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REPORT MAY 2025

A WORK IN PROGRESS CHINA'S CLIMATE-RELATED FINANCE TO DEVELOPING COUNTRIES

**LEKAI LIU (E3G), YUE CAO (ODI GLOBAL) & TONY KAMNINGA
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We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

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Wind turbines in Adama, Ethiopia, developed in collaboration with Chinese contractors.

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EXECUTIVE SUMMARY

China has emerged as a significant provider of climate-related finance to developing countries, despite having no formal obligation to do so. Analysis of third-party data shows China provided an estimated average of \$3bn annually over 2015–2021. Yet there is room for improvement in how China itself tracks and governs these flows. By taking practical steps to strengthen transparency and align financing with recipient countries' priorities, China can reinforce its leadership in global climate governance, as well as better assist developing countries to meet their climate goals.

At the 29th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Baku, Azerbaijan, governments negotiated and agreed to set a New Collective Quantified Goal (NCQG) on climate finance with developed countries taking the lead to mobilise \$300 billion per year for climate action in developing countries, and call on all actors to scale up financing to developing countries to at least \$1.3 trillion per year by 2035 from all public and private sources. As we look towards COP30, attention turns to how the international community can take concrete steps to translate the Baku goals into action, with an expectation that this outstanding issue might be addressed in Belém, Brazil.

Under the current UNFCCC framework, China has no obligations to provide or report international climate finance. Despite this, our analysis shows that China already plays a significant role in providing climate-related finance to developing countries through bilateral and multilateral channels. From 2015 to 2021, China was the 6th largest provider of such finance, and the sole non-OECD member state among the top 10 bilateral and multilateral contributors, contributing about \$3 billion a year during this period.

By specifying the amount of climate-related finance provided by China to developing countries and examining granular details of this voluntary contribution, we aim in this report to address existing data and information gaps. We also seek to provide a clearer understanding of China's governance of



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international climate cooperation, and the scale and characteristics of its climate-related finance. We provide options for how China's operational frameworks and funding modes could evolve to further support climate solutions for developing nations in a warming world.

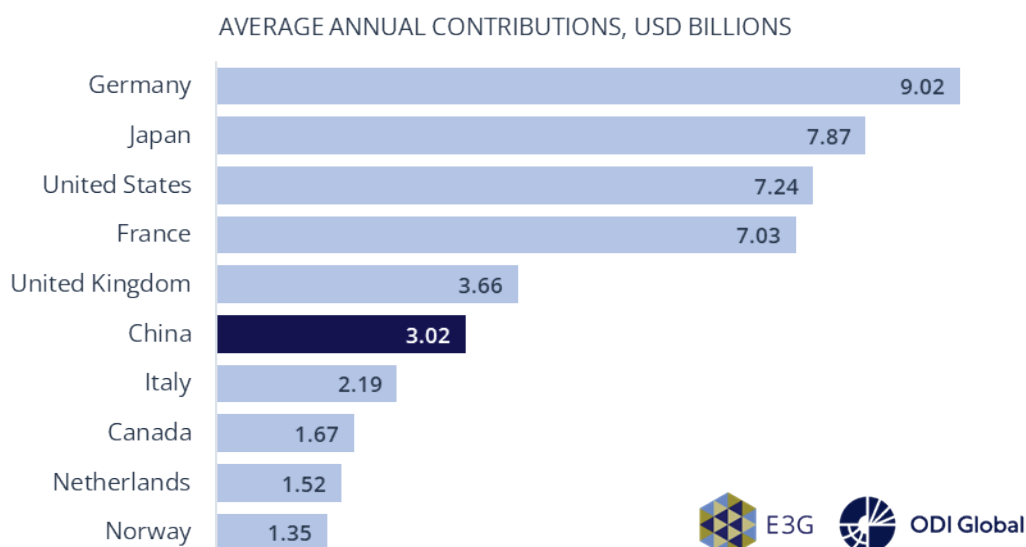
It should be noted that recent and ongoing changes in foreign aid funding and distribution – including, but not limited to, those involving the US – are beyond the scope of this report and may be addressed in future E3G publications. Suggestions that China could step in to fill funding gaps are also outside the report's scope.

Main findings

China is among the world's biggest contributors of climate-related finance to developing countries

From 2015 to 2021, China delivered an estimated average of \$3.02 billion per year in climate-related finance to developing countries through bilateral and multilateral channels. This made China the 6th largest contributor globally during that period, ahead of many Annex II developed countries under the UNFCCC that have a legal obligation to support developing countries, including Italy, Canada, the Netherlands, and Norway.

China was the sixth biggest contributor of bilateral and multilateral climate-related finance to developing countries in 2015–2021



Source: bilateral finance: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G analysis; multilateral finance: OECD, 2022, Climate-related development finance datasets, Climate Funds Update, annual reports and financial statements of MDBs, ODI analysis



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Almost three-quarters of China's bilateral climate-related finance to developing countries was for mitigation

China's climate-related finance operates through both bilateral and multilateral climate-related finance flows.¹

From 2010 to 2021, a total of **\$23.7 billion** was provided for bilateral climate-related finance projects in developing countries, averaging approximately \$2 billion per year.

Between 2015 and 2022, a total of **\$10.4 billion** was channelled through multilateral climate-related finance mechanisms to developing countries, with an annual average of \$1.3 billion.

China's bilateral climate-related finance to developing countries is unevenly distributed between mitigation and adaptation projects. Over 2010 to 2021, 73% of finance was allocated to mitigation projects. However, when assessed by the number of projects, the distribution was more balanced.

The governance of China's international climate cooperation with developing countries is split over many bodies and difficult to map in detail

Approximately 12 central government departments and agencies hold responsibilities related to climate cooperation with developing countries, though it is difficult to ascertain exact data. Public information on the bodies involved and their responsibilities is fragmented. Even researchers at government-affiliated agencies and stakeholders close to the matter cannot ascertain the complete list of the relevant government bodies.

The Ministry of Ecology and Environment (MEE) plays a leading role in climate projects and initiatives, working with other ministries, departments, and agencies to implement climate projects, participate in conferences, and engage in various other forms of dialogue and communication.

This finding helps bridge an information gap and facilitates a deeper understanding and assessment of China's engagement with developing countries in climate action and its provision of climate-related finance to them.

¹ The analyses of the bilateral and multilateral flows drew on different databases with differences in methodology, meaning the resulting figures are not directly comparable. However, in combination they give a useful sense of the scale of China's total climate-related finance.



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Central government departments and agencies related to China's South–South cooperation on climate change



Source: E3G Analysis of official annual reports on China's policies and actions for addressing climate change (2008–2024), national communications on climate change, and annual budget reports.



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Other key findings

- > **Climate-related bilateral finance constituted a small fraction of China's overall international development finance** between 2010 and 2021. During this period, China allocated approximately \$23.7 billion to climate-related bilateral projects in developing countries, accounting for about 2% of its total international development finance, which amounted to \$1,160 billion.
- > **China's total climate-related finance contributions have seen some fluctuations**, showing a downward trend from 2015 to 2021. This decline reflects a general reduction in bilateral climate-related finance – which peaked between 2015 and 2018 – as well as the impacts of the COVID-19 pandemic.
- > From 2015 to 2020, **the majority of China's climate-related bilateral finance was channelled through public institutions** (i.e. government agencies and policy banks). However, in 2021, for the first time, climate-related finance flows through commercial institutions (i.e. state-owned commercial banks and state-owned enterprises) surpassed those from public institutions.
- > **Funding allocations through the China South–South Climate Cooperation Fund** – a 20 billion yuan (\$3.1 billion) initiative announced in 2015 – **seem to have stalled since 2021**. Progress has been hindered by pandemic-related delays, challenges in coordinating projects with recipient countries, and fiscal pressures on China's central government.



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Methodology

We examined China's own records of international climate cooperation with developing countries and its climate investments, through analysing publicly accessible policy documents, annual budgets, and public expenditure reports. We conducted interviews with experts to supplement this analysis.

To analyse bilateral and multilateral climate-related financial flows, we utilised third-party datasets, including the Global Chinese Development Finance Dataset by AidData and climate-related finance data (2015–2022) reported in the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) database.

Recommendations

As the world's second largest economy and a leading contributor of climate-related finance to developing countries, China has the potential to play a stronger role in supporting climate-aligned development pathways in developing countries. This report outlines priority actions to advance its climate support for developing countries and further enhance the effectiveness, accessibility, visibility, and impact of its voluntary climate-related finance contribution.

1. Stabilise climate-related finance flows

China can maintain a consistent and stable level of climate-related finance to developing countries to signal enduring commitment and inspire greater ambition in national climate agendas. Steady contributions will position China as a stabilising force amid budgetary constraints faced by traditional funders, encouraging developed economies to uphold their own obligations.

2. Enhance transparency and data alignment

China can improve the granularity and accessibility of climate-related finance data by aligning reporting with the Paris Agreement Enhanced Transparency Framework (ETF). Adopting ETF standards will ensure comparability with global efforts, facilitate tracking of voluntary contributions towards the NCQG, and bolster trust in multilateral cooperation.

3. Balance adaptation and mitigation funding

China can increase support for adaptation projects and initiatives to align bilateral finance with China's advocacy for climate resilience in multilateral forums. Addressing adaptation – particularly through nature-based solutions and



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disaster risk reduction – will address urgent needs in developing countries while showcasing China’s domestic expertise and fostering global partnerships.

4. Align strategically with a new generation of country platforms

China can enhance the impact of its climate-related finance by strategically aligning those funding contributions with a new generation of partner-nation-owned plurilateral country platforms that harmonise international and domestic resources to drive sectoral transformations aligned with developing countries’ priorities. In an environment of constrained funding, better coordination and strategic alignment would improve the climate and development outcomes of international support. These platforms – anchored in country-led policy pathways – help mobilise public and private investments, reduce duplication, and strengthen institutional capacity for sustainable development. By prioritising new platforms with credible decarbonisation strategies, programmatic financing structures, and clear implementation frameworks, China can address systemic barriers in implementation, support equitable transitions, and support long-term resilience in developing partner nations.



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INTRODUCTION

Since the term “South–South climate cooperation” was introduced in the African Policy White Paper in 2006,² China has steadily continued its investments in climate projects in developing countries. A range of central government agencies has been pulled in to lead, develop and implement these cooperation programmes, with billions of dollars pledged and allocated to support infrastructure, dialogue, and technical assistance initiatives.

The growing importance of South–South flows is evident in discussions on climate finance within international institutions such as the multilateral development banks (MDBs), as well as multilateral fora like the G20 and the United Nations Framework Convention on Climate Change (UNFCCC). As the global community discussed, negotiated and established a new finance target of providing at least \$300 billion annually for developing countries by 2035 and reached an agreement to secure efforts of all actors to work together to scale up finance from both public and private sources to \$1.3 trillion per year by the same deadline at the 29th Conference of the Parties (COP) of the UNFCCC in Baku, Azerbaijan, attention is turning to China. As the world’s second largest economy, largest current annual emitter and the largest manufacturer of key clean energy technologies such as solar panels and EV batteries,³ China’s role is pivotal in these efforts.

While not formally obligated under the current international climate framework, China’s rapid economic growth and advancements in green energy have elevated global expectations that it will make more formal contributions to climate finance. In Baku, Chinese Vice Premier Ding Xuexiang stated that China has provided and mobilised more than 177 billion yuan (approximately \$24.5 billion) of project funds in support of other developing countries’ climate response since 2016.⁴ This was the first time China described its climate finance for developing countries as “provision and mobilisation” – aligning with the UN’s accounting terminology for climate finance from developed countries – rather than South–

² Li Yan, National Center for Climate Change Strategy and International Cooperation, 2020, 中国应对气候变化南南合作历程和成效 (The course and achievements of China’s South-South cooperation on climate change), *Journal of World Environment*, 2020(6)

³ International Energy Agency (IEA) 2021, **An energy sector roadmap to carbon neutrality in China**

⁴ Xinhua News Agency, November 14, 2024. Address by Chinese Vice Premier Ding Xuexiang **at World Leaders Climate Action Summit**



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South cooperation. These new moves are commendable. However, little is known to date about the scope of “project funds”, detailed breakdown of financial support that China provides and mobilises to other developing countries, or about how its programme of support is managed and governed.

In this report we present an overview of the institutional arrangements supporting China’s climate cooperation with developing countries, and ascertain the scale and the characteristics of climate-related financing to these nations. We fill this information gap by examining and triangulating publicly available data, including:

1. Previous information disclosed by the Chinese government, such as that related to the South–South Climate Cooperation Fund and annual foreign aid budgets.
2. Publicly available databases, including those compiled by AidData, various multilateral and regional development banks, and the OECD.

We additionally used interviews to supplement publicly available information.

Notes on terminology

Recipients of China’s climate-related development finance

China itself uses the term “South–South climate cooperation” to describe its activities to invest in climate projects in other developing countries. This report adopts this same term in the context of examining the Chinese government’s own records of its activities, where appropriate to describe activities that fall under that banner.

Elsewhere, this report uses “developing countries” to refer to the recipients of China’s climate-related development finance. In the analysis of finance flows through bilateral and multilateral channels in Chapter 3, the term is specifically defined as the 141 countries eligible for official development assistance (ODA) from the OECD Development Assistance Committee.

Climate-related finance and climate finance

The term “climate-related finance” to developing countries is used throughout this report to examine and describe estimates of financial flows contributing to climate mitigation and adaptation objectives. This is an intentional choice because it was not possible to independently verify the alignment of every project included in the analysis in Chapter 3 with internationally agreed



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principles of “climate finance” or “climate-aligned finance”, which have established definitions in other contexts. In contrast to this, “climate finance” is used to either describe the concept itself or articulate countries and organisations’ commitments to fund climate mitigation and adaptation action.

When estimating climate-related finance to developing countries, we made efforts throughout the analysis to only include projects that would make a meaningful contribution to climate mitigation and adaptation objectives. The analysis of bilateral finance cross-referenced the project information with principles and definitions from relevant standards from the OECD⁵ and Climate Policy Initiative⁶ to identify projects that are “climate-related”. The analysis of multilateral finance is based on climate-related development finance datasets from the OECD, who in turn source this information from the multilateral institutions themselves.⁷ A full description of the methodology can be found in the Annexes.

⁵ OECD, **OECD DAC Rio Markers for Climate Handbook**

⁶ Climate Policy Initiative, December 2021, **Global Landscape of Climate Finance 2021 Methodology**

⁷ OECD, Climate-Related Development Finance Datasets – Recipient Perspective; available from OECD, **Development finance for climate and environment** (webpage)



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CHAPTER 1

THE NINE DRAGONS THAT RULE CLIMATE: A COMPLEX NETWORK OF CENTRAL GOVERNMENT DEPARTMENTS AND AGENCIES

“Nine dragons rule the waters”⁸ is a staple in Chinese idioms that is used to describe the complex government bureaucracy involved to solve a single problem, such as the floods the saying originally referred to.

This age-old phrase would make a very fitting description of the institutional set-up involved in the governance of China’s domestic and international climate policies. Taken literally, it might in fact be an understatement: our analysis found that over a dozen government agencies are involved in China’s international climate cooperation initiatives.

Identifying the agencies involved in China’s international climate cooperation

China’s overall climate action is overseen by the National Leading Group for Climate Change, Energy Conservation and Emissions Reduction, a national cross-department decision-making and coordinating body, established in June 2007 and headed by the Premier. This group is responsible for formulating major national strategies and policies, reviewing international cooperation and negotiation counter-proposals, and coordinating to solve major problems found in the work on climate change.

Following a central government reorganisation in 2018, the group comprises 30 units,⁹ including 18 State Council constituent departments and 12 commission agencies, such as the Chinese Academy of Sciences, all under the State Council's

⁸ Ma Tianjie, Liu Qin, Dialogue Earth, 2018, **China reshapes ministries to better protect environment**

⁹ The United Nations Framework Convention on Climate Change, December 2023, **The People's Republic of China Fourth National Communication on Climate Change**

direct oversight. Since the State Council, China's cabinet, oversees 26 departments in total, it is fair to say that nearly every central government department is involved.

However, when it comes to the **international** dimension of China's climate policies, including South–South climate cooperation programmes, publicly available information is patchier. Even researchers at government-affiliated agencies and stakeholders close to the matter cannot ascertain the complete list.¹⁰

Through examining publicly available official policy papers, annual budgets, public expenditure reports, and conducting interviews with experts, we identified that around 12 central government departments and commission agencies are tasked with South–South climate cooperation responsibilities (Figure 1).

Central government departments and agencies related to China's South–South cooperation on climate change

Lead	Ministry of Ecology & Environment			
Finance	Ministry of Finance			
Diplomacy	Ministry of Foreign Affairs			
Coordination	China International Development Cooperation Agency			
Implementation	NDRC	MOST	NFGA	MARA
	CMA	CAS	MOFCOM	MWR

Source: E3G Analysis of official annual reports on China's policies and actions for addressing climate change (2008–2024), national communications on climate change, and annual budget reports.

Figure 1: Around 12 central government departments and commission agencies carry responsibilities related to South–South climate cooperation.

¹⁰ Interviews conducted by E3G.



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Such organisational complexity in national governance of international climate action is by no means unique. While this is true for many countries, the specific ministries involved in South–South cooperation on climate change are not clearly identified in official documents in China. In many cases, it is only through scattered information, such as press releases, that we find out that a particular Chinese ministry is in fact involved. Part of the reason is that clearer objectives and a top-level design for South–South cooperation have not yet been fully established, and so it is not surprising that management systems are fragmented. Figure 1 represents an attempt to identify which relevant central government departments are involved in South–South cooperation on climate.

Despite the complexity, it is already an improvement for China to have put South–South cooperation on climate change under the leadership of the Ministry of Ecology & Environment (MEE), which specialises in all aspects of climate affairs. Until the 2018 central government reorganisation, the programme was mixed with numerous other responsibilities within the National Development and Reform Commission (NDRC), China's much larger state planner. Within the NDRC, South–South climate cooperation almost always received a lower priority in the allocation of resources than development in other areas of the national economy.

The roles and functions of agencies in international climate cooperation

Leading department: The Ministry of Ecology and Environment

The central government's reorganisation plan of 2018¹¹ stipulated that the MEE is entrusted with the responsibilities of addressing climate change and leading South–South climate cooperation initiatives.

The primary responsibilities of the MEE in South–South climate cooperation include promoting and signing memorandums of understanding (MOUs) and cooperation agreements. They also involve participating in bilateral and multilateral meetings with other developing countries. Additionally, the MEE is tasked with conducting dialogue, communication, and cooperation with regional and international organisations.

¹¹ Ministry of Ecology and Environment of the People's Republic of China, July 2019, **中国气候变化第三次国家信息通报及第二次两年更新报告核心内容解读** (Interpretation of the Core Contents of the Third National Communication and the Second Biennial Update Report on Climate Change in China)



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Key entities this analysis identified within the MEE are:

- > the Department of Climate Change¹²
- > the Department of International Cooperation
- > the National Center for Climate Change Strategy and International Cooperation (NCSC)
- > the Foreign Environmental Cooperation Center (FECO).

For example, the Department of International Cooperation houses a Division of Asian, African, and Latin American Affairs, while the NCSC includes a Division of International Cooperation and Exchange and a South–South Cooperation Research Office.¹³ The Department of Climate Change and the NCSC, established in 2008 and 2012 respectively, were previously under the NDRC. Their responsibilities were transferred to the MEE following the 2018 institutional reform and its mandate.

Supporting departments and agencies

The MEE's leadership role in South–South climate cooperation cannot be fulfilled without the contributions, coordination, and collaboration of other supporting agencies in the central government:

- > The Ministry of Finance (MOF) contributes by providing budget allocations.
- > Chinese embassies and consulates under the Ministry of Foreign Affairs (MOFA) coordinate the needs and priorities of countries receiving China's assistance, offer recommendations in line with Chinese foreign policy, and facilitate and oversee the implementation and monitoring of local projects.
- > The China International Development Cooperation Agency (CIDCA) collaborates on strategic design, planning, and inter-agency coordination of China's foreign aid, including material and technical assistance¹⁴ for developing countries in the climate sector.

¹² Ministry of Ecology and Environment of the People's Republic of China, November 2018, **Functions of the Department of Climate Change**

¹³ National Center for Climate Change Strategy and International Cooperation of the People's Republic of China, **Institutional set-up and functions of Division of International Cooperation and Exchange**

¹⁴ Ministry of Ecology and Environment and China International Development Cooperation Administration of the People's Republic of China, November 2020, **Joint Announcement on the Issuance of the Interim Measures for the Management of Material Assistance Projects in South-South Cooperation on Climate Change**



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- > Additionally, other ministries and agencies offer support in implementation based on their respective expertise.

The other ministries and agencies involved include the Ministry of Agriculture and Rural Affairs (MARA), the Ministry of Science and Technology (MOST), the Ministry of Water Resources (MWR), the China Meteorological Administration (CMA), the National Forestry and Grassland Administration (NFGA), the Chinese Academy of Sciences (CAS), the National Development and Reform Commission (NDRC), and the Ministry of Commerce (MOFCOM).

Their level of participation in South–South climate cooperation varies annually, and they do not consistently engage in initiatives related to their specific areas of expertise every year. For example, the China National Space Administration and China Meteorological Administration (CMA) helped Ethiopia to launch a satellite for weather forecasting, crop monitoring, and drought early warning in 2019.¹⁵ However, launching climate satellites is not a regular annual South–South cooperation project.

Inter-departmental coordination and communication

To coordinate inter-departmental climate work, in 2010 a liaison office was established within the framework of the National Leading Group. This office was located within the NDRC, and its specific work and day-to-day affairs related to South–South climate coordination and communication carried out by the NDRC’s Department of Climate Change. In 2018, the central government’s reorganisation transferred all climate responsibilities from the NDRC to the MEE, which currently drives all inter-departmental South–South climate coordination and communication work. However, according to interviews, this liaison office still exists, but we do not know which specific officials in the MEE are in charge of this office, its total number of staff, its total budget, or specific coordination and communication mechanisms with other central government departments and bodies.

When South–South climate cooperation involves material and technical foreign aid projects, the CIDCA would in general be the responsible institution. However, it remains unclear how exactly coordination and communication between the CIDCA and the MEE are managed. The CIDCA was only established in 2018, and the young agency continues to refine its position and forge closer collaboration with other central government departments after the global pandemic slowed

¹⁵ Xinhua News Agency, December 2019, [China Launches Microsatellite for Ethiopia](#)



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down its efforts to explore more effective collaboration with other established ministries and clearly define the boundaries of responsibilities.

Beyond CIDCA, we found little public information on whether coordination and communication on South–South climate cooperation between the MEE and other ministries is carried out through this liaison office or via other channels or mechanisms.



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CHAPTER 2

THE OFFICIAL RECORDS ON CHINA'S CLIMATE-RELATED FINANCE TO DEVELOPING COUNTRIES

To date, China has not publicly released a dedicated policy paper or implementation guideline covering all South–South climate change cooperation. There is no comprehensive tally of all related projects and funding carried out across all ministries. Information on the annual amount of funding can only be pieced together from various official sources such as policy documents, biennial national communications on climate change, central government ministries' annual budgets, public statements by officials at press conferences, and research findings by academics. Table 1 compiles several relevant figures.

At COP29 in Baku, November 2024, Chinese officials disclosed a total figure of 177 billion yuan (approximately \$24.5 billion) provided and mobilised for project funds to support other developing countries' climate response since 2016. This marks a welcome step, providing a clear display of the scale of project funds China has provided and mobilised to support developing countries in addressing climate change. Yet, many important details on China's climate finance are yet to be disclosed, including the annual amount and sources of public funding allocation to bilateral climate finance, the setting and allocation of budgets and the corresponding expenditure for ministries involved in delivering international climate projects, and lists of climate projects with their respective funding amounts.



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Table 1: Publicly available figures related to the amount of funding from China's central government agencies to developing countries on climate cooperation¹⁶

	South–South Climate Cooperation Fund			Foreign Aid Budget	
	Commitment	Delivery		Ministry of Ecology and Environment	Ministry of Commerce
Date disclosed	Sep. 2015 ¹⁷	Nov. 2022 ¹⁸	Dec. 2023 ¹⁹	2023	2023
Source	US–China Joint Presidential Statement on Climate Change	Xie Zhenhua, former Chinese special envoy for climate change	Xie Zhenhua, former Chinese special envoy for climate change	Official annual budget reports; E3G analysis	Official annual budget reports; E3G analysis
Total amount	20 billion yuan (\$3.1 billion)	2 billion yuan (\$275.8 million)	1.2 billion yuan (\$167 million)	589 million yuan (\$83.25 million)	212.4 billion yuan (\$30.02 billion)
Duration	2015–	2011–2022	2011–2023	2019 ²⁰ –2023	2011–2023

¹⁶ The purpose of Table 1 is to attempt to compare the publicly available figures for government funding. At COP29 in Baku, November 2024, Chinese officials disclosed a figure of 177 billion yuan (about \$24.5 billion); this figure is not included as it presumably covers both government funding and mobilised private funding in “project funds”, and it is therefore not possible to know the specific number for government funding in it.

¹⁷ The White House, September 2015, [U.S.-China Joint Presidential Statement on Climate Change](#)

¹⁸ State Council Information Office of the People's Republic of China, November 2022, [Envoy: China supports developing countries' demand on climate finance; amount in US dollar converted using exchange rate at time of the announcement](#). [Envoy: China supports developing countries' demand on climate finance](#)

¹⁹ Xinhua News Agency, December 2023, [China's climate action – Voices at COP28](#)

²⁰ The Ministry of Ecology and Environment took over as the lead agency for climate affairs in 2018, and climate-related foreign aid first only appeared in its annual budget documents from 2019 onwards.



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	South–South Climate Cooperation Fund		Foreign Aid Budget	
	Commitment	Delivery	Ministry of Ecology and Environment	Ministry of Commerce
Aims	To help developing countries tackle climate change. ²¹		To support developing countries in addressing climate change.	To help recipient countries alleviate and eliminate poverty, improve people's livelihoods and the ecological environment, promote economic development and social progress, enhance their capacity for independent and sustainable development.

Source: government documents and official reports; E3G analysis

²¹ Xinhua news agency, September 2015, **China-U.S. Joint Presidential Statement on Climate Change**



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However, through literature review and interviews with relevant stakeholders such as those at government-affiliated think tanks, we found that there are multiple ongoing efforts inside the government to account for China's climate-related finance to developing countries. For instance, the NCSC, the research arm of the environment ministry, houses a Statistics and Accounting Research Department. This department handles technical support for climate change compliance and statistics. Similar efforts are also underway within the MOFCOM and CIDCA. In December 2021, CIDCA launched a foreign aid statistical data direct reporting platform to gather information on all foreign aid projects, including climate projects implemented in developing countries through central and local government fiscal expenditure.

The figures in Table 1 illustrate the difficulty of gaining a full picture of the government's climate-related funding to developing countries. The expressed commitment to the South–South Climate Cooperation Fund is significant – greater than the MEE's budget. But actual reported delivery is much smaller, and statements have been contradictory. Meanwhile the Ministry of Commerce (MOFCOM) has a much larger budget for foreign aid, some of which may be used for sustainable development – but it is not possible to ascertain how much. Without a top-down approach to South–South climate cooperation, ministries have limited resources and little incentive to report in exhaustive detail.

The South–South Climate Cooperation Fund: Stagnant delivery?

Several official reports identify 2011 as the point when China began engaging in South–South climate cooperation more formally and strategically. Prior to that, such efforts were more sporadic.

A major step forward was the establishment of a specialised fund, made public in a US–China joint declaration ahead of the Paris climate summit in 2015. The Chinese government announced it had set up a 20-billion-yuan (\$3.1 billion) China South–South Climate Cooperation Fund (Cooperation Fund) dedicated to financing climate cooperation with developing countries. Even though no timeline was attached to this pledge, the fund was the largest single pledge on climate made by any country to the developing world at the time.²²

²² Moritz Weigel and Alexander Demissie, December 2020, **Achieving the SDGs in Africa Through South-South Cooperation on Climate Change with China**



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Since this initial announcement, further details have been limited. Conflicting reports from various parts of the Chinese administration regarding the fund's delivery have made it difficult to evaluate the quality and effectiveness of its implementation:

- > 2 billion yuan in “delivered” funding: Xie Zhenhua, China’s special climate envoy at the time, stated at COP27 in Egypt in November 2022 that China had provided 2 billion yuan (\$286 million) to support developing countries’ climate change mitigation and adaptation efforts.²³
- > 1.2 billion yuan in cumulative “allocated” funding: at COP28 in 2023, Chinese officials mentioned that China had allocated more than 1.2 billion yuan (\$167 million) to support South–South climate cooperation projects.²⁴

Out of these two figures, the 2 billion yuan figure was only referenced on this one occasion, while the 1.2 billion yuan figure has been quoted in multiple public appearances by Chinese officials. We therefore assume the former was an error.

The 1.2 billion yuan figure is further corroborated in data released by government officials and official documents, which additionally suggests that the level of funding allocated to South–South climate cooperation through the Cooperation Fund seems to have stagnated since 2021 (Figure 2). This has been largely due to the impact of the global pandemic, delays in coordination and implementation with recipient countries, and financial constraints faced by China’s central government.²⁵

Based on our expert interviews and analysis of publicly available information, the financing via the South–South Climate Cooperation Fund was primarily used for²⁶ implementing the “Ten–Hundred–Thousand” initiative,²⁷ to carry out nearly 100 mitigation and adaptation projects, and capacity training for over 10,000 participants from more than 120 developing countries by October 2024.²⁸

²³ State Council Information Office of the People’s Republic of China, November 2022, **Envoy: China supports developing countries’ demand on climate finance**; amount in US dollar converted using exchange rate at time of the announcement.

²⁴ Xinhua News Agency, December 2022, **China’s climate action -- Voices at COP28**

²⁵ Experts interviewed by E3G disclosed such information.

²⁶ Experts interviewed by E3G disclosed such information.

²⁷ “Ten–Hundred–Thousand” refers to establishing 10 low-carbon demonstration zones, implementing 100 mitigation and adaptation projects, and providing training for 1,000 personnel

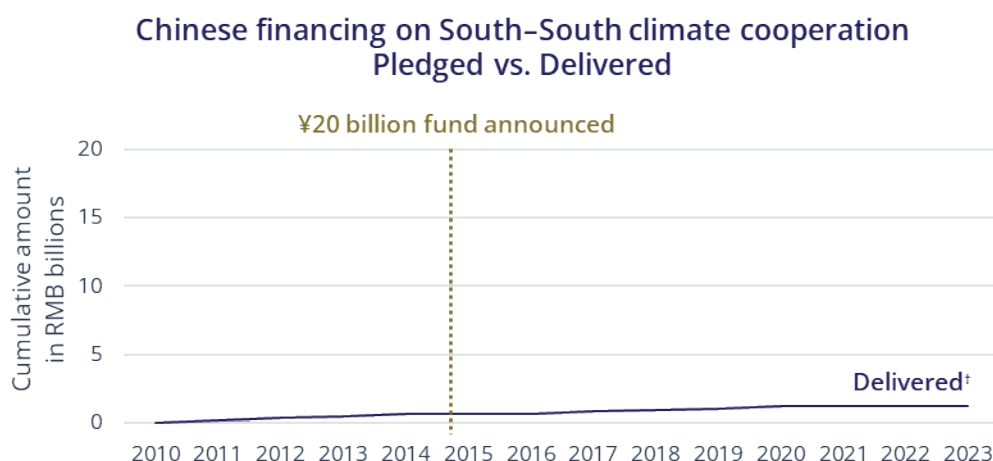
²⁸ Xinhua News Agency, March 2025, **Explainer: How does China’s green development contribute to global climate action?**



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† Cumulative amount

Source: E3G Analysis of publicly disclosed data from China’s Ministry of Ecology and Environment and National Development and Reform Commission



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Figure 2: The delivery of China’s financing to climate cooperation in developing countries has stagnated since 2021.

Foreign aid: Partly used for climate financing to the developing world

Besides the dedicated funds specifically allocated for “South–South Climate Cooperation” mentioned above, a portion of foreign aid is also used to help developing countries mitigate and adapt to climate change, which we believe should be included in the total funding pool for climate-related projects in developing countries.

This approach is consistent with previous statements by government officials. Xie Zhenhua, former Chinese Special Advisor on Climate Change, disclosed in 2015²⁹ and in 2016³⁰ that the climate-related portion of foreign aid was not included in the announced allocated amount of funding to help developing countries cope with climate change.

²⁹ National Center for Climate Change Strategy and International Cooperation, People’s Republic of China, December 2015, **The 2nd High-Level Forum on South-South Cooperation on Climate Change was held at the China Pavilion during the Paris Conference**

³⁰ Institute of South-South Cooperation and Development, Peking University, July 2016, **Promoting South-South Cooperation, Coping with Climate Change**



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However, the exact level of foreign aid budget allocated to climate projects in the developing world cannot be determined. For example, climate cooperation with developing countries has been mentioned in all three of China's foreign aid white papers released so far. But while all white papers provide information on specific cases of climate assistance and cooperation with developing countries in areas such as agriculture, solar power and other clean energy sectors, we did not find data on climate projects in developing countries in any of the three white papers.

Similarly, analysis of annual budget documents of central government ministries provided limited insights into China's climate cooperation with developing countries. Consolidated information reveals that the foreign aid budget overall is the main funding channel for China's international development cooperation efforts through its central government ministries and agencies, **with a portion allocated to climate cooperation projects in developing countries**. However, neither climate change nor South–South climate cooperation is singled out as standalone items in the budget.

MEE is the lead ministry for South–South climate cooperation projects. Its budget reports show that the allocated foreign aid budget has decreased since the COVID-19 pandemic (Figure 3), and this was also corroborated in interviews.

However, the MEE's share of China's foreign aid budget is small – less than 1%. The MOFCOM is the dominant ministry in terms of foreign aid allocation, with a budget of over 17.5 billion yuan in 2023. Indeed, the MOFCOM has led delivery of China's foreign aid for a long time while the MEE is a new institution in the game. The MEE's main responsibilities are supervising and managing climate and environment cooperation with developing countries, whereas there are established institutional delivery mechanisms, including climate-related projects (e.g. renewable energy projects), in the MOFCOM that continue to execute Chinese aid projects.³¹

³¹ Organisation for Economic Cooperation and Development, December 2023, **China's Development Cooperation**



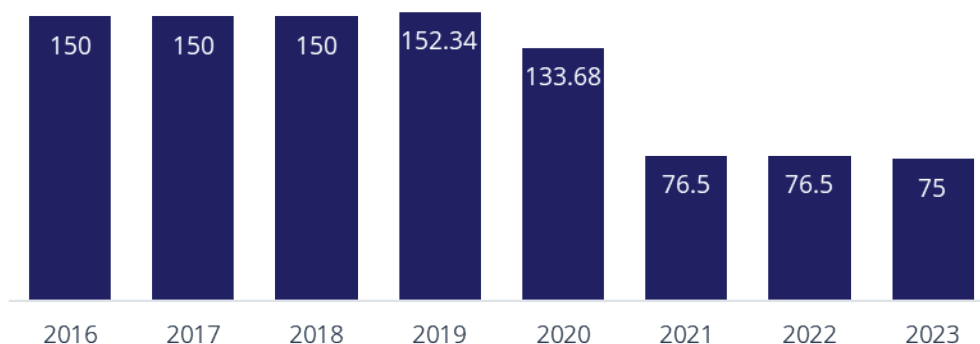
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Annual foreign aid budget allocated to the NDRC, 2016–2018, and MEE, 2019–2023

Unit: million yuan



Source: annual budget reports of the MEE and the NDRC; E3G analysis



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Figure 3: Annual amount of foreign aid budget appropriation for the MEE was lower in 2021–2023 than in preceding years. The MEE’s smaller foreign aid budget, compared to that of the NDRC, is unsurprising, as the NDRC’s responsibilities encompass a much broader policy scope. Data prior to 2016 is incomplete and therefore not included.

The MOFCOM itself carries out some climate cooperation responsibilities with developing countries, such as through the Agency for International Economic Co-operation (AIECO), one of its executive institutions that organises and implements more than 500 foreign aid projects each year in over 120 countries and regions. These projects cover infrastructure, industry, agriculture, culture, health (hospital construction), communication, electricity, and energy, among others.³² For instance, since 2022, AIECO has been providing agricultural technical assistance and developing farmland infrastructure in Suriname to advance agricultural technology and strengthen resilience to climate change.³³

This makes clear that some portion of the foreign aid budget spent through MOFCOM should be considered as part of China’s climate-related finance to developing countries. However, it is not possible to confirm the budget allocated because climate is not indicated separately in its budget reports.

³² Agency for International Economic Co-operation, The Ministry of Commerce of the People’s Republic of China, August 2023, **About Us and Leader’s Remark**

³³ Ministry of Commerce, People’s Republic of China, November 2023, **The President of Suriname attended the opening ceremony for the first phase of the Agricultural Technical Cooperation Center’s training program.**



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Finally, beyond the projects covered by the foreign aid budget, climate cooperation with the developing world also encompasses international climate conferences and other forms of communication and exchanges organised and attended by staff at the MEE and other ministries. Such conference and event expenses are not included in the foreign aid budget. Therefore, the actual total finance spent on climate-related projects in developing countries is ultimately higher when all government expenses and investments are taken into account.



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CHAPTER 3

ESTIMATES OF CHINA'S CLIMATE-RELATED FINANCE TO DEVELOPING COUNTRIES

Bilateral climate-related finance

In addition to the official numbers set out in Chapter 2, a host of government ministries and state-owned financial institutions are investing in climate-related activities in developing countries under the banner of the Belt and Road Initiative (BRI) and other bilateral agreements. These projects are not necessarily part of China's climate diplomacy or climate finance strategy, but they are driven by a combination of the following factors: priorities of the implementing government agencies; expanding export opportunities, including for green technologies;³⁴ and securing the supply of strategic resources.³⁵

To get a more comprehensive view of Chinese bilateral financing towards climate projects in developing countries, there is a need to go beyond the patchy official data and projects financed by central government ministries and take into account bilateral development finance data from all Chinese public institutions.

To do that, we analysed the Global Chinese Development Finance Dataset compiled by AidData.³⁶ The AidData dataset covers 20,985 projects worth \$1.34 trillion across 165 countries from 2000 to 2021. It includes projects with financial or in-kind support from government institutions in China, such as central, regional or local government agencies, state-owned enterprises, state-owned policy banks, state-owned commercial banks, state-owned funds, and non-profit government organisations.

³⁴ State Council of the People's Republic of China, October 2021, **Working guidance for carbon peaking and carbon neutrality in full and faithful implementation of the new development philosophy**

³⁵ Ministry of Foreign Affairs of the People's Republic of China, October 2022, **Report to the 20th National Congress of the Communist Party of China**

³⁶ AidData, November 2023, **AidData's Global Chinese Development Finance Dataset, Version 3.0**



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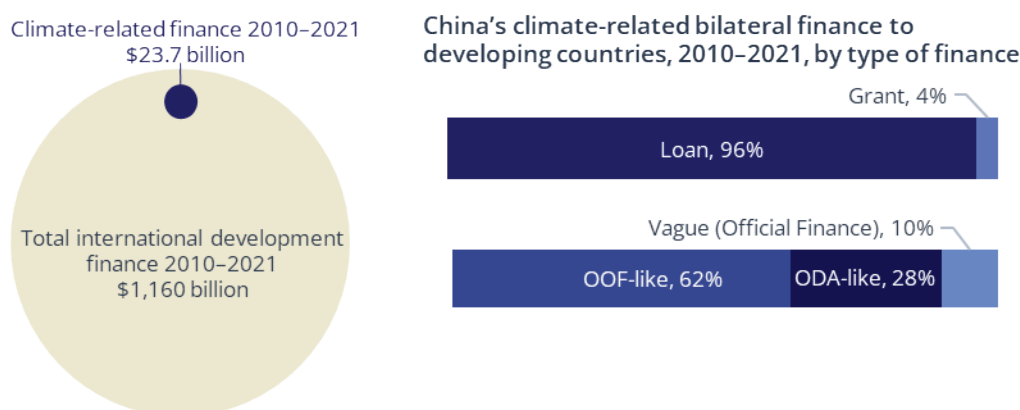


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Our analysis shows that Chinese investment in climate-related projects in developing countries is significant, but it remains a limited share of the overall investments in infrastructure and development projects channelled through the BRI and other official programmes in developing countries.

Our analysis covers overseas development finance data in the decade since the \$100 billion finance goal was agreed at COP15, from 2010 to 2021.³⁷ We estimate that China spent \$2 billion³⁸ per year on bilateral climate-related projects in developing countries. Climate-related projects in developing countries represent 2% of the total Chinese international development finance in the same period (Figure 4).

Since 2010, China has spent \$2 billion a year on average on bilateral climate-related projects in developing countries



Source: AidData (2023), E3G Analysis; “Developing countries” include 141 countries eligible for official development assistance from OECD Development Assistance Committee; “Bilateral finance” includes all projects that align with the OECD’s definition of Official Development Assistance (ODA) and Other Official Flows (OOF).



Figure 4: Climate-related finance represented 2% of Chinese bilateral development finance over the period 2010–2021. See page 39 for further discussion of the division into OOF-like, ODA-like and Vague (Official Finance) flows, including definitions.

³⁷ AidData, November 2023, **AidData’s Global Chinese Development Finance Dataset, Version 3.0**

³⁸ These figures are independent of the data presented in the previous section on foreign aid budget and South–South Climate Cooperation Fund. The results presented in this section is based on the analysis of the Global Chinese Development Finance Dataset compiled by AidData. The AidData dataset, however, does capture about \$1.2 billion worth of projects between 2020–2021 financed by various Chinese government ministries and banks that are under the banner of “South–South Cooperation”.

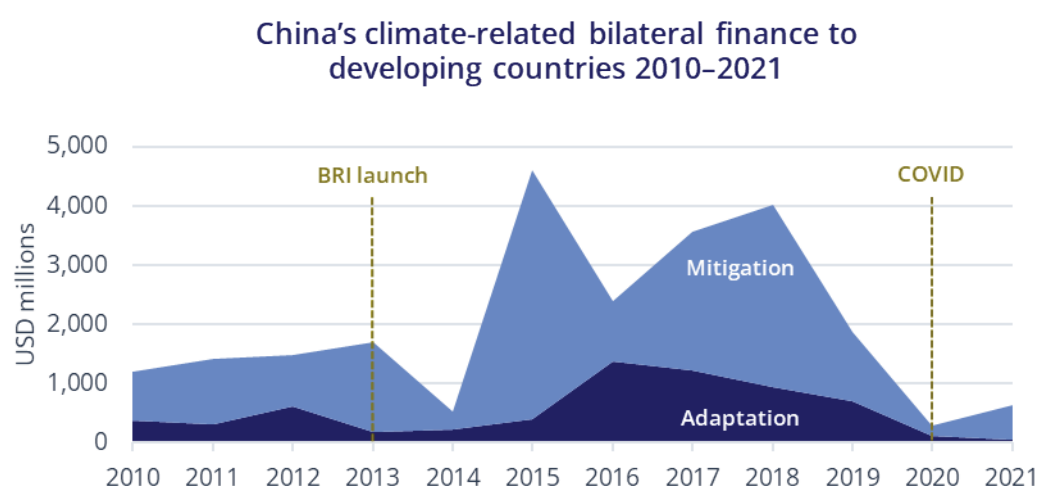


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The level of financing increased in the years following the launch of the BRI in 2013, peaking in 2015 with close to \$4.6 billion in financing in that year, before falling to a low of \$288 million in 2020 after the onset of the COVID-19 pandemic (Figure 5).



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



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Figure 5: China's climate-related bilateral finance to developing countries increased substantially following the launch of the Belt and Road Initiative in 2013, but fell again with the outbreak of the COVID-19 pandemic.

By project purpose and sector

- > 73% of climate-related financing went to mitigation projects, including in the energy (e.g. solar and wind farms) and transport sectors (e.g. urban metro systems). There is more of a balance between mitigation and adaptation in terms of the number of projects. Climate adaptation projects, such as disaster prevention and health projects, are usually smaller in scale and require less capital investment than mitigation projects (Figure 6).



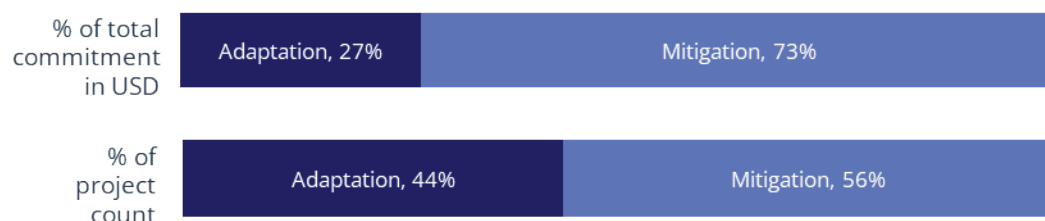
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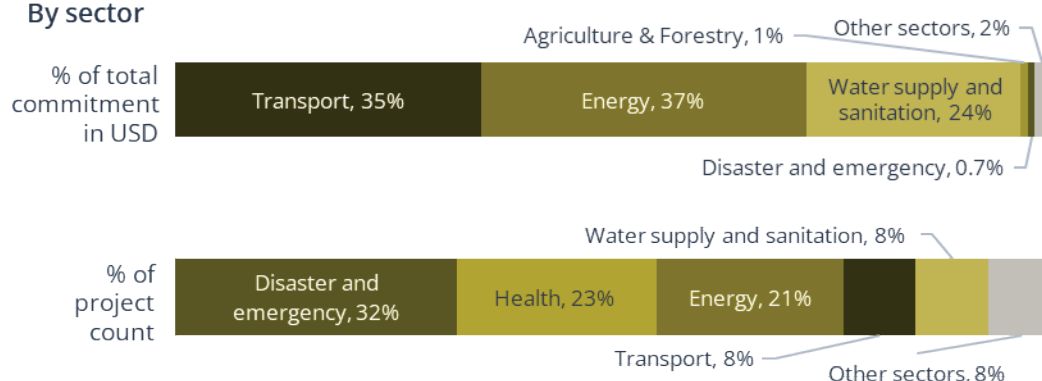
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China's climate-related bilateral finance to developing countries, 2010–2021

By project purpose



By sector



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



Figure 6: The majority of financing is mitigation-related, but there is a balance between mitigation and adaptation in terms of the number of projects.

By geography

- > Three quarters of China's bilateral climate-related finance is channelled to Africa (42%) and Asia (37%) (Figure 7).
- > Africa receives the highest levels of climate-related finance relative to the overall level of bilateral development finance to the region. 2.6% of China's development finance to Africa is climate-related. That figure is 2.2% for Asia, 1.7% for the Middle East, 1% for the Americas, and less than 1% for both Europe and Oceania.



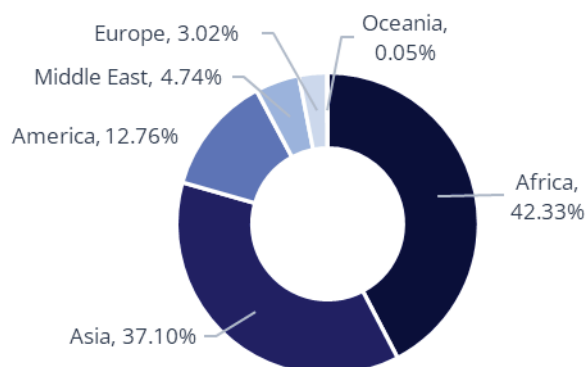
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China's climate-related bilateral finance to developing countries, 2010–2021

By geography



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



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Figure 7: Most of the bilateral climate-related finance was delivered to Africa and Asia. About half is channelled to Africa

A closer look: Small Island Developing States (SIDS)

Small Island Developing States (SIDS) are a group of 57 countries that are among the most vulnerable to climate impacts and that account for less than 1% of the world's population and global carbon emissions. Between 2016 and 2022, SIDS received 2% of the \$100 billion in climate finance pledged to developing countries by developed countries.³⁹

China has forged close ties with some of the SIDS. Recent successes include establishing formal diplomatic relations with Nauru, Kiribati and the Solomon Islands.

In 2022, China set up the China–Pacific Island Countries Climate Action Cooperation Center, which aims to carry out demonstration projects and share China's experience on green and low-carbon development and adaptation.⁴⁰ China has provided training sessions on tackling climate change for green and low-carbon development and in-kind donation of green energy technology to Pacific island countries.

³⁹ OECD, May 2024, **Climate Finance Provided and Mobilised by Developed Countries in 2013–2022**

⁴⁰ Ministry of Foreign Affairs of the People's Republic of China, April 2022, **Vice Foreign Minister Xie Feng Attends the Unveiling Ceremony of China-Pacific Island Countries Climate Action Cooperation Center**



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Our analysis finds that \$618 million of Chinese climate-related finance between 2010 and 2021 went to SIDS, which represents 1.8% of all Chinese bilateral development finance to SIDS. However, the available data shows that climate is yet to be a priority in China's bilateral development finance towards SIDS. Among the top 10 countries on that list, only one (Cuba) is from the SIDS grouping (Table 2).

Table 2: Bilateral climate-related finance as a % of total bilateral development from China, 2010–2021

Top 10, all countries		Top 10, SIDS only	
El Salvador	26.65%	Cuba	12.12%
Lesotho	20.60%	Mauritius	2.49%
Djibouti	17.76%	Grenada	1.95%
The State of Palestine ⁴¹	17.60%	Tonga	1.47%
Panama	14.89%	Fiji	1.42%
Togo	12.81%	Dominica	0.81%
Morocco	12.73%	Comoros	0.41%
Cuba	12.12%	Cabo Verde	0.28%
Armenia	11.80%	Maldives	0.21%
Zambia	11.26%	Papua New Guinea	0.02%

Source: AidData (2023), E3G analysis

By financing agency

- > About three-quarters of the climate-related projects were financed by policy banks – the China Exim Bank and China Development Bank (Figure 8). The bulk of the remainder came from state-owned commercial banks, such as loans from the Bank of China (BOC) and Industrial and Commercial Bank of China (ICBC), and government agencies, usually in the forms of grants from

⁴¹ The State of Palestine officially became the 197th party to the UN Framework Convention on Climate Change (UNFCCC) on March 17 2016 and it ratified the Paris Agreement on 22 April 2016. **Environment Quality Authority, State of Palestine, 2016, Initial National Communication Report to the UNFCCC**



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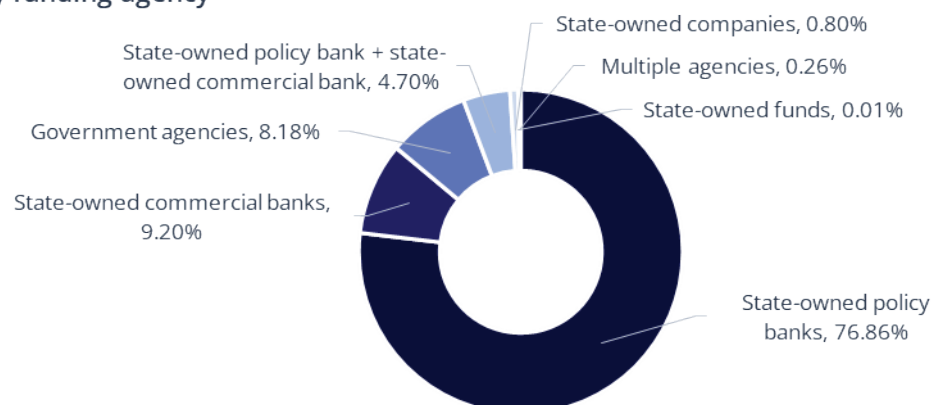
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the Ministry of Commerce (MOFCOM) or loans from the People's Bank of China (PBC).

- > The majority of climate-related bilateral finance was channelled through public institutions (i.e. government agencies and policy banks). However, those public flows declined in 2020 and 2021.
- > Commercial flows (i.e. state-owned commercial banks and state-owned enterprises) accounted for 84% of the bilateral climate-related financing in 2021, surpassing public flows for the first time (Figure 9).
- > These three groups of financing agencies – government agencies, policy banks and commercial banks – appear to have different geographical focusses in financing climate-related projects. The largest proportion of finance from government agencies (37%) went to the Middle East (Figure 10). By contrast, Africa is the priority region for policy banks and commercial banks.

China's climate-related bilateral finance to developing countries, 2010–2021

By funding agency



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



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Figure 8: About three-quarters of the climate-related projects were financed by state-owned policy banks: the China Exim Bank and China Development Bank



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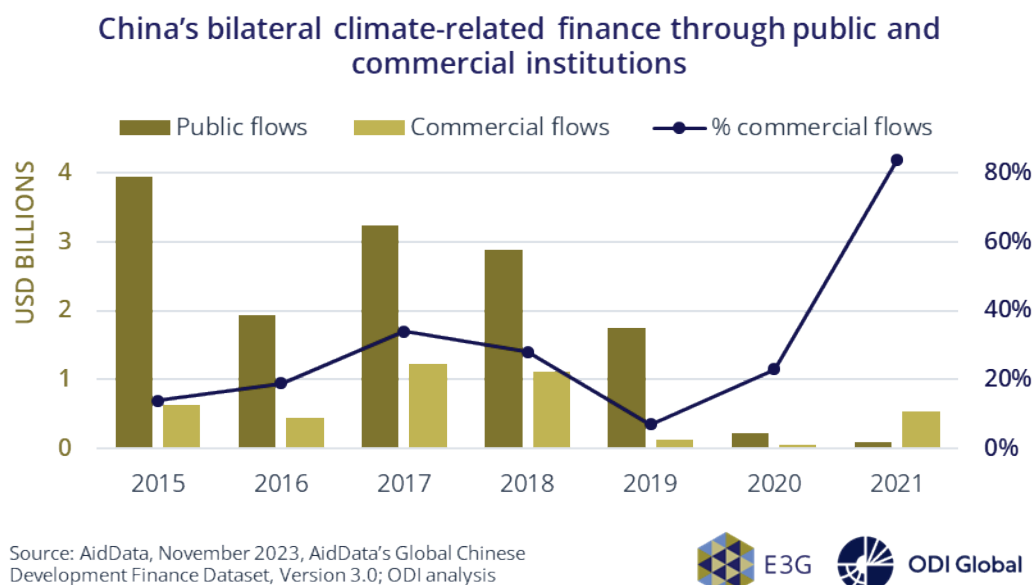


Figure 9: China's climate-related finance through public institutions declined in the early 2020s, leaving commercial finance flows making up the bulk of bilateral climate-related finance.

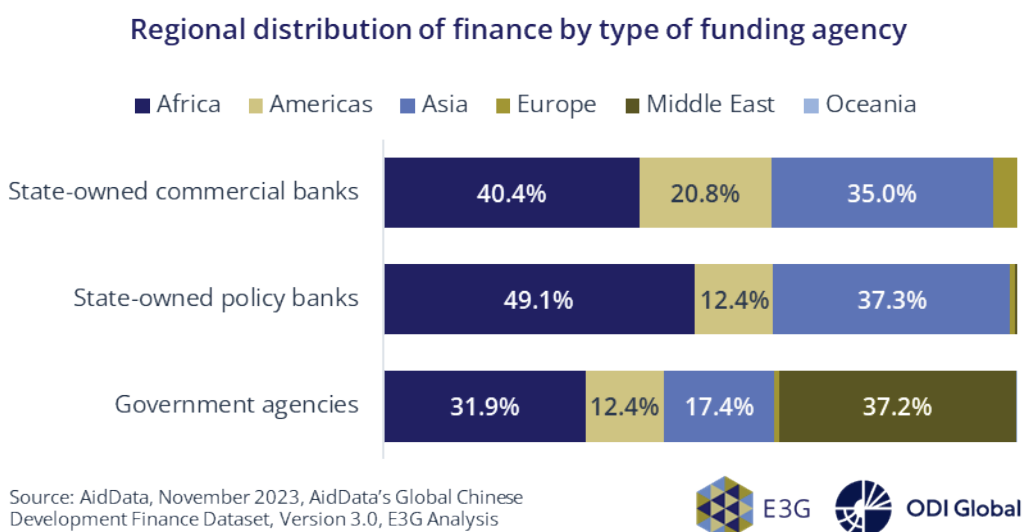


Figure 10: The largest segment of finance distributed by government agencies went to projects in the Middle East. This is a marked contrast to state-owned commercial and policy banks, which predominantly financed projects in Africa and Asia.



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- > The difference in regional priorities of financing agencies has an impact on the type of financial flow, or “quality” of the financing, the recipient region may receive. For example, grant financing comes almost exclusively from government agencies and not policy or commercial banks. 59% of bilateral climate-related finance from government agencies is ODA-like,⁴² while that is the case for only 32% and 1% of finance from policy and commercial banks, respectively.

By type of finance flow

- > China’s bilateral climate-related finance to developing countries is overwhelmingly loans (96%, see Figure 4), almost exclusively from state-owned policy banks and state-owned commercial banks.
- > Between 2010 and 2021, 28% of the climate-related finance from China was ODA-like (Figure 11).⁴³ The proportion of ODA-like finance varied over time, peaking at 66% in 2019 (Figure 12). In comparison, ODA accounts for 84% of climate finance from developed countries to developing countries.⁴⁴
- > The proportion of China's bilateral climate-related finance that qualifies as ODA-like is higher than that of its overall bilateral development finance (28% vs. 12%, see Figure 11).

⁴² The project should meet all three of the following criteria: 1) has a primary economic development objective for the recipient country; 2) is going to an ODA-eligible country; 3) the official commitment supporting the project/activity must be concessional in nature.

⁴³ Official development assistance (ODA) is government aid that promotes and specifically targets the economic development and welfare of developing countries. ODA is financial support from official providers to aid recipients (low- and middle-income countries) in areas such as health, sanitation, education, and infrastructure. See OECD, **Official development assistance (ODA)** (webpage)

⁴⁴ Centre for Global Development, March 2021, **If We’re Going to Fund Climate Mitigation from ODA, We Need to Double It**

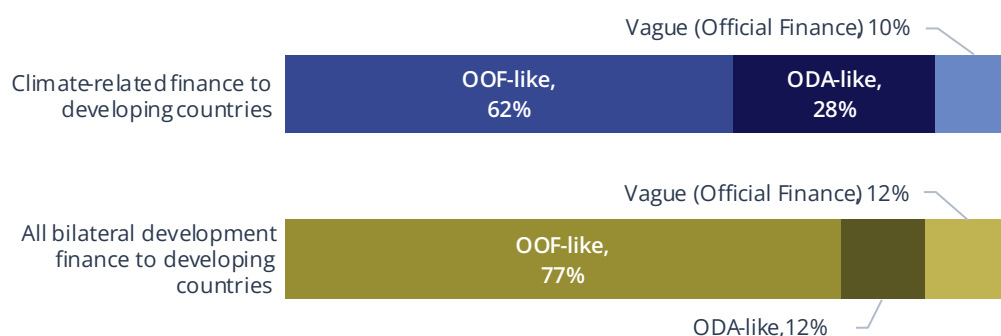


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China's climate-related and all bilateral development finance to developing countries, by flow class



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



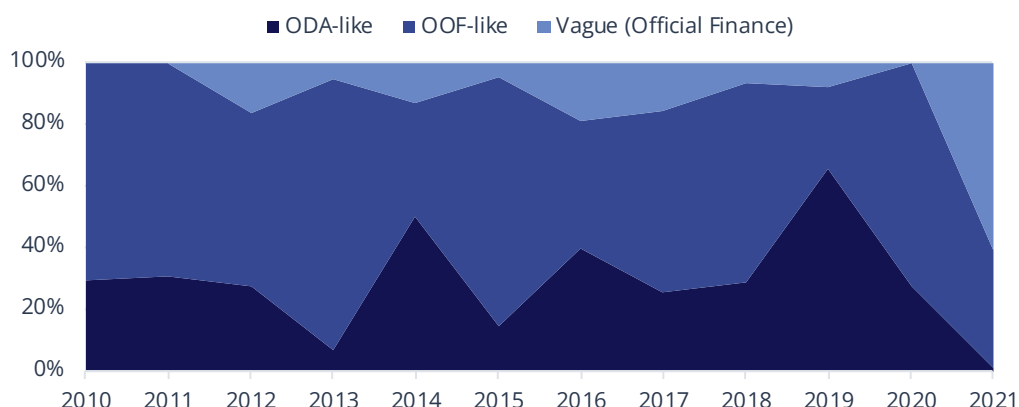
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Figure 11: A greater proportion of China's climate-related finance to developing countries is ODA-like than is the case across all bilateral development finance.^{45,46}

China's climate-related finance to developing countries over time, by flow class



Source: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G Analysis



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Figure 12: The proportion of ODA-like financing in China's climate-related finance to developing countries has fluctuated over time.

⁴⁵ OECD defines OOF (Other official flows) as official sector transactions that do not meet ODA criteria. This category includes, by definition: export credits extended directly to an aid recipient by an official agency or institution (official direct export credits); the net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms; subsidies (grants) to the private sector to soften its credits to developing countries; and funds in support of private investment. See OECD, **Other official flows (OOF)** (webpage)

⁴⁶ Vague Official Finance is used by AidData as a third residual category for projects that are known to be officially financed, but where there is insufficient information to make an ODA-like or OOF-like determination **AidData: How to use our global Chinese official finance data**



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Climate-related finance through multilateral institutions

Similar to bilateral funding, little official information is available regarding China's contributions to international climate-related finance through multilateral institutions. To estimate these flows, we adapted the OECD DAC's methodology to appraise the amount of climate-related finance that developed countries provide to developing countries through multilateral and regional development banks, multilateral climate funds (MCF), and UN agencies.⁴⁷ As such, our estimates of Chinese multilateral climate-related finance are comparable to those of developed countries', as assessed by the OECD in their annual report to track progress on the \$100 billion climate finance pledge.⁴⁸

First developed by ODI in 2022,⁴⁹ our methodology estimates the share of climate-related finance outflows from multilateral institutions that is attributable to China based on its capital subscriptions, voting power, or financial pledges and deposits in those same institutions. Overall, a total of 10 multilateral organisations were included in this analysis (see Annex 2 for a detailed methodology).

Between 2015 and 2022, China provided a total of \$10.4 billion of multilateral climate-related finance to developing countries, at an average of \$1.3 billion each year. This places China among the top 10 multilateral climate finance providers in the world over the same time period, ranking 8th ahead of some Annex II developed countries, such as Spain and the Netherlands (see Figure 13).

⁴⁷ Organisation for Economic Cooperation and Development, December 2015, **Climate Finance and the USD 100 Billion Goal**

⁴⁸ Organisation for Economic Cooperation and Development, May 2024, **Climate Finance Provided and Mobilised by Developed Countries in 2013-2022**

⁴⁹ Overseas Development Institute, June 2022, **A fair share of climate finance? An appraisal of past performance, future pledges and prospective contributors**



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Attributed finance contributions through multilateral institutions, 2015–2022 top 10 donors

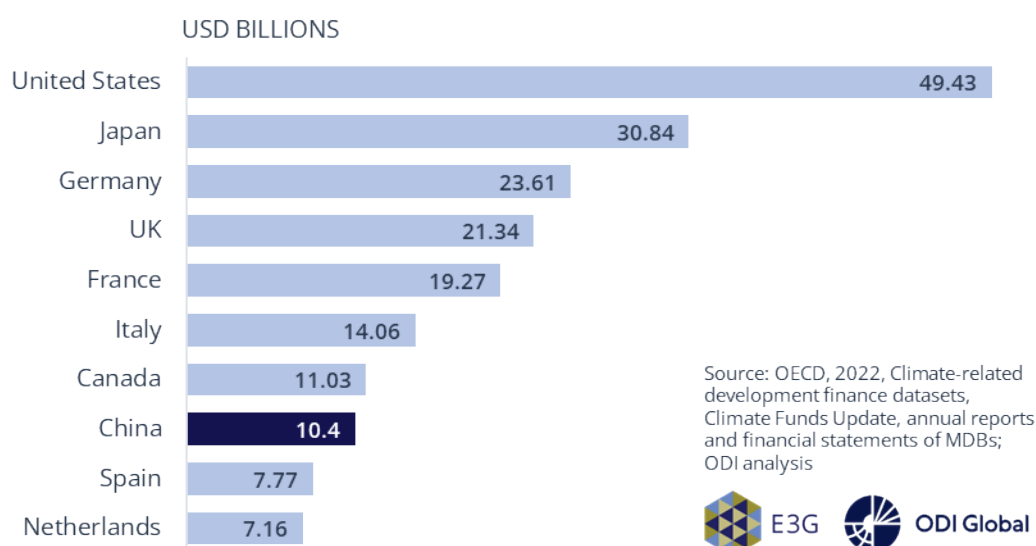


Figure 13: China was the 8th biggest provider of climate-related finance through multilateral institutions over the period 2015–2022.

The bulk of China's multilateral climate-related finance (97%) was channelled through multilateral development banks (MDBs; see Figure 14), with a small share through the Global Environment Facility (GEF, 0.3%) and FAO and IFAD (2.5%). While countries pay into MDBs for a host of reasons and not necessarily to extend climate funding to developing countries – which is rather the objective of multilateral climate funds – China's climate-related finance contribution through the MDBs is still significant. Indeed, the bulk of climate finance provided by developed countries towards the \$100 billion goal is also channelled through these institutions. In fact, 13 developed countries provided more than 90% of their multilateral climate finance through the MDBs over 2015–2022, including major providers such as the US (91%), Japan (90%), Italy (94%), and Spain (95%).

China's multilateral climate-related finance has grown the most in the World Bank Group, as it has provided more resources through increased capital subscriptions in the IBRD and IFC, and in the AIIB, driven by an expansion in the bank's climate investments since its founding in 2016 (Figure 14).

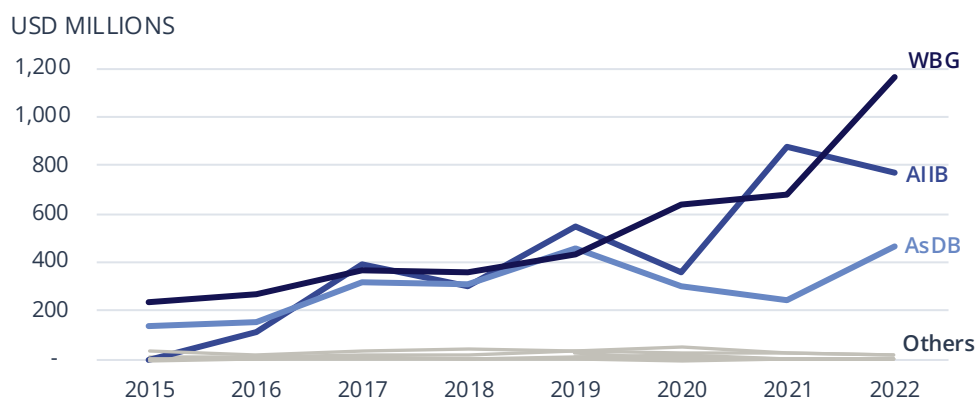


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China's attributed climate finance contributions through multilateral institutions, 2015-2022, by institution



Source: OECD, 2022, Climate -related development finance datasets, Climate Funds Update, annual reports and financial statements of MDBs; ODI analysis



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Figure 14: The bulk of China's multilateral climate-related finance over 2015–2022 was channelled through MDBs. Finance through the World Bank and AIIB in particular has grown significantly over the period.



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Total climate-related finance

The bilateral climate-related finance flows and climate-related finance through multilateral institutions estimated in the sections above are not directly comparable due to different definitions and methodological approaches. However, combining the two sets of findings can still give a sense of China's overall climate-related international finance.

Table 3 shows that China provided an average of over \$3 billion per year in climate-related finance through bilateral and multilateral channels to developing countries over the period 2015–2021. This makes China the 6th largest contributor of climate-related finance during that period (Figure 15).

Table 3: Top 10 climate-related finance contributors globally, 2015–2021

Yearly average (2015–2021), \$ million						
	Country	Bilateral	MDBs	MCFs*	UN	Total
1	Germany	6,281	2,288	417	31	9,018
2	Japan	4,343	3,137	351	42	7,873
3	United States	1,601	5,040	528	69	7,237
4	France	4,802	1,908	289	32	7,030
5	United Kingdom	1,141	2,034	460	29	3,664
6	China	1,884	1,097	4	35	3,019
7	Italy	561	1,521	68	44	2,194
8	Canada	400	1,113	125	31	1,670
9	Netherlands	702	733	55	32	1,521
10	Norway	978	260	90	25	1,353

* MCFs = multilateral climate funds

Source: OECD DAC, Climate Funds Update, annual reports and financial statements of MDBs; ODI analysis with E3G estimates for China's bilateral climate-related finance

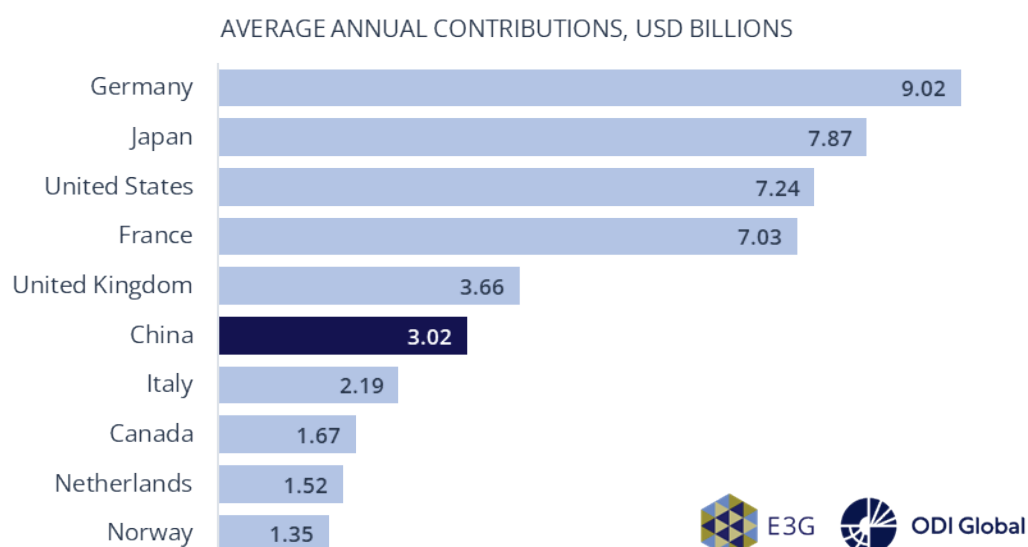


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China was the sixth biggest contributor of bilateral and multilateral climate-related finance to developing countries in 2015–2021



Source: bilateral finance: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G analysis; multilateral finance: OECD, 2022, Climate-related development finance datasets, Climate Funds Update, annual reports and financial statements of MDBs, ODI analysis

Figure 15: China provided an average of over \$3 billion per year in climate-related finance through bilateral and multilateral channels to developing countries over the period 2015–2021. This makes China the 6th largest contributor of climate-related finance during that period.

China's total climate-related finance contributions fluctuated over the years, with a noticeable decline in flows since 2015 (see Figure 16). This trend is partly due to a general reduction in Chinese bilateral development finance, which peaked during 2015–2018, and the impacts of the COVID-19 pandemic. Since 2020, the majority of China's climate-related finance has been channelled through multilateral institutions (Figure 17).



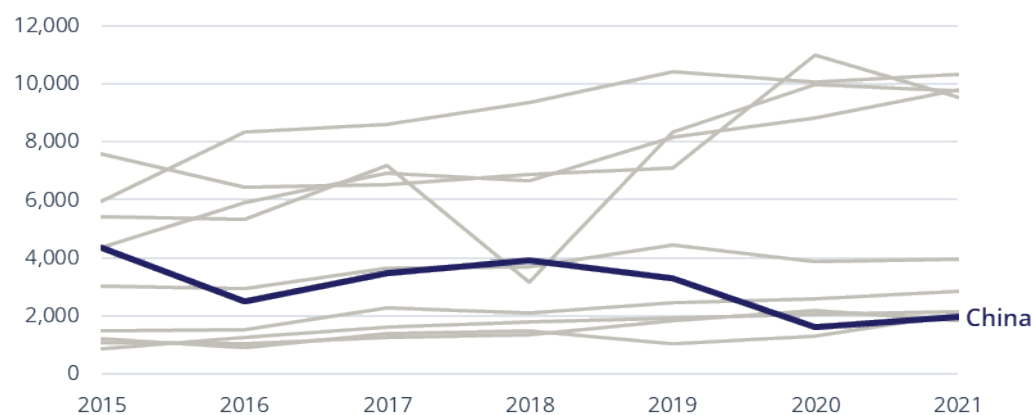
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Climate-related finance flows from the top 10 contributors, 2015–2021

USD MILLIONS



Source: bilateral finance: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G analysis; multilateral finance: OECD, 2022, Climate-related development finance datasets, Climate Funds Update, annual reports and financial statements of MDBs, ODI analysis



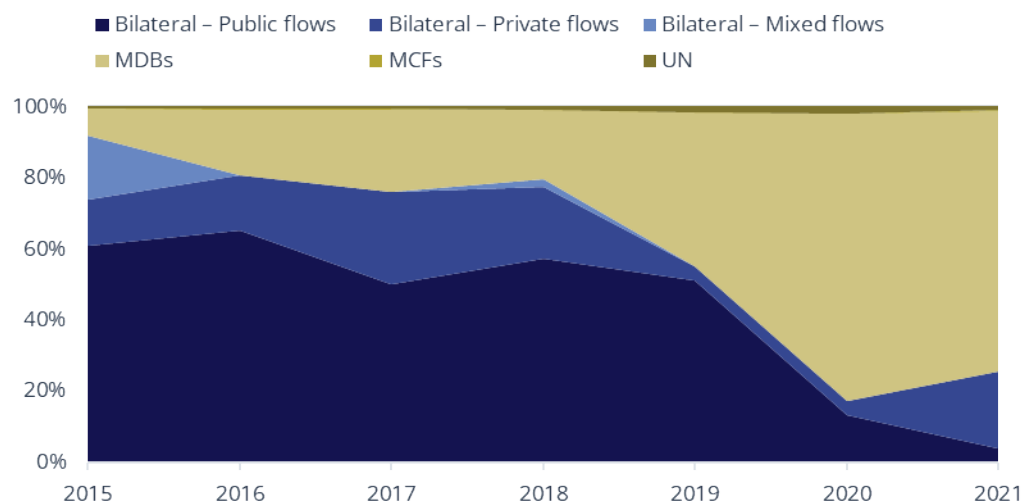
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Figure 16: China's climate-related finance contributions showed a downward trend over the period 2015–2021. This contrasts with the general increase in contributions from other countries among the Top 10 contributors.

China's climate-related financial contributions to developing countries by channel, 2015–2021



Source: bilateral finance: AidData, November 2023, AidData's Global Chinese Development Finance Dataset, Version 3.0, E3G analysis; multilateral finance: OECD, 2022, Climate-related development finance datasets, Climate Funds Update, annual reports and financial statements of MDBs, ODI analysis



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Figure 17: China's climate-related finance to developing countries has been channelled predominantly through multilateral institutions since 2020.



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CONCLUSION AND RECOMMENDATIONS

Officially, China's participation in international climate finance is carried out through a government-led, top-down approach, led centrally by the Ministry of Ecology and Environment, supported by numerous ministries with government budget.

However, our analysis found that a multitude of government agencies has contributed, without a centrally coordinated strategy, billions of funding every year on average to implement projects to assist other developing countries to mitigate greenhouse gas emissions and adapt to negative impacts of climate change.

By analysing publicly available official and third-party data, we make the following estimates of China's climate-related finance to developing countries in recent years:

- > A total of \$23.7 billion financing for bilateral climate-related projects in developing countries from 2010 to 2021. This amount, roughly \$2 billion a year on average, represents around 2% of the country's international development finance over the same timeframe.
- > A total of \$10.4 billion of multilateral climate-related finance to developing countries between 2015 and 2022, at an average of \$1.3 billion each year.
- > The above two estimates are not directly comparable due to the use of different definitions and methodological approaches. However, combining the two sets of findings can still provide insight into the scale of China's overall climate-related international finance. Adding together findings for the overlapping period of 2015–2021 produces an estimate of over \$3 billion per year in climate-related finance through bilateral and multilateral channels to developing countries.

Overall, China has invested substantial administrative and financial resources in developing countries to support their efforts to address climate change. These investments are commendable, especially considering that as a non-Annex II country under the UNFCCC, China is not obliged to provide funding to developing nations.



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Our analysis shows that China’s climate-related finance to developing countries and central government departments and corresponding government agencies that are involved in international climate cooperation with developing countries is still evolving and remains a work in progress. Managing and financing international climate projects and engagement with developing countries through fragmented and dispersed efforts across multiple ministries hinders the effective use of funds and other resources. It also prevents policymakers from having a clearer overview, which makes it difficult for project implementers to collaborate efficiently with partners, and it is uncondusive to easing external criticism.

Recommendations

As our analysis shows, China has emerged as a significant contributor to climate-related finance for developing countries, advancing both emissions reduction and adaptation efforts through a range of projects and other initiatives. Key mechanisms include the creation and sustained operation of the dedicated South–South Climate Cooperation Fund, continued financial allocations to climate-related projects and initiatives through bilateral and multilateral channels – including multilateral development banks – and joint efforts across central government ministries and departments to assist developing countries in implementing climate agendas.

During the 2025 Two Sessions in March, Premier Li Qiang reaffirmed China’s commitment to global climate efforts in the government work report, stating that China “will actively engage in and steer global environmental and climate governance”. In April, President Xi Jinping said that “China will vigorously deepen South-South cooperation and continue to provide help for fellow developing countries to the best of its capability” while delivering a speech at the Leaders Meeting on Climate and the Just Transition⁵⁰. These pledges reinforce China’s broader and long-term strategy to play a more constructive role in international climate cooperation and underscores its role as a leader in global climate efforts.

With its strong foundation in climate-related finance, China is well positioned to further enhance the effectiveness, accessibility, visibility, and impact of its voluntary contributions. The following recommendations propose practical actions to maximise its support for developing countries in climate-related

⁵⁰ Ministry of Foreign Affairs, the People’s Republic of China, April 23 2025, **Xi Jinping Delivers Remarks at the Leaders Meeting on Climate and the Just Transition**



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finance and solidify its global leadership on climate, alongside many developed country donors that are obliged to provide funding.

China can build on its positive momentum by ensuring a stable and sustained level of climate-related finance to developing countries

This analysis identifies that China is the sole non-OECD member country among the top 10 bilateral and multilateral contributors of climate-related finance to developing countries from 2015 to 2021. This achievement underscores China's unique and vital role in advancing global climate action, with its contributions delivering essential support for mitigation and adaptation projects in developing countries. Notably, however, China's climate-related finance flows during this period exhibited fluctuations and a downward trend, in contrast to the stable or slightly upward trends observed among other major contributors.

By ensuring a stable and sustained flow of climate-related finance, China can send a strong signal of commitment, inspiring greater ambition in developing countries' NDCs and climate agendas. This is particularly crucial as high-income countries overall face increasing budgetary constraints to fund international climate action due to economic headwinds and shifting priorities, including increased defence spending driven by geopolitical considerations.

China is well positioned to step forward and play a stabilising role in global climate-related finance. By stabilising its contributions, it can not only enhance its leadership but also encourage developed countries – who bear formal funding obligations – to fulfil and not walk back their commitments. This would help safeguard climate-related finance flows to developing countries, ensuring continued momentum in global climate efforts and reinforcing China's position as a driving force to engage and to steer global climate governance.

Enhance information transparency and improve data granularity on climate finance

This would allow a more accurate understanding of the overall assistance provided to developing countries. China can consider doing so under the Paris Agreement Enhanced Transparency Framework (ETF), which entered into force on 31 December 2024 and allows developing countries to voluntarily submit information.⁵¹ There are two reasons for China to do so:

⁵¹ UNFCCC, [Preparing for the Enhanced Transparency Framework](#) (webpage)



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1. The ETF's Modalities, Procedures and Guidelines (MPGs) establish a common standard for all UNFCCC countries, developed and developing, to report such information, ensuring comparability of data and enhancing collective transparency on climate cooperation.
2. The New Collective Quantified Goal (NCQG) text agreed in Baku makes reference to the ETF as the transparency standard for countries to report information on financial support provided to developing countries and explicitly includes the Biennial Transparency Reports under the ETF as an information source to track progress on the NCQG.⁵² By aligning existing and upcoming statistics frameworks on climate finance⁵³ with the ETF, China will be able to track its voluntary contributions to the NCQG in a way that is comparable to other countries should it need to do so in the future.

Place greater emphasis on funding adaptation initiatives to balance its mitigation and adaptation portfolio

In most developing countries adaptation needs are greater than mitigation needs, requiring enhanced support to address rapidly growing climate change impacts. Within multilateral climate fora, China has positioned itself as a staunch advocate of climate adaptation for developing countries, with the goal partly to build trust and alliances with other countries and partly to build its soft power in global climate governance to advance its interests.⁵⁴ However, this is not fully reflected in current bilateral climate-related finance: while China's adaptation and mitigation projects are almost balanced in terms of number of projects, the volume of committed funding predominantly targets energy and transport initiatives.

Rebalancing its climate finance portfolio towards adaptation will make China's actions more consistent with its climate policy stance in global fora. Scaling up adaptation finance will also better support the Chinese government's push to share globally the lessons learned through decades of domestic experimentation

⁵² Watson, Charlene, and Laetitia Pettinotti, 11 October 2024, **The Enhanced Transparency Framework for the NCQG – is the job done?**, ODI

⁵³ World Resources Institute, September 2024, **China's International Climate-Related Finance Provision and Mobilization for South-South Cooperation**

⁵⁴ Qi, Jianfeng Jeffrey, and Peter Dauvergne, March 2022, **China's rising influence on climate governance: Forging a path for the Global South**, *Global Environmental Change* 73, 102484, DOI: 10.1016/j.gloenvcha.2022.102484



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with disaster risk reduction and nature-based adaptation solutions against floods and desertification.⁵⁵

Strategically align with a new generation of country platforms to strengthen climate-related finance effectiveness

China could further amplify the impact of its climate-related financing by considering strategically aligning its support with a new generation of government-led country platforms in developing nations. These platforms – which harmonise international and domestic resources around host countries’ climate and development priorities – provide a structured mechanism to reduce transaction costs, enhance contributor coordination, and mobilise complementary public and private investments.⁵⁶ In an environment of constrained funding, better coordination and strategic alignment would improve climate and development outcomes of international support. By integrating its contributions into such frameworks, China can directly advance recipient countries’ decarbonisation strategies, minimise duplication, and address systemic barriers during implementation in certain developing countries. This approach would align China’s efforts with globally recognised principles of nationally led and owned development plans, ensuring climate action is combined and grounded in local priorities.

To maximise outcomes, China’s alignment could prioritise country platforms anchored in credible political commitments, programmatic financing structures, and clear pathways to catalyse private sector investment. By tailoring support to platforms that integrate climate ambition with economic resilience – and leveraging host countries’ institutional capacities – China can mitigate risks while reinforcing its role as a responsive, solutions-oriented partner and climate-related finance and support provider in global climate governance with developing countries.

⁵⁵ Zhu, Annah Lake, Niklas Weins, Juliet Lu, Tyler Harlan, Jin Qian, and Fabiana Barbi Seleguim, May 2024, **China’s nature-based solutions in the Global South: Evidence from Asia, Africa, and Latin America**, *Global Environmental Change* 86, 102842, DOI: 10.1016.j.gloenvcha.2024.102842

⁵⁶ ODI, June 2022, **Country Platforms for Climate Action: Something Borrowed, Something news?**



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ANNEX 1

BILATERAL CLIMATE-RELATED FINANCE ESTIMATES

Data source

The Global Chinese Development Finance Dataset by AidData⁵⁷ was used in this analysis. The dataset covers 20,985 projects worth \$1.34 trillion across 165 countries from 2000 to 2021. Projects with financial or in-kind support from government institutions in China are included, e.g. central, regional or local government agencies, state-owned enterprises, state-owned policy banks, state-owned commercial banks, state-owned funds, and non-profit government organisations.

Definition of developing countries

141 countries eligible for official development assistance from OECD Development Assistance Committee are included in this analysis.

Methodology

The analysis mainly involved a string analysis of the project descriptions provided by the AidData dataset and their alignment to climate mitigation and adaptation outcomes, as defined by OECD DAC Rio Markers for Climate.⁵⁸ The analysis involved the following steps:

1. The “title” and “project description” data from the AidData Global Chinese Development Finance Dataset was extracted for 20,985 projects in the database.
2. A list of keywords was developed for each category of climate mitigation and adaptation project as defined by the OECD Rio markers. The keywords were taken from the “description” and “clarifications” from the OECD Rio markers indicative tables. To increase the alignment with existing OECD reporting

⁵⁷ AidData, November 2023, **Global Chinese Development Finance Dataset, Version 3.0**

⁵⁸ OECD, September 2011, **Handbook on the OECD-DAC Climate Markers**



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practices, additional keywords were also taken from an analysis of descriptions of climate-related ODA projects by OECD donors between 2012 and 2021.⁵⁹ For example, phrases such as water supply, sewage treatment, wastewater treatment, sanitation, energy saving and energy-efficient would be on the list of keywords for “water supply and sanitation” mitigation or adaptation projects.

3. By matching the list of keywords from step 2 and the list of project descriptions from step 1, a preliminary list of “climate-related projects” was developed. A “significant” or “principal” label was also applied to each project based on the Rio markers definition regarding the primary objective of the project. The labelling was carried out with the support of the list of keywords and project-by-project manual assessment.
4. 100% of the funding in projects with a “principal” label was included in the analysis as “climate-related finance”; whereas only 42% of the funding in projects with a “significant” label was included. 42% is the average of coefficients used by OECD donors in their reporting of climate-related ODA, based on analysis by the Center for Global Development.⁶⁰
5. As a final quality check, the list of “climate-related projects” from step 3 was screened manually to exclude projects that do not contribute to climate objectives. For example, a transport project primarily using fossil fuels would be excluded during this step.

Projects in all sectors eligible for consideration as climate-related projects in the Rio markers methodology are included in this analysis. They include: industry; mining; construction; energy; transport and storage; communications; banking and financial services; business and other services; other social infrastructure and services; agriculture; forestry; fishing; water supply and sanitation; health; trade policies and regulations; government and civil society; education; emergency response; reconstruction relief and rehabilitation; developmental food aid/food security assistance; general environmental protection; disaster prevention and preparedness.

An example of considerations for selected keywords and project eligibility for a selected list of sectors is provided in Table 4. For the transport and water supply & sanitation sectors, additional criteria were considered to ensure that this study takes a more conservative approach in the absence of detailed project data.

⁵⁹ OECD, 2022, **Climate-related development finance datasets**

⁶⁰ Center for Global Development, May 2024,



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Table 4: Examples of considerations applied to determining the eligibility of projects in selected sectors for inclusion in the “climate-related” definition for this analysis

Sector	Considerations for “climate-related” eligibility
Agriculture & Forestry	<p>Agriculture – projects that: increase energy efficiency of crop production, e.g. irrigation, pumping, harvesting, crop cooling, storage; enhance carbon stock; include more efficient use of nitrogen fertiliser; promote climate-resilient farming methods, diversified agricultural production or heat- or drought-resistant crops.</p> <p>Forestry – projects that: enhance sinks and reservoirs of greenhouse gases through sustainable forest management, afforestation and reforestation; adopt harvesting techniques that reduce soil erosion.</p>
Disaster prevention	Projects that: support the development of emergency prevention and preparedness measures to cope with potential climatic disasters such as floods or landslides; support the preparation of event scenarios, rescue plans, early warning systems; promote awareness.
Energy	Power generation projects: wind energy (onshore and offshore), photovoltaic and concentrated solar power (CSP), geothermal, biomass and biogas, ocean tide power. All hydro-electric projects are excluded.
Transport	Projects that support modal switching to non-motorised transportation or urban public transport (buses and metros) only. Inter-city or long-distance railway projects are excluded as we were unable to ascertain, based on available data, the type of train used (diesel or electric), the power mix of the grid that supplies electricity to the railway, and the modal shift impact of long-distance railway projects.
Water supply and sanitation	Projects that strengthen integrated water resources management, e.g. preserve existing water resources, or develop new water supply sources. Only projects in countries exposed to medium and high levels of drought risk, as defined by World Resources Institute Aqueduct Global Maps 3.0, ⁶¹ are included.

⁶¹ WRI, August 2019, **Aqueduct Global Maps 3.0 Data**



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Limitations

While official databases on China's climate-related finance are publicly available, they vary in scope and completeness. To develop a more comprehensive and holistic assessment, this analysis incorporates official figures – such as foreign aid data – alongside third-party sources, including AidData and the OECD.

Due to variations in data classification and reporting methodologies, it was not always possible to independently verify the alignment of every project included with internationally agreed principles on climate finance. We have strived to only include projects that are most relevant and would make a meaningful contribution to climate mitigation and adaptation objectives based on available information. In practice, China's provision of funding and support for climate-related projects in developing countries is likely greater than the total funding captured in our analysis.



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ANNEX 2

CLIMATE-RELATED FINANCE THROUGH MULTILATERAL INSTITUTIONS

We analysed three key multilateral channels: multilateral development banks (MDBs), multilateral climate funds (MCFs), and United Nations agencies.

We used climate outflow data from 2015 to 2022 as reported in the OECD DAC Climate-Related Development Finance dataset,⁶² from the perspective of the recipient. This dataset provides climate outflow information for 19 multilateral organisations, of which China contributed financially to only 10 (Table 5).

For MDBs, climate-related finance outflows were allocated to countries based on each country's capital subscriptions. If these subscriptions were not reported by the MDBs, we instead used the share of voting power as a proxy. Our methodology slightly diverges from that of the OECD,⁶³ as we treat the concessional and non-concessional finance flows from MDBs together due to insufficient public information to fully replicate the OECD's approach.

Similarly, we traced climate-related finance outflows from multilateral climate funds back to individual countries. To estimate each country's contribution, we first determined the share of cumulative pledges that a country has made to a specific multilateral climate fund. This percentage was then used to allocate the annual approved expenditure of each fund back to the contributing country. We obtained data on countries' pledges from the Climate Funds Update,⁶⁴ which compiles total pledges to climate funds since their inception.

We followed a similar process for UN agencies – specifically the Food and Agriculture Organisation (FAO) and the International Fund for Agricultural Development (IFAD). We gathered information on countries' financial

⁶² OECD, Climate-Related Development Finance Datasets – Recipient Perspective; available from OECD, **Development finance for climate and environment** (webpage)

⁶³ OECD, December 2015, **Climate Finance in 2013-14 and the USD 100 Billion Goal**

⁶⁴ Heinrich Böll Stiftung & ODI, **Climate Funds Update**



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contributions from the UN System Chief Executives Board for Coordination⁶⁵ and then attributed climate finance outflows from these agencies to individual countries based on their respective contributions.

Table 5: Multilateral institutions included in the OECD DAC Climate-Related Development Finance dataset which did and did not receive contributions from China in 2015–2022.

Institutions receiving financial contributions from China in 2015–2022	Institutions not receiving financial contributions from China in 2015–2022
African Development Bank	Adaptation Fund
Asian Infrastructure Investment Bank	Black Sea Trade and Development Bank
Asian Development Bank	Central American Bank for Economic Integration
Caribbean Development Bank	Council of Europe Development Bank
European Bank for Reconstruction and Development	Climate Investment Funds
Food and Agriculture Organisation	European Investment Bank
Global Environment Facility	Green Climate Fund
Inter-American Development Bank Group	Islamic Development Bank
International Fund for Agricultural Development	Nordic Development Fund
World Bank Group	

⁶⁵ UN System Chief Executives Board for Coordination, Financial Statistics, <https://unsceb.org/financial-statistics>