



8<sup>th</sup> Annual Meeting of the Low-  
Carbon Society Research Network

# CLIMATE FINANCE: AN OECD PERSPECTIVE

SEPTEMBER 6-7 2016

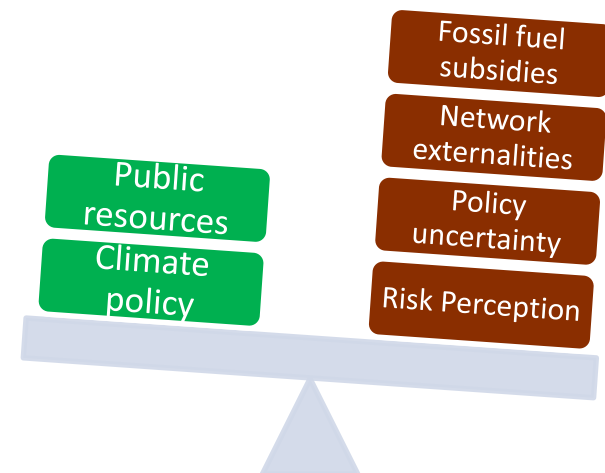
WUPPERTAL INSTITUTE

Dr Simon Buckle  
Head of Climate, Biodiversity and Water Division  
Environment Directorate, OECD

# Mobilising Private Climate Finance

## Big picture issues

- Need for systems transformation and resilience
- Coherence and effectiveness of public interventions in mobilising climate investment
- Closing the climate investment gap: financing needs vs. financing flows – billions to trillions



## International climate negotiations

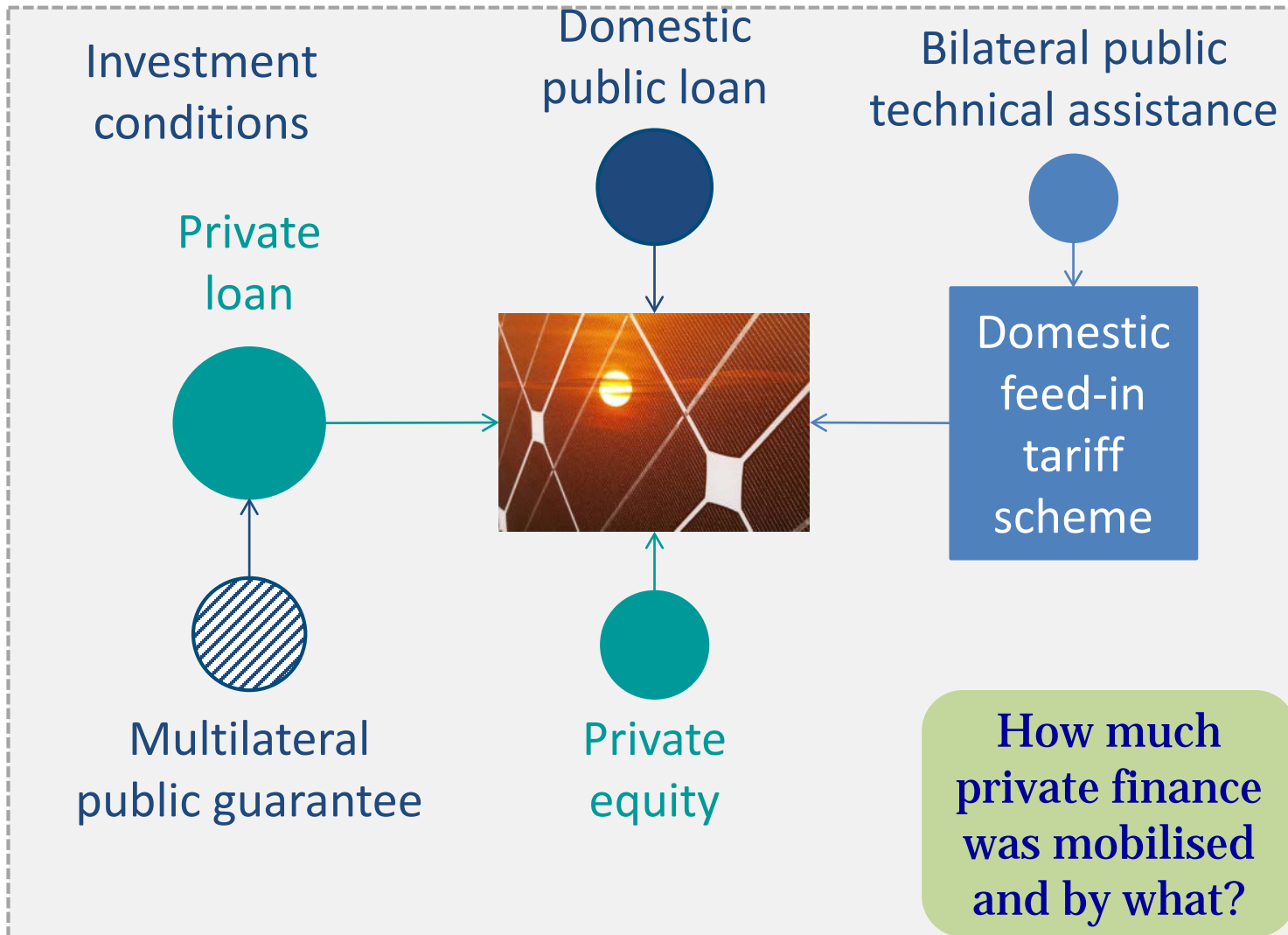
- Developed countries' commitment to mobilise USD 100bn annually by 2020
- Standing Committee on Finance's Biennial assessment and overview of flows
- Need for a "roadmap" from developed countries



**United Nations**  
Framework Convention on  
Climate Change



# Understanding and quantifying mobilised private climate finance



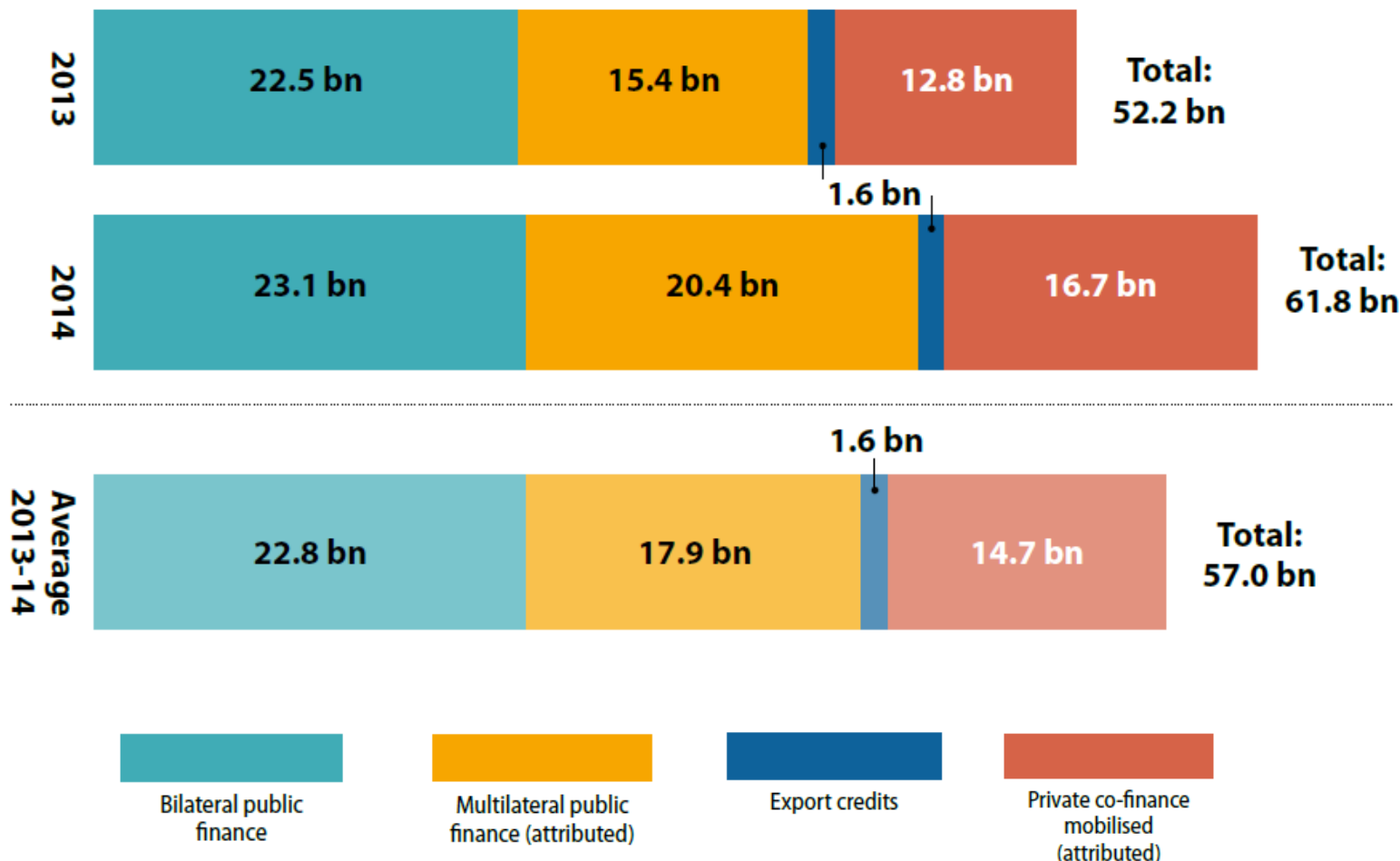
# Research Collaborative framework of decision points to estimate publicly-mobilised private climate finance

<b>1. Define core concepts</b>	Climate change activities
	Public and private finance
	Developed and developing countries
	Geographical origin of private finance
<b>2. Identify public interventions and instruments</b>	<b>Types of public intervention and instruments</b>
	Specific instruments
<b>3. Value public interventions and total private finance involved</b>	Currency and conversion
	Point of measurement
	Value of public interventions
	<b>Accounting boundaries of private finance involved</b>
	Availability of private finance data or proxies
<b>4. Estimate private climate finance mobilisation</b>	<b>Assessment of causality</b>
	<b>Attribution of mobilisation</b>

Source: Jachnik, R., R. Caruso and A. Srivastava (2015), "Estimating Mobilised Private Climate Finance: Methodological Approaches, Options and Trade-offs", *OECD Environment Working Papers*, No. 83, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/5js4x001rqf8-en>

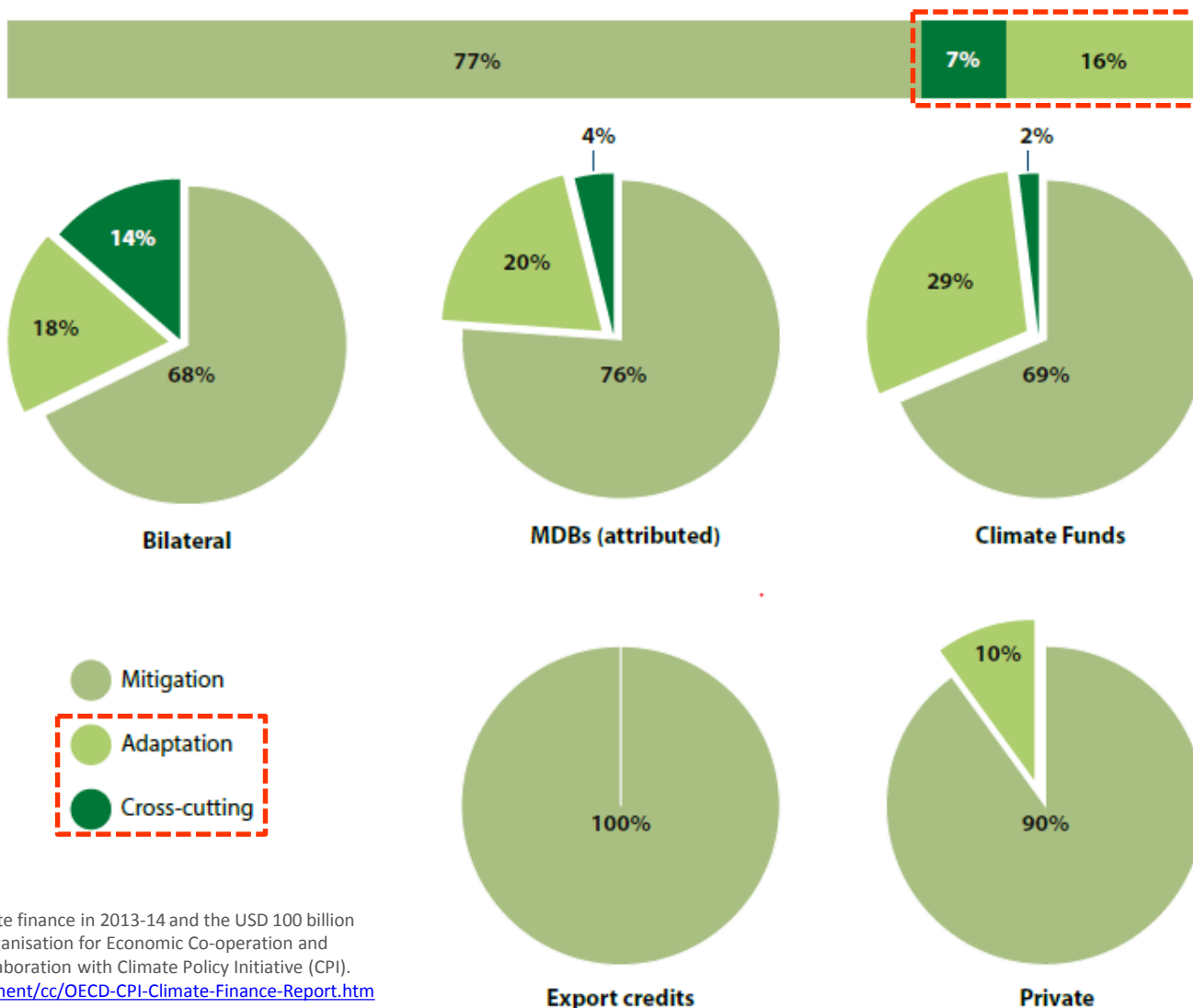
# “Climate Finance in 2013-14 and the USD 100 billion commitment”

## Aggregate estimates (billion US dollars)



Source: OECD (2015), “Climate finance in 2013-14 and the USD 100 billion goal”, a report by the Organisation for Economic Co-operation and Development (OECD) in collaboration with Climate Policy Initiative (CPI). <http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm>

# Adaptation underfunded across sources



Source: OECD (2015), "Climate finance in 2013-14 and the USD 100 billion goal", a report by the Organisation for Economic Co-operation and Development (OECD) in collaboration with Climate Policy Initiative (CPI).  
<http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.htm>

# Some methodological criticisms and responses

<b>Public finance</b>	Inclusion of climate aid money (ODA) also reported towards the 0.7% of GDP (development) goals	Development and climate objectives intrinsically linked; concessional climate finance is ODA by default
	Inclusion of non-concessional public loans and equity investments	Key for financing and de-risking private sector projects and development
	Accounting for the gross value of loans rather than net flows	Only grants involve no reflow; other instruments needed to finance and mobilise climate investments at scale
	Inclusion of officially-supported export credit (i.e. trade-related finance)	Climate-related export credits can support climate-compatible development
<b>Multilateral finance</b>	Apportioning of multilateral finance based on countries' core contributions paid-in and callable capital	Transparent approach; little variation observed from sensitivity analyses trialled with alternative approaches
<b>Private finance</b>	Inclusion of domestic private finance in amounts mobilised by developed countries	Domestic private sector key to sustained development; tricky to assign geographical origin to private finance



# DAC - climate-related development finance by provider

## Climate-related development finance DATA CAPTURED IN DAC STATISTICS (2013-14)

- + **14000** bilateral projects from 32 countries
- + **2000** multilateral projects from 17 institutions
- + **40** fields in the database, all publicly available!







# Climate-related development finance by financial instrument (DAC)

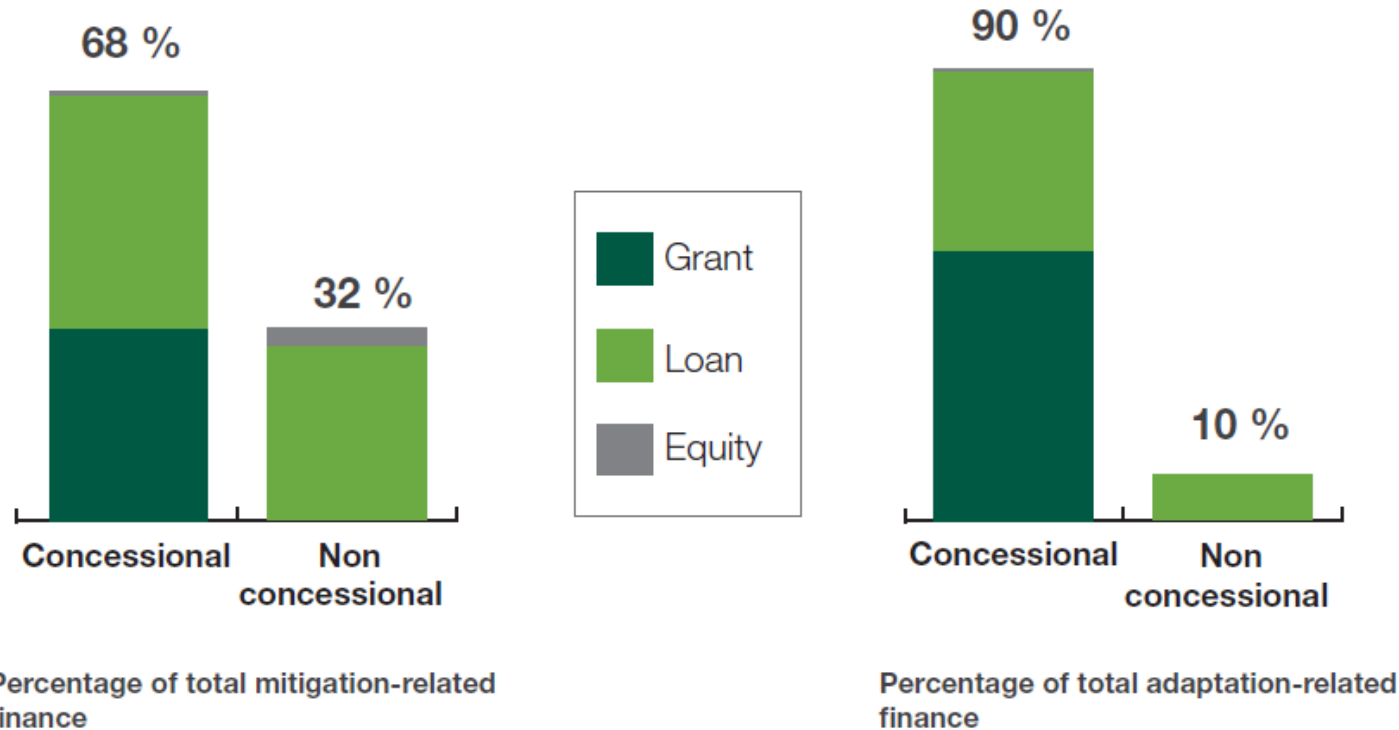
63%

**Mitigation**

Both - 12%

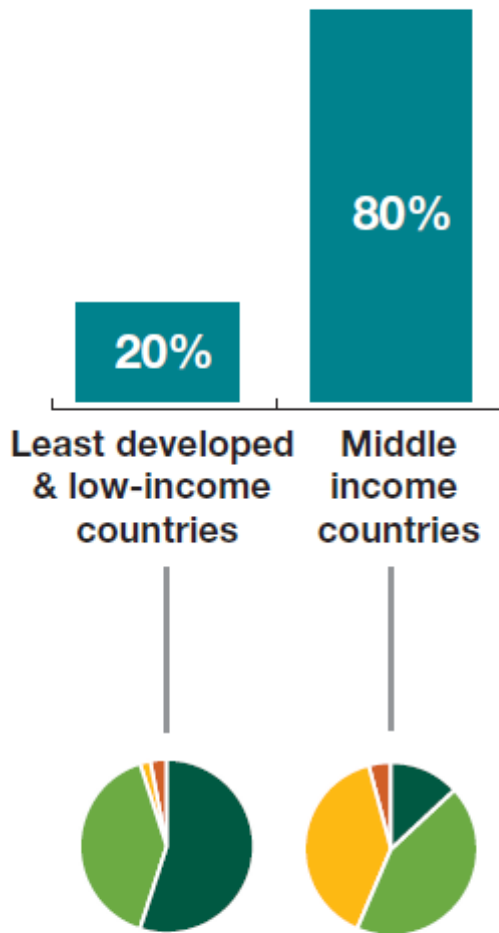
**Adaptation**

25%

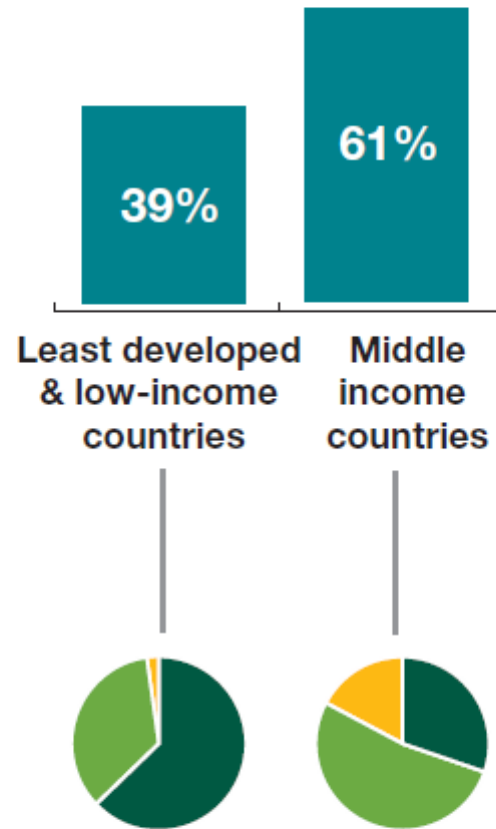


Source: OECD DAC. 2013-14 average, USD constant 2013 prices, 2014 data are provisional.

# Mitigation



# Adaptation



By financial instrument





# DAC survey of three instruments

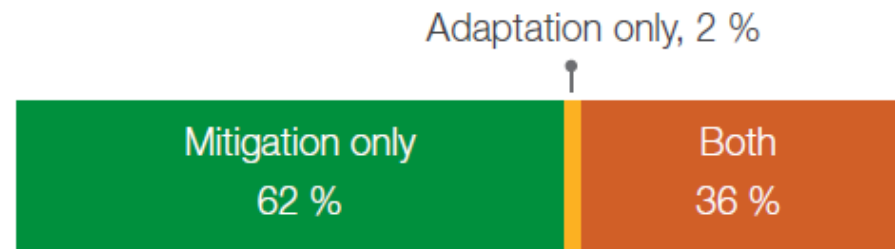
Climate-related

Not climate-related

## CLIMATE-RELATED DEVELOPMENT FINANCE – PRIVATE AMOUNTS MOBILISED



Source: OECD DAC Survey on mobilisation. 2013-14 average, USD constant 2013 prices. These figures are not directly comparable with recent estimates of the OECD report *Climate Finance in 2013-14 and the USD 100 billion goal* in collaboration with CPI.





# Future work in the DAC

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- Further improve coverage, quality and communication of DAC statistics
- New DAC measure of Total Official Support for Sustainable Development (TOSSD)
- Outreach with country partners to improve access and use of DAC statistics



# Further work to estimate mobilised private climate finance



Research Collaborative  
Tracking Private Climate Finance

## Work area

## Next steps

Further develop methods to estimate private finance mobilised by **public finance instruments**

→ Joint-work with DAC on methods

Continue to research data and methods to estimate the indirect mobilisation effect of **policy-related interventions**

→ Empirical work on investment looking at policy and investment conditions

Pursue work to actively identify and estimate the mobilisation effect of **developing country interventions**

→ South Africa case study jointly with local partners



# Research Collaborative - multiple contributing stakeholders

OECD DAC statistical work



Joint-DFIs initiative



Joint-MDBs initiative



Country pilot studies



Exploratory research





# Thank you

For further information please contact:

[simon.buckle@oecd.org](mailto:simon.buckle@oecd.org)

[raphael.jachnik@oecd.org](mailto:raphael.jachnik@oecd.org) (Research Collaborative)

[nicolina.lamhauge@oecd.org](mailto:nicolina.lamhauge@oecd.org) (DAC)