.9 billion.
- Private climate finance mobilised attributed to developed countries stabilised at USD 14.6 billion in 2018. This is USD 0.1 billion more than in 2017, when it reached USD 14.5 billion after growing from USD 10.1 billion in 2016. The annual average increase over 2016-18 was USD 2.2 billion.

Table 1. Climate finance provided and mobilised by developed countries (2013-18, USD billion)

	2013	2014	2015	2016	2017	2018
Bilateral public climate finance (1)	22.5	23.1	25.9	28.0	27.0	32.7
Multilateral public climate finance attributable to developed countries (2)	15.5	20.4	16.2	18.9	27.5	29.6
Subtotal (1+2)	**37.9**	**43.5**	**42.1**	**46.9**	**54.5**	**62.2**
Climate-related officially-supported export credits (3)	1.6	1.6	2.5	1.5	2.1	2.1
Subtotal (1+2+3)	**39.5**	**45.1**	**44.6**	**48.5**	**56.7**	**64.3**
Private climate finance mobilised (4)	12.8	16.7	N/A	10.1	14.5	14.6
By bilateral public climate finance	6.5	8.1	N/A	5.0	3.7	3.8
By multilateral public climate finance attributable to developed countries	6.2	8.6	N/A	5.1	10.8	10.8
Grand Total (1+2+3+4)	**52.2**	**61.8**	**N/A**	**58.6**	**71.2**	**78.9**

Note: The sum of components may not add up to totals due to rounding. The gap in time series in 2015 for mobilised private finance results from the implementation of enhanced measurement methods. As a result, grand totals in 2016-18 and in 2013-14 are not directly comparable.
Source: based on Biennial Reports to the UNFCCC, OECD Development Assistance Committee statistics, OECD Export Credit Group statistics, as well as complementary reporting to the OECD.

Breakdowns by climate focus, instrument, and sector

- Over 2016-18, total mitigation and adaptation finance provided and mobilised by developed countries each followed an increasing trend. Finance for adaptation grew by 29% per year on average to reach USD 16.8 billion in 2018, while finance for mitigation grew by 15% per year on average and more in absolute terms, reaching USD 55 billion in 2018. Mitigation continues to represent over two-thirds (70%) of the 2018 total, adaptation 21%, and cross-cutting the remainder.
- In terms of the financial instruments that underpin public climate finance provided by developed countries (both bilaterally and via multilateral institutions), loans more than doubled from USD 19.8 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. As a result, between 2013 and 2018, the share of loans in total public finance provided grew from 52% to 74%, while the share of grants decreased from 27% to 20%. Equity investments increased from USD 0.7 billion in 2013 to USD 1.1 billion in 2018, accounting for 2% of public climate finance.
- The largest share of total climate finance provided and mobilised over 2016-18 was for energy (34%), followed by transport and storage (14%), agriculture, forestry and fishing (9%) and water and sanitation (7%). Mitigation finance dominated the energy and transport sectors. The share of adaptation finance was most prominent in the water and sanitation, and agriculture sectors.

Geographic breakdown

- Over 2016-18, Asia benefitted from the largest share (43%) of total climate finance provided and mobilised by developed countries, followed by Africa (25%), the Americas (17%), non-EU/EEA Europe (4%) and Oceania (1%). The remainder (10%) was, at the point of reporting, unspecified or targeted multiple regions. At the sub-regional level, highly populated areas, such as South and East Asia or South America, were allocated the largest shares (18%, 13% and 12%, respectively).
- In 2016-18, 79% of total climate finance provided and mobilised by developed countries reported as allocated to individual countries, while 21% was reported at regional level or for multiple countries. Financing for Least Developed Countries (LDCs) and Small Island Developing States (SIDS) represented 14% and 2% of the total, respectively. In terms of distribution by income group, 69% was for middle-income countries (MICs), 8% for low-income countries (LICs) and 2% for a limited number of high-income countries (HICs) included in the geographical scope of this analysis.

- In terms of climate finance per capita, SIDS and other countries with a relatively small population were the highest recipients in 2016-18. Out of the top 25 per capita recipients, 21 were SIDS. The other four have a population of less than 10 million. Regions and sub-regions with a relatively small population, including Oceania, non-EU/EEA Europe, and Central Asia benefitted from over USD 20 per capita, as did Northern Africa and South America. Highly populated sub-regions, such as East and South Asia, West and Central Africa, benefitted from less than USD 10 per capita.
- The focus of climate finance in LICs differs substantially than for developing countries on average, with adaptation, grant financing, the water and sanitation and agriculture sectors, all representing higher shares of climate finance provided and mobilised in 2016-18. In contrast, mitigation activities, the energy and transport sectors, loans and private finance mobilised, all represented higher shares for MICs than for all developing countries on average.

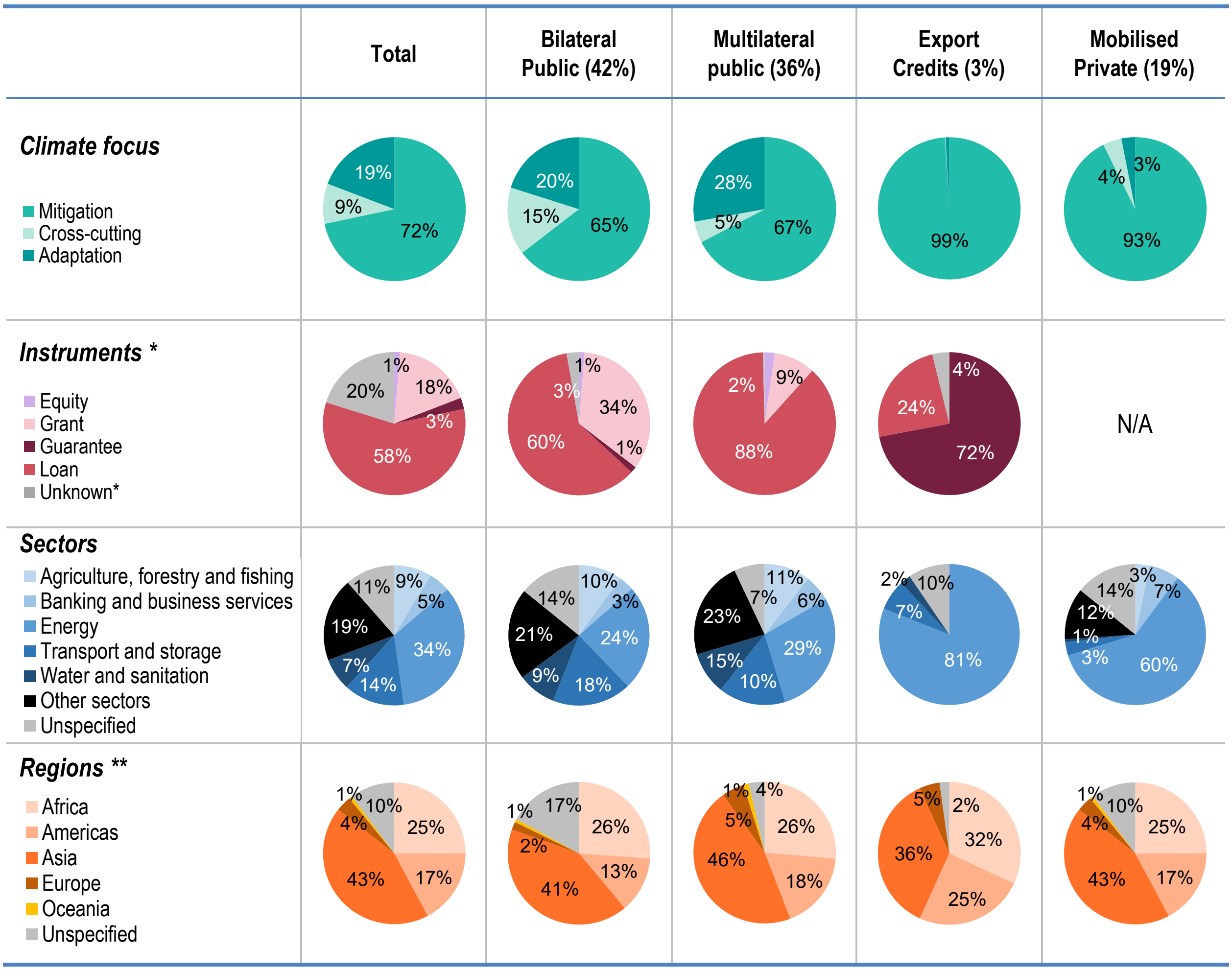
Characteristics of private climate finance mobilised

- Private climate finance mobilised by developed countries during 2016-18 focused almost only on climate mitigation (93%), targeted mainly the energy sector (60% of the total) and mainly benefitted MICs (69%). In contrast, adaptation, the agriculture sector and LICs accounted for much lower shares. Asia (44%), the Americas (25%) and Africa (17%) were the main beneficiary regions.
- During 2016-18, developed countries mobilised private climate finance mainly through direct investment in companies or project finance special purpose vehicles (SPVs), guarantees and syndicated loans:
  - Private climate finance mobilised via guarantees and syndicated loans grew in absolute and relative terms over the three years to reach 31% (USD 4.5 billion) and 19% (USD 2.8 billion) respectively of the USD 14.6 billion total in 2018.
  - Mobilisation through direct investment in companies or SPVs declined in absolute and relative terms over the three years but remained the largest mobilisation mechanism in 2018 (USD 4.8 billion; 33% of the total).
  - Credit lines (USD 0.9 billion in 2018), investments in funds (USD 0.8 billion), and simple co-financing arrangements (USD 0.8 billion) accounted, together, for just under 20% of mobilised private climate finance in each year.

Data and methodological considerations

- The availability and quality of data have improved over time. However, a number of challenges remain to further improve data quality and accessibility. For instance, country reporting of bilateral climate finance data to the UNFCCC in an improved machine-readable and harmonised format would limit errors and increase the efficiency of subsequent analytical processes.
- Comparability of data helps avoid double counting. Some standardisation can take place within each country's data collection processes and across institutions (e.g. Multilateral Development Banks). International statistical standards, such as those of the OECD Development Assistance Committee (DAC), however, play a crucial role in improving data comparability and consistency.
- Reporting climate finance at the level of individual activities maximises the quality and robustness of analyses, and helps build trust between recipient and provider countries. With this in mind:
  - Public climate finance providers, both bilateral and multilateral, could provide further transparency on the share of individual projects that they assess and report as being climate-relevant, so as to address potential concerns of over-reporting and facilitate third party reviews.
  - Data providers and recipients could further collaborate to address confidentiality issues, particularly those relating to mobilised private finance, in a way that enables the international community to access information at the level of detail necessary to inform policy processes.

Infographic 1. Climate finance provided and mobilised by developed countries (2016-18, %)



* For financial instruments, "unknown" includes unspecified public finance as well as all mobilised private climate finance.
** Each of the regions only includes developing countries as defined in Annex 3 of this report.
Source: Based on Biennial Reports to the UNFCCC, OECD Development Assistance Committee statistics, OECD Export Credit Group statistics, as well as complementary reporting to the OECD.

LINKS

Full report available at:
http://oe.cd/cf-2013-18

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