PART II: INTERNATIONAL CLIMATE FINANCE TO SUPPORT DEVELOPING COUNTRY ACTION

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Doha Climate Change Conference
OECD Side Event, December 4, 2012
What is the nature of the financing gap?

Illustration - Infrastructure needs (annual, in USD trillion, global estimates)


CHALLENGES

• Scale-up sources of capital, public and private – to “build more”
• Shift sources to green, low-carbon and resilient -- to “build right”
What sources of climate finance matter?

Estimates of North-South finance flows to mitigation vs. total flows to emitting sectors (latest year estimates 2009-2010, billion USD)

- Private Flows: 39%
- Export Credits: 3%
- Multilateral Public: 35%
- Bilateral Public: 41-48%

Source: Adapted from Clapp et al., 2012.

- Mitigation represents a growing share of the total flows
- Private flows dominate, public flows catalyse private engagement
How much public international climate finance is flowing today?

Total bilateral climate change-related aid in 2010
(DAC bilateral commitments, USD billion, constant 2010 prices)

- **Upper bound (principal + significant objective):**
  - Mitigation only: 62%
  - Adaptation only: 22%
  - Activities marked both: 16%
  - Total: USD 22.6 billion

- **Lower bound (principal objective):**
  - Mitigation only: 77%
  - Adaptation only: 8%
  - Activities marked both: 15%
  - Total: USD 14.5 billion

Source: OECD DAC CRS System.
What do we know about the evolution of climate finance flowing as ODA?

**Mitigation-related bilateral aid**

**Source:** OECD DAC CRS System. **Trends in climate change mitigation-related aid – bilateral sources** (DAC bilateral commitments, USD billion, constant 2010 prices)
Who gives climate mitigation and adaptation finance flowing as ODA?

### MITIGATION
**Top 10 donor countries**

- Japan
- Germany
- France
- United Kingdom
- Norway
- EU Institutions
- United States
- Spain
- Australia
- Sweden

#### Grants

#### ODA loans

### ADAPTATION
**Top 10 donor countries**

- Japan
- United Kingdom
- Spain
- Netherlands
- EU Institutions
- Germany
- Sweden
- France
- Denmark
- Korea

#### Grants

#### ODA loans

*Source: OECD DAC CRS System; 2010 (bilateral commitments, USD million, constant 2010 price both principle and significant.*
Who receives climate mitigation and adaptation finance flowing as ODA?

### MITIGATION
Top 10 receiving developing countries

- India
- Egypt
- Indonesia
- Kenya
- China
- Brazil
- Vietnam
- Morocco
- Pakistan
- Tunisia

### ADAPTATION
Top 10 receiving developing countries

- Indonesia
- Iraq
- Kenya
- Vietnam
- Ethiopia
- Morocco
- Philippines
- Peru
- Bolivia
- India

Source: OECD DAC CRS System; 2010 (bilateral commitments, USD million, constant 2010 price both principle and significant).
How is climate finance flowing at regional and country level?

Aid for climate change adaptation in Africa in 2010 (USD million)

- Water and sanitation: 35% (bilateral commitments, USD million, percentage represents share of total aid flow to that sector)
- Agriculture & rural develop.: 21%
- Energy: 1%
- Industries manuf., industries extractives & construction: 2%
- Transport & storage: 0%

Meaning 35% of total aid to water and sanitation sector has climate change benefits

(bilateral commitments, USD million, percentage represents share of total aid flow to that sector)

Source: OECD DAC CRS System.
How to build trust through transparency and accountability?

Towards a comprehensive system of MRV to track long-term climate finance

Source: Buchner et al., 2011 Monitoring and Tracking Long-Term Finance to Support Climate Action
THANK YOU!

For more information:

www.oecd.org/env/cc/financing

Methods and data for climate change financing

www.oecd.org/dac/stats/rioconventions

The Climate Change Expert Group (CCXG)

www.oecd.org/env/cc/ccxg

The Busan Building Block for Climate Finance and Development Effectiveness

www.oecd.org/dac/climatefinance

www.climatefinance-developmenteffectiveness.org

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