The Global Landscape of Climate Finance 2013
Agenda

• **Presentation**
  – Definitions
  – “Spaghetti” diagram
  – Increased scope
  – Investment gap
  – Climate finance breakdown
    • Important actors
    • Geographical breakdown
    • Final uses
  – How can the public sector incentivize investment?
  – Conclusions

• **Q&A Session**
Key findings

- **Money is flowing but still falls far short** of what is needed to finance system transformation.

- Four **action points for the public sector** to mobilize private climate finance:
  - Develop **domestic enabling environments**
  - Invest in **international public resources**
  - **Address risks**
  - Improve **capacity and knowledge**

- **Important tracking gaps** continue to hamper the understanding of climate finance.
What is climate finance?

Landscape focus

- Capital flows targeting low-carbon and climate-resilient development
- Direct or indirect mitigation or adaptation objectives/outcomes
- Upfront capital investment costs and grants
- For various geographical configurations
- Focus on project level data
- Captured on a gross rather than net basis
The Global Landscape of Climate Finance in 2011/2012 (USD billion)

Sources and Intermediaries:
- Government Budgets
- AGRICULTURE
- NATIONAL BILATERAL MULTILATERAL
- DEVELOPMENT FINANCE INSTITUTIONS
- CLIMATE FUNDS
- COMMERICAL FINANCIAL INSTITUTIONS
- PRIVATE EQUITY, VENTURE CAPITAL, INFRASTRUCTURE FUNDS
- INSTITUTIONAL INVESTORS
- PROJECT DEVELOPERS
- CORPORATE ACTORS
- HOUSEHOLDS

Instruments:
- Policy Incentives
- Risk Management
- Grants
- Low-Cost Project Debt
- Project-Level Market Rate Debt
- Project-Level Equity
- Balance Sheet Financing

Channels:
- Different Disbursement Channels

Uses:
- Adaptation
- Mitigation

Total: $359 BN
Landscape 2013: increased coverage

• Landscape 2013 updated last year’s estimates.
• It provides a deeper breakdown of geographic flows and sheds light on the latest trends.
• We increased the coverage but total flows decreased.
Total climate investment equaled $359 billion in 2012...
That’s roughly the same as the year before.
...and not nearly enough.

$5 trillion needed through 2020

We’re falling further and further behind globally agreed upon goals for safe emissions levels.
Closing the gap

If we are going to close the gap, we have got to know how finance is flowing, now:

• Who are the important actors in the market?
• Where is climate finance going?
• What are the appropriate incentives to scale up finance?
The private sector provides the lion’s share of finance.

The public sector plays a central role providing incentives, low-cost loans, risk coverage mechanisms, direct project investment, and technical support.

Who are the important actors?

- **DFIs**: $121 bn
- **Government Budgets**: $9-16 bn
- **Climate Funds**: $1.6 bn
- **Corporate Actors**: $66 bn
- **Project Developers**: $102 bn
- **Households**: $33 bn
- **Venture Capital**: $1.2 bn
- **Private Equity**: $1.2 bn
- **Infrastructure Funds**: $1.2 bn
- **Commercial Financial Institutions**: $21 bn
- **Institutional Investors**: $0.4 bn

Total: $359 bn
Who are the important actors?

These public measures for climate change are significant...

$135 \text{ bn}$

PUBLIC CLIMATE FINANCE

$523 \text{ bn}$

PUBLIC FOSSIL FUEL SUBSIDIES

* in developing and emerging economies, alone

...but remain dwarfed by government support to fossil fuel consumption.
Where is climate finance going?

Of total climate finance:

$359 \text{ bn}

76\% \text{ is spent domestically…}

…only 24\% \text{ flows between countries}
Where is climate finance going?

$177 bn invested in **OECD countries**

$182 bn invested in **NON-OECD countries**
What are the final uses of climate finance?

- **Mitigation**
  - Renewable Energy Generation: $265 bn
  - Energy Efficiency: $32 bn
  - Other Mitigation Measures: $40 bn

- **Adaptation**: $22 bn
How can the public sector incentivize investment?

1. Develop well-articulated **domestic enabling environments** to encourage further private investment.

2. Continue to invest in, and ensure effective use of, **international public resources**.

3. **Address risk**, which lies at the heart of private investment decisions.

4. Improve **capacity and knowledge** on financing, policies and clean technologies.
Key findings

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  – **Address risks**
  – Improve **capacity and knowledge**

• Important **tracking gaps** continue to hamper the understanding of climate finance.
Additional information

www.ClimateFinanceLandscape.org

www.ClimatePolicyInitiative.org
Thank you!

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