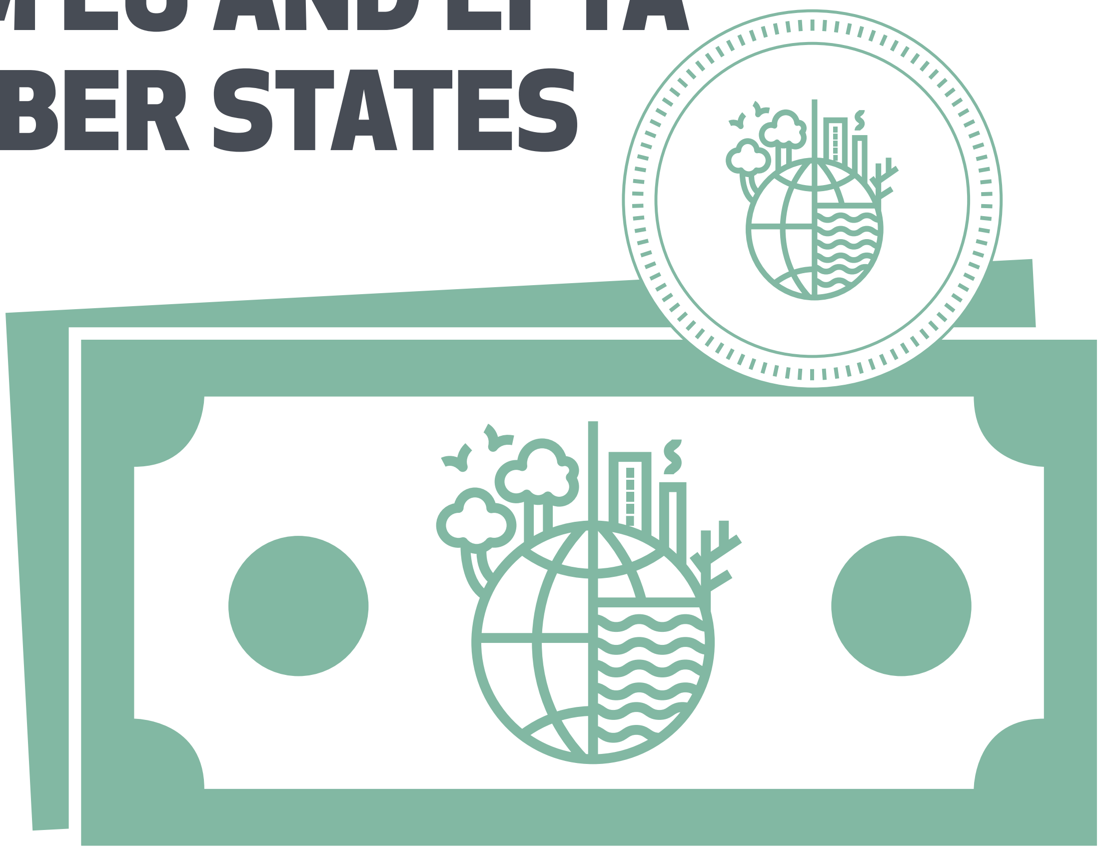
SETTING THE STANDARD:

CLIMATE FINANCE FROM EU AND EFTA MEMBER STATES

18 January 2021



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Foreword

We are in a midst of a global climate emergency, and it is easy to feel despair. However, there are solutions, and the possibilities for climate action offer hope. But action will only happen if finance is available, and that is why the conversation on climate finance is a cornerstone of the climate debate.

In our report last year, *Falling Short*, we looked at commitments to climate finance made by the EU institutions (the European Commission and the European Investment Bank) and outlined ways in which this climate support to developing countries could be improved. In this report, we assess the climate finance offered by EU and EFTA member states. Together with other developed countries, they have promised to deliver US$ 100 billion in climate finance to developing countries annually by 2020. The report analyses the latest set of reports to the UN, the Biennial Reports submitted in 2019 with data from 2018.

Wealthy countries, who have done the most to cause climate change, have a duty to support those who have done least to contribute to climate change, but who are already bearing the brunt of its impact. We acknowledge that EU Members have done more than many wealthy nations to contribute towards climate finance. However, as we show below, their efforts are still falling short of what is needed to reach US$ 100 billion.

EU and EFTA countries need to scale up their contributions. Support should be provided as grants, not loans. Donor countries must make sure that the funds are additional to existing ODA commitments so that other pressing development needs are not neglected. The EU and its member states need to lead the way, and to set a new, better standard for climate finance globally.

Prof. Dr. h. c. Cornelia Füllkrug-Weitzel
President, Bread for the World, and ACT Alliance EU Board Chair

Key points and recommendations

- Developed countries have made a commitment to give US$ 100 billion per year to developing countries in climate finance. It is clear that the modest increases we see in recent years in climate finance from the EU and its member states are not enough. While the total reported climate finance from the EU and its member states amounted to €23.2 billion in 2019 (approximately US$ 27 billion), our estimate is that the EU fair share of the US$ 100 billion should be between US$ 33 and 36 billion.
- European climate finance is also significantly over-reported. Currently, loans can be reported to the UN as if they were directly equivalent to grants, which they are not. While some countries only report the grants that they give, others report vast amounts of loans, including loans at rates closer to those found on commercial markets. Using the agreed OECD methodology for reporting grant equivalent overseas development assistance and applying it to the figures reported to the UN, total EU climate finance in 2018 drops to €11.6 billion - only just over half of the total currently reported.
- Using these grant equivalent figures, we calculated their share of each country's Gross National Income to give an indication of effort compared to size and wealth. In 2018, just three countries gave more than a tenth of one percent (0.1%) of their Gross National Income in climate finance (Sweden, Norway and Germany), and no country gave as much as 0.2%.
- Ensuring a balance between adaptation (actions to allow countries to adapt to current or inevitable climate change), and mitigation (actions to reduce greenhouse gas emissions) is mandated by the Paris Agreement. However, the balance of global finance is overwhelmingly towards mitigation, while it is adaptation finance which is most badly needed in developing countries. Our analysis reveals that when only grant equivalent finance is reported, the EU and EFTA states have a close to 50/50 balance between adaptation and mitigation. This emphasises that loans in particular tend to favour mitigation.
- Although donor countries have committed to providing 'new and additional' climate finance, there is no consensus as to how that should be defined. Our analysis shows the wide variation of definitions used by European states, and how the finance reported would differ hugely depending on the metric chosen.

Recommendation One: The EU, its institutions and its member states, as well as EFTA member states, must redouble efforts to scale up climate finance.

Recommendation Two: Countries should prioritise climate grants over loans, particularly for least developed countries. Countries should only report their grant equivalent contributions as climate finance to the UN, using the method agreed at the OECD.

Recommendation Three: Countries should ensure that their grant equivalent contributions to climate finance increase in line with their Gross National Income.

Recommendation Four: Developed countries are collectively responsible to ensure balance between adaptation and mitigation for the US$ 100 billion commitment to climate finance. If developed countries base their commitment on the climate finance they have reported, including the face value of loans, that means that support to adaptation should be drastically scaled up.

Recommendation Five: UN member states should agree on a common definition of 'new and additional' climate finance, to ensure that funds devoted to climate finance complement, and do not divert from, other urgent development needs. Climate finance should be considered as 'new and additional' only when it is exceeds existing commitments for development aid.

One: EU contributions are falling short of what is needed

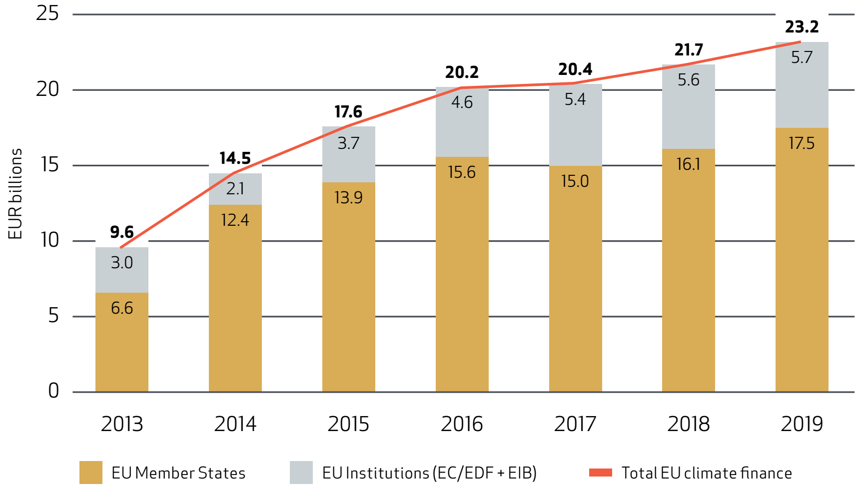

Figure 1: Total climate finance from public budgets and development financial institutions of the EU, its member states (including the UK) and the EIB. As reported by the EU in yearly Council Conclusions on Climate Finance.

In October 2020, the EU released its climate finance figures for 2019 under the heading: 'Since 2013, Europe has more than doubled the funds raised to help developing countries mitigate and adapt to the impact of climate change.'[1]

While true, this statement is slightly misleading. Much of the significant increases took place in the earlier years, with later years seeing more modest increases – even as the climate crisis worsens dramatically. From 2018 to 2019, the increase was 7% year on year. More importantly, current contributions are well short of what is needed to meet and sustain the pledge made by developed countries to collectively mobilise US$ 100 billion in climate finance per year to developing countries by 2020.

The US$ 100 billion target is important, as it is the only concrete figure which we have for climate finance. But since it is not broken down by country, calculating the 'fair share' to be paid by the EU and its member states of the US$ 100 billion global commitment is more difficult.

We know who should contribute towards it – under the UN agreements, the so-called 'Annex II parties' have to provide climate finance to developing countries, as well as reduce their own carbon emissions. There are 24 Annex II parties - 23 countries, and the European Community.[2] Many of the Eastern European EU member states are not obliged to contribute to developing countries, since they are regarded as economies in transition. However, many of them do on a voluntary basis, and we have included their contributions when we have assessed EU climate finance in this report.

The general debate around effort sharing often focuses on the "polluter pays principle", linking financial contributions to emissions. A comprehensive approach to effort sharing is taken by the Greenhouse Development Rights project[3], based on historic emissions, current capacity, and a development threshold. Many NGOs, including members of the ACT Alliance, have used the method developed by the Greenhouse Development Rights project

1. Council of the European Union, Infographic - Europe's contribution to climate finance (€bn), 30 October 2020. https://www.consilium.europa.eu/en/infographics/climate-finance/
2. The United States is included here, given President-elect Biden's pledge to re-join the Paris Agreement when he takes office.
3. Approach developed by ECO Equity and Stockholm Environmental Institute http://gdrights.org/

to calculate the fair share which their country should be paying. For example, Trócaire and Christian Aid Ireland calculated that Ireland should be contributing $522 million in climate finance, per year, which far exceeds current contributions.[4]

Using the Greenhouse Development Rights calculator, we estimate that the EU and its member states should be paying approximately one-third of the US$ 100 billion (that is, US$ 33 billion).[5] Another possibility is to use the Gross National Income of each country to calculate their fair share. Using this method, the EU and its member states should be paying approximately US$ 36 billion.

These numbers are indicative only, since there is no agreed method to calculate 'fair share' of the US$ 100 billion. However, it is clear that the latest figure of €23 billion for 2019 (approx. US$ 27 billion) falls short of these estimations.

Furthermore, this €23 billion includes large amounts of loans, which add to already unsustainable levels of debt, and should not be counted in the same way as grants. Using the methodology agreed by the OECD for development assistance, only **just over half** of the €23 billion reported meets the criteria for grant equivalence, reducing the EU contributions to €11.6 billion (see Table A-2 in Technical Annex). This is discussed further in Section Two below.

Recommendation: The EU, its institutions and its member states, as well as EFTA member states, must redouble efforts to scale up climate finance.

Methodological note:

Our study relies on climate finance contributions reported in Common Tabular Format (CTF) tables within Biennial Reports (BRs) in 2018, which are submitted to the United Nations Framework Convention on Climate Change (UNFCCC) by the EU and its member states. These reports track the provision of climate finance in relation to the collective US$ 100 billion per year climate finance target. For those countries who have not provided BRs to the UNFCCC, yet have submitted Monitoring Mechanism Regulation (MMR) reports to the EU, these sources of information have been used instead. The United Kingdom is included as a member state in this analysis, since the figures pre-date the UK withdrawal from the EU. In the case of Spain, there are discrepancies between the totals reported in BR CTF tables, and the totals calculated using the data submitted by Spain to the UN's BR-DI dataset, which compiles donors' BR climate finance submissions. Because the BR-DI data set is used to analyse across countries we have used the totals reported there.

In our country-by-country analysis, we have also included the European Free Trade Association (EFTA) countries, which are Norway, Switzerland, Iceland and Liechtenstein, although figures were not reported by Liechtenstein or Iceland.

For further analysis, we have also looked at figures from the Organisation for Economic Co-operation and Development (OECD). The EU and the countries featured in this report also report to the OECD on their development assistance, and it is possible to analyse the climate finance portion of that development assistance using Rio markers. This allows us to distinguish between loans and grants, and to calculate grant equivalent share as agreed by the members of the OECD.

4. Trócaire and Christian Aid, The Cost of Inaction, 2019

5. Using the Climate Equity Reference Calculator, https://calculator.climateequityreference.org/

Two: Too many countries are providing climate finance as loans

There is a lack of consistency in the way in which countries report climate finance to the UN. Some countries (such as the UK, Sweden and Denmark), only report grant finance. Others report all climate finance - whether it is grants, concessional loans, or loans closer to market rates - as if they were of equal value.

Below, we have shown which of the biggest donors are over-reporting their climate finance. For example, only just over half of what Germany reports as climate finance can be considered equivalent to grants. In the case of France, only 30% of climate finance is grant equivalent. 9% of this is grants, and another 21% is the 'grant equivalent share' of concessional loans. Fully 20% of France's climate finance is provided as non-concessional loans – that is, loans at or close to market rates - which could be profitable for the donor country and incur the risk of debt distress for the receiving country.

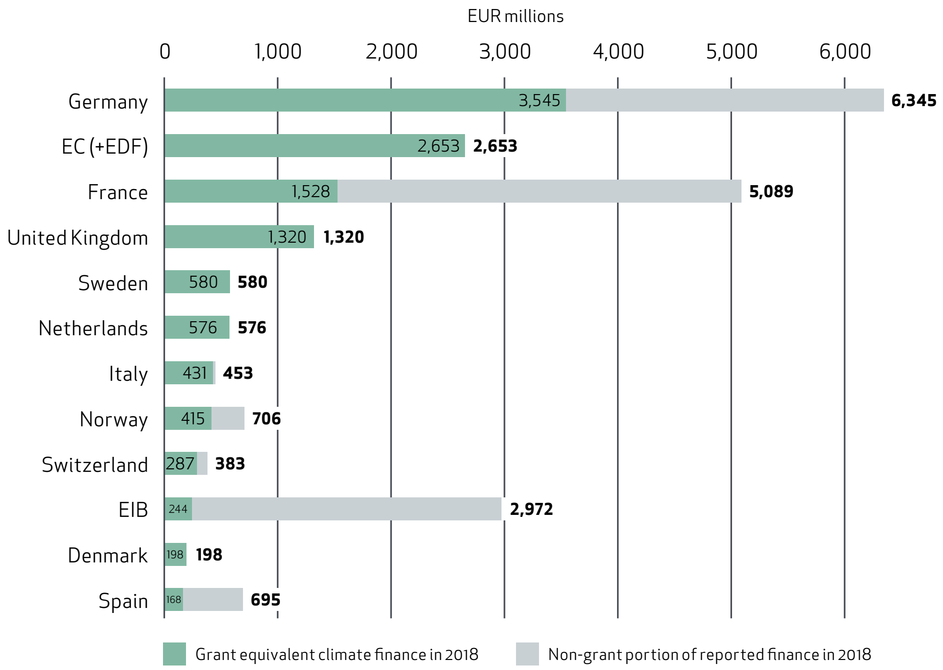

Figure 2: The top 12 contributors of grant equivalent climate finance amongst EU member states, the EU institutions and EFTA member states in 2018. Figure in bold is the total reported climate finance in 2018. See Tables A-1 and A-2 in Technical Annex.

These calculations are based on the guidelines for the reporting of Official Development Aid agreed by the Organisation for Economic Cooperation and Development (OECD).[6] Donor countries must provide finance on more generous or 'concessional' terms (lower interest rates, or longer grace periods) than those found in commercial financial markets. The level of generosity required for it to count as Official Development Aid varies according to the income group of developing country recipients. Any finance that does not meet the threshold is deemed 'non-concessional'.

Until 2018, any finance that met the agreed level of generosity was counted in full as Official Development Aid, regardless of whether it is a loan or a grant. However, it is clear that loans, even on more generous than market terms, are not equal to grants. From 2018, therefore, countries have to report to the OECD on the 'grant equivalent share' of their

6. See OECD Reporting Directive (2016) at https://www.oecd.org/dac/financing-sustainabledevelopment/developmentfinance-standards/DCDDAC(2016)3FINAL.pdf.

contributions. This is an agreed way of measuring the 'gift' portion of loans. As an OECD working paper which explained the new rules puts it: 'A loan offered at market terms has a grant element of zero percent. This becomes a positive percentage if the lender adds an element of generosity. But it can never reach 100%, for only grants are pure "gifts".'[7]

No such rules apply to climate finance reporting to the UN. But as has been agreed by the OECD, it is extremely important that we distinguish between grants and loans in finance to developing countries, because a loan must be repaid, and usually even a concessional loan bears some interest.

Clearly, there is a place for loans as well as grants in our fight against climate change. Article 2.1 c of the Paris Agreement commits to strengthening the global response to the threat of climate change, including by 'making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'.[8] This means that all financial instruments, including financial policies, policy levels, loans and standards, should ensure that they are compatible with low emissions and climate resilient outcomes.[9]

But the fact remains that, for the poorest countries, loans are ill-suited to meet the challenges of addressing climate change actions – especially adaptation- which need urgent and sustained change over an extended period of time. The International Monetary Fund (IMF) states that 34 out of 73 low-income countries are now either in debt distress, or at high risk of getting into it[10], and many of these countries are already recipients of non-concessional finance. Climate finance provided through loans can add to already unsustainable levels of debt, and fails to address the historical and financial imbalances that makes these transfers necessary in the first place.

Recommendation: Countries should prioritise climate grants over loans, particularly for least developed countries. Countries should only report their grant equivalent contributions as climate finance to the UN, using the method agreed at the OECD.

Methodological note:

The grant equivalent value of climate finance for each member state is calculated after an assessment of the financial instruments each donor uses to deliver their climate finance. Different grant equivalent shares are applied to the finances extended using different instruments. Climate finance provided as grants are counted as 100% grant equivalent, and non-concessional loans 0%. For flows of climate finance reported for the year 2018 and onwards, donors have reported the grant equivalent value of the concessional loans that they have disbursed to the OECD. This allowed the calculation of the grant element (the percentage of a loan's face-value which can be considered the grant equivalent) of these disbursements of climate-relevant concessional loans for each individual EU Member State, EFTA State and EU institution who disbursed climate-related loans that year. For those EU member states and EFTA States who did not disburse climate-related loans in 2018 (preventing the calculation of a country-specific grant element percentage), but who did report climate-related loans to the UNFCCC, the grant element percentage of all international provisions of concessional loans in 2018 has been used. See Table A-1 in Technical Annex for full data.

7. OECD Working Paper no 339: The grant element method of measuring the concessionality of loans and debt relief, 18 May 2017.
8. United Nations Paris Agreement, Article 2(1c) https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf
9. See ODI and WRI, Making finance consistent with climate goals: Insights for operationalising Article 2.1c of the Paris Agreement, December 2018.
10. IMF list of debt distressed countries: https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf

Three: How do European contributions compare?

In the table below, we have ranked the grant equivalent contributions of the EU and EFTA member states according to their share of Gross National Income (GNI). This allows us to compare the contribution of member states while taking into account their wealth and size.

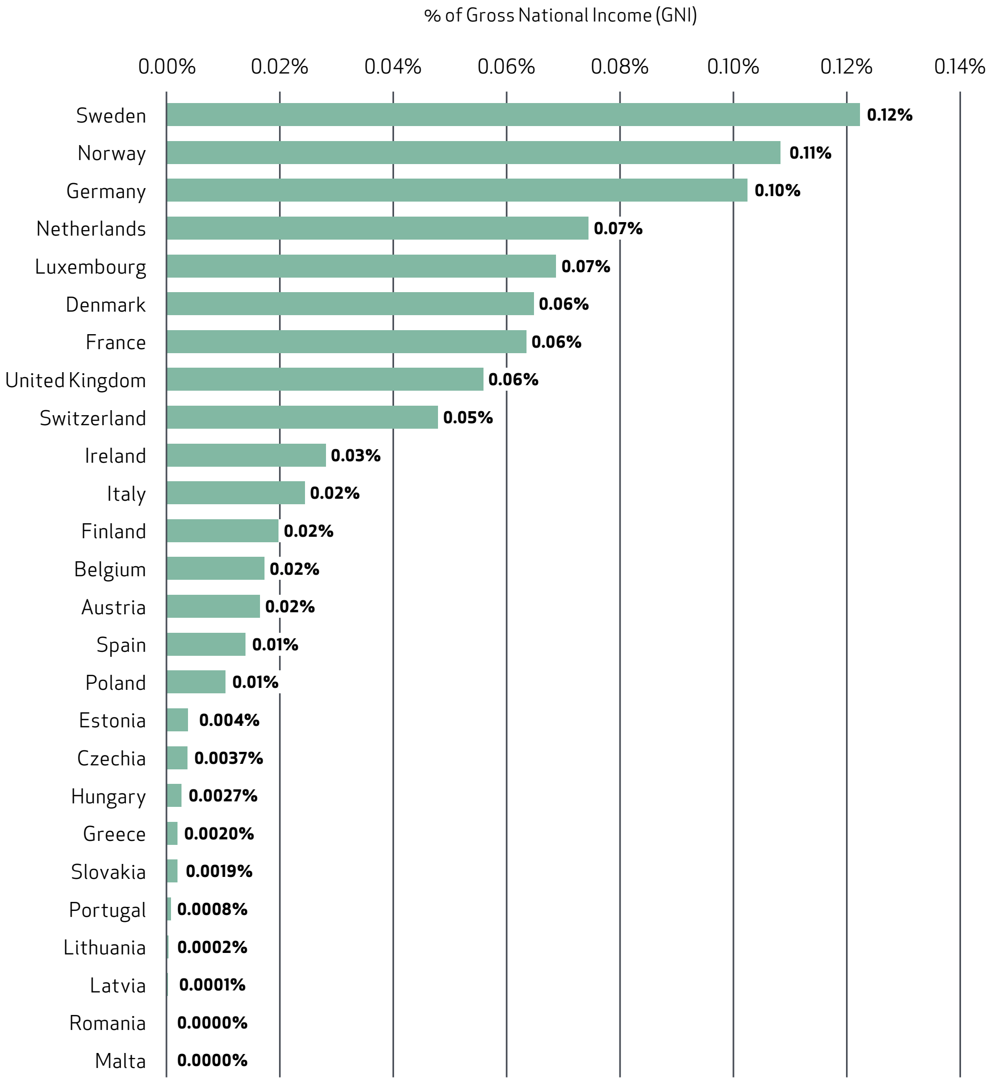

Figure 3: Ranking of EU and EFTA member states according to climate finance compared to GNI. This uses the grant equivalent figures (see Table A-3 in Technical Annex). Since the EU institutions do not have a GNI, they have been removed. Data not available for 2018 for Bulgaria, Croatia, Cyprus, Iceland

Only Sweden, Norway and Germany gave a tenth of one per cent or more of their GNI in climate finance in 2018. Germany's ranking falls from first to third when we consider its contributions relative to GNI, while France falls from second country to seventh.

As noted in Section One, many of the Eastern European EU member states are not obliged to contribute to developing countries, since they are regarded as economies in transition. Although many of them do so on a voluntary basis, it is clear that none of them give significant amounts, relative to their size and wealth. On the other hand, Greece and

Portugal are both Annex II countries, meaning that they are obliged to contribute climate finance to developing countries, but they both give a very small contribution as a share of their GNI.

Unlike with Overseas Development Assistance, where developed countries have agreed to give at least 0.7% of their Gross National Income to developing countries, there is no GNI target for climate finance. However, as outlined in Section One, the EU and its member states are falling short of what is needed to contribute their fair share of the US$ 100 billion commitment.

Recommendation: Countries should ensure that their grant equivalent contributions to climate finance increase in line with their Gross National Income.

Four: Prioritising adaptation

The Paris Agreement states that climate finance should: 'aim to achieve a balance' between adaptation (actions to allow countries to adapt to current or inevitable climate change), and mitigation (actions to reduce greenhouse gas emissions).[11]

There is no consensus on what that 'balance' should be. However, adaptation is particularly vital for developing countries, which have both low carbon emissions and very high exposure to the current and future impacts of climate change. The UN Adaptation Finance Gap Report has highlighted that the cost of adaptation in developing countries is much higher, and increasing much faster, than previously imagined.[12] By 2030, the report estimates, adaptation costs are likely to be in the range of US$140- 300 billion per annum.

When we look at climate finance contributions as reported by countries themselves, the majority of climate finance is geared towards mitigation. This is true for the EU also, where we see that only 36% of all **reported** climate finance goes towards adaptation (see figure below). This is directly connected to the over-reliance on loans that we have discussed in the section above. The fact is that loans must consider risk, and it is less risky to provide loans to renewable energy and other mitigation projects, which can provide a clear return on investment, than to fund the adaptation projects which are urgently needed in poorer countries.

However, when we remove the non-concessional finance, and adjust the remaining concessional loans and other instruments for grant equivalent shares, we see that the balance between adaptation and mitigation is better, as demonstrated in the figure below. In fact, for the EU institutions and member states together, the share of grant equivalent finance going to adaptation is exactly 50%.

Therefore, although grant equivalent totals represent a significantly smaller amount of climate finance, they show greater balance. This highlights that adaptation finance was provided on more favourable terms for developing countries than mitigation finance in 2018, through the use of more favourable financial instruments.

11. United Nations Paris Agreement, Article 9(4), https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

12. UN Adaptation Finance Gap Report 2016, https://climateanalytics.org/media/agr2016.pdf

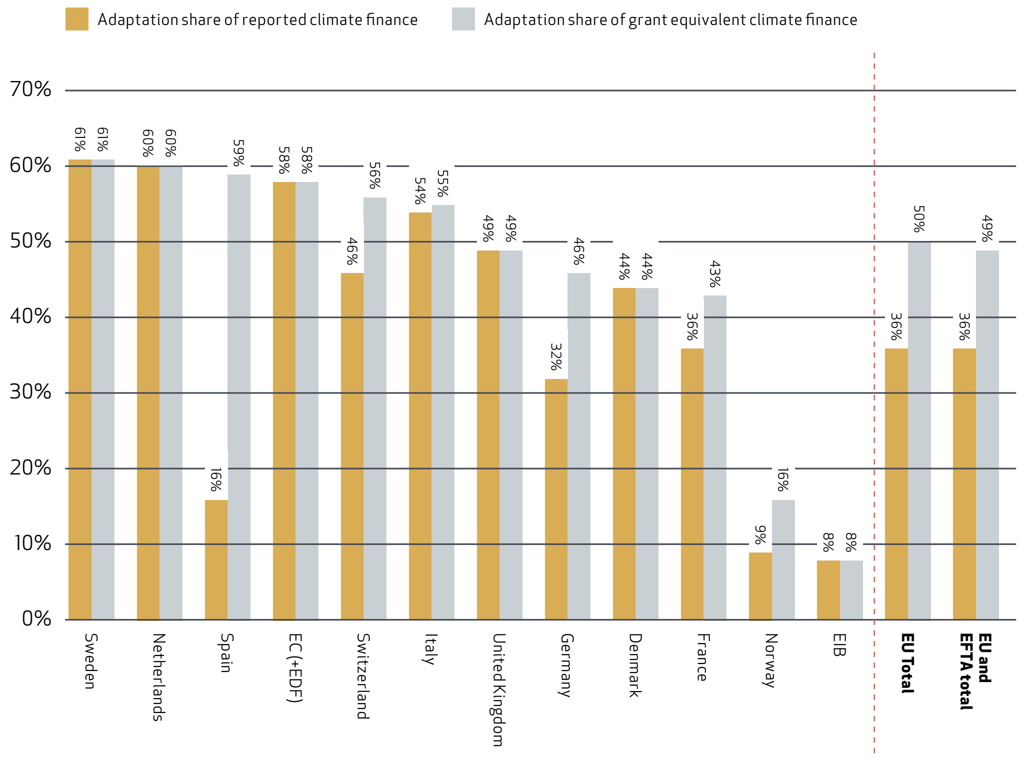

Figure 4: Adaptation share of reported versus grant equivalent climate finance of the top 10 grant equivalent contributors among EU and EFTA member states, plus the European Commission and the European Investment Bank. Finance reported as cross-cutting is counted as 50% adaptation, 50% mitigation. See Tables A-4 and A-5 in Technical Annex.

The notable exception in the table above is the European Investment Bank. The share of EIB finance which targets adaptation is just 8% for both reported and grant equivalent totals. This demonstrates that the vast majority of the EIB's finance is being provided for mitigation purposes, and as presented in Figure 2, using loans.

Recommendation: Developed countries are collectively responsible to ensure balance between adaptation and mitigation for the US$ 100 billion commitment to climate finance. If developed countries base their commitment on the climate finance they have reported, including the face value of loans, that means that support to adaptation should be drastically scaled up.

Five: What should count as 'new and additional' climate finance?

There is no common definition of what 'new and additional' should mean

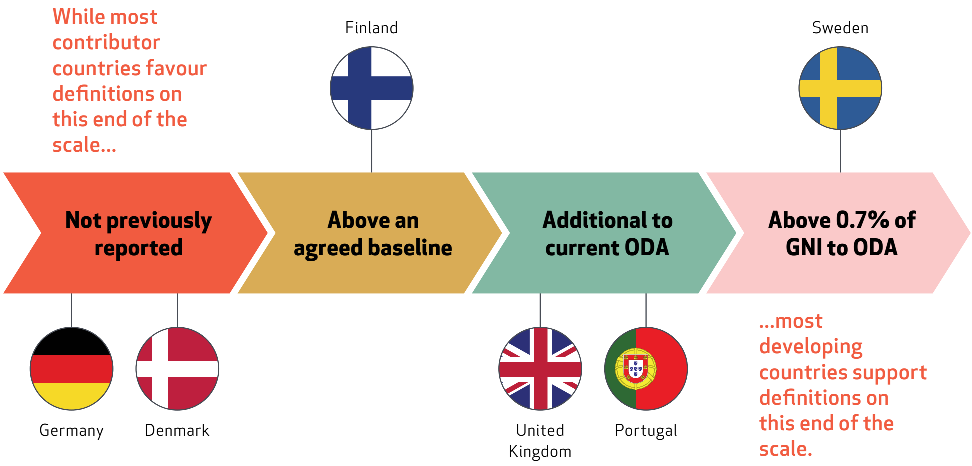

Figure 5: Ways in which sample EU member states define 'new and additional', based on their Fourth Biennial Reports (see Table A-6 in Technical Annex). This figure draws on a concept in IIED Briefing: Baseline for Trust: Defining 'new and additional' climate finance, June 2010.

In 2010 in Cancun, developed countries committed to providing 'scaled up, new and additional, predictable and adequate funding' to developing countries to tackle climate change.[13]

However, there is no agreed definition of 'new and additional', and countries have chosen to interpret in vastly different ways- where they have defined it at all. Some countries, including Germany, Denmark, Greece and the Netherlands, interpret 'new and additional' as meaning 'not already reported in a previous report' – which seems a principle too basic to merit mentioning.

Others, such as Finland, make reference to a baseline year of 2009, since parties to the UNFCCC committed to providing new and additional 'fast-start' finance from 2010 onwards. While this provides a more concrete measure, this definition does not make any distinction between climate and development aid. The UK, however, combines both measures – it measures against the 2009 baseline year for both climate finance and non-climate related development assistance, showing that: *non-climate ODA, which is readily trackable given that there is a dedicated ring-fence on climate ODA, has therefore continued to rise alongside UK efforts to scale up climate finance.*[14]

Portugal's definition also goes in this direction. Portugal provides a breakdown between climate-related ODA financed through their Environmental Fund (FA) and climate-related ODA financed through other development cooperation programmes, with the former being considered 'new and additional'.

For most developing countries, the distinction is crucial. The worsening climate crisis does not make other development challenges any less pressing; it makes them

13. Paragraph 2 in UNFCCC. 2010. The Cancun Agreements - UNFCCC Decision 1/CP.16.

14. UNFCCC BR 4, United Kingdom, December 2019, p77.

more urgent.[15] Of course, all development assistance should be consistent with the need to ensure climate resilience, in line with Article 2.1 c of the Paris Agreement, for example, by ensuring that renewable energy is used for mainstream development projects. However, funding for climate specific projects, such as installing solar panels or producing drought resistant crops, should be **additional to**, and not **divert from**, building schools or running health clinics.

For this reason, for many developing countries and NGOs, 'new and additional' should only be finance which exceeds the commitment to contribute 0.7% of Gross National Income to overseas development assistance. Unsurprisingly, this definition is only referred to by two of the few countries which exceed this threshold – Norway and Sweden. For any country which does not exceed this threshold, using this definition would render their climate finance equal to zero.

Recommendation: UN member states should agree on a common definition of 'new and additional' climate finance, to ensure that funds devoted to climate finance complement, and do not divert from, other urgent development needs. Climate finance should be considered as 'new and additional' only when it exceeds existing commitments for development aid.

Conclusion

Images of devastating wildfires in California and Australia have reminded us that no part of our planet is immune to the impact of climate change. But in some of the world's poorest countries, the havoc caused by these events is compounded by poor warning systems, limited emergency services and lack of resources to build back better. In October 2020, the UN published a new report warning that urgent action must be taken in Africa. For example, the authors of the report analysed Cyclone Idai, which caused over 1,200 deaths in Mozambique, Zimbabwe and Malawi in March 2019. They identified eight gaps that the cyclone revealed in Mozambique's approach to early warning, including inadequate building codes leading to homes collapsing, and the absence of back-up communications systems.[16] None of these issues can be addressed without significant and sustained financial support.

Discussions of climate finance can be technical and difficult, and it is important for us to remember why it is that the world's wealthiest countries have committed to providing US$ 100 billion per year to developing countries. It is not only that developing countries have done far less to contribute to historic carbon emissions, or are mostly in regions of the world most exposed to climate change. It is also that poorer countries have less capacity to withstand climate shocks, amplifying the impact of each disaster.

We acknowledge the role which the European Union and its member states are playing as a global leader in the provision of climate finance. But that finance still falls short of the US$ 100 billion target, and more importantly, falls short of what is actually needed. Too much of the finance is being provided as loans, which incur the risk of debt distress to developing countries, and not enough is being provided to adaptation, which is most urgently needed by the least developed countries. Finally, this finance must be new and additional to existing commitments to overseas development assistance, to avoid crowding out other vital development concerns. We must act now, because soon it may be too late.

15. See, for example, Press release: Least Developed Countries Group at COP23 November 17, 2017

16. UN, State of the Climate in Africa 2019, October 2020, p32. https://library.wmo.int/doc_num.php?explnum_id=10421

Technical Annex

Table A-1:
Grant equivalent value of climate finances reported by EU member states, EFTA States, and EU institutions in 2018 (million EUR). Utilised grant element of financial instruments: grants (100%), non-concessional finance (0%), concessional loans (as outlined in Table 4-3, using the international grant element of 49.8% where country-specific data was unavailable), equity (100%), other (50% of finance reported using "other" financial instruments is considered as concessional finance, which is then multiplied by a given country's grant element, or the international grant element of 49.8% where country-specific data was unavailable). The grant element assumed for the EIB's concessional loans is the international grant element of 49.8%, used as a conservative assumption, whilst recognising that OECD definitions of concessionality do not apply to multilateral development banks. Furthermore, the financial instruments of EIB finances are not included in the EU's BR4 and have been calculated using OECD climate-related development aid data. Shares may not reproduce monetary values due to rounding. Source: UNFCCC, BR4s; OECD.

COUNTRY	REPORTED CLIMATE FINANCE 2018	OOF/NON CONCESSIONAL FINANCE SHARE	CLIMATE-RELATED ODA CHANNELLED PER FINANCIAL INSTRUMENT					GRANT EQUIVALENT VALUE OF REPORTED CLIMATE FINANCE IN 2018	GRANT EQUIVALENT SHARE OF REPORTED CLIMATE FINANCE IN 2018
			GRANT SHARE	CONCESSIONAL LOANS		EQUITY	OTHER		
				SHARE	GRANT ELEMENT				
Germany	6,345	23%	46%	31%	31.3%	0%	0%	3,545	56%
France	5,089	20%	9%	66%	31.1%	0%	6%	1,528	30%
United Kingdom	1,320	0%	92%	0%	-	8%	0%	1,320	100%
Sweden	580	0%	100%	0%	-	0%	0%	580	100%
Netherlands	576	0%	100%	0%	-	0%	0%	576	100%
Italy	452	3%	81%	16%	92.1%	0%	0%	431	95%
Denmark	198	0%	100%	0%	-	0%	0%	198	100%
Spain	620	73%	23%	0%	-	4%	0%	168	27%
Belgium	81	2%	94%	4%	79.4%	0%	0%	79	98%
Ireland	77	8%	92%	0%	-	0%	0%	71	92%
Austria	239	58%	22%	0%	-	0%	20%	65	27%
Poland	49	0%	100%	0%	-	0%	0%	49	100%
Finland	47	0%	77%	0%	-	21%	2%	46	99%
Luxembourg	110	74%	26%	0%	-	0%	0%	28	26%
Czechia	7	0%	100%	0%	-	0%	0%	7	100%
Slovenia	4	0%	100%	0%	-	0%	0%	4	100%
Greece	4	0%	100%	0%	-	0%	0%	4	100%
Hungary	3	0%	100%	0%	-	0%	0%	3	100%
Slovakia	2	0%	68%	0%	-	0%	32%	2	76%
Portugal	2	0%	100%	0%	-	0%	0%	2	100%
Estonia	1	0%	99%	0%	-	0%	0%	1	99%
Lithuania	0.10	0%	100%	0%	-	0%	0%	0.10	100%
Latvia	0.04	0%	99%	0%	-	0%	0%	0.04	99%
Romania	0.03	0%	112%	0%	-	0%	0%	0.03	112%
Malta	0.10	100%	0%	0%	-	0%	0%	0.00	0%
Cyprus	-	-	-	-	-	-	-	-	-
EU member states	**15,805**	**20%**	**43%**	**34%**	**-**	**1%**	**2%**	**8,705**	**55%**
EC (+EDF)	2,653	0%	100%	0%	-	0%	0%	2,653	100%
EIB	2,972	88%	0%	8%	49.8%	4%	0%	244	8%
EU Institutions	**5,625**	**46%**	**47%**	**4%**	**-**	**2%**	**0%**	**2,897**	**51%**
EU Total	**21,430**	**27%**	**44%**	**26%**	**-**	**1%**	**2%**	**11,602**	**54%**
Norway	706	41%	59%	0%	-	0%	0%	415	59%
Switzerland	383	25%	74%	0%	-	1%	0%	287	75%
Iceland	-	-	-	-	-	-	-	-	-
Liechtenstein	-	-	-	-	-	-	-	-	-
EFTA States Total	**1,089**	**36%**	**64%**	**0%**	**-**	**1%**	**0%**	**702**	**64%**
Grand Total	**22,520**	**27%**	**45%**	**25%**	**-**	**1%**	**2%**	**12,304**	**55%**

Table A-2:
The difference between grant equivalent estimates of climate finance and the climate finance figures reported to the UNFCCC in 2018 (million EUR). In the case of Spain, there were some discrepancies between the totals reported in Table 7 of their Fourth Biennial Report, and the totals calculated using the data submitted to the UN BR-DI dataset by Spain. Because the BR-DI data set is used to analyse across countries we have used the totals reported there.

COUNTRY	REPORTED CLIMATE FINANCE 2018	GRANT EQUIVALENT VALUE OF REPORTED CLIMATE FINANCE IN 2018	DIFFERENCE BETWEEN GRANT EQUIVALENT ESTIMATES OF CLIMATE FINANCE AND THE CLIMATE FINANCE FIGURES REPORTED TO THE UNFCCC IN 2018- EUR MILLIONS
France	5,089	1,528	3,561
Germany	6,345	3,545	2,801
EIB	2,972	244	2,729
Spain	620	168	452
Norway	706	415	291
Austria	239	65	174
Switzerland	383	287	97
Luxembourg	110	28	82
Italy	452	431	21
Ireland	77	71	6
Belgium	81	79	2
Finland	47	46	1
Slovakia	2	2	1
Malta	0.10	0.00	0.10
Estonia	1	1	0
United Kingdom	1,320	1,320	0
Czechia	7	7	0
Slovenia	4	4	0
Greece	4	4	0
Sweden	580	580	0
Hungary	3	3	0
Latvia	0.04	0.04	0
Lithuania	0.10	0.10	0
EC (+EDF)	2,653	2,653	0
Denmark	198	198	0
Portugal	2	2	0
Poland	49	49	0
Netherlands	576	576	0
Romania	0.03	0.03	0
EU member states	**15,805**	**8,705**	**7,100**
EU Institutions	**5,625**	**2,897**	**2,729**
EU Total	**21,430**	**11,602**	**9,828**
EFTA States Total	**1,089**	**702**	**388**
Grand Total	**22,520**	**12,304**	**10,216**

Table A-3:
Ranking of EU and EFTA member states according to their grant equivalent climate finance provisions as a percentage of GNI in 2018. Utilised grant element of financial instruments: grants (100%), non-concessional finance (0%), concessional loans (as outlined in Table 4-3, using the international grant element of 49.8% where country-specific data was unavailable), equity (100%), other (50% of finance reported using "other" financial instruments is considered as concessional finance, which is then multiplied by a given country's grant element, or the international grant element of 49.8% where country-specific data was unavailable). Source: UNFCCC; BR4s.

COUNTRY	GRANT EQUIVALENT VALUE OF REPORTED CLIMATE FINANCE IN 2018 - EUR MILLIONS	GRANT EQUIVALENT CLIMATE FINANCE IN 2018 AS A PERCENT OF GNI
Sweden	580	0.1223%
Norway	415	0.1083%
Germany	3,545	0.1025%
Netherlands	576	0.0744%
Luxembourg	28	0.0687%
Denmark	198	0.0648%
France	1,528	0.0635%
United Kingdom	1,320	0.0559%
Switzerland	287	0.0479%
Ireland	71	0.0281%
Italy	431	0.0244%
Finland	46	0.0198%
Belgium	79	0.0173%
Austria	65	0.0169%
Spain	188	0.0156%
Poland	49	0.0104%
Slovenia	4	0.0097%
Estonia	1	0.0038%
Czechia	7	0.0037%
Hungary	3	0.0027%
Greece	4	0.0020%
Slovakia	2	0.0019%
Portugal	2	0.0008%
Lithuania	0	0.0002%
Latvia	0	0.0001%
Romania	0	0.0000%
Malta	0	0.0000%

Table A-4:
Adaptation and mitigation finance shares of estimated grant equivalent climate finance totals of EU Member State, EFTA States, and EU institutions in 2018 (million EUR). 'Cross-cutting' finances are split equally between adaptation and mitigation figures. Table ranked from the largest provider of grant equivalent finance to the smallest. Source: BR4.

COUNTRY	GRANT EQUIVALENT CLIMATE FINANCE IN 2018 - EUR MILLION	GRANT EQUIVALENT ADAPTATION FINANCE IN 2018 - EUR MILLION	GRANT EQUIVALENT MITIGATION FINANCE IN 2018 - EUR MILLION	ADAPTATION SHARE	MITIGATION SHARE
Germany	3,545	1,617	1,927	46%	54%
France	1,528	657	871	43%	57%
United Kingdom	1,320	645	675	49%	51%
Sweden	580	353	227	61%	39%
Netherlands	576	346	230	60%	40%
Italy	431	236	196	55%	45%
Denmark	198	88	110	44%	56%
Spain	168	98	70	59%	41%
Belgium	79	67	12	85%	15%
Ireland	71	39	32	55%	45%
Austria	65	32	33	49%	51%
Poland	49	47	2	96%	4%
Finland	46	19	27	41%	59%
Luxembourg	28	17	11	62%	38%
Czechia	7	5	2	68%	32%
Slovenia	4	2	2	51%	49%
Greece	4	2	2	50%	50%
Hungary	3	3	0	93%	7%
Slovakia	2	1	0	78%	22%
Portugal	2	1	1	68%	32%
Estonia	0.96	0.4	0.57	41%	59%
Lithuania	0.1	0.05	0.05	50%	50%
Latvia	0.04	0.02	0.02	50%	50%
Romania	0.03	0.02	0.02	50%	50%
Malta	-	-	-	-	-
Cyprus	-	-	-	-	-
EU member states	**8,705**	**4,275**	**4,431**	**49%**	**51%**
EC (+EDF)	2,653	1,549	1,104	58%	42%
EIB	244	19	224	8%	92%
EU Institutions	**2,897**	**1,568**	**1,328**	**54%**	**46%**
EU Total	**11,602**	**5,843**	**5,759**	**50%**	**50%**
Switzerland	287	162	125	56%	44%
Norway	415	66	349	16%	84%
Iceland	-	-	-	-	-
Liechtenstein	-	-	-	-	-
EFTA States Total	**702**	**228**	**474**	**32%**	**68%**
Grand Total	**12,304**	**6,071**	**6,233**	**49%**	**51%**

Table A-5:
Adaptation and mitigation finance shares of reported climate finance totals of EU Member State, EFTA States, and EU institutions in 2018 (million EUR). 'Cross-cutting' finances are split equally between adaptation and mitigation figures. Table ranked from the largest provider of reported climate finance to the smallest. Source: BR4.

COUNTRY	REPORTED CLIMATE FINANCE IN 2018 - EUR MILLION	REPORTED ADAPTATION FINANCE IN 2018 - EUR MILLION	REPORTED MITIGATION FINANCE IN 2018 - EUR MILLION	ADAPTATION SHARE	MITIGATION SHARE
Germany	6,345	2,036	4,309	32%	68%
France	5,089	1,843	3,246	36%	64%
United Kingdom	1,320	645	675	49%	51%
Spain	620	99	520	16%	84%
Sweden	580	353	227	61%	39%
Netherlands	576	346	230	60%	40%
Italy	452	245	207	54%	46%
Austria	239	59	180	25%	75%
Denmark	198	88	110	44%	56%
Luxembourg	110	67	43	61%	39%
Belgium	81	68	13	84%	16%
Ireland	77	43	35	55%	45%
Poland	49	47	2	96%	4%
Finland	47	19	27	42%	58%
Czechia	7	5	2	68%	32%
Slovenia	4	2	2	51%	49%
Greece	4	2	2	50%	50%
Hungary	3	3	0	93%	7%
Slovakia	2	2	1	72%	28%
Portugal	2	1	1	68%	32%
Estonia	1	0	1	41%	59%
Lithuania	0	0	0	50%	50%
Malta	0	0	0	50%	50%
Latvia	0	0	0	50%	50%
Romania	0	0	0	50%	50%
Cyprus	0	0	0	-	-
EU member states	**15,805**	**5,973**	**9,832**	**38%**	**62%**
EIB	2,972	234	2,739	8%	92%
EC (+EDF)	2,652	1,549	1,104	58%	42%
EU Institutions	**5,625**	**1,783**	**3,843**	**32%**	**68%**
EU Total	**21,430**	**7,755**	**13,675**	**36%**	**64%**
Norway	706	66	640	9%	91%
Switzerland	383	178	206	46%	54%
Iceland	-	-	-	-	-
Liechtenstein	-	-	-	-	-
EFTA States	**1,089**	**244**	**846**	**22%**	**78%**
Grand Total	**22,519**	**7,999**	**14,521**	**36%**	**64%**

Table A-6:
Definitions of 'new and additional' climate finance as they appear in selected EU member states' Fourth Biennial Report to the UN. These countries have been selected to demonstrate the range of definitions applied to 'new and additional'.

Germany (BR 4, December 2019) https://unfccc.int/documents/204817 p58.	The climate finance calculated consists exclusively of new commitments and resources disbursed in the reporting year. New and additional means all funds newly pledged or disbursed in the reporting year. Thus, all the climate finance reported in Tables 7, 7a and 7b is new and additional.
Denmark (BR 4, December 2019) https://unfccc.int/documents/204821 p38	For the purpose of this report, **newly committed (for reporting on commitments) or disbursed (for reporting of disbursements) finance for climate change adaptation or mitigation activities within the reporting period and was not reported to UNFCCC in the previous report are considered new and additional.** This definition allows a transparent, comprehensive and comparable reporting of climate finance provided to developing countries across the years. Denmark sees the achievement of climate change and the broader sustainable development goals as closely linked and strongly interdependent, and seeks to identify and support activities in developing countries that address multiple objectives as identified by these countries, including strong co-benefits between climate and broader sustainable development objectives. Denmark sees climate and development assistance as strongly interdependent and, as climate is mainstreamed in Danish development assistance, climate finance cannot be clearly separated from development finance altogether, except for the earmarked funds in the Climate Envelope.
Finland (BR 4, December 2019) https://unfccc.int/documents/204795 p84	After the Copenhagen fast-start finance pledge, Finland decided to use the year 2009 as a baseline for defining new and additional funding. The Finnish fast-start finance commitment of EUR 110 million was implemented through a net increase of Finnish funding directly allocated to developing countries' climate activities in 2010-2012 compared to the year 2009. The baseline figure for overall Finnish climate funding (grant) in 2009 was approximately EUR 26.8 million.
UK (BR 4, December 2019) https://unfccc.int/documents/208378	ICF represents a dedicated climate commitment which is new and additional to historic Official Development Assistance (ODA) levels – in 2009, when the $100 billion goal was set, total UK ODA was £7.3 billion, compared to £13.4 billion in non-climate ODA in 2018. Non-climate ODA, which is readily trackable given that there is a dedicated ring-fence on climate ODA, has therefore continued to rise alongside UK efforts to scale up climate finance. (p77) Since parties to the UNFCCC committed to providing new and additional fast-start finance from 2010, the scale up in climate finance has been accompanied by a significant scale up in UK ODA from £7.3 billion in 2009 to £14.6 billion in 2018. UK Climate Finance commitments

therefore represents a new, dedicated climate commitment which is additional to historic ODA levels.(p132)

Portugal
(BR 4, April 2020)
https://unfccc.int/documents/215379

In the absence of an international definition accepted by all Parties of 'new and additional' financing, Portugal considers FA (its Environmental Fund) as an additional financial resource compared with conventional ODA (p64)

Bearing in mind that financing ODA projects is not a core objective of the FA, Portugal considers that all financing provided by this fund to activities that aim to promote the economic development and welfare of developing countries is new and additional to the conventional sources of ODA (Tables VII.6 and VII.7). (p65)

Portugal then goes on to show what it considers new and additional. In its total climate financing, however, it also reports the climate ODA which is 'non-additional'.

Sweden
(BR 4, December 2019).
https://unfccc.int/documents/204780

New and additional resources' is a complex term, used in many multilateral contexts. There is currently no international agreement on how it should be defined. One common definition, supported by many countries, is that climate financing should be additional to the international development aid goal of 0.7 % of gross national income (GNI).

Sweden is one of few OECD DAC members to have met, and even far exceeded, the UN target of 0.7 %. There is broad Parliamentary support to continue delivering 1 % of Sweden's GNI to Official Development Assistance (ODA). Figures for total Swedish ODA 2017-2018 are shown in Table 5.1, together with the share of climate finance compared to total ODA. Figure 5.1 shows climate finance based on type of support. (p128)

Against this background, all climate finance provided by Sweden during 2017–2018 should be viewed as new and additional. (p129).

Switzerland
(BR 4, January 2020).
https://unfccc.int/documents/204758

Switzerland's development assistance has gradually shifted to place an enhanced focus on climate change, thus pushing the envelope of climate-relevant and climate-proofed programmes and projects in developing countries. These strategic decisions lead to a remarkable progression compared to previous efforts. Switzerland therefore considers its provided climate finance as new and additional. It represents furthermore Switzerland's highest possible effort under budget constraints that currently also affect official development assistance spending (currently at 0.45 per cent of gross national income) and is therefore considered adequate by the Swiss government pursuant to Article 4, paragraph 3 of the Convention.