



IDFC GREEN FINANCE MAPPING REPORT

2020

FINDINGS IN 2019 DATA

EXECUTIVE SUMMARY

OCTOBER 2020



supported by:



\$197 billion

in green finance in 2019

\$867 billion

total green finance since 2015

87% in home

country of IDFC members

89% to Green energy and Mitigation of Greenhouse Gases

X3 increase in adaptation finance from 2015

25% of total new commitments in 2019 were green finance commitments

\$22 billion of finance to non-OECD countries were international commitments

Introduction and Context

Since 2011, IDFC has conducted a periodic mapping of member institutions' green finance contributions. During the 2019 UN Climate Action Summit, IDFC affirmed a series of commitments to improve the quality of climate finance beyond increasing volume, including efforts to further align financial flows with the Paris Agreement and SDGs. Towards this end, IDFC launched a Climate Facility and established a strategic partnership with the Green Climate Fund.¹

2019 also saw a strong rebound in green finance commitments by IDFC institutions following a significant drop in 2018, although not nearly enough to continue the trend of sustained growth seen from 2015-2017. Financing for all project categories increased, in particular for mitigation and adaptation projects. Most IDFC institutions indicated stable or increasing green finance commitments, with nine members reporting an increase of 10% or higher from 2018. Six members have more than doubled their commitments since 2015.

2019 Key Findings

- **IDFC members reported total green finance commitments of \$197 billion.** This represents a 47% increase from 2018, but still below the high point reached in 2017. Cumulative green finance commitments by IDFC members have reached \$867 billion since 2015.
- **Green finance commitments represented approximately 25% of total new commitments reported by members.** Green commitments have consistently represented more than one fifth of total IDFC investments since 2015.
- **Climate finance** - consisting of all activities related to mitigation of GHG emissions and adaptation to climate change - accounted for 95% of total green finance (\$187 billion).
 - Finance for green energy and mitigation of greenhouse gases was the largest category, representing 87% of climate finance.
 - Adaptation represented 10% of climate finance, an increase of 25% from 2018. This continues three years of consecutive growth, achieving more than three times the level of adaptation commitments made in 2015.

- Projects containing elements of both mitigation and adaptation have been steadily increasing but remain a small portion of the total at 2%.
- The remaining 5% of green finance (\$10 billion) went to other environmental finance, which includes waste and water management, biodiversity, and industrial pollution control. Commitments in this category remained below the levels recorded in 2016-2017.

Figure 1: IDFC Green Finance 2019 by theme (rounded)

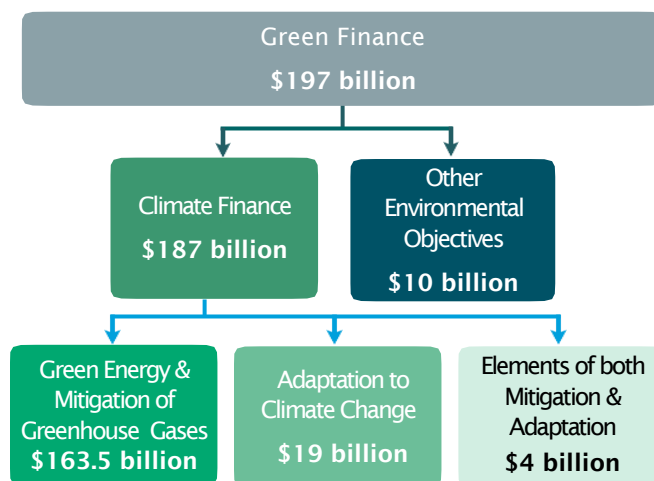
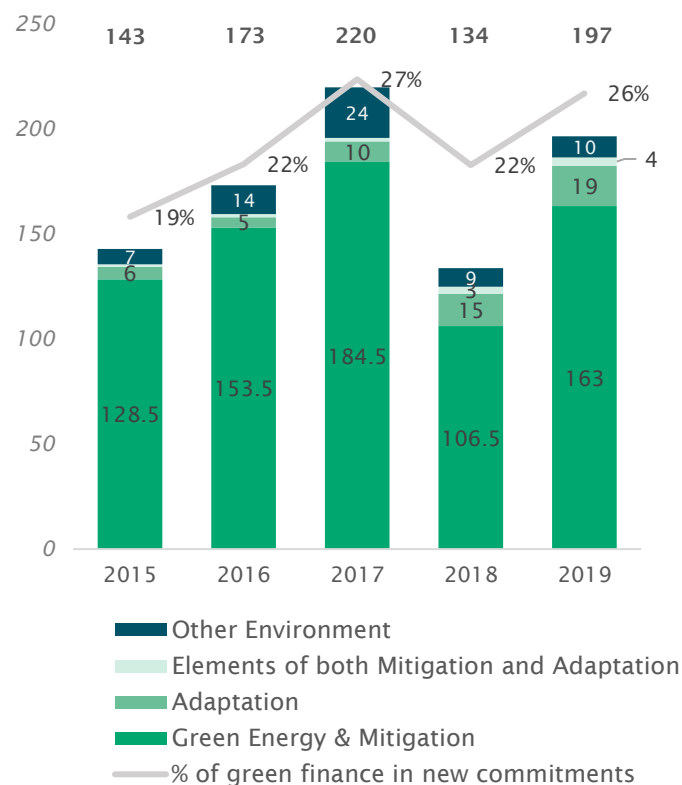
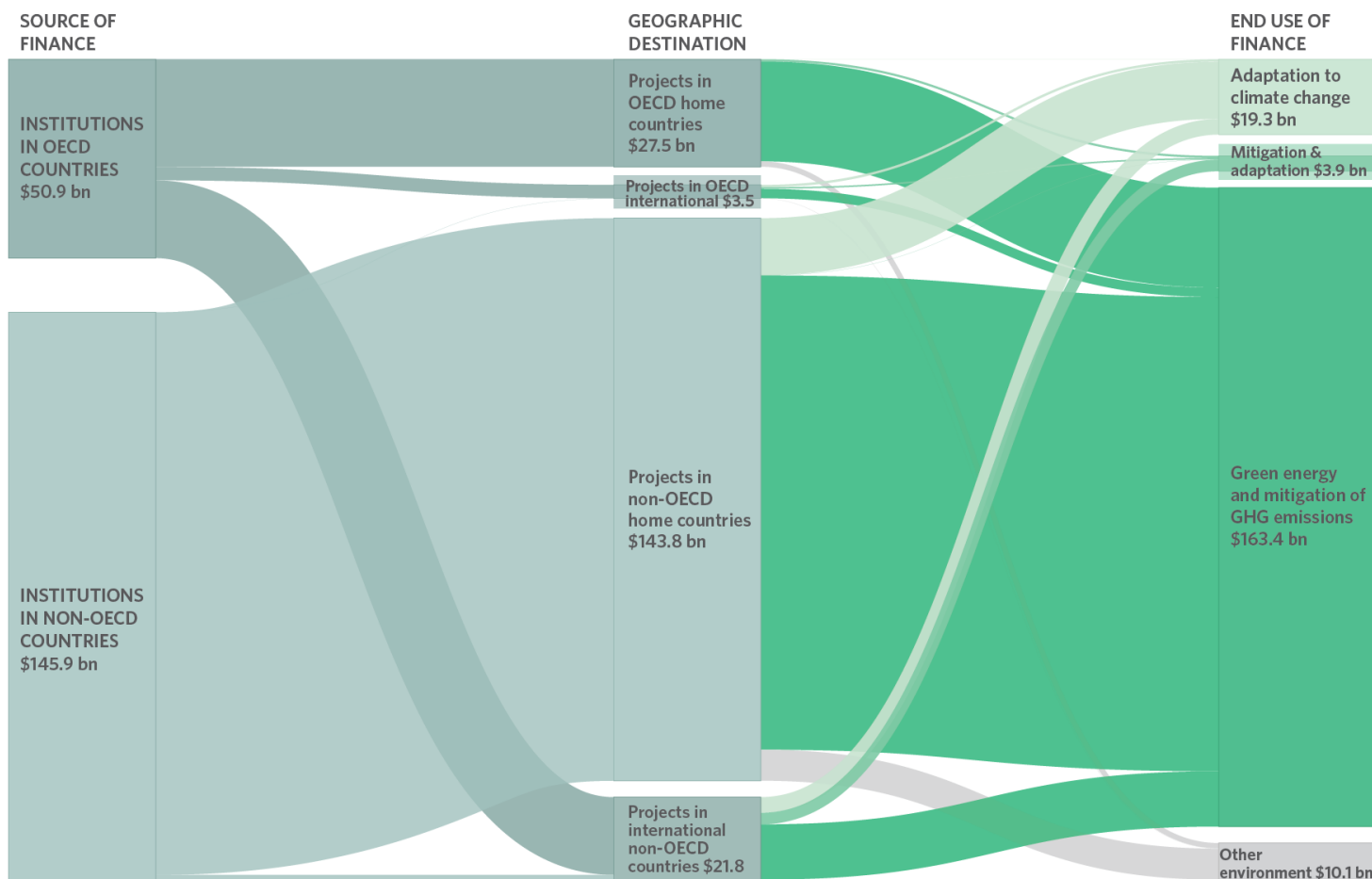


Figure 2: IDFC Green Finance 2015-2019 (\$ billion)



¹ <https://www.idfc.org/wp-content/uploads/2019/09/official-idfc-communicue-vdef21-09-2019-22h50-cet.pdf>

Figure 3: Green finance commitments in 2019 by origin, destination (OECD/non-OECD), and end use



- Source of Finance:** IDFC institutions based in non-OECD countries committed \$146 billion (74%). This increase resumes the upward trend of the non-OECD share of IDFC green finance, which reached 75% (\$166 billion) in 2017 and 68% (\$118 billion) in 2016. OECD country based IDFC institutions committed \$51 billion (26%), lower than in previous years 2015-2017 (\$54-55 billion).
- Geographic Destination:** East Asia and Pacific region again accounted for the largest share of commitments at 69%, in accordance with the geographical distribution of total commitments and assets. Commitments reaching Eastern Europe and Central Asia significantly increased from \$2.1 billion (2%) to \$10 billion (5%), and slightly increased in Sub-Saharan Africa to \$4.5 billion (2%). Commitments to other remaining regions have decreased from 2018.
- Domestic and Outbound finance:** The share of total green finance commitments in the home countries of the respective IDFC member institutions was 87% (\$171.5 billion), while the remaining 13% (\$25 billion) was outbound (i.e. international commitments).
- Among outbound commitments, flows from OECD country institutions to non-OECD countries represented 79% (\$20 billion). Flows from non-OECD country institutions largely remained at home, representing 87% (\$143.9 billion) of total finance reaching non-OECD countries, in line with the mandate and scope of the operations of IDFC members.
- Financing instruments:** Most commitments were provided in the form of loans at \$190 billion, or 97% of total green finance, similar to previous years. \$4 billion was provided through grants, continuing the increasing trend since 2016.

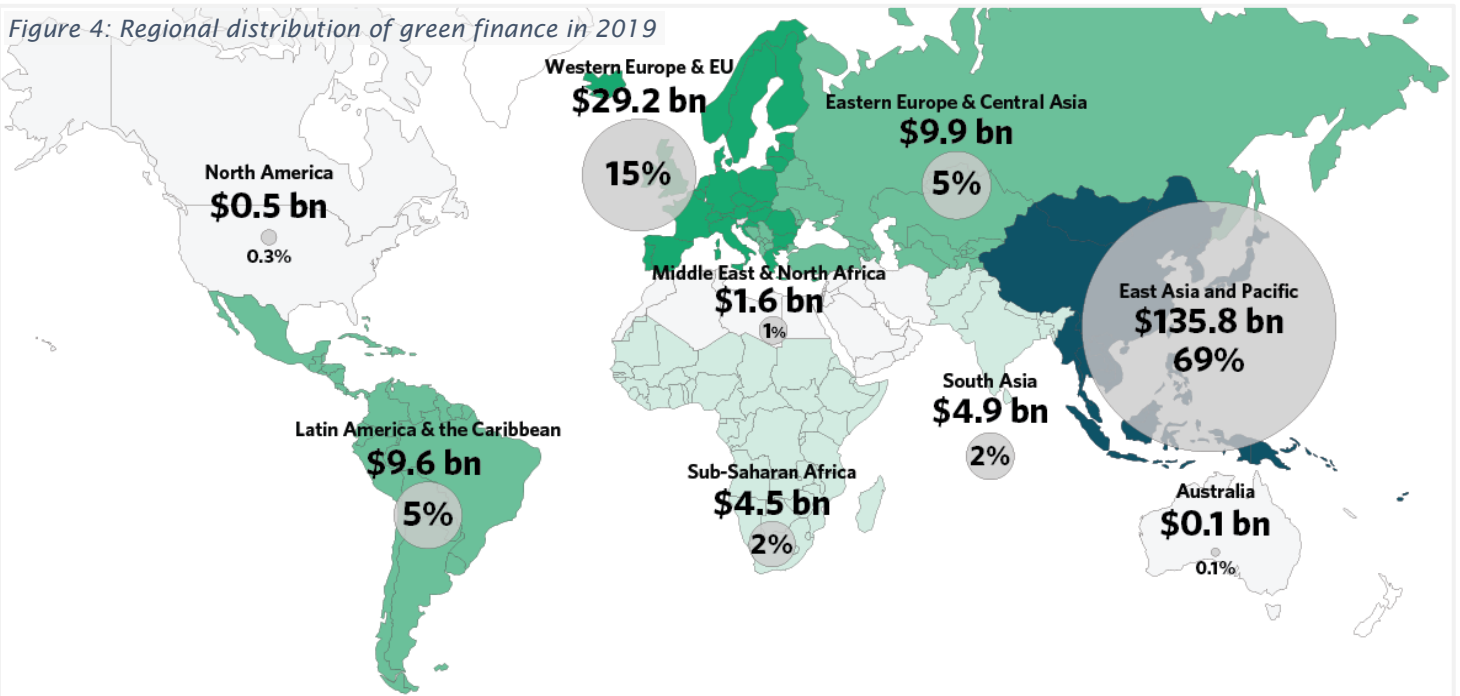
The Green Finance Mapping Methodology

To inform this exercise, IDFC members completed a survey template, from which data are checked for consistency and aggregated. The list of reporting institutions and reporting coverage across all categories vary from year to year. The number of reporting institutions for 2019 is 22 out of 26, compared to 17 out of 24 for 2018.

The IDFC survey uses the Multilateral Development Banks (MDBs) and IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. Following the Common Principles, uncertainty is overcome via the principle of conservativeness where climate finance is preferred to be under-reported rather than over-reported. In particular, adaptation commitments are expected to be conservative, as adaptation-related activities are context-specific and institutions are not always able to consistently identify relevant projects. Another challenging area for reporting is private sector co-finance mobilized by IDFC members.

The IDFC Climate Facility, launched in September 2019, supports knowledge transfer and capacity development on climate issues amongst IDFC members. It will also support the development and application of common methodologies for estimating, tracking, and reporting private finance mobilized in coming years. Improved reporting can help increase the effectiveness and catalytic potential of green finance committed by IDFC members. The Coordination Unit of the Climate Facility supported the 2019 GFM exercise by providing direct assistance to members during data collection. This support facilitated the involvement of some members, contributing to the increase in participating members.

Figure 4: Regional distribution of green finance in 2019



ABOUT IDFC

IDFC, created in 2011, is a leading group of 26 national and regional development banks from all over the world. IDFC members have the unique function of supporting domestic policies while transferring international priorities into their own constituencies. IDFC members are aligned with and work together to implement the Sustainable Development Goals (SDGs) and the Paris Climate Agreement agendas. Through IDFC, and in close partnership with other development bank networks, members join forces as a platform to promote and leverage sustainable development investment worldwide.

The green finance mapping report exists to illustrate the contributions that IDFC members provide to green and climate finance. The report is constantly improving the reporting methodology and hopes to further member efforts in tracking and reporting on green finance flows.

More information about the IDFC can be found at www.idfc.org. This year's green mapping report was prepared with the support of Climate Policy Initiative (www.climatepolicyinitiative.org)

IDFC Members

- Agence Française de Développement (AFD)
- Banco del Estado de Chile (BE)
- Banco Industrial y de Comercio Exterior (BICE)
- Bancóldex S.A.
- Banco Nacional de Desenvolvimento Econômico e Social (BNDES)
- Banque Ouest Africaine de Développement (BOAD)
- Black Sea Trade and Development Bank (BSTDB)
- Development bank of Latin America (CAF)
- Caisse de Dépôt et de Gestion (CDG)
- Cassa depositi e prestiti (CDP)
- Central American Bank for Economic Integration (BCIE/ CABEL)
- China Development Bank (CDB)
- Corporación Financiera de Desarrollo S.A. (COFIDE)
- Croatian Bank for Reconstruction and Development (HBOR)
- Development Bank of Southern Africa (DBSA)
- The Eastern and Southern African Trade and Development Bank (TDB)
- Industrial Development Bank of Turkey (TSKB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- International Investment Bank (IIB)
- Japan International Cooperation Agency (JICA)
- KfW Bankengruppe
- Korean Development Bank (KDB)
- Nacional Financiera (NAFIN)
- PT Sarana Multi Infrastruktur (PTSMI)
- Small Industries Development Bank of India (SIDBI)
- State Development Corporation (VEB)