



**CLIMATE FINANCE
DELIVERY PLAN:
MEETING THE
US\$100 BILLION GOAL**

A FOREWORD FROM THE HONOURABLE MINISTER JONATHAN WILKINSON AND STATE SECRETARY JOCHEN FLASBARTH ON THE US\$100 BILLION GOAL

In July 2021, we have accepted the invitation from COP26 President Designate Alok Sharma to co-lead the process of developing a climate finance Delivery Plan, demonstrating how and when developed countries will meet the US\$ 100 billion goal. While the Delivery Plan itself is delivered on behalf of all developed countries, we also want to take the opportunity to add our own remarks and observations on the process we carried out during the last four months up to the finalization of this product.

Climate finance plays a critical role in supporting developing countries to address climate change. We recognize the importance of delivering on the goal we set in 2009, and reaffirmed and extended in 2015, to mobilize jointly US\$100 billion a year by 2020 and through 2025, to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation.

During the last decade, we have seen that developed countries remained committed to delivering on the US\$100 billion goal. Since the goal was established in 2009, developed countries have significantly scaled-up support to developing countries. However, over the past several months, we have heard rising concerns that the US\$100 billion goal was not met in 2020. We share the disappointment about this. Even though final figures for 2020 are not available yet, it is becoming clear that developed countries will not have mobilized US\$100 billion jointly by that year. The developed countries remain strongly committed to meeting this goal. This is particularly important as the goal was set in the context of developing countries' commitments to address climate change by supporting mitigation actions, and in recognition of the need to increase countries' abilities to adapt to the adverse impacts of climate change. Hence, as we continue to urge all countries to enhance the ambition of their Nationally Determined Contributions, the significance of meeting this goal cannot be overstated.

Against this background, we have co-led a process to encourage additional climate finance pledges prior to COP26 and to demonstrate how and when developed countries will achieve the US\$100 billion goal. In doing so, we have been supported by the full group of developed countries contributing towards climate finance. We know that a transparent and consultative Delivery Plan showing how and when the goal will be met is key. This Delivery Plan aims to do just that: to provide clarity on when and how the US\$100 billion goal will be met, with as much transparency as possible. We are aware that further work is needed from now until 2025.

As part of this process, developed countries have worked to increase their climate finance pledges, with substantial new pledges from a number of countries, in order to ensure climate finance ambition is at an all time high. In addition, forward-looking data on climate finance has been collected from developed countries and multilateral development banks (MDBs) over the past weeks, and we have worked with the Organisation for Economic Co-operation and Development (OECD) and their expert analysis to develop aggregate forward-looking estimates of climate finance in 2021-25 to get an estimate of when we will meet the goal. Furthermore, we have conducted outreach with developed and developing countries alike to better understand expectations for the Plan.

The Delivery Plan reflects these collective efforts. Through it, we demonstrate progress made to date, outline our expectation that developed countries will make significant progress towards the US\$100 billion goal in 2022 and express confidence that it would be met in 2023. The data also gives us confidence that we will likely be able to mobilize more than US\$100 billion per year thereafter. This projection is based on pledges made by developed countries as of October 20, 2021. We recommend that the developed countries continue, in close cooperation with the recipients, to deliver on these pledges in the lead up to COP26 and after, including through increased private finance mobilized. Through our collective efforts, working alongside MDBs and the OECD, we have strived to ensure these projections are robust, while acknowledging the assumptions, uncertainties and challenges of forward looking data estimates and budget cycles.

While meeting the US\$100 billion goal is of course critical, there are a number of other factors that are of great importance to climate finance. This Delivery Plan therefore includes a number of guiding principles for collective actions that developed countries consider important based on what we heard during our outreach. These actions will help to ensure we reach the goal and steadily scale-up climate finance, including on adaptation and grant finance, transparency, predictability and private finance mobilized. Importantly, this work does not replace related ongoing processes such as the Taskforce on Access to Climate Finance being led by Fiji and the UK as well as the work of the UN Special Envoy on Climate Action and Finance, Mark Carney, in accelerating the private sector's alignment and scaling up of investments in support of the Paris Agreement. In this context, we also note that the work on all these important issues has to move forward in the months and years to come.

Through these efforts, developed countries demonstrate that they remain committed to meet and deliver on the US\$100 billion goal. We expect our mobilization efforts will create positive momentum for climate action in the coming weeks and months. As we heard in our consultations, transparency and predictability are key and we therefore encourage developed countries and MDBs who have not yet done so to continue coming forward with multiyear pledges to ensure predictability in climate finance. We also recommend that the OECD continues on a regular basis with its analysis of climate finance flows to support developed countries' efforts.

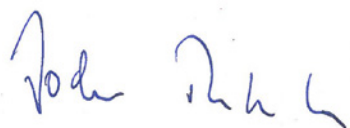
We would like to thank all of those who contributed to this effort, including the OECD and Sweden who greatly supported the technical and analytical input that made this Delivery Plan possible.

We look forward to continue the conversation at COP26.



The Honourable Jonathan Wilkinson

Minister of Environment and
Climate Change Canada



H.E. Jochen Flasbarth

State Secretary, Federal Ministry
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EXECUTIVE SUMMARY

Developed countries remain steadfast in our continued commitment to meet the annual US\$100 billion goal as soon as possible and through 2025. In this regard, developed countries, co-led by Canada's Minister of Environment and Climate Change, Jonathan Wilkinson, and Germany's State Secretary at the Ministry for Environment, Nature Conservation and Nuclear Safety, Jochen Flasbarth, have prepared a forward looking Delivery Plan on the US\$100 billion goal through to 2025. Based on the analysis from the Organisation for Economic Co-operation and Development (OECD) of recent climate finance pledges and historical levels of climate finance, the outlook to 2025 shows a positive trend with developed countries making significant progress towards the US\$100 billion goal in 2022 and provides confidence that it would be met in 2023. The data also provides confidence that developed countries will likely be able to mobilize more than US\$100 billion per year thereafter. To reach the goal effectively, guiding principles for collective actions by developed countries are outlined in this plan.

1. INTRODUCTION

In 2009, at the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen (COP15), developed country Parties committed, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilising jointly US\$100 billion a year by 2020 to address the needs of developing countries.¹ In this regard, Parties specified that the finance would come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. The climate finance goal was then formally recognized by the UNFCCC Conference of the Parties at COP16 in Cancun.² At COP21 in Paris, Parties extended the US\$100 billion goal through 2025.³

In 2016 and in response to COP21 decision 1/CP.21, developed countries provided a Roadmap on key factors and pathways to reach the US\$100 billion goal. The Roadmap indicated that developed countries were on track to meet the climate finance target by 2020. Since 2015, the OECD has regularly analysed the progress towards the climate finance goal. The latest OECD report for 2019,⁴ released on September 17, 2021, indicates that even though climate finance provided and mobilized has shown a stable upward trend, the US\$100 billion goal will most likely be shown to not have been achieved in 2020 when the data is available.

In this context, and in line with the continued commitment to the US\$100 billion goal through 2025, COP26 President-Designate Alok Sharma requested Canada's Minister of Environment and Climate Change, Johnathan Wilkinson, and Germany's State Secretary at the Ministry for Environment, Nature Conservation and Nuclear Safety, Jochen Flasbarth, supported by the full community of climate finance contributors, to co-lead a process with the objective of ensuring confidence and trust that developed countries will deliver on the US\$100 billion goal through 2025 and to provide a collective and forward-looking Delivery Plan. The Delivery Plan sets out the progress on the US\$100 billion goal to date, the estimated trajectory of climate finance from 2021 through to 2025 taking into account new climate finance pledges from individual developed countries and multilateral development banks (MDBs) as well as collective qualitative actions to deliver on the finance commitment.

¹ Decision 2/CP.15

² Decision 1/CP.16

³ Decision 1/CP.21

⁴ [Climate Finance Provided and Mobilised by Developed Countries: Aggregate Trends Updated with 2019 Data](#)

2. PROGRESS TO DATE

In 2015, developed countries and MDBs made significant pledges and announcements on scaling up climate finance towards 2020. In 2016, in response to decision 1/CP.21 paragraph 11⁴, developed countries delivered a Roadmap to the US\$100 billion goal.⁵ This Roadmap indicated that developed countries were on track to meet the US\$100 billion goal by 2020, projecting that public finance would reach US\$67 billion while the remaining US\$33 billion would be provided by private finance under an assumption that mobilization rates increased. The Roadmap was never a firm prediction, but a snap shot in time indicating possible developments based on the best available data and assumptions on possible mobilization scenarios that provided a range of outcomes. However, the Roadmap did not include a coordinated approach on how to mobilize the private finance needed to reach the US\$100 billion goal.

Based on recent estimates from the OECD, climate finance provided and mobilized by developed countries increased from US\$58.5 billion in 2016 to US\$79.6 billion in 2019. This represents an overall increase since committing to the US\$100 billion goal in 2009, when collective climate finance, reached US\$30 billion for the period 2010–2012. Based on the latest data, a more than US\$20 billion annual increase would be required to meet the US\$100 billion goal in 2020. While it will not be known until 2022 whether the US\$100 billion goal has been met in 2020,⁶ recent trends show that it appears unlikely. While this trend is not in line with our expectations, it still represents a significant effort by developed countries, particularly as the majority of the finance stemmed from public finance, while private finance mobilization underperformed against expectations.

With respect to the structure of climate finance, the following observations from the OECD are of note:

- US\$62.9 billion came from public sources in 2019, in line with the 2016 Roadmap projections, with an additional US\$4 billion needed in 2020 to reach the projections.
- Adaptation finance doubled from 2013 levels to US\$20.1 billion in 2019. With US\$50.8 billion, mitigation finance represented almost two-thirds of total climate finance provided and mobilized by developed countries in 2019.⁷
- Furthermore, in 2019, public grant financing further increased and reached US\$16.7 billion. The shares represented by loans (including both concessional and non-concessional) and grants were 71% and 27% of total public climate finance (excluding export credits) provided in 2019 respectively.
- Private finance mobilized remained more or less flat through 2017-2019 just over US\$14 billion, a shortfall of US\$19 billion relative to the projections in the 2016 Roadmap.

⁵ Roadmap to the US\$100 Billion, <https://unfccc.int/sites/default/files/resource/climate-finance-roadmap-to-us100-billion.pdf>

⁶ This is a technical reality due to the time that is required to collect and collate the data.

⁷ Climate finance dedicated to cross-cutting issues reached US\$8.7 billion in 2019.

While reaching the US\$100 billion goal by the 2020 target year is delayed, there have been a number of positive developments in recent years. The Green Climate Fund (GCF) is a key channel for climate finance delivery and supporting mitigation and adaptation actions in furtherance of the goals of the Paris Agreement. Since 2015, the Fund has become fully operational, and in that time the Board has allocated US\$10 billion to 190 projects. In 2019 and 2020, developed countries pledged roughly US\$10 billion for the first formal replenishment process of the GCF. Developed countries also made substantial finance contributions to the other funds under the UNFCCC and Paris Agreement. Multilateral Development Banks have more than doubled their climate finance between 2013 and 2019, and the amount attributed to developed countries has risen from \$13 billion to \$30 billion during that time.

Developed countries have also made concerted efforts to improve the transparency of climate finance to better understand how much finance is being mobilized through public interventions. Notably, under a high-level mandate from ministers, the OECD DAC developed an international standard for measuring the amounts mobilized from the private sector by official development finance interventions, including for climate. This methodology is used to account for private climate finance mobilized by and attributed to developed countries public finance interventions as part of the US\$100 billion goal. However, important gaps remain, such as the lack of methodologies for estimating private finance mobilized through technical assistance and policy-based interventions.

While these important strides have been made, there continue to be challenges in reaching the collective US\$100 billion goal. Notably, all developed countries have to step up efforts to meet the US\$100 billion goal. In addition, the scale of private finance mobilization is not where it was projected to be in the 2016 Roadmap, remaining mostly unchanged over 2017 to 2019. This demonstrates that further efforts are needed to improve the effectiveness of mobilising private finance from public interventions. It is also clear that despite a relative increase in adaptation finance, more work needs to be done to increase adaptation finance, which still lags behind finance for mitigation. Further efforts are needed to increase the quantity and accessibility of climate adaptation finance in particular for the poorest and most vulnerable countries and communities.

3. TRAJECTORY OF CLIMATE FINANCE OVER 2021 TO 2025

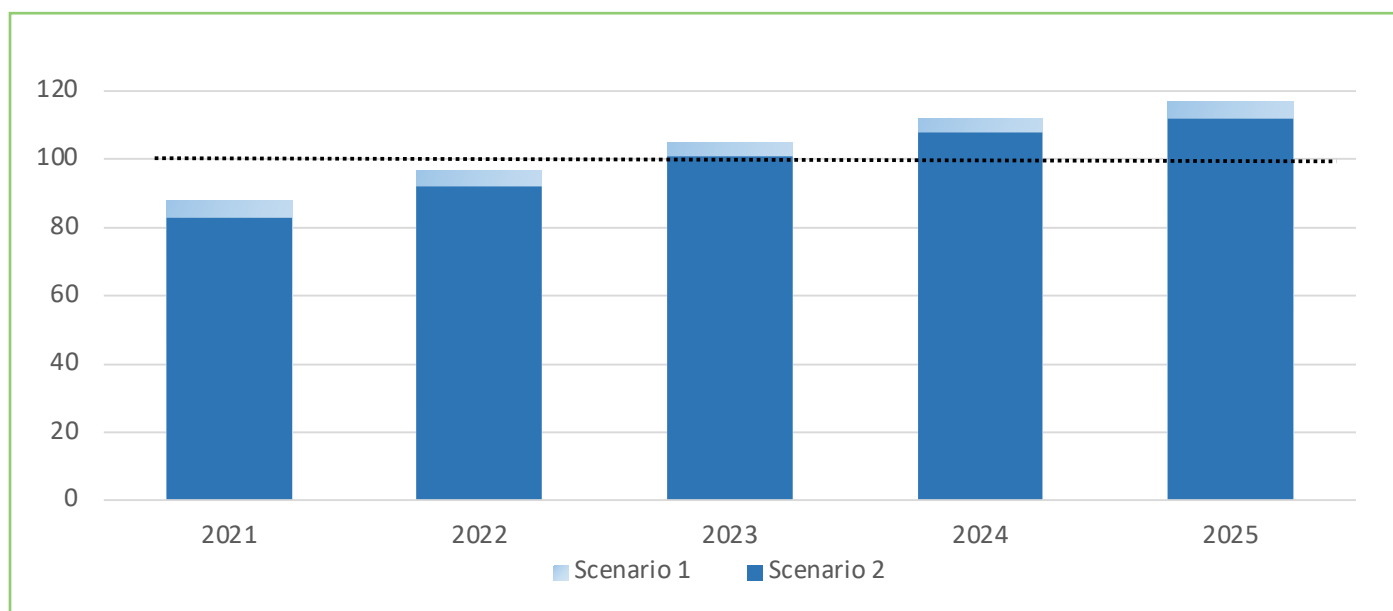
To meet the US\$100 billion goal through 2025, a number of developed countries have set out plans to increase their climate finance.

MDBs are also shifting their activities to support developing countries in their efforts towards decarbonizing the economic and social development and building resilience and adaptive capacity to the impacts of climate change. In September 2019, MDBs announced their annual climate action targets for 2025: They aim to provide at least US\$65 billion of climate finance in total from all MDBs' own resources, with US\$50 billion for low-income and middle-income countries, and an increase in adaptation finance to US\$18 billion. MDBs also announced their expectation that their efforts would result in US\$40 billion of climate investments mobilized per year by 2025 from private sector investors.⁸ Many of the largest MDBs also announced significant increases to their institutional targets on climate finance, as well as dates to align their operations with the Paris Agreement.

⁸ Only the share of multilateral public finance flowing to developing countries and attributable to developed countries is accounted for in the Delivery Plan.

Using recent increased pledges and historical levels of climate finance from developed countries who have not made a renewed pledge, the OECD undertook analysis that provides aggregated estimates of annual levels of climate finance for 2021 to 2025. It is important to note that the aggregated estimates are indicative especially since longer-term commitments are often still subject to annual parliamentary approval. This analysis suggests that the **outlook to 2025 shows a positive trend in public climate finance, that developed countries will make significant progress towards the US\$100 billion goal in 2022 and provides confidence that it would be met in 2023**. The data also provides confidence that developed countries will likely be able to mobilize more than US\$100 billion per year thereafter (see Figure 1). Projections above US\$100 billion do not change the nature of the US\$100 billion goal.

Figure 1. Annual Projections Towards the US\$100 billion goal



Developed countries continue to see that climate finance for a large extent will come from public sources, with public finance steadily scaling up in 2023 and increasing in 2025. The proportion of public finance that targets private finance mobilization and the effectiveness of this mobilization will impact the scale of private finance mobilized towards reaching the US\$100 billion goal. This Delivery Plan draws on two different scenarios for private finance. The first projects mobilization using the minimum ratio of private to public finance observed in the 2016-19 period. This is shown in the Scenario 1. The second assumes that, while private finance continues to increase, it does so more slowly and from a lower base, reflecting the macroeconomic situation, potential capacity constraints and a shift in the composition of the public finance provided while assuming no improvement in the rate at which private finance is mobilized. This is shown in the Scenario 2. However, these estimates could be exceeded through other mobilization rates, and actions taken by developed countries and recipients alike.

Due to challenges in providing forward looking financial information, there is not sufficient data to allow this Delivery Plan to project the share of finance for adaptation and mitigation in a robust manner. However, this process has shown that a number of developed countries are increasing adaptation finance as part of their climate finance commitments. For example, many developed countries have set a target within their commitment for adaptation finance, and many others increased past targets as part of their new climate finance pledge. These intentions give confidence that the scale of finance for adaptation will continue to increase.

These projections provide a snap shot in time based on currently available data. Based on consultations undertaken by Minister Wilkinson and State Secretary Flasbarth, some additional pledges from developed countries are expected this year but were not yet ready to be included in the analysis at the time of publishing. These additional pledges would further increase the projections above. Information on the methodology and assumptions used to make these projections, including on private sector mobilization, can be found in a technical note produced by the OECD.⁹ It is important to note that the collective ability to reach the goal continues to rely on a number of factors such as the performance of climate funds, developing country demand and absorptive capacity, policy interventions, robust pipelines of bankable projects, and indirect global and local economic factors.

While the outlook towards 2025 demonstrates a continued annual increase in climate finance and that developed countries will collectively meet the US\$100 billion goal, developed countries recognize that reaching this goal is delayed.

4. LOOKING AHEAD: COLLECTIVE ACTIONS BY DEVELOPED COUNTRIES

Underpinning the projected climate finance trajectory to 2025, developed countries need to undertake a range of actions in order to deliver on the US\$100 billion goal, respond to the needs and priorities of developing countries, and build on developed countries' previous experience to deliver more effective and enhanced climate finance. Based on the consultations carried out by Minister Wilkinson and State Secretary Flasbarth, this Delivery Plan focuses on some key elements discussed with developed and developing countries and reinforces them with guiding principles for collective actions:

- 1. Increasing the scale of climate finance:** Developed countries remain fully committed to the goal of jointly mobilizing US\$100 billion per year as soon as possible and through to 2025.¹⁰ In order to increase the scale of climate finance and meet the US\$100 billion goal, developed countries will continue to steadily scale up climate finance by fulfilling their pledges. Those who have not yet made a pledge should follow suit and come forward with an ambitious climate finance commitment as soon as possible.
- 2. Increasing finance for adaptation:** Article 9.4 of the Paris Agreement states that the provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation. In this context, and noting the initiative of the United Nations Secretary General to increase the share of public finance for adaptation developed countries acknowledge the need for more adaptation finance and will therefore continue to scale up adaptation finance through 2025 to achieve a greater balance between mitigation and adaptation finance. In this regard, the G7 committed in June to scale up adaptation finance and a number of developed countries have already announced specific plans to significantly increase their adaptation finance. A practical approach to increasing adaptation funding is being pursued by the Informal Champion Group for Adaptation Finance. This group aims to increase the total share of climate

⁹ OECD (2021), Forward-looking Scenarios of Climate Finance Provided and Mobilised by Developed Countries in 2021-2025: Technical Note, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, <https://doi.org/10.1787/a53aac3b-en>.

¹⁰ As set out in several decisions (2/CP.15, 1/CP.16, 4/CP.18, 3/CP.19) the finance will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, to support mitigation and adaptation in the context of meaningful and transparent action by developing countries.

finance spent on adaptation and resilience, encourage other developed countries to join in this effort and to advocate for improved access to adaptation finance. In addition to these efforts on balance, developed countries will continue to scale up efforts to target finance towards key developing country priorities.

- 3. Prioritizing grant-based finance for the poorest and most vulnerable:** Different types of climate finance are used in response to the diverse needs and priorities of developing countries and their climate goals. In line with the Paris Agreement, developed countries recognize, in particular in the context of the COVID-19 pandemic, the need for public and grant-based resources particularly for those recipients with the least ability to mobilize domestic and other resources. Developed countries will hence prioritize grant-based resources, as part of a wide variety of financial instruments, to ensure there are adequate financial tools at the project level. Developed countries also acknowledge the specific need to support the most vulnerable countries and communities. Furthermore, developed countries recognise the critical role loan and equity financing as well as de-risking instruments play in mobilising private finance and therefore aim to continue to prioritize these instruments in line with development criteria.
- 4. Addressing barriers in accessing climate finance:** Developed countries recognize that access to climate finance remains challenging for developing countries that lack sufficient capacities. In this context, it is essential that developing and developed countries continue to improve coherence, coordination and work closely together to find ways to improve access to climate finance through both bilateral and multilateral channels, including by continuing to improve enabling environments. Initiatives such as the NDC Partnership, Rocky Mountain Institute Climate Finance Access Network and the Taskforce on Access to Climate Finance are undertaking collaborative efforts to build in country capacity to access climate finance. The Adaptation Fund¹¹ and the GCF already support direct access entities and developed countries will increase their efforts to improve direct access approaches, including through continued support for these funds to do more to enhance access. Developed countries will closely collaborate with both MDBs and the development finance institutions to develop concrete measures to accelerate the speed and efficiency of their processes. Developed countries also recognize the importance of continuing to channel bilateral climate finance in a way that builds long-term capacity and experience within countries. Furthermore, the Taskforce on Access to Climate Finance led by the UK and Fiji provides an opportunity to address the barriers to accessing climate finance and align investment behind vulnerable and developing countries' plans and priorities.
- 5. Strengthening the Financial Mechanism of UNFCCC and the Paris Agreement:** Developed countries aim to scale up climate finance for the funds of the UNFCCC's and the Paris Agreement's Financial Mechanism while noting that financing will be subject to replenishment negotiations in the years to come. In particular, Parties must work together to ensure climate mainstreaming as part of the Global Environment Facility (GEF)-8 replenishment, and to improve the effectiveness and catalytic impact of the GCF, to expedite support for ambitious climate projects and the process of policy approvals that help to improve the efficiency of access and funding disbursement.

¹¹ Recently the Adaptation Fund board decided to lift the country cap from US\$10M to US\$ 20M per eligible countries and invited developing countries to accredit up to two eligible direct access entities.

- 6. Working with MDBs to increase and improve climate finance:** MDBs play a key role in the delivery and mobilizing climate finance, accounting for US\$30 billion towards the US\$100 billion goal in 2019. In order to enhance further multilateral public climate finance, developed countries will continue collaborating with MDBs, development finance institutions and developing countries on the respective boards, to deliver transformational climate change action. Developed countries will continue to urge MDBs to further scale up their climate finance portfolio, to produce and share concrete actions that will enhance the mobilization of climate private finance, and to condense timelines to align their operations with the Paris Agreement, while looking to their peers to adopt best practices, including on de-risking catalytic investments.
- 7. Improving the effectiveness of private finance mobilized:** Further efforts are needed to enhance private finance mobilization and to address existing barriers¹² to mobilizing the private sector, including through working with developing countries and capacity building support for the development of long-term strategies and their integration into national planning processes. In this context, developed countries acknowledge that the lack of an overall strategy for mobilizing private sector finance and insufficient financial instruments has slowed mobilization. Developed countries therefore aim to develop a coherent strategy to collectively improve the effectiveness of private finance mobilization. Developed countries will support innovative approaches and new financial instruments to mobilize the private sector in areas and regions not yet sufficiently covered, including with respect to adaptation. At the same time, developed countries seek to support developing countries' efforts to build their institutional capacity and regulatory frameworks while working with our partner countries to improve enabling environments. In addition, developed countries recognize the need to improve collaboration with the private sector to increase private finance mobilized.
- 8. Reporting on our collective progress transparently:** In line with developed countries' commitment to be fully transparent, developed countries, in partnership with the OECD, will deliver a report in 2022 on aggregate levels of climate finance provided and mobilized by developed countries in 2020. Further, in collaboration with the OECD, developed countries will, provide reports on a regular basis on the status of climate finance. Developed countries see the need to significantly improve transparency of reporting under the UNFCCC through the finalisation of the enhanced transparency framework at COP26.
- 9. Assessing and building on lessons learned:** Developed countries will undertake a thorough analysis of climate finance to draw lessons learned to further understand the challenges in reaching the US\$100 billion goal, in order to build on past experience and improve in the future. The recipient perspective is also key in order to identify ways to improve the effectiveness of future climate finance in reaching the goals of the Paris Agreement. Developed countries look forward to engaging constructively with developing countries in this regard.
- 10. Taking into account the broader financial transition needed to implement Article 2.1(c) of the Paris Agreement:** Developed countries are convinced that a global effort is needed to address climate change, including achieving Article 2.1(c) of the Paris Agreement – making finance flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development. Investment decisions taken today could potentially lock the world in into high GHG emissions and maladapted economies and financial markets. Further, a number of financial institutions have committed to taking action to align their

¹² These include obstacles around high risks, lack of investment ready projects, less favorable enabling environments for investments and low security of returns in investments beyond conventional areas, such as the energy sector.

portfolios with the goals of the Paris Agreement, such as the Glasgow Financial Alliance for Net Zero. High debt and climate vulnerabilities lead to higher borrowing costs on international markets. Developed countries therefore intend to attach higher importance to support activities that focus to shift finance flows in accordance with Article 2.1(c) of the Paris Agreement.

This list of actions is not exhaustive. There are a number of additional issues developed countries will look to improve in the delivery and mobilization of climate finance to 2025. Furthermore, we will continue to engage with developing countries and other key stakeholders and partners to ensure climate finance is delivered effectively, efficiently and at scale.

ANNEX – METHODOLOGICAL EXPLANATION

Information on the methodology and assumptions shown in the Delivery Plan can be found in a technical note produced by the OECD:

OECD (2021), *Forward-looking Scenarios of Climate Finance Provided and Mobilised by Developed Countries in 2021-2025: Technical Note, Climate Finance and the USD 100 Billion Goal*, OECD Publishing, Paris, <https://doi.org/10.1787/a53aac3b-en>.