Climate finance from developed to developing countries

Public flows in 2013-17

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Foreword

This report provides a 2013-2017 time series and trend of public climate finance provided by developed countries through bilateral and multilateral channels as well as in the form of export credits. The accounting and methodological framework is identical to the one used by the OECD in 2015 to produce estimates of total climate finance for the years 2013-14 (OECD, 2015). It is also consistent with the framework that underpinned the 2020 climate finance projections produced in 2016 (OECD, 2016), although these were based on pledges rather than data on past finance. As such, this report is transparent in its methodologies and rigorous in its assessment of the available data.

The 2015 estimates of total climate finance for 2013 and 2014 included mobilised private finance. This component could not be assessed for the years 2015-17 due to data constraints. It is foreseen that estimates of mobilised private finance will be produced in 2019. Previously-estimated mobilised private climate finance for 2013-14 are provided in this report for completeness.

This report was prepared by OECD staff members[1], in response to a request by developed countries to help them better understand climate finance trends. It is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries or any of the institutions referenced. Further, the report is without prejudice to the on-going negotiations under the United Nations Climate Change Conference (UNFCCC) towards the development of the transparency framework for support, including in particular the modalities for the accounting of financial resources provided and mobilised through public interventions.

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1 The main quantitative analysis and drafting was produced by Mariana Mirabile and Raphaël Jachnik from the Environment Directorate, with analytical input from Brilé Anderson (Environment Directorate) in relation to bilateral climate finance data, and from Guillaume Simon (Development Co-operation Directorate) in relation to multilateral climate data. Data on officially-supported export credits for renewable energy was compiled and provided by Michael Gonter (Trade and Agriculture Directorate). This note was produced under the supervision of Simon Buckle and Jane Ellis (Environment Directorate), and benefited from further comments by Haje Schütte, Jens Sedemund and Nicolina Lamhauge (Development Co-operation Directorate).

Contents

1. Key results

Aggregate trends in public climate finance

- Public climate finance from developed to developing countries increased from USD 37.9 billion in 2013 to USD 54.5 billion in 2017. Including climate-related officially-supported export credits brings this figure from USD 39.5 billion in 2013 to USD 56.7 billion in 2017. For both aggregates, this corresponds to a 44% increase.

- The 2017 figure is consistent with a linear pathway to the level of public climate finance from developed countries that the OECD has previously projected would be reached in 2020, i.e. USD 66.8 billion in 2020, excluding export credits.

- Over the period 2013-17, bilateral climate finance grew from USD 22.5 billion to USD 27.0 billion (a 20% increase), multilateral climate finance (attributable to developed countries) from USD 15.5 billion to USD 27.5 billion (a 77% increase), and climate-related export credits from USD 1.6 billion to USD 2.1 billion (a 31% increase).

- This overall trend reflects different patterns between bilateral and multilateral finance. In 2017, a slight fall in bilateral climate finance, after increases in both 2015 and 2016, is more than offset by a sharp rise of multilateral finance (attributable to developed countries).

- Mobilised private finance in 2013 and 2014 accounted for USD 12.8 and 16.7 billion, respectively. It is foreseen that an updated estimate for this component will be produced in 2019.

Table 1: Finance provided and mobilised by developed countries for climate action in developing countries (USD billion)

	2013	2014	2015	2016	2017
1. Bilateral public climate finance from developed countries	22.5	23.1	25.9	28.0	27.0
2. Multilateral public climate finance attributed to developed countries	15.5	20.4	16.2	18.9	27.5
Subtotal (1+2)	**37.9**	**43.5**	**42.1**	**46.9**	**54.5**
3. Officially-supported export credits (climate-related) from developed countries	1.6	1.6	2.5	1.5	2.1
Subtotal (1+2+3)	**39.5**	**45.1**	**44.6**	**48.5**	**56.7**
4. Private climate finance mobilised by developed countries	12.8	16.7	Forthcoming		
Total (1+2+3+4)	**52.2**	**61.8**			

Note: The sum of individual components may not add up to sub- and grand totals due to rounding.

Source: OECD analysis based on OECD DAC (2018 and forthcoming), OECD TAD (2018), UNFCCC (2018, 2016), supplementary country reporting to the OECD.

Thematic split

- In total, adaptation finance rose from USD 7.8 billion to USD 12.9 billion (a 65% increase), mitigation finance from USD 28.2 billion in 2013 to USD 38.9 billion in 2017 (a 38% increase), and finance for cross-cutting activities, which address both mitigation and adaptation, from USD 3.5 billion to USD 4.8 billion (a 37% increase).

- The thematic split of bilateral climate finance remained broadly stable: mitigation continues to represent two-thirds (USD 17.8 billion in 2017, up from USD 15.0 in 2013), and adaptation slightly more than 20% (USD 5.6 billion in 2017, up from USD 4.7 billion in 2013).

- The share of adaptation in multilateral climate finance increased from 20% (USD 3.1 billion) in 2013 to 27% (USD 7.4 billion) in 2017, while the share of mitigation decreased from 75% (USD 11.6 billion) to 69% (USD 19.0 billion).

- Cross-cutting activities were commonly implemented by bilateral providers across the period (USD 3.7 billion and 13% in 2017), less so by multilateral institutions (between 4% and 8% depending on the year).

- Climate-related export credits included in the estimates are almost exclusively provided for mitigation activities. Coverage beyond the renewable energy sector is, however, poor.

Instrument and regional splits

- Grant financing increased by 25% between 2013 and 2017, going from USD 10.3 billion to USD 12.8 billion, while loans doubled to reach USD 40.3 billion in 2017 compared to USD 20.0 billion in 2013. The majority of bilateral loans were concessional; the majority of multilateral loans were non-concessional (though with favourable conditions compared to markets').

- The relative mix of instruments was stable over the period. Grants represent over a third of bilateral and less than 10% of multilateral climate finance. Loans accounted for about 60% of bilateral and close to 90% of multilateral climate finance. The share of equity remains low: 1% of bilateral and 2% of multilateral portfolios respectively in 2017. Not all bilateral providers include such investments in their climate finance reporting.

- In 2017, compared to 2013, all regions received increasing amounts of public climate finance. Asia, followed by Africa and Latin America, received the largest shares of both bilateral and multilateral climate finance throughout the period (more than 80% taken jointly in any given year).

2. Estimates of climate finance

This report presents a time series for public climate finance provided by developed to developing countries for the period 2013-17. The accounting and methodological framework is identical to the one used by the OECD in 2015 to produce estimates for the years 2013-14 (OECD, 2015). It is also consistent with the framework that underpinned the 2020 climate finance projections produced in 2016 (OECD, 2016), although these were based on pledges rather than data on past finance.

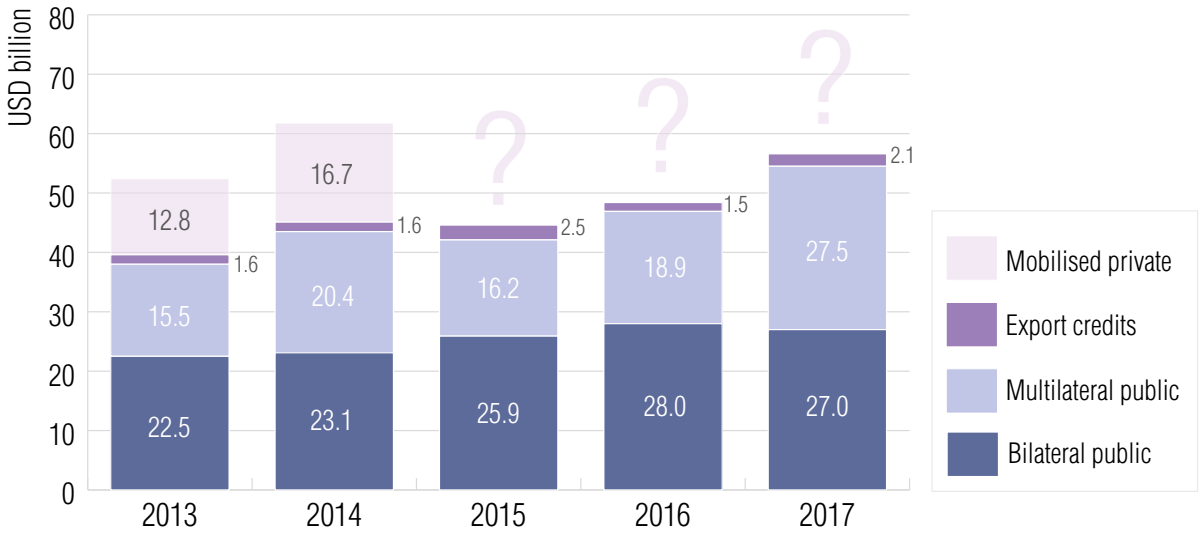
As detailed in Section 3, the estimated time series presented here includes three out of the four distinct climate finance components from the 2015 estimates: bilateral public finance, multilateral public finance and officially-supported export credits. The fourth component, private finance mobilised by developed countries' public interventions, which was estimated for 2013 and 2014, has not yet been estimated for 2015-2017. It is foreseen that estimates of mobilised private finance will be produced in 2019.

2.1 Aggregate estimates

Public climate finance from developed to developing countries increased by 44% from USD 37.9 billion in 2013 to USD 54.5 billion in 2017, USD 56.7 billion when including climate-related officially-supported export credits (Figure 1)[2]. The 2017 figure is consistent with a linear pathway to the level of public climate finance from developed countries that the OECD has previously projected would be reached in 2020, i.e. USD 66.8 billion in 2020, excluding export credits (OECD, 2016).

Climate finance provided through bilateral channels grew steadily year-on-year from USD 22.5 billion in 2013 to USD 28.0 billion in 2016 but dropped by USD 1 billion in 2017 to USD 27.0 billion. Multilateral climate finance attributable to developed countries (see Section 3.3) grew from USD 15.5 billion in 2013 to USD 27.5 billion in 2017, with a particularly noticeable increase of USD 8.6 billion in 2017. This increase took multilateral and overall developed countries' flows to developing countries to a level well above the range for 2013-16.

Figure 1: Finance provided and mobilised by developed countries for climate action in developing countries



Note: "Multilateral public" does not represent total outflows from multilateral institutions to developing countries but only the share attributable to developed countries. For the years 2015-17, mobilised private finance is not yet included. It is foreseen that estimates of mobilised private finance will be produced in 2019.

Source: 2017 bilateral: based on donor countries' advanced reporting to the OECD; 2015-16 bilateral: based on third Biennial Reports to the UNFCCC (2018), except for the United States (based on provisional data reported to the OECD); 2013-14 bilateral: OECD (2015). Multilateral: based on OECD DAC (2018 and forthcoming). Export credits: based on OECD TAD (2018) and countries' complementary reporting to the OECD.

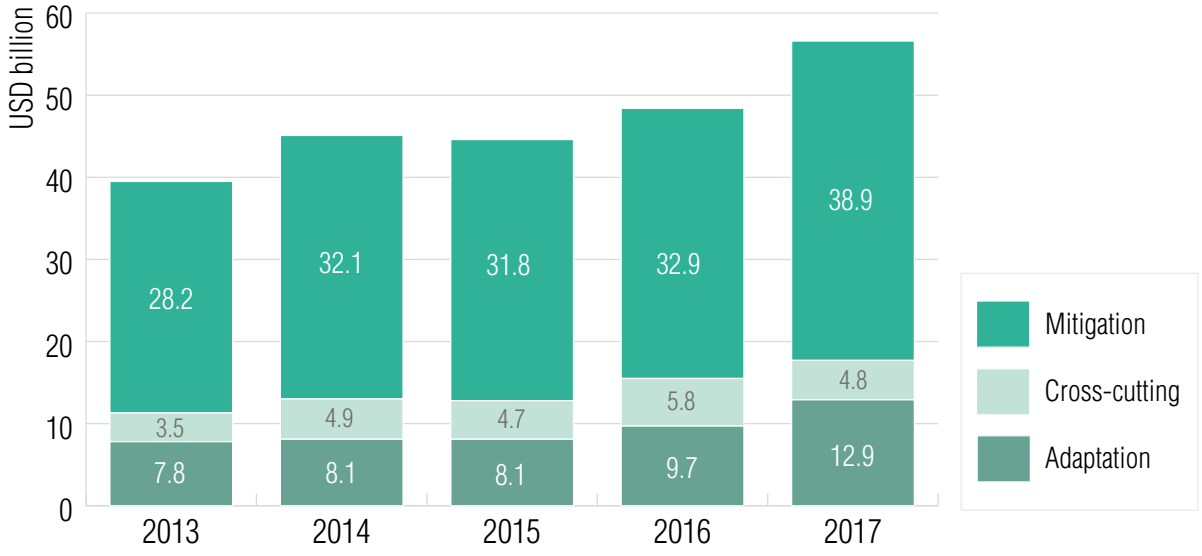
2 The aggregate estimates of climate finance in this report do not include finance related to coal projects. However, Australia, Japan and the United States consider financing for high-efficiency coal plants as a form of climate finance.

This report includes export credits extended by official agencies as a source of climate finance when provided in sectors and for activities relevant to climate change mitigation and adaptation. Climate-related export credits provided by developed countries' official export credit agencies increased from USD 1.6 billion in 2013 to USD 2.1 billion in 2017, although with year-on-year volatility. Volumes are the largest for provider countries exporting renewable energy technologies.

2.2 Thematic split

Figure 2 presents the thematic split of developed countries' climate finance (bilateral, multilateral and export credits combined). Finance for adaptation rose from USD 7.8 billion to USD 12.9 billion (a 65% increase), mitigation finance from USD 28.2 billion in 2013 to USD 38.9 billion in 2017 (a 38% increase), and finance for cross-cutting activities from USD 3.5 billion to USD 4.8 billion (a 37% increase). In 2017, this brings the respective shares of finance for mitigation, adaptation and cross-cutting activities to 69%, 23% and 8% of the total, respectively.

Figure 2: Thematic split of developed countries' climate finance: bilateral, multilateral (attributed to developed countries), and export credits combined

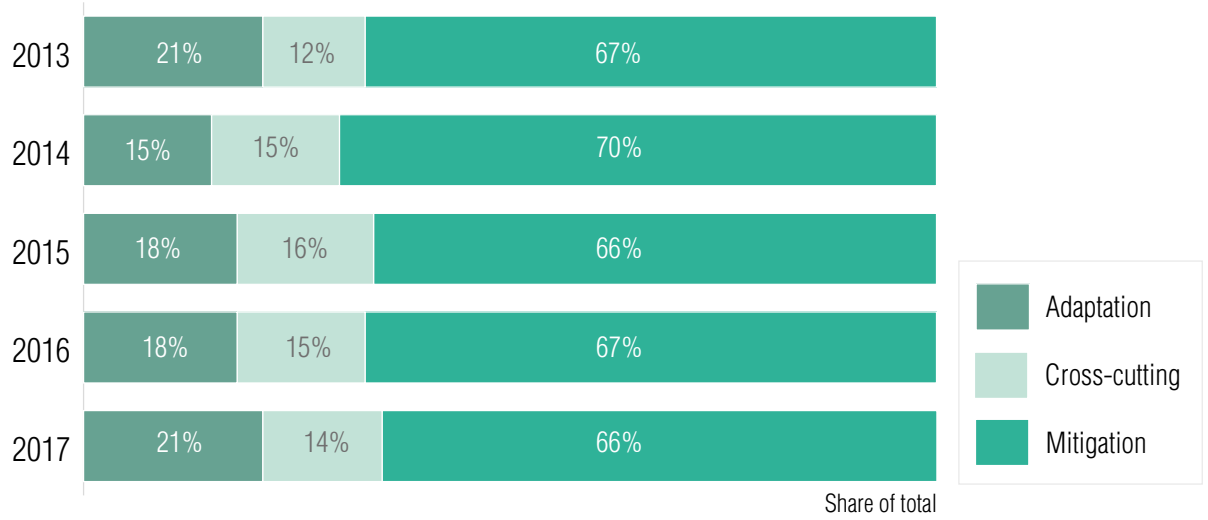


Note: "Cross-cutting" relates to projects with both mitigation and adaptation benefits or to climate finance that was not yet allocated to mitigation and/or adaptation at the point of reporting e.g. capacity-building grants, which the recipient will decide the use of.

Source: 2017 bilateral: based on donor countries' advanced reporting to the OECD; 2015-16 bilateral: based on third Biennial Reports to the UNFCCC (2018), except for the United States (based on provisional data reported to the OECD); 2013-14 bilateral: OECD (2015). Multilateral: based on OECD DAC (2018 and forthcoming). Export credits: based on OECD TAD (2018) and countries' complementary reporting to the OECD.

For bilateral finance, the thematic split remained broadly stable between 2013 and 2017 (Figure 3): mitigation continues to represent two-thirds (USD 17.8 billion in 2017 up from USD 15.0 in 2013), adaptation 21% (USD 5.6 billion in 2017 up from USD 4.7 billion in 2013) and cross-cutting 14% (USD 3.7 billion in 2017).

Figure 3: Thematic split of developed countries' bilateral climate finance

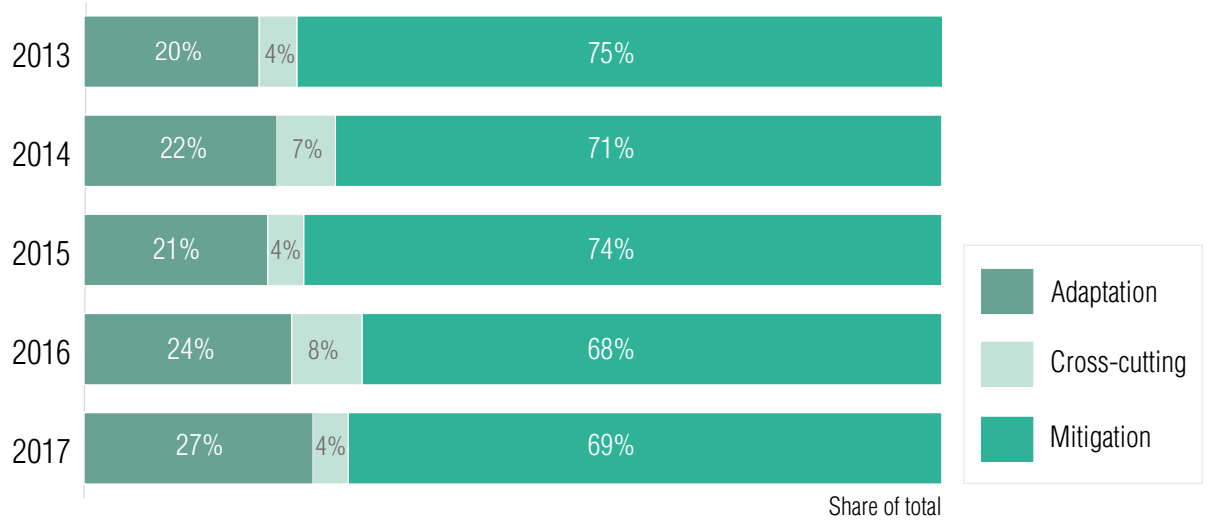


Note: "Cross-cutting" relates to projects with both mitigation and adaptation benefits or to climate finance that was not yet allocated to mitigation and/or adaptation at the point of reporting e.g. capacity building grants, which the recipient will decide the use of.

Source: 2017: based on donor countries' advanced reporting to the OECD; 2015-2016: based on Third Biennial Reports to the United Nations Framework Convention on Climate Change (UNFCCC, 2018), except for the United States (based on provisional data reported to the OECD). 2013-2014: OECD (2015).

The share of adaptation in multilateral climate finance increased from just over 20% (USD 3.1 billion) in 2013 to 27% (USD 7.4 billion) in 2017 (Figure 4). Consequently, the share of mitigation activities in multilateral climate finance dropped slightly but still represents close to 70% (USD 19.0 billion) in 2017, compared to 75% (USD 11.6 billion) in 2013. Cross-cutting activities remain rarely implemented by multilateral providers (4% of the total in 2017). The fact that adaptation represents less than 30% of bilateral and multilateral climate finance reflects the nature of climate project pipelines. But it is also in part due to differences in accounting for mitigation and adaptation finance (see Sections 3.2 and 3.3).

Figure 4: Thematic split of multilateral climate finance (attributed to developed countries)



Note: "Cross-cutting" relates to projects with both mitigation and adaptation benefits or to climate finance that was not yet allocated to mitigation and/or adaptation at the point of reporting e.g. capacity building grants, which the recipient will decide the use of.

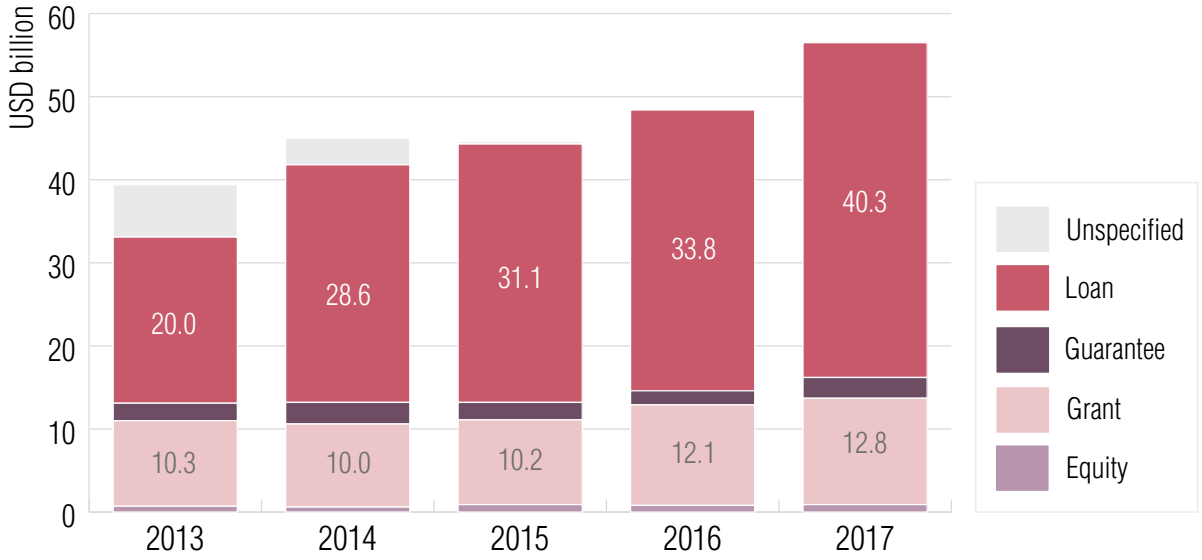
Source: OECD DAC (2018 and forthcoming)

Most export credit providers are currently unable to report climate-related projects beyond renewable energy. Thus, of the volumes of climate-related export credits tracked and included here for the period 2013-17, more than 99% were provided to climate mitigation activities, with the vast majority to renewable energy projects and technologies. Only a few climate-related projects were identified in the transport, water and agriculture sectors. As outlined in Section 3.4, the near- absence of adaptation-related export credits may be in part be explained by the nature of export credits but likely even more by the current scope of tracking. Work is underway in the OECD Export Credit Working Group to expand the scope of climate-related export credit reporting.

2.3 Financial instruments

Grant financing increased by 25% between 2013 and 2017, going from USD 10.3 billion to USD 12.8 billion (Figure 5). Over the same period, loans (both concessional and non-concessional) doubled, reaching USD 40.3 billion in 2017 compared to USD 20.0 billion in 2013. The volumes of equity investments and guarantees remained relatively stable (USD 0.9 billion and USD 2.5 billion in 2017 respectively). For guarantees, only export credit guarantees are included in the estimates presented, except for United States data, which also includes developmental guarantees. For other bilateral providers as well as multilateral institutions, developmental guarantees are, instead, accounted for under the "mobilised private finance" component for their mobilisation effect. In order not to be counted twice, the value of the United States' developmental guarantees is excluded from estimates of private finance mobilised.

Figure 5: Instrument split of developed countries' climate finance: bilateral, multilateral (attributed to developed countries), and export credits combined

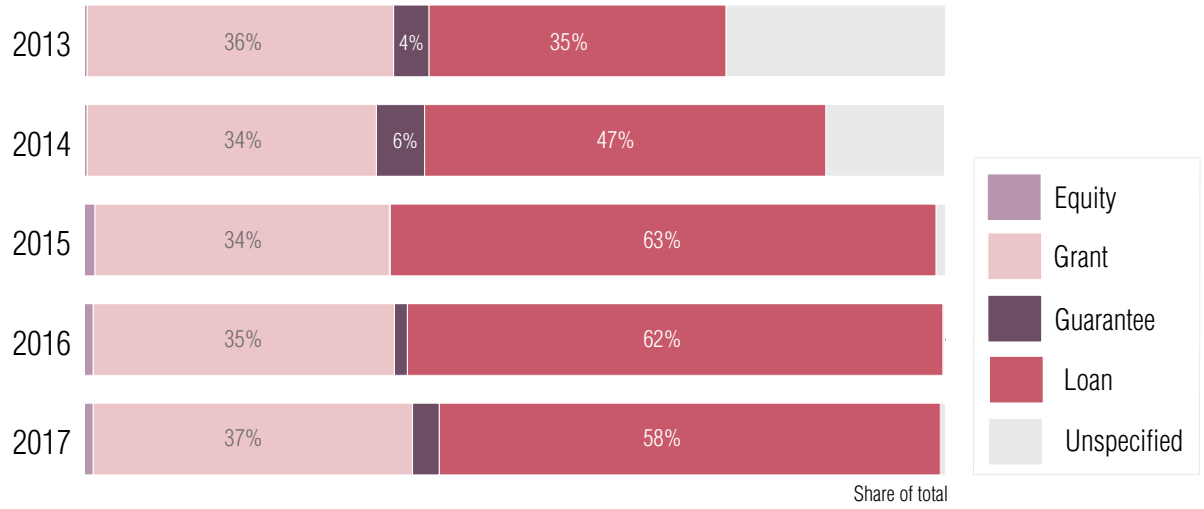


Note: Equity includes project- and fund-level investments. Grants include project- and programme-level grants. Loans include individual loans and credit lines, both concessional and non-concessional, as well as export credit loans. Only export credit guarantees are included except for United Statesdata, which also includes developmental guarantees, accounted for at full exposure value: USD 0.91 billion in 2013, USD 1.27 billion in 2014, USD 0.03 billion in 2015, USD 0.43 billion in 2016 and USD 0.84 billion in 2017. For other bilateral providers and multilateral institutions, developmental guarantees are, instead, accounted for their mobilisation effect on private finance.

Source: 2017 bilateral: based on donor countries' advanced reporting to the OECD; 2015-16 bilateral: based on third Biennial Reports to the UNFCCC (2018), except for the United States (based on provisional data reported to the OECD); 2013-14 bilateral: OECD (2015). Multilateral: based on OECD DAC (2018 and forthcoming). Export credits: based on OECD TAD (2018) and countries' complementary reporting to the OECD.

The relative mix of instruments was stable over the period. Grants represented over a third of bilateral and slightly less than 10% of multilateral climate finance (Figure 6 and Figure 7). Loans accounted for about 60% of bilateral and close to 90% of multilateral finance. The majority of bilateral loans were concessional; the majority of multilateral loans were non-concessional (though with favourable conditions compared to markets'). Equity investments remain a very small portion of the total. On the bilateral side, this is partly because not all countries include this type of instrument in their bilateral climate finance reporting to the UNFCCC.

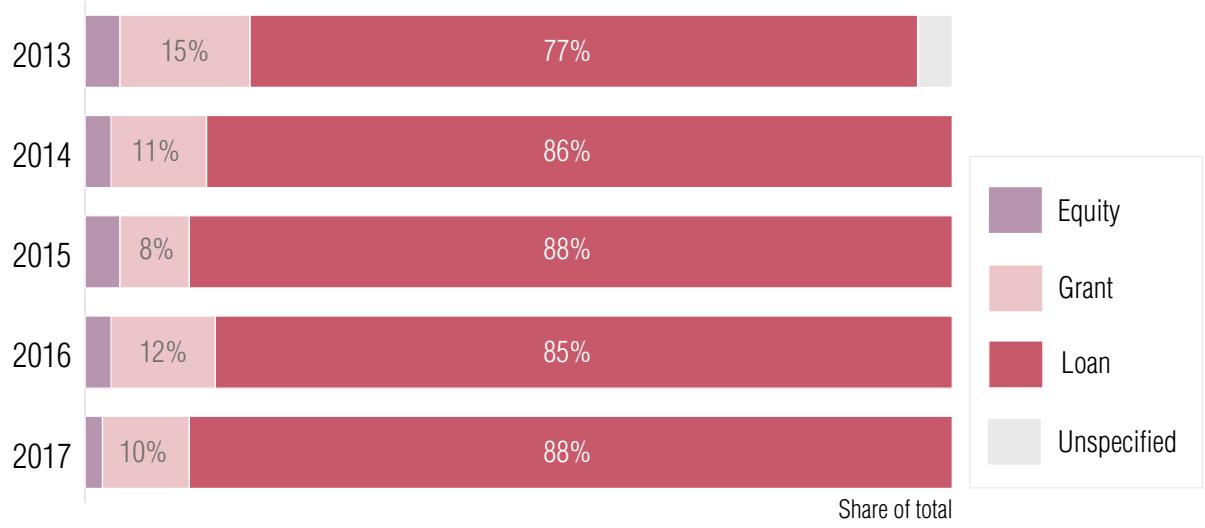
Figure 6: Developed countries' bilateral public climate finance per instrument



Note: Equity includes project- and fund-level investments. Grant includes project- and programme-level grants. Loan includes individual loans and credit lines, both concessional and non-concessional. Guarantees included relate exclusively to United States' developmental guarantees, accounted for at full exposure. For other bilateral providers, developmental guarantees are, instead, accounted for their mobilisation effect on private finance. Where included in datasets submitted by countries, export credits were excluded and are accounted for separately.

Source: 2017: based on donor countries' advanced reporting to the OECD; 2015-2016: based on Third Biennial Reports to the United Nations Framework Convention on Climate Change (UNFCCC, 2018), except for the United States (based on provisional data reported to the OECD). 2013-2014: OECD (2015).

Figure 7: Multilateral public climate finance (attributed to developed countries) per instrument

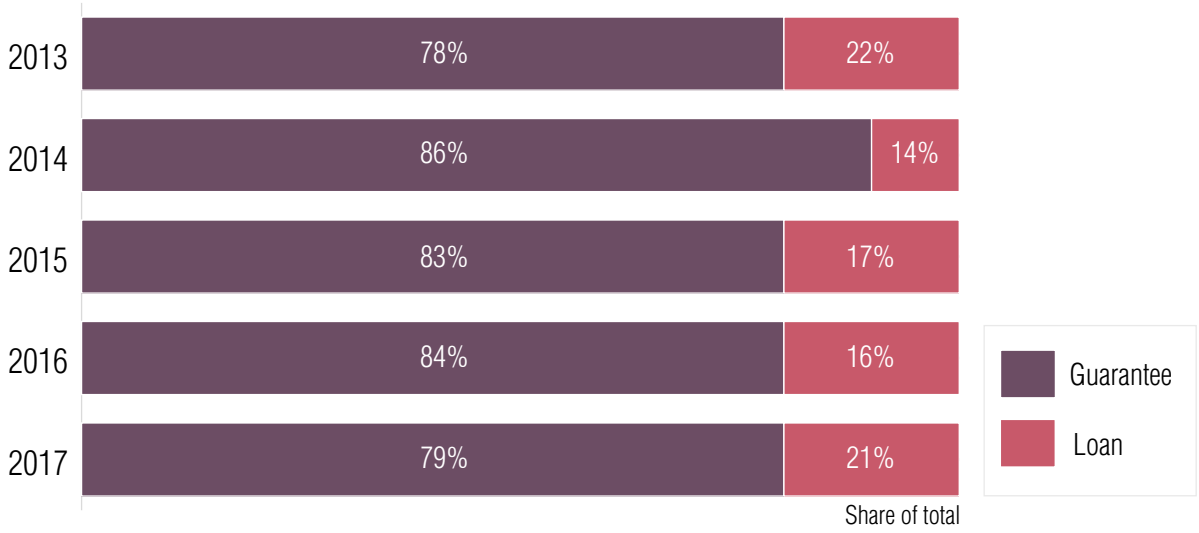


Note: Equity includes project- and fund-level investments. Grants include project- and programme-level grants. Loan includes individual loans and credit lines, both concessional and non-concessional.

Source: OECD DAC (2018 and forthcoming).

As is the case for export credits in general, the vast majority of climate-related export credits are provided in the form of credit risk guarantees to the lender against non-repayment by the borrower (Figure 8). Export credit loans provided directly by governments account for the remainder, between 14% and 21% depending on the year.

Figure 8: Developed countries' climate-related export credits per instrument



Note: Guarantees include guarantees and insurances. The scope of reporting on export credits is almost exclusively focused on renewable energy projects and technologies. A very limited number of countries were able to track climate-relevant export credits in other sectors such as energy efficiency, transport, agriculture and water.

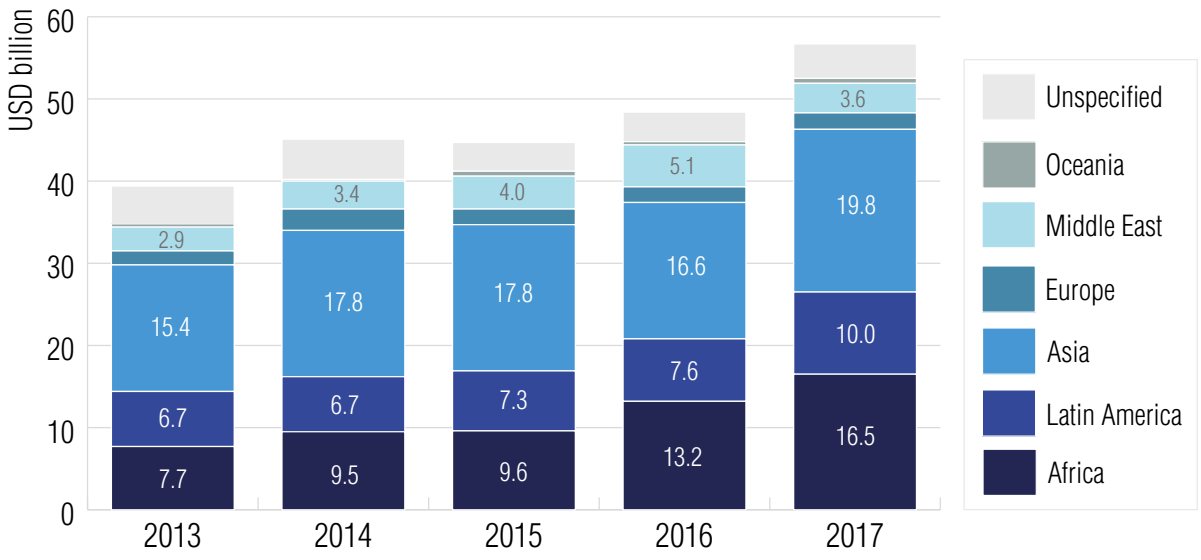
Source: Based on OECD TAD (2018) and countries' complementary reporting to the OECD

2.4 Regions

The list of destination countries considered can be viewed in Annex B of the 2015 OECD report (OECD, 2015). For bilateral climate finance and export credits, it consists of countries on the UNFCCC's non-Annex I list or countries eligible to receive official development assistance (ODA). For multilateral climate finance, only ODA-eligible countries are considered as multilateral datasets were sourced from the OECD DAC.

In 2017, compared to 2013, all regions received increasing public climate finance (Figure 9). Asia, followed by Africa and Latin America received the largest volumes throughout the period, jointly accounting for 80% in any given year. Importantly, the splits presented are based on six regions that are uneven in terms of the number of countries, size of population and gross domestic product.

Figure 9: Regional split of developed countries' climate finance: bilateral, multilateral (attributed to developed countries), and export credits combined

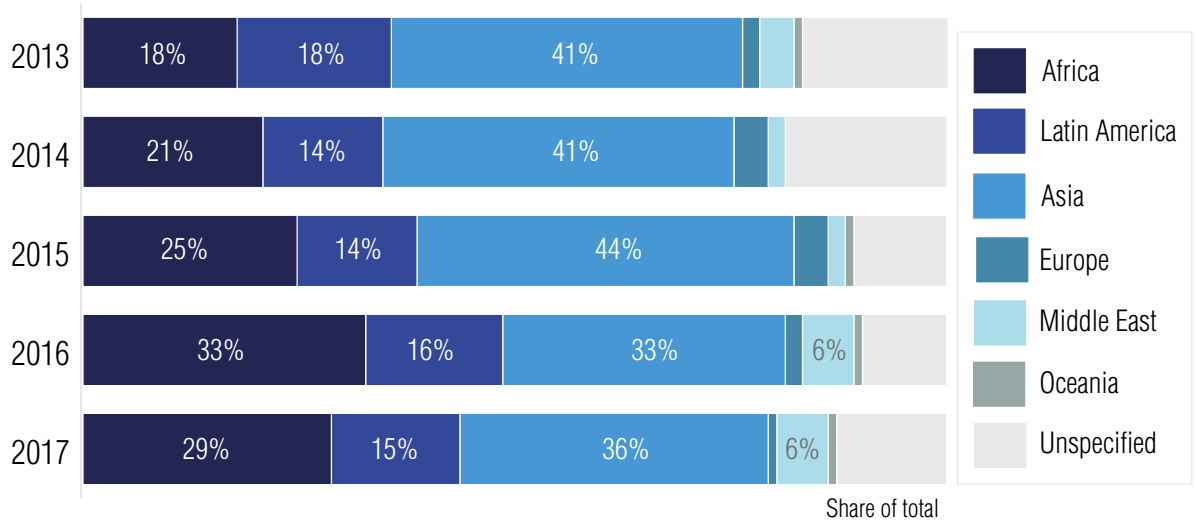


Note: The regions are uneven in terms of the number of countries, size of population and gross domestic product. "Europe" excludes all European Union member countries.

Source: 2017 bilateral: based on donor countries' advanced reporting to the OECD; 2015-16 bilateral : based on third Biennial Reports to the UNFCCC (2018), except for the United States (based on provisional data reported to the OECD); 2013-14 bilateral: OECD (2015). Multilateral: based on OECD DAC (2018 and forthcoming). Export credits: based on OECD TAD (2018) and countries' complementary reporting to the OECD.

Asia, Africa and, to a lesser extent Latin America (including the Caribbean) represent the largest volumes of bilateral climate finance (Figure 10). The Middle East, non-EU Europe, and Oceania account for 1% to 6% each depending on the year.

Figure 10: Developed countries' bilateral public climate finance per region

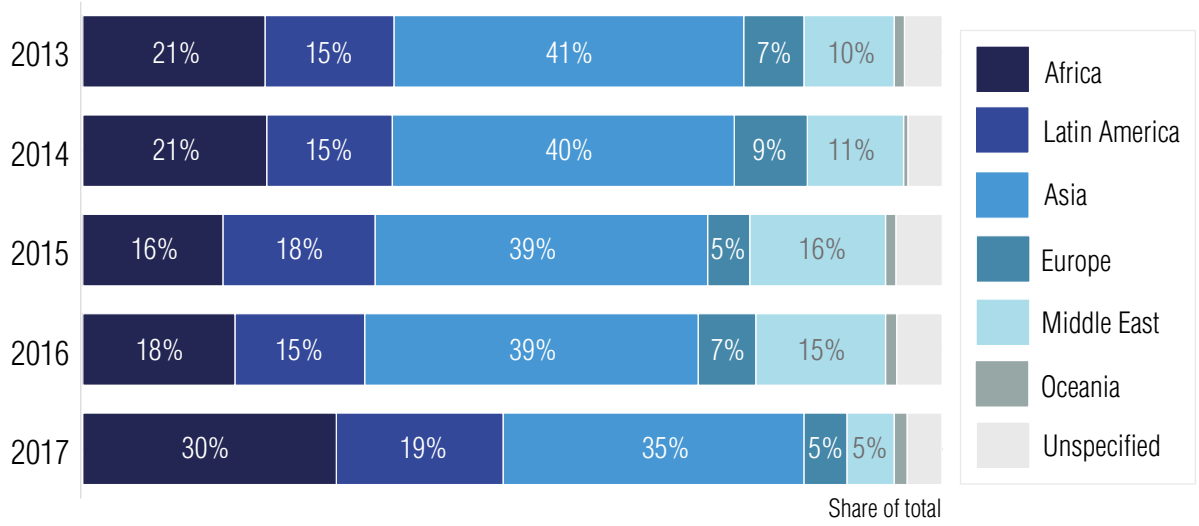


Note: The regions are uneven in terms of the number of countries, size of population and gross domestic product. "Europe" excludes all European Union member countries.

Source: 2017: based on donor countries' advanced reporting to the OECD; 2015-2016: based on Third Biennial Reports to the United Nations Framework Convention on Climate Change (UNFCCC, 2018), except for the United States (based on provisional data reported to the OECD). 2013-2014: OECD (2015).

In contrast, multilateral climate finance more often focuses on country-specific (and less on supra-national) activities (Figure 11). This is in particular almost always the case for finance provided by MDBs. Asia represents the largest share of multilateral climate finance with around 40%. Africa, Latin America and, to a lesser extent the Middle East and non-EU Europe each also account for a significant proportion of the total. As with bilateral climate finance, Oceania attracts only a small share (2% to 4%).

Figure 11: Multilateral public climate finance (attributed to developed countries) per region

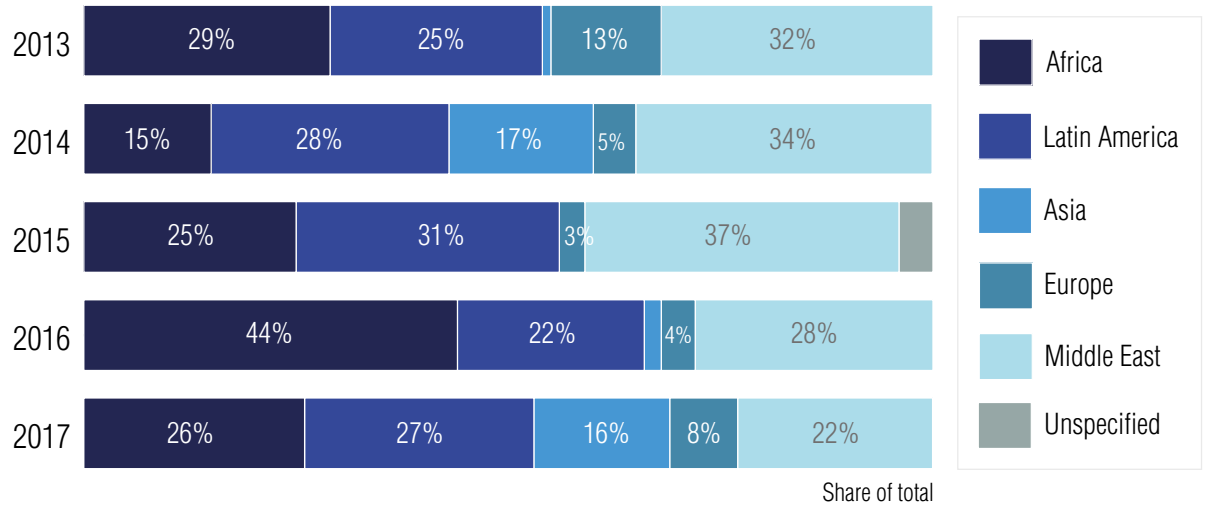


Note: The regions are uneven in terms of the number of countries, size of population and gross domestic product. "Europe" excludes all European Union member countries.

Source: OECD DAC (2018 and forthcoming).

The destination of climate-related export credits tracked appears quite volatile (Figure 12). It is mainly driven by countries where renewable energy projects, especially large ones, are implemented with a need for underlying import of technology and parts, as illustrated by the relatively higher share of the Middle East and lower share of Asia (compared to Figure 10 and Figure 11 above).

Figure 12: Developed countries' climate-related export credits per region



Note: The regions are uneven in terms of the number of countries, size of population and gross domestic product. "Europe" excludes all European Union member countries. The scope of reporting on export credits is almost exclusively focused on renewable energy projects and technologies. A very limited number of countries were able to track climate-relevant export credits in other sectors such as energy efficiency, transport agriculture and water.

Source: Based on OECD TAD (2018) and countries' complementary reporting to the OECD.

3. Coverage, data and methods

This section provides background on the data and methods. The 2015 OECD report provides further in-depth methodological descriptions and Annexes, which can be consulted for more detail (OECD, 2015). For bilateral climate finance, Parties' Third Biennial Reports to the UNFCCC should also be referred to, as some countries have, since 2015, made changes to how they report climate finance to the UNFCCC.

The accounting and methodological framework (Table 2) is identical to the one used in 2015 to produce estimates for the years 2013-14 (OECD, 2015). It is also consistent with the framework that underpinned 2020 climate finance projections produced in 2016 (OECD, 2016), although these were based on pledges rather than data on past finance.

Table 2: Overview of the categories of finance considered

Category	Coverage	Instruments	Data source
Bilateral public	Climate finance outflows from donor countries' bilateral development finance agencies and institutions	Grants, loans, equity investments (for the USA only: developmental guarantees)	Biennial reports to the UNFCCC (Table 7(b) of the Common Tabular Format); complementary data submissions to the OECD.
Multilateral public	Climate finance outflows from multilateral development banks and climate funds attributable to developed countries; developed countries' climate-related inflows to other multilateral bodies	Grants, loans, equity investments	OECD DAC database (total multilateral outflows); institutions annual reports (for calculating attribution shares); Biennial reports to the UNFCCC (Table 7(a))
Export credits	Climate-related export credits provided by developed countries' official export credit agencies, mostly for renewable energy	Export credit loans, guarantees, and insurances.	OECD TAD database of officially-supported export credits; complementary data submissions to the OECD
Mobilised private (not yet assessed)	Private finance mobilised by bilateral and multilateral public climate finance.	Private finance mobilised by grants, loans, equity and developmental guarantees	OECD DAC (regular and survey data collection); complementary data submissions to the OECD

Note: Bilateral providers include: Australia, Austria, Belgium Canada, the Czech Republic, Denmark, Estonia, the European Union, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Lithuania, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States. Multilateral development banks include: the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the International Finance Corporation (IFC) and the World Bank (WB). Multilateral climate funds include: the Green Climate Fund (GCF), Adaptation Fund, the Climate Investment Funds (CIFs), the Global Environment Facility (GEF), and the Nordic Development Fund (NDF). Other multilateral bodies include: the Intergovernmental Panel on Climate Change, the Montreal Protocol, United Nations Programmes and Specialised Agencies. Providers of climate-related export credits include: Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and United States.

3.1 General methodological considerations

All data used for the purpose of the estimates in this report are reported in current prices, which, in contrast to constant prices, are not adjusted for inflation.

3.1.1 Currency conversion

At the international level, climate finance is accounted for in United States dollars (USD). The estimates presented in this note are based on countries and multilateral institutions reporting in USD when available. Most countries use the "Annual Average Dollar Exchange Rates for DAC Members" for reporting their climate finance data to the UNFCCC in USD. Where that was not the case (e.g. end of the year exchange

rate), a comparative calculation highlighted only small variances with conversion based on the "Annual Average Dollar Exchange Rates for DAC Members". Where countries provided climate finance in another currency, the amount was converted using the "Annual Average Dollar Exchange Rates for DAC Members".

As far as multilateral data is concerned, all data reported to the DAC is converted on the basis of that same rate. Officially-supported export credits, on the other hand, are reported to the OECD Export Credit Group in the currency of the credit and converted to USD using the monthly average exchange rate of the month when the commitment was made. For other climate-related export credits reported by countries for the purpose of this report, the "Annual Average Dollar Exchange Rates for DAC Members" was used.

While the choice of exchange rate (e.g. annual average, monthly average or end-of-year exchange rate) yields only small differences in total amounts, the year-on-year fluctuation of exchange rates can have a significant impact on estimates in USD. This is particularly relevant for the conversion of Euro and Japanese Yen to USD, as Eurozone countries and Japan represent a very significant share of bilateral climate finance. For instance, the Euro lost more than 16% of its value against the dollar between 2014 and 2015, while the Yen successively lost 13% and gained 11% in 2015 and 2016 respectively.

3.1.2 Commitment and disbursement

The provision of finance takes place through successive formal steps, the number and nature of which vary depending on the type of providing institution. At a minimum, there is typically a point when the provider formally agrees (approval and/or commitment) to financing a project at conditions agreeable to the recipient, and another one when the funds are then transferred to the recipient (disbursement). The time lag between these two points can be short or relatively long depending on, e.g. the nature of the financial instrument, the relative complexity of the financing structure, and the size of the project. The data underpinning the estimates presented here are characterised as follows:

- Bilateral public finance: when reporting to the UNFCCC, Parties may report either financial commitments or disbursements. Most chose one or the other but a limited number mix the two depending on the instrument. As a result, estimates of bilateral climate finance are based on a combination of commitment and disbursement data, avoiding double counting where Parties reported both. Overall, disbursement data almost exclusively relate to grants.
- Multilateral public finance: reporting to the DAC statistical data system is standardised, which made it possible to consistently access and use commitment data for all multilateral development banks and climate funds.
- Officially-supported export credits: all the data reported to the OECD, whether through the established annual reporting of officially-supported export credits or further data provision for the purpose of the present report, corresponds to the point of commitment.

3.1.3 Calendar and fiscal year

Finance flows can be recorded on the basis of calendar or fiscal years. Calendar year was preferred, which corresponds to the format used by the majority of Parties when reporting to the UNFCCC by all multilateral institutions when reporting to the DAC, as well as in the context of annual statistics on officially-supported export credits. In order to ensure methodological consistency, calendar and fiscal year data would ideally not be mixed when adding up data from different providers and institutions. This could, however, not

be avoided in the cases of bilateral climate finance data reported by Australia and the United States, which could only be provided on a fiscal year basis. It should, however, be noted that both countries have consistently reported based on fiscal year since 2013, which ensures year-on-year consistency within their respective data series, thereby avoiding any double counting from one year to the other.

3.2 Bilateral public finance data

2015-16 bilateral climate finance data were, except for the United States, sourced from Tables 7(b) of the "Common Tabular Format" that countries submitted to the UNFCCC to accompany their Third Biennial Report to the UNFCCC for the years 2015 and 2016 (UNFCCC, 2018). This information is hence already publicly available. It is only at the start of 2020 that countries will submit equivalent information for the years 2017 and 2018. Thus, advance reporting of provisional bilateral public climate finance data by countries to the OECD was necessary for 2017. For the United States, such reporting to the OECD also covered 2015 and 2016.

It is important to note that countries, especially those that do not have a bilateral delivery channel such as a bilateral development bank, provide climate-specific voluntary contributions (inflows) to multilateral banks and funds. These contributions, reported to the UNFCCC in Table 7(a) of the Common Tabular Format, are not included here to avoid double counting with multilateral climate finance outflows (see OECD (2015), Part III for further details). It implies that public finance initially provided by countries to multilateral institutions as grants may be used by that institution to extend a loan and will be included in the present report as such.

When submitting their data to the UNFCCC, countries provide a number of methodological explanations, in particular to explain the scope of how they report climate specific components of developmental projects where climate is not the only nor the principal objective. In such cases, most countries apply coefficients to climate-related development finance data they report to the OECD DAC (see Annex C of the OECD 2015 report and countries' Third Biennial Report to the UNFCCC). Some countries have developed a dedicated methodology for climate finance reporting to the UNFCCC.

For the purpose of the present analysis, in addition to consulting the methodological explanations provided in Biennial Reports to the UNFCCC, further information exchanges took place between the OECD and individual countries in order to ensure as much consistency as possible with the aforementioned accounting framework, and in particular to:

- check a consistent year-on-year reporting basis for each country (see in particular Sections 3.1.2 and 3.1.3 above);
- source complementary or more specific information where needed e.g. on the providing entity, the financial instrument, the destination country or region;
- ensure that the estimates produced do not include any coal-related financing;
- exclude all forms of export credit financing to avoid any double counting with the projects included in the separate export credit component (see Section 3.4 below);
- exclude developmental guarantees to avoid double counting as they are accounted separately for their mobilisation effect. This was done except for the United States, which include developmental guarantees on the basis of full exposure value. To avoid double counting, these amounts are (for 2013-14) and will be (for 2015-17) excluded from estimates of private finance mobilised by the United States.

3.3 Multilateral public finance data and attribution

Multilateral development banks (MDBs) and funds report their outflow data annually to the OECD DAC. This provides a consistent dataset in terms of e.g. reporting basis, instrument classifications, and recipient countries. Such reporting includes projects relating to climate action, which MDBs report (in their joint reporting as well as to the OECD DAC) based on the common methodology they established for defining the scope of climate mitigation and adaptation activities. It involves reporting the climate-specific component of a project rather than its full value. The share represented by this component is typically lower for adaptation than mitigation projects (MDBs, 2018). Climate funds report their climate-related projects based on the DAC's Rio marker method (OECD DAC, 2016).

There are a number of scope differences between MDB reporting to the DAC and what MDBs jointly report as climate finance. In particular, DAC statistics are based on calendar (rather than fiscal) years, commitments (rather than board approval) and ODA-eligible countries only (rather than the countries of operation of each MDB). Following data reporting, the DAC conducts a thorough data quality check, which involves further information exchanges with the institutions in order to ensure statistical consistency. Each institution is then invited to validate the total amount of climate finance outflows that will be recorded in DAC statistics for that calendar year.

For the purpose of the estimates in this report, out of these total multilateral climate finance outflows, only the shares attributable to developed countries are included. Attribution percentages are calculated for each multilateral institution and, where relevant, further differentiated between concessional and non-concessional windows or sub-funds (see Table 3). The methodology for calculating these shares is consistent with that used to produce estimates for 2013-14 (OECD, 2015; TWG, 2015). It is further detailed in a methodological note, which includes results of sensitivity analyses (OECD, forthcoming). Shares calculated as of September 2015 are applied to 2013, 2014 and 2015 data, while shares calculated as of November 2018 are applied to 2016 and 2017 data.

Table 3: Share of multilateral finance outflows attributable to developed countries

Type of institution	Institution name	2015	2018
Multilateral Development Banks	African Development Bank	59.0%	58.2%
	African Development Fund	94.0%	93.6%
	Asian Development Bank	71.0%	71.4%
	Asian Development Bank Special Fund	96.0%	95.2%
	Asian Infrastructure Investment Bank	Not applicable	27.3%
	European Bank for Reconstruction and Development	89.0%	88.8%
	European Investment Bank	99.0%	98.6%
	International Bank for Reconstruction and Development	70.0%	67.9%
	International Development Association	95.0%	92.8%
	Inter-American Development Bank	74.0%	73.6%
	Inter-American Development Bank Special Fund	73.0%	72.5%
	Inter-American Investment Corporation	Not applicable	33.6%
	International Finance Corporation	64.1%	64.1%
Climate funds	Adaptation Fund	100.0%	100.0%
	Climate Investment Funds	100.0%	99.9%
	Global Environment Facility Trust Fund	98.0%	98.0%
	Global Environment Facility Least Developed Countries Fund	100.0%	99.9%
	Global Environment Facility Special Climate Change Fund	100.0%	99.5%
	Green Climate Fund	Not applicable	99.6%
	Nordic Development Fund	100.0%	100.0%

Note: The 2015 percentages are applied to 2013, 2014 and 2015 multilateral climate finance outflow data. The 2018 percentages are applied to 2016 and 2017 data. The merger of the Asian Development Bank's ordinary capital resources (OCR) balance sheet with the lending operations of the Asian Development Fund became effective at the start of 2017. Climate outflows for the Green Climate Fund, the Inter-American Investment Corporation and the Asian Infrastructure Investment Bank Fund were first recorded in OECD DAC statistics in 2015, 2016 and 2017 respectively.

Source: Annual reports and websites of each of the listed institutions; see also OECD (forthcoming) and TWG (2015).

3.4 Export credit financing data

Consistent with the approach taken for estimating climate finance in 2013-14 (OECD, 2015), export credits provided by developed countries' official export credit agencies are presented as a separate category from public climate finance. This is because they do not qualify as official development finance due to their financial terms and conditions as well as trade-related aim. Nonetheless, in addition to supporting national exports and facilitating international trade, they can represent a source of climate finance when provided in sectors and for activities that are relevant to climate change mitigation and adaptation.

Estimates for export credits are mostly based on renewable energy-related export credits data collected annually by the OECD from official export credit agencies. Such data are limited to support to renewable energy projects and technologies. Further, the database only covers export credits provided in conformity with the terms and conditions of the "Arrangement on Officially Supported Export Credits", and reported to the OECD via established procedures. These features imply that there are export credits from official sources that are not included, e.g. export credits that countries have provided on what they consider to be purely market terms, and climate-related export credits outside of renewable energy projects and technologies.

Five countries (Austria, Canada, Japan, Spain, and United States) provided complementary data on climate-related export credits they provided beyond those already included in the aforementioned database. This data was either included in their climate finance reporting to the UNFCCC or provided to the OECD in the context of the preparation of the present report.

3.5 Mobilised private finance data and attribution

Regular progress has been made in recent years, in particular by the OECD, to design methods and collect data for measuring private finance mobilised by bilateral and multilateral public climate finance instruments. These methods make conservative assumptions in terms of both accounting boundaries and causal link between public interventions and private finance mobilisation. They attribute private finance taking into account the respective roles of all public financiers involved, while avoiding double counting of mobilised private finance across these actors. The methods further aim to be pragmatic in terms of data availability from reporting institutions.

Provider countries, as well as MDBs, are making increasing efforts to report private finance mobilisation. The 2013-14 estimates of total climate finance included mobilised private finance (OECD, 2015). It is foreseen that estimates of mobilised private finance for 2015-17 will be produced in 2019. As done for the 2013-14 estimates, particular care will be taken to specifically and only estimate mobilised private finance attributable to developed countries' public interventions.

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LINKS

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