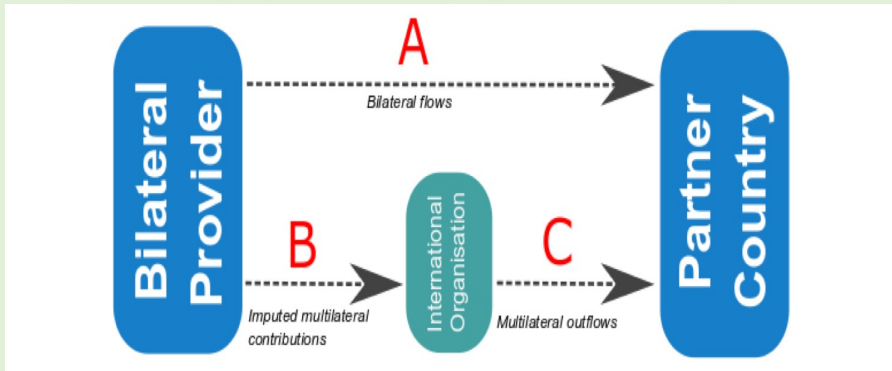


# CLIMATE FINANCE: POST-PARIS AGREEMENT EFFECTIVENESS IN QUESTION? - AD10846



Formula for imputing a contribution from a bilateral provider (P) to an international organisation (IO)

The formula is:

$$(P \text{ core contribution to IO})_{year Y} \times (\text{share of IO portfolio addressing climate})_{year Y}$$

Which can also be written as:

$$(P \text{ core contribution to IO})_{year Y} \times \frac{(IO \text{ climate - related development finance})_{year Y}}{(IO \text{ total development finance})_{year Y}}$$

The methodology to estimate bilateral providers' contributions to international organisations (inflows) is based on disbursements, as commitments would introduce large fluctuations due to multi-year agreements. Note also that to further counter annual fluctuations, the share of portfolio addressing climate is calculated on a 2-year moving average basis.

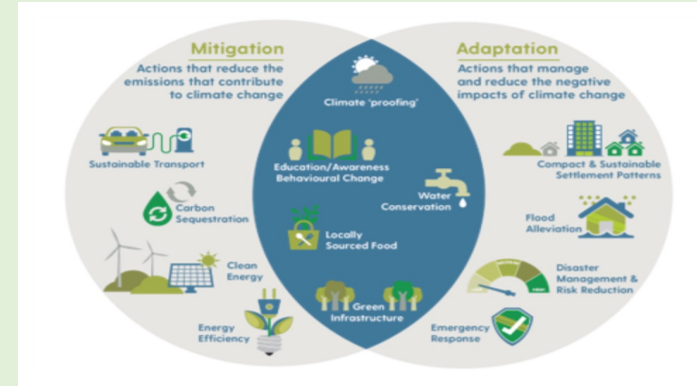
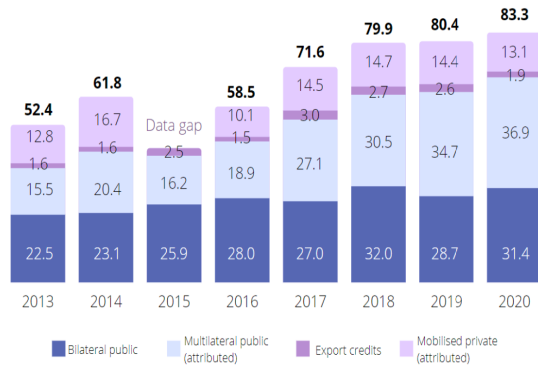
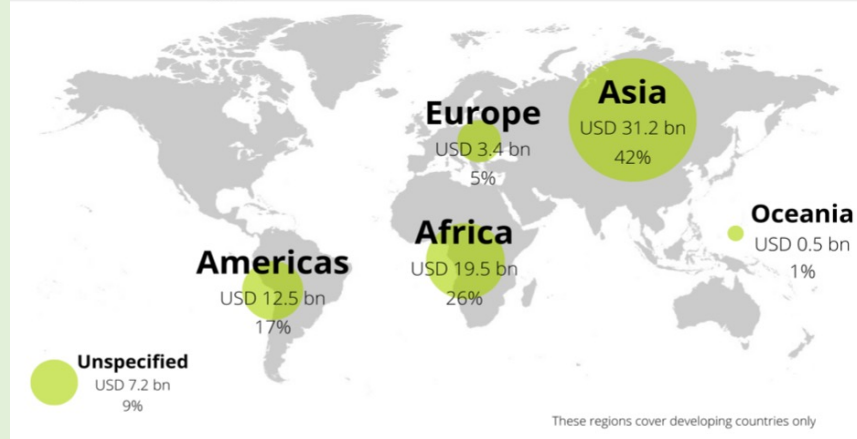


Figure 1. Climate finance provided and mobilised in 2013-2020 (USD billion)



Note: The sum of components may not add up to totals due to rounding. The gap in time series in 2015 for mobilised private finance results from the implementation of enhanced measurement methods. As a result, grand totals in 2016-20 and in 2013-14 are not directly comparable. Source: Based on Biennial Reports to the UNFCCC, OECD DAC and Export Credit Group statistics, complementary reporting to the OECD.

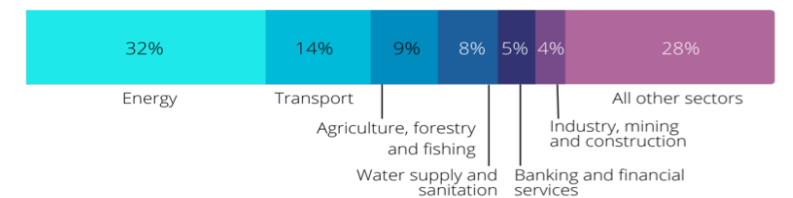
Distribution of climate finance across developing country regions (annual average)



Distribution of climate finance across income groups (%)



Sectoral split of climate finance provided and mobilised (%)



**DETAILS:** The data has been collected from OECD'S 2013-2020 aggregate report to answer the research question raised in the essay: "How effective has the Paris Agreement been in strengthening climate finance"? The first two pictures show the flow of finance from the bilateral providers (defined in the essay) to partner countries and the method to compute the flow of climate finance. This is important to fulfil the "mitigation and adaptation" goal enshrined in the Paris Agreement. One of the key findings of the essay was how the aspect of "adaptation finance" had been massively neglected over the years. As per OECD, the climate finance not only fell short of the \$USD 100 billion goal by 2020 but also was unevenly distributed across continents and income groups.

**PROPOSITIONS FROM THE ESSAY:** There needs to be a massive increase in the adaptation finance. More focus on the African as well as South American countries and their requirements must be reflected via the reallocation of country-region based distributions of climate finance. While the low-middle income groups are seen to gain more percentage of income-group wise distribution, the low income groups must not be neglected. Prioritising other sectors beyond energy, such as industries and agriculture could help in more equitable distribution of climate finance.