

2 Trends of private climate finance mobilised for developing countries

This chapter examines trends in private climate finance mobilised by bilateral and multilateral public climate finance interventions between 2016 and 2021. It presents disaggregated analysis of private climate finance mobilisation across a range of dimensions. It analyses the use of different leveraging mechanisms in mobilising private finance, the distribution of private climate finance across developing country geographies and income groups, and the role of different development actors.

2.1. Understanding the mobilisation of private climate finance

Private investments and financing for low-emission and climate-resilient projects and activities are typically the result of the combined effects of a range of public interventions and of broader enabling conditions. While some public interventions mobilise private finance for specific projects or programmes, others can have a more catalytic effect on levels of private finance over time. The role played by different types of interventions are, however, intertwined, especially as public policies and broader enabling conditions can have a major impact on the amounts that public finance interventions can mobilise. Providers of bilateral and multilateral public climate finance can play a crucial role in unlocking private investment in developing countries, contributing to both the mobilisation and catalysation of private finance for climate action, as well as to development goals more generally.

In statistics from the OECD Development Assistance Committee (DAC), as defined in the “Converged Statistical Reporting Directives for the Creditor Reporting System”, mobilisation of private finance by official development finance interventions refers to the stimulation by specific leveraging mechanisms of additional financial resources from the private sector for development purposes.¹ In this context, the “mobilisation” of private climate finance requires a demonstrable causal link between private finance made available for a specific project or programme, and the leveraging mechanism deployed by official development finance providers. Based on methodologies developed in consultation with bilateral and multilateral development finance providers, and thereafter approved by DAC members, activity-level data are collected from those same providers for the following leveraging mechanisms: syndicated loans, guarantees, shares in collective investment vehicles, direct investment in companies, credit lines, project finance and simple co-financing arrangements (see corresponding analysis in the next section). Efforts are underway to expand coverage to also capture private finance mobilised through technical assistance. Following a two-year data pilot carried out in 2021-22, bilateral and multilateral providers will have the opportunity to report on the mobilisation effect of technical assistance activities, where causality can be assumed, links to the financing stage of the project demonstrated, and risks of double counting amounts mobilised addressed.

“Catalysation” is often used to encompass all interventions that help to create a more conducive environment for increased private sector investment and financing over time (OECD, 2018_[1]). Such interventions comprise public policies and incentives put in place by countries domestically, as well as the support from international providers towards the development and implementation of such policies, as well as towards more generally improving investment conditions in developing countries.

The analysis presented in this chapter focuses on private climate finance mobilised by public finance interventions, as defined by the DAC and captured by the activity-level data it collects annually from bilateral and multilateral development finance providers on that basis. In this context, the aforementioned leveraging mechanisms deployed by development actors typically take the form of blended finance, defined by the OECD as “the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries” (OECD, 2018_[1]).² Blended finance typically involves a public entity (for example development banks and government agencies) deploying finance intended to reduce the risk profile of a project or development intervention, thereby unlocking additional finance flows from private sector or other sources. Such interventions can help attract private investment into areas where it may not have otherwise been feasible without public support. The private sector then contributes additional funding to projects aiming at creating positive social and environmental impact alongside financial returns for investors.

Defining, measuring and reporting the mobilisation of private finance contributes to setting incentives for official providers. Particular care should be taken if amounts of private finance mobilised are translated into indicators such as institution- or aggregate-level mobilisation ratios. Experience shows wide ranges claimed on potential ratios (ODI, 2019_[2]). Moreover, limited information is available on how leverage ratios are calculated by different institutions, which hinders comparability and consistency as the numerator and denominator of such ratios can include or exclude different categories of public and private finance involved

(Jachnik and Raynaud, 2015^[3]). A further important issue surrounding the use of such indicators is that the ability of development actors to mobilise private finance should not be considered as a proxy for their ability to achieve effective and transformational climate action, as assessing the latter would require monitoring and evaluating actual impacts. Indeed, measuring the performance of public providers solely on the basis of mobilisation results could set perverse incentives and potentially put mobilisation, development effectiveness and climate action goals at odds.

Methodologies for estimating catalysation are by nature more challenging to develop and implement. Assessing the catalytic effect of domestic public policies and of international capacity building is complex. Numerous instruments operate within a broader policy landscape, making it challenging to isolate the effects of a specific intervention and identify it as the sole cause of mobilisation (Caruso and Ellis, 2013^[4]), as illustrated by exploratory pilot studies (McNicoll et al., 2017^[5]; Hašičič et al., 2015^[6]).

2.2. Insights from new disaggregated data analysis of private climate finance mobilised by public climate finance interventions.

This section provides disaggregated analysis of private climate finance mobilised by developed countries for developing countries between 2016 and 2021.³ The data presented throughout the remainder of Chapter 2 is sourced from the OECD statistics on financing for sustainable development and build on the OECD DAC international standard for measuring and collecting data on the amounts mobilised from the private sector by official development finance interventions, including for climate. It is important to note that:

- Data on private finance mobilised cannot be matched with a specific amount of public development finance.
- Commercial confidentiality related to private entities and finance prevents the characterisation of mobilised private finance, for example in terms of financial instrument and terms and conditions (Habel et al., 2021^[7]).

Between 2016 and 2021, developed countries mobilised in total USD 81.2 billion of private climate finance in developing countries, i.e., a yearly average of USD 13.54 billion (OECD, 2022^[8]). Of these USD 81.2 billion, USD 69.5 billion (86%) targeted mitigations activities, while USD 7.1 billion (9%) went to adaptation. The remaining USD 4.6 billion (6%) focused on cross-cutting activities.⁴ In terms of sectors, on a 2016-21 annual average basis, more than half of private climate finance mobilised went to the energy sector (USD 7 billion, 52%), and another 40% targeted six other sectors: banking and financial services (USD 1.5 billion, 11%), industry (USD 1 billion, 7%), transport (USD 0.6 billion, 5%), agriculture and forestry (USD 0.6 billion, 4%) and water supply and sanitation (USD 0.3 billion, 3%). From these trends, latest OECD analysis identifies four main takeaways (OECD, 2022^[9]):

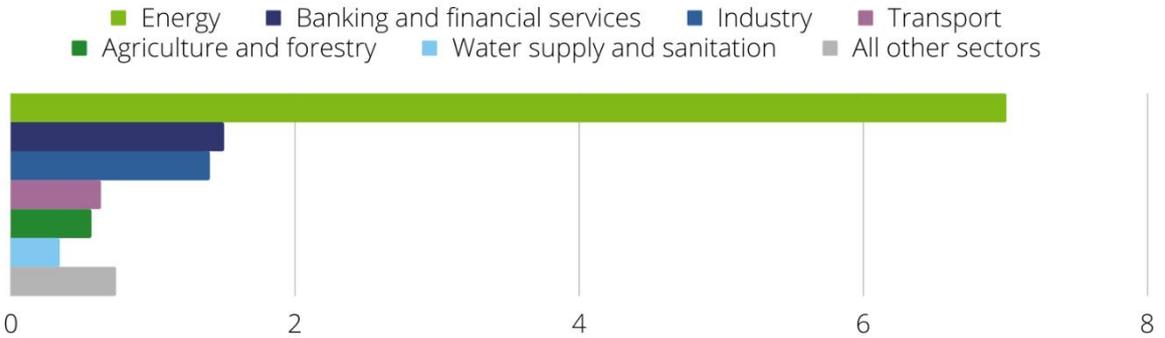
- **Overall, direct investments, guarantees and syndicated loans were the main leveraging mechanisms used, and mobilised 77% of total private climate finance.** All three mechanisms are particularly effective for mobilising private finance at scale by reducing risk exposure and providing structured financing methods that allow investors to participate in specific projects. Chapter 3 further explores the role that different leveraging mechanisms can play in scaling-up the mobilisation of private climate finance.
- **Most private climate finance was mobilised for projects in middle-income countries with relatively low risk profiles.** The ability of developing countries to attract private finance and investment depends on a range of factors related to their enabling environments, such as regulatory frameworks, investment policy, and financial market policy. Other factors, such as a country's implementation and enforcement capacity, human capital, economic infrastructure, and integration into the global economic system, also play a role in determining its absorptive capacity

for investment. To date, private climate finance has mostly been mobilised in countries with relatively strong economic infrastructure and a degree of market maturity, while the riskiest countries with high political and macroeconomic uncertainties tend to have limited capacity for private sector development. As further explored in Chapter 3, developing countries with relatively well-functioning markets, including more developed financial markets, and regulatory frameworks struggle less in mobilising private finance, and require relatively less or different types of support from international public climate finance.

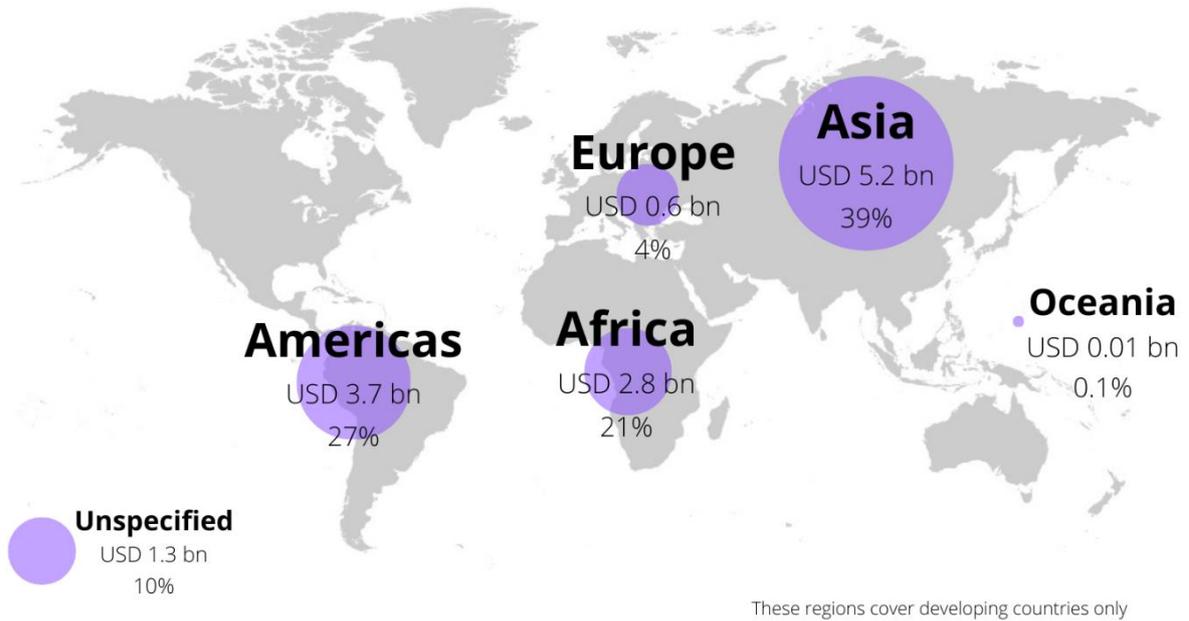
- **Overall, MDBs mobilised a larger proportion of private finance for developing countries, with a relatively higher risk profile than bilateral providers.** As further analysed in Chapter 3, MDBs tend to have larger portfolios of infrastructure projects and, to some extent, greater capacity to manage risk, which can allow them to operate in more challenging environments. Chapter 3 looks further into the role that MDBs can play in the mobilisation of private finance.
- **Adaptation finance represented a very small share (9%) of total private climate finance mobilised.** Private sector investment in adaptation projects is often challenging due to the lack of clear revenue streams, lack of scalability potential, as well as the uncertainty of future climate scenarios, which make it challenging to build a solid business case for the private sector. Given the traditionally dominant role played by the public sector in financing adaptation, the private sector often lacks awareness of pipelines of adaptation projects that may benefit from private investment. At the same time, in sectors such as sustainable agriculture and climate-resilient infrastructure, the role of the private sector in adaptation is becoming increasingly important due to the escalating impacts of climate change, including on profitability. The importance of private investment is magnified by the fact that governments alone cannot meet the financial demands of adapting to a changing climate. The role of the private sector in financing adaptation is further explored in a parallel and complementary paper that examines options for scaling up adaptation finance in developing countries (OECD, 2023^[10]).

Figure 2.1. Overview of key trends and figures of total private climate finance mobilised for developing countries, 2016-21

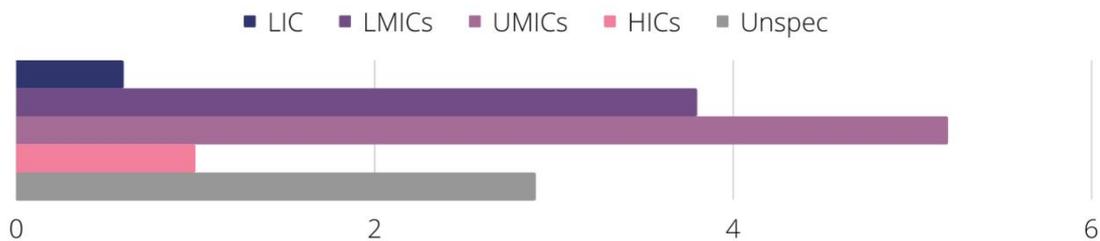
Distribution of private climate finance mobilised across sectors (USD billion, annual average)



Distribution of private climate finance mobilised across developing country regions (USD billion, annual average)



Distribution of private climate finance mobilised across income groups (USD billion, annual average)



Source: Based on OECD DAC statistics, and complementary reporting to the OECD.

2.2.1. The role of different leveraging mechanisms in mobilising private climate finance

Leveraging mechanisms refer to financial instruments and structures designed and implemented by public finance providers to help attract, de-risk and direct private capital towards sustainable development, and in the context of this paper, towards climate change projects. Table 2.1 provides an overview of the definitions, use and purpose of different leveraging mechanisms captured in OECD DAC statistics. Combining these mechanisms amongst a range of wider support measures tailored to individual country contexts, sectors, and projects, alongside domestic efforts, can significantly enhance their effectiveness in mobilising private finance.

Between 2016 and 2021, direct investments in companies mobilised nearly half (41%) of private climate finance. These were followed by guarantees (19%), syndicated loans (16%), credit lines (9%), simple co-financing arrangements (7%) and collective investment vehicles (CIVs) (7%) (OECD, 2022^[9]).

Table 2.1. Role and use of leveraging mechanisms

Leveraging mechanism	Definition	Underlying financial instruments used by public finance providers	Typical mobilised private finance
Direct investments in companies and special purpose vehicles (SPVs)	In the context of project finance, these mechanisms refer to mobilising private investments in SPVs, which are neither covered by official guarantors nor part of a syndicated loan. Beyond project finance, direct investment in companies refers to loans, mezzanine finance and equity investments in enterprises alongside with private investors to provide liquidity for expansion purposes.	Equity investments, mezzanine finance, standard loans, bonds, and other debt instruments	In the context of project finance: private equity investments or private debt financing in SPVs (if not through syndicated loans). Beyond project finance: private debt financing (not syndicated) and equities invested in enterprises.
Guarantees	Guarantees are legally binding agreements under which the guarantor agrees to pay part of or the entire amount due on a loan, equity, or other instrument in the event of non-payment by the obligor or loss of value in case of investment.	Guarantees and other unfunded contingent liabilities	Private equity investments and loans to SPVs and companies as well as portfolios of private local finance institutions
Syndicated loans	Syndicated loans are defined as loans provided by a group of lenders (a syndicate) which works together to provide funds to a single borrower.	Standard loans, subordinated loans	Private lenders participating in the loan syndication.
Credit lines	Credit lines refer to a standing credit amount which can be drawn upon by borrowers (typically local finance institutions) for on-lending purposes, mainly to SMEs.	Standard loans, subordinated loans	Top-up funds by private local finance institutions and in certain cases also equity investments in the end borrowers (if required).
Simple co-financing arrangements	Simple co-financing arrangements refer to various business partnerships, B2B programmes, business surveys, matching programmes, co-financing of specific projects and similar arrangements where official providers extend finance in co-financing with the private sector.	Standard grants, standard loans	Private co-finance of specific projects in the field or in the context of business partnerships.
Shares in collective investment vehicles (CIVs)	Shares in collective investment vehicles (CIVs) represent investments in pooling vehicles, such as investment funds and facilities, which typically use such finance to foster local SME development	Equity investments, loans, and mezzanine finance (rarely)	Private equity investments in the CIVs.

Source: Adapted and further expanded from (OECD, 2022^[9]).

In the context of climate-related themes, direct investment in companies have been employed significantly more for the financing of mitigation and adaptation projects, accounting for 43% and 44% of private climate finance mobilised within each of these climate areas, respectively. In contrast, simple co-financing

accounted for a greater share of private finance mobilised towards cross-cutting activities, making up 35% of the total.

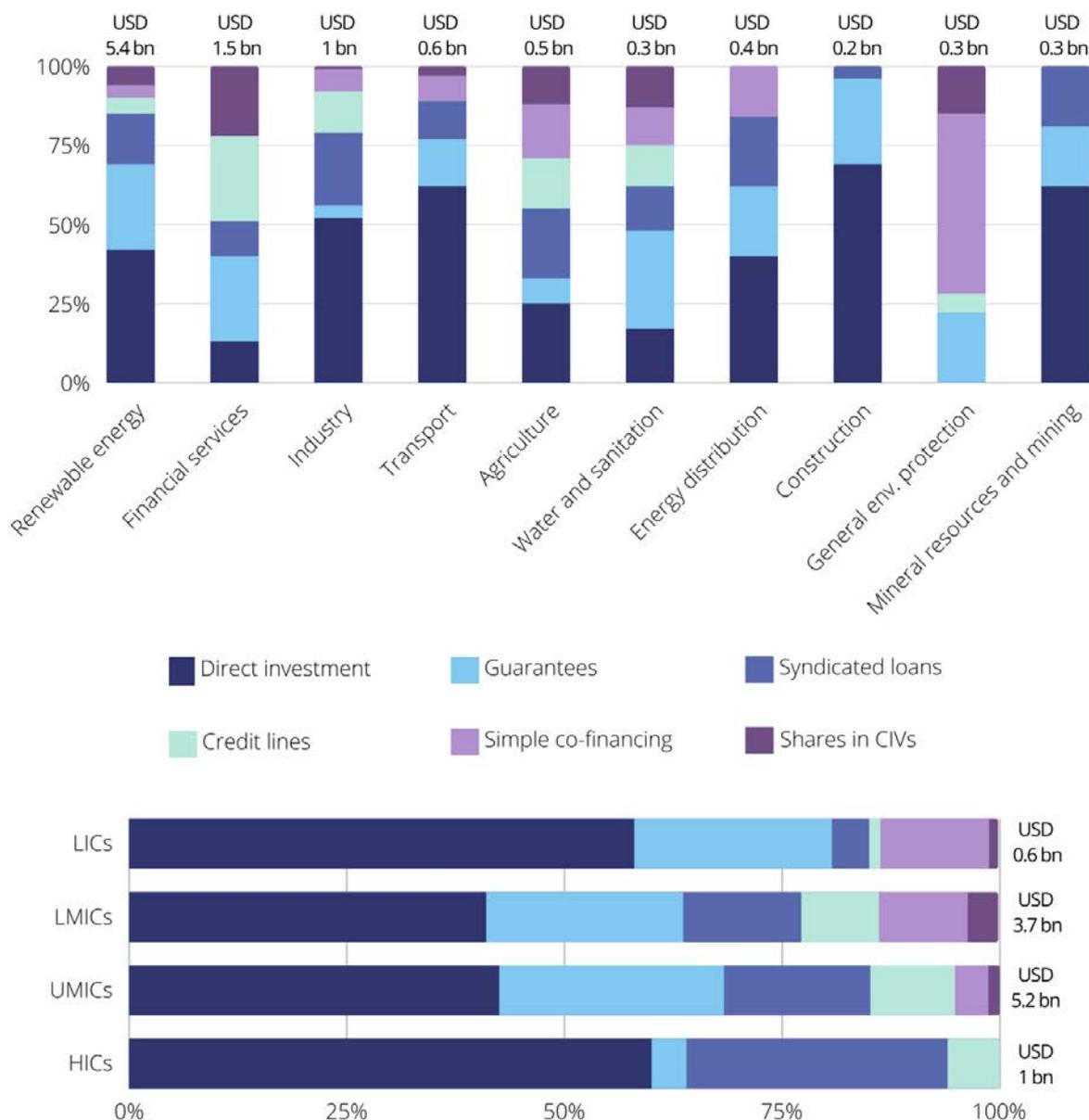
Different trends emerge by further breaking down private climate finance by leveraging mechanism across different sectors and recipient country profiles (see Figure 2.2). The differences in trends can be explained by a range of factors, including the nature of the projects being financed, the availability of funding sources, the risk profile of different countries and sectors, the level of maturity of the private climate finance market in each sector, as well as the business models of the provider institutions. While the level of granularity and confidentiality of data on private climate finance mobilisation does not allow for the reflection of all these dimensions, several observations can be made on the features of various leveraging mechanisms. Looking at the leveraging mechanisms from those the mobilised the most climate finance to those that mobilised the least:

- **Direct investments in companies and special purpose vehicles (SPVs)** are mostly relevant for financing large infrastructure projects that require significant upfront investment. For this reason, they contributed to the mobilisation of 50% or more of private climate finance in sectors involving infrastructure projects, such as industry, transport, construction, and mineral resources and mining, and to approximately 40% of private finance mobilised for renewable energy and energy distribution projects. At the same time, due to the versatility and broad range of applications of these leveraging mechanisms, direct investments in companies are used evenly across all four recipient country income groups.
- **Guarantees**, serving to alleviate political and/or commercial risks such as credit, contractual and regulatory uncertainties, are predominantly employed in sectors and countries where these risks are higher. They find substantial application in water supply and sanitation (contributing to 31% of private finance mobilised in the sector), renewable energy (27%), financial services (27%), and construction (27%). The high prevalence in the banking and financial services sector is due to the fact that, at the time of allocation of portfolio guarantees, the provider does not have specific knowledge of the end-users' sector. Moreover, guarantees are particularly prevalent in low-income and middle-income countries, accounting for approximately 24% of the volumes mobilised, in contrast to 5% in high-income developing countries. This difference in the use of guarantees across different income groups underscores the heightened requirement for risk mitigation in the former country categories, where the investment risks associated with climate-related projects are typically more substantial. A potential explanation could be that upper-middle income and high-income countries with higher degrees of political credibility and economic stability, and more financial resources, can provide formal or informal guarantees adequately satisfying private investors. Conversely, in lower-middle income and low-income countries, basic sovereign credibility may be insufficient to make domestic guarantees effective, necessitating additional backing.
- **Syndicated loans** accounted for significant shares of private finance mobilised in education (46% of all private climate finance in the sector) and played a significant role (19% or more) in industry, health, waste management, and hybrid energy sectors. The use of syndicated loans increases as countries move up the income ladder, possibly reflecting greater willingness amongst private investors to participate in syndications. They are particularly relevant to large-scale projects in infrastructure, energy, or natural resources that require significant capital investment.
- **Credit lines** are typically used in sectors where projects may require ongoing financing rather than a one-time investment, as they allow borrowers to draw on funds as needed, giving them more flexibility than other forms of financing. As such, credit lines were used primarily to mobilise finance in financial services (where they mobilised 27% of total climate finance in the sector) and agriculture (16%). However, these credit lines are typically provided to local financial institutions (LFIs). Similar to guarantees, at the time of allocation, the provider often does not have specific knowledge of the end-user's sector of intervention. This may lead to bias in the sector distribution. In terms of recipient countries' income groups, credit lines accounted for slightly higher shares of

private finance mobilised in lower- and upper-middle income countries – 9% for both groups – compared to only 1% in low-income countries. This could be explained by greater access to financial services and more sophisticated financial markets in upper-middle and lower-middle income countries, which facilitate the use of credit lines.

- **Simple co-financing** is widely used in sectors where projects may be smaller in scale and more diverse in nature. These mechanisms were most extensively employed in general environment protection (where they mobilised 57% of private climate finance), followed by the forestry (68%), and fishing (53%) sectors. In all other sectors simple co-financing mobilised less than 10% of total climate finance. Simple co-financing is mostly used in low-income and lower-middle income countries, where it mobilised 16% and 9% of total climate finance. The role of simple co-financing diminishes as countries move up the income ladder. In upper-middle income and high-income countries simple co-financing only mobilised 4% and 1% of total climate finance, respectively.
- **Shares in collective investment vehicles (CIVs)** were most significant in the government and society sector, where they were used to mobilise 78% of total private climate finance. Shares in CIVs were used to mobilise only 1% total climate finance in low-income countries and upper-middle income countries, and 5% in lower-middle income countries. They represent a significantly higher share (24%) in total climate finance mobilised that is not allocable by income group, for example because they target regional projects or projects in multiple jurisdictions through aggregation structures. This reflects their coverage of pooling vehicles, such as investment funds and facilities, where the ultimate beneficiary countries are not defined.

Figure 2.2. Overview of leveraging mechanisms used to mobilise private climate finance by sub-sector and recipient countries' income group, 2016-21 (annual average)



Note: The graph shows only the top 10 largest sub-sectors for private climate finance mobilised.
 Source: Based on OECD DAC statistics, and complementary reporting to the OECD.

A 2022 OECD DAC survey on providers' portfolios towards private mobilisation⁵, conducted to complement and help explain trends observed from the mobilised private finance data collected from providers, revealed that while private finance mobilisation for development, as well as for climate action, was a strategic objective for most bilateral and multilateral providers, only 18% of their financial instruments had private finance mobilisation as a main objective. Nonetheless, the survey confirmed the key role of leveraging mechanisms such as guarantees, syndicated loans, and project finance in mobilising private finance, including for climate action. It also showed that several providers have strengthened their use of leveraging mechanisms by experimenting new approaches to mobilise private finance (for example

through new bond or guarantee programmes, capitalisation of blended finance funds and facilities) (OECD, 2023^[11]).

2.2.2. The scale and sectoral focus of mobilised private climate finance varies across geographies

Examining the mobilisation of private climate finance across various developing country groupings reveals the significant influence of specific economic conditions and enabling environments. The top five developing countries benefitting from private climate finance mobilised benefitted from almost 30% of the total. Of these, all five are large developing countries that are members the G20.

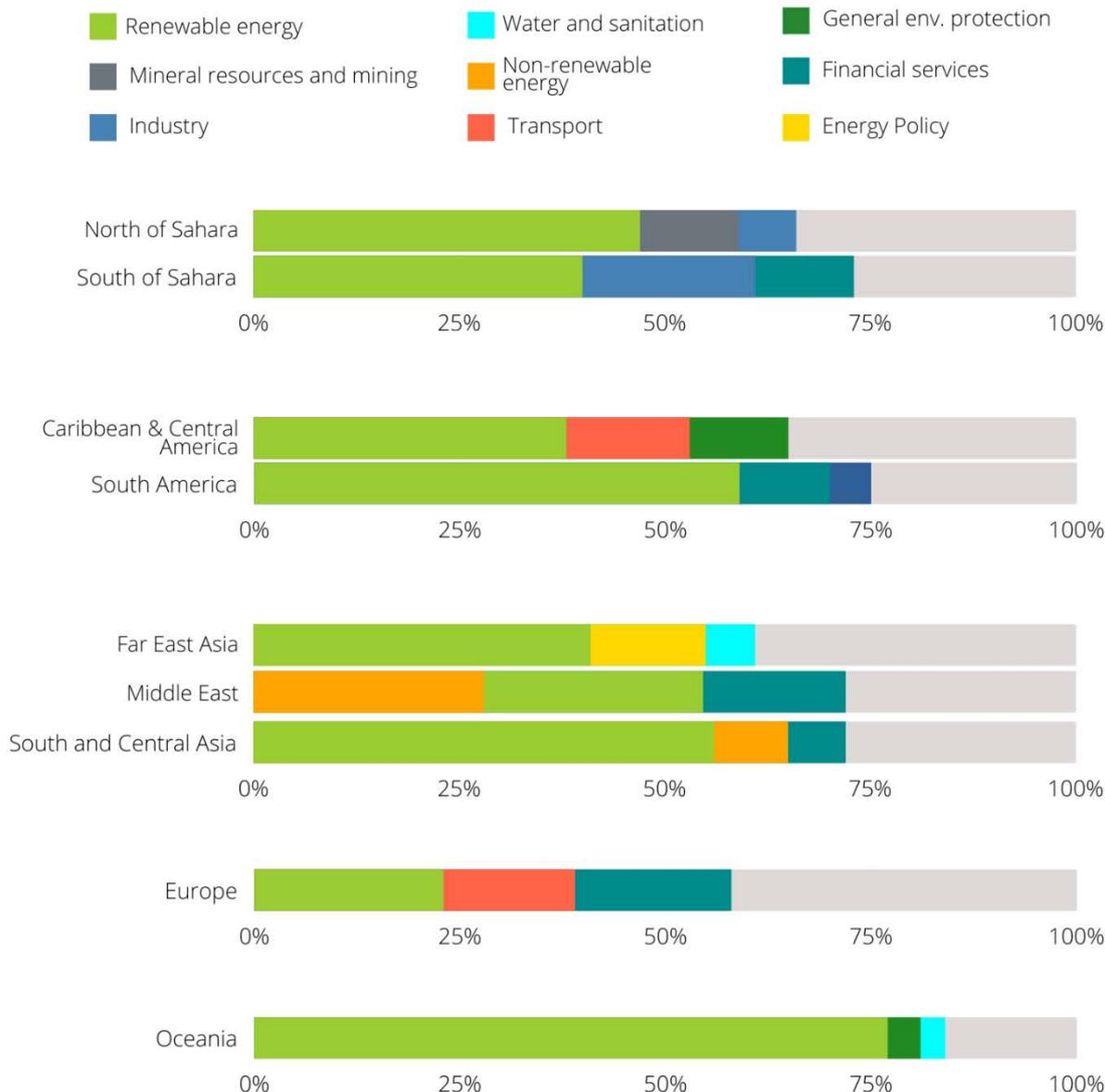
From a geographical region perspective, between 2016 and 2021:

- Asia accounted for largest volumes of private finance mobilised for climate objectives, benefitting from USD 31 billion, or 39% of the total. Within Asia, nearly a third of the total was directed to South and Central Asia (where more than half was concentrated in one single country), nearly a third in Middle East and the rest in the East Asia or unspecified.
- The Americas followed, benefitting from USD 22 billion (27% of the total). Almost three quarters (72%) of private climate finance mobilised in the Americas was in South America.
- Africa benefitted from USD 17 billion (20%). The vast majority (68%) of total mobilised private finance targeting projects in Africa was in sub-Saharan countries.
- Europe and Oceania were the regions that benefitted from the lowest amounts of private climate finance mobilised, at USD 3.7 billion (5%) and USD 62 million (0.08%), respectively. This is to be expected, given the significantly smaller size and populations of climate finance recipient countries of these regions.
- The remaining 9% of total private climate finance mobilised (USD 7.5 billion) was not allocable by region.

Renewable energy was the most targeted sector in all sub-regions, except for the Middle East, where non-renewable energy⁶ attracted 21% of all private climate finance mobilised. In Oceania, renewable energy accounted for 77% of total private climate finance mobilised. Beyond renewable energy, the most targeted sub-sectors varied significantly across regions, reflecting different economic, strategic, and climate action priorities, as well as competitive advantages (see Figure 2.3). In particular:

- In the North of Sahara, other social infrastructure and services, and mineral resources and mining accounted for 14% and 12% of total private climate finance mobilised.
- In the South of Sahara, and South America, industry, and financial services were the second and third most targeted sectors (21%, and 5% for industry, and 11% and 11% for financial services, respectively).
- In the Caribbean and Central America, transport and general environment protection make up for 15% and 12% of the total private climate finance mobilised.
- In Far East Asia, energy policy and water and sanitation attracted 14% and 6% of total private climate finance mobilised.
- In Middle East, the second and third most targeted sub-sectors were renewable energy (21%) and financial services (13%).
- In South and Central Asia, non-renewable energy⁶ attracted 9% of total private climate finance mobilised, followed by financial services (7%).
- In Europe, financial services and transport accounted respectively for 19% and 16%.

Figure 2.3. Overview of total private climate finance mobilised by sub-region and sector, 2016-21



Source: Based on OECD DAC statistics, and complementary reporting to the OECD.

2.2.3. The role of different development actors in mobilising private climate finance

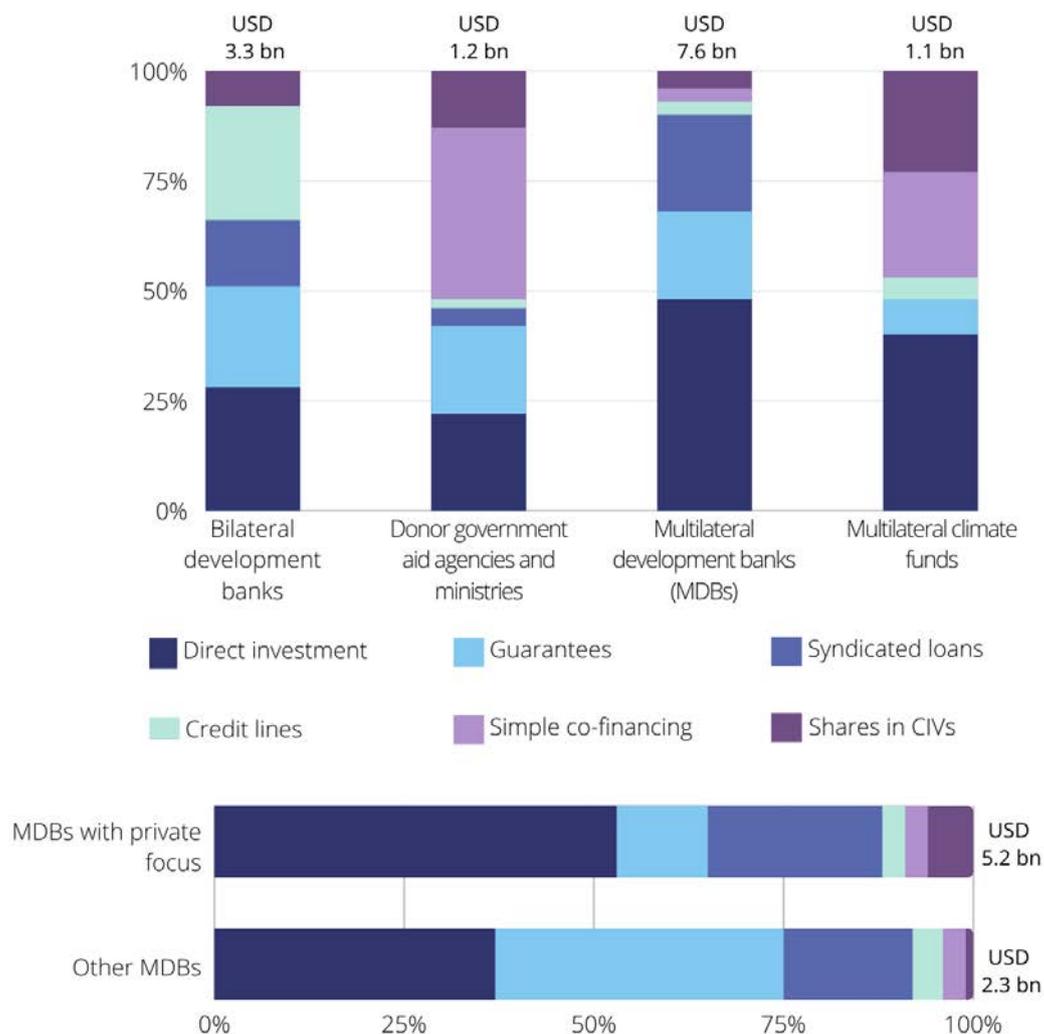
Depending on their mandates and structures, different development actors play distinct roles in the mobilisation of private climate finance (this is further explored in Chapter 3) (Figure 2.4). This analysis considers four broad categories of development actors: donor governments that operate through aid agencies and ministries; donor governments that operate through government-owned development banks; multilateral development banks, and multilateral climate funds. These classifications serve as guidelines for identifying key trends across distinct types of development actors, whilst acknowledging significant intra-group heterogeneity. In particular:

- **Bilateral aid agencies and donor government ministries** mainly mobilise climate finance using simple co-financing (which contributed to 39% of total private climate finance mobilised by these

actors). This could be explained by their business models, which tend to allow for a limited range of financial instruments to be used, mainly standard loans and grants. Simple co-financing is followed by direct investment in companies (22%) and guarantees (20%).

- **Bilateral development banks** use a variety of leveraging mechanisms more evenly, compared to aid agencies and assistance provided directly by government ministries. Almost 30% of the private climate they mobilise is leveraged through direct investment in companies, followed by credit lines (26%) and guarantees (23%).
- **For multilateral development banks (MDBs)**, nearly half (48%) of the total private climate finance they mobilise is leveraged through direct investment in companies. This possibly reflects their high degree of involvement in very large infrastructure projects, as outlined in earlier sections. Syndicated loans (22%) and guarantees (20%) follow. Credit lines, simple co-financing and shares in SPVs account for a very small share (3 to 4% each) of total private climate finance mobilised by MDBs. Within MDBs, those that have a private focus mobilise more via direct investment (53%) than those that do not have a specific private focus (37%). In contrast, the latter mobilise significantly more with guarantees (38%).
- **Multilateral climate funds** mobilise most private climate finance either via direct investment in companies (40% of the total) or via simple co-financing (24%). Shares in CIVs (23%) follow. Climate funds make little use of guarantees (8%) or credit lines (5%) and make no use at all of syndicated loans.

Figure 2.4. Private climate finance mobilised by leveraging mechanisms across different development actor, 2016-21 (annual average)



Source: Based on OECD DAC statistics, and complementary reporting to the OECD.

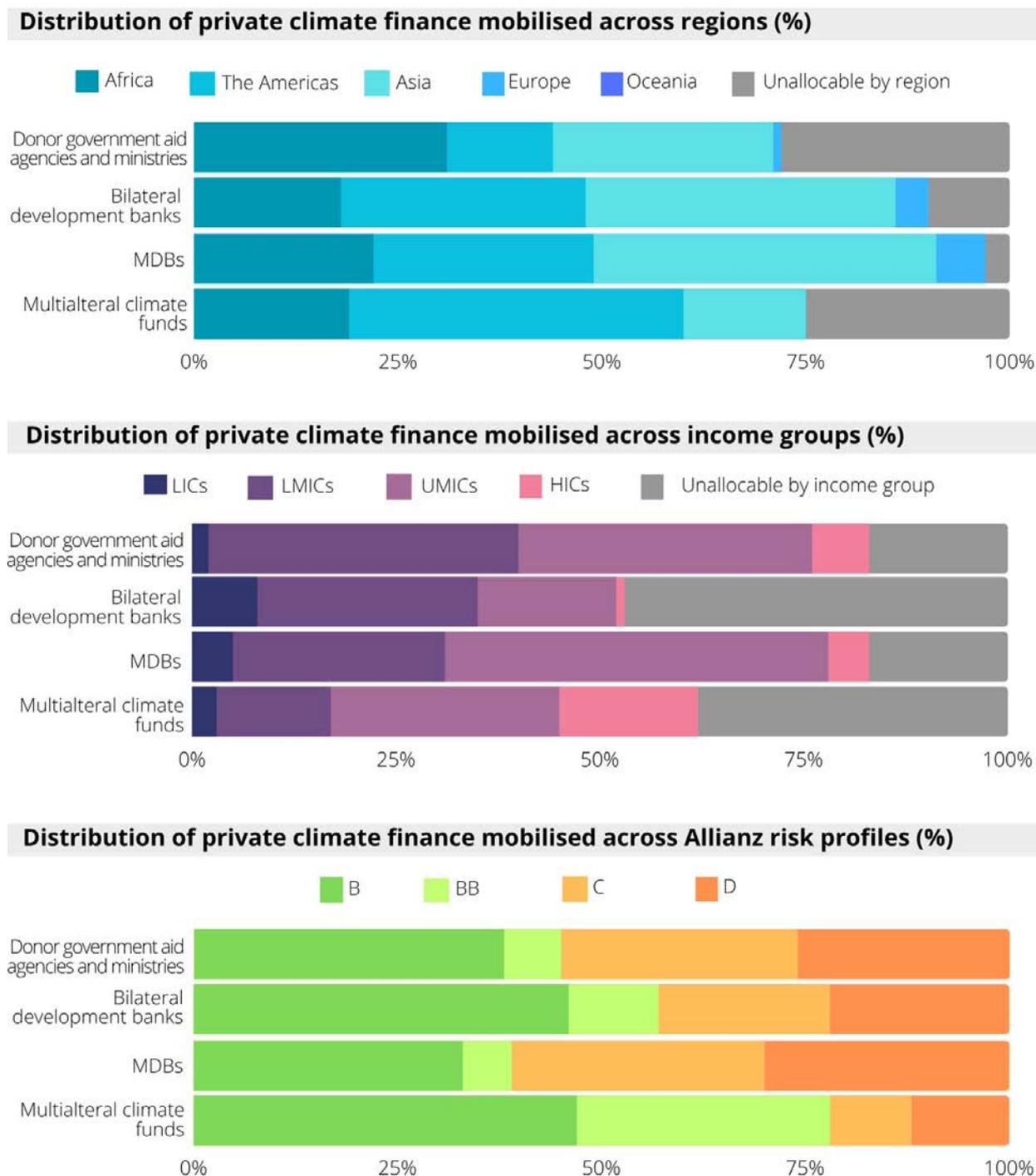
In terms of sector, while renewable energy is the key sector for all actors, the sectoral distributions differ between different types of developmental actors as a result of their different mandates and foci. Relative to other types of actors, national development banks have a higher share in banking and financial services (17% of their total) and the non-renewable sector energy (7%)⁶. In contrast, MDBs mobilise more than other actors in industry (10% of their total) and transport (6%). Finally, governmental agencies and multilateral climate funds have stronger focuses in general environmental protection (12% and 7% of the total private climate finance they mobilise, respectively). The relatively large share in other sectors for MDBs is partly explained by the lack of sectoral reporting in earlier years for one individual large institution.

The roles of the four broad categories of development actors also differ across recipient country regions, income group and risk profiles (Figure 2.5). In particular:

- Bilateral aid agencies and ministries mainly mobilised private climate finance in Africa, low- and lower-middle income countries. More than half of the total private finance they mobilised was in countries with high Allianz risk profiles.

- Bilateral development banks and MDBs show similar trends in terms of targeted developing country regions and profiles. Both mobilised nearly 70% of their respective totals in the Americas and Asia. In terms of income group, bilateral development banks and MDBs mobilised respectively 36% and 47% of their total private climate finance mobilised in upper-middle income countries. However, bilateral development banks tended to mobilise private climate finance in developing countries with lower Allianz risk profiles, compared to MDBs, which mobilised as much as 61% of their total private climate finance mobilised in countries with a C or D Allianz risk rating.
- A large share (30%) of private climate finance mobilised by multilateral climate funds were not allocable by region or income group. Beyond this, they mobilised most finance in the Americas, and upper-middle income and high-income developing countries. Multilateral climate funds were the most risk-averse development actors, mobilising over three quarters of total private climate finance mobilised in developing countries with an Allianz risk rating of B or BB.

Figure 2.5. Private climate finance mobilised by development actor across different developing country profiles, 2016-21



Source: Based on OECD DAC statistics, and complementary reporting to the OECD.

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Notes

¹ See “Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire”/Chapter 1. Coverage and Key Financial Definitions / Main concepts used in defining flow categories DCD/DAC/STAT(2020)44/FINAL.

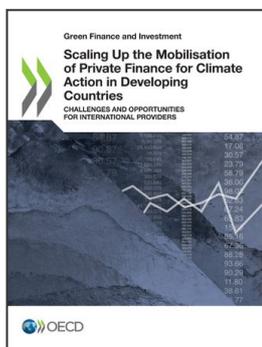
² At present, however, there is no internationally agreed definition of blended finance. For example, the DFI Working Group on Blended Concessional Finance for Private Sector Projects defines it as “combining concessional finance from donors or third parties alongside DFIs’ normal own account finance and/or commercial finance from other investors, to develop private sector markets, address the Sustainable Development Goals (SDGs), and mobilise private resources” – thus making concessional finance a prerequisite for blending. In contrast, the OECD definition focuses on the mandate of the finance provider, as the definition centres on the need for “development finance” – referring to finance (either concessional or non-concessional) deployed for development purposes – to mobilise “additional finance”, which refers to private finance with a commercial purpose. The OECD recognises that a consistent and commonly agreed definition would help development actors align the efforts to make blended finance work better for all countries and sectors (OECD, 2022^[12]).

³ For both multilateral public and mobilised private climate finance, the OECD series of reports on *Climate Finance and the USD 100 Billion Goal* only considers the share of finance that is attributable to developed countries, recognising developing countries’ shareholdings contribute to the financing and operations of multilateral development banks and development finance institutions. The approach of considering only the “attributed” share of these two components is taken in the context of focusing on developed countries’ contributions and their progress towards the UNFCCC USD 100 billion goal.

⁴ Climate finance reported as “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, for example, capacity development grants, the use of which is yet to be decided by the recipient.

⁵ The survey was administered through the DAC Working Party on Development Finance Statistics (WP STAT). It was sent to 64 providers, including 36 provider countries (DAC and non-DAC) and 28 multilateral institutions (including the EU Institutions). Responses were received from most of the main actors known to mobilise private finance for development, i.e., 22 countries (of which 21 are DAC members) and 17 multilateral institutions (of which 12 are MDBs, including the EIB).

⁶ Climate finance mobilised towards energy generation from non-renewable sources primarily constitutes mitigation activities in a few large natural gas-fired power plants.



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