

CLIMATE FINANCE DELIVERY PLAN PROGRESS REPORT: ADVANCING THE TEN COLLECTIVE ACTIONS

1. FOREWORD

This foreword is a personal reflection from us both following the process of developing this Climate Finance Delivery Plan Progress Report, the body of which is a shared product from countries who have contributed to the US\$100 billion goal. We point to four actions that need to be prioritized, as well as five conclusions, including on providing further transparency on adaptation finance. We know that we did not mobilize US\$100 billion in 2020, but through this report demonstrate developed countries' ongoing commitment to reaching this goal as soon as possible and through 2025, provide more transparency on recent efforts, and also acknowledge where more work is needed.

In the first half of 2022, COP26 President Alok Sharma approached us to build on the work Minister Jonathan Wilkinson (Canada) and State Secretary Jochen Flasbarth (Germany) led in 2021 with the Climate Finance Delivery Plan. The Delivery Plan was an important moment in climate finance: it acknowledged that developed countries were not on track to meet the US\$100 billion goal in 2020, but expressed confidence that the goal would be met in 2023.

Through the Delivery Plan, developed countries provided further transparency on the collective effort to scale up climate finance mobilization, and set out a list of ten collective actions to deliver on the US\$100 billion goal, respond to the needs and priorities of developing countries, and build on previous experience to deliver more effective and enhanced climate finance. As a result, all Parties came to COP26 with a better understanding of the facts and acknowledged that more needed to be done on climate finance.

Parties have continued to make progress since the Climate Finance Delivery Plan was published in late October 2021. Several developed countries came forward at or around COP26 with further climate finance commitments, and the Glasgow Climate Pact included an urgent call to double adaptation finance by 2025. Many developed countries have reaffirmed to us the need to reach the goal as soon as possible and through to 2025.

This year has seen some important steps forward, for example:

- Italy recently established the Italian Climate Fund, with an endowment of 840 million euro per year from 2022 to 2026 for climate action in developing countries.
- Japan announced that it will provide up to US\$10 billion in climate finance on top of the previous US\$60 billion, in the coming five years. To steadily implement this, in March 2022, Japan made a new contribution of US\$42 million to the United Nations Development Programme (UNDP) Climate Promise.
- The Netherlands announced a significant increase in its yearly climate finance (public and private) from €1.25 billion in 2021 to €1.80 billion in 2025.
- Norway's Climate Investment Fund became operational this year and will be capitalized with NOK2 billion each year for the next five years.
- Sweden increased its environment and climate provision by SEK1.5 billion for 2022-2026.
- The Global Forest Finance Pledge (GFFP) announced at COP26 the intention to provide US\$12 billion for forest-related climate finance between 2021-2025.
- The World Bank Group delivered more climate finance, US\$31.7 billion, which represents 36% above their target which informed last year's Delivery Plan; but we also note lingering concerns about

the World Bank Group's ambition on climate change and highlight in this Report that more needs to be done.

We have also seen concrete steps towards the doubling of adaptation finance overall (see adaptation finance table in section 3), though more still needs to be done. For example:

- COP26 saw record pledges of US\$356 million to the Adaptation Fund and US\$413 million to the Least Developed Country Fund, including from new contributors.
- Four MDBs have set adaptation finance targets for 2025.
- At least 12 countries have set adaptation finance commitments for 2025, several of which involve doubling or more.
- Five others have committed to maintain balance between mitigation and adaptation.

However, this year has not been without significant challenges. The global pandemic continues and the geopolitical environment has shifted, both with repercussions on national economies and indebtedness, energy and food security. Globally we have also seen the catastrophic impact of severe flooding, droughts, hurricanes and other extreme weather and climate events caused by climate change. It is evident is that we need a full range of solutions to address the losses and damages associated with a heating climate that are happening around the world. There is no question that the needs are immense and that for the most vulnerable countries averting, minimizing and addressing loss and damage is not an option, it is a life or death situation. Finding coherent and efficient responses will require the efforts of all countries and other actors. All major economies must take mitigation commitments in line with keeping 1.5C within reach to avoid the most catastrophic impacts of climate change. We must all help developing countries accelerate adaptation efforts. And we will all need to help the most vulnerable countries financially in addressing climate change.

This context makes it even more important that we build on the work of the Delivery Plan to provide a Progress Report that shows our continued work towards the US\$100 billion goal and progress towards the collective actions outlined in last year's Plan. At the same time, it is abundantly clear that the global investments needed to respond to the climate change threat are much larger than US\$100 billion and that we need to turn our attention to setting an effective, and fit for purpose, post-2025 climate finance goal. We also need to focus on the broader collective goal of making finance flows consistent with low greenhouse gas emissions and climate-resilient development. This includes the evolution of the international financial system, where calls for deeper reform grow louder, notably through the 2022 Bridgetown Agenda for the Reform of the Global Financial Architecture, which is calling for an urgent transformation of the financial system.

Our Approach

In developing this Progress Report, we reached out to contributors – developed countries and multilateral development banks (MDBs) – requesting they provide details about recent progress they have made towards the US\$100 billion goal. We also asked them to reaffirm the data they provided to inform last year's Delivery Plan. Many developed countries shared examples of actions with us, which provided the basis for the content on advancing the ten collective actions, where we detail a sample of the work under each of the collective actions laid out in the original plan. On forward-looking climate finance figures, developed country governments re-confirmed the climate finance numbers they shared with us last year, and some indicated plans for further increases. With the continued effort of shareholders, MDBs continue to build upon their climate finance plans as well, showing growth year over year.

We also conducted outreach with developing countries to better understand their experience as recipients of climate finance and implementers of climate action. We wanted to hear their perspectives on how the climate finance landscape can be improved, as well as how this report can deliver the best value and discuss efforts to enhance collaboration and transparency.

Finally, we held two roundtables with civil society organizations (CSOs), academia and think tanks, to hear the lessons that they draw from their on-the-ground experience.

What we heard was not entirely new or surprising: many of the issues raised are ones that we have all witnessed over the past decade, but that we need to make renewed efforts to resolve. And through all of our outreach, we have seen that significant work is underway to address many of these issues—as evidenced through this Progress Report. However, we have also identified **four areas** where more focused work is required.

Four Key Collective Actions

- Provide greater transparency on the response to the recent urging to double **adaptation finance**.
- Enhance **access** to climate finance, including by reducing bureaucracy and application timelines, in particular for the most vulnerable such as small island developing states (SIDS) and least developed countries (LDCs).
- Secure heightened focus on climate finance from **MDBs**.
- Unlock the potential of **mobilizing private finance** where it makes sense to do so.

We identified these four actions as areas for increased focus, and conducted outreach on them in an effort to advance progress, understand the main barriers and develop practical recommendations. The first section of the Progress Report focuses directly on these four critical areas. These are also the areas where we conducted extensive engagement bi-and multilaterally with traditional contributors to increase transparency and ambition. We have arrived at the following **conclusions**, which are further detailed in the body of the Report.

Conclusions

- To further increase clarity on the doubling, traditional contributors have shared their adaptation finance pledges, goals and targets, which we have summarized in the **adaptation finance table** in the next section of the report. We view this as a significant step forward in demonstrating accountability and transparency, but also just one step as part of an ongoing process.
- On adaptation finance, an important pillar of transparency toward the doubling is establishing the baseline amount for 2019 and what we are trying to achieve by 2025. Through our discussions, we have heard understanding that the **doubling is from US\$20 billion in 2019 to US\$40 billion in 2025**, based on the Organization for Economic Co-operation and Development's (OECD) methodology.
- On access, most developed countries are committed to working further with MDBs and climate funds to move the needle on increasing harmonization and **reducing barriers to access**.
- Developed countries will continue to work together and with developing countries **to ensure MDBs increase ambition**. Unprecedented calls for reform of the World Bank in October 2022 are a strong indication of how seriously this is being taken.

- On private finance mobilized, we, alongside several other developed countries, have agreed to **commission a study on lessons learned from private finance mobilized**, that we hope can be submitted to the New Collective Quantified Goal process to inform the post-2025 goal.

From our outreach we also recognize the intensified debate about the importance of finance for averting, minimizing and addressing loss and damage, as well as the need to address indebtedness. While these are not the focus of the report because they may not be fully captured in the context of the US\$100 billion goal, we recognize the need for further discussion.

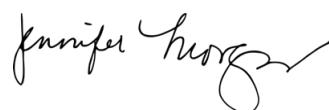
When COP26 President Alok Sharma approached us with a request to develop a Progress Report on the Climate Finance Delivery Plan, we saw this not only as an opportunity to provide further transparency and insights on contributors' efforts over the last year, but also as a way to engage more closely with developing countries and civil society. In speaking with those who receive climate finance and implement climate action on the ground, we aimed to better understand what works, what does not, convene on areas for improvement, and share our findings with contributors. Further details of our collective efforts towards meeting the US\$100 billion goal are found in the section on advancing the ten collective actions, which we hope helps to demonstrate that we remain steadfast in our commitment.

Through this process we have gained an appreciation for the efforts being made by all actors at all levels, but also the amount of work remaining to improve the effectiveness of and access to climate finance. We hope that this work helps to push the conversation forward at COP27 and well beyond as we turn our attention and energy towards setting ourselves up for success with the New Collective Quantified Goal.



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Minister of Environment
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State Secretary and Special Envoy for
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2. FOUR KEY COLLECTIVE ACTIONS¹

1. INCREASING FINANCE FOR ADAPTATION

Since the publication of the Delivery Plan, developed countries have continued to take steps to scale-up adaptation finance, with a view to reaching a balance between mitigation and adaptation finance. Most notably, adaptation finance was elevated on the political stage through the Glasgow Climate Pact, which urges developed countries to at least double adaptation finance from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, recalling Article 9, paragraph 4, of the Paris Agreement. At COP26, in addition to other adaptation announcements, a record US\$356 million was pledged to the Adaptation Fund and US\$413 million to the Least Developed Country Fund, including from contributors who had not used these channels previously.

Since COP26, developed countries have worked together to make progress on doubling adaptation finance towards 2025, including through the work of the G7 and the Champions Group on Adaptation Finance, by making pledges to the African Adaptation Acceleration Program, and through engagement with MDBs and multilateral climate funds.

There is a need to provide clarity and predictability on the pathway to 2025 for adaptation finance. Clarity and predictability begin with a common baseline: there is shared understanding that the collective doubling of adaptation finance is understood to be a scale up from US\$20 billion in 2019 to US\$40 billion in 2025, in line with the OECD's methodology and reporting mechanism.

To provide as much transparency as possible on new and existing adaptation finance pledges, and to track progress, contributors shared their dedicated sub-targets, goals or pledges where possible; these are reflected in the adaptation finance table in the next section of the report. This is a starting point, and demonstrates that contributors are on a pathway to responding to the call for doubling adaptation finance, and reaching US\$40 billion by 2025. Bilateral donors are also working to make qualitative progress on adaptation finance, including by strengthening the role of adaptation finance in national climate strategies and by considering how to mainstream adaptation in all sectors of the economy. We encourage all countries, developed and developing, to mainstream adaptation, including putting it at the forefront of national policies, through their National Adaptation Plans.

Although further details have been requested, providing reliable forward-looking projections on levels of adaptation finance can be challenging due to recipient country ownership and budget cycles of the various providers. To address this, and recognizing the importance of providing more clarity and predictability over time, developed countries will continue to report their adaptation finance contributions transparently in their Biennial Transparency Reports and their climate finance ex-ante communications, consistent with Article 9.5 of the Paris Agreement. Activities that are complementary to existing monitoring and accounting frameworks, and which can build our collective understanding of effectiveness of adaptation finance are also being explored, including through the work of the Champions Group on Adaptation Finance.

1. The Progress Report includes examples from material that was published and/or received by October 13, 2022.

It is also essential that MDBs increase their focus on activities related to adaptation finance in order to support doubling by 2025, including by ensuring an updated collective projection of their adaptation finance by 2025, and that they join up on qualitative approaches to increasing adaptation finance across different sectors. We therefore urge all shareholders to push for strong adaptation action on the Executive Boards of MDBs.

2. ADDRESSING BARRIERS IN ACCESSING CLIMATE FINANCE

Access to climate finance is a fundamental issue for developing countries who face challenges with respect to eligibility and time-consuming processes, among other barriers.

In the last year, much has been done to improve access:

- The Task Force on Access to Climate Finance supported five pilot countries (Fiji, Rwanda, Jamaica, Bangladesh, Uganda) by partnering them with donor anchor countries (USA, Germany, UK, Sweden) to deliver transformational change in access at the national and local levels and to spur a related shift in the wider public climate finance architecture based on a set of five principles and 22 recommendations for providers and recipients;
- The Green Climate Fund (GCF) updated its Simplified Approval Process to significantly reduce time and effort required to go from project conception to implementation for small-scale projects, and increased the size of eligible proposals to US\$25 million;
- The NDC Partnership provided resource kits such as the Climate Fund Explorer;
- The Climate Finance Access Network (CFAN) worked with recipient countries to complete project concepts amounting to almost US\$50 million; and,
- The US-Caribbean Partnership to address the Climate Crisis is exploring options to improve access to finance in cases of extreme events for countries that have graduated from MDB financial assistance programs.

These efforts are only the beginning, and during outreach, Parties and CSOs shared concrete examples of the ongoing challenges. While much is taking place to tackle these access challenges, much more work is needed. For this reason, Canada and Germany commissioned a study to further understand the gaps and barriers in order to inform recommendations for further action. The study mapped the access space, and put forward number of findings that are presented separately [here](#). It identified the 'four Cs' for effective access to climate finance: Capacity, Coordination, Coherence and Communication.

On *Capacity*, there are opportunities to explore further increasing capacity in the field, specifically for LDCs and SIDS by working with existing or establishing a network of regional hubs, as well as embedded advisors in recipient countries serving as first entry points. This would help increase coordination and provide a venue to exchange best practices in the region. It will be important to strengthen successful initiatives rather than creating new ones, and contributors and recipients should continue to integrate lessons learned from the Task Force on Access to Climate Finance's pilot countries.

On *Coordination*, existing initiatives can further strengthen knowledge sharing and regular exchanges with other relevant initiatives, to build off existing best practices and avoid duplication. Whole-of-government approaches bring key stakeholders together and coordinated approaches are more effective in managing the supply and demand of climate finance.

On *Coherence*, developed countries will continue to push development finance institutions (DFIs), multilateral climate funds, including operating entities of the Financial Mechanism of the UNFCCC, and bilateral contributors to streamline their processes, request the least information required for investors and, to continue to improve the harmonization of application templates and monitoring and evaluation approaches. To facilitate this, developed and developing countries should work together with the relevant institutions and consider possible measures for enhanced coherence between relevant institutions in the context of the decisions on guidance to the Operating Entities of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) at COP27.

The study found that significant effort is being taken to address access, but communications can be fragmented and initiatives are not always aligned. Improving Communication about existing efforts will help to improve access, for example by sharing best practices, lessons learned and experiences. Contributors can improve coordination around communication efforts and share briefings on access to climate finance with relevant local stakeholders, including embassies, to help share the message locally.

3. WORKING WITH MDBs TO INCREASE AND IMPROVE CLIMATE FINANCE

MDBs continue to provide a meaningful contribution to the US\$100 billion goal, as main sources of investment in climate infrastructure and resilience, and as key mobilizers of private finance for climate action. According to the OECD, MDBs accounted for over US\$30 billion of the US\$100 billion goal in 2020. Of course, the volume of climate finance that they are providing and mobilizing is much greater than this; only climate finance mobilized by traditional donor contributions are accounted for towards the goal.

As indicated in section 4 of this report on advancing the ten collective actions, many developed countries have continued over the course of this past year to push MDBs to increase their climate ambition, share concrete action to enhance private finance mobilized and adaptation finance, and align operations with the Paris Agreement, in particular with its 1.5°C temperature goal. In 2022, many developed countries have increased efforts through:

- Gathering through informal groups to exchange information and engage in joint outreach to MDBs;
- Using our roles as shareholders to encourage increased ambition;
- Meeting with and writing letters to MDB Presidents urging increased efforts on a number of issues including access and adaptation finance; and
- Several countries' efforts in particular to convene a series of meetings with MDB heads, and send Ministerial letters calling on them to increase climate ambition and action.

MDBs have started to respond to these calls. For example, in the second half of 2021, nine MDBs jointly committed to support a just transition; several have established programming dedicated to adaptation, such as the African Development Bank's African Adaptation Acceleration Program, which received US\$55 million in new pledges at their Africa Adaptation Summit this year. Others have significantly increased the disbursement of funds since the publication of the Delivery Plan. Most notably, the World Bank Group delivered a record US\$31.7 billion in climate finance in fiscal year 2022, a 19% increase from 2021 (this comes from support mobilized by developed and developing countries). The MDBs have also presented plans and timelines for their Paris Alignment.

Despite some progress, Parties and CSOs raised strong concern in outreach sessions that these efforts are not enough. They emphasized that Banks not only need to increase ambition, but shareholders also need

to improve their coordination to push for more, including through engaging with the recommendations of the G20 MDBs [Capital Adequacy Framework Review](#), as well as considering potential innovative financial mechanisms and instruments for future announcement. Shareholders may also consider a climate-dedicated capital increase as an option to increase the ability of the Banks to leverage even more capital from the private market. Currently a lively debate about the future of the global financial architecture is taking place, which may offer unconventional opportunities for further scaling-up climate finance.

All countries, as shareholders, should continue to improve their internal coordination on climate ambition at MDBs –as ministers responsible for climate are not often the same as those responsible for governance and oversight of the Banks themselves—and to push for climate ambition through their respective Board seats. This is an objective that developed and developing country shareholders can hold in common.

MDBs can also improve their collaboration with each other and with the Operating Entities of the UNFCCC Financial Mechanism to develop plans to increase private finance mobilized; to establish ambitious adaptation goals and to increase screening for adaptation; to improve harmonization in application processes to improve access; and to look for appropriate finance options for climate-vulnerable countries that have graduated out of the Official Development Assistance (ODA) framework.

4. IMPROVING THE EFFECTIVENESS OF MOBILIZING PRIVATE FINANCE

Private finance mobilized is a critical component of the US\$100 billion goal, as public finance alone cannot achieve the goals of the Paris Agreement. Yet, mobilizing private climate finance has proven to be challenging, and particularly limited for adaptation. Many developed countries and MDBs have underscored the importance of private finance mobilized in their climate finance strategies, including by establishing partnerships to de-risk and create enabling environments that would improve its effectiveness. Yet, these efforts have not yielded results at the scale required to tap into the significant potential for investments by the private sector and deliver on our climate ambition. According to the OECD, only US\$13.1 billion was mobilized in 2020, an increase of US\$3 billion from 2016 (US\$10.1 billion).

More analytical work is necessary to fully understand the challenges and what has held this aspect of mobilization back from its transformational potential. This understanding is not only important for the US\$100 billion goal, but also for pursuing the achievement of Article 2.1.c and with regard to the New Collective Quantified Goal.

The OECD-Development Assistance Committee's report on 'Climate Finance Provided and Mobilised by Developed Countries in 2016-2020' provides some insights into these questions. As noted in section 4 of this report, some developed countries have also begun to conduct evaluations on their own initiatives designed to mobilize private finance, in order to understand the effectiveness of their programs. However, to address the issue more comprehensively, a collective effort is necessary to assess the spectrum of actors, programs and sectors, and understand how to overcome the challenges with private finance mobilized experienced to date.

To achieve this understanding, and set the stage for improved effectiveness of private finance mobilized going forward, some developed countries have agreed to provide funding to commission a lessons learned study to examine all aspects of mobilizing private climate finance. This could serve as a submission to the New Collective Quantified Goal process with the objective of informing future climate finance efforts and discussions.

3. ADAPTATION FINANCE TABLE

In an effort to increase transparency on the Glasgow Climate Pact decision on doubling adaptation finance within the methodological constraints that exist, we have consulted contributors to obtain the clearest and most up to date information on adaptation finance possible. This information is consolidated in the table below which includes details from a number of developed countries and MDBs for which developed countries are significant shareholders, all of whom are important contributors to the doubling.

Contributors	Adaptation finance target
African Development Bank	A minimum of 50% adaptation finance. Based on recent performance, the Bank is well ahead of that target, having reported 55% and 63% adaptation finance in 2019 and 2020.
Asian Development Bank	Expects its cumulative adaptation finance to reach US\$9 billion between 2019-2024. The Bank is elevating its ambition to deliver climate finance to its developing member countries to US\$100 billion in cumulative climate finance from 2019 – 2030, of which US\$34 billion is adaptation finance.
Asian Infrastructure Investment Bank	<i>No adaptation finance target.</i> [Target of at least 50% share of climate finance in actual financing approvals by 2025, with intention to increase the overall share of adaptation and resilience financing]
Caribbean Development Bank	<i>No adaptation finance target.</i> [Commitment to allocate 25-30% of CBD's own resources for climate action by 2024]
European Bank for Reconstruction and Development	<i>No adaptation finance target.</i> [The Green Economy Transition (GET) approach for 2021-2025 sets out EBRD's support to accelerate the transition to a green, low-carbon and climate-resilient economy with a new target to reach a green finance ratio of more than 50% by 2025, up from target of 28% by 2020]
European Investment Bank	Increase the share of adaptation support to 15% of EIB's overall climate financing by 2025. This represents an almost three-fold increase compared to adaptation finance over the past five years. A second target is focused on ensuring high impact and measuring the results of adaptation finance through a series of new dedicated indicators. [The EIB will gradually increase the share of its financing dedicated to climate action and environmental sustainability to exceed 50% of its operations in 2025]

Inter-American Development Bank	<p><i>No adaptation finance target.</i> 35% of climate finance was adaptation finance in 2021.</p> <p>[At COP26 in 2021, the IADB Group announced it will align all new operations to the goals of the Paris Agreement and deliver US\$24 billion in green and climate finance over the 2022–2025 period. This is the equivalent to 35% climate finance and 40% combined climate and green finance.]</p>
World Bank Group	<p>At least 50% of IDA and IBRD climate finance to be allocated to adaptation of the Bank's overall finance for climate action by 2025, while IFC and MIGA will endeavour to scale up private sector climate finance for adaptation.</p> <p>[The Climate Change Action Plan 2021–2025 commits to achieve 35% in climate finance for the entire WBG, as an average over the five years.]</p>
Australia	<p>More than 70% focused on adaptation and resilience.</p> <p>[Total climate finance: AU\$2 billion over 2021–2025, including AU\$700 million to the Pacific.]</p>
Austria	Austria intends to make an announcement on adaptation finance at COP27.
Belgium	<p>Future contribution will keep prioritising climate adaptation action, in particular in LDCs and in Africa. Majority of climate finance is for adaptation, 84% in 2018.</p> <p>[Total climate finance: At least €455 million in 2021–2024]</p>
Canada	<p>Increase allocation to adaptation to a minimum of 40% over 2021–2026. This represents a more than doubling of adaptation finance compared to Canada's previous five-year commitment.</p> <p>[Total climate finance commitment: CA\$5.3 billion over five years (2021–2026), including 40% for grant.]</p>
Denmark	<p>Provide at least 60% of grant-based climate finance to adaptation with a focus on poor and vulnerable countries stated at UNGA 2021.</p> <p>[Total climate finance commitment: more than US\$500 million annually from 2023.]</p>
European Commission	<p>Expected around half of this amount will continue to serve climate adaptation objectives.</p> <p>[Total climate finance commitment 2021–2027: Approx. €28 billion (30% climate target for the EU external budget, without the EU Member States, plus additional €4 billion pledged by EC President in 2021.)]</p>
Finland	<p>Aim of scaling up finance for adaptation. [Total climate finance commitment: approximately €900 million during the period 2020–2025]</p>
France	<p>One third dedicated to adaptation.</p> <p>[Total climate finance commitment: Providing €6 billion climate finance per year between 2021 and 2025.]</p>
Germany	<p>Strive for a balanced split between mitigation and adaptation.</p> <p>In 2021, Germany reached a 49% adaptation share of its climate finance from budgetary sources.</p> <p>[Total climate finance commitment: At least €6 billion per year by 2025 at the latest.]</p>

Greece	<i>No adaptation finance target, the aim is to increase finance for adaptation.</i> [Estimation is that total climate finance contribution for the period of 2021-2030 will most probably exceed US\$20 million]
Iceland	Iceland has committed as of this year 2022 to maintain a balanced commitment to mitigation and adaptation climate finances. Consistently climate finance accounts for more than 30% of Iceland's total international cooperation commitments. This year Iceland increased its funding commitment to the GCF by 50% from a low base, and is committed to do this for the next three years. Similarly, Iceland has joined the Adaptation Fund for the first time and signed a contributing funding agreement for the next three years.
Ireland	Continue to focus on grant finance for adaptation, in support of the most vulnerable. [Total climate finance commitment: Increase from EUR93 million to at least EUR225 million per year by 2025. Commitments and priorities for Ireland's international climate finance are outlined in more detail in its International Climate Finance Roadmap, published July 2022.]
Italy	Aim to maintain the balance between mitigation and adaptation support. Italy provided around 50% of its climate finance to adaptation since the year 2016. [Total climate finance commitment: Italy will nearly triple its climate financial commitment to US\$1.4 billion a year for the next five years.]
Japan	Doubling of adaptation finance, to US\$14.8 billion. [Total climate finance commitment: US\$70 billion from 2021 to 2025]
Luxembourg	No adaptation finance target. [Total climate finance: For 2021-2025, increase climate finance to €200 million.]
Monaco	Aim for the equal allocation of funds between adaptation and mitigation support [Total climate finance commitment: increase the international climate finance budget by €100 thousand biennially over the 2020-2030 period. This translates into an increase of €100 thousand in 2022 and 2024 with an annual level of climate finance in 2025 of €1.3 million, entirely in the form of grants.]
Netherlands	More than half of its public climate finance will be spent on climate change adaptation [Committed to a significant increase in its yearly climate finance (public and private) from €1.25 billion in 2021 to €1.80 billion in 2025. A minimum of € 900 million will be public climate finance. In line with the Glasgow Climate Pact the Netherlands is committed to double its public adaptation finance by 2025 compared to 2019 levels.]

New Zealand	<p>New climate finance strategy Tuia te Waka a Kiwa announced 19 August 2022 codifies the strategy for delivering Aotearoa New Zealand's 2022-25 climate finance commitment announced in 2021. This includes at least 50% going to adaptation and at least 50% going to the Pacific. "Enhanced resilience and adaptation to the impacts of climate change" is one of the four key goals for the strategy.</p> <p>[Total climate finance commitment: NZ\$1.3 billion over 2022-2025. This represents a 4x increase of the commitment for 2019-2022.]</p>
Norway	<p>At least triple our annual finance for climate adaptation within the period 2020-2026.</p> <p>[Total climate finance commitment: double from NOK7 billion in 2020 to NOK14 billion by 2026 at the latest.]</p>
Portugal	<p>No adaptation target.</p> <p>[Total climate finance commitment: double climate finance, allocating a total of €35 million by 2030]</p>
Spain	<p>Aim for scaling up finance for adaptation.</p> <p>[Total climate finance commitment: increase from €900 million so that, by 2025 Spain will contribute up to €1.35 billion.]</p>
Sweden	<p>Continue to provide around 50% of its bilateral climate finance to adaptation.</p> <p>[Total climate finance commitment: double by 2025 to SEK15 billion]</p>
Switzerland	<p>Aim to contribute its fair share to the call for doubling adaptation finance to US\$40 billion by 2025 based on its capacity to pay and the polluter-pays principle, including by continuing to provide at least 50% of its bilateral public grant-based climate finance for adaptation, while increasing the bilateral public grant-based climate finance to approximately CHF250 million by 2024.</p>
United Kingdom	<p>Maintain balance between mitigation and adaptation spending.</p> <p>[Total climate finance commitment: £11.6 billion over five years (2021-2025).]</p>
United States	<p>To work with Congress to scale-up adaptation finance six-fold to US\$ 3 billion per year by 2024, supporting the President's Emergency Plan for Adaptation and Resilience (PREPARE).</p> <p>[Total climate finance pledge: To work with Congress to scale-up U.S. international public climate finance four-fold to at least US\$ 11 billion per year by 2024.]</p>

4. ADVANCING THE TEN COLLECTIVE ACTIONS

Below is a review of actions developed countries have taken or contributed to in order to improve climate finance and move towards the achievement of the US\$100 billion goal. It is a sample of the work that has taken place in the last year, and a number of examples include efforts involving many more stakeholders than just developed countries, including developing countries, the private sector and civil society. These collective actions have transformative potential.

ACTION AREA 1 – INCREASING THE SCALE OF CLIMATE FINANCE

Contributors made new commitments and others increased provisioning, but there is still more work to do.

Developed countries remain fully committed to the goal of jointly mobilizing US\$100 billion per year as soon as possible and through to 2025, in the context of meaningful mitigation action and transparency on implementation.² In order to increase climate finance and fully deliver on the US\$100 billion goal, developed countries will continue to steadily scale up climate finance by fulfilling their pledges and working to increase ambition.

Over the course of 2021, as it became clearer that the US\$100 billion goal would not be met in 2020, climate finance providers recognized the need to regain confidence and trust that this commitment is a priority and that the goal will be met. A significant number of developed countries announced increases in their international climate finance, which took effect immediately and through 2025.³ These increases were taken into account when calculating the trajectories under the Climate Finance Delivery Plan. Since the Delivery Plan's publication last year, additional pledges have been made, including at COP26. The following commitments are over and above last year's projections:

- Italy – The recently established Italian Climate Fund will extend around 38% of its total endowment (about €970 million from 2022 to 2025) through multilateral channels for climate action in developing countries.
- Japan – Prime Minister KISHIDA announced at COP26 that Japan will provide up to US\$10 billion on top of US\$60 billion, in the coming five years. To steadily implement this, in March 2022, Japan made a new contribution of US\$42 million to the UNDP's Climate Promise to support 23 developing countries advance climate change mitigation and adaptation.
- The Netherlands – In a 2022 [policy note](#), announced a commitment to a significant increase in its yearly climate finance (public and private) from €1.25 billion in 2021 to €1.80 billion in 2025. At least half of this amount, a minimum of €900 million will be public climate finance, most of it in the form of grants, of which more than half will be spent on climate change adaptation in some of the poorest and most vulnerable countries in the world.

2. 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.
3. A list of pledges, goals and commitments made up to and including at COP26 can be found here: [21-10-29 - Table of climate finance commitments - Online version - FOURTH EDITION](#).

- Norway – The Norwegian Government’s Climate Investment Fund became operational in 2022. The fund is managed by Norfund and will be capitalized with NOK2 billion each year for the next five years. The Climate Investment Fund will play a central role in fulfilling Norway’s ambition to double its annual global climate financing up until 2026.
- Sweden – In June 2022, the Swedish Government decided to strengthen the Swedish International Development Agency’s work on climate by introducing a new strategy for supporting environment and climate action in developing countries. The strategy covers the years 2022–2026 and entails an increase by SEK1.5 billion (from SEK6.5 billion to SEK8 billion) compared to the previous strategy.
- Collectively, MDBs – Approved more than US\$50 billion in climate finance in 2021 for low and middle-income countries. In fiscal year 2022, the World Bank Group delivered more climate finance than ever before – US\$31.7 billion, which represents 36% of total Bank Group financing (this comes from support mobilized by developed and developing countries); more than their target for the year. New programming such as the Scaling Climate Action for Lower Emissions (SCALE) will provide grant-based finance to accelerate climate action and help countries access private financing through carbon markets, and will complement activity-based finance of US\$40–60 million per project.

As noted in the foreword, developed countries have reaffirmed their intentions to either maintain or increase from their trajectories shared for the Climate Finance Delivery Plan. Contributors are also taking collective action to increase the scale of climate finance. For those developed countries that announced an increase in their provision of climate finance last year, the current focus is on programming and implementing these new resources, making use of a variety of channels and instruments.

ACTION AREA 2 – INCREASING FINANCE FOR ADAPTATION

Adaptation finance is top of mind for contributors, including through their programmatic and policy efforts, and responding to the Glasgow Climate Pact urging to collectively double adaptation finance from 2019 to 2025.

The Glasgow Climate Pact, from COP26, urges developed country Parties to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, recalling Article 9.4 of the Paris Agreement. This was the first time a decision text included a reference to a doubling of adaptation finance, and it represents a significant step forward in increasing finance for adaptation. COP26 also saw US\$356 million pledged to the Adaptation Fund and US\$413 million to the Least Developed Countries Fund (LDCF) managed by the GEF.⁴ These record-breaking commitments, including by first-time contributors, demonstrate the increased focus on adaptation finance.

Developed countries understand the importance of transparency and clarity on efforts to pursue doubling; this report shares a consolidated picture of contributors’ adaptation finance with the latest available information (see Section 3). Developed countries will provide greater clarity on their forward-looking adaptation finance in the context of their ex-ante climate finance communication, consistent with Article 9.5 of the Paris Agreement. As mentioned in the Foreword, following the existing methodology used by the OECD for measuring progress towards the US\$ 100 billion goal, the doubling of adaptation finance means an increase to US\$ 40 billion in 2025, from the US\$ 20 billion in 2019 as reported by the OECD.

4. [Adaptation Fund Raises Record US\\$ 356 Million in New Pledges at COP26 for its Concrete Actions to Most Vulnerable | UNFCCC](#)
[US\\$ 413 Million Pledged for Most Vulnerable Countries at COP26 | UNFCCC](#)

Article 7 of the Paris Agreement also highlights raising the profile of adaptation by countries through the development and publication of Adaptation Communications and national adaptation plans (NAPs). These documents are of vital importance to mobilize action and implementation and to attract resources. Mainstreaming of adaptation within standing policy and actions, including integrating adaptation considerations into macroeconomic and fiscal policies and public expenditure could also mobilize increased funding for adaptation. There is important work going on under the UNFCCC that can enhance our understanding of adaptation and further galvanise efforts on adaptation.

In the last year, many **developed countries have not only increased individual contributions towards supporting adaptation activities in developing countries, but have also agreed to work together, and with others, to increase ambition on adaptation finance.** For example, the G7 communiqué highlights their call to MDBs, development finance institutions and multilateral funds to further strengthen their efforts, including by setting ambitious adaptation finance targets, and by supporting the scaled-up participation of the private sector.

Many developed countries are also working together as members of the Champions Group on Adaptation Finance, which was launched in September 2021 and formalized its vision in April 2022. The Champions Group – which includes 13 developed country members, and one MDB, working closely with civil society, LDCs and SIDS – works to increase political ambition and action to progress towards doubling of adaptation finance as well as other crucial aspects relevant to adaptation finance. The Group meets regularly to take a united approach to encourage others to increase their commitments as well as working to improve access to, and quality of, adaptation finance.

Indicating further focus on adaptation finance, Sweden, in collaboration with the World Resources Institute, hosted a high-level dialogue on accelerating support for climate resilience and adaptation in developing countries in June 2022. Building on the outcomes of COP26 and the Lahti Adaptation Finance Ministerial, organized by Finland in April 2022,⁵ the dialogue took place in conjunction with the Stockholm+50 international meeting. Several dialogue participants confirmed that they will be doubling their adaptation finance this year, and governments of Italy and Sweden and the Climate Investment Funds announced the launch of the Nature, People, and Climate Program. The program aims to fund initiatives that support both the protection of natural resources and enhanced climate resilience, building on the Climate Investment Funds' experiences. At the dialogue, Italy announced US\$160 million in financial support for the initiative.

Many developed countries are also implementing adaptation initiatives that cut across other action areas, such as locally-led adaptation action and nature-based solutions, as well as addressing biodiversity loss and delivering livelihood outcomes. For example, Australia's AU\$9.5 million Climate Resilient by Nature program will support emerging nature-based solutions projects, working with local Pacific NGOs. Canada's CA\$315 million Partnering for Climate program will use nature-based solutions to help countries and communities in Sub-Saharan Africa increase resilience to the impacts of climate change, as well as support Indigenous peoples in Canada to partner with Indigenous peoples in developing countries. The United States has recently released the PREPARE Action Plan,⁶ which demonstrates how the US Administration will achieve the objectives set out in the President's Emergency Plan for Adaptation and Resilience, announced at COP26. To support this effort, US President Biden is working with Congress

5. [Chair's Summary on Lahti Adaptation Finance Ministerial – Ministry for Foreign Affairs Statement of Commitment: Champions Group on Adaptation Finance commit to driving political ambition on adaptation finance ahead of COP27 – Ministry for Foreign Affairs \(um.fi\)](#)

6. [White House Prepare Action Plan 2022](#)

to increase US adaptation finance six-fold to over US\$3 billion per year by 2024, which will help more than 500 million people in developing countries adapt to and manage the impacts of climate change through PREPARE.

Developed countries are using their shareholder positions to call for **MDBs to strengthen their efforts on finance for adaptation**, and many have. The African Development Fund (AfDF) is currently undergoing its 16th replenishment process, with the balance being mobilized from other Development Finance Institutions, donors and the private sector. The AfDB is also actively developing four innovative adaptation financing initiatives, which will have significant implications for mobilizing private sector finance:

- the Adaptation Benefits Mechanism;
- the African Disaster Risk Financing Initiative;
- the African Green Financing Facilities Initiative and Fund; and
- the Agri SME facility.

MDBs are also working together to advance approaches for adaptation finance, including on their 2019 collective projection to provide US\$18 billion by 2025, and measuring its results through the joint MDBs working group on adaptation finance. A key priority for this year is to update the MDB methodology on tracking adaptation finance. The updated methodology will take stock of the evolution in the way MDBs have provided support for adaptation over the last decade, particularly with respect to the wider coverage of economic sectors in need of adaptation investments and financial products deployed to provide this support. The updated methodology is intended to be launched at COP27. While MDBs continue to make efforts, developed countries will continue to maintain pressure to increase climate ambition.

Managing Climate Risks

A Global Shield against Climate Risks was announced during the G7 development ministers' summit in Berlin, in May 2022. The Global Shield has the objective of building a more systematic, coherent and sustained architecture to support climate and disaster risk finance and insurance (CDRFI) on a global scale. Under the InsuResilience Global Partnership, significant progress has been made in this field since 2015. With the Global Shield, the CDRFI, as a key component of adaptation, will be scaled-up.

At the UN General Assembly (UNGA) 2022, Denmark announced a DKK100 million package of support to climate adaptation, including for activities to avert, minimize and address climate-induced loss and damage for the world's poorest. Among its components are a contribution to the Global Shield Solutions Platform/ InsuResilience and a call for proposals from NGOs.

Addressing the Climate and Biodiversity Nexus

It is also crucial we recognise the contribution of nature finance and ensure we are maintaining the links between climate and biodiversity. There has been significant progress this year in the lead up to CBD COP15. For example, the Global Forest Finance Pledge (GFFP), announced at COP26, the intention to provide US\$12 billion for forest-related climate finance between 2021-2025.⁷ Furthermore The Forest and Climate Leaders Partnership (FCLP) will bring ambitious countries together at COP27 to work together to deliver on the Glasgow Leaders' Declaration on Forests and Land Use (GLD), endorsed by 140 countries at COP26,

7. Supported by Canada, European Commission on behalf of the European Union, Germany, France, Japan, Belgium, Denmark, The Netherlands, Norway, South Korea, United Kingdom of Great Britain and Northern Ireland, United States of America

committing to halt and reverse forest loss and land degradation by 2030. At UNGA, Germany made an ambitious nature finance commitment, joining Canada, Austria, Denmark, France, the UK, as well as the European Commission. UNGA-77 also saw Ecuador, Gabon, the Maldives, and the United Kingdom launch the 'Political Vision: A 10 Point Plan for Financing Biodiversity' which defines a clear pathway for bridging the global nature finance gap; defining the role of all sources of finance (domestic, international; public, private) in support of an ambitious post-2020 Global Biodiversity Framework and has early endorsers from 17 countries across five continents.

ACTION AREA 3 – PRIORITIZING GRANT-BASED FINANCE FOR THE POOREST AND MOST VULNERABLE

Contributors continue to look for innovative approaches to increase grant finance, recognizing their importance in the climate finance architecture.

Grants play an important role, including to provide capacity building, and in particular for adaptation projects in the poorest and most vulnerable countries and those facing debt distress. They are essential for contexts where cost-effective market-based financing is not viable. Concessional loans and equity also play an important role, particularly in removing barriers to private investments and mobilizing private finance by de-risking investments.

Since the initial Delivery Plan, many developed countries have been scaling-up grants within their climate finance commitments. For example,

- Australia, Ireland and New Zealand's ODA climate finance is all grant-based.
- Belgium's ODA public climate finance is also mostly grant-based, focused on support for adaptation.
- Canada is doubling its climate finance commitment and increasing its provision of grants to 40%, representing nearly a three-fold increase in provision of grants;
- At UNGA 2021, Denmark announced the intention to scale up, from 2023, grant-based climate finance to at least 25% of ODA with at least 60% of grant-based climate finance going to adaptation with a focus on poor and vulnerable countries;
- The Netherlands committed to increase its climate finance, of which a minimum of €900 million will be public climate finance, mostly in the form of grants.
- Switzerland and the UK's climate finance have been and will remain significantly grant-based as well.
- USAID's 2022-2030 Climate Strategy, which is predominantly grant-based, elevates locally led development to help partner countries build resilience, and includes goals of avoiding 6 billion tonnes CO₂e emissions in partner countries by 2030; 100 million hectares conserved, restored, or managed; and support for 80 countries in total for mitigation and/or adaptation activities.

Grants form an important element of most climate finance programming globally. For example, under the 20th replenishment of the International Development Association (IDA20), the global community agreed on a historic US\$93 billion financing package to help low-income countries with both a high climate co-benefit target and intensified emphasis on climate adaptation - with adaptation finance comprising at least half of the total climate-related financing, where grant contributions are a strong focus.

As part of the NDC Pipeline Accelerator Multi-Donor Trust Fund (ACL) strategy, the Inter-American Development Bank (IADB) is prioritizing grant-based funding for the poorest and most vulnerable countries in Central America and the Caribbean. The objective of the ACL Multi-donor Trust Fund is to support the

Latin America and Caribbean region through small, grant-based finance, to plan and design investments in infrastructure, agriculture, and land-use management to drive NDC implementation and to unlock other financing sources for NDC implementation. The fund was created in 2017 and as of March 2022, the ACL has received a total contribution of US\$25.08 million from the Nordic Development Fund, the Netherlands, Sweden, Austria, and most recently, Finland. Currently the IADB has 40+ projects in its portfolio encompassing solutions for climate adaptation and mitigation. By the end of 2021, the ACL portfolio was linked to 16 IADB investment projects reaching a total of US\$1.26 billion. For every dollar invested in the ACL, US\$74 of resources have been mobilized and leveraged US\$1,122 in unlocked market opportunities.

The MDBs are joining efforts in the design of a Long-Term Strategies Facility to substantially increase policy support demand from developing countries, based on the successful model of the ACL Multi-donor Trust Fund. The Facility will build upon the established agendas that beneficiary countries have with MDBs, translating ambitious goals in bankable investments.

MDBs have also taken innovative approaches to utilize diverse instruments to increase grant financing. For example, in March 2022, the Asian Infrastructure Investment Bank (AIIB) expanded its Special Fund Window for Less Developed Members (SFW), originally a pilot under the COVID-19 Crisis Recovery Facility. SFW is a grant financing facility that is designed to make AIIB's financing more affordable for its less developed members. The grant is provided in the form of interest-rate buy down. In the current pipeline, more than 80% of the projects eligible for SFW are climate financing.

ACTION AREA 4 – ADDRESSING BARRIERS IN ACCESSING CLIMATE FINANCE

Contributors continue to work with developing countries to address the multiple barriers to access, recognizing that it fundamentally impacts the effectiveness of climate finance.

The issue of access to climate finance has continued to be a source of concern for developing and developed countries in the past year and was acknowledged in the Climate Finance Delivery Plan and the Glasgow Climate Pact. Access has many dimensions. Notably, the climate finance architecture is highly complex and lacks harmonization, posing challenges of slow, burdensome, and inefficient processes. Another key challenge is the significant constraints in human and technical capacity in developing countries, and the limited flexibility in fund application processes. Beyond the inherent challenges within the climate finance system, concerns have been raised with barriers to accessing development support, including concessional finance, due to inadequate consideration of the unique climatic and fiscal vulnerabilities of certain developing countries in the existing eligibility criteria.

There are several existing collaborative efforts at the forefront of addressing barriers to access to climate finance focused on building in-country capacity to access climate finance. These efforts also include providing resource kits such as the NDC Partnership's [Climate Fund Explorer](#)⁸ and a news bulletin, which will highlight open or forthcoming calls for proposals from all Funds. In addition:

- The UK, in partnership with Fiji, established the Taskforce on Access to Climate Finance as a result of the Climate and Development Ministerial (C&DM) process. This is led by a steering committee that includes the membership of climate vulnerable developing countries and bilateral and multilateral providers. The Taskforce developed a set of five principles and 22 recommendations for providers and recipients to deliver transformational change in access at the national and local

8. [NDC Partnership Climate Funds Explorer](#)

levels and to spur a related shift in the wider public climate finance architecture.⁹ Two key principles related to the MDBs are Harmonisation of Processes and Alignment of Finance, and Flexibility and Innovation. Recommendations under these two principles include to: increase the use of multi-year programmatic approaches behind a country's climate action priorities; map and review funding requirements with a view towards standardising and streamlining approaches; recognise the need for long-term capacity building; take a more flexible and innovative approach to funding; and review risk management strategies while taking into account the scale and risk levels of potential activities during approval processes. The Taskforce has also worked with the dedicated Climate Funds, MDBs and IMF to ensure alignment and support from the major providers of finance with its work. They are urging major climate finance providers and recipients to apply these Principles and Recommendations. It will be producing an Annual Report to consider progress on this agenda. In addition, the Taskforce is running pilot projects with five pioneer countries – Bangladesh, Fiji, and Uganda supported by the UK, Jamaica supported by the US, and Rwanda supported by Germany and Sweden – to support capacity building and easier access to climate finance. For example, Germany, together with Sweden, is supporting Rwanda by financing a secretariat function – provided by the NDC Partnership and housed at the Rwandan Green Fund (FONERWA) – to conduct a gap analysis of the Rwandan climate finance architecture against the Principles and Recommendations, develop a three-year work plan based on the gap analysis, and provide advice on mobilizing climate finance.

- The [Climate Finance Access Network](#) (CFAN), established in 2020 in partnership with Canada, has confirmed the first cohort of advisors for eight Pacific countries. As of August 2022, the CFAN Pacific advisors have submitted concept notes for funding projects in Fiji, Papua New Guinea, Samoa, Tonga, Vanuatu, and a regional project for Kiribati, Tonga and Vanuatu. This pipeline amounts to almost US\$50 million. The further pipeline of concepts under development for future submission amounts to an additional approximately US\$121 million. CFAN is planning to expand its scope with the goal of deploying 30 advisors across additional Pacific SIDS, Caribbean and Sub-Saharan Africa SIDS and LDCs by end of 2022, and 50 by end of 2023.¹⁰

"It's time for implementation for SIDS. Countries have moved beyond planning and it's time to put it into action. Having a dedicated CFAN advisor has helped Samoa prepare proposals based on national priorities and begin to match them against the available funding and donor landscape."

Toiata Uili, Ministry of Natural Resources and Environment, Samoa

- The European Union (EU) is supporting country-specific initiatives to address barriers in accessing climate finance. For example, Clima MED's "Climate for Cities" Programme finds solutions for innovative climate funding strategies.¹¹ In 2022, six projects were selected in Jordan, Israel, Lebanon, Palestine, and Tunisia.
- Australia is providing support for the Commonwealth Climate Finance Access Hub, which assists small and vulnerable states in the Commonwealth in addressing capacity gaps hindering access to international sources of climate finance.
- New Zealand is providing support to the Pacific regional agencies, the Pacific Community (SPC) and the Secretariat of the Pacific Regional Environment Programme (SPREP), to enable Pacific Island Countries to overcome the hurdles in accessing finance, particularly with respect to the Green Climate Fund (GCF) and the Adaptation Fund (AF).

9. [Principles and Recommendations on Access to Climate Finance](#)

10. [CFAN Announces Eight Pacific Countries Receiving Dedicated Climate Finance Advisors](#)

11. [Acting with Clima-Med](#)

This highlights a few developed country examples working to improve enabling environments in developing countries and to develop pipelines of bankable projects to allow for better access to climate finance.

The multilateral climate funds are also taking their own measures to ease the burden of access.

The UNFCCC's dedicated climate funds (Green Climate Fund, Global Environment Facility, and Adaptation Fund) are central to access. While developed countries must continue to make efforts together, the need for collective action among all countries is evident both on decision-making boards as well as in other fora. Progress on these Funds demonstrates the power of collaboration:

- GCF continues to increase the volume of its programming, which has now reached US\$ 11.2 billion in GCF resources and US\$ 42 billion including co-financing. The cumulative disbursements have risen from US\$ 1.5 billion at the end of 2020 to US\$ 2.8 billion, and will exceed US\$ 3 billion by the end of 2022, a doubling within two years.
- In 2022, the GCF completed the streamlining and codification of its project development, appraisal, and implementation procedures, and published its appraisal manual to provide greater transparency on decision-making and facilitate proposal development. Simplification, codification, and streamlining of processes have resulted in reductions in time taken to access resources, with the median time from project review to first disbursement falling from 24 months in 2018 to 16-20 months in 2021.
- The GCF approved the Updated Accreditation Framework (UAF) in March 2022 and the updated Simplified Approval Process (SAP) in May 2022. These two policies streamline processes, adopt a bespoke financing pathway for one-off, innovative projects, in particular from regional national and subnational entities, and raise the ceiling for eligible projects under the simplified process to US\$ 25 million.
- The GCF also approved its principles for demonstrating the impact potential of GCF-supported activities (a climate rationale) including with regard to the use of climate information and data, taking into account the different capacities of countries and Accredited Entities (AEs).
- In 2021, the GCF developed a guidebook and templates for readiness proposal submission and progress monitoring, including advice on developing high quality readiness proposals and navigating challenges of implementation.
- In 2022, the GCF adopted the proposed work programme for 2022-2023 and approved an additional US\$ 166.94 million for the Readiness and Preparatory Support Programme to enhance country ownership and encourage direct access to GCF resources.
- In addition, to enhance complementarity and collaboration, a joint statement of the Secretariats of the AF, GCF, Global Environment Facility (GEF) and Climate Investment Funds (CIFs) was issued at COP26. In this they identified three pillars of partnerships to be implemented through a roadmap of activities and to report back on its delivery at COP 27: 1. Explore synergies in programming, 2. Monitoring, evaluation and learning, and 3. Communication and outreach.¹²
 - Separately, in 2021 the GCF and GEF launched the Long-term Vision on Complementarity, Coherence and Collaboration (LTV) between the two funds, which defines areas of cooperation, complementary in investing, and facilitates lessons learned.

12. [A Joint Statement by the Secretariats of the AF, GCF, GEF and CIFs on Enhanced Complementarity and Collaboration](#)

- With respect to the GEF, a substantial effort to revise and simplify templates for the preparation of Full-Size, Mid-Size projects and Enabling Activities has been conducted in parallel with the replenishment negotiation, and the new templates have been published as of July 2022.
- In addition, the GEF has made progress with its mandate to supporting the implementation of the Paris Agreement's Enhanced Transparency Framework. An update on the costing of Biennial Transparency Reports, with an increase to US\$600,000 per report (US\$633,000 when combined with National Communications), was adopted as of July 1, 2022. Progress was also made with support provided through the Capacity-Building Initiative for Transparency, which has now provided support to 86 countries, with an active portfolio equivalent to more than US\$144 million as of October 2022.
- The AF's first Medium-term Strategy (2018–2022) supports developing countries enhanced and efficient access to resources for adaptation action, innovation, and learning and sharing.
- In April 2022, the AF launched new grants for enhanced direct access and for innovation in adaptation of up to US\$5 million each, that are available in addition to the amount available per country under the country cap.
- In September 2022, the AF launched a publication with lessons learned from its pioneering streamlined accreditation process (September 2022) and finds that it has value for opening the doors to climate finance for smaller direct access entities from developing countries.
- Collaboration between the AF and GCF related to easing access to finance spans many areas of the funds' operations, including fast-track accreditation and re-accreditation, a structured approach for project scale-up, direct access and the community of practice on direct access entities, readiness and capacity-building support, climate funds collaborative platform on results, and knowledge management. As of October 2022, 34 out of 54 AF implementing entities have completed re-accreditation and are eligible for fast-track re-accreditation with the GCF. As part of the joint scaling up framework, four completed AF-funded projects have been identified to proceed towards scaling up by the GCF.

There are also important initiatives underway to improve access to funding from MDBs. In June 2022, the U.S.-Caribbean Partnership to Address Climate Crisis 2030 (PACC 2030)¹³ was launched to enhance the predictability and flexibility in accessing international financing mechanism for climate-vulnerable Caribbean countries. This includes, among other measures, considering extending temporary access to World Bank Group resources following extreme events for countries that have graduated from MDB financial assistance programs, improving transparency of the criteria for accessing concessional finance, and increasing access to Development Finance Corporation for climate projects in underserved Caribbean countries.

Through the NDC Accelerator Multi-Donor Trust Fund – supported by Nordic Development Fund, the Netherlands, Sweden, Austria and Finland – the (IADB) is supporting Latin American and the Caribbean national and sub-national entities to plan and design investments aligned with countries' NDC commitments and other climate and sustainable development objectives. This includes, among other measures, capacity and technical support for design and implementation and support for innovative business models, policy and financial instruments.

Although there is a richness in initiatives, programmes and projects underway to address access to climate finance, much more work needs to be done. GIZ has undertaken a study to better understand the gaps and barriers to access, in order to inform recommendations for further work. The study mapped the access

13. [FACT SHEET: Vice President Harris Launches the U.S.-Caribbean Partnership to Address the Climate Crisis 2030 \(PACC 2030\)](#)

architecture, resulting in a number of findings, including to identify the ‘four Cs’ for effective access to climate finance: Capacity, Coordination, Coherence and Communication. Those are written about in Section 2: Four Key Collective Actions, and can be found [here](#).

The IMF’s Resilience and Sustainability Trust (RST) is a new initiative that aims to provide affordable long-term balance of payment financing to low income and vulnerable middle-income countries to support their efforts to undertake macro-critical reforms to build economic resilience to structural risks, such as those related to climate change and pandemic preparedness.

ACTION AREA 5 – STRENGTHENING THE FINANCIAL MECHANISM OF UNFCCC AND THE PARIS AGREEMENT

All countries have come together to improve the effectiveness and ambition of the climate funds, through increased finance and necessary policies.

Developed countries, as part of the Delivery Plan, recognized the importance of strengthening, including scaling up finance for the funds of the UNFCCC’s and the Paris Agreement’s Financial Mechanism and, over the course of the year, they have made significant progress.

In April 2022, **29 countries¹⁴ collectively pledged US\$5.33 billion to support the eighth replenishment to the Global Environment Facility (GEF-8), a 30 percent increase over GEF-7.** The GEF will allocate 16% (US\$852 million) of its GEF-8 resource envelope to its Climate Change Mitigation Focal Area, up from US\$802 million in GEF-7, and also ensure that its investments directly and indirectly related to climate change amount to at least 80% of all GEF funding commitments during the GEF-8 period.

During the GEF-8 replenishment, the GEF community successfully put vulnerable states including small island developing states (SIDS) and least developed countries (LDCs) center stage and supported improved access to the GEF via a new allocation key. Furthermore, GEF-8 builds on its unique position in the global environmental financing landscape, which stems from its mandate as financial mechanism of several multilateral environmental agreements (MEAs). Through this unique role, GEF prioritizes integrated solutions that can address common drivers of environmental degradation, maximizing the generation of Global Environmental Benefits (GEBs) and increasing the efficiency of its interventions. Thus, much of GEF-8 funding will be delivered through a set of 11 integrated programs that address multiple threats at once, such as climate mitigation objectives linked to biodiversity programs. In its upcoming operating period, the GEF will continue to prioritize blended finance solutions and private sector engagement to mobilize additional funding. Under the GEF-8 replenishment, the GEF increased the indicative allocation to its Non-Grant Instruments (NGIs) from US\$136 million in GEF-7 to US\$191 million in GEF-8. The NGI window aims at helping developing countries to unlock and scale-up private financing. Moreover, GEF will also work with governments to facilitate efficient, targeted funding, with engagement through an overhauled Country Support Program, which will enhance access to GEF funding.

14. Australia, Austria, Belgium, Brazil, Canada, China, Côte d’Ivoire, Czech Republic, Denmark, Finland, France, Germany, India, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States

Simultaneously, discussions for the second replenishment to the Green Climate Fund (GCF-2) have begun and, in May 2022, the GCF Board launched a consultation process to inform the review and update of the Strategic Plan for GCF-2.¹⁵ Further, **the GCF Board has made considerable progress on policies in recent months.** In the past year, they approved several policies to strengthen this key climate institution:

- First, the Integrated Results Management Framework (IRMF), intended to improve the monitoring and data reporting process for GCF projects.
- Second, the updated Accreditation Framework (UAF) to streamline the process for partners to become accredited, including the Project Specific Assessment Approach (PSAA), permits entities to partner with the GCF on a one-off basis for particular projects.
- Third, the Private Sector Strategy (PSS) allows the GCF to better catalyze private finance for climate projects;
- Fourth, the updated Simplified Approval Process (SAP) will increase the efficiency and speed in approving projects.
- Fifth, updated guidance on the approach and scope for providing support to adaptation activities, including requesting the Secretariat to engage with national designated authorities and accredited entities to urgently advance a pipeline of proposal for adaptation, prioritize accreditation of entities with a focus on adaptation programs, and provide and enhance technical support for conceptualizing country-driven adaptation investments and advancing the private sector's role in adaptation.

The special funds established by the Parties to the UNFCCC have also seen promising improvements and increases. As noted above, many developed countries made significant pledges to both the AF (US\$356 million) and LDCF (US\$413 million) at COP26, many of which, including Canada, the European Commission, Iceland, Japan and the US, were first time contributors. The Adaptation Fund in October 2022 approved its second Medium-Term Strategy for the period from 2023 to 2027,¹⁶ which further enhances synergies between its focus areas of adaptation action, innovation, and learning and sharing, and introduces a new crosscutting focus on locally led and locally based adaptation as well as on scaling and replicating results. This builds on the decisions taken by the AF Board in 2021 to double the amount of funding each developing country can access for adaptation projects, and to double the number of national direct access entities each country can have accredited.¹⁷

Further, the Programming Strategy for the Special Climate Change Fund (SCCF) and the LDCF for the GEF-8 period (July 2022 to June 2026) has been approved, and implementation has started.¹⁸ The goal of the new Programming Strategy is to facilitate transformational adaptation in developing countries towards achieving the Paris Agreement's global goal on adaptation. The SCCF has a renewed focus on adaptation support in SIDS, innovation for adaptation, technology transfer, and enhanced private sector engagement. The new strategy will help to revive this adaptation-focused fund, which is based on voluntary contributions. Under the LDCF, each LDC will have a US\$20 million cap for grant support for urgent and immediate adaptation priorities, building on the successful track-record of leaving no LDCs behind in the GEF-7 period with over 99 percent utilization of LDCF resources by 47 LDCs. The doubling of support is in line with the Glasgow

15. [Green Climate Fund Strategic Plan](#)

16. [Adaptation Fund Annex 2 Draft Medium Term Strategy \(2023-2027\)](#)

17. [Adaptation Fund Doubles the Amount of Funding Countries Can Access, Enhancing Access to Climate Finance Among Most Vulnerable](#)

18. GEF, 2022, *GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and the Special Climate Change Fund for the GEF-8 Period of July 1, 2022 to June 30, 2026, and Operational Improvements*, Council Document GEF/LDCF.SCCF.32/04/Rev.01.

Climate Pact on climate adaptation support. The SCCF has introduced national allocations to SIDS. In total, the LDCF and SCCF are expected to mobilize US\$1.2 billion (floor scenario) to US\$1.7 billion (higher scenario) of dedicated climate adaptation support to the world's vulnerable countries.

Developed countries will continue to stay engaged with the Funds of the Financial Mechanism and other Special Funds established by Parties to the UNFCCC, to improve access, scale-up adaptation finance, increase private finance mobilized, and enhance coherence across the financial system.

ACTION AREA 6 – WORKING WITH MDBS TO IMPROVE CLIMATE FINANCE

MDBs have made progress in the last year, but more needs to be done and faster; most developed countries have stepped up their collective efforts to push for greater climate ambition within the MDBs.

Developed Country Efforts to Work with MDBs

MDBs play a key role in mobilizing climate finance and contributing to the US\$100 billion goal. Under the Delivery Plan, developed countries underscored the importance of making greater efforts to advance ambition at MDBs. In a variety of fora and at a variety of levels, developed countries have progressed on this in the last year. **Some developed country shareholders have taken a leadership position to increase ambition with MDBs.** For example, in 2021 and 2022 the United States convened the Heads of those MDBs in which they hold shares and called on each MDB to develop plans to:

- a) rapidly align their work with the goals of the Paris Agreement, including financial intermediaries and policy-based operations;
- b) increase overall climate finance targets;
- c) determine their share of the US\$ 40 billion private capital target and develop strategies to double that amount without new capital resources by 2025;
- d) increase climate adaptation financing; and
- e) support countries in developing long-term net-zero strategies.

In July 2022, US Secretary of the Treasury, Janet Yellen and US Special Presidential Envoy for Climate, John Kerry jointly convened the MDB Heads to specifically request increased climate ambition and action from the first two MDB Heads meetings, particularly to raise private capital mobilization targets, and increase attention on climate adaptation and building resilience, while also highlighting the linkages between climate action and ensuring food security. In a speech held by US Secretary Yellen at the Center for Global Development in October 2022, US Secretary Yellen issued a strong call to rethink the overall strategy in view of the complex global challenges and identified a need for the MDB system to evolve, especially to address the climate change crisis. Her proposals include elements on how to incentivize investments as well as changes to their operational models and innovative approaches to stretch their existing balance sheets, including acknowledging recommendations from the G20 MDBs Capital Adequacy Framework Review. She called for an evolution roadmap to be developed by December this year and some deeper work to take place by the spring of 2023.¹⁹

19. [Remarks by Secretary of the Treasury Janet L. Yellen at the Center for Global Development](#)

Countries, developed and developing, as shareholders, have increased collaboration. With this year's G7 Climate, Energy and Environment Minister's Communiqué, prepared under the German G7 Presidency, G7 shareholders to MDBs commit to use their roles as shareholders of the relevant international financial institutions to facilitate actions, such as on alignment with a 1.5°C pathway and climate-resilient development, as well as mobilization of private finance by strengthening de-risking instruments. They also call on MDBs and relevant IFIs to further strengthen their efforts, including by setting ambitious adaptation finance targets and by supporting the scaled-up participation of the private sector.²⁰

Developed countries, as shareholders, continue to collaborate closely with MDBs and development finance institutions to develop concrete measures to accelerate the speed and efficiency of their processes. Most recently, in July 2022, the UK, US, Germany and Canada conducted a roundtable with MDBs and, in September 2022, sent a follow-up joint letter with specific asks on key priority areas for improving and scaling-up climate finance, calling for increased progress on climate change, including specific requests on adaptation finance, access, and private finance mobilized. These countries continue to make bilateral efforts through meetings and letters to maintain pressure on the Banks to do more.

Several countries gather in a variety of informal working groups to create constructive dialogue with MDBs to support alignment and push ambition, including to coordinate within countries, where different Ministries are responsible for MDBs.

MDBs have made progress responding to requests from developed countries. For example, the Asian Development Bank accelerated their Paris alignment target for its sovereign operations to 2023. Many of the MDBs also plan to increase their respective climate finance targets, including the African Development Bank from 40% to 50% of project approvals by 2030, the ADB from US\$80 billion to US\$100 billion, and IADB from 30% to 35% for climate and 40% for green finance. At COP26 the European Investment Bank (EIB) launched its first dedicated Adaptation Plan to support projects related to adaptation, including by increasing investment and support to protect projects from the impact of more extreme weather and increase the climate resilience of new and existing infrastructure in developing countries.²¹ The EBRD has an Action Plan on Mobilizing Private Capital for Climate Finance, which outlines the Bank's way to achieve its goal of doubling its private finance mobilized by 2025. Its efforts include green bonds, to targeted loans to support the circular economy.

MDB Efforts to Improve Climate Finance

MDBs are also taking joint and innovative efforts to scale-up ambition for climate finance. At COP26, the Climate Investment Funds (CIF) launched several new programmes working with major MDBs. Two programmes focusing on energy include the [Accelerated Coal Transition](#) (ACT) (more detail in action area 7) and [Renewable Energy Integration](#) (REI). With contributions from the Netherlands, Switzerland, the United Kingdom to the REI, MDBs started preparing investment plans in five phase 1 countries – Colombia, Fiji, Kenya, Mali, Ukraine – and five phase 2 countries – Brazil, Costa Rica, India, Indonesia, Turkey. The program works through national and regional investment plans that address both policy and market barriers to promote investments in enabling technologies, infrastructure, or business models to improve overall energy systems operations. It also has a dedicated private sector window.

Recognizing that reliable flows of concessional finance at-scale is essential, the CIF also launched the Capital Market Mechanism (CMM), which is expected to mobilize US\$500 million of additional concessional capital every year for developing countries, leading to an estimated US\$50 billion in total investments over 10 years.

20. [Meetings of the G7 environment, climate and energy ministers](#)

21. [The EIB Climate Adaptation Plan: Supporting the EU Adaptation Strategy to build resilience to climate change](#)

The CIF CMM is a ground-breaking initiative because it will be the first time a multilateral climate fund has leveraged its balance sheet in the capital markets, which will unlock urgently needed private investments in clean infrastructure in developing countries.

The IADB's [Green Bond Transparency Platform](#) brings greater transparency to the green bond market in Latin America and the Caribbean, and its Regional Climate Change Platform of Economy and Finance Ministries will establish a specialized regional mechanism to support finance ministries in the region to address the socioeconomic challenges associated with climate change and sustainable development.

In October 2021, nine MDBs jointly committed to support a just transition that supports countries and other clients moving towards net-zero emission economies. The MDB joint statement outlines their commitment to five High-Level Principles for a just transition and outlines how they will work with other financial institutions to develop financing and policy strategies supporting a just transition that promotes economic diversification and inclusion.²²

ACTION AREA 7 – IMPROVING THE EFFECTIVENESS OF PRIVATE FINANCE MOBILIZED

Private finance mobilized accounts for a small share of the US\$100 billion goal; developed countries will commission a Lessons Learned study to examine all aspects of mobilizing private finance.

Mobilized private finance is a critical component of the collective US\$100 billion goal. According to the OECD's most recent report on climate finance, public finance plays a key role in supporting developing countries to enhance enabling environments that unlock private mobilization, where over time public finance is needed less and less. However, scaling up of private finance mobilization towards the goal has proven to be challenging. Many factors influence the effectiveness of private finance mobilization, including investment-ready project pipelines, policy and broader enabling environment, and country risk profile.²³ Developed countries acknowledge that further efforts are needed, and as a result, private finance mobilization has become a priority for many developed countries' strategies. To this end, **developed countries are implementing a number of innovative approaches to increase the scale and effectiveness of private finance mobilized.**

The most recent Italian budgetary law for 2022 established an Italian climate fund, managed by the Italian National Development Bank Cassa Depositi e Prestiti and endowed with €840 million a year until 2026 for environmental protection and climate action. Notably, part of these resources will be used to support the green transition of businesses in ODA-eligible countries. The fund will finance interventions and extend grant resources in favour of private and public entities contributing to international commitments on climate and environmental protection. The fund also aims specifically to enhance private finance mobilization, both from the developing countries' and the contributor's private sector.

The Norwegian Government's [Climate Investment Fund](#), managed by Norfund, will play a central role in the Government's ambition to double its global climate finance up until 2026. The investments will be made in select ODA-eligible countries in line with their national climate and energy plans. The fund became operational in 2022 and will be capitalized with NOK2 billion each year for the next five years. The first investments were made in 2022 when the fund partnered with the private sector to build solar and wind farms in South Africa and India, where each project will have a generating capacity of more than 400MW of energy.

22. [MDB Just Transition High Level Principles](#)

23. [Climate Finance and the USD 100 Billion Goal – OECD](#)

At the 2022 G7 Summit, Germany pledged an additional €30 million for the [Emerging Market Climate Action Fund](#) (EMCAF), bringing Germany's total contribution to €55 million.²⁴ The EMCAF is a fund-of-funds structured to support fund managers in commercially viable climate mitigation and adaptation projects in emerging and developing countries, and will run from 2021 to 2038. Through a blended finance model, the EMCAF mobilizes significant private capital by lowering risks for private investors in areas with higher risks.

Developed countries are also increasing coordination on improving effectiveness of private finance mobilizing. For example, at COP26, the Climate Investment Funds (CIF) launched the nearly US\$2.5 billion [Accelerating Coal Transition](#) (ACT) investment program with contributions from Canada (CA\$1.05 billion), Denmark (DKK100 million), Germany (€260 million), the United Kingdom (€200M), and the United States (US\$1.0125 billion). The Program has a co-financing ratio of 1:10 and is expected to leverage US\$54.6 billion in co-financing, with more than a third from the private sector.

The Global Investors for Sustainable Development (GISD) Alliance seeks to deliver concrete solutions to scale-up long-term finance and investment in sustainable development. The Alliance consists of 30 leaders of major financial institutions and corporations spanning all the regions of the world. GISD's work is supported by a Strategy Group appointed by the CEOs and by United Nations system partners coordinated by UN DESA.²⁵

The Swedish Investors for Sustainable Development (SISD) is a network that brings together over 20 of Sweden's largest institutional investors around the implementation of Agenda 2030. Sida, Sweden's government agency for development cooperation, serves as network facilitator. SISD explores the role of investors, risks and opportunities related to the 2030 Agenda for Sustainable Development through the exchange of knowledge and experiences, voluntary projects and communication. The aim is to increase SISD members' contribution to sustainable investments in line with the Sustainable Development Goals and the Paris Agreement, including in countries and sectors where investments are most needed.²⁶

Just Energy Transition Partnerships (JETPs) represent another collective initiative that is novel in its strategy to engage with various public and private actions to mobilize additional co-financing. By consolidating and coordinating donor financial and policy support resources behind a common, urgent and recipient defined goal, JETPs will send a clear signal to the private sector on where, how, and why to invest in energy transition (see box 1 for more information).

MDBs are key players in enhancing the mobilization of private climate finance, including adopting best practices to de-risking investments, and it is often done in two ways. First **are bilateral partnerships between MDBs and developed countries underway to spur private climate finance in developing countries**, such as the [Canada-World Bank Clean Energy and Forests Climate Facility](#), investing in energy transition, renewable energy and forest and landscapes, and the [Luxembourg-European Investment Bank Climate Finance Platform](#) (LCFP). The EIB invests in other funds designed to leverage public funding to crowd in private investors in support of climate mitigation and adaptation in developing countries, such as the Emerging Market Climate Action Fund, Green for Growth Fund, and Land Degradation Neutrality Fund.

Second is through individual action taken by **MDBs**. For example, at COP26, the European Bank for Reconstruction and Development (EBRD) announced its intention to double the mobilization of private sector climate finance by 2025 and unveiled an Action Plan on Mobilising Private Capital for Climate

24. The governments of Germany and Luxembourg, the Nordic Development Fund, Allianz, Folksam, and the European Investment Bank are anchor investors to the EMCAF.

25. [About the GISD Alliance](#)

26. [Swedish Investors for Sustainable Development](#)

Box 1 – Just Energy Transition Partnerships (JETPs)

Recognizing that the financing needed to deliver clean energy transitions in many countries is larger than an emerging market economy can self-finance or any single donor country or multilateral development bank (MDBs) can bring to bear, Just Energy Transition Partnerships (JETPs) are a new kind of investment model that provide a platform for host countries to achieve ambitious and just energy transitions and for contributors – developed countries, private sector investors, MDBs, and other relevant actors – to increase the coherence of their climate finance support towards these transitions.

The investment plan and key targets for each JETPs are developed with, and owned by, the host country, tailored specifically to their needs and, reflecting national climate and energy priorities and commitments, aligned with the goals of the Paris Agreement, the implementation of the Glasgow Climate Pact and achieving the Sustainable Development Goals of the 2030 Agenda.

JETPs aim to accelerate the early retirement of high-emitting assets, and invest in renewable energy and related grid infrastructure. By creating a critical mass of finance aggregated from various sources, JETPs will support host countries in managing the transition and in making the policy reforms that are critical to paving the way for private investment to invest in renewable energy and energy efficiency at scale, in a manner that is inclusive and equitable for impacted communities. Accordingly, JETPs will aim to foster a just transition for the many thousands of people who still rely on fossil fuels for their livelihoods. These partnerships will support them to retrain and reskill, and help countries move to cleaner and more secure green technologies, while not only keeping the lights on but increasing energy access and reducing local air pollution.

The first JETP with South Africa was launched at COP26. At the G7 Leaders' Summit 2022, G7 members affirmed their intent to move forward in negotiations with Indonesia, India, Senegal and Viet Nam. Leaders agreed to review progress on these potential new JETPs by COP27.

JETPs will be an important step in building a new global financial and energy architecture equipped to mobilize the investment needed to keep 1.5°C in reach and ensure that support is flowing to developing countries.

Finance.²⁷ At COP26, the EBRD also launched its first multi-donor partnership, the High-Impact Partnership on Climate Action (HIPCA), which will primarily support investments and solutions that reduce or prevent greenhouse gas emissions, strengthen resilience and reduce vulnerability to climate change, and to support nature finance.²⁸

The African Development Bank (AfDB) and Africa50, in partnership with the African Union Commission and Development Agency (AUDA NEPAD), have committed to create an Alliance for Green Infrastructure in Africa with global partners. The Alliance will catalyze bankable, greener infrastructure projects at scale and speed, and raise up to US\$500 million of early-stage project development and preparation capital, aiming to generate up to US\$10 billion in investment opportunities.²⁹ The AfDB's Climate Action Window (CAW), which is being agreed alongside the ADF16 replenishment, currently under active discussion, has a transformational target of mobilizing up to UA9.5 billion (equivalent of US\$13 billion) and proposes to leverage additional co-financing to progressively build the window to US\$50 billion. The CAW will be structured around three sub-windows (adaptation, mitigation, and technical assistance) and will intervene in six key sectors (agriculture, water security,

27. [At COP26, EBRD launches plan to mobilise private capital for climate finance](#)
28. [EBRD and partners launch High Impact Partnership on Climate Action](#)
29. [African Development Bank Group and Africa50, in partnership with the African Union Commission and AUDA NEPAD, to create Alliance for Green Infrastructure in Africa with global partners](#)

climate information, resilient green infrastructure, green and private sector finance, and energy) with gender, youth and social inclusion as cross-cutting themes.

Canada, Germany, the United Kingdom, and United States have engaged with MDBs on using their capital more efficiently to maximize development and climate impact, and increase private finance mobilization, including a request to develop tailored roadmaps for implementing the recommendations of the G20 MDBs [Capital Adequacy Framework Review](#) and to develop innovative investment vehicles.

Ambitious use of carbon markets and carbon pricing in developing and developed countries incentivise private sector to invest in low-carbon technologies and infrastructure that promote a transformation to net zero. Moreover, there is a strong growing interest of the private sector in the voluntary carbon market. Countries should recognize this potential for mobilising further private capital and strive for high environmental integrity in the design of carbon market mechanisms, including by encouraging the private sector to set out and undertake aggressive mitigation strategies that target net zero emissions by 2050, prioritising reductions in greenhouse gases across their value chain.

ACTION AREA 8 – REPORTING ON OUR COLLECTIVE PROGRESS TRANSPARENTLY

Developed countries remain committed to continuing to report climate finance through agreed upon UNFCCC and Paris Agreement modalities.

Transparency is key to maintaining trust and clarity the US\$100 billion goal. That is why donors provided forward-looking data on their respective climate finance as part of the Climate Finance Delivery Plan providing clarity on how and when developed countries anticipate fully delivering the US\$100 billion goal. The Delivery Plan aimed to increase transparency as much as possible, within the constraints inherent to forward-looking climate finance projections, without duplicating existing efforts under the UNFCCC's existing processes.

Developed countries recognize and support the importance of predictability and clarity of information on climate finance they provide and mobilize for developing countries. Developed countries' Biennial Communications under the Article 9.5 of the Paris Agreement provide forward-looking quantitative and qualitative information, including on projected levels of public financial resources that will be provided to developing countries. These communications are complementary to developed countries' National Communications and Biennial Reports, which provide backward-looking information on climate finance provided and mobilized. These reports include granular quantitative and qualitative information to demonstrate what and how climate finance provision was delivered. National Communications and Biennial Reports are due this year and will be, in most cases, available by end of this year.

Backward-looking reports are important for transparency and accountability. A significant achievement at COP26 was the adoption of the remaining guidance for the Paris Agreement's Enhanced Transparency Framework (ETF). Together with the Modalities, Procedures and Guidelines (MPGs) adopted at COP24, these outcomes provide the necessary details and tools for all Parties to report on backward-looking climate finance provided, mobilized, needed and received with more transparency and clarity. The ETF includes new reporting elements, such as grant-equivalent values, linkages of financial support to capacity building and technology transfer, and the reporting, as appropriate, support to activities related to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change.

The Climate Finance Delivery Plan Progress Report is another step in furthering transparency on progress towards the goal. The Progress Report is complementary to the ongoing processes at the UNFCCC. Whereas developed countries' Biennial Communications and Biennial Reports provide information on their individual climate finance provision, the Climate Finance Delivery Plan and its Progress Report are collective reports that provide further transparency on when the collective goal will be met and how it will be achieved.

Since 2015, at the request of developed countries, **the OECD also regularly produces analyses of progress on climate finance provided and mobilized towards the collective goal.** As part of this process, contributors provide data on climate finance provided and mobilized to the UNFCCC, or to the OECD in advance of the UNFCCC reporting, to facilitate the analysis and reporting by the OECD. In 2022, the OECD, in full partnership and collaboration with developed countries, delivered the widely anticipated report on climate finance provided and mobilized in 2020 as well as a technical analysis. This report goes beyond the previous analytical work by providing more detail and analysis of climate finance flows, including challenges and lessons learned. It presents a more disaggregated analysis through deep dives into characteristics of the type of support provided, financial instrument used, and recipient countries, among others.³⁰

Beyond the efforts of developed countries, **MDBs have also been working towards enhancing transparency of their progress contributing to the US\$ 100 billion goal.** In 2015, MDBs agreed on the 'Common Principles of Climate Change Adaptation Finance Tracking' and 'Common Principles of Climate Change Mitigation Finance Tracking'. These Principles clarified the parameters to identify and estimate the volume of adaptation and mitigation finance in MDB operations. They also form the basis for joint work to increase comparability of reported figures and to harmonize key concepts related to reporting guidelines and processes. Ahead of COP27, a key priority for the joint MDBs working group on adaptation finance is to update the methodology on tracking adaptation finance. The updated methodology will take stock of the evolution in the way MDBs have provided support for adaptation over the last decade, particularly with regard to the wider coverage of economic sectors in need of adaptation investments and financial products deployed to provide this support. The updated methodology will also draw on the latest international advancements in the field of adaptation finance, including the European Union taxonomy on sustainable finance.

ACTION AREA 9 – ASSESSING AND BUILDING ON LESSONS LEARNED

Collective and individual donor-led studies continue to provide lessons learned. These are important for implementation now, and could be taken into account in the context of the New Collective Quantified Goal.

Last year's Climate Finance Delivery Plan highlighted the need to undertake thorough analysis of climate finance to draw lessons learned to further understand the challenges in reaching the US\$100 billion goal. A lessons learned exercise is crucial to building on past experience and to improve our approach going forward, including in setting the New Collective Quantified Goal (NCQG) for climate finance post-2025. In particular, the Delivery Plan noted the recipient perspective as being key in order to identify ways to improve the effectiveness of future climate finance in contributing to meeting the goals of the Paris Agreement.

The need for further analysis and thorough research remains and there are several platforms under which assessments to learn lessons from past experience are underway that are inclusive of recipients' and contributors' perspective.

30. [Climate Finance and the USD 100 Billion Goal](#)

The newest of these is **the Technical Expert Dialogues of the Ad-hoc Work Programme on the NCQG, which have included elements and discussions on lessons learned from the implementation of the US\$100 billion goal.**

Under the mandate of the UNFCCC, **the Standing Committee on Finance's report on progress towards achieving the goal of mobilizing jointly US\$100 billion is a collaborative effort between developed and developing countries.** The report provides pertinent insights on the status of the goal both through backward- and forward-looking data and analyses. It will be presented to the COP and CMA in 2022.

Outside the UNFCCC processes, this year's OECD report on progress towards the delivery of the US\$100 billion goal, with its additional analytical content provides insights that can inform other work underway to assess progress and lessons learned, as well as future discussions on the NCQG.

In addition, overall evaluations on climate policy implementation as well as development cooperation can generate important lessons relevant to the overall climate finance. **Many countries have begun to conduct evaluations of their climate finance implementation, to help to improve the effectiveness and adequacy of climate finance being programmed.**

For example, the Netherlands is currently carrying out an evaluation of the Netherlands Climate Policy covering the 2016–2020 period.³¹ Key questions of the evaluation, which will cover the areas of climate finance, climate diplomacy, climate adaptation and climate mitigation are: How relevant and appropriate is the Dutch (development cooperation) commitment to climate to achieve policy goals? How coherent is climate policy in the framework of development cooperation? This builds on a Dutch study of its climate finance that has already been published, that considers if finance went where it was intended, and what the future of climate finance should look like.³²

Notably, underpinning all of Australia's private finance climate initiatives is a dedicated Blended Finance Learning Program (BFLP), evaluating the effectiveness of Australia's different blended finance approaches to inform future programmatic decisions. Such efforts to learn lessons from experience can help to inform collective actions to improve private finance mobilization. Further, in mid-2022, the Australian Government commissioned an internal Development Finance Review to examine how different development financing approaches can complement Australia's grant financing and the effectiveness of Australia's current climate financing arrangements. The report of the review is expected in late 2022. Efforts to individually assess the effectiveness of a country's climate finance provisions are important to examine program design and delivery and the ability to achieve the expected outcomes and impacts to inform and improve future climate finance that is relevant, effective, and efficient.

ACTION AREA 10 – TAKING INTO ACCOUNT THE BROADER FINANCIAL TRANSITION NEEDED TO IMPLEMENT ARTICLE 2.1c OF THE PARIS AGREEMENT

Enhancing implementation and monitoring of efforts towards Article 2.1c is an essential component of the future of (climate) finance and reaching the goals of the Paris Agreement.

Article 2.1c of the Paris Agreements sets the objective to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Its implementation is a key instrument in re-directing and mobilizing adequate financial resources to transform our economies to

31. [Current research – Climate policy: towards climate resilience in developing countries](#)

32. [Evaluation of climate finance - Funding commitments in transition](#)

sustain a 1.5°C world. Climate finance flows are part of finance flows consistent with low-emission and climate-resilient development pathways; but Article 2.1c also recognizes the broader systemic change needed to address climate change. As with all elements under Article 2, it forms part of a global effort of all Parties. All countries have a role to play in creating the right enabling conditions to drive the change at home and internationally that are essential to meet the goals of the Paris Agreement. While there is strong potential and an urgent need to implement Article 2.1.c, developed countries also acknowledge significant challenges, including the doubling of fossil fuel subsidies from 2020 to 2021, as well as the latest developments on fossil fuel subsidies in developed countries related to rising energy prices and the war in Ukraine.

Nevertheless, a sample of collective efforts to advance Article 2.1c that include developing country engagement and leadership are outlined below as well as examples on how climate finance can support these kinds of activities.

Under the UNFCCC, there is currently no dedicated space to discuss Article 2.1c, however that is beginning to change. At COP26, the CMA invited Party and non-Party actors to submit views on ways to achieve Article 2.1c, and requested the Standing Committee of Finance (SCF) to draft a synthesis report based on those submissions. This is in addition to an earlier COP26 decision to request the SCF to undertake further work on mapping information relevant to Article 2.1c, which builds off their earlier work to map related information under the Committee's fourth Biennial Assessment.

Other third-party organizations have been studying Article 2.1c. For example, the OECD Research Collaborative considers Article 2.1c in their efforts to track investments and finance flows towards assessing their consistency with climate objectives, as well as considering their adaptation and resilience aspects.

Despite these efforts, there is no consistent approach toward achieving the goal articulated in Article 2.1c, which is one of three long-term goals the Paris Agreement.

Both the G7 and G20 have signaled their intention to advance efforts. The 2022 G7 Climate, Energy and Environment Minister's Communiqué recognized the urgent need to align financial flows with the long-term goals of the Paris Agreement, as required in Article 2.1.c, and to scale up efforts to mobilize the private sector for accelerated action to net zero emissions. The communiqué also noted grave concern with the scale of private finance currently still supporting non-Paris aligned activities, especially in the fossil fuel sector. In late 2022, the G20 Sustainable Finance Working Group published the G20 Sustainable Finance Roadmap. It helps to focus the attention of the G20, international organizations, and other stakeholders on key priorities to scale-up private and public sustainable finance, with the aim of accelerating the implementation of the Paris Agreement and 2030 Agenda, and to form consensus on potential actions. The G20 Roadmap outlines 19 actions for scaling and mobilizing sustainable finance to support a just and affordable climate transition, and the G20 SFWG are currently engaging in monitoring progress against these goals in the coming years.

There are a number of complementary efforts that are underway to galvanize private sector engagement in shifting financial flows. The [Task Force on Climate-Related Financial Disclosures](#) (TCFD), in 2015 by the Financial Stability Board, developed recommendations for companies to disclose how they manage the financial risks and opportunities that climate change poses to their business. The TCFD recommendations have received widespread acceptance and are applied by companies around the world. In November 2020, the Chancellor Rishi Sunak announced that the UK intends to make TCFD-aligned disclosures mandatory across the UK economy by 2025.

The world has seen an increasing number of net-zero commitments by non-State actors, in particular from the private and financial sectors, as well as from local government and regions. The growth in pledges has been accompanied by a proliferation of criteria and benchmarks to set net-zero commitments with varying levels of robustness. That is why the UN Secretary General set up the group to develop stronger and clearer

standards for net-zero emissions pledges by non-State entities – including businesses, investors, cities and regions – and speed up their implementation.³³

The [Glasgow Financial Alliance for Net Zero](#) (GFANZ) was launched at COP26 to derive ambitious commitments across the entire financial system in line with the UN Race to Zero. Since its launch, the GFANZ is continuing its work to ensure the integrity of commitments from 450 firms across 45 countries comprising of US\$130 trillion of private capital committed to transition to net-zero economy. The GFANZ is also collaborating with the G7 JETPs to drive forward action on private climate finance. The GFANZ has developed a common framework to enable financial institutions to demonstrate, and stakeholders to judge, the creditability of their plans to accelerate and scale clean energy and transition-related finance to levels consistent with limiting global warming to 1.5°C. The GFANZ has also announced the formation of its Asia-Pacific (APAC) Network and the creation of a regional Advisory Board to accelerate net-zero action across Asia.

Domestically, many developed countries have also made significant progress to create change in their countries. For example, the EU is currently preparing and implementing its reform package “Fit for 55”, which basically implements the EU Climate target of minus 55% of GHG emissions by 2030 and includes policy packages for several sectors such as electricity and industry (ETS), effort sharing for other sectors, Land use, land-use change, and forestry (LULUCF), CO2-emission standards for vehicles, energy efficiency in buildings. Even more ambitious emissions targets have been set with the new RePowerEU plan, aimed at further reducing emissions.

Denmark is developing a macroeconomic model called GreenREFORM, to enable the fiscal and economic planning to support the green transition. The model aims to assess the economic and fiscal impacts of climate and environmental policies, and the climate and environmental impacts of economic policies domestically. In 2021, Denmark adopted a Green Bond Framework aiming to fund green government expenditures and investments in areas including renewable energy and green transportation. Expenditures are evaluated according to, and to the extent possible, aligned with the criteria in the EU Taxonomy regulation and its delegated acts. Furthermore, Denmark has sought to align the Framework with key elements of the proposed regulation on a European Green Bond Standard (EU GBS) including the bond-related, reporting, and external verification requirements. In January 2022, Denmark issued and sold 10-year bonds worth almost EUR700 million, attracting strong investor demand.

Switzerland is also working on increasing transparency of the broader financial system as it relates to the Article 2.1c. The Swiss Government, together with key actors of financial sector and civil society, developed the Swiss Climate Score. It is a label, which will help customers to assess the climate alignment of a traded financial product to enhance transparency and facilitate enhanced demand for climate aligned financial products. The Swiss Climate Score will be launched by the end of 2022 and will incorporate state of the art forward-looking alignment assessment methodologies and data to facilitate enhanced transparency.

The United States also recently signed into law the Inflation Reduction Act (IRA) in August 2022. The IRA is designed to, among other things, reduce the deficit and lower inflation while combating the climate crisis and encouraging investment in domestic clean energy production. With a US\$369 billion investment spanning multiple government agencies, the IRA contains the biggest investment in U.S. history to curb emissions, promote clean energy technologies, advance environmental justice, bolster climate adaptation efforts, and enhance the conservation of forests and farmlands.

33. [High-Level Expert Group on the Net-Zero Emissions Commitments of Non-State Entities](#)

Collectively, multiple countries committed to align international public support towards the clean energy transition and out of unabated fossil fuels at COP26.³⁴ Among developed countries, the signatories are as follows: Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Iceland, Italy, the Netherlands, New Zealand, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. Signatories have committed to end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited and clearly defined circumstances that are consistent with a 1.5°C warming limit and the goals of the Paris Agreement.

The COP26 Joint Statement commitments were then confirmed in the Export Finance for Future (E3F) Statement of Principles, initially signed by Denmark, France, Germany, Spain, Sweden, the Netherlands, the United Kingdom, and then by Belgium, Finland and Italy. It recognizes the role of official trade and export finance in promoting and supporting a shift in investment patterns towards climate-neutral and climate resilient projects; end official trade and export finance directed to unabated coal power and supply chain; review of official trade and export finance support to fossil fuel industries, and assess how to phase out support to these sectors; start a climate-oriented review of official trade and export finance and work to improve transparency on climate related and sustainable projects.

Several developed countries also provide support for activities on Article. 2.1c in developing countries. Germany, for example, provides support for fostering fiscal policy for climate change in Latin America and the Caribbean. This project works with finance ministries and regulators to support the design, implementation, and evaluation of initiatives to increase the transparency, effectiveness, and efficiency of climate-related fiscal policies and contributes to the successful design and implementation of Nationally Determined Contributions as well as long-term strategies. The project is implemented by the Inter-American Development Bank is also supporting the Regional Climate Change Platform of Finance Ministries to facilitate knowledge exchange.

By helping crowd in a critical mass of finance from various public and private actors and supporting whole-of-society efforts towards clean energy transition objectives, JETPs can also help developing countries shift towards a low-emission transition, in line with Article 2.1c efforts.

MDBs are making progress towards Article 2.1c but more needs to be done. For example, in late 2021, the AfDB adopted a new Climate Change and Green Growth Framework, including a commitment to partial Paris Alignment by 2023 and full alignment by 2025 and the EIB launched its Paris Alignment for Counterparties Framework at COP26, on aligning the financial chains with the Paris goals, making the EIB the first MDB to address the wider activities of its clients. EBRD also committed at its 2021 annual board meeting that from the end of 2022, all its activities will be aligned with the Paris Agreement. Further, ADB committed to achieve full alignment of its sovereign operations by July 2023 and alignment of its non-sovereign operations to reach 85% by July 2023 and 100% by July 2025. AIIB has committed to full alignment with the Paris Agreement by July 2023, and IADB has announced all new operations will be fully aligned with the Paris Agreement by 2023. Finally, the World Bank Group – comprising the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) has plans to align all new operations starting July 2023.

Recognizing the crucial role of integrating climate change considerations consistently into all relevant economic and financial decision-making processes, in May 2022, the G7 urged Development Finance Institutions to present concrete plans for aligning their direct and indirect operations with the goals of the Paris Agreement as soon as possible, as well as to finalize and make publicly available robust methodologies for Paris alignment before COP27 and set out how they collectively plan to report on the alignment of their portfolios by COP27.

34. [UK COP26 Statement on International Public Support for the Clean Energy Transition](#)

CONCLUSION

The non-exhaustive accounting of progress across the 10 collective action areas highlights the diverse set of actions contributor countries are taking towards meeting the US\$100 billion goal, including in collaboration with other stakeholders. It is a snapshot in time of current and ongoing activities, and aims to provide further transparency, building on the relevant processes under the Paris Agreement and the UNFCCC. Contributor countries will continue to collaborate with partners to ensure the effective delivery and utilization of these funds in the remaining years of the goal and to work together to deliver on ambition in the future.