



Finance for activities targeted at adapting to climate change and mitigating it, including support for policy & technology support, capacity building, forestry etc.

# Climate Finance

nations with their climate mitigation and adaptation activities while explicitly recognizing that tackling climate change requires "new and additional" funding. How much

In Cancun, developed nations pledged to financially assist developing

### does the world need? There is little agreement on what qualifies as "additional" funding. Under current OECD growth projections, the world will need to

invest \$5 trillion annually until 2020 in water, agriculture, power, transport, telecommunications, buildings, industrial, and forestry sectors under business-as-usual scenario (BAU) with an additional \$700 billion required to 'green' the global economy. Source: Green Investment Report Public Finance **USD 135 billion** 

**USD 224 billion** billion

2012!

Donor Country

**Donor Institution** (e.g. GIZ, USAID, DFID, JICA)

**Multilateral** 

**Funding** 

**Bilateral** 

**Funding** 

scenario USD 5 trillion

Additional finance to Green BAU Investments USD 700 billion

## we stand now? It is estimated that the total public and private sector investments in 2012 towards climate finance stood at USD 359 billion with

Where do

public finances contributing a

little over 1/3rd of the total. Source: Global landscape of climate finance

How are

public finances

# Implementation agencies (e.g. WB, UNDP etc) **Receipent Country** (Beneficiaries) How much of **Public Finance** is aid money?

The OECD's Development Assistance

#### channeled? Public Finances constitute money made available by donor countries to beneficiaries either 'bilaterally' or through multilateral organizations and implementation agencies such as the World Bank, UNDP, UNFCCC etc.

Bilateral contribution USD 21.5 billion

#### Committee (DAC) provides statistics for climate related aid by its member countries. The contributions are primarily bilateral in nature (including contributions channeled through multilateral organizations) with the balance 15% making up specific contributions to multilateral climate funds plus climate related contributions to multilateral organizations.

Country **USD Million** France 3705,7 Norway 864,6 6576,2 Japan Germany 3491,7 Australia 621,2 Sweden 586,9 Others 568,6 UK 597,9 Canada 1794,5

Source: OECD 1 Bilateral Donors



## Ireland (Irish Aid) • Italy (Ministry of Foreign Affairs) • Japan (MoFA, JBIC, JICA) Luxembourg Lux-Development • Netherlands (Netherlands Development Cooperation) • New Zealand (New Zealand Aid Programme (NZAID) • Norway (Ministry of Foreign Affairs (ODIN) • Portugal (Ministry of Foreign Affairs) • Spain (Ministerio de asuntos exteriores y de cooperácion)

Member States of the United

Nations that provide development

assistance directly to recipient countries are often referred to

as "bilateral donors".

#### United Kingdom (Department for International Development (DFID) USA (United States Agency for International Development (USAID) Source: UNFCCC

Switzerland (Swiss Agency for Development and Cooperation (SDC)

Sweden (Swedish International Development Cooperation Agency (SIDA)

**Bilateral Funding: MITIGATION USD 11.4 Bio** (Mitigation only) ADAPTATION OECD-DAC uses a system known as 'Rio markers' which allows contribution made towards one **USD 6 Bio** activity to be reported to address (Adaption only) several policy objectives. This results in an overlap of USD 4.1 billion

# Bilateral Funding Mechanism:

contribution for activities that tackle

both mitigation and adaptation.

**ODA** Loans **ODA** Grants Equity Investments 0K 1K 2K 3K 4K Climate Adaptation Climate Mitigation Source: RioMarkers

**USD Million** 

249,4

99,1

agencies

"indirectly" by extending

contributions to multilateral

organizations who are then

Donor countries also contribute

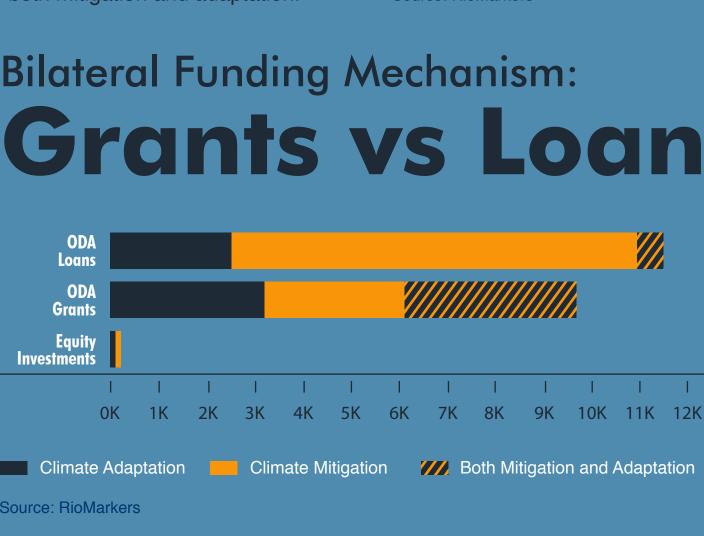
empowered to extend funding for a

variety of (climate) related activities.

Country

France

**Norway** 



Source: RioMarkers

Multilateral UK 781,6 Canada 357,7 Donors Japan 945,5 **USA** 601,9

Switzerland 82,5 Sweden 102,9 Germany 344 Others 373,4 **Netherlands** 77 Total 4,015 USD million African Development Bank (AfDB) Asian Development Bank (ADB) Caribbean Development Bank (CDB) Central American Bank of Economic Multilateral Integration (BCIE) European Investment Bank (EIB) International Finance Corporation (IFC) donor Inter-American Development Bank

funds administered by **MULTILATERAL ORGANIZATIONS:** Mitigation Fund Clean Technology https://www.climateinvestme ntfunds.org/cif/node/2 Fund Global Environment http://www.thegef.org/gef/re Facility (GEF 6)\* plenishment\_meetings/6 Scaling Up Renewable https://www.climateinvestme Energy in Low Income

Countries Program

Global Energy Efficiency and

Renewable Energy Fund

**Adaptation Fund** 

Where is

spent?

Total

Sub-Saharan

**Africa** 

3.127

the money

(by geography)

22,227 USD Million APPROVED

Others 2.429

16.68%

6.00%

14.42%

 Islamic Development Bank (IDB) World Bank (IBRD - IDA) Organizations such as UNDP, UNEP and UNIDO are also recipients of these multilateral funds which are then channelized for climate action into recipient countries. Source: OECD 2 

Administered by

WB

**WB** 

**WB** 

EIB

**Administered by** 

Mitigation related finance, primarily consists

of concessional loans has benefitted the

middle income countries in Asia and Latin

America – due to the high concentration of infrastructure projects. This is in contrast to

adaptation where grants make up for the larger

share of the contribution with a relatively

income countries in Africa and other LDCs.

48.42%

Total

larger share made available to lower

10.93%

5.93%

Europe & Central Asia

1.541

Asia & Pacific

10.761

Others 2.429

14.07%

5.20%

14.46%

Sub-Saharan

Middle East

& N.Africa

1156

Latin America

& Caribbeans

3.213

25.01%

13.17%

Africa

3.127

Size

**USD 5.5** 

**USD 4.4** 

**USD 0.5** 

**USD 0.2** 

Size

Asia & Pacific

10.761

Bio

Bio

Bio

Bio

https://www.climateinvestme Pilot Program for **USD 1.3 WB** ntfunds.org/cif/Pilot\_Progra Climate Resilience Bio m\_for\_Climate\_Resilience **USD 0.9** Least Developed http://www.thegef.org/gef/L **WB DCF** Countries Fund Bio **USD 0.4** Global Climate http://www.gcca.eu/ EU Change Alliance Bio USD 0.25\* https://www.adaptation-fund WB Adaptation Fund Bio \* The value of AF is USD 0.235 Bio at the time of creating this infographic Source: Climate Flnance Options

Website

ntfunds.org/cif/node/67

/geeref.htm?lang=-en

http://www.eif.org/who\_we\_are

Website

Europe & Middle East Central Asia 24.72% & N.Africa 1.541 1156 Latin America & Caribbeans

3.213

**USD 25 Billion/vear** 

Green Climate Fund and Climate Finance Gap USD 700 Billion/year Additional funds to Green **BAU Investments** 

# **Public Funds USD 100 Billion/year GCF**

**Potential New Sources** 

of Climate Finance:

BRICS

 Brazil Russia India China South Africa

emerging economies. India passed a new Companies Act in 2013 that legally mandates provision that directs covered

Corporates Social Responsibility (CSR) reporting. This is tied to a another opportunity to fund climate actions and sustainable development. Source: MSFD

**USD 360 Billion Estimated public and private** investments in Green sector in 2012 On July 2014, the BRICS countries launched, with

emphasis on sustainable

development, the 'New

Development Bank' or

NDB with capital of

US100 billion dollars.

support for another brand new \$100 billion international institution, the Asian Infrastructure Investment Together, the NDB, the CRA and the AIIB have the potential to raise \$300 billion of additional funds completely outside the current UN

**Private Sector Participation** companies to spend a percentage of their profits on CSR activities in India.

source for climate finance.

What makes the India story particularly interesting is the potential to generate USD 2-3 billion/year of additional finance for the development sector through CSR. Private sector led CSR especially in middle income countries provides

# Source links: **Green Investment Report:**

http://www3.weforum.org/docs/WEF\_GreenInvestment\_Report\_2013.pdf Global landscape of climate finance: http://climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2013/ OECD 1:

/items/2822.php **RioMarkers:** http://public.tableausoftware.com/views/Climate-Related-Aid/Byrecipient?amp;:embed=y&:display\_ count=no&:showVizHome=no#1

%202014%20final.pdf

OECD 2:

**UNFCC:** 

Infographic

collated by:

Furthermore, China is mobilizing The countries also announced the Bank (AIIB). signing of a Treaty to establish the **BRICS Contingent Reserve** Arrangement (CRA) with an initial size of \$100 billion. So that's \$200 billion committed by five countries, in part, to mobilize resources for climate construct. This considerable sustainable development in funding creates a potential new

Grue + Hornstrup A/S

designed by: Debarpan Das

For more information: Dr. Alexandra Soezer, MDG Carbon, UNDP www.mdgcarbon.org

Arindam Basu,

OECD 2: http://www.oecd.org/investment/stats/rioconventions.htm (May 2014) Climate Related Aid **Climate Finance Options:** http://www.climatefundsupdate.org/data http://www.msdf.org/blog/2014/04/indias-new-csr-act-companies-non-profits-can-maximize-impact/

The infographic is made possible due the generous contribution provided by AusAID

Infographic data

http://www.oecd.org/investment/stats/rioconventions.html https://unfccc.int/cooperation\_and\_support/financial\_mechanism/bilateral\_and\_multilateral\_funding

http://www.oecd.org/dac/environment-development/Climate-related%20aid%20Flyer%20-%20May