Global Landscape of Climate Finance: A Decade of Data

Supported by:
Global Climate Finance Tracking Program drives evidence-based and informed discussion on climate finance

- Comprehensive analysis of finance flows
- Clear data on progress against needs
- Concrete and actionable recommendations

What is the current state of global climate finance flows? How far are we from closing the climate investment gap? What should be prioritized to redirect finance and close the investment gap?
Agenda

Key findings

A closer look at

- Sectors and geographies
- Sources and instruments

4 Key Actions to scale climate finance
Global climate finance almost doubled in the last decade, with a cumulative USD 4.8 trillion in climate finance committed between 2011-2020.
Climate Finance Definition

Aligned with Operational definition of the UNFCCC Standing Committee on Finance:

“Climate finance aims at:
- reducing emissions, and enhancing sinks of greenhouse gases and
- aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts.”

Global Landscape of Climate Finance Methodology
Private sector climate finance is increasing, but more scale and speed are necessary.

CAGR 7%
We need at least USD 4.3 trillion in annual finance flows by 2030 a 20% year-on-year increase by 2030 is required.
Continued fossil fuel support remains a barrier to achieving global climate goals
LANDSCAPE OF CLIMATE FINANCE IN 2019/2020
Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years’ data, in USD billions.

**Key findings**

- **653** billion USD annual average
- Government funds to other public sources are not estimated
- Adaptation: $49 billion
- Mitigation: $586 billion
- Energy systems: $336 billion
- Transport: $169 billion
- Land Use: $16 billion

**Sources and intermediaries**
- Governments: $32 billion
- National DFIs: $145 billion
- Bilateral DFIs: $24 billion
- Multilateral DFIs: $68 billion
- Multilateral climate funds: $4 billion
- SOEs: $3 billion
- State-owned FIs: $45 billion
- Other: $3 billion
- Unknown: $7 billion
- Commercial FIs: $122 billion
- Funds: $5 billion
- Institutional investors: $4 billion
- Households/individuals: $55 billion
- Corporations: $125 billion

**Instruments**
- Grants: $30 billion
- Low-cost project debt: $61 billion
- Project-level market rate debt: $236 billion
- Project-level equity: $51 billion
- Balance sheet financing (debt portion): $112 billion
- Balance sheet financing (equity portion): $156 billion

**Uses**
- Adaptation: $49 billion
- Dual benefits: $17 billion
- Water & waste: $24 billion
- Industry: $7 billion
- Buildings & infrastructure: $52 billion
- Others & cross-sectoral: $48 billion
- Others: $169 billion

**Sectors**
- Energy systems: $336 billion
- Mitigation: $586 billion
- Transport: $169 billion
- Land Use: $16 billion
What climate solutions are being implemented and where?
Mitigation finance was dominated by renewable energy in the last 10 years, accounting for almost 70% of total
Adaptation finance is increasing, but is starkly underfunded

Adaptation finance over the years (USD bn)

CAGR 16.7%
Most finance is concentrated in only a few regions.
How are projects financed?
All public sources are increasing finance, but their roles are evolving.
Private actors’ contributions are increasing, but not at the pace necessary considering public sector capacity constraints.
Most Financing over the last decade was provided as market rate debt.
Limitations and road ahead
Climate finance flows data are improving, but standardized information on its outcome and impact remain scarce.

Global Landscape of Climate Finance data and methodology improvements

Data additions to the Landscape

- **2011/12**
  - Bloomberg New Energy Finance
  - OECD CRS (Rio-marked)
  - IDFC Green Finance
  - CPI surveys with DFIs
  - Joint MBD climate finance tracking
  - UNEP Bilateral Financial Institutions

- **2013/14**
  - REN21
  - ODI/HBF Climate Funds Update

- **2015/16**
  - Electric Vehicles (IEA)

- **2017/18**
  - IJ Global infrastructure investment
  - Climate Bonds use of proceeds (CBI)
  - Blended Finance (Convergence)

- **2019/20**
  - Energy Efficiency in Green Certified Buildings

Timeline of key climate finance developments

- **2011**
- **2012**
- **2013**
- **2014**
- **2015**
  - Paris Agreement is adopted
  - TCFD framework
  - Joint MDB-IDFC methodology on climate mitigation finance tracking
- **2016**
- **2017**
  - Marrakech Partnership for Global Climate Action
- **2018**
  - EU Green Deal
  - First version of the TOSSD methodology
- **2019**
  - Revised NDCs under ratchet mechanism
  - EU taxonomy on sustainable finance
- **2020**
- **2021**
4 key climate finance actions for this decade
1. Adopt holistic sectoral strategies
2. Shift to a new finance paradigm
3. Expand enabling environments through policies that mobilize private finance
4. Make decision-critical data on climate finance flows available
Climate finance trends to reflect on in 2023

More sophisticated discussions:

• Global Goal on Adaptation: doubling adaptation finance by 2025
• Global Shield Against Climate Crisis: funds and subsidies for insurance to help at-risk societies
• Global Stocktake 2023 and NCQG technical discussions
• Loss and Damage: what is it, who will fund it and how?
• Just Transition packages, Bridgetown agenda, Reforming MDBs
• There is COP28, but there is also COP16 – Biodiversity
Related Projects

• **Net Zero Finance Tracker**

• **Framework for Sustainable Finance Integrity**

• **Landscape of Climate Finance in Africa**

• **Landscape of Green Finance in India**

• **Landscape of Methane Abatement Finance**
Questions?
Contact –

CPI: climatepolicyinitiative.org
The Lab: climatefinancelab.org
USICEF: usicef.org
Global Landscape of Climate Finance: climatefinancelandscape.org

@climatepolicy
@climatepolicyinitiative
## Annex

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<th>Segment</th>
<th>2019/2020 Investment ($bn/yr)</th>
<th>Implementation cost of Paris-aligned scenarios through 2050 ($bn/yr)</th>
<th>Progress against avg. scenario (%)</th>
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