CLIMATE FINANCE SHADOW REPORT 2025

ANALYSING PROGRESS ON CLIMATE FINANCE UNDER THE PARIS AGREEMENT

care CLIMATE JUSTICE | OXFAM

ACRONYMS

BR: Biennial Reports (1-5)

BTR1: First Biennial Transparency Reports

BTR = Biennial Transparency Report

CRS dataset: Creditor Reporting System dataset

CRDF datasets: climate-related development finance datasets

CSNA: Climate-Specific Net Assistance

DAC: Development Assistance Committee

EIB: European Investment Bank

FCAS: fragile and conflict-affected states

FRLD: Fund for Responding to Loss and Damage

GNI: gross national income

ICJ: International Court of Justice

IHLEG: Independent High-Level Expert Group on Climate Finance

LDCF: Least Developed Countries Fund

LDCs: least developed countries

LIBOR: London Interbank Offered Rate

MDBs: multilateral development banks

NCQG: New Collective Quantified Goal

NDCs: Nationally Determined Contributions

OECD: The Organisation for Economic Co-operation and Development

PSIs: private-sector instruments

SCCF: Special Climate Change Fund

SDGs: Sustainable Development Goals

SIDS: small island developing states

SOFR: Secured Overnight Financing Rate

UNEP: UN Environment Programme

INTRODUCTION

THE WORLD IS FACING AN ESCALATING CLIMATE CRISIS WITH DEVASTATING CONSEQUENCES FOR VULNERABLE COMMUNITIES AND PEOPLE LIVING IN POVERTY.

In 2024, the Horn of Africa endured a relentless cycle of drought and flooding, displacing millions of people and pushing tens of millions into food insecurity. In the Philippines, six consecutive tropical storms struck northern Luzon in just five weeks, affecting over 13 million people and devastating livelihoods. In Brazil, historic floods in Rio Grande do Sul displaced 600,000 people and caused billions in losses. UNICEF reports that 35 million children in Bangladesh faced disrupted schooling due to heatwaves, cyclones and floods in 2024 alone (UNICEF, 2025). The latest analysis from the UN Environment Programme paints a grim picture: we are on track for a catastrophic global warming of 3°C (UNEP, 2024a). The intensifying wildfires, droughts, storms and other climatic extremes that we are witnessing today are occurring at an average warming of just 1.3°C.

In this context, climate finance remains a key pillar in the multilateral climate change regime around the Paris Agreement (UNFCCC, 2025). Rooted in the obligation of developed countries to provide financial assistance to developing countries, climate finance is a lifeline for communities and countries on the frontlines of climate change, allowing them to address unavoidable losses and damages, adapt to the changing climate and advance low-carbon development.

CLIMATE FINANCE IS A LIFELINE FOR COMMUNITIES AND COUNTRIES ON THE FRONTLINES OF CLIMATE CHANGE.

The needs for international climate finance are vast and growing while current climate finance remains woefully inadequate. According to the Independent High-Level Expert Group on Climate Finance (IHLEG), developing countries (not including China) require around US$1 trillion a year by 2030 and US$1.3 trillion a year by 2035 in external climate finance for mitigation, adaptation, and responding to loss and damage (Bhattacharya et al., 2024). These figures hugely exceed the goal that was set by developed countries in 2009 – and expanded in 2015 – to ramp up climate finance to reach US$100bn a year from 2020 to 2025.

The New Collective Quantified Goal (NCQG), adopted at the COP29 climate summit in Baku at the end of 2024, did not correct these shortfalls. It sets a target of reaching at least US$300bn a year by 2035 in international climate finance and calls on all actors to enable the scaling up of total finance to developing countries to at least US$1.3 trillion a year by 2035 (UNFCCC, 2025). While the latter figure seems to correspond to the volumes identified by the IHLEG, the needs in developing countries appear to be considerably higher; estimates of the required public, grant-equivalent finance alone are US$1–1.5 trillion a year (Sieber and Vernoit, 2024).

Developing countries' entitlement to adequate climate finance is now also supported by the recent Advisory Opinion of the International Court of Justice (ICJ). It states that developed countries not only have an obligation in principle to provide financial assistance (as per the UNFCCC and the Paris Agreement) but that developed countries must carry out these obligations in

DEVELOPING COUNTRIES' ENTITLEMENT TO ADEQUATE CLIMATE FINANCE IS NOW ALSO SUPPORTED BY THE RECENT ADVISORY OPINION OF THE INTERNATIONAL COURT OF JUSTICE.

a manner and at a level that allows for the fulfillment of Article 2 of the Paris Agreement (ICJ, 2025; Climate Home News, 2025).

So far, rich countries have been failing. Developed countries claim to have surpassed the US$100bn goal (reporting nearly US$116bn for 2022), two years later than originally promised. However, the true value of reported climate finance was just US$28–35bn in 2022, much less than what reported figures seem to suggest. By providing the majority of climate finance – almost 70% – in the form of loans, rich nations are unjustly indebting poor countries that have contributed the least to the climate crisis. Adaptation remains neglected in the allocation of funds, and developed countries largely continue to refuse to establish a solid foundation for drastically increasing climate finance for responding to loss and damage. Compounding this failure to fairly compensate developing countries, only a small share of climate finance is advancing gender equality while the continued diversion of official development assistance (ODA) from core development priorities to serve climate finance goals is further undermining the struggle of frontline communities.

DEVELOPED COUNTRIES LARGELY CONTINUE TO REFUSE TO ESTABLISH A SOLID FOUNDATION FOR DRASTICALLY INCREASING CLIMATE FINANCE FOR RESPONDING TO LOSS AND DAMAGE.

The NCQG does not include actionable provisions to address many of these shortfalls, especially the negligence of adaptation in climate finance, the heavy reliance on loans over grants, and the lack of finance for addressing loss and damage. In this report, Oxfam and CARE present key findings from the most recent official climate finance reporting as contained in developed countries' First Biennial Transparency Reports (BTR1s) and in the OECD's climate-related development finance datasets for the years 2021 and 2022, offering recommendations to guide future climate finance under the NCQG. These recommendations stand in the context of the Baku-to-Belém Roadmap that was launched at COP29 to further flesh out the NCQG's provisions. This roadmap is an opportunity to rebuild trust, address the massive financing gap and the past shortfalls related to climate finance, ensure that rich countries finally own up to their responsibility, overcome the profound moral and legal failure to provide the necessary finance for climate action, and put the world on a safer path.

CLIMATE FINANCE 2021–22: KEY FINDINGS

The analysis presented in the following chapters shows that significant change is vital to ensure that climate finance is fair, equitable and sustainable. The data analysed for this report indicates that:

1. **Climate finance remains woefully inadequate and may even decrease due to planned ODA cuts**. For 2022, we estimate public climate finance to have reached US$95.3bn. In 2025, this may decrease to US$73–79bn due to planned ODA cuts, while annual needs are estimated to amount to US$1–1.5 trillion in public, grant-equivalent finance.

2. **Over 2021–22, two-thirds of public climate finance consisted of loans, the majority of which were offered on non-concessional terms.** This approach risks worsening already high debt levels in developing countries. The countries with the highest shares of loans in their climate finance were France, Japan, Italy, Spain and Germany.

3. **Adaptation receives about one-third of public climate finance, worsening existing hardships for vulnerable communities**. It is far from certain if developed countries will reach the agreed goal of doubling adaptation finance by 2025. Recent and planned ODA cuts risk decreasing adaptation finance that may drop down to US$28bn in 2025.

4. **Half of climate finance allocated to LDCs and SIDS was provided as loans.** This is despite the fact that these highly vulnerable countries have contributed almost nothing to the climate crisis, yet are forced to accept loans to address the climate crisis.

5. **Developed countries reported nearly US$116bn in climate finance for 2022, but the real value of provided funds is only US$28–35bn**. Accounting practices that overstate the actual value of provided funds, in terms of either effort or benefit, may give a misleading impression of the state of global cooperation or of the extent to which respective obligations under the UNFCCC and the Paris Agreement are being fulfilled.

6. **Developed countries continue to ignore the need for substantial loss and damage finance.** At best about 1% of total bilateral climate finance in 2022 may have been dedicated to loss and damage interventions. Confirming even this small amount would require checking it against detailed project documents, given the lack of proper loss and damage finance reporting.

7. **Climate-specific ODA is taking up about one quarter of ODA budgets, rather than being 'new and additional'.** Despite many synergies between climate and development priorities, the worsening climate crisis poses additional and escalating challenges with increasing costs for developing countries, especially with regards to adapting to the changing climate and responding to unavoidable losses and damages.

8. **Climate finance continues to neglect gender equality and local leadership**. Only an estimated 3% of bilateral climate finance in 2022 has been used to specifically advance gender equality as a main objective; this ignores the disproportionate impacts of climate change on women and girls.

9. **Consistent and transparent data on mobilized private finance is lacking**. For the first time, developed countries have now reported their own account of mobilized private climate finance in their BTRs. The resulting total is significantly higher than the amounts reported by the OECD, pointing to inconsistencies in reporting practices.

1

CLIMATE FINANCE REMAINS WOEFULLY INADEQUATE AND MAY EVEN DECREASE DUE TO PLANNED ODA CUTS.

The OECD progress reports indicate that developed countries have finally reached and surpassed the original US$100bn goal, reaching nearly US$116bn in 2022; public finance amounted to nearly US$92bn of this figure. The total climate finance in the preceding years were US$90bn in 2021 (with US$73bn in public finance) and US$83bn in 2020 (US$68 in public finance) (OECD, 2024). While the remarkable increase to the 2022 level may appear encouraging, it could reflect changing accounting methodologies rather than a substantive increase in support (CARE, 2024a; Carbon Brief, 2025). Furthermore, these amounts are based on reporting practices that do not reflect the real fiscal effort undertaken by developed countries to reach the reported gross levels of climate finance (see Chapter 5).

As the OECD reports only include aggregate amounts and few details about the performance of individual providers, there are limitations in using them to assess progress on climate finance. To enable us to assess progress in greater depth, we produced our own climate finance estimates (see Box 1.1 and Annex 2 for methodological details).

AS THE OECD REPORTS ONLY INCLUDE AGGREGATE AMOUNTS AND FEW DETAILS ABOUT THE PERFORMANCE OF INDIVIDUAL PROVIDERS, THERE ARE LIMITATIONS IN USING THEM TO ASSESS PROGRESS ON CLIMATE FINANCE.

BOX 1.1: NUMBERS IN THIS REPORT VERSUS OECD NUMBERS

When considering climate finance in the context of the US$100bn goal, developed countries usually refer to OECD progress reports. These are of high technical quality, but they do not contain the granularity needed for more in-depth analysis of some key aspects of climate finance. We have therefore produced our own estimate on public climate finance, based on developed countries' BTR1s (UNFCCC, n.d.) and additional data from the OECD (OECD, n.d.). The overall approach is comparable to that used by the OECD for their reports. The resulting figures differ to those of the OECD due to imperfect data available to the public and several other factors.[1] Despite the differences, our figures are broadly comparable to the OECD's. The estimates for public climate finance used in this report can be seen in Annex 1.

Based on data found in the BTR1s (for bilateral finance) and the OECD's climate-related development finance (CRDF) datasets (for multilateral finance and complementing gaps in bilateral finance), we estimate that public climate finance as reported by bilateral and multilateral providers in 2021 and 2022 amounted to US$74.4bn and US$95.3bn, respectively. We do not provide an estimate for mobilized private finance due to significant inconsistencies and incomparability between the data found in the BTR1s and figures published elsewhere, in particular by the OECD (see Chapter 9).

In these totals, we estimate that climate finance from bilateral providers amounted to US$33.6bn in 2021 and rose to US$42.0bn in 2022, while multilateral providers increased their climate finance from US$40.8bn to US$53.6bn with the multilateral development banks (MDBs) driving most of

the growth. The largest bilateral providers over 2021 to 2022 were Japan, Germany, France, and EU institutions (see Annex 1 for country details).

Table 1.1: Climate finance 2021–22

	US$bn	
	2021	2022
Bilateral climate finance	33.6	42.0
Multilateral climate finance (MDBs)	36.6	50.3
Multilateral climate finance (UNFCCC funds)	3.8	2.0
Multilateral climate finance (Other)	0.4	1.1
Public climate finance total	**74.4**	**95.3**

Notes: This table shows aggregate bilateral and multilateral climate finance. Estimates are based on data available in countries' BTR1s plus data on multilateral climate finance as found in the CRDF datasets by the OECD (see Annex 2 for details on the methodology). We do not provide an estimate on mobilized private finance given the high differences between data contained in the BTR1s and figures reported by the OECD (for example: OECD, 2024). Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

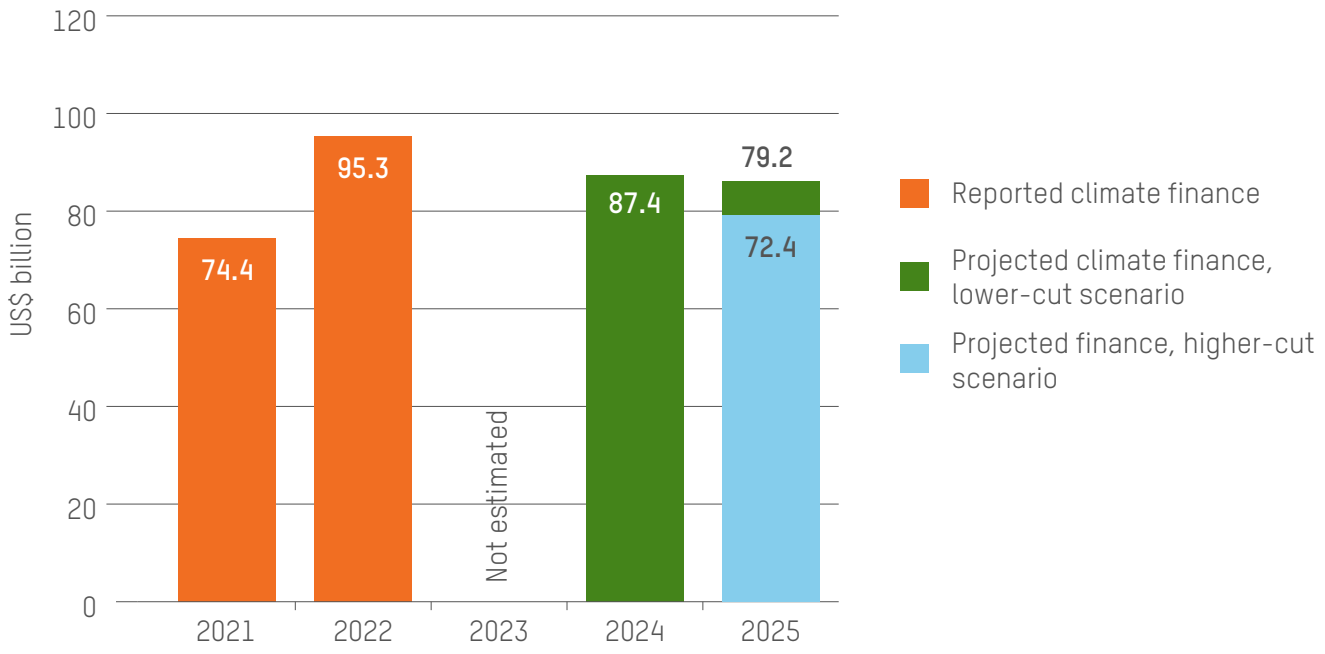
For 2023, developed countries have not published aggregate figures at the time of writing and reporting to the UNFCCC is only due in 2027 when countries will have to submit their Second Bienwnial Transparency Reports (BTR2s). Looking at the available data[2] and filling existing gaps with proxy data and reasonable assumptions, there are indications that the increase in climate finance from 2021 to 2022 may have continued in 2023, but at a lower rate and below what would be required to gradually move to the agreed US$300 billion per year, let alone to US$1.3 trillion a year by 2035.

For subsequent years, the signs are worrying. Climate finance might have fallen in 2024 and might continue to fall in 2025. Developed countries are making significant cuts to ODA from where a sizable portion of reported climate finance has been sourced in the past. The OECD reports a 9% ODA decrease for 2024 compared to 2023 and projects further cuts of 9–17% in 2025 (OECD, 2025a).[3] The outlook beyond 2025 remains uncertain, though with indications of further significant declines. By 2027, the OECD projects that ODA may fall back to 2020 levels.

THE SIGNS ARE WORRYING. CLIMATE FINANCE MIGHT HAVE FALLEN IN 2024 AND MIGHT CONTINUE TO FALL IN 2025.

If these projected cuts translate proportionally to cuts in public climate finance, this would suggest that public climate finance may have fallen to US$87bn in 2024 (from US$95.3bn in 2022, according to our estimates) and might further fall to US$72-79bn in 2025.[4] This means that despite some governments' expressed intentions to maintain current climate finance levels or meet their existing pledges and commitments, declining aid resources are likely to mean fewer resources for climate projects on the ground. This will add to uncertainty and raise serious doubts about whether developed countries will meet their obligations under the Paris Agreement, undermining trust in international cooperation.

Figure 1.1: Possible impacts of aid cuts for public climate finance 2024 and 2025



Notes: Figure 1 displays public climate finance in 2021 and 2022 and projected climate finance in 2024 and 2025. The range for 2025 results from uncertainty about the USA. The OECD projects cuts of 38–82% for USAID in 2025 compared to 2024.

Sources: 2021 and 2022 figures are estimated based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some bilateral providers. The figures for 2024 and 2025 are projected according to cuts in ODA as forecast by the OECD (OECD, 2025a). See Annex 2 for details of the methodology.

The alternative scenario is of equal concern: maintaining or even scaling up climate finance in the context of shrinking aid budgets may increasingly come at the expense of other development priorities or further incentivize creative accounting and overstating the climate-relevance of funded projects. Furthermore, reduced public resources for climate finance may encourage an even more pronounced shift away from grants and highly concessional finance towards less concessional or even non-concessional instruments; this could exacerbate already high debt burdens.

CLIMATE FINANCE IS LIKELY TO HAVE FALLEN IN 2024 AND 2025.

At first glance, some relief may come from the MDBs that pledged to significantly increase climate finance in the future (World Bank, 2024a). But finance from these institutions largely consists of loans and other non-grant instruments, the majority of which is provided on non-concessional terms (see Chapter 2). Of course, it also remains to be seen if the MDBs will reach their targets – and how.[5]

Relying on mobilized private finance to take on a greater role in climate finance also comes with concerns and constraints. This component stood at US$13–15bn in the years 2017–22, before it increased to US$22bn in 2022 (OECD, 2024). Yet, reported mobilized climate finance has relied on public finance for the mobilization effort – shrinking budgets for international finance from developed countries will not make that task easier. In addition, scenarios for the future of mobilizing private finance remain vague (CARE, 2025). Mobilized private finance will have a part to play (for example, in transforming energy systems), but it can only complement and not replace much-needed public finance. This is particularly the case in areas such as adaptation and responding to loss and damage; private finance rarely reaches vulnerable frontline communities.

Given the current state of affairs, we assess that developed countries remain on shaky ground with regard to upholding their US$100bn commitment through to 2025. They risk moving in the opposite direction of the route towards tripling climate finance to at least US$300bn a year by 2035, as provided for in the NCQG.

With the world rapidly approaching the 1.5°C threshold and frontline communities already battered by climate impacts, it is unacceptable that developed countries are shirking their responsibility to provide finance for climate action. The problem is not the availability of wealth and money. Developed countries spend around US$270bn a year on supporting fossil-fuel production and use (OCI, 2024). At the same time, there is substantial public support for taxing the super-rich and polluting industries to fund climate action.[6] The potential gains of taxing the wealthiest people in the world are huge: Oxfam has calculated that a wealth tax on global millionaires and billionaires could generate US$1.8 trillion each year (Oxfam, 2024b).

GIVEN THE CURRENT STATE OF AFFAIRS, WE ASSESS THAT DEVELOPED COUNTRIES REMAIN ON SHAKY GROUND WITH REGARD TO UPHOLDING THEIR US$100BN COMMITMENT THROUGH TO 2025.

RECOMMENDATIONS

- **Scenarios to US$300bn and US$1.3 trillion:** The Baku-to-Belém Roadmap should include clear scenarios on how to reach the NCQG's target figures of US$300bn a year and US$1.3 trillion a year by 2035. Developed countries must scale up the provision of climate finance accordingly, contributing their fair share to reach the NCQG's targets.
- **New climate finance pledges:** Developed countries should come to COP30 with individual climate finance commitments for the period until 2030, prioritizing public grant finance, especially for adaptation and addressing loss and damage, but also for mitigation in areas and contexts that will continue to require public grant financing.
- **Reverse ODA cuts:** Developed countries should immediately halt and reverse planned ODA cuts to ensure their fair contribution to end poverty and reach the SDGs, as well as to fulfil their financial obligations under the Paris Agreement through new and additional climate finance.
- **Tap into new sources for climate finance:** Developed countries should tap into new sources for climate finance, such as taxes on the rich and super-rich, taxes on the profits of the fossil-fuel industry, or by redirecting fossil-fuel subsidies to international climate finance, including for loss and damage finance.

2

OVER 2021–22, TWO-THIRDS OF PUBLIC CLIMATE FINANCE CONSISTED OF LOANS, THE MAJORITY OF WHICH WERE OFFERED ON NON-CONCESSIONAL TERMS.

When the US$100-billion-a-year goal was set in 2009, many people may have expected developed countries' contributions to mainly take the form of grants or other highly concessional finance in recognition of their historic responsibility for the climate crisis and their capacity to act.

There is no multilaterally agreed definition of 'climate finance' under the Paris Agreement, including with regards to instruments used and how they are accounted for. This gives developer countries latitude in what and how to report (UNFCCC SCF, 2023; UNFCCC, 2014). Loans often generate profit for the lender while adding to the debt burden of recipient countries; other instruments (such as export credit insurance) do not constitute actual (net) support, at least not to the reported nominal values of such instruments. This means that reporting such instruments sits uneasily with the obligation of developed countries under the UNFCCC and the Paris Agreement to provide financial resources to assist developing countries.

We estimate that about half of bilateral climate finance in 2021 and 2022 came in the form of concessional and non-concessional loans. Only two-fifths of climate finance was provided in the form of grants. Loans also contributed a significant share of bilateral adaptation finance, reaching 41% (2021–22 annual average). There are other instruments such as equity, (export credit) insurance and guarantees, but these relate to relatively smaller amounts, although they also raise concerning issues.[7]

Stark differences emerge when looking at specific providers (see Table 2.1). Of the major bilateral providers, Australia, Denmark, the Netherlands[8] and Switzerland had the highest shares of grants in reported climate finance. Each provided (close to) 100% of their reported climate finance over 2021–22 as grants. In contrast, France, Italy, Austria, Spain and Japan provided most of their climate finance with non-grant instruments. Germany, another major climate finance provider, provided about half of its total bilateral climate finance as grants.

FRANCE, ITALY, AUSTRIA, SPAIN AND JAPAN PROVIDED MOST OF THEIR CLIMATE FINANCE WITH NON-GRANT INSTRUMENTS.

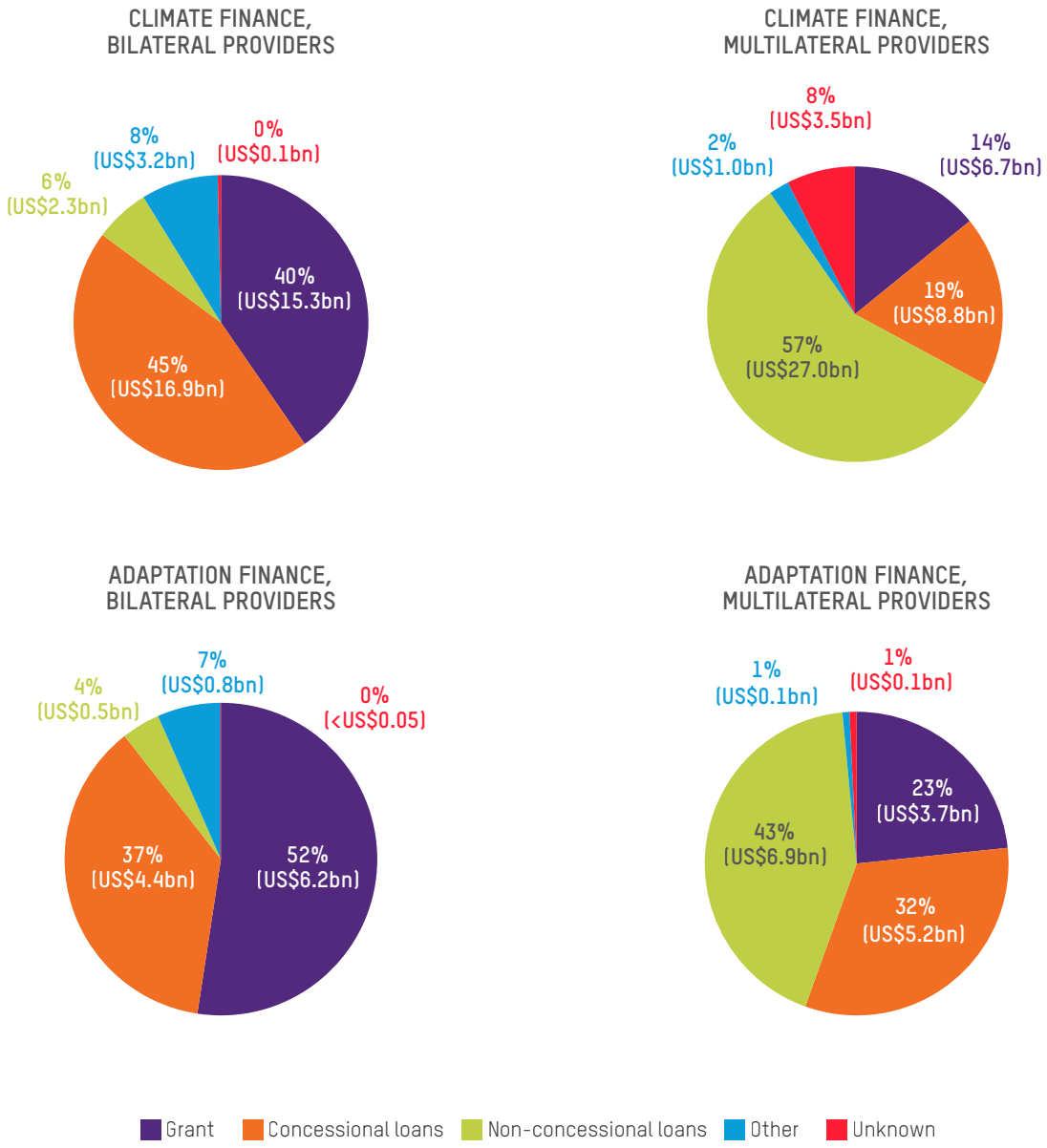
EU institutions are listed with 100% grants, but this is because the EIB is excluded here and captured under the multilateral development banks entry. If combined, the EU institutions (including the EIB) provided only 34% of their climate finance as grants and 61% as loans, almost exclusively on non-concessional terms (2021-22; annual average).

Multilateral development banks provided most of their finance (79% on average over 2021–22) in the form of loans, the vast majority of which are of a non-concessional nature. Grants accounted for only 12% of MDB climate finance. Similarly, for adaptation, three-quarters of multilateral adaptation finance was provided in the form of loans, mainly due to the MDBs' heavy reliance on loans.

UNFCCC funds provide greater shares as grants but are of comparatively smaller size (approximately US$4bn in 2021 and US$2bn in 2022 in total contributions). These grants do not balance out other multilateral providers' dependence on loans.

LARGE SHARES OF CLIMATE FINANCE ARE PROVIDED AS LOANS THAT ADD TO THE DEBT BURDEN IN MANY COUNTRIES.

Figure 2.1: Climate finance and adaptation finance by instrument (2021–22; annual average)



Notes: The upper row depicts the instrument breakdown for overall climate finance, the lower row only shows adaptation finance. 'Other' includes equity, guarantees, mixed instruments, and instruments classified specifically as 'other'. 'Unknown' shows finance where no information is given on instruments. Amounts and percentages shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

Table 2.1: Climate finance instruments (2021–22; annual average)

Provider	Grant	Concessional loan	Non-concessional loan	Other	Unknown	2021–22 annual average (US$m)
Bilateral providers						
Australia	92%	2%	6%			244.9
Austria	31%	64%	1%	4%		232.6
Canada	54%	42%	2%	2%		634.2
Denmark	100%					296.2
EU Institutions (excl. EIB)	100%					3,601.9
France	5%	80%	11%	3%		6,192.5
Germany	49%	46%	1%	3%	1%	8,350.5
Italy	33%	51%		16%		585.4
Japan	13%	68%	14%	5%		9,703.7
Netherlands	100%					586.9
Norway	73%		11%	17%		721.6
Spain	19%	38%	11%	31%		613.3
Sweden	94%					519.9
Switzerland	100%					313.0
UK	55%			45%		1,995.7
USA	51%	17%	0%	32%		2,861.8
Other developed countries*	87%	4%	2%	5%	2%	350.9
Bilateral total	**40%**	**45%**	**6%**	**8%**	**0%**	**37,804.9**
Multilateral providers						
MDBs	12%	19%	60%	2%	8%	43,450.5
Other multilateral climate funds and programmes	21%	19%	55%	5%		721.5
UNFCCC funds	52%	13%	23%	12%		2,888.9
Multilateral total	**14%**	**19%**	**57%**	**2%**	**8%**	**47,060.9**
Total	**26%**	**30%**	**35%**	**5%**	**4%**	**84,865.8**

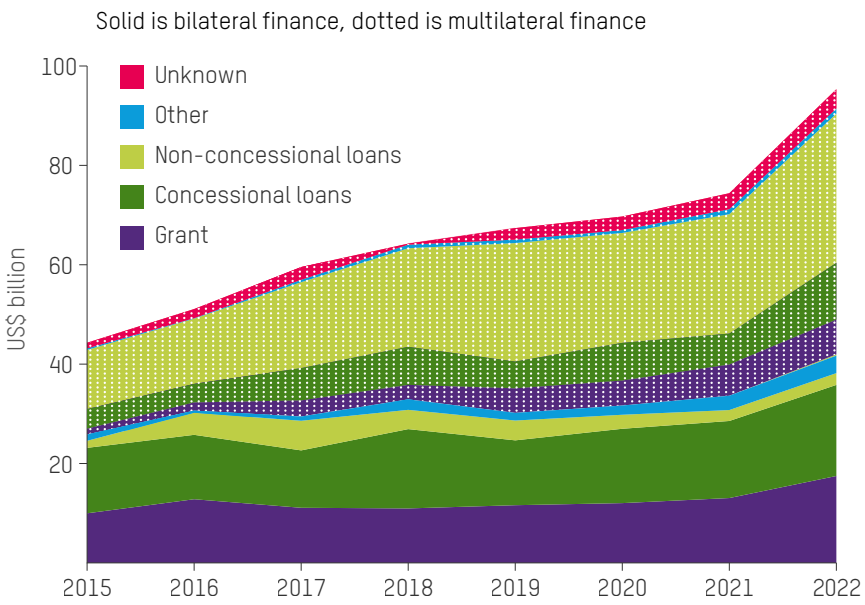
*Countries with less than US$250m in 2022.

Notes: 'Other' includes equity, collective investment vehicles, guarantees, mixed instruments, and instruments classified specifically as 'other'. While this approach allows for comparison across donors, it is important to note that several countries, including the UK, the USA, Spain, Norway and Italy, report relatively high shares of their climate finance in such categories.[9] 'Unknown' shows finance where no information is given on instruments. Amounts and percentages shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.c–f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

The general picture of loans dominating bilateral and multilateral finance is not a new development, but it has haunted climate finance architecture for years (see Figure 2.2).

Figure 2.2: Public climate finance instruments (2015–22)



HIGH SHARES OF LOANS ARE NOT A NEW PROBLEM BUT HAVE HAUNTED VULNERABLE COUNTRIES FOR YEARS.

Notes: Figure 2.2 shows the evolution of climate finance between 2015 and 2022. The solid area indicates bilateral finance and the dotted area indicates multilateral finance. 'Other' includes equity, export credits, guarantees, mixed instruments and other. 'Unknown' shows finance where no information is given on instruments.

Sources: Oxfam and CARE's calculations are based on the BTR1s and Biennial Reports 3–5 (UNFCCC, n.d.c–f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

Estimating developing countries' total loan repayments including interest illustrates the significant burden that this places on them. Tables 2.2 and 2.3 show face-value climate-loan disbursements for 2021 and 2022 alongside our estimates of the total debt service those loans will entail over their lifetime (i.e., what recipient countries will ultimately have to repay). Our estimates are presented as ranges. The low-end scenario assumes that all loans have an interest rate fixed at the time of the commitment. Since we know that a large share of loans, especially those from MDBs but also several bilateral creditors, come with variable interest rates priced off floating-rate benchmarks or their regional equivalents, plus a lender margin and other fees (which means that interest costs re-price periodically as reference rates move), our high-end scenario estimates the effect of sharp increases experienced in the recent past in total repayments (see Annex 2).

Table 2.2: Estimated climate loan debt service for 2021–22 loans

	2021 (US$bn)	2022 (US$bn)
Reported loan amounts	**47.9**	**62.1**
Bilateral providers	17.7	20.7
Multilateral providers	30.2	41.4
Resulting debt service	**63.5-70.9**	**79.8-88.4**
Bilateral providers	20.1	23.7
Multilateral providers	43.4-50.8	56.1-64.7

Notes: Reported bilateral and multilateral climate loan disbursements (at face value) and the implied total nominal debt service over the duration of those loans. Figures might not add up due to rounding.

Source: Oxfam and CARE's calculations based on the BTR1s (UNFCCC, n.d.d) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

Table 2.3: Estimated adaptation loan debt service for 2021–22 loans

	2021 (US$bn)	2022 (US$bn)
Reported loan amounts	**15.2**	**18.6**
Bilateral providers	5.2	4.5
Multilateral providers	10.0	14.1
Resulting debt service	**20.8-23.0**	**24.2-26.4**
Bilateral providers	5.9	5.1
Multilateral providers	14.9-17.1	19.1-21.3

Notes: Reported bilateral and multilateral adaptation loan disbursements (at face value) and the implied total nominal debt service over the duration of those loans. Figures might not add up due to rounding.

Source: Oxfam and CARE's calculations based on the BTR1s (UNFCCC, n.d.c–f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

In the low-end estimate, we estimate debt service on all climate loans to be about a third higher than the reported value of the original loans for all climate finance (33% for 2021 and 29% for 2022, respectively. For adaptation finance, the debt service is 37% and 30% higher than the reported value for 2021 and 2022, respectively. This means that adaptation loans, in their entirety, were not more concessional than all climate loans.

In our high-end estimate, debt service on all climate-specific loans rises to almost 50% higher than the reported value of the loans (48% for 2021 and 42% for 2022). The debt service for adaptation finance loans is 51% and 43% higher than the reported loan values for 2021 and 2022, respectively.

There are substantial differences between bilateral loans and MDB loans. Total repayments resulting from MDB loans are up to 68% higher than the reported loan values, while bilateral concessional loans lead to repayments of about 15% above nominal loan values.

The resulting debt burden is also significant because, following a series of cascading shocks (including the COVID-19 pandemic and Russia's invasion of Ukraine) that contributed to global inflation, interest-rate hikes, commodity price spikes and energy-price volatility, the debt burden in developing countries has reached critical levels. In 2023, external public debt in developing countries – the portion of a country's debt that is borrowed from foreign lenders, including governments, institutions such as the World Bank and IMF, and private foreign banks and investors – reached US$3.3 trillion (UNCTAD, 2025). Developing countries' net interest payments in 2024 amounted to US$921bn, with 61 countries spending more than 10% of government revenues on interest (UNCTAD, 2025). Data also shows that 50% of low-income countries are either in, or at high risk of, debt distress (World Bank, 2024b).

As debt-servicing costs rise, governments are drained of much-needed financing and their ability to fund public spending and investments is constrained. Instead of financing essential services, vast quantities of money are being used to pay off debts (UNCTAD, 2025). These fiscal pressures also undermine countries' abilities to respond to the climate crisis, limiting vital investments in adaptation and resilience. As a result, high debt burdens can increase vulnerability to climate change and extreme weather events. It is often marginalized people and those living in the greatest poverty who are most affected.

PROVIDING FINANCE THROUGH LOANS IS ONE OF THE MOST UNJUST ACTIONS THAT DEVELOPED NATIONS CAN TAKE. THEY ARE, IN EFFECT, PROFITING FROM THE PAIN OF OTHERS.

Climate finance is not about charity; it is about justice. Providing finance through loans is one of the most unjust actions that developed nations can take; it burdens developing countries with debt for a crisis that they did not cause. They are, in effect, profiting from the pain of others. Amid rising debt vulnerabilities, grants should be prioritized in climate finance support – especially for low-income and debt-stressed countries – to avoid adding to their debt burdens.

RECOMMENDATIONS

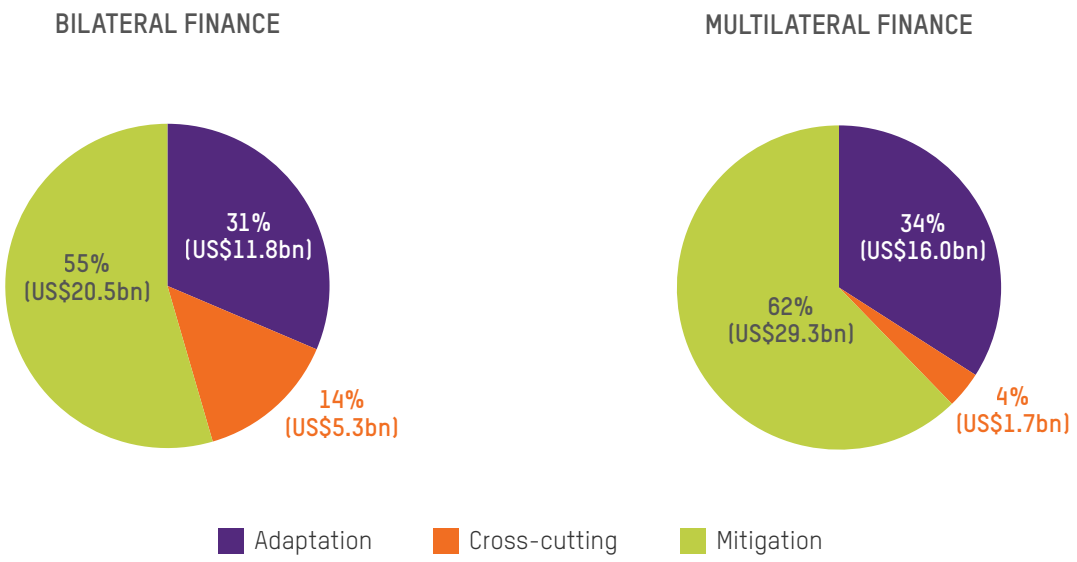
- **Prioritize grants in climate finance**. Climate finance providers should increase the share of grants and highly concessional loans in their portfolios to counter rising interest rates and repayments. This is particularly relevant for providers that currently provide a low proportion of grants.
- **Mitigate interest-rate risk**. Allow borrowers to switch floating-rate climate loans to fixed at concessional spreads, offer donor-funded rate caps/collars, and include state-contingent relief clauses (for example, disaster/GDP triggers).
- **Exclude non-concessional finance**. Non-concessional finance should not be reported or counted by developed countries towards their contribution to fulfil their financial obligations under the Paris Agreement and the UNFCCC. Non-concessional loans, especially for adaptation, should be gradually replaced by highly concessional and grant finance.

3

ADAPTATION RECEIVES ONLY ABOUT ONE-THIRD OF PUBLIC CLIMATE FINANCE, WORSENING EXISTING HARDSHIPS FOR VULNERABLE COMMUNITIES.

Article 9.4 of the Paris Agreement calls for countries to aim to achieve a balance between adaptation and mitigation when providing climate finance, acknowledging country-driven strategies and the needs of developing countries (UNFCCC, 2025). However, in practice, adaptation has remained consistently underfunded. As a consequence, the Glasgow Climate Pact (COP26) urged developed countries to at least double adaptation finance to developing countries from 2019 levels by 2025. Based on data by the OECD, this would require reaching around US$38bn in 2025 (OECD, 2024).

Figure 3.1: Thematic allocation of public climate finance (2021–22; annual average)



Notes: Amounts and percentages shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.
Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

We estimate that public finance for adaptation reached US$24.4bn in 2021 and US$31.3bn in 2022. Despite the absolute increase, adaptation makes up around one-third of public climate finance on average over 2021-22; this is far from achieving true balance, which would imply a 50:50 split between mitigation and adaptation.[10]

Of the major bilateral providers, only Australia, the Netherlands, Switzerland, USA provided more than 50% of climate finance to adaptation over 2021–22. Sweden reaches the threshold if we assume that 'cross-cutting' finance also contributes partly to adaptation as shown in Table 3.1. Other countries, such as France, Germany and Japan, have some way to go towards achieving a balanced allocation. Countries with concerningly low adaptation shares include Austria, Spain, Norway and Italy.

DESPITE THE AGREEMENT FOR ACHIEVING BALANCE, DEVELOPED COUNTRIES FAVOR MITIGATION OVER ADAPTATION WHEN ALLOCATING CLIMATE FINANCE.

Table 3.1: Thematic breakdown of public climate finance (2021–22; annual average)

Provider	Adaptation	Cross-cutting	Mitigation	Adaptation + 50% Cross-cutting	2021-22 annual average (US$m)
Bilateral providers					
Australia	65%	13%	22%	71%	244.9
Austria	15%	17%	68%	23%	232.6
Canada	23%	22%	55%	34%	634.2
Denmark	35%	22%	44%	45%	296.2
EU Institutions (excl. EIB)	23%	45%	32%	45%	3,601.9
France	34%	0%	66%	34%	6,192.5
Germany	24%	27%	49%	38%	8,350.5
Italy	14%	33%	53%	31%	585.4
Japan	33%	3%	63%	35%	9,703.7
Netherlands	52%	28%	20%	66%	586.9
Norway	12%	13%	75%	18%	721.6
Spain	9%	13%	78%	16%	613.3
Sweden	46%	34%	20%	63%	519.9
Switzerland	60%		40%	60%	313.0
United Kingdom	27%	1%	72%	27%	1,995.7
United States	52%		48%	52%	2,861.8
Other developed countries*	49%	39%	12%	68%	350.9
Bilateral total	**31%**	**14%**	**55%**	**38%**	**37,804.9**
Multilateral providers					
MDBs	34%	2%	64%	35%	43,450.5
UNFCCC funds	38%	35%	27%	55%	721.5
Other multilateral climate funds and programmes	38%	19%	43%	48%	2,888.9
Multilateral total	**34%**	**4%**	**62%**	**36%**	**47,060.9**
Grand total	**33%**	**8%**	**59%**	**37%**	**84,865.8**

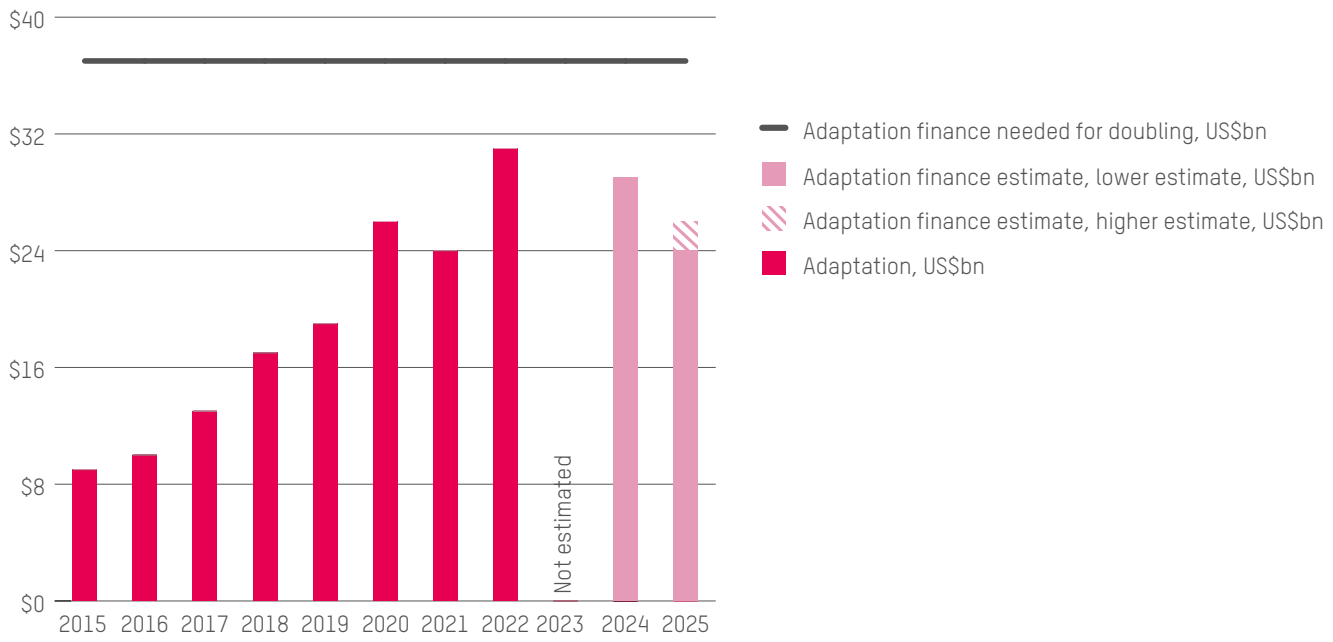
*Countries with less than US$250m in 2022.
Notes: Amounts and percentages shown in this chart are annual averages for 2021-22. The fourth column shows adaptation shares if we assume that 50% of all 'cross-cutting' finance serves adaptation purposes. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d. f) for most bilateral providers and the OECD CRDF dataset (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

It is far from certain if developed countries will reach the goal of doubling adaptation finance by 2025.[11] Until 2022, they were almost on track, but recent and planned future cuts to ODA risk reversing this positive trend. If these ODA cuts translate proportionally to adaptation finance, we can estimate that adaptation finance may reach US$29bn in 2024 and US$26bn in 2025, far short of what is needed to reach the promised doubling of adaptation finance. Failing to achieve it can only be considered a betrayal of vulnerable frontline communities, unsettling the already delicate balance of trust between developed and developing countries in the UNFCCC process.

IT IS FAR FROM CERTAIN IF DEVELOPED COUNTRIES WILL REACH THE GOAL OF DOUBLING ADAPTATION FINANCE BY 2025.

Figure 3.2: Reported and projected adaptation finance 2015–25



Notes: If climate finance will shrink proportionally with expected ODA cuts and the relative shares between mitigation and adaptation remain where they are, developed countries may not meet the goal set in 2021 to double adaptation finance by 2025. The effect of ODA cuts may be even more pronounced than shown above as adaptation finance relies relatively more on ODA financing than mitigation finance.

Sources: Oxfam and CARE's calculations are based on the BTR1s and Biennial Reports 3–5 (UNFCCC, n.d.c–f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. The figures for 2024 and 2025 are estimated based on cuts in ODA as projected by the OECD (OECD, 2025a). See Annex 2 for details of the methodology.

Even if the goal is met, adaptation finance will remain far below needs. UNEP's Adaptation Gap Report 2024 estimates developing-country adaptation finance needs at US$215–387bn per year (UNEP, 2024b). Additional efforts are thus needed to continuously scale up adaptation finance in the coming years. Unfortunately, the NCQG does not include specific provisions to ensure that adaptation finance will increase, such as by setting a sub-goal for adaptation finance as called for by many developing countries in the run-up to COP29. The Baku-to-Belém Roadmap now offers a unique opportunity to enhance adaptation finance in the future.

RECOMMENDATIONS

- **Increase adaptation finance:** All climate finance providers must commit, individually and collectively, to significantly increase adaptation finance. They should ensure that the Glasgow goal to double adaptation finance by 2025 is met, prioritizing grant-based finance, especially for LDCs and SIDS.
- **Achieve thematic balance:** The Baku-to-Belém Roadmap should include scenarios for achieving a 50:50 balance between mitigation and adaptation finance, while also ensuring adequate finance for addressing and responding to loss and damage. Decisive action is needed at COP30 to implement such scenarios.
- **Follow-up to the Glasgow goal:** Developed countries must commit to a new adaptation finance goal as a follow up to the Glasgow goal to double adaptation finance by 2025. This includes considering the proposal by LDCs to triple adaptation finance by 2030.

4

HALF OF CLIMATE FINANCE ALLOCATED TO LDCS AND SIDS WAS PROVIDED AS LOANS.

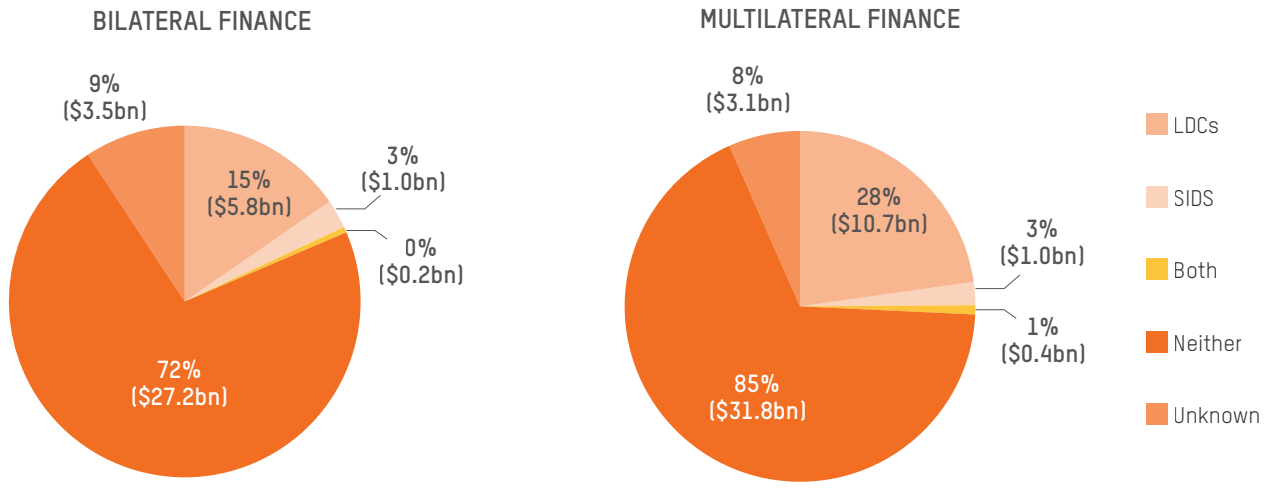
The Least Developed Countries (LDCs) and the Small Islands Developing States (SIDS) are particularly vulnerable to the worsening climate crisis due to their geography, poverty levels, and limited adaptive capacity. Many of the SIDS face existential threats due to rising sea levels. It is no surprise that LDCs described the COP29 outcome on the NCQG as 'A Staggering Betrayal of the World's Most Vulnerable' (LDC Climate Change, 2024). Their reaction is justified; the NCQG acknowledges the need for public and grant-based finance, in particular for adaptation and responding to loss and damage in the LDCs and SIDS (UNFCCC, 2025), but it fails to turn this acknowledgement into action, commitments or targets. This mirrors how major climate finance providers treat climate finance for LDCs and SIDS.

LDCS DESCRIBED THE COP29 OUTCOME ON THE NCQG AS 'A STAGGERING BETRAYAL OF THE WORLD'S MOST VULNERABLE'.

We estimate that 19.5% (US$16.5bn) and 2.9% (US$2.1bn) of total public climate finance was targeted at supporting LDCs and SIDS, respectively, on average over 2021–22. More than half (52% and 57%, respectively) of climate finance to LDCs and SIDS was provided through non-grant instruments; mainly in the form of loans that are often non-concessional. This is particularly the case for finance to SIDS and it risks creating, or contributing to, unsustainable debt burdens. More than half (55%) of LDCs and other low-income countries are currently at high risk of, or in, debt distress (World Bank, n.d.a).

VULNERABLE COUNTRIES SUCH AS THE LDCS AND THE SIDS RECEIVE ONLY SMALL SHARES OF OVERALL CLIMATE FINANCE.

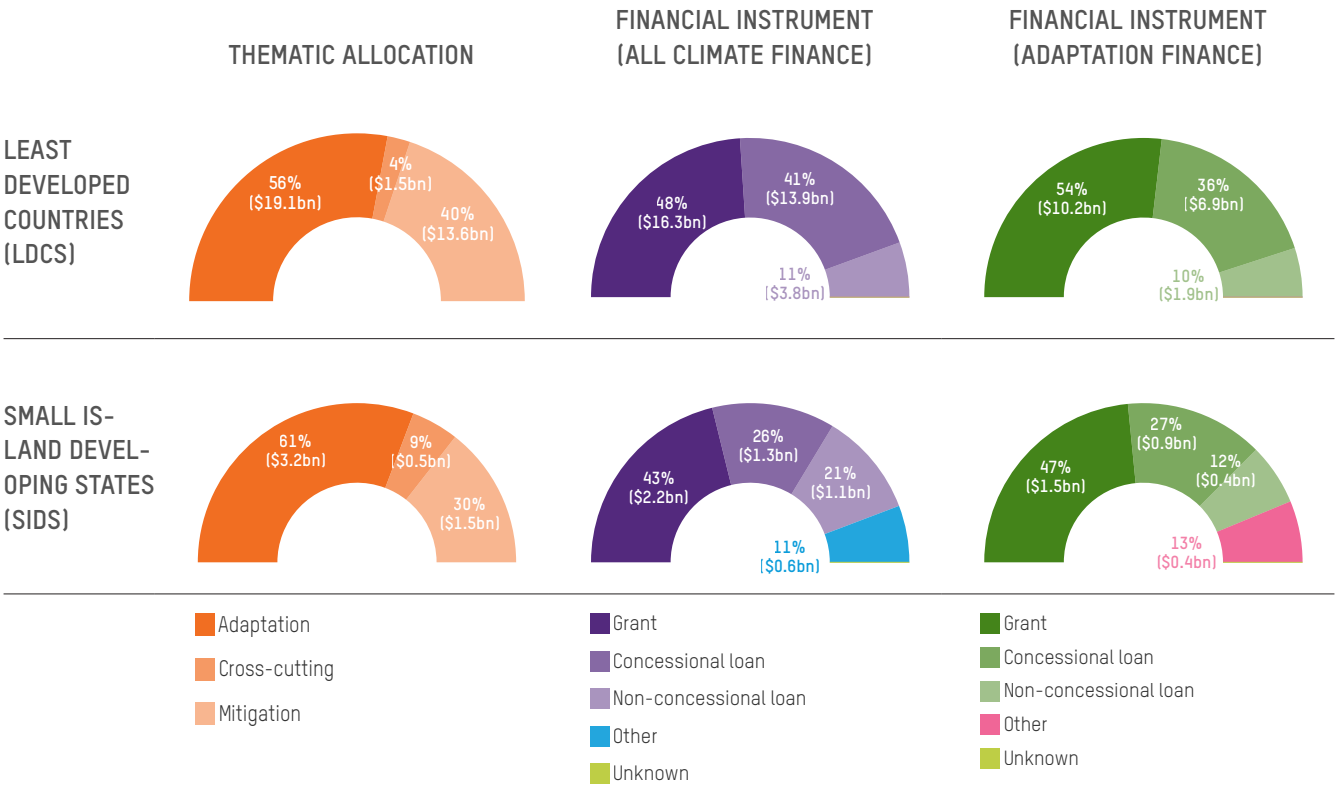
Figure 4.1: Public climate finance allocated to LDCs and SIDS (2021–22; annual average)



Notes: Amounts and shares shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

Figure 4.2: Thematic allocation and instrument split of climate finance for LDCs and SIDS (2021–22; annual average)



Notes: Some countries appear in both the LDC and the SIDS categories. Amounts and percentages shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

More than half of climate finance for both LDCs and SIDS was allocated for adaptation (56% and 61%, respectively). Shockingly, in many cases these highly vulnerable countries that have contributed almost nothing to the climate crisis are being given loans instead of grants to adapt to climate impacts. More than half of adaptation finance to LDCs came in the form of loans, and just slightly less than half in the case of SIDS.

BOX 4.1: CLIMATE FINANCE FOR FRAGILE AND CONFLICT-AFFECTED STATES

In this chapter we analyse climate finance for LDCs and SIDS because they are established groupings of particularly vulnerable countries in the UNFCCC process. Yet, fragile and conflict-affected states (FCAS) may need more attention in this process as well. An Oxfam assessment from 2023 shows that FCAS countries, despite their particular vulnerability due to fragility and conflict, received over half of climate finance provided to them over 2019–20 in the form of debt-creating instruments such as loans. On a per-capita basis, FCAS countries on average received significantly less climate finance than other countries. In addition, climate financing often omits conflict-affected locations within a country. Yet, communities in FCAS countries are in strong need of climate finance and can be important actors demonstrating how climate action in their context can reduce conflict and lead to more peaceful coexistence (Oxfam, 2023).

LDCS AND SIDS ARE HIGHLY VULNERABLE COUNTRIES THAT HAVE CONTRIBUTED ALMOST NOTHING TO THE CLIMATE CRISIS, YET THEY ARE BEING GIVEN LOANS INSTEAD OF GRANTS TO ADAPT TO CLIMATE IMPACTS.

Based on individual performance, our analysis shows that among the major providers, Spain, Australia, Austria and Canada provide less than 8% of their reported climate finance to LDCs. This is significantly below the average of 16% among all bilateral contributions from developed countries.

Few countries provide significant amounts or shares of climate finance to SIDS. The USA and Japan, while not providing large shares of their total climate finance to SIDS, are the greatest contributors in absolute terms, allocating an average of US$0.4bn and US$0.3bn, respectively, in 2021–22. During the same period, Australia provided 36% of its total climate finance to SIDS recipients, relative to the average only 3% for all other bilateral providers.

RECOMMENDATIONS

- **Prioritize LDCs and SIDS**. All climate finance providers, including bilateral providers, multilateral climate funds and MDBs, should set specific targets for providing a significant share of climate finance to LDCs and SIDS. They must ensure that such finance reaches the most affected and vulnerable communities. Such finance should be in the form of grants, especially for adaptation, to respond to loss and damage, and generally to countries with low capacities that are in, or at risk of, debt distress.
- **Improve reporting and transparency**. UNFCCC rules and reporting guidelines should be updated to require climate finance providers to report the specific shares of, and instruments used for, the climate finance that they contribute to LDCs and SIDS.

5

DEVELOPED COUNTRIES REPORTED NEARLY US$116BN IN CLIMATE FINANCE FOR 2022, BUT THE REAL VALUE OF PROVIDED FUNDS IS ONLY US$28–35BN.

Developed countries have celebrated their reported total of US$115.9bn provided in climate finance in 2022. This figure is significantly more than the US$89.6bn reported for 2021 (OECD, 2024) and exceeded the US$100bn goal, even though reaching this target was delayed by two years. While this may seem like cause for celebration, it is essential to ensure the goal is reached in a way that is fair and robust.

There is no universally agreed definition for how climate finance contributing to the goal should be counted with respect to fulfilling the obligations of developed countries to provide financial resources under the UNFCCC or the Paris Agreement. This has led to reporting practices that overstate the value and climate-relevance of provided funds by a significant margin.

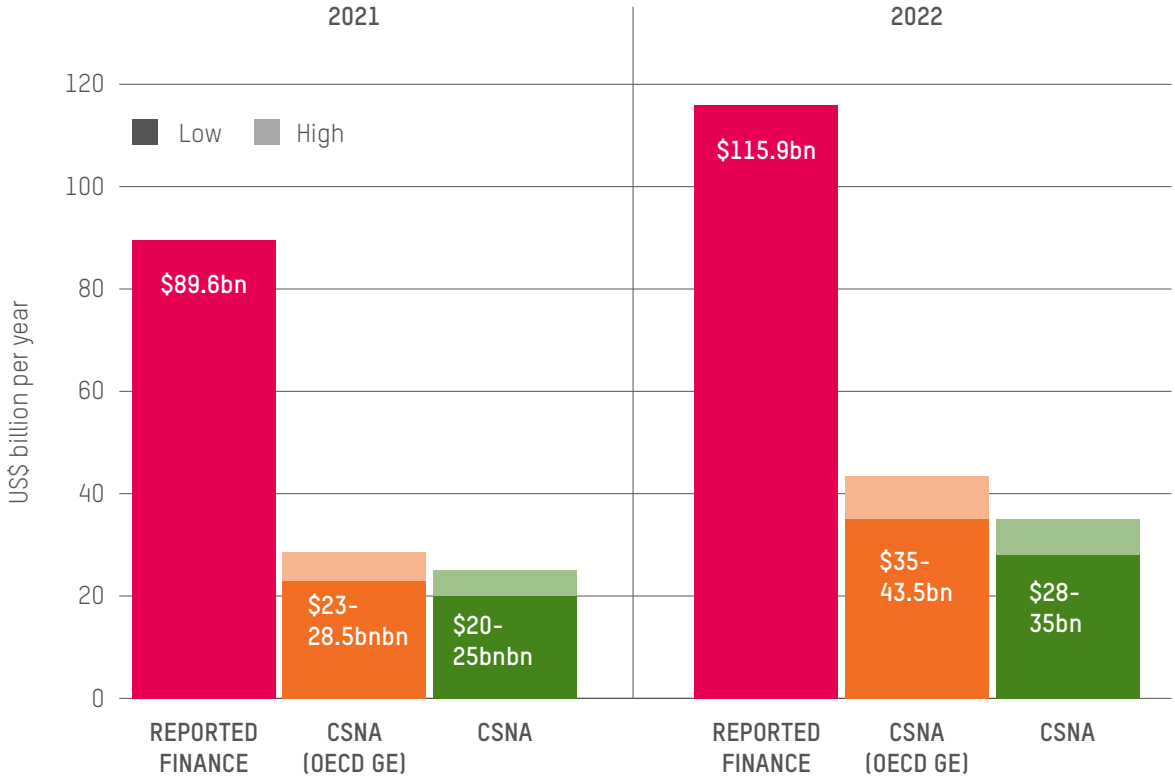
The problem arises from two key issues: Firstly, climate finance continues to be dominated by loans (including a large share of non-concessional loans); this contributes to the worsening debt crisis in many lower-income countries. Such loans are counted and reported at their face value, rather than by the underlying financial effort of developed countries (i.e., the amount being given away in such a loan by a developed country, by offering it on concessional terms). Secondly, the climate-relevance of reported finance is often exaggerated and reported volumes do not reflect amounts specifically directed at climate action.[12]

Oxfam has previously estimated what it has termed Climate-Specific Net Assistance (CSNA) for 2021 and 2022, in an attempt to better reflect the actual financial effort made by developed countries to provide finance in support of climate-specific action. CSNA is calculated based on the OECD's CRDF datasets (OECD, n.d.a) rather than on developed countries' BTR1s. Two principal steps are then taken, namely adjusting reported figures for climate-relevance, with a particular focus on projects that only partially pursued climate objectives, and calculating the grant-equivalent of provided funds for non-grant instruments such as loans.[13] The results can be seen in Figure 5.1.

THE ACTUAL FISCAL EFFORT BY DEVELOPED COUNTRIES IS LESS THAN A THIRD OF OFFICIAL REPORTED CLIMATE FINANCE AMOUNTS.

Based on this estimate, Climate-Specific Net Assistance is estimated to have amounted to US$20–25bn in 2021 and US$28–35bn in 2022 (Oxfam, 2024c). It should be noted that making this estimate does not contest the technical quality of aggregating developed countries' reported figures as, for instance, undertaken by regular reports by the OECD on progress towards the US$100bn goal (OECD. 2024a). But the estimates indicate that the actual financial effort by developed countries to support climate action in developing countries is vastly lower than the officially reported figures seem to suggest. This is a serious concern since accounting practices that overstate the actual value of provided funds, in terms of either effort or benefit, may give a misleading impression of the state of global cooperation or of the extent to which respective obligations under the UNFCCC and the Paris Agreement are being fulfilled. Such practices ultimately risk neglecting the urgent needs of people on the frontlines of the climate crisis.

Figure 5.1: Reported climate finance versus CSNA (2021–22)



Notes: The red bars show reported climate finance as compiled by the OECD (2024a). The orange and green bars show estimates of the real value of reported funds (CSNA), rounded to the nearest US$ 0.5bn and based on the CRDF datasets found in OECD (n.d.a). The orange bars use the standard OECD method for grant-equivalent accounting. The green bars use a more robust grant-equivalent methodology for more accurate accounting of the financial effort made by contributors. Lighter shading indicates the range between low and high estimates. See Oxfam (2024a) for a detailed methodology for calculating CSNA.

BOX 5.1: CREATIVE ACCOUNTING AND REBRANDING

Beyond the significant difference between reported finance and the 'real value' of provided support as presented in this chapter, there are also additional issues with creative accounting and the over-reporting of climate finance. For example, as a recent CARE report illustrates, the UK has recently reclassified GBP£1.7bn for humanitarian work and development activities to appear as contributing to its climate finance pledge.

Furthermore, various independent examinations of reporting indicate a trend among wealthy countries and multilateral institutions of exaggerating climate finance by a huge margin. Without clear rules on what constitutes climate finance, rich countries and international organizations can – and do – inflate their numbers (CARE, 2024a).

WITHOUT CLEAR RULES ON WHAT CONSTITUTES CLIMATE FINANCE, RICH COUNTRIES AND INTERNATIONAL ORGANIZATIONS CAN – AND DO – INFLATE THEIR NUMBERS.

RECOMMENDATIONS

- **Report grant equivalents:** All climate finance contributors should consistently report climate finance at grant-equivalent value, as developed countries already do for bilateral ODA reporting. This will increase transparency and better reflect the real effort associated with – and the benefits of – the support provided.
- **Avoid exaggerating climate relevance:** All climate finance providers should adjust their assumptions of the climate-relevance of provided funds so that they are more accurate. They should use a project-by-project approach to assess the climate proportion of project volumes where mitigation or adaptation (and addressing loss and damage) are only secondary goals.

6

DEVELOPED COUNTRIES CONTINUE TO IGNORE THE NEED FOR SUBSTANTIAL LOSS AND DAMAGE FINANCE.

At the UN's first global environmental conference in Stockholm in 1972, over 50 years ago, states agreed that they have a responsibility to ensure that activities within their jurisdiction do not cause damage to the environment of other states (UN, 1972). Yet, climate-related losses and damages are wreaking havoc in lower-income and vulnerable countries. These countries bear no or very little responsibility for the climate crisis that has mainly been caused by developed countries' out-sized historical greenhouse gas (GHG) emissions and their failure to cut emissions more promptly. Despite this, a fair and adequate system to provide sufficient and predictable finance to address – and respond to – loss and damage, remains elusive due to the resistance of developed countries.

Decades later, at COP27 in 2022, states finally acknowledged the 'urgent and immediate need for new, additional, predictable and adequate financial resources to assist developing countries that are particularly vulnerable to the adverse effects of climate change in responding to economic and non-economic loss and damage associated with the adverse effects of climate change' (UNFCCC, 2023). They agreed to establish a new multilateral fund for channeling such resources. The Fund for Responding to Loss and Damage (FRLD) was finally set up at COP28 but received only about US$800m in initial pledges, relative to expected needs in the order of hundreds of billions per year (Tavone et al, 2024; Bhattacharya et al, 2024). So, while the establishment of the FRLD is a landmark achievement, it will take significant political will – and time – before this fund will provide sufficient funding to frontline communities suffering from loss and damage.

NO COMMUNITY AND NO COUNTRY SHOULD BE FORCED INTO DEBT FOR RECOVERING FROM A CLIMATE-INDUCED CRISIS THAT THEY DID NOT CAUSE.

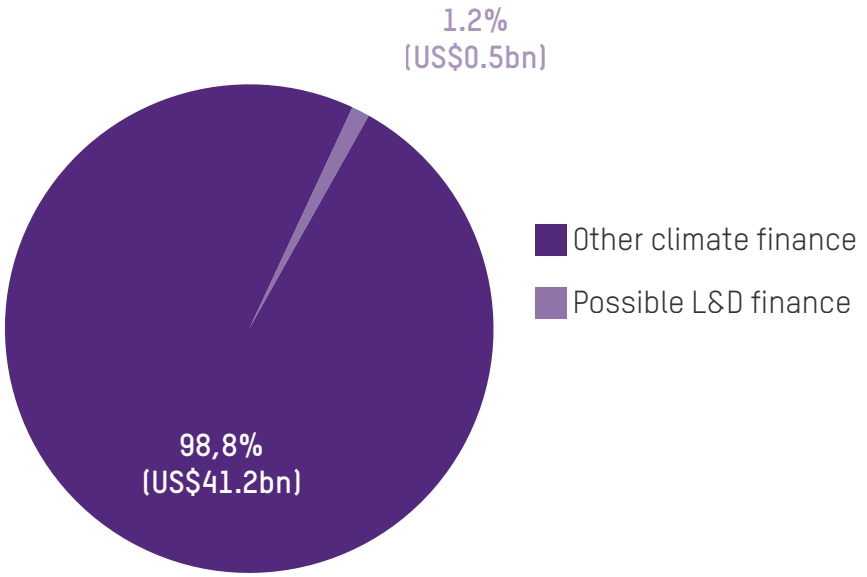
Recent CARE analysis of wealthy countries' plans for future climate finance also shows limited prioritization of loss and damage. No plans included targets for the future funding of loss and damage. Only Australia and New Zealand offered some detail on specific loss and damage-focused programmes they planned to fund, especially related to island states in the Pacific (CARE, 2025).

Current reporting frameworks do not require or distinguish finance specifically for loss and damage. Developed country governments routinely argue that loss and damage activities are inseparable from adaptation, suggesting that separate accounting for loss and damage finance is inadequate. This does not rule out that developed countries provide loss and damage finance, but it is hard (if not impossible) to identify in official reporting.

A keyword search of loss and damage-related terminology in project titles contained in developed countries' BTRs resulted in a sizable list of projects for 2022. Yet, a manual review of this list showed that most projects were either adaptation-related or so vaguely described that it was impossible to tell whether they targeted loss and damage. We estimate that only about 1% of total bilateral climate finance in 2022 (US$ 0.5bn) may have been for loss and damage interventions. More detailed analysis of reported projects would have to be undertaken to confirm even this small allocation as the BTRs

offer no reliable way to track whether, or how much, climate finance is being directed toward loss and damage interventions.

Figure 6.1: Possible loss and damage interventions in 2022 bilateral climate finance



ONLY A TINY SHARE OF 2022 BILATERAL CLIMATE FINANCE MAY HAVE BEEN DEDICATED TO LOSS AND DAMAGE.

Notes: At best about 1% of total bilateral climate finance in 2022 has been identified as possible loss and damage interventions in developed countries' BTR1s. Confirming even this small amount would require checking it against detailed project documents, given the lack of proper loss and damage finance reporting under current reporting systems.

Source: Oxfam and CARE's assessment based on developed countries' BTR1s (UNFCCC, n.d.f). See Annex 2 for details of the methodology.

RECOMMENDATIONS

- **Advance the loss and damage finance architecture:** All countries must work together to establish a solid foundation for the provision of needs-based loss and damage finance, eventually reaching hundreds of billions of US dollars per year. The Baku-to-Belém Roadmap should suggest next steps in relevant fora and processes.
- **Enhance transparency:** The Enhanced Transparency Framework of the Paris Agreement should be adjusted to include separate reporting for loss and damage finance. Options should also be considered to introduce a specific Rio marker[14] for loss and damage in ODA reporting systems of the OECD DAC.
- **Scale-up loss and damage finance:** Developed countries must scale up (and, in many cases, introduce) grant-based loss and damage finance in their individual climate finance portfolios, including by scaling up contributions to the FRLD. Loss and damage finance must be provided in addition to ODA and humanitarian assistance, and it should come in the form of grants. No community and no country should be forced into debt for recovering from a climate-induced crisis that they did not cause.

7

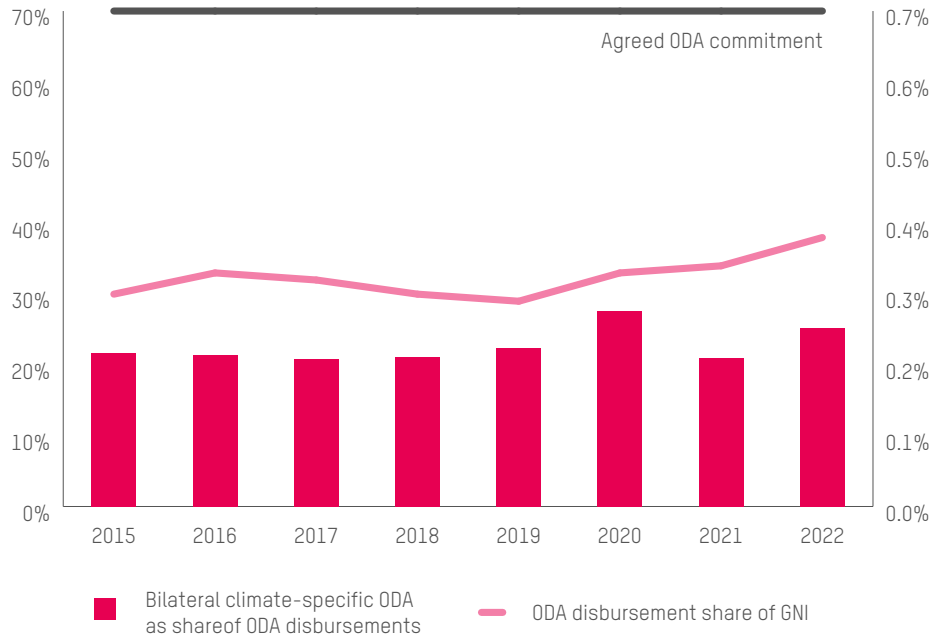
CLIMATE-SPECIFIC ODA IS TAKING UP ABOUT ONE QUARTER OF ODA BUDGETS, RATHER THAN BEING 'NEW AND ADDITIONAL'.

Despite developed countries' long-standing commitment (since 1970) to increase their ODA to 0.7% of gross national income (GNI), the total net ODA has fluctuated around just above a disappointing 0.3% (OECD, 2016). Preliminary data for 2024 shows that aid reached a quota of just 0.33% down from 0.37% in 2023 (OECD, 2025b). In 2024, only four countries met the 0.7% commitment. Aid also decreased in absolute terms between 2023 and 2024. Worryingly, ODA is set to see more cuts in the future.

Yet, ODA remains crucial for achieving the Sustainable Development Goals (SDGs), which are in serious danger. Developing countries now face the worst medium-term economic outlook in a generation (UN, 2024). Progress on many of the goals remains far too slow in many regions, often caused by a lack of public finance. In particular limited ODA from developed countries, which is vital for ending poverty and ensuring a better future for the world's most vulnerable, is affecting progress towards achieving the SDGs.

CLIMATE-SPECIFIC ODA ACCOUNTS FOR A SIGNIFICANT PROPORTION OF OVERALL ODA, HARDLY ANY CLIMATE FINANCE IS BEING PROVIDED AS 'NEW AND ADDITIONAL' FINANCE.

Figure 7.1: Climate-specific bilateral ODA as a share of overall bilateral ODA (2015–22)



Notes: In similar figures by the OECD the shares appear to be higher. This is because the OECD does not discount for climate-relevance of projects where the climate is only a significant objective.[15] The orange boxes show the share of total ODA disbursements allocated to bilateral climate-specific finance. The blue line shows total ODA disbursements as a share of GNI, while the black line marks the OECD's agreed target of providing 0.7% of GNI as ODA.

Sources: Oxfam and CARE's calculations are based on the BTR1s and Biennial Reports 3–5 (UNFCCC, n.d.c–f) for most bilateral providers. ODA and GNI figures are retrieved from the OECD (OECD, n.d.b). See Annex 2 for details of the methodology.

This is compounded by the problem that climate-specific ODA is taking up a significant proportion of total ODA (see Figure 7.1). Of course, the integration of climate action with other development strategies is crucial as efforts to improve adaptation, mitigation, and addressing loss and damage can often contribute to other development priorities. In turn, development objectives need to be pursued in alignment with climate objectives. However, while there are many synergies between climate and development priorities, there are limits. The worsening climate crisis poses additional and escalating challenges with increasing costs for developing countries, especially with regards to adapting to the changing climate and responding to unavoidable losses and damages.

A CARE analysis of climate finance reported by developed countries from 2011 to 2020 found that only 7% was in fact new and additional to the commitment to provide 0.7% of GNI in ODA (CARE, 2024b). As a result, most of the public climate-specific ODA reported by wealthy countries is taken directly from development aid budgets. This means less support for health, education, women's rights, poverty alleviation, and progress towards the achievement of the Sustainable Development Goals.

This underscores why it is critical for climate finance to be new and additional. It should not come at the cost of achieving other development priorities and exacerbate the financial strain on lower-income countries by diverting crucial development aid. Climate finance must be a separate and additional funding stream, not a replacement for ODA.

CLIMATE FINANCE MUST BE A SEPARATE AND ADDITIONAL FUNDING STREAM, NOT A REPLACEMENT FOR ODA.

RECOMMENDATIONS

- **Ensure additionality:** Ensure that climate finance is provided in addition to aid commitments. Funds counted towards the US$100bn goal and the NCQG, as well as the financial obligations under the UNFCCC and the Paris Agreement, should not also be counted towards the 0.7% GNI aid target. As a first step, developed countries should commit to ensuring that future increases in climate finance qualifying as ODA form part of an overall aid budget that is increasing at least at the same rate as climate finance.
- **Tap into new sources of finance**. All countries need to support urgent action to implement the most promising new national and international sources of climate finance. This includes redirecting fossil-fuel producer subsidies and instituting taxes on the super-rich and polluting industries.

8

CLIMATE FINANCE CONTINUES TO NEGLECT GENDER EQUALITY AND LOCAL LEADERSHIP.

The impacts of the climate crisis are unevenly distributed and highly localized. Women, children, Indigenous Peoples, people with disabilities, and other marginalized groups often bear the brunt of climate change impacts and climate-related disasters, including losses and damages, despite these groups being key actors implementing many of the much-needed climate solutions. Climate finance must therefore be responsive to the specific vulnerabilities of these groups. This requires an approach grounded in human rights and the principles of local leadership, inclusion, gender equality, and the empowerment of women and girls. Embedding these principles throughout the design, delivery and monitoring of climate finance is essential to ensuring that it is not only effective and efficient, but also equitable and just.

Local communities at the frontlines of climate change impacts are often best situated to formulate and implement climate projects. Locally led adaptation that gives communities a voice in the decisions that affect their lives can lead to more effective, equitable and sustainable outcomes. Recognizing this, many providers of climate finance – including bilateral providers, UN agencies and MDBs – have now endorsed the Principles for Locally Led Adaptation.[16] These principles acknowledge that the impacts of climate change primarily unfold at the local level and underscore the need to ensure that local communities are empowered to lead on the decisions that affect them. Despite growing support for locally led initiatives in principle, there is a lack of data on how much climate finance is being spent at the local level or in partnership with local communities. This makes it difficult to track whether these principles are being applied in practice or if climate finance is provided in forms that make it easily accessible for local communities (see, for example: Oxfam, 2024d).

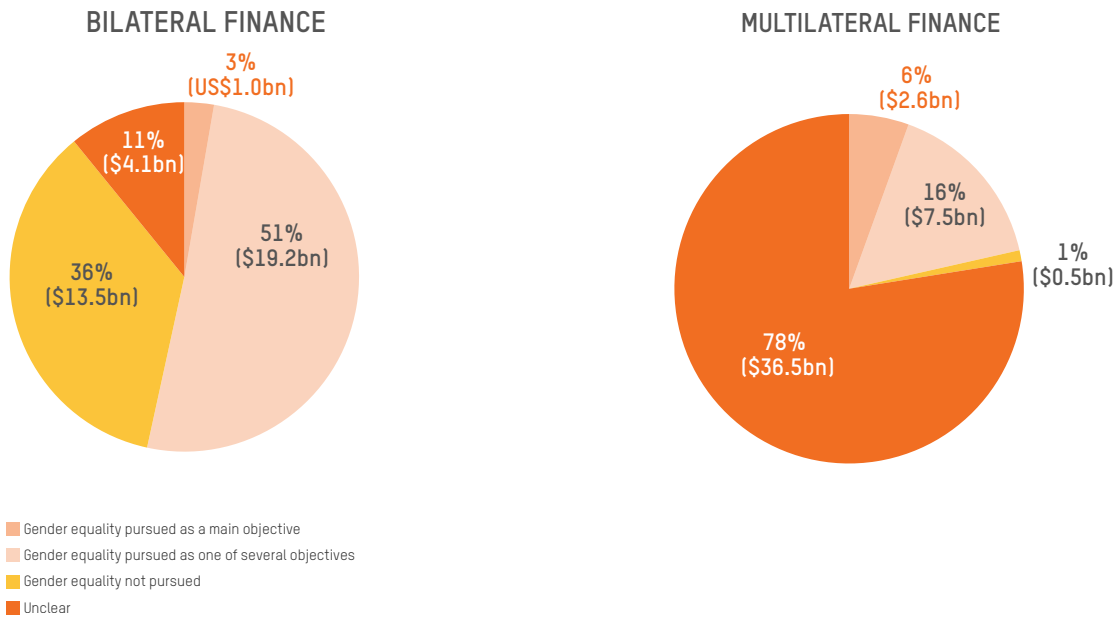
Women and men experience the impacts of climate change differently; this can be due to unequal access to land, financial assets, education or political processes, but also as a result of other factors such as social norms. This heightens women's vulnerability and reduces their capacity to respond. As primary caregivers and contributors of reproductive work, women often carry a disproportionate burden in the face of climate shocks. Women are often responsible for providing and preparing food, collecting water, and tending to crops, and in times of hardship they may be forced to drop out of education or into early marriage, or become victims of abuse and violence. All these issues need to be mainstreamed into climate interventions as climate finance that does not address gender equality can exacerbate existing inequalities and marginalization, and contribute to maladaptation.

Transparency remains a significant issue in tracking how gender is prioritized in climate finance. The biennial reports submitted by developed countries to the UNFCCC do not include information on advancing gender equality. To estimate the amount of bilateral public climate finance that specifically advances gender equality, we use proxy data from the OECD CRDF datasets. Based on OECD data, in 2021–22, gender equality was identified as a principal objective in only 6% of multilateral climate-related development finance,

while it was pursued as a significant objective in 16% of finance. For bilateral providers, 3% of climate-related finance was spent on activities with gender equality as a principal objective and 51% as a significant objective.

Applying these shares to the climate finance reported in the BTRs suggests that out of the US$38bn in reported bilateral public climate finance (2021–22 annual averages) a mere US$1bn was specifically aimed at advancing gender equality. A further US$19bn may have pursued gender equality to some degree but not as a main objective.

Figure 8.1: Estimated climate finance pursuing gender objectives (2021–22; annual average)



Notes: Our estimates assume that gender objectives in climate finance reported through the BTRs were pursued proportionally to how climate-related development finance (as reported to the OECD) was tagged with the Rio marker for gender equality. Amounts and percentages shown in this chart are annual averages for 2021-22. Figures might not add up due to rounding.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers as well as the relative shares with respect to the gender-equality Rio marker. See Annex 2 for details of the methodology.

Most multilateral providers do not report on gender equality when reporting to the OECD. Therefore, a large share of finance is not marked for gender objectives. Of the MDBs, 78% of their finance was not screened for gender. This lack of transparency and consistency in the reporting of gender-equality objectives, specifically among the MDBs, must be addressed.

GENDER EQUALITY WAS RARELY PURSUED AS A MAIN OBJECTIVE IN CLIMATE FINANCE IN 2021–22.

It has also been argued that projects that are supposed to focus on gender equality are not of sufficiently high quality. Oxfam's analysis of major climate finance providers' self-reported gender-equality projects found that none of the donors consistently included enough gender-equality components for their projects to be considered high quality. Only around 20% of the projects examined identified or addressed unintended negative consequences, and women's participation and leadership were likewise seldom addressed (Essick and Grabowski, 2020).

RECOMMENDATIONS

Climate finance providers must:

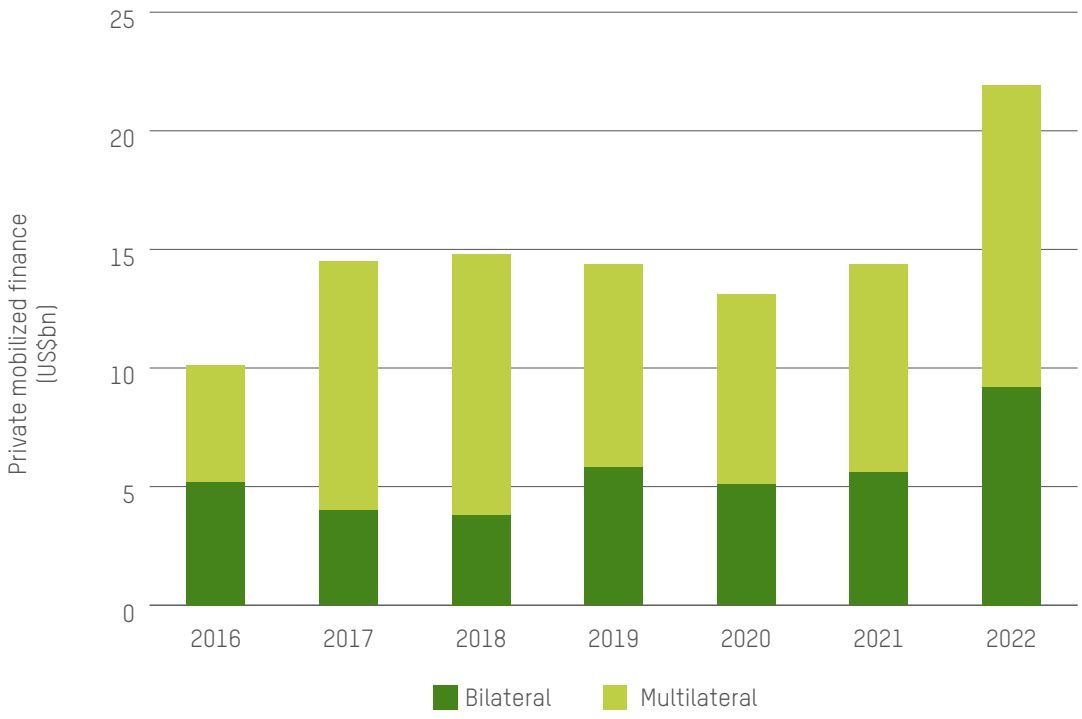
- **Scale up climate finance for local communities:** All climate finance providers should Increase funding for climate action at the community level, aligning with developing countries' national planning & policies, including their Nationally Determined Contributions (NDCs) and relevant frameworks such as the Principles for Locally Led Adaptation.
- **Enhance access:** All climate finance providers should enhance access to climate finance for local communities, women and other marginalized groups, including through the expansion of direct-access mechanisms.
- **Prioritize gender equality in climate finance:** All climate finance providers and recipients should prioritize gender equality in providing and implementing climate finance, enhancing the inclusion, participation and decision-making of women in climate project cycles and climate-related policies.
- **Enhance reporting:** The Enhanced Transparency Framework under the Paris Agreement should be adjusted to enable the monitoring of gender equality objectives in reported climate finance.super-rich and polluting industries.

9

CONSISTENT AND TRANSPARENT DATA ON MOBILIZED PRIVATE FINANCE IS LACKING.

Developed countries had originally planned for private investors to deliver a substantial share of the US$100bn goal (UNFCCC, 2019), reporting such finance if developed countries claim a causal link between a private investment and a developed country's effort to mobilise it (OECD, 2023). This corresponds to a general trend by which private investment is expected to play a major role in financing the implementation of the SDGs (OECD, n.d.c.). Yet, this has not materialized so far to the desired scales (OECD, 2022). The OECD reports that mobilised private climate finance has flat-lined at around US$14bn per year; the only sizable increase relative to previous years was in 2022 (see Figure 9.1).

Figure 9.1: Mobilized private climate finance as reported by the OECD (2016-2022)



Note: Bilateral and multilateral mobilized private finance as reported to the OECD.

Source: OECD (OECD, 2024a).

MOBILISED PRIVATE FINANCE HAS NOT MET DEVELOPED COUNTRIES' EXPECTATIONS, WHILE CONSISTENT DATA IS LACKING.

For the first time, developed countries have now reported their own account of mobilized private climate finance in their BTRs. The resulting total is significantly higher than the amounts reported by the OECD (see Table 9.1), even though neither Japan nor France reported any figures.

It remains unclear why these differences exist; developed countries may use a more generous approach when reporting bilaterally mobilized private finance in their BTRs than the OECD does in its regular reports. At the

same time, it is impossible to analyse the OECD figures more closely as they continue to be based, at least in parts, on confidential data (shared with the OECD under non-disclosure agreements) from developed countries and multilateral institutions reporting to have leveraged those private investments.

Table 9.1: Bilaterally mobilized private finance: OECD versus BTR1s

	2021	2022
As reported in the BTR1s	US$10.4bn	US$18bn
As reported by the OECD	US$5.6bn	US$9.2bn

Notes: Amounts are stated in US$ billions. Not only are the figures reported in the BTRs significantly higher, they are also missing data from Japan and France that did not disclose mobilized amounts.

Source: BTR1s (UNFCCC, n.d.) and OECD (OECD, 2024a).

Multilaterally mobilized private finance is even more difficult to assess as transparent reporting systems are non-existent. In their joint reporting efforts, MDBs report mobilized private finance but not in sufficient detail to allow full differentiation between developed and developing countries.[17]

Obvious inconsistencies between what developed countries report in their BTRs versus what the OECD (on behalf of the same group of countries) reports mean that the actual amount of mobilized private finance remains somewhat opaque. There is an urgent need to make reporting practices more consistent and comparable.

This is particularly important given the great hopes placed by many (and especially developed countries) that private finance will take on an increasing role in future climate finance. This bears risk. While private finance has a role to play to implement the Paris Agreement, it will not be able to replace much-needed public finance in critical areas, including adaptation or addressing loss and damage, but also for mitigation action in less-developed markets. In addition, developing country governments may get under pressure to make their countries more 'investor-ready', threatening their policy space to expand or maintain social policy, environmental standards etc.

RECOMMENDATIONS

- **Enhance transparency:** The Enhanced Transparency Framework of the Paris Agreement should be adjusted to ensure proper and consistent reporting of mobilized private finance. This includes agreeing on what forms of mobilization and resulting investments would be reported. This would also address the causality between public finance used to mobilize and the resulting investment and the issue of double-counting in attributing mobilized amounts between governments.
- **Scaling-up mobilized private finance:** The Baku-to-Belém Roadmap should provide scenarios and options for the mobilization of private climate finance to complement, not replace, much-needed public finance. Mobilized private finance should be designed to benefit local economies rather than the interests of global investors, adhere to environmental and social safeguards and human rights, and be implemented based on participatory and inclusive, gender-responsive approaches. Efforts to mobilise private finance must not limit the policy space of recipient countries' governments to, for example, adopt or maintain social policy.

ANNEX 1: AGGREGATED PUBLIC CLIMATE FINANCE DATA

Table A1: Reported public climate finance and its thematic and financial instrument breakdown (2021)

Provider	Reported total (US$m)	Thematic breakdown (US$m)			Financial instrument breakdown (US$m)				
		Adaptation	Cross-cutting	Mitigation	Grant	Concessional loan	Non-concessional loan	Other[1]	Unknown[2]
Bilateral providers									
Australia	199	155	22	23	199				
Austria	161	53	43	65	77	74		10	
Canada	734	219	205	311	154	536	26	18	
Denmark	293	96	50	146	293				
EU Institutions (excl. EIB)[3]	2,961	375	1,448	1,137	2,961				
France	6,151	2,183	1	3,967	387	5,123	424	218	
Germany	8,031	2,045	2,621	3,365	3,886	3,930	69	146	
Italy	374	79	232	63	191			183	
Japan	8,522	3,537	63	4,922	1,055	5,565	1,569	334	
Netherlands	596	297	190	109	596				
Norway	699	80	68	551	503		52	144	
Spain	596	24	43	529	63	210	61	263	
Sweden	561	237	219	104	529			32	
Switzerland	311	185		126	311				
UK	1,819	431		1,389	955			864	
USA	1,342	685		657	625	61		657	
Other developed countries[4]	300	143	105	51	270	15		10	4
Bilateral total	**33,650**	**10,824**	**5,310**	**17,515**	**13,053**	**15,513**	**2,202**	**2,878**	**4**
Multilateral providers									
MDBs[5]	36,582	12,015	402	24,166	4,257	6,031	22,540	550	3,204
Other multilateral climate funds and programmes[6]	358	244	25	88	71	120	127	40	
UNFCCC funds[7]	3,821	1,341	720	1,760	1,975	56	1,351	440	
Multilateral total	**40,761**	**13,600**	**1,147**	**26,014**	**6,303**	**6,207**	**24,017**	**1,030**	**3,204**
Grand total	**74,411**	**24,424**	**6,458**	**43,530**	**19,356**	**21,720**	**26,219**	**3,908**	**3,208**

Notes: Figures might not add up exactly due to rounding. In line with the OECD approach to calculating public climate finance, export credits have been removed from bilateral totals reported in BTR1s. Only the USA's climate finance is affected by this exclusion as US$11m of export credits was excluded in 2021 figures.

[1] 'Other' includes equity, guarantees, insurance and mixed finance. Spain, the UK and the USA reported high shares in this category.

[2] 'Unknown' shows finance where no information is provided about instruments.

[3] Only climate finance via the European Commission and the European Development Fund is shown, excluding the European Investment Bank (EIB) which is included under MDBs. When the EIB's climate finance is classified as bilateral finance instead, the reported total for the EU grows significantly with 62% of the combined EU institutions' climate finance shown as loans, almost exclusively on non-concessional terms, and the thematic allocation significantly tilts in favour of mitigation, rising from 38% to 73%.

[4] Bilateral providers with less than US$250m overall climate finance in 2022 are compiled as 'Other developed countries'. As Iceland and Monaco have not submitted BTRs yet, their climate finance is estimated based on the CRDF datasets.

[5] This includes the African Development Bank; the African Development Fund; the Asian Infrastructure Investment Bank; the Caribbean Development Bank; the Central American Bank for Economic Integration, the Council of Europe Development Bank, the Development Bank of Latin America, IDB Invest, the Inter-American Development Bank; the Asian Development Bank; the EU institutions (EIB); the European Bank for Reconstruction and Development; the International Bank for Reconstruction and Development; the International Development Association; and the International Finance Corporation.

[6] This includes CGIAR; the Climate Investment Funds – Clean Technology Fund; the Climate Investment Funds – Strategic Climate Fund; the Global Green Growth Institute; the IMF Resilience and Sustainability Trust; the International Fund for Agricultural Development; and the Nordic Development Fund.

[7] This includes the Adaptation Fund; the Food and Agriculture Organization; the GEF Least Developed Countries Fund (LDCF); the GEF Special Climate Change Fund (SCCF); the GEF General Trust Fund; and the Green Climate Fund.

Sources: Oxfam and CARE's calculations based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

Table A2: Reported public climate finance and its thematic and financial instrument breakdown (2022)

Provider	Reported total (US$m)	Thematic breakdown (US$m)			Financial instrument breakdown (US$m)				
		Adaptation	Cross-cutting	Mitigation	Grant	Concessional loan	Non-concessional loan	Other[1]	Unknown[2]
Bilateral providers									
Australia	291	163	41	86	249	10	31		
Austria	304	15	39	251	66	224	6	9	
Canada	535	73	74	387	526			8	
Denmark	300	109	77	114	300				
EU Institutions (excl. EIB)[3]	4,243	1,259	1,791	1,193	4,243				
France	6,234	2,077		4,157	268	4,837	992	137	
Germany	8,670	2,028	1,826	4,815	4,251	3,829	37	306	247
Italy	797	86	156	554	199	598			
Japan	10,885	2,957	587	7,341	1,424	7,669	1,109	683	
Netherlands	578	317	138	123	578				
Norway	744	90	126	528	549		100	95	
Spain	630	87	119	425	174	258	78	121	
Sweden	479	240	137	102	450			29	
Switzerland	315	189		126	315				
United Kingdom	2,172	640	30	1,502	1,258			914	
United States	4,381	2,308		2,073	2,295	897		1,190	
Other developed countries[4]	402	200	169	33	341	12	16	26	7
Bilateral total	**41,960**	**12,839**	**5,311**	**23,810**	**17,486**	**18,333**	**2,370**	**3,517**	**254**
Multilateral providers									
MDBs[5]	50,319	17,288	1,469	31,562	5,764	10,575	29,346	776	3,858
Other multilateral climate funds and programmes[6]	1,085	302	484	299	226	155	670	34	
UNFCCC funds[7]	1,957	862	365	730	1,028	680		249	
Multilateral total	**53,361**	**18,452**	**2,318**	**32,591**	**7,018**	**11,411**	**30,015**	**1,059**	**3,858**
Grand total	**95,321**	**31,291**	**7,629**	**56,401**	**24,504**	**29,744**	**32,385**	**4,576**	**4,112**

Notes: Figures might not add up exactly due to rounding. In line with the OECD approach to calculating public climate finance, export credits have been removed from bilateral totals reported in BTR1s. Only the USA's climate finance is affected by this exclusion, as US$201m of export credits was excluded in 2022 figures.

[1] 'Other' includes equity, guarantees, insurance and mixed finance. The UK and the USA reported high shares in this category.

[2] 'Unknown' shows finance where no information is provided about instruments.

[3] Only climate finance via the European Commission and the European Development Fund is shown, excluding the European Investment Bank (EIB) which is included under MDBs. When the EIB's climate finance is classified as bilateral finance instead, the reported total for the European Union grows significantly with 61% of the combined EU institutions' climate finance shown as loans, almost exclusively on non-concessional loans terms. The thematic allocation significantly tilts in favour of mitigation, rising from 28% to 69%.

[4] Bilateral providers with less than US$250m overall climate finance in 2022 are compiled as 'Other developed countries'. As Iceland and Monaco have not submitted BTRs yet, their climate finance is estimated based on the CRDF datasets.

[5] This includes the African Development Bank; the African Development Fund; the Asian Infrastructure Investment Bank; the Caribbean Development Bank; the Central American Bank for Economic Integration; the Council of Europe Development Bank; the Development Bank of Latin America; IDB Invest; the Inter-American Development Bank; the Asian Development Bank; the EU institutions (EIB); the European Bank for Reconstruction and Development; the International Bank for Reconstruction and Development; the International Development Association; and the International Finance Corporation.

[6] This includes CGIAR; the Climate Investment Funds – Clean Technology Fund; the Climate Investment Funds – Strategic Climate Fund; the Global Green Growth Institute; the IMF Resilience and Sustainability Trust; the International Fund for Agricultural Development; and the Nordic Development Fund.

[7] This includes the Adaptation Fund; the Food and Agriculture Organization; the LDCF, the SCCF; the GEF General Trust Fund; and the Green Climate Fund.

Sources: Oxfam and CARE's calculations are based on the BTR1s (UNFCCC, n.d.f) for most bilateral providers and the OECD CRDF datasets (OECD, n.d.a) for multilateral and some (minor) bilateral providers. See Annex 2 for details of the methodology.

ANNEX 2: METHODOLOGICAL NOTES AGGREGATING THE NUMBERS

The overall estimates for climate finance in 2021 and 2022 were constructed as follows:

BILATERAL FINANCE

Bilateral finance for all developed countries except Iceland and Monaco is based on data as submitted in developed countries' First Biennial Transparency Reports (BTR1s; UNFCCC, n.d.f). We apply the following measures for standardization and further adjustments:

Export credits are removed in line with the OECD approach to calculating public climate finance.

- Unit and currency normalization where these are missing or not corresponding to how other parties have reported (all figures are expressed in consistent units and USD). Currency conversion uses country- and year-specific exchange rates*:*
  - Japan (JPY USD) 2021 = 109.75; 2022 = 131.43.
  - France (EUR USD) 2021 = 0.8455; 2022 = 0.9493.
  - USA/UK: values reported in millions scaled by 1,000,000.
- Harmonization and classification: Mapping of reported recipients, instruments and support types into a single, coherent taxonomy; 'mixed' entries (for example, Grant and Loan; ODA and Other Official Flows (OOF); non-regional multi-country recipients are split and apportioned equally to avoid double counting.
- Recipient and naming consistency: Standardization of country and region names (including multi-country strings) and routine quality checks (for example, currency consistency, outlier flags).

Iceland and Monaco had not submitted their BTR1 at the time of finalization. Estimates are therefore based on data submitted to the OECD CRDF datasets. Projects from these countries with a Rio marker set to 2 (either adaptation or mitigation) are counted at 100%; projects with one Rio marker set to 1 are counted at 50% of the overall reported amount. For Iceland, this is consistent with how they have reported their coefficient application to the OECD DAC. Monaco has not provided information on their coefficient application to the OECD (OECD, 2024b).

MULTILATERAL FINANCE

Multilateral finance is based on the OECD CRDF datasets (recipient-perspective; (OECD, n.d.a), with the following measures for standardization and adjustments:

- Alignment to the same instrument and support-type taxonomy as for bilateral flows.
- Harmonized treatment of multi-country entries as described above for bilateral finance.
- Adjustment for developed countries' attributable shares of multilateral finance (OECD, n.d.d.)

The totals presented and used in this report differ slightly from figures reported by the OECD (OECD, 2024a). These differences largely reflect transparent methodological choices – such as the treatment of missing domestic-USD pairs, recipient country listings, multi-country entries, and reliance solely on publicly available information. In practice, deviations do not alter the overall trends.

CHAPTER 1

CLIMATE FINANCE TOTALS

The climate finance estimates presented in this chapter are based on the methodology described in the previous section.

PROJECTIONS FOR 2024 AND 2025

We use OECD net ODA disbursements to scale public climate finance. We first assume 2023 climate finance to increase proportionally to ODA disbursements. For 2024, we apply a 9% reduction to 2023 levels, matching the OECD's estimated decline in ODA from 2022 to 2024 (OECD, n.d.b). For 2025, we layer OECD's projected additional ODA cuts on top of the 2024 level: a "lower-cut" scenario of –9% and a "higher-cut" scenario of –17% (OECD, 2025a). The spread

between these scenarios is driven mainly by the United States: the lower-cut reflects a 38% reduction to USAID funding in 2025 relative to 2024, while the higher-cut reflects an 82% reduction. The outlook beyond 2025 is uncertain, with indications of further declines.

Note that our climate-finance series is in nominal terms, while the ODA inputs are in constant 2023 prices; inflation may therefore slightly affect direct comparisons.

CHAPTER 2

INSTRUMENT BREAKDOWN

The instrument breakdown presented in this chapter is based on the methodology described in the section 'Aggregating the numbers' above.

We map to five mutually exclusive classes: Grant; Concessional loan; Non-concessional loan; Other (includes instruments such as insurance, guarantees, equity, and mixed instruments (for example, mezzanine finance); Unknown (used when the financial instrument is not specified).

TIME SERIES (FIGURE 2.2)

Methods follow the methodology described in the section 'Aggregating the numbers' above. Missing amounts are standardized to USD by using the World Bank DataBank – World Development Indicators exchange rates (World Bank, n.d.b).

For multilateral finance, we use the CRDF recipient perspective for all years 2015–22. For bilateral finance, because BTR1 covers only 2021–22, we extend the series back to 2015 using Biennial Reports 3–5 via the Biennial Report Data Interface (BRDI; UNFCCC, n.d.g). Where a country's reporting is missing from BRDI, we access its report directly and integrate (UNFCCC, n.d.a–e).

ESTIMATED CLIMATE LOAN DEBT SERVICE (TABLE. 2.2)

To derive debt-service profiles for loans in the BTR, CRDF and CRS data, we use the OECD Creditor Reporting System (flows; CRS) dataset where loan-term details are available (for example, maturity, grace period, interest rate and type, repayment type and variable-rate flags) (OECD, n.d.e). These fields allow construction of cash-flow schedules for a subset of providers.

Loan-level cash-flow construction with CRS data:

1. Amortization profile: We reconstruct repayment type (equal-principal, bullet or annuity) and respect any grace period before repayments begin.
2. Scheduled payments: at each payment date, we compute:
    a. principal repayment;
    b. interest on the outstanding balance;
    c. front-end and commitment fees (only available for multilaterals).
3. Debt-service multiple. Aggregate all future payments to obtain the total debt-service multiple for each loan.

For loans with fixed terms, we calculate interest payments with this rate throughout the entire loan duration. For loans with flexible terms, however, we calculate two interest payment estimates: a low- and a high-end scenario estimate. For the low-end scenario estimate, we use the reference rates applicable to each loan at the time of commitment throughout the entire loan-repayment period. For the high-end scenario, we instead used current reference rates throughout the entire loan-repayment period.[18, 19]

Provider-level aggregation and extrapolation to BTR and CRDF:

- Weighted averages: for each provider and year with sufficient CRS loan-term coverage, we compute volume-weighted averages of the debt-service multiple across all loans with complete terms.

- Extrapolation: we then apply these provider-year averages to the corresponding BTR loan volumes for bilaterals and CRDF loan volumes for multilaterals to estimate aggregate debt-service.

Treatment of multilateral institutions and the EIB:

- Multilateral finance in general: where representative concessional and non-concessional terms are publicly available, we have retrieved these and computed debt-service multiples using the same method as for bilaterals.[20]
- EIB: the CRS database contains full contract terms for EIB operations; we calculate country-year average debt-service multiples using the same cash-flow method as above.

Where detailed loan-term data is missing (for example, for many multilateral institutions or bilaterals), we impute using volume-weighted averages drawn from loans with full specifications in the same year. This fit-and-fill approach ensures that every loan receives a defensible repayment profile while maintaining full coverage across bilateral and multilateral finance.

Tables 2.1 and 2.2 both use ranges for the resulting debt service of loans for multilateral providers as well as the total figures. For bilateral providers, a single figure is provided as the range of low- and high-end scenarios result in the same value when rounded.

CHAPTER 3

The thematic allocation presented in this chapter is based on the methodology described in the section 'Aggregating the numbers' above.

We harmonize the reported 'type of support' field to a small set of labels for consistency – Adaptation, Mitigation, Cross-cutting, Unspecified, and No information – by collapsing obvious variants (for example: 'adaptación/mitigación'; 'cross cutting/transversales/Mitigation and Adaptation'; 'other (climate unspecified)/ingei'; 'n/a/0').

In the CRDF, multilateral providers mostly report climate components rather than using Rio markers. We allocate the totals as follows: adaptation equals the reported adaptation amount excluding any overlap; mitigation equals the reported mitigation amount excluding any overlap; and cross-cutting is the overlap itself.

PROJECTION OF ADAPTATION FINANCE (THROUGH TO 2025)

For the projections we use the OECD net disbursement figures for 2015–22 (OECD, n.d.b.). and (OECD, n.d.b.). We assume the adaptation share of climate finance to be constant from 2022 and onwards at 33%. We then apply the proportional changes to adaptation finance for 2024 and 2025 as we did with the 2024 and 2025 projections in Annex 2, Chapter 1 to estimate the impact of development aid cuts on climate finance.

CHAPTER 4

The allocation of climate finance to LDCs and SIDS presented in this chapter is based on the methodology described in the section 'Aggregating the numbers' above. We then isolate finance to countries belonging to either country grouping.

We assign LDC status using the United Nations Trade and Development LDC list (World Bank, n.d.c; UNCTAD, n.d.). Where a country appears in both lists (i.e., it has a World Bank income group and is classified as an LDC), the LDC status overrides the income group for headline reporting in this chapter.

We flag Small Island Developing States (SIDS) using the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States List of SIDS (UN-OHRLLS, 2025).

Using these flags, we produce totals and shares, LDC versus non-LDC, and SIDS versus non-SIDS.

CHAPTER 5

For data sources, climate-relevance treatment, grant-equivalent accounting, attribution of multilateral flows, and sensitivity checks, see the methodology sections of Climate Finance Short-Changed, 2024 Update (Oxfam, 2024c). Those procedures are applied here without modification.

CHAPTER 6

We flag public bilateral finance as possibly addressing loss and damage (L&D) within the BTR1 for the year 2022 after harmonization as described under 'Aggregating the numbers' above.

We then run a case-insensitive keyword search over project titles (the BTR system does not generally allow for project descriptions). Records matching one or more of the terms below are flagged:

- recovery, reconstruction, rehabilitation, restore, rebuild/rebuilding, repair/repairing, remedy/remedying;
- disaster, extreme event, slow-onset, social protection, relocation, displacement;
- floods/flooding, extreme rain, drought, heat/extreme heat;
- cyclone(s), hurricane(s), typhoon(s).

If a record is flagged, we manually check the project entry for its relevance regarding addressing loss and damage (especially in contrast to adaptation). If the manual checking suggests a project may have been dedicated to loss and damage we carry through the provider-reported climate finance amount from the underlying dataset.

We are aware that the keyword approach may under-capture relevant activities and over-capture some general disaster-risk items. We therefore present figures as indicative and encourage readers to interpret them with caution.

CHAPTER 7

We use OECD Data Explorer to retrieve for ODA net disbursements and GNI, and the OECD climate-related development finance (CRDF; recipient-perspective) for bilateral climate-related finance (OECD, n.d.a–b). The CRDF is a subset of the CRS system that underpins DAC statistics, so this pairing ensures internal consistency between the ODA denominator and the climate numerator.

1. **ODA as a share of GNI (per year)**: from DAC1, we extract ODA net disbursements and GNI and then compute the ODA/GNI ratio (percent).
2. **Bilateral climate-related finance from CRDF (face value)**: the CRDF RP data is filtered to bilateral flows and ODA-eligible disbursements. We use the dataset's Rio markers to derive climate-relevant amounts, applying provider-specified coefficients where disclosed (OECD, 2024b); otherwise use default 50% for RM = 1 and 100% for RM = 2. Records with RM = 0 contribute 0 to the climate total. Totals include adaptation, mitigation and cross-cutting as reported after the Rio marker adjustment.
3. **Climate-related finance as a share of ODA**: for each year, the bilateral climate-related ODA (after Rio marker adjustment) is divided by ODA net disbursements from DAC1 to obtain the climate-related share of ODA (percent).

We intentionally use disbursements for the climate numerator to match ODA net disbursements in the denominator. Using CRDF (rather than BTR) avoids scope differences because CRDF draws directly from CRS, the same source family as DAC1.

CHAPTER 8

We calculate gender marker shares using the CRDF RP dataset because it includes project-level gender-equality markers while the BTR1s do not. For bilateral providers, we first adjust for the climate relevance using the Rio Marker system, we first adjust for climate relevance using the method described in Annex 2, chapter 7 (provider-specified coefficients where disclosed, otherwise the defaults used in this report). For multilateral providers, who use the climate components method rather than Rio Markers, we use the method described in Annex 2, chapter 3.

We then compute, by year, the share of climate-related development finance with a significant gender objective (gender marker set at 1); and the share with a principal gender objective (gender marker set at 2).

Because BTRs do not report gender objectives, we estimate bilateral absolute amounts by applying the CRDF-derived gender shares to the BTR bilateral climate totals. For multilateral finance, we take absolute amounts directly from the CRDF data, which already contains gender markers for those records.

CHAPTER 9

We use UNFCCC BTR1 – Table 3 (Support mobilized by public interventions) for 2021–22. Only amounts mobilized are used for our estimate, and we exclude resources used to mobilize, since those public outlays are assumed to already be reported in the bilateral and multilateral tables.

For the comparison in Table 9.1, we show the OECD's headline series alongside BTR totals.

Figures shown are obviously incomplete since some BTR1 submissions (for example, Japan and France) did not disclose mobilized amounts. Still the aggregated amounts contained in the BTR1s are significantly larger than those reported by the OECD.

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ENDNOTES

1 Among the factors affecting the different outcome figures are the inclusion or exclusion of specific contributor and recipient countries. For multilateral finance, this report only includes finance provided to countries listed in OECD's climate-related development finance datasets (OECD, n.d.a).

2 For example, data reported by EU Member States under the EU's Regulation on the Governance of the Energy Union and individual countries' own communications on climate finance.

3 These reductions are driven primarily by cuts announced by four of the largest ODA providers, namely France, Germany, the UK and the USA. However, the OECD reports that Belgium, Finland, the Netherlands, New Zealand, Sweden, Switzerland, and (from 2026) Austria have also announced cuts.

4 Note that climate finance figures are presented in nominal terms, reflecting values in the year disbursed, without adjustment for inflation. The ODA decreases this analysis relies on are expressed in constant 2023 prices. As such, direct comparisons between changes in ODA and changes in climate finance may be affected by inflation. We acknowledge this may slightly understate or overstate real changes in aid volumes.

5 For example, see existing criticism related to the World Bank's accounting of climate finance, such as: Oxfam, 2022 and Oxfam, 2024a.

6 A global survey commissioned by Greenpeace and Oxfam found that eight out of ten people support taxing oil and gas corporations to pay for climate damages. See: Oxfam, 2025.

7 With regards to instruments such as equity, insurance and guarantees, we note that these can embed concessionality, but they do not inherently constitute a transfer of resources to developing countries in the same way as grants or concessional loans. Their fiscal effort is contingent and hard to verify ex ante: equity can generate profits to the provider; guarantees only pay out if losses materialize; and insurance premiums may or may not reflect a real subsidy. In the absence of transparent, project-level subsidy metrics, counting the full face value of these instruments as climate finance overstates provider effort.

8 The Netherlands does provide some of its climate finance as loans, including through the development bank FMO. In those cases, it reports only the costs to the development ministry (in other words, the 'inflow' into FMO or another loan provider).

9 Spain is a case in point: in 2021, 39% of its reported climate finance consisted of a single export credit insurance project – providing reinsurance to the UK's export credit agency for the Egypt monorail. Reliance on export credits is problematic as these instruments primarily serve commercial risk management for exporters rather than providing genuine concessional climate finance.

10 Such a 50:50 split would not interfere with the imperative to establish a solid foundation for loss and damage finance. Instead, it suggests that the overall amount allocated to both mitigation and adaptation would be split 50:50, with loss and damage finance coming on top, and all three areas adding up to total climate finance.

11 Due to delays in reporting, we will not know before early 2027 when the Second Biennial Transparency Reports (BTR2s) will be available.

12 See, for example: Lottje (2017), CARE (2021), Toetzke (2022), and Borst (2022).

13 See Oxfam (2024) for further details about the methodology for calculating CSNA.

14 'Rio markers' are OECD-DAC policy tags used in the CRS to identify aid activities that target Rio Convention objectives (including climate change mitigation and adaptation). For further information, see OECD, 2011.

15 See for example https://www.oecd.org/en/topics/sub-issues/development-finance-for-climate-and-the-environment.html.

16 The Principles for Locally Led Adaptation are a set of eight principles that provide a framework for decentralizing adaptation programs, funding and practices to local levels. See Global Commission on Adaptation, 2021.

17 Data is detailed with respect to mobilized private finance for different income groups, but the high-income countries group includes both developed and developing countries, hence making a proper assessment difficult.

18 Note that if a loan has a flexible interest rate, the rate fluctuates rather than being expressed as a single interest rate. To simplify the calculation, we have only used one single rate. This simplification will overestimate the debt service between the commitment and now. Indeed, the exact point showing both the figures with the reference rates from the time of commitment and present reference rates is to show that using only a single rate for expressing the value of a flexible loan is not showing the complete picture – especially when rates have increased substantially from 2021 to now.

19 For bilateral loans, we have used the six-month average Secured Overnight Financing Rate (SOFR) (Federal Reserve Bank of New York, n.d.). For multilateral loans, we have used the reference rate specified in the available loan agreements, which is the yearly averages of either the six-month SOFR, the six-month London Interbank Offered Rate (LIBOR), or Special Drawing Rights per USD (SDR-USD) (Federal Reserve Bank of New York, n.d.; European Central Bank, n.d.; International Monetary Fund, n.d.). The LIBOR has since been discontinued, so it is assumed that loans following the LIBOR now use the SOFR as reference date. Average rates used for 2021 are: SOFR: 0.035%; LIBOR: 0.168%; and SDR-USD: 0.054%. Average rates used for 2022 are: SOFR: 0.818%; SDR-USD: 1.219%. Rates used for current rates are: SOFR: 4.374%; SDR-USD: 2.932%.

20 For the lending terms, see, for example: IDA. (n.d.). IDA Lending Terms. Accessed 12 September 2025. https://ida.worldbank.org/en/financing/ida-lending-terms.

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For further information on the issues raised in this publication please email advocacy@oxfaminternational.org or CJC-info@carenederland.org

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