Climate Finance and Development Finance Institutions (DFIs)

OECD-CPI Consultation on Development and Climate Change
Warsaw - 19 November 2013

Jochen Harnisch, KFW - Competence Center Environment and Climate

Bank aus Verantwortung
The International Development Finance Club (IDFC)

- Network of 20 leading development finance institutions with mandates for national, sub-regional, regional and international activities around the world.

- Combined assets of more than USD 2,100 billion

- New commitments added up to approx. USD 390 billion

- Activities: Green finance mapping, exchange on good practices in private sector mobilisation and support of GCF implementation

- Current focus: green infrastructure finance, green urban infrastructure, SME energy efficiency
IDFC Green Finance Mapping 2013

- Institutions based in OECD countries
  - US$ 50 billion
  - US$ 15 billion
  - US$ 2 billion
  - US$ 33 billion
  - TOTAL: US$ 94 billion

- Institutions based in non-OECD countries
  - US$ 44 billion

- Projects in OECD country (other than home country of institution)
- Projects in non-OECD country (Home country of institution)

Alternative Approaches for Tracking Climate Finance

OECD DAC Rio Marker - Methodology

- Objective: **Purpose** to reduce or limit GHG emissions
- Objective: Increasing adaptive capacity and resilience
- Projects, programs and policy

MDB - Methodology

- Positive list for climate mitigation component
- Criteria for adaptation component
- Specifically for financing activities
KFW New Projects 2012: MDB or OECD-DAC Rio Marker Approach

relevant components counted 100%

KLM2/KLA2 counted as 100%
KLA1 or KLM1 as 50%

Amount in EUR

MDB

OECD DAC

KFW
Scaling-up the Green Economy
Conference, Frankfurt – 4 September 2013: Participating Organisations

Development Finance Institutions (DFI) & Development Banks (DB) from Developed Countries:

› AFD - Agence Francaise de Developpement, France
› BIO - Belgian Investment Company for Developing Countries, Belgium
› BSTDB - Black Sea Trade and Development Bank
› CDC Group - UK
› FINNFUND - Finnish Fund for Industrial Cooperation
› FMO - Netherlands Development Finance Company
› IFU - The Investment Fund for Developing Countries of Denmark
› JICA - Japan International Cooperation Agency
› KfW - KfW Development Bank, Germany
  - DEG Deutsche Investitions- und Entwicklungsgesellschaft, Germany
› Norfund - Norwegian Investment Fund for Developing Countries
› OeEB - The Development Bank of Austria
› OPIC - Overseas Private Investment Corporation, U.S.
› SOFID - Sociedade para o Financiamento do Desenvolvimento, Portugal
› VEB - Vnesheconombank, Russian Federation
Scaling-up the Green Economy
Conference, Frankfurt - Highlights From Final Statement on Conclusions

- Participating institutions are already core supporters of the development of a green economy - with new commitments for climate finance projects in developing countries and emerging economies of $15 bln. in 2012, plus $3.5 bln for other environment projects.

- Participants agree to improve the effectiveness of our financing activities for a green economy, and to increase our collective efforts, including catalytic effects on private investments towards the objective of $100 bln. p. yr. by 2020.

- Participants agree on efforts to work towards harmonised guidelines, taking into account individual countries’ circumstances, to limit projects which lead to significant fossil fuel-based greenhouse gas emissions.

- Participating institutions strive to harmonise their monitoring and reporting systems for finance provided to green economy projects and programmes.

Outlook

› Different mapping processes on the road of convergence – catalytic role of OECD and CPI
› OECD-DAC approach well and widely accepted for wider reporting of development finance
› No agreed definitions of climate finance
› Unclear whether OECD-DAC or MDB approaches system is more accurate or more cost-effective: intensified dialogue with objective of mutual learning in 2014
› If underlying positive/negative lists are applied consistently results for both approaches generally agree reasonably well
› IDFC and bilateral DFIs:
  - Evolutionary harmonisation and development of reporting methodologies
  - Focus on scaling-up, increasing effectiveness and instrument innovation
Contact Details

Competence Center Environment and Climate
Dr. Jochen Harnisch
Head of Division

KfW Bankengruppe
Palmengartenstrasse 5–9
60325 Frankfurt am Main
Germany

Phone  +49 69 7431 - 9695
Fax    +49 69 7431 - 3796
Jochen.Harnisch@kfw.de