CLIMATE FINANCE UNCHECKED

How much does the World Bank know about the climate actions it claims?

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Oxfam finds that for World Bank projects, many things can change during implementation. On average, actual expenditures on the Bank's projects differ from budgeted amounts by 26–43% above or below the claimed climate finance. Across the entire climate finance portfolio, between 2017 and 2023, this difference amounts to US$24.28–US$41.32 billion. No information is available about what new climate actions were supported and which planned actions were cut.

Now that the Bank has touted its focus on understanding and reporting on the impacts of its climate finance, it is critical to stress that without a full understanding of how much of what the Bank claims as climate finance at the project approval stage becomes actual expenditure, it is impossible to track and measure the impacts of the Bank's climate co-benefits in practice.

The Bank should improve its reporting practices, undertake a climate finance assessment on closed projects, standardize how it reports on climate finance in projects and create a public climate finance database.

This paper was written by Christian Donaldson, Jason Farr, and James Morrissey. Oxfam acknowledges the assistance of Kate Donald, Nafkote Dabi, Ashfaq Khalfan, Daniel Mulè, Jan Kowalziq, Myrah Nerine, Rachel Carle, Ashlee Thomas, Annie Theriault, Vijaya Rachandran, Jon Sward, Kyle Ash, Euan Ritchie, Sara Duvisac, Ayse Kaya, Aarushi Thipathi, Karelia Pallan, Namalie Jayasinghe, Rosie Kilcoyne, and Ye Khaung Oo in its production. From the World Bank we thank Ferzina Vistasp Banaji and members of the World Bank climate change team for their comments. This paper was edited by Heidi Fritschel. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

Published by Oxfam GB for Oxfam International under
DOI: 10.21201/2024.000041 in October 2024.

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Cover photo: Bangladesh, amidst rising floodwaters, resilience prevails. This individual is moving his belongings to higher ground, showcasing the strength and determination to survive despite the overwhelming challenges. / Oxfam

SUMMARY

The role of multilateral development banks (MDBs) in climate finance cannot be overstated. MDBs provide both concessional and nonconcessional funding for development. Given the increasing challenges the climate crisis imposes on development efforts, MDBs have been increasingly channeling their financial resources for climate-related projects in their member countries. According to the latest MDB joint climate finance report, MDBs together contributed US$60.9 billion in climate finance in low- and middle-income countries in 2022. The World Bank alone accounted for 52% of the climate finance reported by all MDBs in 2022, making it the single largest source of climate finance in the world.

The World Bank's role in climate finance has significantly increased over the past decade. In 2016 the World Bank made public its first Climate Change Action Plan and announced that it aimed to make climate finance 28% of its total portfolio by 2020. By 2018 the Bank reported that it had exceeded its target, with climate finance reaching 32% of its total portfolio. In 2021 the Bank set a new climate finance target of 35%, just 3 percent more than the 32% it had reported for 2018. Then, in fiscal years 2022 and 2023 the Bank reported that it had exceeded its target, with climate finance reaching 36% and 41% of total financing, respectively. In 2023, during the Conference of the Parties (COP) 28, the Bank announced a new climate finance target of 45% of total financing by 2025. During the World Bank's 2023 Annual Meetings, the Bank reviewed and updated its mission and vision to "end extreme poverty and boost shared prosperity on a livable planet," explicitly recognizing as part of its mandate the intersection between development finance and climate finance.

Oxfam argues that the Bank's new vision centered on climate change and its more ambitious institutional target are important – but not sufficient without greater transparency and better reporting on climate finance. It is critical to ensure that the mobilization and provision of climate finance are transparent, with clear reporting practices that allow for verification and accountability. This is the only way to ensure that accelerated and ambitious climate action can happen at the scale needed and in an equitable manner.

Unfortunately, the World Bank's published climate finance data includes only ex ante figures – that is, the amount of climate finance a project is determined to include based on an assessment of the project before it is approved. The Bank does not conduct ex post analyses of projects to report on the actual amount of climate finance delivered. With this level of information, it is impossible to determine whether the Bank is truly stepping up its climate investments. In our 2022 report *Unaccountable Accounting: The World Bank's Unreliable Climate Finance Reporting*, we found that the Bank's reported climate finance figures could not be confirmed using the information disclosed by the Bank. This lack of effective transparency and clear reporting meant we could not verify about 40%, or US$7 billion, of what the Bank claimed as climate finance in FY 2020.

This report focuses on what happens with the Bank's claimed climate finance after a project is implemented and has reached its closing stage and not just as is the case now, at the stage of project approval. The Bank's climate finance expenditures represent the most basic information that can be used to understand the Bank's actual climate actions, outcomes, and impacts. Given the Bank's lack of reporting on ex post climate finance, climate finance outcomes, or impacts on mitigation and adaptation goals, this report estimates the difference between the climate finance counted by the Bank at a project's approval stage and its actual expenditures for mitigation and adaptation activities in the project by the time the project has ended.

Our findings show that for each World Bank project, the average deviation between budgeted amounts and expenditures lies between 26% and 43%. This means that, on average, any World Bank project that has reported a share of climate finance for mitigation and/or adaptation at the approval stage can be expected to have ultimately delivered an amount that differs from what was planned by between 26% and 43%.

Across the portfolio of World Bank climate finance projects between 2017 and 2023, the total value of such deviation between budgeted and actual expenditures lies between US$24.28 billion and US$41.32 billion. This large pool of finance could include the funding of new climate actions as well as the defunding of other climate actions. Overall, however, the impact of this amount is unknown, as there is simply no assessment of how this climate finance was allocated or reallocated as projects were executed.

This analysis of budgeted versus expenditure finance for World Bank projects demonstrates the serious flaws of assessing and reporting climate finance based only on what a project *aims* to do and not on whether those planned climate finance figures were actually spent on the identified climate finance activities. Furthermore, in collecting data for this research, we found several issues with the Bank's reporting structures and recordkeeping that are cause for serious concern for any stakeholder interested in using the Bank's publicly available project information to understand what the Bank is actually spending climate money on through investment project financing.

Despite the Bank's new mission, vision, and climate finance target, its challenge remains the same: how to systematically mainstream climate considerations in its development work in a manner that is transparent and accountable, with clear reporting practices that allow for independent verification.

Based on these findings as well as those from our previous report, *Unaccountable Accounting*, Oxfam recommends the following:

- At the outset of projects, the Bank should disclose its detailed climate finance assessments at the lowest possible level of granularity, including project components, subcomponents, and activities. To allow for independent verification of its claims, this reporting should incorporate evidence in support of its calculations for all projects that include climate finance.
- Once projects have closed, the Bank should undertake a climate finance assessment and report on its climate finance expenditures in its

Implementation Completion and Results Reports (ICRs).

- The Bank should standardize how it reports on ex ante and ex post climate finance in projects. Climate finance budgets versus expenditures should be reported by source of financing, including cofinancing, counterpart financing, and/or other sources of financing from the Bank's share of the cost of the project. It should also report any additional financing and/or restructured financing from the original budget at the component, subcomponent, and activity level.
- The Bank should create a public climate finance database that includes sufficient metadata that is searchable, downloadable, and machine readable. This database should be updated at the time a project, including all associated projects, reaches the closing stage and should disclose actual climate finance expenditures compared with planned expenditures.

INTRODUCTION

The effects of the climate crisis are pervasive and unrelenting. In the past year we have seen devastating extreme heat around the globe and a new record high for the global average temperature.[1] [2] Countries around the world struggle with the impacts of extreme weather, made both more likely and more intense by a warming climate. And while no place is immune to the impacts of this crisis, it disproportionately impacts those who face the most poverty, exclusion and discrimination, and least responsible for the emissions that have brought the world to this point. Women and girls are hardest hit by the impacts of climate-related hazards and disasters as a result of cultural norms and their lower socioeconomic status. During climate-induced extreme weather events, women and girls are less likely than men to receive relief goods and more likely to experience a loss of livelihood, in addition to being at increased risk of gender-based violence.[3]

Estimates show that the Global North is responsible for 92% of excess global CO_2 emissions since 1850.[4] While richer countries in the Global North can rely on accumulated capital and infrastructure to bolster their own resilience to the impacts of climate disasters, governments in the Global South are servicing historical debt burdens, which limits their capacity to invest in social infrastructure and effective adaptation in the face of the climate crisis.[5]

It is crucial that the richest countries – the greatest historical emitters – contribute their fair share in addressing this challenge by providing the climate finance needed by low- and middle-income countries to adapt to the unavoidable impacts of the crisis and to advance on low-carbon development pathways. But the sums needed are vast and growing: According to the UN's *Adaptation Gap Report 2023*, the amount needed for adaptation finance alone stands at between US$215 billion and US$387 billion a year – 10 to 18 times greater than current adaptation finance flows.[6] The International Energy Agency (IEA) has estimated the total public and private investments in clean energy needed in emerging markets and "developing" economies in order to align with the Paris Agreement while meeting rising energy needs.[7] It finds that funding must rise from the US$770 billion invested in 2022 to annual investments of US$2.2–US$2.8 trillion a year in the early 2030s and must remain around that level until 2050.[8] And UN Trade and Development estimates that achieving Sustainable Development Goal 7 by providing universal access to affordable and clean energy by 2030 would require US$5.8 trillion annually from 2023 to 2030.[9]

The year 2024 is critical for climate finance: at the 2024 UN climate summit (COP 29), the New Collective Quantified Goal (NCQG) will be set, building on the goal of US$100 billion a year in climate finance by 2020 from "developed" countries to support "developing" countries.

These discussions on the future of climate finance are taking place amid a crisis of trust and a spate of doubts of the true value of climate finance raised by "developed" countries and channeled to the Global South through

different sources and providers. Concerns are mounting that more and more projects seem to offer little, if anything, to combat global warming, and complaints about the systemic lack of reporting on project details and absence of transparency on what counts as climate finance are growing.[10] [11]

> "This is the wild, wild west of finance," said Mark Joven, Philippines Department of Finance undersecretary, who represents the country at U.N. climate talks. "Essentially, whatever they call climate finance is climate finance."
>
> "You cannot really follow the money, track the money, track the impact," said Romain Weikmans, a senior research fellow specializing in climate finance at the Finnish Institute of International Affairs.
>
> Source: E. Rumney, I. Casado Sánchez, J. Dowdell, M. Nakayama, S. Murakami, and K. Takenaka. (1 June 2023). "Rich nations say they're spending billions to fight climate change. Some money is going to strange places." *Reuters*. Accessed 12 September 2024. https://www.reuters.com/investigates/special-report/climate-change-finance/

Oxfam has reported on the progress of the US$100 billion commitment every two years since 2016. Our most recent analysis found that "developed" countries' claim to have mobilized US$116 billion in 2022 likely overstates the true value of their climate finance by up to US$88 billion. The true value of this finance is likely between US$28 billion and US$35 billion, when one takes into account the difference between loans at market rate and those at preferential terms, while also considering the overly generous claims about the climate-related significance of the funds provided.[12] These generous accounting practices by different countries and providers, combined with the lack of transparency and consistency in how climate finance is defined, calculated, and reported, is at the root of the crisis of trust in climate finance. As stated in a recent report by ONE, "[High]-income countries make it incredibly difficult to accurately track how much money they're actually contributing and where it's being spent. That's because reporting has been confusing, slow, and imprecise. As a result, no one knows with certainty how much actual climate finance has been committed, much less delivered."[13]

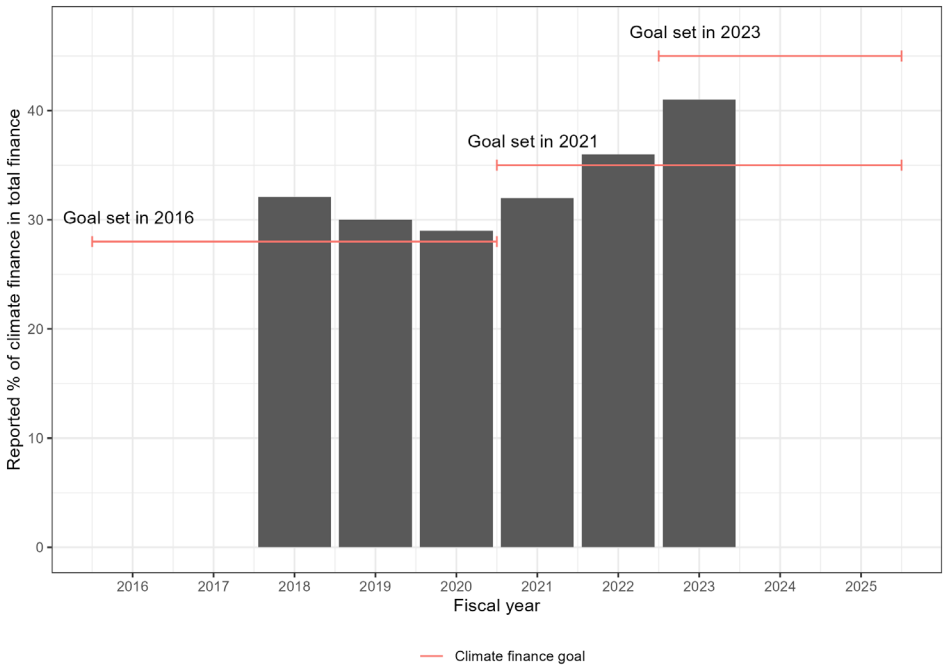
At the center of this crisis of trust are the multilateral development banks,[14] whose climate finance faces increasing unresolved concerns about both quality and quantity. Since 2011, MDBs have released annual joint reports on their climate finance contributions; however, these reports disclose only aggregated climate finance numbers for each bank, sometimes with no project-level data to back up those claims.[15] [16] Some MDBs, however, do provide additional lists of projects that have claimed climate finance like the World Bank, but the data there is still aggregated showing totals for mitigation and/or adaptation by project without showing more granular data by component, subcomponent or activity level.

THE WORLD BANK'S ROLE IN CLIMATE FINANCE

The role of multilateral development banks (MDBs) in climate finance is critical and cannot be overstated. MDBs provide both concessional and nonconcessional funding[17] for development. Given the rising challenges the climate crisis imposes on development efforts, MDBs have increasingly channeled their financial resources toward climate-related projects and activities in their member countries. According to the latest MDB joint climate finance report, MDBs together contributed US$60.9 billion in climate finance in low- and middle-income countries in 2022,[18] surpassing for the second consecutive year their own 2025 climate finance target of US$50 billion. The World Bank alone accounted for 52% of the climate finance reported by all MDBs in 2022, making it the single largest contributing institution to climate finance in the world.[19]

The World Bank's role in climate finance has significantly increased over the past decade. In 2016 the World Bank made public its first Climate Change Action Plan,[20] announcing that by 2020 it aimed to provide 28% of its total portfolio as climate finance, or what it called climate co-benefits.[21] In 2018 the Bank reported that it had exceeded its target, providing 32% of its total portfolio as climate finance.[22] In 2021 the Bank set a new climate finance target of 35%,[23] just 3 percent more than the 32% it had reported for 2018. Then, in fiscal years 2022 and 2023 the Bank reported that it exceeded its target, reaching 36% and 41% of total financing as climate finance, respectively.[24] In 2023, during the Conference of the Parties (COP) 28, the Bank announced a new climate finance target of 45% of the Bank's total financing by 2025 (Figure 1).[25] [26]

Figure 1. World Bank targeted and reported climate finance



Source: Authors' calculations.

Note: There is no published data on climate finance for 2016 or 2017.

The implications of the World Bank's role in climate finance are greater than its nominal contributions to climate finance, particularly given its immense influence within the current discussion of the intersection between development finance and climate finance. In recent years, the World Bank has been at the center of many dialogues about reforming the global financial architecture, including the Bridgetown Initiative,[27] the Paris Summit for a New Global Financial Pact,[28] and the G20's dedicated working group.[29] These discussions have pushed the World Bank to review its capital adequacy framework[30] in order to provide more financing overall and to drastically scale up climate finance without new money or contributions from wealthy countries. Lack of transparency combined with no new money from rich shareholders constitute ideal conditions for "creative" accounting.

During the World Bank's 2022 Annual Meetings, US Treasury Secretary Janet Yellen, representing the Bank's biggest and most powerful shareholder, asked the Bank to develop an "evolution roadmap." This roadmap – designed as a blueprint for other MDBs – would show how the Bank planned to evolve to better face a changing global environment of polycrises and climate change and to position itself to support global public goods, expand its concessional financing including climate finance, and lend more.[31] One year later, during the World Bank's 2023 Annual Meetings, the Bank updated its mission as an international financial institution to "end extreme poverty and boost shared prosperity on a livable planet,"[32] explicitly recognizing as part of its mandate the intersection between development finance and climate finance. A new vision centered on climate change and a more ambitious institutional target are important but not nearly sufficient to address the crisis of trust. To restore trust, it is critical to ensure that the mobilization and provision of climate finance is transparent, with clear reporting practices that allow for verification and accountability. This is the

only way to ensure that accelerated and ambitious climate action can happen at the scale needed and in an equitable manner.

Unfortunately, the World Bank's published climate finance data includes only ex ante figures – that is, the amount of climate finance projects are determined to include based on an assessment of projects before they are approved. The Bank does not conduct ex post analyses of projects to report on the actual amount of climate finance delivered. This approach is insufficient to give climate finance targets and achievements real meaning or to inspire confidence that the Bank is truly stepping up its climate investments. In our 2022 report *Unaccountable Accounting: The World Bank's Unreliable Climate Finance Reporting*, we found that it is impossible to verify the numbers that the Bank has reported as climate finance using the information currently disclosed by the Bank. This lack of effective transparency and clear reporting meant we could not verify about 40%, or US$7 billion, of what the Bank claimed as climate finance in FY 2020.[33] The lack of transparency is exacerbated by the fact that the Bank's climate finance comes primarily in the form of loans and debt that will have to be repaid by low- and middle-income countries.

Because the World Bank's reported climate finance is often only a proportion of its total financing for a project's components or activities – what it calls climate co-benefits – there is a high risk that without transparent reporting practices, the Bank will use overly generous assumptions and accounting practices related to the climate relevance of a project when mitigation or adaptation are not the project's main objective. This is especially the case where the Bank is facing great pressure to achieve and report on institutional targets and justify its relevance in climate action to shareholders.

Because of the nature of the Bank's climate co-benefits, and despite its new mission, vision, and climate finance target, the challenge for the World Bank remains the same: how to systematically mainstream climate considerations in its development work in a manner that is transparent and accountable, with clear reporting practices that allow for independent verification.

The World Bank's practices often set the tone and standards for other international financial institutions – indeed, it frequently promotes itself as a norm setter and convenor. It thus has an immense responsibility to set a high bar for other climate finance providers by disclosing its detailed climate finance assessments and internal methodology in a way that allows for independent verification of its claims and impacts on adaptation and mitigation goals. However, despite the Bank's efforts to promote itself as the largest multilateral institution providing critical climate finance, to date there has been no evaluation by the World Bank's Independent Evaluation Group (IEG) of the Bank's climate finance portfolio and actions.

RATIONALE FOR THIS REPORT

The growing role of the World Bank in delivering climate finance has drawn increased scrutiny on how the World Bank calculates, justifies, and reports on its climate finance.[34] Questions arise, for instance, about the more than 800 projects that have shares allocated to climate without any explanation.[35] Our 2022 report *Unaccountable Accounting* examined the quality of the World Bank's reporting on its climate finance to determine whether the Bank's reporting was sufficient for any sort of public audit of its climate finance claims. We considered the project reports published by the Bank and, using the joint methodology on tracking climate finance (i.e., the same methodology the Bank uses), sought to recreate its climate finance estimates.[36] This effort revealed that the Bank does not have a clear systematic process for reporting how it estimates and justifies its climate finance[37] and that the figures the Bank reports through ex ante assessment should be viewed with great skepticism, given that the Bank can offer little project-level information to justify its claims. In response to our findings, the Bank committed to shifting from assessing inputs [financial commitments] to assessing impacts. Focusing on impact is critical but given that the Bank is a public institution operating with taxpayers' contributions, it has a duty to provide full and complete transparency and accountability for its financial commitments, expenditures, operations, and investments.

This report focuses on what happens with the Bank's claimed climate finance after a project is implemented and has reached its closing stage and not just as is the case now, at the stage of project approval. The Bank's climate finance expenditures represent the most basic information that can be used to understand the Bank's actual climate actions, outcomes, and impacts. Given the Bank's lack of reporting on ex post climate finance, climate finance outcomes, or impacts on mitigation and adaptation goals, this report estimates the difference between climate finance counted by the Bank at a project's approval stage and its actual expenditures for mitigation and adaptation activities in the project by the time the project has ended.

During COP 28, Ajay Banga, the Bank's president, said, "Our legitimacy must be earned daily through impact"[38] while announcing that climate finance would make up 45% of the Bank's total financing by 2025. The most fundamental indicator of whether investments are having an impact is the amount of claimed climate finance that actually becomes expenditure. Setting goals does nothing if they are not connected to the actual work being done, if they cannot be tracked, and if they cannot be independently verified. Given the Bank's record of poor reporting practices to date, it is difficult to have full confidence in its numbers.

APPROACH AND METHODOLOGY

The essence of our methodology was to take a sample of World Bank projects that both claim climate finance and have closed, and compare what the Bank budgeted for a project with what it actually ended up spending on that project. By comparing these figures across a sample of projects, we could estimate how much, on average, project spending changed between approval and implementation. This, in turn, gave us an estimate of how much climate finance might have changed between approval and implementation for a given project. (A complete account of the methodology is available in the Annex.)

Note that when we calculated the potential deviation between the budgeted and actual expenditures for a project, we calculated not only the value of the differences between budgeted and actual expenditures but also the absolute difference. By "absolute difference," we mean that regardless of whether the budgeted or the actual expenditures was the larger number, we made the result positive. We used the value of the differences to estimate whether there was any systematic over- or underspending across the entire portfolio of World Bank projects. We used the absolute value to estimate the average size of the change. We required the absolute value in the latter case to address the fact that cases of potential under-and overspending across different projects could cancel one another out across the entire portfolio, which would cause estimates of the average deviation between budgeted and actual expenditures to appear closer to zero than was actually the case.

While we found no pattern of systematic over- or underspending across the entire portfolio of projects, we did find significant deviations between the budgeted and actual expenditures at the project level. This highlights the impossibility of estimating the impact of climate actions for any project and, across the entire portfolio, for a large pool of climate finance about which there is absolutely no recordkeeping. Such outcomes highlight the limitations of the Bank's approach of estimating climate finance only at project approval and conducting no assessment at the time of project completion. There are some further nuances to the approach that have implications for our findings, and these are discussed in the Annex. In short, however, owing to reporting limitations on the part of the Bank, our findings can be taken as broad estimates of the Bank's deviation between budgeted and actual expenditures rather than a specific measurement of it.

The approach described above was applied to 181 projects that started after FY 2017 and closed at least six months prior to the date this research was conducted (see Annex for details). Notably, all development policy lending (DPL) was excluded from our sample as the nature of this lending is likely to result in no difference between budgeted and actual amounts. Likewise, projects funded by World Bank managed trusts were excluded from the sample. Projects from the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), both private sector arms of the World Bank Group, were also excluded from our sample.

FINDINGS AND DISCUSSION

There are at least two reasons to be concerned about the Bank's current approach to reporting only ex ante climate finance. First, projects change over their lifespan for many different reasons, including budget changes. It is possible that a project that claims to include climate finance can change in such a way that no money is ultimately spent on the claimed climate finance component, subcomponent, and activity without this ever being reported or climate finance claims being revised. Second, when reporting on ex post project spending, the Bank does not indicate which activities are climate finance, how much those climate finance activities cost, and how much is actually spent on them. Instead, the Bank provides only the total amounts budgeted at the project's component level and the final expenditure (though the quality of even this data is inconsistent, as described below).

Our findings show that for each World Bank project, the average deviation between budgeted and actual expenditures lies between 26% and 43%. This means that, on average, any World Bank project that has reported a share of climate finance for mitigation and/or adaptation at the approval stage can be expected to have ultimately delivered an amount that differs from what was claimed by between 26% and 43%.

Across the entire portfolio of World Bank climate finance projects between 2017 and 2023, the total value of such deviations between budgeted and actual expenditures lies between US$24.28 billion and US$41.32 billion (depending on whether we use the high or low end of the range for the average), excluding DPL. This large pool of finance could include, in some cases, new climate actions being funded and, in other cases, climate actions being defunded. It can be thought of as the amount of climate finance across the portfolio about which we have no knowledge of the impact as there is simply no assessment of how this climate finance was allocated or reallocated as projects were executed.

A deviation of 26% to 43% above or below claimed climate finance in any given project creates significant uncertainty about what climate actions have been supported. A complete lack of information on between US$24 billion and US$41 billion worth of climate finance over the past seven years reveals the impossibility of understanding the impacts of this finance – even in the most basic terms, such as the countries or thematic areas (e.g. adaptation, mitigation, energy, or food) that saw changes in finance. Without knowing how much of the climate finance reported in the Bank's projects is actually delivered, it is impossible for the Bank to track the impact of its supposed climate investments.

This analysis of budgeted versus actual expenditures of World Bank projects demonstrates the serious flaws of the current approach of only assessing and reporting climate finance based on what a project *aims* to do and not assessing and reporting whether those planned climate finance figures were actually disbursed and spent on the identified climate finance activities.

Furthermore, in collecting the data for this research, we found several

issues with the Bank's reporting structures and recordkeeping that are cause for serious concern for any stakeholder interested in using the Bank's publicly available project information to understand what the Bank is really spending money on through investment project financing.

There is no single reliable source of data and information on the Bank's project expenditures, let alone claimed climate finance, after implementation. While trying to collect the Bank's climate finance data, we found different levels of information on project budgeted versus actual expenditures from four main sources of different levels:

1. webpages for individual projects, which include the project cost, the Bank's commitment, and the percentage of the project that includes climate finance
2. the Bank's annual PDF featuring all the projects with climate finance, including how much the Bank is claiming for mitigation and adaptation within each project; this is the document the Bank states is the best source for climate finance figures (though it does not cover FY 2016 and FY 2017)
3. project Implementation Completion and Results Reports (ICRs)[39], which include the budgeted as well as the final expenditures for each project
4. the World Bank's API[40] for its project database

It was not uncommon, however, to find different figures for the same item across these sources.

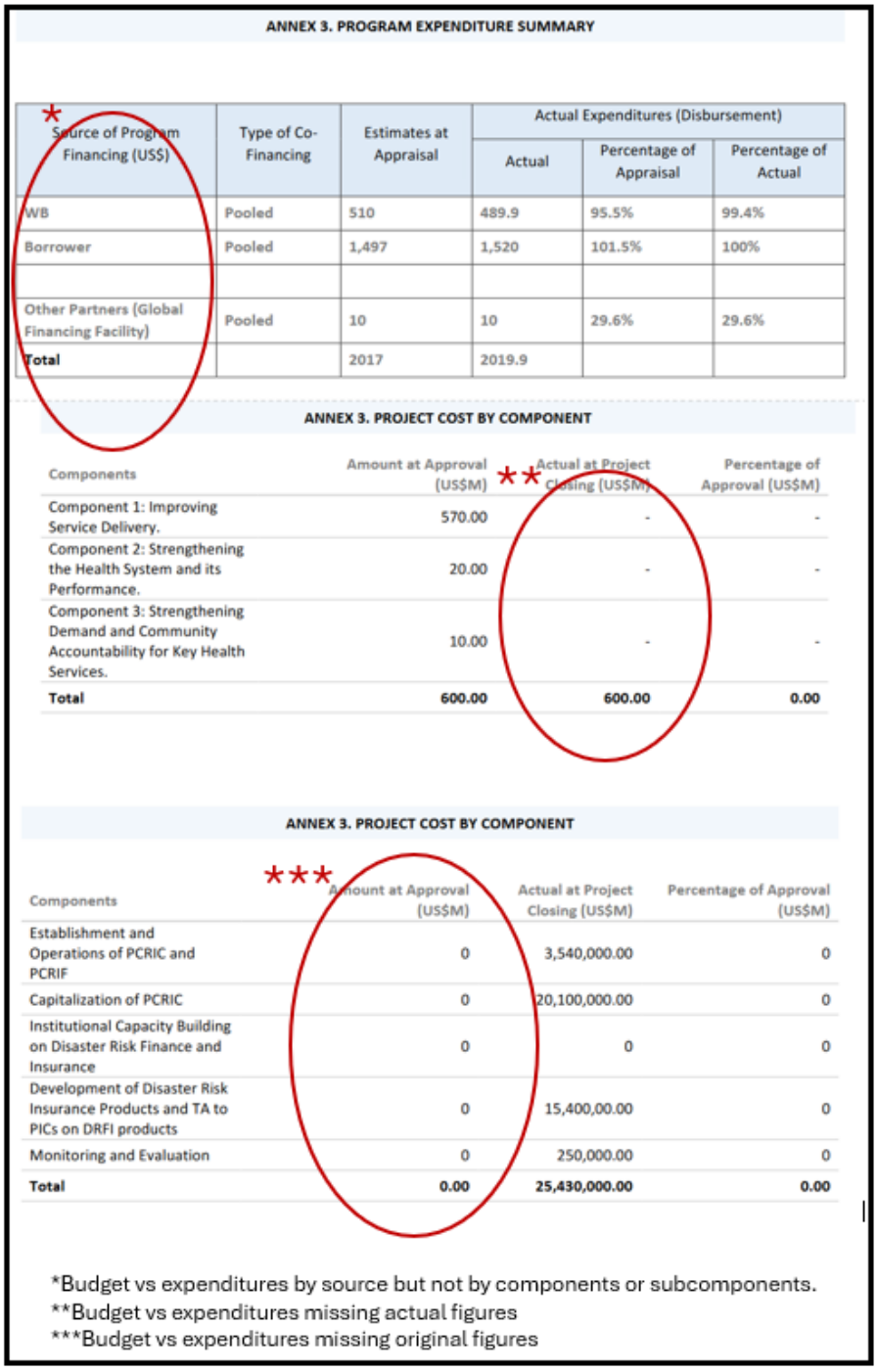
ICRs present a unique set of challenges. An ICR is the Bank's main official public document showing how a project was implemented, any changes in the project, and any additional financing or restructuring, including in the budget and expenditures. Projects develop an ICR only when all projects associated with the original operation have concluded. Often, however, projects are repeatedly extended or restructured; additional financing receives new project identification numbers (IDs) and may include revised or augmented project components and objectives or even reductions or increases in the original budget. A given project, consisting of an original project and multiple additional financing projects, can span many years. We found many projects reported as closed but with a missing ICR because one or more of its associated projects and/or additional financing had not closed, even after many years.

Furthermore, despite the importance of ICRs for accountability and learning, we found inconsistencies and a lack of a standardized format for reporting budgeted versus actual expenditures (see Box 1). In many instances, ICRs reported only aggregated budgeted and actual expenditures without differentiating cofinancing, counterpart financing, and/or other sources of financing from the Bank's share of the cost of the project. The expenditure reporting often failed to differentiate additional financing and/or restructured financing from the original budget at project approval, let alone what project components claimed climate finance at the approval stage and whether that budgeted climate finance was actually spent.

Many ICRs reported budgeted versus actual expenditures by source but not by project component. We also found many ICRs missing relevant information: showing zero dollar amounts in project budgets or expenditures for each component, failing to report expenditures at all, or

reporting expenditures for only one project component out of several.

Box 1: Examples of inconsistencies and data gaps in budgeted versus actual expenditure information in ICRs



ANNEX 3. PROGRAM EXPENDITURE SUMMARY

Source of Program Financing (US$)	Type of Co-Financing	Estimates at Appraisal	Actual Expenditures (Disbursement)		
			Actual	Percentage of Appraisal	Percentage of Actual
WB	Pooled	510	489.9	95.5%	99.4%
Borrower	Pooled	1,497	1,520	101.5%	100%
Other Partners (Global Financing Facility)	Pooled	10	10	29.6%	29.6%
Total		2017	2019.9		

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (US$M)
Component 1: Improving Service Delivery.	570.00	-	-
Component 2: Strengthening the Health System and its Performance.	20.00	-	-
Component 3: Strengthening Demand and Community Accountability for Key Health Services.	10.00	-	-
Total	**600.00**	**600.00**	**0.00**

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (US$M)
Establishment and Operations of PCRIC and PCRIF	0	3,540,000.00	0
Capitalization of PCRIC	0	20,100,000.00	0
Institutional Capacity Building on Disaster Risk Finance and Insurance	0	0	0
Development of Disaster Risk Insurance Products and TA to PICs on DRFI products	0	15,400,00.00	0
Monitoring and Evaluation	0	250,000.00	0
Total	**0.00**	**25,430,000.00**	**0.00**

*Budget vs expenditures by source but not by components or subcomponents.
**Budget vs expenditures missing actual figures
***Budget vs expenditures missing original figures

Finally, the majority of ICRs reported expenditures with inadequate granularity, only offering information at the project's component level. Nonetheless, a few cases presented budgeted and expenditures for all project components and subcomponents, showing that reporting at this level of granularity is possible.

CONCLUSION AND RECOMMENDATIONS

In our 2022 report *Unaccountable Accounting*, Oxfam could not verify about 40%, or US$7 billion, of what the Bank claimed as climate finance in FY 2021 through its ex ante approach. The analysis demonstrated that the Bank provides little to no documentation to support its climate finance claims and uses high levels of discretion in assessing the relevance of climate finance for each project's components at the approval stage.

This new report finds that over the course of implementing a project, many things can change, and the difference between budgeted and actual expenditures on Bank projects is on average 26% to 43% above or below claimed climate finance. Across the entire portfolio, between 2017 and 2023, this rate of deviation translates into between US$24.28 billion and US$41.32 billion in climate finance about which we have no information in terms of support for new climate actions and cuts to planned actions.

When a project is modified during implementation in a way that increases or decreases project components and the total project cost, these changes are likely to change the climate co-benefits that had been claimed at approval. For example, some of the project's climate finance activities could be removed or revised. Yet given the Bank's practice of reporting only ex ante climate finance, the project would still claim the same percentage of climate finance out of the total project cost as when the project was approved.

The magnitude of this undocumented spending is, by itself, of great concern. Furthermore, in light of our two reports' findings, it is clear that no one – including the Bank – has any real idea of how many billions of dollars are going to which climate actions. Thus, any claims of climate finance should be treated with skepticism until the Bank improves its ex ante and ex post reporting practices, starts tracking its climate finance expenditures, and showing its work. These findings also make a mockery of the Bank's claim to be focused on understanding the impact of its climate finance, as such ambition is clearly impossible when we do not know, and cannot verify, the climate actions that have seen investment. Given the Bank's role as the single largest provider of climate finance, its impact on the reporting practices of other MDBs, and the importance of that climate finance for human well-being and a livable planet, this state of affairs is wholly inadequate.

This report clearly shows that the amount of climate finance delivered likely changes a great deal from project planning to project close. While the ex ante approach is common for bilateral and multilateral climate finance reporting, assessments should be conducted and disclosed at midterm review and at the close of a project. This is the only way to document the actual amount of climate finance being delivered.

Now that the Bank has touted its focus on understanding and reporting on

the impact of its climate finance, it is critical to stress that without a full understanding of how much budgeted climate finance becomes actual expenditure, it remains impossible to track and measure the impact of the Bank's climate co-benefits in practice.

Based on the demonstrated inadequacy of the World Bank's reporting on climate finance as described here and in our previous report *Unaccountable Accounting*, Oxfam recommends the following:

- **At the outset of projects, the Bank should disclose detailed climate finance assessments, including evidence in support of its calculations for all projects reported to involve climate finance, in a way that allows for independent verification of its claims.** This data and information should be documented in ex ante Project Appraisal Documents that provide data on climate co-benefits at the lowest possible level of granularity, including at the level of project components, subcomponents, and activities.
- **Once projects have closed, the Bank should undertake a climate finance assessment and report on its climate finance expenditures in its Implementation Completion and Results Reports (ICRs).** Every completion report document should include a climate finance section that reports the amount of climate finance actually delivered by the time of project's conclusion, compared with the planned budget, with data disaggregated to the lowest possible level of granularity (component, subcomponent, and activity level).
- **The Bank should standardize how it reports on ex ante and ex post climate finance in projects.** The Bank should consistently provide detailed ex ante and ex post climate finance assessments for all projects instead of haphazardly providing different levels of information on climate finance for different projects, as it currently does. Budgeted versus actual expenditures on climate finance should be reported by source of financing, including cofinancing, counterpart financing, and/or other sources of financing from the Bank's share of the cost of the project. The Bank should also report any additional financing and/or restructured financing at the component, subcomponent, and activity level.
- **The Bank should create a public climate finance database.** The database should track climate finance claimed at the level of individual investment activity. This climate finance database should be publicly available and include sufficient metadata that is searchable, downloadable, and machine readable. The database should also be linked to the Bank's annual summary report of climate finance providing a comprehensive summary for each Work Bank Group arm. This database should be updated when a project, including all associated projects, reaches the closing stage and should disclose actual climate finance expenditures compared with planned expenditures.

ANNEX: APPROACH AND METHODOLOGY

At the completion of each World Bank project, the Bank publishes an Implementation and Completion Result Report (ICR) within six months of the project closing. The ICR includes budgeted and actual expenditures for the project. The top line of our approach is to identify ICRs for climate finance projects and estimate variation in their climate finance claims based on deviations between budgeted and actual expenditures.

Further specifics of the Bank's reporting processes shape our approach. The Bank breaks its work into projects, each of which comprises specific components (and subcomponents). All projects have a unique project ID and include an assessment of the project's climate finance (reported annually in a PDF). Some projects are associated with other projects in the form of "additional financing." Projects classified as additional financing have their own project ID and are individually assessed for their contribution to climate finance, but these associated projects do not have their own ICRs. Instead, all associated projects are included in the ICR of the original project from which they derived.

Ideally, our approach would have been to identify all projects with climate finance, find their corresponding ICR, identify which components in the project qualified for climate finance, check the budgeted versus actual spending for those components, and estimate the possible change in climate finance for that project. Such a detailed approach was not possible, however, due to the lack of consistency in reporting from the Bank. Specifically:

- Reporting in ICRs is not standard.
    - Sometimes values are broken out into components; sometimes they are not.
    - Sometimes values are broken out for associated projects; sometimes they are not.
- Reporting on budgeted versus actual expenditures appears in different appendices across different ICRs.
- Sometimes ICRs refer to the total value of a project (which could include sources that do not count toward the Bank's climate finance, such as contributions from the borrowing country); sometimes they reflect only the share of financing from the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) (which the Bank counts as climate finance).
- In many instances the ICRs contain overt errors. Multiple ICRs show a budget value of $0 for all components in a project (see below for how we handle such cases); in other cases, ICRs show discrepancies with other data sources on project budgets.

Consequently, we are unable to determine the amount of climate finance per component in a project based on the Bank's reporting. Similarly, our 2022 report *Unaccountable Accounting* showed that we were unable to recreate the Bank's climate finance estimates for projects by applying its climate finance assessment methodology to the specific components of

those projects.[41]

To limit the impact of the problems listed above, we principally tried to triangulate other reporting of project costs with those mentioned in the ICRs. However, non-systematic disagreements across different data sources made this impossible. For example, commitment amounts from the PDFs detailing the Bank's climate finance (which the Bank identifies as the primary source for climate finance information) and Project Appraisal Documents (PADs) (used as the basis for project approval by the Board) did not always match the reporting in the ICRs, which did not always match the data returned by the Bank's application programming interface (API).

Thus, our approach had to be less precise. We identified all the projects that contain climate finance, identified the relevant ICR for those projects, calculated the variance between budgeted and actual expenditures for all components of all projects associated with that ICR, and then applied this to the climate finance reported for individual projects contained in that ICR.

As a concrete example, consider project ID P161809. This project had three associated projects, each with its own ID: P164466, P163741, and P167195. We know that all four of these projects started after FY 2017 and closed six months prior to May 15, 2024. Only two of these associated projects, however, contained climate finance (the original project also contained no climate finance). The ICR for these associated projects (stored only under the original project ID) showed the budgeted and actual expenditures in terms of three components. These were not broken out by associated project, and we could not estimate the climate finance for each component. Accordingly, we conducted the following steps:

1. Calculate the proportional deviation for each component.

2. Calculate the weight for each component:

$$\frac{b_i + a_i}{\sum_{i=1}^{n}(b_i + a_i)}$$

   where b is budget, a is actual, i is for each component, and n is the number of components.

3. Multiply the proportional deviation for each component by the weight for that component.

4. Sum these values to get the weighted proportional percentage deviation for all the projects associated with this ICR.

5. Multiply this figure by the climate finance amount for each project to estimate the change in climate finance for that project.

6. The mean of these weighted proportional percentage deviations is the average change in financing per project.

This approach creates a few inaccuracies. First, not all projects included in an ICR have climate finance, yet we use information on their deviation between budgeted and actual expenditures to estimate the accuracy of other climate finance projects associated with that ICR. Not all components

contain climate finance, yet we use discrepancies in the budgeted versus actual expenditures for all components to estimate variances in climate finance. Finally, some ICRs report total project costs rather than Bank commitments to a project. The former do not count toward climate finance, yet in cases where this is reported in the ICR we use it to inform our estimate of the accuracy of climate finance claims for a specific project.

In our view these simplifications do not undermine our findings, but rather demonstrate that the findings should be viewed as indicative of the scale of the potential deviation in climate finance claims and not specific measurements of such deviation.

SCOPE

The research was limited to look at projects that started in FY 2017. This date was chosen because the Bank initiated its Climate Change Action Plan in FY 2016, creating specific climate finance goals and thus establishing ambition around climate finance. We assumed that by FY 2017 this plan would have been fully up and running. We further limited our focus to exclude development policy lending (DPL) from our sample. DPL consists of rapidly disbursed funds made available to borrowers based on their implementation of policy and institutional actions. It was anticipated that DPL would not experience any deviation in budgeted versus actual expenditures because this lending is approved only when all the necessary policies are effectively in place. For this reason, we simply exclude it from our sample and portfolio assessments.

Otherwise, our sample comprises projects that contain climate finance and for which all the projects in the associated ICR closed at least six months earlier. We exclude projects funded solely by World Bank–managed trusts (which do not count as climate finance) and multiphase projects. We exclude multiphase projects because, to our understanding, it was not possible to determine whether elements of a specific multiphase project were still outstanding and thus whether an ICR should be available for closed projects within the multiphase projects.

This reliance on projects that started no earlier than 2017 but which closed by the time of analysis likely skews our sample. Essentially, we anticipate that the longer a project runs, the greater the likelihood that it will deviate from its original budget (as the longer a project runs, the greater the opportunity for changes in the budget to occur). In this respect, our sample is likely to provide a low-end estimate of average budget deviation. At the same time, we include projects that were formally canceled (counting them as 100% deviant from the budgeted amount) as well as those that were not formally canceled but never realized a release of funds. It is unclear whether project cancellation is only possible relatively early in a project's existence or whether cancellation remains a possibility throughout the life of a project. In the case of the former, over time, we can expect canceled projects to have a smaller relative impact on the average deviation of project costs for the overall portfolio of the Bank, and in the latter case this will not be true. To account for this, we publish results stating explicitly when canceled projects are included and when they are excluded.

A further potential limitation of our sample is that our reliance on relatively short-lived projects could conceivably bias our sample toward underspending, as projects that close quickly might be more inclined to fail to execute their entire budget. We are unable to address this limitation in our findings, so it should be kept in mind as a caveat of our finding that there is no systematic over- or underspend in the sample (see below).

SPECIFIC METHODOLOGICAL STEPS

The steps taken as part of producing this analysis are as follows:

1. Using the World Bank API, retrieve all World Bank projects, including the following data: project ID, board approval date, closing date, FY for the commitment, project status (closed, active, etc.), climate finance coefficient, lending instrument, and total commitment.
2. For each project retrieved from the API, identify whether it was an associated project and, if so, retrieve the primary project.
    a. The World Bank API does not include associated project data; thus we checked the World Bank website and retrieved the associated projects for every project.
3. Identify the sample for the research:
    a. Match up the project IDs with the associated projects.
    b. Identify projects (primary or associated) that were approved by the Board after FY 2016.
    c. Identify projects (primary or associated) for which at least one of the projects has climate finance.
    d. Identify projects for which both the primary and all of the associated projects have closed.
    e. Identify projects for which the most recently closed project (primary or associated) closed more than six months ago (date of analysis start: May 15, 2024).
        - Ignore projects that have a closing date of "NA" (despite showing a status of "closed").
    f. Exclude projects for which the lending instrument is development policy lending (DPL).
    g. Retrieve all the original project IDs.
4. Check the documents available for the sample IDs.
    a. Call the API to determine whether there is an ICR, note of cancellation (NCO), Project Appraisal Document (PAD), or any official documentation (used to identify whether any formal contract was signed for the project) available for the project ID.
    b. Check whether the project is funded by a trust.
        - Call the API to identify whether the sum of IDA and IBRD contributions is > 0.
    c. Check whether the project is multiphase.

- Download the PAD for each project, and check the front page for the following text: "Using the Multiphase Programmatic Approach."

5. Download all the available ICRs.
6. For each ICR, compare the budget with the actual expenditure to calculate the variance between the two for all projects (original and associated). We term this the "deviation" on the ICR.
    a. In cases where the budget data is shown as $0, check the following documents and attempt to recreate the budget data for a project: ICR, PAD, Project Information Document. (When a document of one type was not available, we moved to the next type. For two projects we could find no such reports containing budget data [P149690, P175657]. We excluded these from the sample.)
7. Estimate the change in climate financing for each ICR.
    a. Calculate the absolute proportional deviation for each component, comparing the budgeted and actual expenditures.
    b. Weight this proportional deviation by the sum of the budgeted and actual expenditure value for the component as a proportion of the sum of the total budgeted and actual expenditure values for the project(s) in the ICR (see example above).
    c. Sum these values to get the average change in financing for each ICR. This is the weighted proportional deviation for the project.

The average value of weighted proportional deviations across all the climate finance projects gives us the average financing deviation for the Bank's portfolio. Because we have taken the absolute value of the proportional deviation, the distribution of errors is not normal (if we do not use the absolute value, the errors are approximately normally distributed around 0; see the "Results" section for a longer discussion). Thus, to calculate the confidence level, we bootstrap the weighted proportional deviations with replacement to calculate the mean of 1,000 samples. Doing so yields a collection of means that are normally distributed, from which we can estimate the confidence level for our result.

RESULTS

Based on our sampling approach, we identified 193 projects. Of these 166 had ICRs, 10 were canceled, and 5 failed to result in a signed financing agreement. Four projects were multiphase and thus had no ICR. Eight projects were excluded because their ICRs were delayed. These results are summarized in Table A.1. Note that no projects in the sample showed up as trusts. This is because both the API and PDF sources for climate finance indicate values of $0 when the project is funded by a trust. As such when we filter our sample to include projects with climate finance values greater than $0 all trust funded projects are filtered out.

Table A.1: Report status count

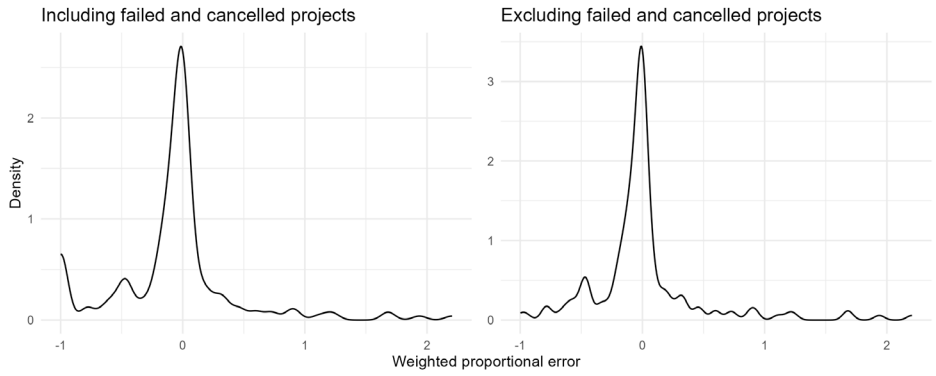
Status	Count
ICR available	166
Cancelled	10
Failed	5
Multiphase	4
ICR delayed	8

Source: Authors' calculations.

While checking the code base for this research one project erroneously showed up as a trust. This was due to another error in the Bank's data, whereby the project in question (P119549) was associated with another project but had had a start date prior to its original project (P131263). Rather than amending the work to address this issue, we simply excluded P119549 from our sample.

Before considering the absolute value of the deviation between actual and budget amounts, we examined the actual values of the deviations to explore the scope for any systematic over- or underspending by the Bank on climate finance projects. We found that the mean weighted proportional deviation was -0.09 (a negative value indicates underspending). Considering the distribution of the errors, they are approximately distributed about 0 but skewed positively because we imposed a limit on underspending of 100% (i.e., a canceled project, which technically is an infinitely large difference), while overspending has no such limit (see Figure A.1). We further see a cluster of projects that have an error of -1, caused mainly by canceled and failed projects. If we exclude those failed and canceled projects, the mean weighted proportional error is 0.01. Other bumps in the tails of the distribution reflect that fact that the proportional error is calculated for a single ICR and applied to all the projects that make up that ICR. Thus, we get clusters of values at points where ICRs include several projects.

Figure A.1. Density plot of the weighted proportional errors per project



Source: Authors' calculations.

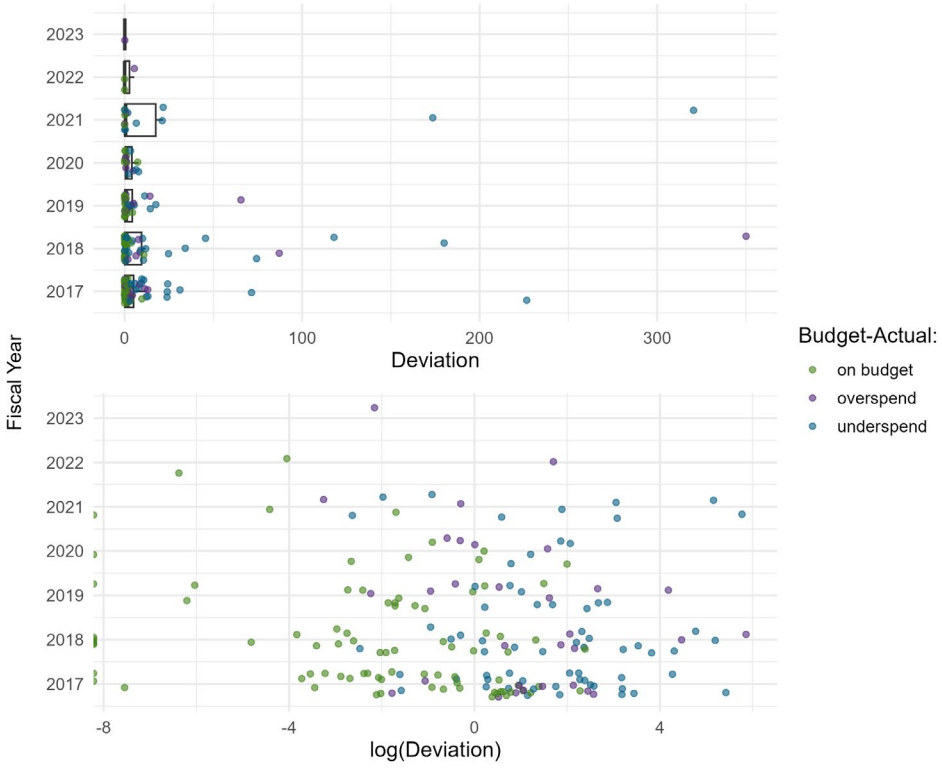
Because the distribution is not perfectly normal (especially when including canceled and failed projects), we use bootstrapping (1,000 samples) to calculate the 95% confidence interval for the mean. Including canceled and

failed projects, the interval is between -0.15 and 0.0; without those projects, it is between -0.05 and 0.09. Based on the potentially compromised nature of our sample and the degree to which these ranges include 0 (with rounding), we cannot confidently conclude any sort of systematic under- or overspending on projects by the Bank with regard to climate finance projects.

For clarity we can individually plot each project by year, indicating the estimated over- or underspending, based on the weighted proportional error calculated from the ICR and multiplied by the amount of climate finance claimed for the project (Figure A.2). When interpreting the graph, note that each dot represents deviation in climate finance for each project, based on the project-specific weighted proportional deviation. The color of the dot indicates whether the project was on budget, overspent, or underspent.

Finally, we plot both the distribution of the deviation (top plot) and the log of the deviation (bottom plot). The former includes a box and whisker plot highlighting the role of outliers. The log of deviation allows for clearer examination of the share of projects: on budget, overspent, and underspent. The number of projects starting in each year decreases over time, reflecting the limitation on our sample to have the project closed by the time we began our analysis. Also, some on-budget projects have non-zero values, owing to differences in rounding across the ICRs and climate finance PDF (API for 2017 data).

Figure A.2. Estimated deviance in climate finance per project



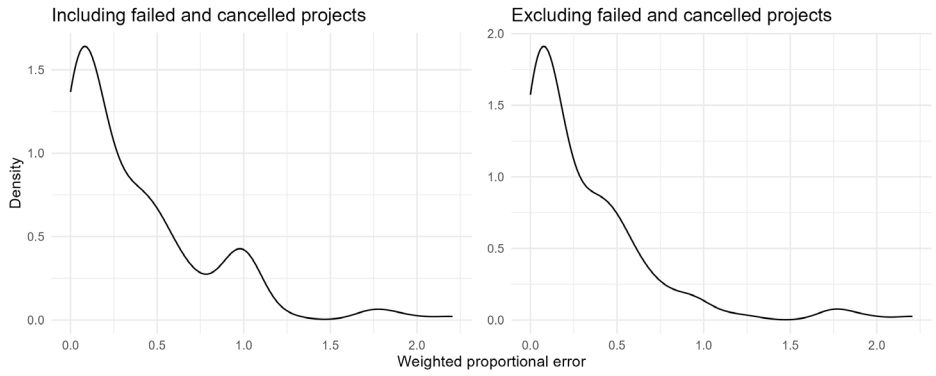
Source: Authors' calculations.

Note: "On budget" includes small non-zero deviations to account for rounding errors across documents.

The above analysis of actual errors highlights a significant problem: overspending and underspending cancel one another out. This makes it difficult to determine how much climate finance is actually being delivered in a specific project (and to answer the question motivating this work: what do we know about how much climate finance is being delivered as part of that project?). To address this problem, we take the absolute value of the difference between actual and budgeted values and calculate the proportional error in reporting per project. When we do so, the average proportional financing deviation for the entire sample is 0.37, including failed and canceled projects. Excluding those projects yields a mean of 0.32. Because we have taken the absolute value of the deviations, our distribution is no longer approximately normal about 0 (Figure A.3).

The density plot (Figure A.3) shows most absolute proportional deviations lie somewhere between 0.0 and 0.25, with a bump at 1.0 (for cancelled and failed projects), and otherwise declining to a little over 2.0. To estimate the confidence interval for the mean of this distribution, we again use bootstrapping (with 1,000 samples). At a 95% confidence level, we conclude the mean lies between 0.32 and 0.43 when including failed and cancelled projects. Excluding those projects, the mean lies between 0.26 and 0.37. Based on these calculations, we feel confident that the average deviation on a World Bank project that contains climate finance is somewhere between 26% and 43%, excluding DPL projects. Effectively, we find that for any single project the claimed climate finance could be off by between 26% and 43%. It should be self-evident that an error of this scale creates significant problems for any effort to understand the impact of the claimed climate finance for any individual project.

Figure A.3. Density plot of the weighted proportional absolute errors per project



Source: Authors' calculations.

Considering the implications of this error across the entirety of the Bank's portfolio requires some caution. First, we must treat the projects in our sample differently from the projects in the rest of the portfolio, as we know the actual deviations for the projects in our sample. For the projects in the Bank's portfolio that are not in our sample, we can generate a low-end estimate of the total potential deviation in climate finance reporting by multiplying the low-end estimate of the average deviation by the quantity of climate finance for each project. We can then generate a high-end estimate

by doing the same but with the high-end estimate of the average deviation. Following that, we can use the deviations identified in our sample (where the high-end value and the low-end value are the same as we know their values). We can then sum these deviations across the Bank's entire portfolio to get a sense of their implications at scale.

Further caution is required when interpreting this analysis. As already mentioned, we did not find any systematic over- or underspending across the entire portfolio and thus can assume that the likelihood of over- or underspending on a project is random. Further, assuming that incidences of over- or underspending on any individual project are independent of the likelihood of over- or underspending on any other project, it is statistically extremely unlikely that either the low-end estimate or the high-end estimate is the actual amount of climate finance.

Thus, these low- and high-end estimates are the theoretical scale of the deviation in climate finance across the Bank's entire portfolio. In other words, this deviation is the amount of potential climate finance for which we have no idea of the impact, as we do not know what it is being spent on. It is important to distinguish this idea from the notion that this is the amount by which the Bank could be over- or underreporting its climate finance. Instead, because incidences of over- and underspending appear to cancel one another out, the Bank's aggregate reporting of its total amount of climate finance is likely close to accurate – even if it is likely significantly incorrect at the project level and even if we do not know what a large amount of climate finance is being spent on or where it is being spent.

Keeping in mind these nuances, and considering that the Bank provided US$104.62 billion in climate finance (excluding DPL) for the period 2017–2023, we find that between US$24.28 billion and US$41.32 billion in climate finance is effectively unaccounted for in terms of climate finance reporting. Thus it is impossible to even begin to speak about its impact. The specific potential deviation for each year is detailed in Table A.2.

Table A.2. Claimed climate finance and potential deviation by year, 2017–2023 (US$ millions)

Fiscal year	Number of projects	Claimed amount of climate finance	Low-end deviation	High-end deviation
2017	210	7,905.18	959.81	1,906.78
2018	203	13,489.73	2,682.83	4,544.47
2019	236	11,092.03	2,731.32	4,552.10
2020	276	14,072.61	3,544.54	5,938.91
2021	302	16,410.50	3,562.64	6,321.95
2022	337	19,860.02	5,152.71	8,610.30
2023	252	21,788.33	5,650.24	9,445.64
Total	**1,816**	**104,618.40**	**24,284.07**	**41,320.15**

Source: Authors' calculations.

Note: Amounts exclude DPL. The table includes deviations observed in our sample, such that total deviations are a different percentage from our sample average. The low-end estimate is 26%, and the high-end estimate is 43%. Data for 2017 are from the API, and other data are from the Bank's climate finance PDFs.

We can break the average deviation out by fiscal year to see how it varies over time (see Table A.3). However, this result should be interpreted with caution; as the sample becomes smaller, the confidence interval grows substantially. This is most notable for FY 2022 and FY 2023, when the number of projects in the sample is extremely small owing to the lack of time available for projects to close (Figure A.2). Nonetheless, the results reveal that variances between budgeted and actual expenditures were greatest in FY 2020 and FY 2021. It is likely that the COVID-19 pandemic caused numerous projects to be changed during that period. The inclusion of these fiscal years in our sample may bias the overall average upward. Since our portfolio assessment includes the COVID years, this does not compromise our findings, however it is a further reminder to treat our sample with some caution and interpret our results as indicative of the average deviation in reported climate finance, not as a specific measure thereof. Likewise, one should be wary of applying this average to the World Bank's climate finance and either excluding the COVID years or having them comprise a small portion of the overall portfolio.

Table A.3. Mean variance in expenditures by year, 2017–2023

Fiscal year	Mean deviation
2017	0.34
2018	0.39
2019	0.46
2020	0.50
2021	0.62
2022	0.48
2023	0.19

Source: Authors' calculations.

Note: Mean deviation refers to the absolute proportional weighted variance between budgeted and actual values.

NOTES

[1] World Meteorological Organization. (15 May 2024). *Global temperature record streak continues, as climate change makes heatwaves more extreme*. Press release. Accessed 12 September 2024. https://wmo.int/media/news/global-temperature-record-streak-continues-climate-change-makes-heatwaves-more-extreme

[2] World Meteorological Organization. (24 July 2024). *Earth experiences warmest day in recent history*. Press release. Accessed 12 September 2024. https://wmo.int/media/news/earth-experiences-warmest-day-recent-history

[3] M. Bachelet. (2022). Remarks to Panel: "Exploring the nexus between climate change and violence against women and girls through a human rights lens." https://www.ohchr.org/en/statements/2022/06/annual-full-day-discussion-human-rights-women

[4] N. Tewari, A. Bush, M. Nerine Butt, E. Stevens, and S. Zafar. (December 2023). *Gendered Dimensions of Loss and Damage in Asia*. Briefing Paper. Oxfam International. Accessed 12 September 2024. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621556/bp-gendered-dimensions-of-loss-and-damage-in-asia-07122023-en.pdf?sequence=1&isAllowed=y

[5] Ibid.

[6] United Nations Environment Programme (UNEP). (2023). *Adaptation Gap Report 2023: Underfinanced. Underprepared. Inadequate Investment and Planning on Climate Adaptation Leaves World Exposed*. Accessed 12 September 2024. https://www.unep.org/resources/adaptation-gap-report-2023

[7] To ensure coherence and avoid confusion with provisions of the Paris Agreement, we are using the terms "developed" and "developing" countries, as these terms are used in the Paris Agreement; however, we acknowledge the problematic nature of this terminology.

[8] International Energy Agency (IEA). (2023). *Scaling Up Private Finance for Clean Energy in Emerging and Developing Economies*. Accessed 12 September 2024. https://www.iea.org/reports/scaling-up-private-finance-for-clean-energy-in-emerging-and-developing-economies

[9] United Nations Trade and Development (UNCTAD). (n.d.). *The costs of achieving the SDGs: Energy transition*. Accessed 12 September 2024. https://unctad.org/sdg-costing/energy-transition

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[11] Development Initiatives. (2024). *Climate Finance: Earning Trust through Consistent Reporting*. Accessed 12 September 2024. https://devinit.org/resources/climate-finance-earning-trust-through-consistent-reporting/executive-summary/

[12] Oxfam. (9 July 2024). *Rich countries overstating "true value" of climate finance by up to $88 billion, says Oxfam*. Press release. Accessed 12 September 2024. https://www.oxfam.org/en/press-releases/rich-countries-overstating-true-value-climate-finance-88-billion-says-oxfam

[13] J. Kraus, J. Rivera, M. Price, and L. Picci. (2024). *Climate Finance Reporting Is a Mess. Here's How to Fix it*. ONE Data Commons. Accessed 12 September 2024. https://datacommons.one.org/climate-finance-files

[14] Multilateral development banks are international financial institutions that have been established by several sovereign states that are the shareholders of the bank. Their general mission, with some variations for each institution, is generally fostering economic and social progress in developing countries by financing projects, programs, policies, and investments in support of developing countries' development. MDBs lend money and make margin to cover administrative costs.

[15] A. Kaya. (7 February 2023). *Multilateral development banks and climate finance: More words than action*. Green Fiscal Policy Network blog. Accessed 12 September 2024. https://greenfiscalpolicy.org/blog/multilateral-development-banks-and-climate-finance-more-words-than-action/

[16] S. Acharya, R. B. Sørensen, and H. P. Dejgaard. (2024). *Unaccountable Adaptation: The Asian Development Bank's Overstated Claims on Climate Adaptation Finance*. Briefing Paper. Oxfam International. Accessed 12 September 2024. https://policy-practice.oxfam.org/resources/unaccountable-adaptation-the-asian-development-banks-overstated-claims-on-clima-621602/

[17] Concessional funding refers to finance that is below market rates, with low or zero interest rates and repayments stretched over 30 to 40 years. Concessional funding also includes financing on grant terms, which carry no repayments at all. Concessional funding is usually targeted to low-income countries and countries at higher risk of debt distress. Nonconcessional funding refers to financing at market rates and on substantially less generous terms than concessional funding.

[18] Inter-American Development Bank, et al. (2023). *2022 Joint Report on MDB Climate Finance.* Accessed 12 September 2024. https://publications.iadb.org/en/2022-joint-report-multilateral-development-banks-climate-finance

[19] It is worth noting two things regarding MDB provision of climate finance: First, these institutions are stewards of the finance provided by their shareholder countries, and the climate finance delivered by the MDBs is credited to the shareholder countries based on the size of their shares in the MDBs. Thus, the Bank itself is not a contributor to the US$100 billion goal set for the Paris Agreement, as shareholder countries ultimately claim portions of the climate finance delivered by the Bank as contributions toward their provision of climate finance. Second, because the US$100 billion goal is a goal for "developed" countries and because "developing" countries also own shares in the MDBs, the entirety of the finance channeled through the Banks cannot be counted toward the US$100 billion goal. It's the difference between the provider and recipient perspective. The provider perspective captures most of the public climate finance and doesn't include an amount only claimed by an institution like the Bank, but the Bank's shareholders. Whereas the recipient perspective shows the channel the recipient country is accessing the finance through.

[20] World Bank, International Finance Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA). 2016. *World Bank Group Climate Change Action Plan 2016–2020*. Accessed 12 September 2024. https://documents1.worldbank.org/curated/en/755721468011421594/pdf/106365-WP-ADD-ABSTRACT-ADD-AUTHORS-OUO-9.pdf

[21] The World Bank has developed the concept of climate co-benefits to track its climate finance and identify the share of development finance that contributes to addressing climate change. Any costed climate co-benefits of any development project financed by the World Bank are counted as climate finance. World Bank Group. (11 March 2021). *What you need to know about climate co-benefits*. Accessed 12 September 2024. https://www.worldbank.org/en/news/feature/2021/03/10/what-you-need-to-know-about-climate-co-benefits

[22] World Bank. (2018). *World Bank Climate Finance 2018*. Accessed 12 September 2024. https://thedocs.worldbank.org/en/doc/744511553696049991-0020022019/original/WorldBank2018CFData.pdf

[23] World Bank Group. (2021). *World Bank Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development*. Accessed 12 September 2024. https://documents1.worldbank.org/curated/en/705731624380363785/pdf/World-Bank-Group-Climate-Change-Action-Plan-2021-2025-Supporting-Green-Resilient-and-Inclusive-Development.pdf

[24] World Bank. (2023). *World Bank Climate Finance 2022*. Accessed 12 September 2024. https://thedocs.worldbank.org/en/doc/24430fc6d999093601259916b9f3b1fb-0020012023/original/FY22-CCB-Flyer.pdf

[25] A. Banga. (1 December 2023). *Remarks by World Bank President Ajay Banga at Transforming Climate Finance Event, COP28*. World Bank Group. Accessed 12 September 2024. https://www.worldbank.org/en/news/speech/2023/12/01/remarks-by-world-bank-president-

ajay-banga-at-transforming-climate-finance-event

[26] The announcement of the new 45% climate finance target was made without much analysis or explanation of why 45% was chosen, rather than 50% or 75%, and why this target is relevant or ambitious enough. At an event two months later, Ajay Banga, the World Bank's president, tried to answer that question. He acknowledged that 45% seemed logical given that the Bank had reached its previous targets quite easily, and he did not want to take credit for the achievement of his predecessor, who set the 35% target. Center for Global Development. (5 February 2024). *A Fireside Chat with World Bank President Ajay Banga*. Accessed 12 September 2024. https://www.cgdev.org/event/fireside-chat-world-bank-president-ajay-banga

[27] Bridgetown Initiative. (2024). *Bridgetown Initiative on the Reform of the International Development and Climate Finance Architecture*. Accessed 12 September 2024. https://www.bridgetown-initiative.org/bridgetown-initiative-3-0/

[28] Climate Chance. (2023). *The Summit for a New Global Financial Pact*. Accessed 12 September 2024. https://www.climate-chance.org/en/event-calendar/summit-financial-pact-international-aid-fund/

[29] G20. (21 April 2024). *Multilateral development banks deepen collaboration to work as a system*. Press release. Accessed 12 September 2024. https://www.g20.org/en/news/multilateral-development-banks-deepen-collaboration-to-work-as-a-system

[30] A capital adequacy framework encompasses a series of measures aiming at identifying the optimal balance of a financial institution's assets, liabilities, and risks to boost financial capacity by stretching existing resources and pursuing innovative measures. See also G20's commissioned report *Boosting MDBs' Investing Capacity*. (2022). An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks. Accessed 12 September 2024. https://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_it/news/news/CAF-Review-Report.pdf

[31] S. Gold. (6 October 2022). "US treasury secretary asks World Bank to think bigger and lend more." *Devex*. Accessed 12 September 2024. https://www.devex.com/news/us-treasury-secretary-asks-world-bank-to-think-bigger-and-lend-more-104155

[32] World Bank Group. (2023). *Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution*. Accessed 12 September 2024. https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2023/Final%20Updated%20Evolution%20Paper%20DC2023-0003.pdf

[33] J. Farr, J. Morrissey, and C. Donaldson. (2022). *Unaccountable Accounting: The World Bank's Unreliable Climate Finance Reporting*. Briefing Paper. Oxfam International. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621424/bp-world-bank-unreliable-climate-finance-reporting-031022-en.pdf?sequence=4

[34] See M. Miller, L. Roger, Y. Cao, and A. Prizzon. (March 2023). *Where Has the Money Come From to Finance Rising Climate Ambition?* ODI Emerging Analysis. ODI. https://cdn.odi.org/media/documents/DPF_EA_Where_has_the_money_come_from_to_finance_rising_climate_ambition_UEXBuVX.pdf

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[35] G. Nunez-Mujica, V. Ramachandran, and S. Morris. (2023). *What Counts As Climate? Preliminary Evidence from the World Bank's Climate Portfolio*. Center for Global Development. https://www.cgdev.org/sites/default/files/what-counts-climate-preliminary-evidence-world-banks-climate-portfolio.pdf

[36] Neither the MDB joint methodology on tracking climate finance nor the World Bank climate finance accounting practices requires any assessment of climate finance after implementation of projects to ensure effective expenditure and use of such limited resources.

[37] In several communications between Oxfam and the World Bank about our findings, the Bank's climate change team noted that they confront similar challenges. Essentially, the Bank appears to apply the joint methodology with a great deal of subjectivity, lacking any rigorous documentation of how climate finance numbers are determined. However, they also claimed their numbers are reproducible internally. But to the extent of our knowledge and to this date, despite asking the Bank to make public such data that allows for any independent party to reproduce their numbers, they have not published it yet.

[38] A. Banga. (1 December 2023). *Remarks by World Bank President Ajay Banga at Transforming Climate Finance Event, COP28*. World Bank Group. Accessed 12 September 2024. https://www.worldbank.org/en/news/speech/2023/12/01/remarks-by-world-bank-president-ajay-banga-at-transforming-climate-finance-event

[39] At the completion of a Bank project, an Implementation Completion and Results Report or ICRs should be published within 6 months of the project closing. ICRs are prepared for accountability purposes and provide lessons from completed operations.

[40] API stands for application programming interface, which is a software intermediary that allows two applications to talk to each other.

[41] If we had sought to recreate this method, it would have been an entire research project in and of itself owing to the Bank's failure to report climate finance estimates on a component-by-component basis.

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