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The Role of Multilateral Development Banks and Development Assistance in the Provision of Global Public Goods

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ABSTRACT

Providing global public goods, such as health security and climate resilience, has become increasingly urgent in the face of global challenges. This paper examines the critical role of multilateral development banks and official development assistance (ODA) in addressing these challenges. It highlights the evolution of the banks from project-based financing to programme support as well as their countercyclical functions during crises, emphasizing their contributions to climate finance and global health initiatives. The paper also evaluates the efficacy of ODA and specialized global funds in supporting environmental protection, pandemic preparedness and biodiversity. While multilateral development banks and ODA providers have increased their activities in these areas, significant financing and coordination remain. Recommendations include enhanced capitalization of the multilateral development banks, concessional credit mechanisms for both low- and middle-income countries, and innovative financial tools to leverage private sector investment. Addressing these gaps is essential to achieve equitable and sustainable development and the effective provision of global public goods.

Introduction

In recent years, the urgency of financing global public goods has become increasingly evident. It has been underscored by the stark realities of the COVID-19 pandemic and the mounting consequences of climate change. These global challenges highlight the critical role that international cooperation and financial commitments and institutions play in providing sufficient resources to guarantee the adequate provision of global public goods.

The pandemic highlighted the critical need for coordinated international responses in the face of a global health crisis. This included adequate financing for collaborative vaccine distribution, health-care infrastructure and research efforts to safeguard global public health. In the same way, the intensifying impacts of climate change, such as extreme weather events, rising sea levels and environmental degradation, demand substantial investments in reducing the flow of heat-trapping greenhouse gases, expanding clean energy generation and applying sustainable practices to adapt to environmental threats. In both cases, financing global public goods is an investment in the sustainability of the world, which requires a collaborative financial architecture that recognizes the interdependence of countries and their shared commitment to safeguarding global public goods.

These issues have been at the centre of the recent global agenda as part of a recognition of significant lags in achieving the Sustainable Development Goals (SDGs) and in the agenda of international financial reform. The need to significantly increase development financing was at the heart of proposals by the United Nations (2023a and 2023b). It has featured in agreements by the Group of 20 (G20) Leaders' Summit (G20 2023b, paras. 47–52) and recommendations to enhance the role of multilateral development banks (G20 2023a) as well as in the "Evolution Roadmap" of the World Bank Group (World Bank 2023a). Many proposals were endorsed in the political declaration of the United Nations High-Level Political Forum on Sustainable Development and the Second SDG Summit held in July and September 2023, respectively (United Nations 2023c, para. 38).

This paper analyses proposals to enhance financing for the provision of global public goods, with an emphasis on the role of the multilateral development banks, including a review of their activities in this area. It will also analyse the role of official development assistance (ODA) and the global funds created to support the provision of public goods. It puts a strong focus on health and climate change, as information on the protection of biodiversity is more limited. Within these topics, the paper will assess existing financing mechanisms, challenges encountered and potential strategies for advancing the global agenda more effectively. The challenges are interrelated. For example, according to Marani et al. (2023), the annual probability of future pandemic emergencies linked to environmental change could triple in upcoming decades.

The role of multilateral development banks

The primary purpose of multilateral development institutions is to support developing countries' public objectives and complement international private financing.[1] The latter was severely affected by the Great Depression of the 1930s, except for trade financing. The first step to overcome this problem was the 1944 creation at Bretton Woods of the International Bank for Reconstruction and Development (IBRD), now part of the World Bank Group. It soon left its reconstruction functions in relation to Western Europe, which were assumed by the Marshall Plan, to concentrate on financing developing countries. This initiative was followed by the creation of several regional banks to support these countries, starting with the Inter-American Development Bank in 1959.

The reconstruction of global private financial markets in the late 1950s started to reach some developing countries by the late 1960s but particularly by the mid-1970s. Access remained limited or costly, however, and has experienced a strong procyclical pattern since then. Multilateral development banks now focus on financing nations with restricted access to private markets, complementing private financing for developing countries that do have access, and on providing countercyclical financing to all developing countries.

Financing from the multilateral development banks goes to both the public and private sectors and has evolved from project-focused financing to the support of development programmes. The banks offer preferential lines of finance for the poorest countries through institutions such as the International Development Association of the World Bank Group, or through special credit facilities within their general programmes. As indicated, they also play a countercyclical role, compensating for the procyclical pattern of international private financing and mitigating the impact of crises such as the COVID-19–triggered economic downturn and the reduction of private financing during the adverse mix of global economic slowdown and inflation in recent years. They also analyse national, regional and global economic conditions and recommend appropriate policies to manage them, acting as a 'knowledge bank' (Ocampo and Ortega 2022).

Traditional regional banks that offer financing to developing countries (excluding the European Investment Bank) have grown faster than the World Bank Group, surpassing it in terms of financing provided since the middle of the last decade. Two new banks headquartered in China, the New Development Bank of the BRICS countries[2] and the Asian Infrastructure Investment Bank, have grown rapidly since the second half of the last decade.

[1] We refer to middle- and low-income countries as 'developing' nations, without differentiating a specific category of 'emerging' economies, which lacks a clear definition.
[2] Brazil, Russian Federation, India, China and South Africa.

The World Bank continues to play, however, the most important countercyclical role, as reflected in the sharp increase in its financing during the North Atlantic financial crisis,[3] the COVID-19 crisis and adverse global economic conjunctures in recent years. This was possible during the recent crises thanks to the capitalization of this institution in 2018. In recent years, the countercyclical function has been performed more strongly by the International Development Association than by the IBRD but also in the second case with a significant increase in financing. The only regional banks that played a significant countercyclical role during the pandemic and the recent crisis were the European Bank for Reconstruction and Development and the Asian Development Bank, while the African Development Bank reduced its credit approvals.

In terms of relative support to different regions in relation to regional gross domestic product (GDP), the World Bank Group provides the strongest support to sub-Saharan Africa and South Asia. This clearly reflects its priority to assist the world's poorest regions. Latin America and the Caribbean follows in relative importance. Financing by regional banks is dominant in Europe, for reasons including the support of the European Investment Bank, followed by Latin America and the Caribbean (Ocampo and Ortega 2022).

Multilateral development banks substantially increased their financing to global public health after the outbreak of the COVID-19 crisis, with a rise from $2.6 billion in 2019 to $11.1 billion in 2020 (Table 1). Yet this is not nearly enough. The World Bank Group was the multilateral development bank with the greatest number of programmes in this area but it represented just 8.4 percent of total loan commitments in 2020. Furthermore, the division between financing national health programmes and specific support to the provision of global public goods—i.e., the fight against the pandemic—is unclear; it is likely that the largest resources were for national programmes.

Table 1: MDB commitments on global public health 2013-2020 (in USD millions, 2020 constant prices)

	Global Public Health							
	2013	2014	2015	2016	2017	2018	2019	2020
World Bank (WBG)	1,094.72	973.16	1,049.74	1,271.90	2,008.84	1,974.51	2,098.95	5,815.93
International Bank for Reconstruction and Development (IBRD)	380.08	42.70	434.45	580.23	870.42	1,245.15	1,033.36	2,857.97
International Development Association (IDA)	714.64	930.46	615.29	691.67	1,138.41	729.36	1,065.59	2,957.96
Inter-American Development Bank (IADB)	706.80	1,163.98	780.59	347.23	187.82	807.54	49.52	1,082.07
African Development Bank (AfDB)	1.57	6.28	1.01	139.93	0.00	1.02	0.00	2.89
Asian Development Bank (ADB)	76.22	64.71	10.32	39.13	74.68	307.17	413.68	2,174.44
Asian Infrastructure Development Bank (AIDB)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,494.90
European Bank for Reconstruction and Development (EBRD)	26.55	62.32	76.35	78.08	101.08	2.36	51.07	225.11
European Investment Bank (EIB)	0.00	0.00	0.00	0.00	0.60	5.62	4.81	262.11
Total	1,905.86	2,270.45	1,918.02	1,876.27	2,373.02	3,098.21	2,618.04	11,057.45

Source: African Development Bank et al. 2022.

Commitments to climate finance by the multilateral development banks are larger and have grown for a slightly longer time—since 2017. In 2021, the banks enhanced their commitment to climate finance, disbursing $50.7

[3] We use this term to refer to the crisis of 2007 to 2009, generally called the global financial crisis. Since its axes were the United States and Western Europe, a more appropriate name is the North Atlantic crisis.

billion to low- and middle-income countries (Table 2).[4] This is double the average level of financing from 2011 to 2016. Another $41 billion in private finance was mobilized concurrently. These efforts enabled the multilateral development banks to achieve anticipated climate finance levels for 2025, as announced during the United Nations Climate Action Summit in 2019 (African Development Bank et al. 2022).

Table 2: MDB climate finance commitments to low and middle-income countries

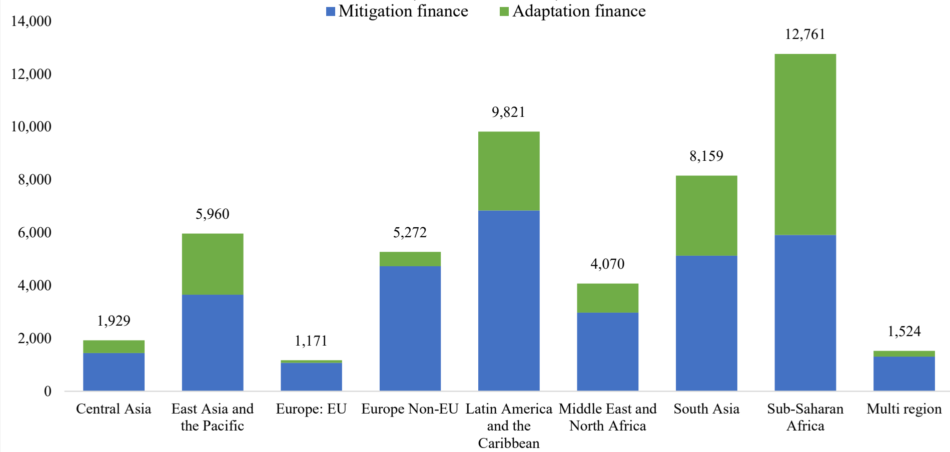
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PART A: Total reported MDB climate finance commitments (USD billion)											
World Bank (WBG)	10.7	12.7	9.4	11.8	10.7	11.5	13.2	21.3	18.4	21.3	28.0
Inter-American Development Bank (IADB)	2.2	1.9	1.2	2.5	1.7	2.7	4.3	5.0	4.4	2.5	4.8
African Development Bank (AfDB)	1.6	2.2	1.2	1.9	1.4	1.1	2.3	3.3	3.6	2.1	2.4
Asian Development Bank (ADB)	3.2	3.3	3.3	2.9	2.9	4.4	5.2	4.0	7.1	5.3	3.9
Asian Infrastructure Development Bank (AIDB)										1.1	2.7
European Bank for Reconstruction and Development (EBRD)	3.7	3.1	3.5	4.1	3.2	3.5	4.6	3.8	3.9	2.3	4.8
Islamic Development Bank (IsDB)									0.5	0.3	0.7
European Investment Bank (EIB)	5.6	3.7	5.2	5.2	5.1	4.3	5.5	5.7	3.6	3.2	3.4
Total	27.0	26.9	23.8	28.4	25.0	27.5	35.1	43.1	41.5	38.1	50.7
PART B: Total report MDB climate finance commitments as fraction of total loan commitments (%)											
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**202**	**202**
World Bank (WBG)	19%	25%	19%	20%	20%	20%	24%	36%	34%	31%	35%
Inter-American Development Bank (IADB)	21%	17%	9%	18%	15%	24%	32%	34%	33%	17%	32%
African Development Bank (AfDB)	28%	52%	27%	38%	22%	14%	37%	45%	49%	50%	53%
Asian Development Bank (ADB)	16%	16%	16%	13%	11%	17%	16%	11%	21%	11%	11%
Asian Infrastructure Development Bank (AIDB)										14%	26%
European Bank for Reconstruction and Development (EBRD)	35%	28%	30%	33%	27%	32%	38%	30%	30%	17%	28%
Islamic Development Bank (IsDB)									6%	4%	8%
European Investment Bank (EIB)	8%	5%	5%	4%	5%	5%	6%	8%	5%	3%	5%

Source: African Development Bank et al. 2022.

Of total resources for climate financing, 65 percent was allocated for mitigation and 35 percent for adaptation (Figure 1). On a regional scale, sub-Saharan Africa has secured the highest financing of $12.8 billion, of which 54 percent was allocated to adaptation finance, the highest proportion of any region. It was followed by Latin America and the Caribbean with $9.8 billion and South Asia with $8.2 billion, out of which 30 and 37 percent, respectively, was used for adaptation. East Asia and the Pacific and the Middle East and North Africa were next, with $6 billion and $4.1 billion, of which 39 and 27 percent, respectively, went to adaptation.

[4] The $3.4 billion from the European Investment Bank included in the table is its financing to developing countries.

**Figure 1: Climate financing by region and share of mitigation and adaptation.
(2021,$ million)**



Source: African Development Bank et al. 2022.

Developing countries are particularly susceptible to adversities associated with climate change, requiring an escalated focus on financing for adaptation. The current aim is to achieve equitable distribution, with a substantial portion of adaptation funding directed towards the most vulnerable countries, as recommended in discussions at the Conferences of the Parties to the United Nations Framework Convention on Climate Change. The proportion for adaptation is higher than typical in climate financing in high-income countries, but as Figure 1 indicates, it is still far from the 50-50 global goal for the mix for developing countries, which requires a considerable increase in adaptation finance (UNFCCC 2022).

This analysis confirms the importance of the continued dynamism of the multilateral development bank system, both for its traditional functions and for financing global public goods. In both areas, and even in the fight against climate change where the financing of these institutions has been increasing, resources provided are still very small in relation to those that are needed.

The documents from the United Nations, the G20 and the World Bank Group mentioned at the beginning of this paper share three recommendations. The first is that, aside from supporting equitable and sustainable development in developing nations, multilateral development banks must also finance the contribution of these countries to the provision of global public goods, including the fight against climate change and the prevention of pandemics. The second recommendation is the need to have contingency clauses to address country vulnerabilities associated with climatological and health issues, as well as, of course, to manage the effects of international economic crises on these countries. These clauses should allow the suspension of debt servicing with these institutions under such circumstances and even eventually a reduction in associated liabilities. The third recommendation entails the need to work more closely with the private sector, including to support its contribution to the provision of global public goods.

An essential theme of all these proposals is the need for concessional credits or donations channelled through the multilateral development banks. Furthermore, these benefits must be available to middle-income countries and create mechanisms that allow partial subsidies of credits to the private sector to leverage their investments in the provision of public goods. To make this possible, it is necessary to significantly increase ODA, a challenging issue given limited resources now available, as we will see in the next section. Aside from concessional resources, the proposals indicate that multilateral development bank loans should be longer term (30 to 50 years), with more significant grace periods and lower interest rates. To manage the volatility of the exchange rate, banks must lend more in countries' national currencies, based on resources they raise with the placement of bonds in said currencies, which would also help to support the development of national capital markets.

Added to these issues are various financial management proposals that allow an expanded relationship between the financing of the banks and the capital of these institutions, maintaining in any case the standards that allow these institutions to continue having the best investment grade.[5] Great innovations must also be developed in financial mechanisms that allow the leveraging of private investments, including guarantees and public-private partnerships.

In terms of expanding resources, the Special Drawing Rights (SDRs) issued by the International Monetary Fund (IMF) that have not been used by recipient countries—basically, by developed countries—could be channelled through the multilateral development banks, which are already authorized to hold such assets, thus providing additional resources for these institutions. This requires developing a specific instrument that preserves the role of SDRs as reserve assets, based on the experiences of IMF funds that already have such mechanisms.

The Resilience and Sustainability Trust is one of those funds (IMF 2023). It operates as a loan-based trust. Approximately three quarters of IMF member countries, encompassing all low-income nations, developing and vulnerable small states and lower-middle-income countries, is eligible for extended affordable financing from the trust. It is strategically oriented toward addressing prolonged structural challenges, notably those related to climate change and pandemic preparedness. Since becoming operational in October 2022, it has approved 11 arrangements through its Resilience and Sustainability Facility.[6]

[5] In this regard see, in particular, G20 2023a and World Bank 2022.
[6] Another IMF fund is the Poverty Reduction and Growth Trust, which provides concessional financial assistance for low-income countries facing balance-of-payments problems.

In any case, to fulfil all these functions, as well as more traditional ones, the most important element is the capitalization of the multilateral development banks in the necessary magnitudes. The capitalizations of the World Bank Group in 2018, as well as of all multilateral development banks after the North Atlantic crisis, responded to this demand. A complex problem is doubt about the commitment of the United States of America, and particularly its Congress, to capitalize the World Bank, which is essential given that it is the major shareholder.

The proposals differ significantly in terms of the magnitudes of capitalization required. The G20 group of independent experts proposes increasing the annual financing of these institutions to $500 billion by 2030, a third of which would be in official assistance or concessional credits and the rest non-concessional credits (G20 2023a). Given the number of bank approvals in recent years (excluding the European Investment Bank), this means approximately tripling the value of their loans. United Nations proposals on the stimulus necessary to achieve the SDGs are much more ambitious. In fact, the United Nations Secretary-General has highlighted that the relationship between multilateral development bank financing and the size of the world economy was significantly reduced in the 1960s and 1970s, particularly in the case of the IBRD (United Nations 2023a, graph 2). For this reason, the United Nations suggests that, if we returned to 1960 levels, capital would increase three times as much, and loans could expand by up to $2 trillion, an amount closer to the SDG financing gap (United Nations 2023a, Table 2).

Finally, it is important that the multilateral development banks constitute a service network. In the case of the World Bank, this includes its participation in regional projects, alongside its partners in different regions (World Bank, 2023a). Added to this is the need for all multilateral development banks to work with national development banks and other public institutions (Griffith-Jones and Ocampo 2018). This is essential because public development banks finance 10 to 12 percent of investment worldwide (United Nations 2023a), although with significant differences among countries. This collaboration would allow national banks to become executors of global public goods programmes as well as channels of information on the related financing needs of their countries.

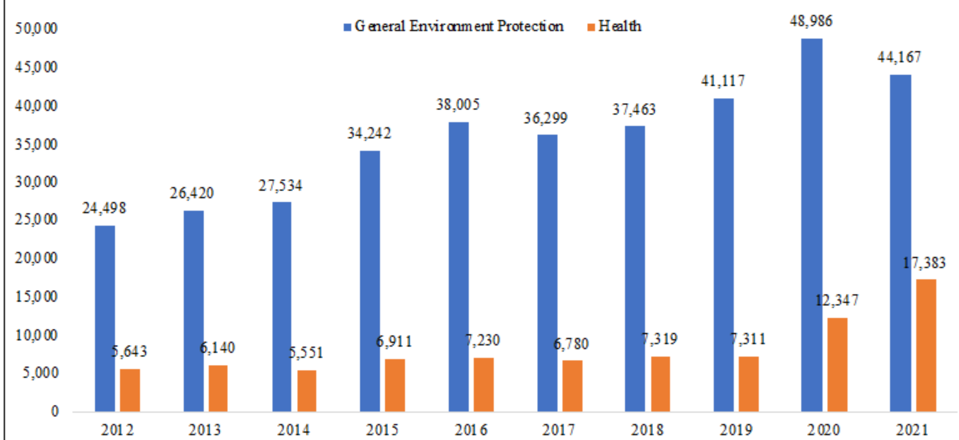
Official development assistance and global funds

The amount of ODA provided for environmental protection[7] has increased since 2015, reaching a peak in 2020, when it represented 33 percent of total assistance. Total funds and the share of overall ODA fell in 2021 but

[7] According to the OECD Creditor Reporting System, environmental protection includes environment policy and administrative management, biosphere protection, biodiversity, site preservation, environmental education/training and environmental research.

remained higher than levels reached in 2019. Most aid has been bilateral. In climate-related matters, the average proportion of climate-specific ODA in relation to total ODA stands at 5 percent (Development Initiatives 2023). Support for health programmes has been much more limited, although it increased in 2020 in response to the pandemic and again in 2021. But even in the latter year, it represented only a modest 12 percent of total funds (Figure 2). In both cases, the overwhelming share of resources has been bilateral.

Figure 2
ODA in Environment Protection and Health
(million dollars)



Source: OECD Creditor Reporting System.

Environmental protection represented only 26 percent of ODA for African countries. This contrasts with other regions, where climate-related ODA consistently made up more than one third of total commitments—40 percent in Latin America and the Caribbean, 39 percent in Asia and 37 percent in Oceania (OECD 2021). In the specific context of climate, studies reveal that countries facing the highest climate vulnerability tend to receive a smaller proportion of climate-specific ODA in relation to their total ODA, with Latin America being a notable case (Development Initiatives 2023).

In health, 37 percent of ODA to developing countries in 2021 was destined for Africa, 27 percent to Asian countries and 5 percent to Latin America. Following the COVID-19 pandemic, numerous countries, international institutions and non-governmental organizations created funds specifically for the pandemic response—generally as partnerships among them. However, despite substantial funding being allocated, disbursements have often been delayed, unpredictable and poorly coordinated among the different funds and financing options offered by the multilateral development banks. Furthermore, three fourths of the funding arrived after the peak period of COVID-19 deaths. There was thus a financing gap in the early phase of the pandemic (G20 2023a).

The ACT-Accelerator is a worldwide partnership comprising entities such as the World Health Organization (WHO), the Coalition for Epidemic Preparedness Innovations (CEPI), the vaccine alliance GAVI and the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM). Its collective objective is to expedite the development, manufacturing and fair distribution of COVID-19 tests, treatments and vaccines. Despite its intention to promote collaboration, it garnered 75 percent of its funds one year after its initiation (G20 2023a).

Another financial instrument worth noticing is GFATM, distinguished by its broader scope beyond pandemics. Annually, it allocates approximately $4 billion to combat various diseases. An intriguing aspect of this fund is its flexibility, demonstrated during the pandemic when its Board authorized fund disbursement beyond the mandates reflected in its name. Notably, amid the COVID-19 crisis, it allocated $600 million to provide essential oxygen resources, which were crucial for the pandemic response.

In 2022, following extensive negotiations among the G20 finance and health ministers, the proposal to create a pandemic fund received approval from the World Bank's Board of Directors and was formally established a few months later. Up to July 2023, in the inaugural round, its grants reached $338 million but with a mobilized impact of $2 billion, allocated to 37 countries. Three fourths of the projects supported in this initial call supported low- and lower-middle-income countries (World Bank 2022).

The projected total annual financing requirement for the forthcoming Pandemic Prevention Preparedness and Response system is evaluated at $31.1 billion. Considering existing and anticipated domestic as well as international financing for the system in 2022, the estimation indicates that a minimum of an extra $10.5 billion per year in international financing is required to adequately fund an architecture fit for its intended purpose (WHO and World Bank 2022).

In relation to climate change, the Green Climate Fund (GCF) operates as a financial mechanism under the United Nations Framework Convention on Climate Change. It became fully operational in 2015 with the aim of supporting developing countries in their efforts towards climate change adaptation and mitigation. The GCF has witnessed significant financial commitments, surpassing $10 billion during its initial replenishment period (2020–2023). This funding has been invested in climate projects totalling over $40 billion, including co-financing in more than 100 countries. As it embarks on its second replenishment, it has committed $12.7 billion in resources ($48.1 billion with co-financing) for climate projects in developing countries. Remarkably, the GCF's portfolio is evolving, with 82 percent of projects already in the implementation phase (GCF 2023).

The Global Environment Facility (GEF), established in 1991, provides grants and concessional funds to developing countries for projects that address global environmental issues. Over the past three decades, the

GEF has provided more than $23 billion and mobilized $129 billion in co-financing for more than 5,000 national and regional projects (GEF 2023)

At the 2021 twenty-sixth Conference of the Parties in Glasgow, nations concurred that $100 billion for developing countries was necessary for a prolonged climate transition and to fulfil the global emissions target, explicitly including adaptation as a major issue for these countries. This goal replaced the climate finance commitment set in 2009 at the fifteenth Conference of the Parties in Copenhagen, which aimed to mobilize the same amount for developing countries by 2020, a target that was not met. The most recent projections indicate that it was accomplished in 2023, three years beyond the targeted date. This achievement will be primarily attributed to the augmented financing provided by the multilateral development banks (Songwe et al. 2022).

In turn, at the twenty-seventh Conference of the Parties held in Sharm el-Sheikh in Egypt in 2022, nations reached a consensus to establish a fund for loss and damage, which will assist countries vulnerable to the impacts of climate change. The specific arrangements for this fund were agreed at the twenty-eight Conference of the Parties in Dubai in 2023.

In 2022, global green bond issuances accounted for $487.1 billion, slightly lower than the peak of $582.4 billion reached in 2021 due to market turmoil. That peak was reached after six years of very fast growth in emissions. The majority of issuances came from private sector issuers, accounting for 54 percent in 2022, slightly lower than the previous year's 58 percent. Financial corporations played a significant role, contributing 29 percent of resources, while non-financial corporations contributed 25 percent. European corporates were responsible for nearly half of the private sector's green bond issuance (Climate Bonds Initiative 2022).

Preserving biodiversity is crucial for providing essential ecosystem services that support people's well-being, such as the provision of food and clean water to less noticeable yet crucial services like flood protection, nutrient cycling, water filtration and pollination. Furthermore, biodiversity can support human development in non-material ways, holding a cultural value by contributing to the identity of communities and their sense of belonging (UNDP 2020). Bilateral aid targeting biodiversity has had a positive trend and reached more than $9.8 billion in 2021. Bilateral ODA initiatives have the potential to address both climate change and biodiversity concurrently. In 2020–2021, 88 percent of ODA that targeted biodiversity was also aimed at climate change adaptation, mitigation or both. Conversely, 18 percent of climate-related ODA from Development Assistance Committee members had biodiversity-related goals as well (OECD 2023).

During the Seventh Global Environment Facility Assembly in Vancouver, Canada, in 2022, the creation of the Global Biodiversity Framework Fund (GBF-Fund) was announced. This special trust fund, operating under the umbrella of the GEF, is designed to facilitate the implementation of the Kunming-Montreal Global Biodiversity Framework agreed under the United Nations Convention on Biological Diversity in 2022.

Finally, the IBRD Fund for Innovative Global Public Goods Solutions, commonly known as the GPG Fund, was established in 2020. It saw cumulative transfers of $85 million by the end of fiscal year 2022. These resources were initially utilized in 2023, amounting to $24 million (IBRD 2023). The fund, aimed at fostering cross-border cooperation, draws from IBRD surpluses. Notably, during the 2023 Annual Meetings in Marrakesh, the World Bank Group’s Managing Director Ajay Banga announced a compromise to engage governments and philanthropies to finance this fund, potentially expanding concessional resources (World Bank 2023b).

Conclusions

There is broad-based agreement that multilateral development banks should contribute to financing for developing countries in terms of the provision of global public goods. They have increased financing for climate change mitigation and adaptation, and to a lesser extent for combating pandemics and supporting biodiversity. However, there is a clear agreement that there should be a significant increase in their activities in these areas, which requires the capitalization of these institutions. There is also a need for resources to finance the concessional component of credits to middle-income countries to support their roles in the provision of global public goods, as well as the inputs that the private sector can make in these areas.

ODA has to offer a significant contribution in this regard. It has also been supporting particularly low-income countries in the fight against climate change, and on a much smaller scale, health and biodiversity programmes. A multiplicity of special funds has now been created in all these areas. The resources allocated to them have generally come with significant lags, however, and coordination among different actors is limited, particularly in the health area.

The resources needed to finance these funds and the activities of the multilateral development banks, and for the overall investment, public and private, in the management of climate change are very large. They require significant increases in relation to current financing. According to Songwe et al. (2022), the world needs a breakthrough and a new roadmap on climate finance, as it must mobilize $1 trillion per year in external finance by 2030 for developing countries (including emerging economies) other than China (Songwe et al. 2022). In terms of public and private financing in clean energy, IEA and IFC (2023) estimate that these countries will need to more than triple their (public and private) investments, from $770 billion in 2022 to $2.2 trillion to $2.8 trillion per year by the early 2030s.

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