Oxfam/CARE joint report

Climate Finance Shadow Report 2025:

Analysing progress on climate finance under the Paris Agreement

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]

[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

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

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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.

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.