Private Climate Finance Report 2017

Trinomics

Contract details

Ministry of Foreign Affairs of the Netherlands – Private Climate Finance Report 2017

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Private Climate Finance Report 2017

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1 Introduction

1.1 Background

Developed countries have committed to support developing countries in their climate actions, by mobilising USD 100 billion a year by 2020 from a “wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance”[1]. This goal was reiterated and extended until 2025 at the COP21 in Paris. A new and higher goal will be set for after this period.

The pledge did not include definitions and methods to measure and report on the efforts towards reaching the USD 100 billion. In the last few years, progress has been made to establish internationally standardized definitions and methodologies. In 2015, the nineteen biggest climate donors, including the Netherlands, formulated a joint statement with their view on what constitutes climate finance.[2] The OECD has built on this common understanding of mobilised climate finance in the report *Climate finance in 2013-14 and the USD 100 billion goal*, that was published that same year.[3] The report mapped for the first time how much private climate finance has been mobilised by donor countries in 2013 and 2014. In a parallel effort, the OECD Development Assistance Committee (DAC) is working on an international standard to measure the volume of private finance mobilised by official development finance interventions that contribute to the Sustainable Development Goals, including climate finance. It carried out a survey to pilot the methodologies in 2016. The results were published last year in the report *Amounts Mobilised from the Private Sector by Official Development Finance Interventions*.[4]

The Netherlands reports the Dutch climate finance for developing countries in three separate reporting cycles: in the national HGIS report, the MMR report for the European Commission and in the Biennial Report and National Communication (every 4 years) for the UNFCCC. The Netherlands is one of the first countries to include in its report what is mobilised from the private sector by its public interventions. Based on the principles of the Joint Statement of 2015, it made its own methodological choices in view of data and methodological limitations. Considering the international developments, this year’s report aims to apply for the first time, as much as possible, the methodologies developed by the OECD.

1.2 Private Climate Finance Report 2017

This report summarises the mobilisation of private climate finance by Dutch public interventions in 2017. It presents the figures, explains the data collection and processing methods, and provides an overview of the underlying methodology. For the first time, it aims to apply the methodologies that are under development at the OECD. These methodologies deviate at several points from the methodology that the Dutch Ministry of Foreign Affairs used for reporting Dutch development finance in previous years. The figures presented in this year’s report are therefore not comparable to the figures of previous reports. The OECD methodologies are still under development and it is not possible to apply

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[1] UNFCCC 2009, Copenhagen Accord.
[2] Joint Statement on Tracking Progress Towards the $100 billion Goal by Joint Statement on Tracking Progress Towards the $100 billion Goal by Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Poland, Sweden, Switzerland, United Kingdom, United States, and the European Commission. Paris, France, 6 September 2015, http://www.news.admin.ch/NSBSubscriber/message/attachments/40866.pdf
[3] OECD 2015, “Climate finance in 2013-14 and the USD 100 billion goal”, http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.pdf
[4] OECD 2017, “Amounts Mobilised from the Private Sector by Official Development Finance Interventions”, http://dx.doi.org/10.1787/8135abde-en

them to all public interventions. Deviations therefore had to be made. These are clearly stated throughout this report.

Table 1-1 shows how much private climate finance has been mobilised by the Netherlands in 2017. Table 1-2 and 1-3 give more detailed overviews of the figures.

Table 1-1 Mobilised private climate finance by the Netherlands in 2017 (EUR million)*

		EUR m
Mobilised by Collective Investment Vehicles (CIVs)*	*Upfront*	105.03
	At project level	30.54
Mobilised by grant co-financing schemes (PPPs)		4.19
Mobilised by FMO		41.18
Mobilised by Multilateral Development Banks		153.86
Mobilised by European Investment Bank		70.31
Total mobilised private climate finance by NL		405.11

* Multi-donor funds and a few bilateral programmes are considered as CIVs: they pool donor money to sponsor projects in developing countries.

Table 1-2 Mobilised private climate finance by Collective Investment Vehicles (CIVs) in 2017 (EUR million)*

	Mobilised at fund level	Mobilised at project level	Methods used (mobilised at fund level / mobilised at project level)
Mobilised by Collective Investment Vehicles (CIVs)			
Climate Investor One	105.03	0.00	*shares in CIV*
Mobilised by multi-donor funds*			
SREP	0.00	0.21	*shares in CIV / investment in company*
GCF	0.00	0.00	*shares in CIV / shares in CIV*
GEF	0.00	1.13	*shares in CIV / TWG method (pro-rata attribution)*
GAFSP	0.00	0.51	*shares in CIV / investment in company and guarantee*
PIDG	0.00	7.33	*shares in CIV / TWG method (pro-rata attribution)*
IDH	0.00	7.01	*shares in CIV / grant co-financing schemes*
Mobilised by bilateral programmes*			
Dutch Good Growth Fund	0.00	9.20	*at project level: shares in CIV and investment in company*
Solidaridad PfC	0.00	2.83	*shares in CIV / grant co-financing schemes*
Solidaridad AfC	0.00	2.32	*shares in CIV / grant co-financing schemes*
Total	**105.03**	**30.54**	

* Multi-donor funds and a few bilateral programmes are considered as CIVs: they pool donor money to sponsor projects in developing countries.

Notes:

1. GEF and PIDG mobilisation at project level is not calculated with OECD methods: for GEF, only aggregated figures are available. For PIDG, not enough data is available on the financial structure, and complex financing structures are not covered by OECD methodologies. TWG method is applied, which was also applied last year.
2. GAFSP includes 3 guarantees, which are calculated according to OECD methods, but no method exists for investments with more than one guarantor. Therefore the mobilisation by the guarantors is attributed pro-rata (based on the coverage of their guarantees).
3. For IDH, the commitments can deviate largely from the actual disbursements, and are not tracked by IDH. Due to the high administrative burden related to reporting contracted values for each project, the calculations are based on the cumulative commitments per programme instead of per project.
4. DGGF has mobilised EUR 5.2 m by an investment in a CIV, and EUR 4 m by an investment of that CIV in a company. The first was done in 2016, but not reported last year due to use of different methodology. Therefore included in this year's report. (No double counting.)
5. For Solidaridad, all reported data are preliminary, and subject to Solidaridad's Annual Audited Financial Report of the Advocacy for Change and Practice for Change programmes, due April 30, 2018. Excluded are commitments made prior to 2017, although from these commitments, the financial means will be used as (co-) funding in 2017 and beyond. As a consequence, comparability of this report with Solidaridad's annual financial audited reports, and/or IATI publications is very limited.

Table 1-3 Mobilised private climate finance by PPPs, FMO, MDBs and EIB in 2017 (EUR million)*

	Mobilised	Methods used
Mobilised by grant co-financing schemes (PPPs)		
FDOV	0.00	*grant co-financing schemes*
FDW	4.19	*grant co-financing schemes*
GWW	0.00	*grant co-financing schemes*
Mobilised by FMO		
Credit lines	31.36	*credit lines*
Syndicated loans	9.82	*syndicated loans*
Mobilised by Multilateral Development Banks		
Multiple instruments (grants, loans, equity, guarantees)	153.86	*see note 2 below*
Mobilised by European Investment Bank		
Multiple instruments (grants, loans, equity, guarantees)	70.31	*see note 2 below*
Total	**269.55**	

Notes:
1. FDOV and GWW did not have a call for projects in 2017.
2. The mobilisation by MDBs and the EIB are not calculated with OECD methods: it is a rough estimate based on MDB joint report 2016 figures, with a leverage factor of 0.42, which was also used last year. Special TWG method for MDB finance is applied, which was also applied last year.

1.3 Changes since the last report

This report diverts from the previous report in several ways:

- **We have adopted the methodologies for measuring private finance that have been proposed by the OECD DAC**. These methods differ per public instrument used, leading to different attribution calculations. These are explained in detail in chapter 2. The methodologies are still under development and do not yet cover all instruments. Any deviations to these methodologies are clearly explained in the text.

- **The point of measurement has changed from disbursements to commitments.** This decision was made to be in line with the OECD DAC reporting instructions. All figures reported in this report are commitment-based.

- **NGOs are considered private, in line with current OECD definitions.**[5] This new classification is not made for IDH's mobilisation, because NGOs are classified as public investors in IDH's administrative system.

- **Mobilisation of private finance at the project level is measured separately from mobilisation at fund level.** The OECD DAC methodology for collective investment vehicles (CIVs) only captures the private finance that flows into the CIVs, not what is mobilised thereafter at the project level. The Secretariat is of the view that capturing this second-level mobilisation could overcomplicate the methodology and reporting.[6] As we do have this information available in the Netherlands and we also reported on this in previous reports, we have included it now separately to show the impact of this methodological choice.

[5] See http://www.oecd.org/dac/dac-glossary.htm#Private_Flows. There is currently a discussion within the OECD DAC on how to deal with NGOs, because their finance is not provided on commercial terms. Therefore their status may change in the future.
[6] OECD DAC Working Party on Development Finance Statistics 2017, 'Continued Methodological Work on Measuring Mobilisation', DCD/DAC/STAT(2017)22, p.4.

- **The calculation methods for FMO's mobilisation are updated so they are better in line with the OECD methodology.** As FMO only tracks investments in which FMO is the lead arranger, we can only report these investments, and not the ones where FMO was not in the lead. We also cannot report on FMO's Sustainability Bonds, because there is no method available to apply to bonds.

- **The OECD methodologies are not applied to mobilisation by GEF, PIDG, the MDBs and the EIB at the project level.** There was not enough data available at the time of reporting to apply the OECD methodologies. Therefore, the calculations for these interventions are based on the TWG method that was also applied in previous years. For GEF, only aggregated figures were available. For the MDBs and EIB, the figures are based on the *2016 Joint Report on MDB Climate Finance*.[7] The MDBs also report on public and private co-finance in their Joint Report, but these figures cannot be applied to this report: they use a different methodology and only report aggregated figures at the level of the bank. For now, we decided to work with the estimated mobilisation factor of 0.42, which was reported by the OECD as the 2013-2014 estimated average ratio for private co-finance attributable to multilateral climate finance in the report *2020 projections of Climate Finance towards the USD 100 billion goal*.[8] This factor was also used in last year's report.

- **Green Climate Fund (GCF) is included in this report, as reporting is now done based on commitments.** However, we are not able to report any mobilised private finance by approved commitments from GCF in 2017. GCF has approved two investments in 2017 that are expected to mobilise private finance, which can both be seen as shares in CIVs. The first concerns the GEEREF Next Fund, where GCF and the EIB invest together with several other public investors, but no private investors made commitments in 2017. The second is the Egypt Renewable Energy Financing Framework, which is a renewable energy fund managed by the EBRD. It is not clear whether the other sponsors include private entities. Therefore, no mobilisation is reported.

The methodological changes have large implications on the figures. The figures reported this year are therefore not comparable to the figures reported in previous years (with the exception of GEF, PIDG and the MDBs and EIB).

[7] Joint report on multilateral development banks' climate finance 2016, www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf.
[8] OECD 2016, '2020 projections of Climate Finance towards the USD 100 billion goal'. http://www.oecd.org/environment/cc/Projecting%20Climate%20Change%202020%20WEB.pdf

2 Mobilised climate finance: what to measure

2.1 Applying OECD DAC reporting methodologies

The OECD DAC has developed instructions for reporting on amounts mobilised from the private sector.[9] The Dutch climate finance report aims to apply these methods as good as possible. Methods have been developed for measuring mobilised finance through developmental guarantees, syndicated loans, shares in collective investment vehicles (CIVs), direct investment in companies, and credit lines.[10] A methodology for reporting grants in co-financing schemes is currently under development and is piloted in this report.

The attribution to the Netherlands of the private climate finance that is mobilised by the Multilateral Development Banks (MDBs) is calculated on the basis of the method developed by the Technical Working Group (TWG), which was also applied by the OECD in the '*Climate Finance in 2013-2014 and the USD 100 billion goal*' report as a general framework.[11]

Methodologies are still under development and not available for all public finance instruments. The OECD DAC Working Party on Development Finance Statistics (WP-STAT) continues reviewing and expanding reporting instructions. Whenever existing methods are not applicable in this report, we use our own methods, with the aim of staying as close as possible to the OECD DAC methods. These exceptions are clearly stated in the report. WP-STAT is also working on methods to measure more indirect "catalytic effects" of public interventions including grants for technical assistance, policy support, feed-in-tariffs development, etc. It is however recognized that the catalytic effect is very difficult to measure statistically and to avoid double counting. Chapter 8 mentions public finance instruments that have indirect catalytic effects. No indirect mobilised private finance is included in the figures.

2.2 Basic principles

Although the methods differ per instrument, there are a few basic elements applicable to all of them. These can be summarised by the following basic principles:

1. All public bodies that provide public interventions for a climate activity have a share in the mobilisation of the private climate finance for this activity. Public bodies can also originate in developing countries;
2. Mobilised private finance is divided amongst the public bodies, so that the same flow is not double counted;
3. Public bodies that invest in the riskiest tranches (e.g. equity) of an investment or company can attribute a larger share of the mobilised private finance than public bodies that invest in lower risk tranches (e.g. senior debt);
4. All financial flows are counted at the same point of measurement (commitment).

[9] OECD DAC 2016, 'Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire - Addendum 1', DCD/DAC(2016)3/ADD1/FINAL.
[10] The instructions for the last two instruments are described in: OECD DAC Working Party on Development Finance Statistics 2017, 'Continued Methodological Work on Measuring Mobilisation', DCD/DAC/STAT(2017)22.
[11] OECD and CPI 2015, 'Climate finance in 2013-14 and the USD 100 billion goal' Annex F, http://www.oecd.org/environment/cc/OECD-CPI-Climate-Finance-Report.pdf

More details on the basic elements of the methods are provided in Annex A.

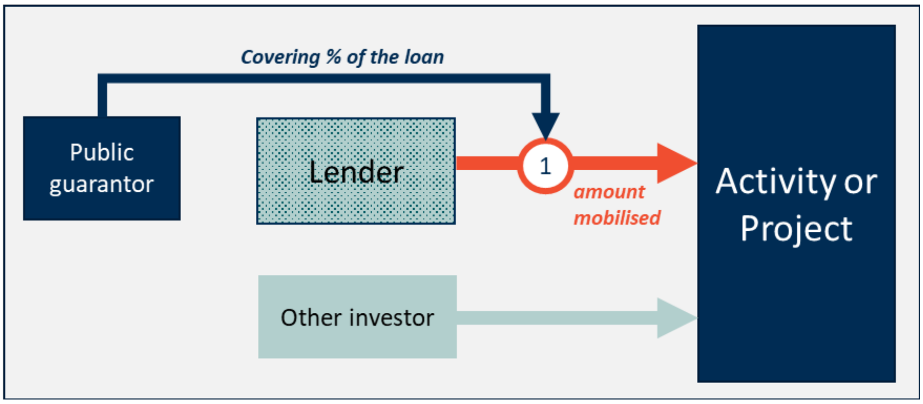
2.3 Methods per intervention and how this is applied to the Dutch report

The Netherlands uses various public interventions to mobilise private climate finance. It mobilises through bilateral programmes (Public-Private Partnerships and through NGOs), multi-donor funds (GAFSP and PIDG), multilateral climate funds (GEF and GCF), the Dutch Development Finance Institution FMO and the Multilateral Development Banks. It also indirectly mobilises private finance, by creating an enabling environment for private sector investment. No quantitative measurement can be done in these cases; therefore, these interventions are described in qualitative terms.

The public interventions can use various financial instruments, such as grants, loans, equity and guarantees. The OECD has developed methods for the following instruments: developmental guarantees, syndicated loans, shares in collective investment vehicles (CIVs), direct investment in companies, and credit lines. A method for grant co-financing schemes is under development. There are no methods yet that can measure mobilisation if more than one of these instruments are used.

2.3.1 *Developmental guarantees*

Figure 2-1 Schematic overview of methodology for guarantees



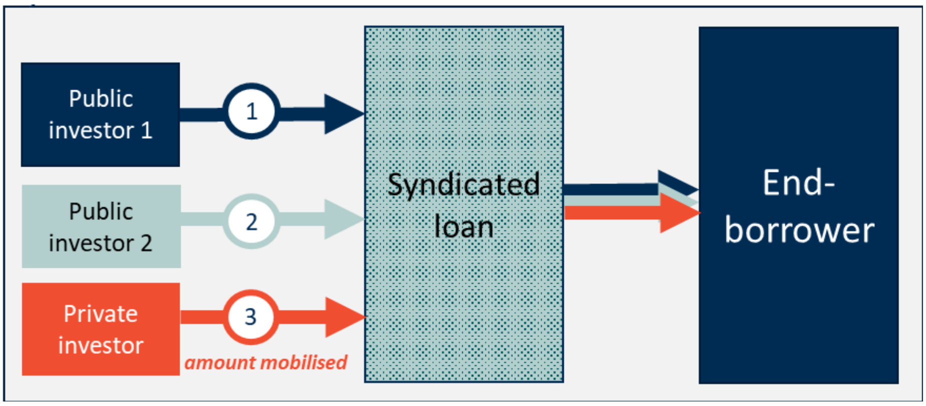
Information needed:

1. Value of the private loan which is (partially) covered by the guarantee.

Applied to: GAFSP.

2.3.2 *Syndicated loan*

Figure 2-2 Schematic overview of methodology for syndicated loans



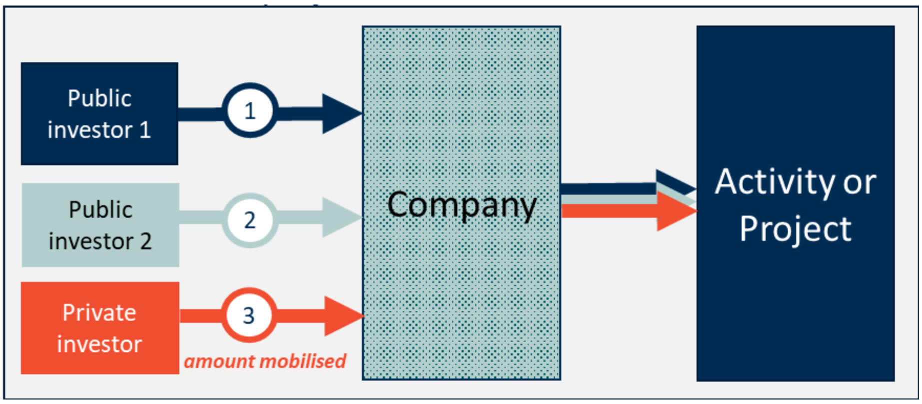
Information needed:

1. Value of A-loan committed by lead arranger;
2. Value of parallel loans committed by public institution(s);
3. Value of B-loan(s) committed by private investor(s).

Applied to: Syndicated loans arranged by FMO.

2.3.3 *Investment in company*

Figure 2-3 Schematic overview of methodology for investments in companies



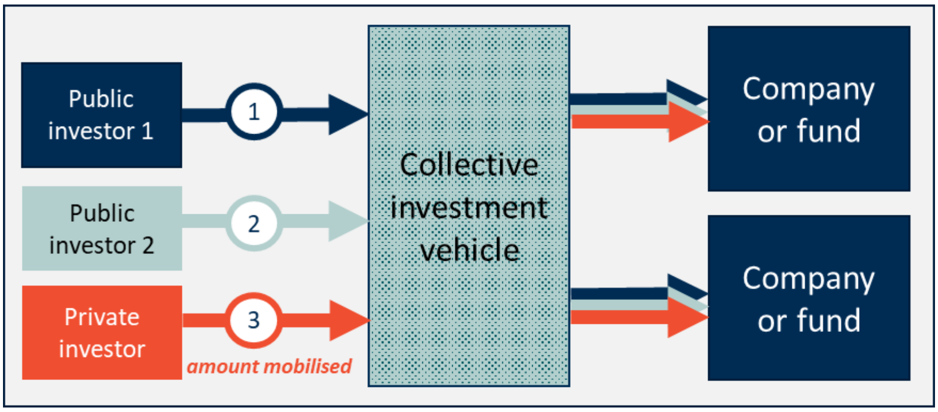
Information needed:

1. Value of equity and/or loans committed by each public investor, per financing round;
2. Value of finance committed by private investor(s), per financing round.

Applied to: DGGF (FEF).

2.3.4 Shares in collective investment vehicle (CIV)

Figure 2-4 Schematic overview of methodology for shares in collective investment vehicles



Information needed:

1. Value of equity and/or loans committed by each public investor, per financing round, with a clear division between investments in the riskiest tranche and investments in the mezzanine/senior tranche;
2. Value of finance committed by private investor(s), per financing round;

To calculate mobilisation at the fund level, additional information is needed:

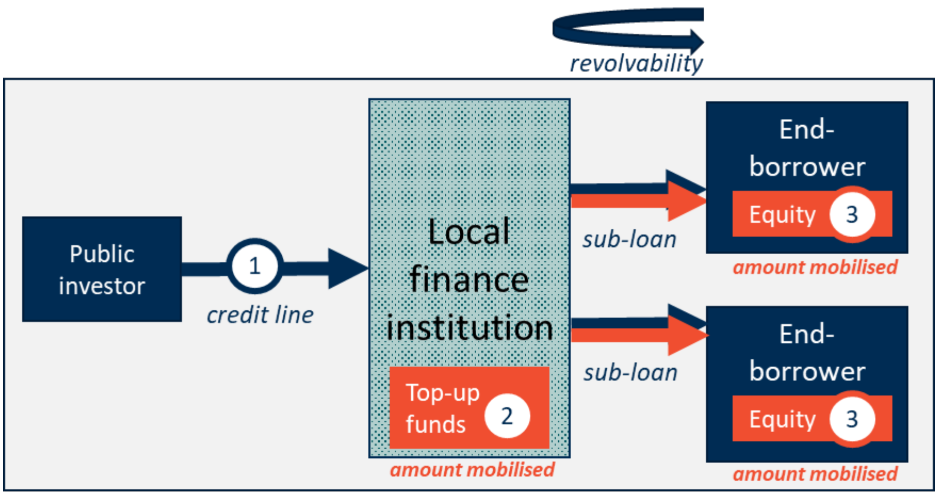
3. Value of equity and/or loans committed by collective investment vehicle to company/fund;
4. Value of equity and/or loans committed by other public investor(s);
5. Value of equity and/or loans committed by private investor(s).

On the basis of this information, the OECD methods can be applied for this level as well (i.e. the method for investment in company (in the case of a company), shares in CIVs (in the case of a fund).

Applied to: GCF, GEF, GAFSP, PIDG, CIO, DGGF's investment in FEF.

2.3.5 Credit lines

Figure 2-5 Schematic overview of methodology for credit lines



Information needed:

To calculate the first level of mobilisation:

1. Value of credit committed by public investor to local finance institution;
2. Value of top-up of funds committed by local finance institution;

To calculate the second level of mobilisation:

3. Average value (or percentage) of equity committed by end-borrowers;

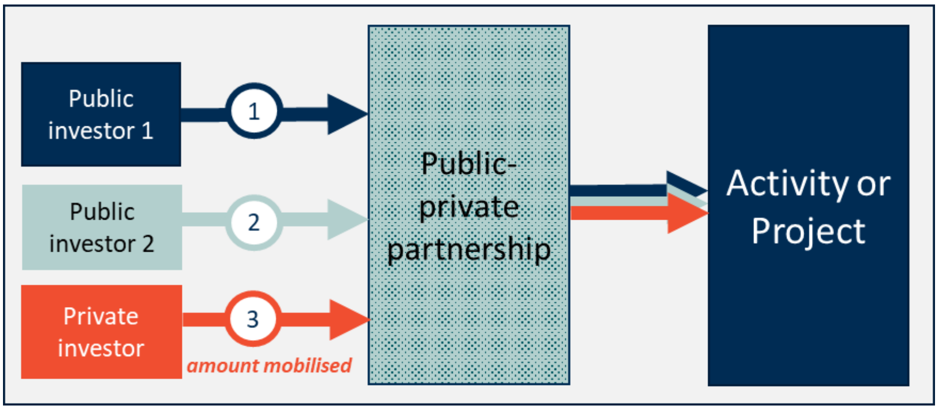
To calculate the revolvability of the credit line[12]:

4. Tenor + grace period of the credit line;
5. Average tenor of loans provided by local finance institution;
6. Average utilisation of credit line (%).

Applied to: Credit lines provided by FMO.

2.3.6 *Grant co-financing schemes (under development)*

Figure 2-6 Schematic overview of methodology for grant co-financing schemes



Information needed:

1. Value of grant awarded by the public agency;
2. Sum of public finance committed to the project (public agency + public partners' grants);
3. Sum of private sector co-financing committed to the project (awarded enterprise co-financing or private outflow from a PPP + private partners' co-investment in the project).

Applied to: FDW, FDOV, GWW.

Point of measurement: commitment or disbursement?

One can report based on amounts committed or amounts disbursed. The OECD methodologies choose commitments as the point of measurement and this is now applied in this report as well. Disbursements were preferred in the Dutch methodology that was applied in previous Dutch Climate Finance reports, as they are more accurate. Disbursement figures are however not always available for multilateral outflows and public and private co-finance. The definitions are according to the DAC Statistical Reporting Directives.[13]

[12] If the tenor of the sub-loans is shorter than the tenor of the credit line, they can revolve within the tenor period of the credit line.
[13] OECD DAC 2013, "Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire", OECD. www.oecd.org/dac/stats/documentupload/DCD-DAC(2013)15-FINAL-ENG.pdf

3 Bilateral programmes

3.1 PPP facilities: FDOV, FDW and GWW

Method used: grant co-financing schemes

The Netherlands has three climate-relevant Public-Private Partnership (PPP) facilities:
1. Sustainable Water Fund (Fonds Duurzaam Water, FDW);
2. Facility for Sustainable Entrepreneurship and Food Security (Faciliteit Duurzaam Ondernemen en Voedselzekerheid, FDOV);
3. Ghana WASH Window (GWW).

The three PPP facilities encourage public-private partnerships by forming collaborative ventures with government bodies, industry and Non-Governmental Organisations (NGOs) or knowledge institutes, together with the Dutch Ministry of Foreign Affairs. All partners commit to monetary and/or in-kind contributions to projects in developing countries. Only monetary contributions are included in this report.

In 2017, only the FDW has made new commitments. It made commitments to 10 projects. One project only had a commitment from the private sector for in-kind contributions and is therefore excluded from our report. The other 9 amounted to EUR 20.5 million in grants by the Dutch Ministry of Foreign Affairs. Private sector has committed EUR 9.5 million and NGOs EUR 1.6 million. Other public partners committed to 3 of the projects, amounting to EUR 2.3 million. To be in coherence with current OECD definitions, NGO finance is considered private.[14] Table 3-1 gives an overview of the commitments.

Table 3-1 Mobilised private finance by FDW (EUR million)

Project	Country	Grant by NL	Grants by public partners	Private co-finance	NGO co-finance	Mobilised by NL (method 1)	Mobilised by NL (method 2)
Sustainable O&M Mode	Mali	3.00		2.00		2.00	2.00
Drops for Crops	Burkina Faso	2.49		0.60	0.26	0.86	0.86
Pollution prevention and water reduction in Leather Cluster	India	2.33		0.25	0.10	0.35	0.35
PPP for Sustainable Water supply: Ridge to coast, Rain to tap	Philippines	2.98	1.58	0.43	0.11	0.35	0.44
Integrated Water resource Management of the Mutamba Basin	Mozambique	1.53		0.07		0.07	0.07
Sustainable Water for Inclusive Akagera Valley Improvement	Rwanda	3.00		4.42	0.05	4.46	4.46
Safe Drinking Water for Ethiopia	Ethiopia	0.67					
Siaya County water and sanitation project	Kenya	1.48	0.30	0.59	0.59	0.99	1.09

[14] See http://www.oecd.org/dac/dac-glossary.htm#Private_Flows. There is currently a discussion within the OECD DAC on how to deal with NGOs, because their finance is not provided on commercial terms. Therefore their status may change in the future.

City Wide PPP Led Integrated Fecal Sludge & Solid Waste Management	Bangladesh	3.00	0.41	1.09	0.50	1.40	1.50
Total		**20.48**	**2.28**	**9.45**	**1.61**	**10.49**	**10.77**

The OECD has developed two methods (in pilot phase) to attribute private finance mobilised by grant co-financing schemes. In method 1, all public grant makers are weighted equally (pro-rata). In method 2, the awarding agency (in this case, the Dutch MFA) is rewarded for its non-monetary contribution (due diligence) and attributes 50% of the private finance, after which the other 50% is attributed pro-rata among all public grant makers.

Table 3-2 Attribution methods for grant co-financing schemes (in piloting phase)

Method 1	Method 2
$AM\ (X) = \frac{A}{B} \times C$	$AM\ (Y) = \frac{C}{2} + \frac{A}{B} \times \frac{C}{2}$ $AM\ (X) = 0 + \frac{A}{B} \times \frac{C}{2}$
A = Grant amount awarded by the official agency B = Sum of official financing provided for the project (A+ official partners' grants) C = Sum of private sector co-financing for the project (awarded enterprise co-financing or private outflow from a PPP + private partners' co-investment in the project).	

Based on method 1, the mobilisation by NL is **EUR 10.49 million**. Based on method 2, the mobilisation by NL is **EUR 10.77 million**. The difference is not very big, because the contributions of public partners is very small. The three PPP facilities are accounted for 40% as climate-relevant.

Amount mobilised private climate finance by the Netherlands (in millions):

- Method 1: **EUR 4.19** = EUR 10.49 * 40%**;**
- Method 2: **EUR 4.31** = EUR 10.77 * 40%.

3.2 Solidaridad

Methods used: shares in CIV / grant co-financing schemes

Solidaridad is an organisation that aims to facilitate the transition to a sustainable and inclusive economy by making global and local supply chain actors more sustainable. It does so through cooperation with local organisations and companies. Solidaridad has two programmes that are funded for 100% by the Dutch Ministry of Foreign Affairs, namely the Practice for Change (PfC) and Advocacy for Change (AfC) programmes. The private sector does not invest in these programmes at programme-level. Therefore, based on the OECD method for CIVs, no private finance has been mobilised.

However, at the project level, private co-finance is mobilised by Solidaridad. From the OECD methods available, this relates most closely to a grant co-financing scheme, and is therefore used to calculate how much private finance is mobilised at the project level. All reported data for the two programmes are preliminary, and subject to Solidaridad's Annual Audited Financial Report of the Advocacy for Change and Practice for Change programmes, due April 30, 2018. Excluded are commitments made prior to 2017, although from these commitments, the financial means will be used as (co-)funding in

2017 and beyond. As a consequence, comparability of this report with Solidaridad's annual financial audited reports, and/or IATI publications is very limited.

Reporting on commitment-basis has several caveats for Solidaridad's reporting. Firstly, there can be large differences between the initial commitments and the actual disbursements. Secondly, reporting contracted values leads to larger fluctuations between years, as in some years a lot more commitments are contracted than in other years, whilst the disbursements are reported annually over the whole portfolio of ongoing projects. Furthermore, reporting on a commitment-basis substantially increases the administrative burden for Solidaridad.

3.2.1 The Practice for Change (PfC) programme

In 2017, EUR 26.2 million in investments were committed under the PfC programme, spread over 55 projects. Eleven of these projects mobilised private finance in developing countries. Together, these projects accounted for 27% of the total commitments done (EUR 6.98 million). An overview of the PfC projects that mobilised private financial commitments can be found in Table 3-3. In total, EUR 7.08 million of private finance was mobilised, through EUR 26.2 million of commitments by Solidaridad. Other public entities committed EUR 327,500 and mobilised an additional EUR 257,480 private finance.

Table 3-3 Contracted values for Solidaridad PfC projects in 2017 (EUR)

Programme	Commitment Netherlands	Commitment public partners	Commitment private partners	Mobilised private finance by NL
Total 11 projects	**6,982,676**	**327,500**	**7,340,648**	**7,083,171**

3.2.2 The Advocacy for change (AfC) programme

The AfC programme committed a total of EUR 12.7 million in 2017 on 27 projects, for the period 2017-2020. Nine of these projects mobilised private finance in developing countries, amounting to EUR 5.8 million in total. Two out of the nine projects received a financial commitment from other public partners, totalling EUR 175,500. An overview of the AfC projects that mobilised private finance is given in Table 3-4.

Table 3-4 Contracted values for Solidaridad AfC projects in 2017 (EUR)

Programme	Commitment Netherlands	Commitment public partners	Commitment private partners	Mobilised private finance by NL
Total 9 projects	**5,933,126**	**175,500**	**5,803,549**	**5,791,363**

3.2.3 Overview of mobilised private finance with climate-relevance

Together the commitments of Solidaridad under the PfC and AfC programmes amounted to EUR 38.9 million, through which a total of EUR 12.9 million of private finance was mobilised. Out of the 82 projects that Solidaridad invested in, 24 mobilised private finance, of which 22 concerned projects in developing countries. Solidaridad's programmes are marked with a climate adaptation and mitigation Marker 1, implying that climate change adaptation and mitigation are significant secondary objectives and that 40% of the investments are considered as climate finance. Table 3-5 gives an overview of the private finance mobilised through the PfC and AfC programmes and the climate-relevant share of the investments.

Table 3-5 - Overview private finance mobilised by Solidaridad PfC through commitments done in 2017 (EUR)

	Totals			Totals climate relevant	
Fund	Commitments NL	Total mobilised private finance NL	Climate relevance	Commitments NL	Total mobilised private finance NL
Solidaridad PfC	26,197,794	7,083,171	40%	10,479,118	2,833,268
Solidaridad AfC	12,704,382	5,791,363	40%	7,511,768	2,316,545
Total	**38,902,176**	**12,874,534**		**15,560,870**	**5,149,814**

3.3 Dutch Good Growth Fund (DGGF)

Method used: shares in CIV / investment in company

The Dutch Good Growth Fund (DGGF) supports investments by Dutch SMEs in developing countries. It invests in several agricultural and manufacturing projects that have a small climate-relevant component, e.g. renewable energy and modern irrigation techniques, but none of them have a climate-relevant primary or significant secondary objective. As such, the climate Rio markers are not applicable to these projects.

The DGGF invested in one equity fund that aims to stop deforestation and hence has a clear climate goal. The investment to the Forest Effect Fund (FEF) was committed in 2016, but was not reported in the Dutch climate report 2016, because there were no disbursements from the FEF yet (which was the point of measurement in previous reports). We therefore take it into account in this year's report.

The FEF is a CIV, which pools public and private money to invest in companies and projects that aim to stop deforestation. DGGF provided a EUR 4 million loan to FEF. Private investors provided EUR 4 million in equity. There are no other public investors involved. Therefore, according to the OECD method, **EUR 4 million** private finance has been mobilised by the Netherlands.

The FEF also mobilises private finance. It has invested EUR 1.5 million in 2017 in a solar company that provides off-grid solutions for heating, cooling and electricity. The investment is earmarked for developing countries. EUR 5.2 million has been invested by the private sector in the same financing round. Both FEF and the private investors have provided equity. No other public investors were involved. The FEF has thus mobilised **EUR 5.2 million** private climate finance at the fund level in 2017.

3.4 Programmes managed by embassies of the Netherlands

Several Embassies of the Kingdom of the Netherlands (EKNs) also mobilise private climate finance. A total of 13 projects were reported to mobilise private climate finance by the EKNs in Mozambique (1), Ghana (6), Bangladesh (1) and Uganda (5). Most of these projects are ongoing and finance was committed before 2017. Therefore, these projects are not included in this report. EKN Kampala, Uganda, made commitments for investments in two new climate-relevant projects, but no private finance was mobilised from these projects.

3.5 Funds/programmes with potential to mobilise private climate finance

3.5.1 The Facility for Infrastructure Development (ORIO / DRIVE)

The Facility for infrastructure development (ORIO) is a fund that supports climate-relevant infrastructure projects in developing countries, but its investments consist solely of public investors. In 2015 a new program named DRIVE was launched, which also invests in climate-relevant projects. In 2016 an investment has been done through this program, namely in an ecofarm in Chemba, Mozambique. However, the only private finance that was raised in this project was an in-kind contribution of the ecofarm itself, and this does not fall within our scope of mobilised private finance. Therefore, no mobilised private finance is reported for the DRIVE program in 2016.

3.5.2 Green Funds Scheme

The Green Funds Scheme is a tax benefit for 'green' investors and citizens' savings, and is administered by the Netherlands Enterprise Agency (RVO). The scheme covers the so-called 'green banks' and 'green funds' at commercial banks in the Netherlands, which can provide non-concessional loans at lower interest rates for sustainability projects in the Netherlands and abroad, including developing countries that are eligible recipients under the Dutch Good Growth Fund (DGGF). In order for an investment project to qualify for the Green Funds Scheme, a green certificate is needed – the assessment and issuance of green certificates is performed by RVO. Currently, the Green Funds Scheme is capitalised with EUR 5 billion. Around EUR 800 million is invested annually in sustainability projects that received a green certificate of RVO. At least 70% of the total capital of a green fund and/or green bank that participates in the Green Funds Scheme has to be invested on an annual basis. In order for investors and savers to 'accept' lower interest rates, they receive a tax benefit of up to 1.9% of their property tax,

For sustainability projects in developing countries, there is a ceiling of EUR 9 million per project. Therefore, the volume of investments in green projects in developing countries is still rather small, although there has been an uptake in 2016 and a significant increase of projects funded under the Green Funds Scheme in developing countries is expected in the coming years.

Since the Development Finance Institutions (DFIs), as lead arrangers, already track and report the mobilised funding under the Green Funds Scheme, there would be a substantial risk of double counting if the Netherlands would report the finance mobilised by the Green Funds Scheme as well. However, the Green Funds Scheme is a unique scheme and initiative in Europe that has been very effective in mobilising private funds for financing sustainability projects; every year, the Green Funds Scheme gets oversubscribed to such extent that the application period is closed far ahead of the end-of-year.

4 Multi-donor funds

4.1 The Sustainable Trade Initiative (IDH)

Method used: shares in CIV / grant co-financing schemes

The Sustainable Trade Initiative (IDH) is funded by the Netherlands (80%), SECO (10%) and Danida (10%). It could be seen as a CIV, which pools donor money to sponsor projects in developing countries. The private sector does not invest in IDH. Therefore, based on the OECD method for CIVs, no private finance has been mobilised.

However, at the project level, private co-finance is mobilised by IDH. From the OECD methods available, this relates most closely to a grant co-financing scheme: IDH commits grants to projects, after which other public and private entities step in and commit additional grants to the projects. It is not entirely the same, as the grant amount is not necessarily matched by the private partner with an equal amount, and no PPP is created. Private finance is not only mobilised at the moment of IDH's commitment, but also during the lifetime of the project. Finance that came in later is not included in this report. Private finance can come from international companies and from local corporations in the developing countries. Public partners include other NGOs, other governments and local governments and communities and from local corporations in the developing countries.

In 2017, the following commitments have been made (commitments are newly contacted commitments in 2017, for projects that run over several years):

Table 4-1 Contracted values for IDH projects in 2017 (EUR)

Programme	Commitment Netherlands (incl. ISLA contribution)	Commitment public partners	Commitment private partners	Calculation of mobilised private finance by NL
Total 12 programmes	**14,407,655**	**7,824,462**	**24,970,180**	**17,515,904**

As the IDH programme has climate change adaptation as a significant secondary objective (climate adaptation marker 1), 40% of the public and mobilised private finance is attributed to climate finance. In total the Dutch government committed EUR 14.4 million to IDH projects, which mobilised EUR 17.5 million of private sector investments, of which EUR 7.01 million can be seen as climate-relevant (40%). An overview of the total and climate-relevant investments of the Dutch government on IDH projects and the private finance mobilised can be found in Table 4-2.

Table 4-2 – Overview of total and climate relevant private finance mobilised by IDH (EUR)

	Totals			Totals climate relevant	
Fund	Commitment NL 2017	Total mobilised private finance NL in 2017	**Climate relevance**	**Commitment NL 2017**	**Total mobilised private finance NL in 2017**
IDH incl. ISLA	14,407,655	17,515,904	40%	5,763,062	7,006,361

Calculations could not be made *per contract*. In its administrative system, IDH tracks the actual disbursements of the partners for each project, not the commitments that are initially contracted. This is because the commitments can deviate from the actual disbursements, and therefore are not considered accurate enough by IDH to report on. Additionally, private partners can make commitments to the project at a later stage, which is not accounted for in the initial contract. This information can only be reported on commitment level by manually going through the financial information of each project each year. Furthermore, reporting contracted values leads to larger fluctuations between years, as in some years a lot more commitments are contracted than in other years, whilst the disbursements are reported annually over the whole portfolio of ongoing projects. Changing the point of measurement from disbursement to commitment therefore leads to less accurate figures (commitments can be higher than the final disbursements) with larger fluctuations between years, and a substantially increased administrative burden for IDH.

Due to the high administrative burden related to reporting contracted values for each project, the calculations are based on the cumulative commitments per programme instead of per project. This means that the private finance mobilised will be attributed pro-rata, based on the total commitments and the amount of total private finance mobilised. However, among projects the share of IDH in the total project finance can differ as well as the amount of private finance raised by the project. Therefore, the calculations based are less accurate than the results that would have been obtained by doing the attribution at the project level.

4.2 Global Agriculture and Food Security Program (GAFSP)

Method used: shares in CIV / investment in company and guarantee

The Global Agriculture and Food Security Program (GAFSP) is funded by a number of industrialised countries and the Bill and Melinda Gates foundation. It could be seen as a CIV, which pools donor money to sponsor projects in developing countries. The private sector does not invest in GAFSP. Therefore, based on the OECD method, no private finance has been mobilised. However, at the project level, private co-finance is mobilised by GAFSP. It committed four climate-relevant investments in 2017.

4.2.1 Investments in companies

Two of the investments involve loans from GAFSP to two companies. The companies have provided equity, which can be considered mobilised private finance. The public investors have provided debt finance. The public investors took the same level of risk. The calculations are based on the OECD methodology for investments in companies. This means that half of the private finance is attributed equally to each public participant in the riskiest tranche (which are all of them). The other half is attributed pro rata to all public participants.

GAFSP has mobilised USD 2.2 million. GAFSP tracks how much of their investments can be attributed to the Netherlands. Based on these shares, we calculate per investment how much private finance can be attributed to the Netherlands. The Netherlands has thus mobilised USD 713,250 (EUR 632,653). Of this, 40% is considered climate-relevant:

EUR 253,061 = EUR 632,653 * 40%

4.2.2 Guarantees

The other climate-relevant investments are guarantees to two commercial banks, the CRDB Bank plc in Tanzania and the KCB Bank Rwanda Ltd., to finance farmer cooperatives who supply food commodities to World Food Programme (WFP) or its Patient Procurement Platform off-takers. The finance that the banks provide to the farmer cooperatives can be seen as mobilised private climate finance. Two other public entities are co-guarantors.

According to the OECD methodology for guarantees, the guarantor mobilises the total amount of the loan that benefits from the guarantee, even if it only covers part of the loan. The implicit assumption is that the private investor would not have provided the loan without the guarantee. The total amount of the risk sharing facilities is therefore considered mobilised by the public guarantors.

The OECD has not developed a method yet for guarantees with more than one guarantor. We have therefore attributed the mobilised private finance pro-rata amongst the guarantors. Total mobilised private finance by the GAFSP is USD 2.25 million. The share of the Netherlands in the GAFSP investments was 32%. Therefore, the Netherlands has mobilised USD 720,000 (EUR 638,640). Of this, 40% is considered climate-relevant:

EUR 255,456 = EUR 638,640 * 40%

4.3 Private Infrastructure Development Group (PIDG)

Method used: TWG method (pro-rata attribution)

The Private Infrastructure Development Group (PIDG) arranges investments in infrastructure projects in developing countries. The group consists of several facilities that differ in the types of financial instruments used, but also in terms of their donors. The Dutch government is shareholder in the following PIDG facilities:

- InfraCoAfrica – MFA 18.8% shareholder;
- Emerging Africa Infrastructure Fund (EAIF) – MFA 7% shareholder;
- Technical Assistance Fund (TAF) – MFA 8% shareholder;
- DevCo – MFA 7% shareholder;
- GuarantCo – FMO 11% shareholder.

Under these facilities, six climate-relevant projects that reached financial close in 2017 mobilised private finance. All of these projects concern renewable energy projects, which are 100% climate-relevant.[15] In total these projects mobilised USD 7.97 million of private finance. Table 4-5 gives an overview of the climate relevant PIDG projects that mobilised private finance.

[15] PIDG reported figures on climate-relevant projects only, according to their own methodology for determining climate-relevancy. For one project that has a marker '3' under the PIDG methodology (the lowest marker), the climate-relevancy could not be determined according to the Rio marker standards, and is therefore excluded from this report.

Table 4-3 Overview climate-relevant PIDG commitments per facility

Facility	Project
DevCo	Zambia Scaling Solar (601182) - NeoEn
EAIF	Mocuba Solar, Mozambique
	Akuo Kita Solar, Mali
GuarantCo	Akuo Kita Solar, Mali
	Technaf Solar Energy Limited ("TSEL")
	Sindicatum Renewable Enegy Company ("SREC")

For the investments done by PIDG we deviate from the OECD methodology for two reasons. Firstly, the financing constructions in PIDG's projects involve many different financial instruments and the OECD has not developed a method to attribute private finance mobilised to the different investors for such complex investment structures. Secondly, PIDG is still in the process of collecting information for their own financial reports and could therefore not provide us with sufficient information to do a more detailed calculation than a pro-rata attribution. Therefore, the attribution of the DevCo project and the two EAIF projects were done on a pro-rata basis.

The amount of private finance mobilised was calculated in two ways:

- For GuarantCo's guarantees, we do not know the value of the loan that the guarantee covers. We therefore assume that the private finance mobilised is equal to the sum of money for which GuarantCo covers the risk;
- For the other three projects, the amount of private finance was calculated on a pro-rata basis (TWG method, which was also applied last year).

To illustrate the difficulty of attributing the private finance mobilised to the PIDG investments, the Akuo Kita Solar project is assessed in more detail below.

Case study of complex financing structures: the Akuo Kita Solar project in Mali

The Akuo Kita Solar project is a 50MW solar PV farm, which will be built, owned and operated by Akuo Energy, a private company. It is not known how much Akuo Energy will invest, but PIDG reports a private investment in this project. The emerging Africa Investment Fund (EAIF), one of the facilities of PIDG, acted as lead arranger of EUR 54 million debt financing, of which it financed EUR 18 million itself.[16] According to press releases, the remainder of the debt is coming from FMO, the national bank of Mali, and the West African development bank.[17] Information on how much was contributed by these three parties is not available. On top of the debt finance, PIDG's GAP facility also provided a mezzanine loan of EUR 8 m. Next to that GuarantCo provided a guarantee covering EUR 2.8 m. Up to now the OECD has not yet developed a methodology for attributing the mobilised private finance in complex financing structures such like this one.

[16] PIDG (2018) First private sector solar farm for Mali - http://www.pidg.org/news/first-private-sector-solar-farm-for-mali
[17] PV-tech.org (2018) Akuo Solar secures financing for 50MW solar project in Mali - https://www.pv-tech.org/news/akuo-solar-secures-financing-for-50mw-pv-project-in-mali

5 Multilateral climate funds

5.1 Global Environment Facility (GEF)

The following figures have been reported:

- Step 1: The share of the Netherlands in GEF Trust Fund (sixth replenishment) is 2.27%[18];
- Step 2: Total GEF commitments in 2017 (USD 776 million);
- Step 3: Total private co-finance (USD 405 million) and non-private co-finance (USD 4,822 million). Non-private co-finance includes national governments, multilateral development banks, bilateral aid agencies and CSOs and is therefore seen as public co-finance.

GEF reported climate-relevant figures only. Other finance is excluded. The climate relevance is therefore 100%. **Error! Reference source not found.** gives an overview of the data for GEF.

Table 5-1 – Overview private finance mobilised by GEF (USD)

Number of Projects	Total GEF finance	Total public co-finance	Total private co-finance	Total mobilised private finance by GEF	Share NL in GEF	Private finance mobilised by NL
123	776,455,175	4,821,587,641	405,237,075	56,206,863	2.27%	1,275,896

This amounts to USD 1.28 million, which converts to **EUR 1.13 million** private finance mobilised by the Netherlands.

5.2 Scaling-up Renewable Energy Program (SREP)

Method used: shares in CIV / investment in company

The Scaling-up Renewable Energy Program (SREP) is one of the Climate Investment Funds. It could be seen as a CIV, which pools donor money to sponsor projects in developing countries. The private sector does not invest in SREP. Therefore, based on the OECD method for CIVs, no private finance has been mobilised.

However, at the project level, private co-finance is mobilised by SREP. To date, USD 410 million is approved by the SREP Committee to be invested 33 projects, which will mobilise an expected USD 2.1 billion in co-financing, of which USD 339 million from private sources[19]. For this report, we included projects that were approved by both the SREP Committee and the managing MDB. The point of measurement is thus MDB approval. The point of measurement is considered to give more accurate investment figures than the commitment proposed at the time of SREP Committee approval. For 2017, two projects complied with this criterion and only one project, the Segou Solar PV project in Mali, mobilised private co-finance.

[18] GEF 2014, Report on the Sixth Replenishment of the GEF Trust Fund, https://www.thegef.org/sites/default/files/council-meeting-documents/GEF.A.5.07.Rev_.01_Report_on_the_Sixth_Replenishment_zof_the_GEF_Trust_Fund_May_22_2014_1.pdf

[19] SREP (2017) SREP operational and results report. https://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_18_3_orr_1.pdf

The project involves an investment in a company. SREP committed to a USD 25 million senior loan. IFC and the African Development Bank (AfDB) have also committed two senior loans, both of USD 8.4 million. The IFC Infraventures fund invested with USD 4 million equity. The other two equity providers are private. According to the OECD methodology, 50% of the private finance mobilised is directly attributed to the public equity provider (IFC Infraventures) and the remaining amount is attributed on a pro rata basis. Table 5-2 gives an overview of the public and private investments done in the Segou project.

Table 5-2 Calculation of private finance mobilised by NL in USD million

SREP	Other public investors	Private	Public Equity provider	Pro rata share SREP	Mobilised by SREP	Mobilised by NL
25 (senior loan)	16.8 (senior loans) 4 (Equity)	8.2 (Equity)	IFC Infraventures	54.6%	2.25	0.24

Of the USD 8.4 million private finance mobilised, USD 2.25 million can be attributed to SREP. The largest share of the private finance mobilised, USD 5.23 million, was attributed to IFC as it provided an equity investment in the project. The remainder was attributed to the AfDB. The attribution was calculated in the following way:

Amount mobilised by SREP through senior loan:
USD 2.25 m = 50% * USD 8.2m * (USD 25m / USD 45.8m)

Amount mobilised by equity provider (IFC Infraventures fund):
USD 4.47 m = 50% * USD 8.2m + 50% * USD 8.2m * (USD 4m/USD 45.8m)

Amount mobilised by IFC through senior loan:
USD 0.76 m = 50% * USD 8.2m * (USD 8.2m/USD 45.8m)

Amount mobilised by AfDB through senior loan:
USD 0.76 m = 50% * USD 8.2m * (USD 8.2m/USD 45.8m)

The Dutch share in SREP is 10.6% and therefore USD 240,000 (EUR 214,950) of private finance mobilised is attributed to the Netherlands.

5.3 Green Climate Fund (GCF)

The Green Climate Fund is an investment fund that was founded as part of the UNFCCC's financial mechanism to provide developing countries with climate finance. In 2017, two GCF projects for which private co-financing is expected, have been approved by the GCF Board, namely the GEREEF Next project and the Egyptian Renewable Energy Financing Framework. The former is expected to mobilise private finance in Q2 of 2018, but did not receive any commitments from private investors up to now. The Egyptian Renewable Energy Financing Framework is expected to mobilise USD 250 million in equity and USD 250 million in loans from 'other investors'. Since it is not clear which share of the latter amount is private finance, we will not report on private finance mobilised for this project either. Consequently, no mobilised private finance is reported for GCF projects in 2017.

6 Dutch development bank FMO

6.1 FMO-A and state funds

Methods used: credit lines and syndicated loans

FMO is the Dutch development bank that is owned for 51% by the Dutch government and for 49% by commercial banks. It is considered a public entity in this report (see definitions in Annex A).

FMO uses a different method to calculate mobilisation (which is called catalysation by FMO). FMO only tracks investments in which FMO is the lead arranger and considers all (public and private) co-finance as catalysed by FMO (100% attribution to FMO). If FMO is not the lead arranger of the deal, it does not report any co-finance as catalysed (0% attribution to FMO).

Compared to last year, we have updated the calculation method for FMO's climate finance so that it is completely in line with the OECD methodology. As FMO only tracks investments in which FMO is the lead arranger, we can only report these investments, and not the ones where FMO was not in the lead. It will take several years before FMO will be able to report on private finance mobilised by loan syndications for which it was not the lead arranger.

6.1.1 Credit lines

FMO has committed three credit lines in 2017 that are climate relevant (44% mitigation, 100% mitigation and adaptation, and 25% mitigation respectively).

Table 6-1 Three credit lines (EUR million, climate-relevant share only)

Commercial party	FMO	Other public investors	Private	Pro rata share FMO	Mobilised by FMO - first level	Mobilised by FMO - second level
AK Lease	18,021,874	14,515,310	8,763,749	55%	4,854,113	Unknown
BANCO DAVIVIENDA SALVADOREÑO S.A.	26,300,793		26,300,793	100%	26,300,793	Unknown
EASTERN BANK LIMITED	5,627,262		209,433	100%	209,433	Unknown
Total	**49,949,929**	**14,515,310**	**35,273,975**		**31,364,339**	**Unknown**

The three credit lines are provided to local commercial banks, who provide top-up funds, which is considered the first level of mobilisation by the relevant OECD methodology. A second level of mobilisation is also included in the OECD methodology, which are the equity investments provided by the private end-borrowers.

The top-up funds of the local commercial bank are attributed pro-rata to the public institutions providing the credit line. The calculations are shown in Table 6-1. To calculate finance mobilised at the second level, information is needed on the average tenor of the sub-loans provided by the local commercial banks, the average use of the credit lines, as well as the equity that is provided by the private end-borrowers (see also Chapter 2 on the required information per method). This information is not tracked by FMO. Therefore, the private finance mobilised at the second level could not be calculated.

6.1.2 Syndicated loans

FMO has arranged three syndicated loans in 2017 which mobilised private climate finance. All loans are allocated to renewable energy projects in developing countries, which are 100% climate-relevant (mitigation).

Table 6-2 Three syndicated loans (EUR million)

Commercial party	FMO	Other public investors	Private	Lead arranger	Pro rata share FMO	Mobilised by FMO
EDS EXIMAG S.A.	16,807,210		5,047,859	FMO	100%	5,047,859
VIENTOS DE ELECTROTECNIA S.A. DE C.V.	6,788,106	7,633,588	2,117,747	FMO	47%	1,557,272
Zephyr Power (Pvt) Ltd.	14,711,491	19,286,448	4,485,311	FMO	43%	3,213,091
Total	**38,306,807**	**26,920,036**	**11,650,917**			**9,818,222**

According to the OECD method for syndicated loans, 50% of private finance is attributed to the lead arranger, which is FMO. The other 50% is divided pro-rata amongst the public investors.

6.1.3 Sustainability Bonds

FMO also successfully issued its third EUR 500 million Sustainability Bond.[20] Sustainability Bonds raise funds that support FMO lending for green and inclusive projects, which include climate mitigation and adaptation projects.[21] The deal attracted over 50 public and private investors, of which most were asset managers (25%), followed by banks (24%), central banks / official institutions (18%), insurance (16%) and pension funds (14%). There is currently no methodology in place to report on green bonds. Therefore we cannot include the sustainability bond's mobilisation of private climate finance in this year's report.

6.1.4 Other commitments that have potentially mobilised private climate finance

FMO has also committed other climate-relevant equity, senior loans and other financial instruments in 2017, but it does not track the commitments of other investors if FMO is not the lead arranger of the deal. It is therefore not possible to report on private finance mobilised through these instruments.

To give an indication, other investments in renewable energy that FMO committed from its own resources (FMO-A) in 2017 amount to over EUR 200 million. It is not known if these commitments have mobilised private finance.

[20] Press release, 'FMO successfully issues its third EUR 500 million 6-year Sustainability Bond', https://www.fmo.nl/news-detail/466dcc6e-e28e-448e-85d7-b0e6e1a65dbb/fmo-successfully-issued-its-third-eur-500-million-6-year-sustainability-bond
[21] See FMO website for more information: https://www.fmo.nl/sustainability-bonds

6.2 Climate Investor One (CIO)

Method used: shares in CIV

Climate Investor One is a collective investment vehicle that offers investment opportunities for renewable energy projects in developing countries. It is managed by the investor Climate Fund Managers, which is jointly owned (50-50% shares) by FMO and the South African infrastructure investment business Phoenix InfraWorks, which is a private entity. Climate Fund Managers is not owned or operated by a government, and therefore is considered private.[22]

A total of EUR 367.6 million has been invested in CIO in 2017, all equity from public and private investors. Three entities that are part of the Government of the Netherlands have provided finance: The Ministry of Foreign Affairs (MFA), the Nederlandse Waterschapsbank (NWB), and FMO. In total, these three entities have invested EUR 241.8 million. One other public entity has invested EUR 4.5 million. Private investors have contributed EUR 117.60 million. Atradius has provided a guarantee. The OECD does not provide a methodology to attribute the mobilised finance between guarantees, equity and debt finance. The guarantee is therefore not included in the calculations, despite the fact that it contributes to the mobilisation of private finance.

Entity	EUR million	No. of entities
The Netherlands (MFA, NWB, FMO)	241.8	3
Other public investor	4.5	1
Private investors	121.3	5

Half of the private finance is attributed equally to each public participant in the riskiest tranche (all 4). The other half is attributed pro rata to all public participants.

Amount mobilised by the Netherlands (in millions):
EUR 105.03 = ¾ * (EUR 121.3 * 50%) + (EUR 241.8 / EUR 246.3) * (EUR 121.3 * 50%)

Amount mobilised by other public investor (in millions):
EUR 16.27 = ¼ * (EUR 121.3 * 50%) + (EUR 4.5 / EUR 246.3) * (EUR 121.3 * 50%)

[22] See definitions in OECD DAC (2016) ‘Understanding Key Terms and Modalities for Private Sector Engagement in Development Co-operation’, http://www.oecd.org/dac/peer-reviews/Inventory-1-Private-Sector-Engagement-Terminology-and-Typology.pdf

7 Multilateral Development Banks

7.1 Collected data

The calculations are based on the MDB data reported in the MDB joint report.[23] The data for 2017 are not yet available, therefore the 2016 data is used as best estimate. Four of the MDBs (ADB, AfDB, IDB and WBG) have a concessional window and a non-concessional window. In the Joint Report, the MDBs do not provide disaggregated figures for these two windows. It was unfortunately not feasible to obtain this information from the MDBs before the reporting deadline. Therefore, we estimate the split of concessional versus non-concessional funding based on the proportions reported to us in the past.[24] As such, the division between non-concessional and concessional funding should be regarded as an estimate only. Table 7-1 provides an overview of the funding through the MDBs in 2016 and the estimated proportions that we calculate with.

Table 7-1 - MDB Climate Finance in 2016 (USD million)

Bank	Non-concessional window	Concessional window	Total climate finance	Est. share of non-concessional window in total climate finance	Est. share of concessional window in total climate finance
ADB	2,806	930	3,736	*75%*	*25%*
AfDB	651	323	974	*67%*	*33%*
EBRD	3,288	-	3,288	*100%*	*0%*
EIB	4,226	-	4,226	*100%*	*0%*
IDB	1,954	100	2,054	*95%*	*5%*
IFC	1,986	-	1,986	*100%*	*0%*
WBG (IBRD / IDA)	4,366	4,500	8,866	*49%*	*51%*
ICC	352	-	352	*100%*	*0%*
Total	**19,629**	**5,853**	**25,482**		

Source: 2016 Joint Report on MDB Climate Finance. NB: These figures are in USD.

7.2 Attribution to the Netherlands: MDBs' concessional windows

Calculating the share of the Netherlands in the total budget of the MDB concessional windows is more complex than a standard pro-rata attribution, because the MDB concessional windows partly finance projects in the latest funding cycle with reflows from previous funding cycles. The previous ("historical") funding cycles are therefore also taken into account to calculate the Dutch share. The following formula is used to calculate the Dutch share in MDB concessional windows[25]:

$$\left[\left[x\left(\frac{\textit{Dutch contribution}}{\textit{All contributions}}\right)_{\textit{Current}}\right]+\left[y\left(\frac{\textit{Dutch contribution}}{\textit{All contributions}}\right)_{\textit{Historical}}\right]\right] \times \textit{Annual climate finance flow}$$

Step 1a. Calculating x and y

The financial resources of the concessional windows consist of:

- Donor contributions made in the latest replenishment cycle ("x");

[23] Joint report on multilateral development banks' climate finance. https://publications.iadb.org/bitstream/handle/11319/8505/2016_joint_report_on_mdbs_climate_finance.pdf?sequence=1&isAllowed=y
[24] Proportions are based on MDB 2014 climate finance, information obtained through personal communication with the Multilateral Development Banks.
[25] OECD 2015, Climate Finance in 2013-2014 and the USD 100 billion goal, Annex F.

- Retained earnings ("y") from previous replenishment cycles.

The x and y are updated for IDA, the African Development Fund and the Asian Development Fund, according to the methods applied by the OECD in 2015 for the report *Climate Finance in 2013-2014 and the USD 100 billion goal*.[26] For IDB's Fund for Special Operation it is not possible to make the split in X and Y. For further explanation of the figures, please see Annex C.

Table 7-2 - x and y for the concessional windows

Concessional window	X	Y	Source
AsDF	67.64%	32.36%	ADF-XII Donors' Report
AfDF	73.75%	26.25%	ADF-14 Replenishment report, Annex 1
IDA	55.96%	44.04%	IDA-18 Replenishment report, paragraphs 143 and 144

Source: own research based on OECD method.

Step 1b. Calculating the Dutch share in x and y

The attribution of MDB finance to the Netherlands for the concessional windows is based on the share of the Netherlands in the current replenishment cycle (Table 7-3) and the average share of the Netherlands in the past replenishment cycles (Table 7-4). The share of the Netherlands in the current replenishment cycle is reported by the banks (see footnotes). IDB's replenishment cycle ended by 2015, but a new cycle (IDB-10) does not seem to have started yet.

Table 7-3 - Current replenishment cycle

Bank	Concessional window	Period	Cycle	Share NL
ADB	ADF [27]	2013-2016	12	0.53%
AfDB	ADF [28]	2014-2016	14	4.33%
IDB	FSO [29]	2011-2015	9	0.38%
WB	IDA [30]	2014-2017	18	2.81%

Table 7-4 - Historic replenishment cycles

Bank	Concessional window	Period	Cycles	Currency	Dutch contribution (m)	Total donor contributions (m)	Share NL
ADB	ADF [31]	-2016	1-11	USD	726	32,667	2.22%
AfDB	ADF [32]	-2016	1-13	UA	1,110	26,643	4.16%
IDB	FSO [33]	-2009	1-8	USD	37	9,762	0.38%
WB	IDA [34]	-2017	1-17	USD	8,471	237,876	3.56%

Step 1c. Calculating the Dutch attribution

Table 7-5 shows the calculations of the Dutch attribution of the MDB climate finance in the concessional windows.

[26] OECD 2015, Climate Finance in 2013-2014 and the USD 100 billion goal.
[27] https://www.adb.org/sites/default/files/institutional-document/184982/adf-12-donors-report.pdf , page30.
[28] https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/ADF-14_Report.pdf_ADF-14 Report_-on_the_Fourteenth_General_Replenishment_of_the_Resources_of_the_ADF.pdf, pp. 87, Annex I.
[29] http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35291148, pp 35.
[30] https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2017/01/31/ida18-deputies-report-additions-to-ida-resources-eighteenth-replenishment/ida18-deputies-report-additions-to-ida-resources-eighteenth-replenishment.pdf, page 161.
[31] https://www.adb.org/sites/default/files/institutional-document/237881/adb-financial-report-2016.pdf, pp. 131.
[32].African Development Bank – Financial report 2016. Note M, pp. 123. https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/AfDB_Financial_Report_2016_EN.pdf
[33] http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35291148, Table II Annex-B.
[34] https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2017/01/31/ida18-deputies-report-additions-to-ida-resources-eighteenth-replenishment/ida18-deputies-report-additions-to-ida-resources-eighteenth-replenishment.pdf, page 164.

Table 7-5 Dutch shares in MDBs concessional windows and attribution of climate finance

Bank	Total climate finance	x	y	NL % in x	NL % in y	Attribution [(a)] (USD m)	Attribution (EUR m)
ADB	930	67.64%	32.36%	0.53%	2.11%	9.69	8.59
AfDB	323	73.75%	26.25%	3.68%	4.16%	12.31	10.91
IDB	100			0.36%	0.38%	0.38	0.34
WB (IDA)	4,500	55.96%	44.04%	2.71%	3.56%	138.79	123.10
Total	**5,853**					**161.16**	**142.95**

(a) Attribution = Total climate finance * ((x*NL% in x)+(y*NL% in y))

7.3 Attribution to the Netherlands: MDBs' non-concessional windows

For the non-concessional windows, the Dutch shares in the banks are used. The formula that is proposed by the Technical Working Group is a bit more complex[35], but it boils down to the same figures for the Netherlands as the Dutch shares in the banks. The shares of the Netherlands in the non-concessional window were provided by MFA.[36]

Table 7-6 shows the Dutch shares and the Dutch attribution of the MDB climate finance in the non-concessional windows.

Table 7-6 Dutch shares in MDBs non-concessional windows and attribution of climate finance

Bank	Total	NL %	Attribution [(a)] (USD m)	Attribution (EUR m)
ADB	2,806	1.03%	28.90	25.63
AfDB	651	0.90%	5.86	5.19
EBRD	3,288	2.51%	82.53	73.20
EIB	4,226	4.47%	188.72	167.40
IDB	1,954	0.20%	3.91	3.47
IIC	352	0.71%	2.50	2.22
IFC	1,986	2.10%	41.71	36.99
WB (IBRD)	4,366	1.98%	86.45	76.68
Total	**19,629**		**440.57**	**390.79**

(a) Attribution = Total climate finance * NL %

7.4 Estimating mobilised private climate finance

In the OECD report *2020 projections of Climate Finance towards the USD 100 billion goal*, estimates of private co-finance attributable to developed countries are given for the years 2013-2014.[37] The estimated mobilisation ratio for multilateral finance (which consists mostly of the MDBs, but also multilateral funds such as the GEF and CIFs) is 0.42. We make use of this estimated mobilisation factor of 0.42 for MDB's climate finance, until more data becomes available. With the EUR 534 million MDB finance that can be attributed to the Netherlands, it is estimated that EUR 224 million private finance is mobilised.

[35] OECD 2015, Climate Finance in 2013-2014 and the USD 100 billion goal, Annex F.
[36] Please note that the capital shares of the Netherlands are used. This can slightly differ from the voting shares of the Netherlands.
[37] This mobilisation factor is based on the average ratio of attributed private co-finance/total public climate finance commitment for the years 2013-2014. Public finance includes outflows from the MDBs and multilateral funds such as GEF and the CIFs. OECD 2016, "2020 projections of Climate Finance towards the USD 100 billion goal: Technical Note"

Table 7-7 MDB Climate Finance in 2016 - Attribution to the Netherlands (EUR million)

Bank	Non-concessional window		Concessional window		Total	
	MDB climate finance (attributed to NL)	Mobilised private climate finance (est.)	MDB climate finance (attributed to NL)	Mobilised private climate finance (est.)	MDB climate finance (attributed to NL)	Mobilised private climate finance (est.)
ADB	25.63	10.77	8.59	3.61	34.23	14.37
AfDB	5.19	2.18	10.91	4.58	16.11	6.77
EBRD	73.20	30.75			73.20	30.75
EIB	167.40	70.31			167.40	70.31
IDB	3.47	1.46	0.34	0.14	3.80	1.60
IFC	36.99	15.54			36.99	15.54
WB (IBRD / IDA)	76.68	32.21	123.10	51.70	199.79	83.91
IIC	2.22	0.93			2.22	0.93
Total	**390.79**	**164.13**	**142.95**	**60.04**	**533.74**	**224.17**

Note on estimation of mobilised private climate finance by MDBs

The estimated mobilisation factor of 0.42 is very general and does not distinguish between finance from non-concessional and concessional windows. In previous years, the MDBs the ADB, IDB and the WBG reported a higher level of private co-finance in their investments from non-concessional windows, while the AfDB reported a higher level for their concessional window. The general mobilisation factor of 0.42 should therefore be seen as a very rough estimation that may not reflect well on the respective mobilising effects of non-concessional and concessional windows.

8 Funds that indirectly mobilise private climate finance

8.1 UTZ

UTZ has two programmes: one that focuses on certification, and one that focuses on strategic partnerships. The certification programme is financed by private sources. The strategic partnership programme is financed by the Dutch Ministry of Foreign Affairs. Although both are managed by UTZ, there is no direct link between the two, therefore no direct mobilisation can be reported. However, the strategic partnership programme does facilitate private investments in sustainable agriculture indirectly.

8.2 The Public-Private Infrastructure Advisory Facility (PPIAF)

The Public-Private Infrastructure Advisory Facility (PPIAF) aims to facilitate private sector involvement in infrastructure projects in developing countries. It aims to increase co-financing on climate-relevant projects, but it does this in an indirect way via capacity building. PPIAF does not invest in projects that mobilise private co-finance directly.

8.3 The Energy Sector Management Assistance Program (ESMAP)

The Energy Sector Management Assistance Program (ESMAP) aims to improve the enabling environment for investments in energy sector developments, by providing local governments with advice on how to structure their markets, regulations, power system planning, subsidy schemes etc. It does not invest in climate projects directly, but informs World Bank operations (worth USD 6.1 billion in FY2017).[38] In turn, these World Bank projects mobilise further co-finance from public and private sources. As such ESMAP's indirect mobilisation is captured by the World Bank's reporting on mobilised finance.

8.4 Global Alliance for Clean Cookstoves

The Netherlands supports clean cookstoves via a GIZ contract for the Global Alliance for Clean Cookstoves (GACC) programme operating in Bangladesh, Uganda, Kenya and Ghana. The activities include technical assistance and do not mobilise private finance directly.

8.5 Agriterra, Global Index Insurance Facility, One Acre Fund

The Netherlands also contributes to Agriterra, One Acre Fund and the Global Index Insurance Facility (GIIF), of which the latter is most climate relevant. However, up to now no private investments have been mobilised by these funds.

[38] ESMAP Annual Report 2017

Annex A - Methodology used for estimating mobilised private climate finance

In this study a best estimation is made of the private finance that was mobilised in 2017 by public finance from the Netherlands (bilateral and attributable multilateral finance) to support developing countries mitigate and adapt to the impacts of climate change.

Definition of public and private finance:

- An entity is considered public if more than 50% is owned by public shareholders. In this case, 100% of finance deployed by these institutions is considered public finance (no apportioning if ownership is mixed);
- An entity is considered private if more than 50% is owned by private shareholders and is operated by a government. In this case, 100% of finance deployed by these institutions is considered private finance (no apportioning if ownership is mixed).

Direct versus indirect mobilisation

- Only climate-relevant activities that directly mobilise private finance are included;[39]
- Climate-relevant activities that only indirectly mobilise private finance are not included.

Types of public finance instruments:

- Grants, loans, equity and guarantees. Calculated according to OECD methods.

Point of measurement of public and mobilised private finance:

- Public and mobilised private finance are measured at the moment of commitment.

Attribution:

- Attribution of private co-finance is based on OECD methods. If no methods are available, it is based on a pro rata calculation (based on the share of the Dutch public finance in the total amount of public finance for the project, including public finance from developing countries).

Causality:

- All private co-finance in the same project is assumed to have been mobilised by the public finance.

Classifying developing countries:

- The **developing countries** are the DAC List of ODA Recipients.[40]
  Countries that are not part of Annex I of the Convention ("non-Annex I countries") include countries that have made considerable economic progress since the Convention was written in 1992. A good example is the Republic of Korea, a non-Annex I country that has become a large donor to the Green Climate Fund (GCF). Many countries that fall under the non-Annex I definition are now classified as High Income Countries by the World Bank and are not included

[39] See for a recent typology OECD 2017, 'Private finance for climate action', https://www.oecd.org/env/researchcollaborative/private-finance-for-climate-action-policy-perspectives.pdf
[40] http://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf

in the DAC List of ODA Recipients. In order to appropriately deliver the pledge to the countries that are challenged the most by climate change and adhere to the common but differentiated responsibilities principle[41] we exclude the High Income Economies from the definition of developing countries and use the DAC list of ODA Recipients which reflects the current state of affairs more accurately.

Assigning a geographical origin to private finance:

- It is difficult to assign a geographic origin to private finance, as different criteria would lead to different outcomes and no internationally agreed criteria exist.

Currency and conversion:

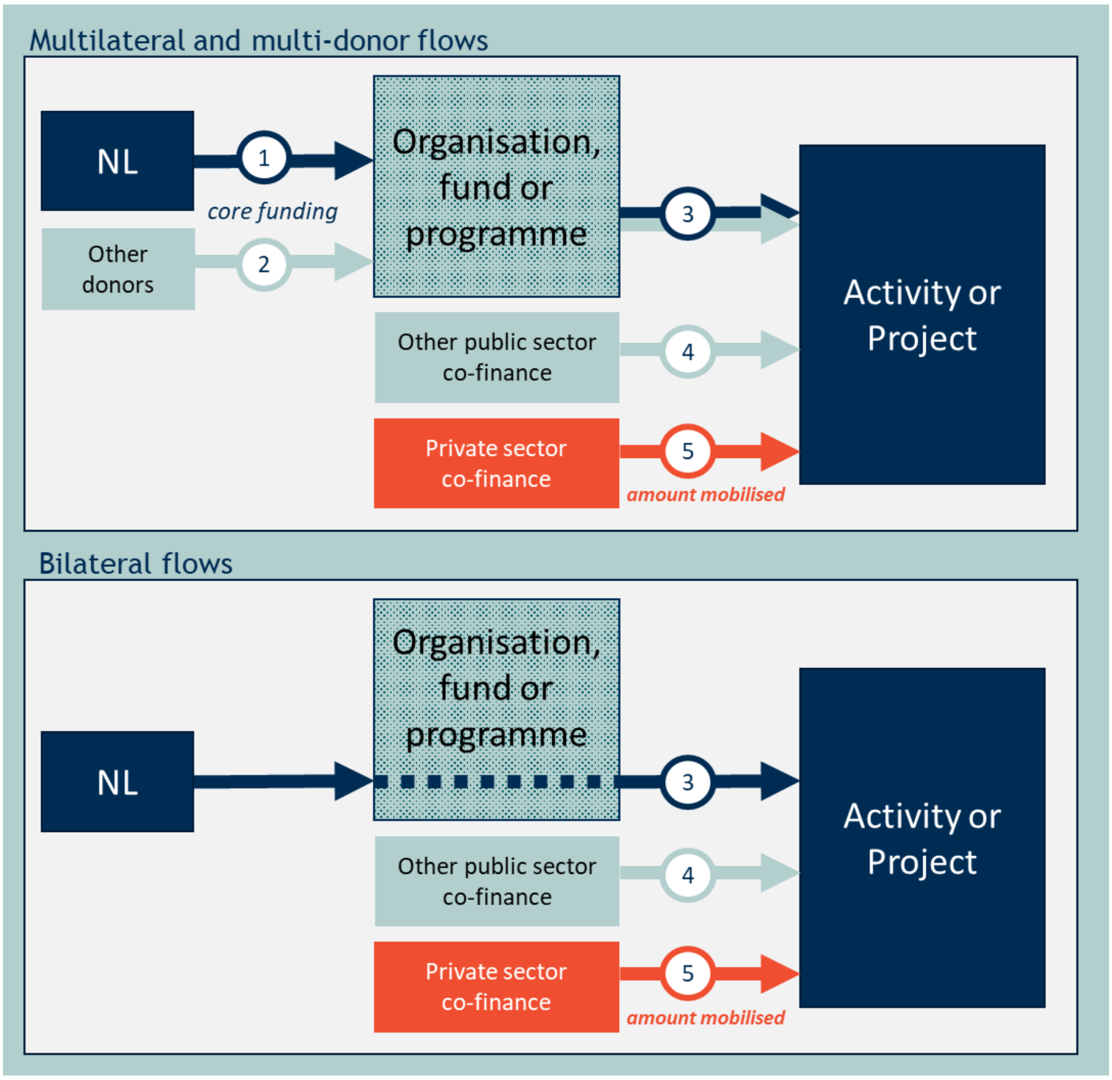
- OECD conversion rate methodology.

[41] Principle 7 of the Rio Declaration on Environment and Development, available at http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm

Annex B - Methodology based on the TWG method

The TWG method is a pro-rata attribution method, which takes all financial instruments at face value. Figure B-1 shows the five points that need to be measured to be able to report private climate finance mobilised by the Netherlands according to the TWG method. They represent financial flows to climate-relevant projects, from donor countries to the final recipient.

Figure B-1 Schematic presentation of what needs to be measured



The five points are covered by the following three steps to measure mobilised private climate finance.

Step 1: Share of the Netherlands in the total budget of the fund/programme (point 1 and 2)

We need to measure how much of the private finance can be attributed to the Dutch contribution to the fund/programme compared to other donors. Thus we need to know:

- How much has the Netherlands contributed to the fund/programme (point 1);
- How much have other donors contributed to the fund/programme (point 2).

We can then calculate the share (%) of the Netherlands. The contributions can be measured over the total budget of the programme, or in the case of a fund, the total budget in the latest funding cycle.[42] Funding cycles generally run for 4-5 years. The aim is to know the share of the Netherlands in the **total budget** of the programme/fund, not just in year 2017.

Step 2: The fund/programme commitments in 2017 per project (point 3)

We need to know how much the fund/programme has committed per project in 2017.

Step 3: The commitments of third parties (private and public) in 2017 per project (point 4 and 5)

Finally, we need to know how much third parties have committed per project in 2017. Third parties typically consist of companies, private investors, NGOs, knowledge institutions, public bodies.
A split needs to be made between:

- Co-finance by private parties (point 4);
- Co-finance by public parties (point 5).

What to do if information is not available

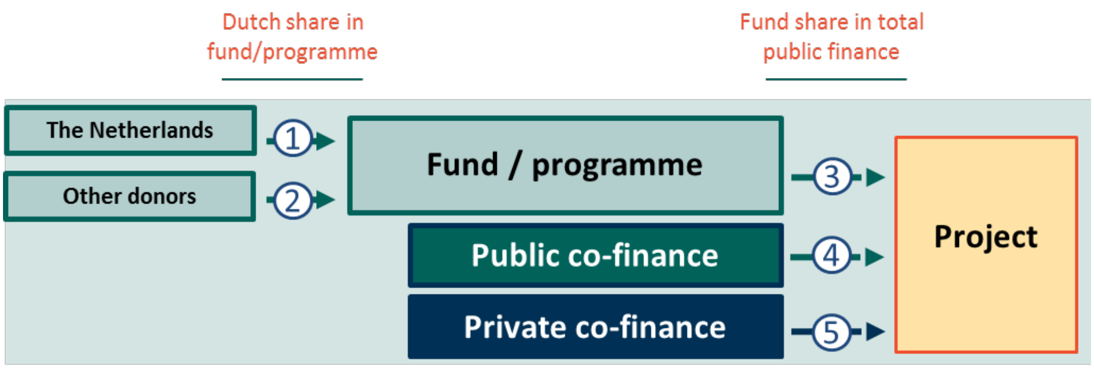
If it's not possible to report the commitments *per project* (point 3, 4 and 5), we report the total fund/programme commitments in 2017 and the total third party commitments in 2017. We can still calculate mobilised private finance with aggregated figures. However, the attribution of mobilised private climate finance to the fund/programme is less accurate, as the ratio of public and private finance can differ per project. This is not captured in aggregated figures.

Calculating mobilised private finance: attribution to the Netherlands

The total amount of mobilised private finance is shared pro rata amongst <u>all</u> public financiers (see Figure B-2). This means that the attribution to the Netherlands consists of a two-stage calculation:

1. The share of the Netherlands in the fund/programme (see also step 1 above);
2. The share of the fund/programme in total public finance per project (including public co-finance by third parties).

Figure B-2 Overview of attribution calculation



Mobilised private climate finance by the Netherlands =

$$5 * \left[\frac{3}{3+4}\right] * \left[\frac{1}{1+2}\right]$$

total private co-finance to project * fund/programme share in total public finance to project * Dutch share in the fund/programme

[42] MDB funds (ADF, AFDF, FSO) partly finance projects in the latest funding cycle with reflows from previous funding cycles, which are therefore also taken into account to calculate the Dutch share. Section 7.2 discusses this in detail.

Annex C - Data x and y concessional windows

The tables below show the figures used for calculating the 'x' and 'y' for the MDB concessional windows.

Table C-1 Overview of resource contributions in the MDBs' concessional windows.

IDA-17	Value (SDR B)	%
Partner Grant Contributions	16,500,000	45.71%
Partner Loan Contributions	3,700,000	10.25%
Total new donor resources	**20,000,000**	**55.96%**
Internal Reflows	15,500,000	42.94%
Total historic donor resources	15,500,000	42.94%
IBRD transfer	300,000	0.83%
IFC transfer	100,000	0.28%
Total non-concessional transfers	**4,000,000**	**1.11%**
Total Funding (overall)	**36,100,000,000**	**100.00%**

Source: IDA-18 Replenishment report paragraph 143 and 144.

AfDF-13	Value (AU)	%
Donor Contributions	4,366,476,999	73.73%
Supplemental Contributions (SWE, CHE)	1,253,426	0.02%
Total new donor resources	**4,367,730,425**	**73.75%**
Technical Gap (less AfDB transfer)	810,977,519	13.69%
Advance Commitment Authority	743,808,915	12.56%
Total historic donor resources	**1,554,786,434**	**26.25%**
AfDB Transfer	0	0%
Total non-concessional transfers	**0**	**0%**
Total Funding (overall)	**5,922,516,859**	

Source: ADF-14 Replenishment report, Annex I.

AsDF-XI	Value (USD)	%
New donor resources	2,545,879,658	67.64%
Historic donor resources	180,000,000	4.78%
Non-concessional transfers (AsDB ("OCR") Transfer)	1,037,738,000	27.57%
Total	**3,763,617,658**	

Source: ADF-XII Donors report, Table 5 pp. 24.

Notes on the implementation of the TWG methodology

- "x" is the portion of the total resources available for the latest replenishment that derives from recent contributions;
- "y" is referred to as "retained earnings" in the TWG methodology. Since data on retained earnings were not readily available in the sources analysed, for implementation, "y" was interpreted as "all the resources available except recent contributions" In terms of data, "y" includes:
    - o transfers from sister institutions (i.e. most often retained earnings from non-concessional windows); for AfDF, AsDF and IDA;

- resources available through the exercise of the contractual acceleration clause; for IDA;
- voluntary prepayments of outstanding credits; for IDA;
- estimations of an increase of resources available as a result of adjustments to the lending terms; for IDA;
- resources in technical gap; for AfDF;
- resources through the Advance Commitment Authority; for AfDF;
- internal resources derived from reflow-based resources; for AsDF.

The TWG methodology on concessional windows was applied to IDA, AfDF and AsDF. Data on “x” and “y” could not be found for IDB Sp. Fund, and thus a simplified methodology was applied for 2016, which is also used this year. The simplified methodology consisted in calculating the proportion of paid-in contributions (in the latest replenishment) from developed countries from total contributions. The simplified approach was applied also to IDA, AfDF and AsDF for 2016 as to assess the resulting difference with the TWG methodology. No significant difference was found overall (there was a 0.5% difference between the amounts attributed using the TWG methodology and the simplified approach).

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