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# Global Landscape of Climate Finance 2023

Supported by:



Federal Ministry  
for the Environment, Nature Conservation  
and Nuclear Safety



Norwegian Ministry  
of Climate and Environment



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# CPI flagship report

The most comprehensive assessment of  
climate finance flows

Informs policy makers and investment  
leaders including UNFCCC, IPCC, G7 and  
others

This edition closes a decade of climate  
finance tracking



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# A milestone edition

## Innovations & improvements in 2023:

- Improved data on finance flows
- Bolstered investment need estimates
- New addition: Cost of inaction
- Flows into EMDE and LDCs
- And more...

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# Agenda

## Key findings

### A closer look at

Mitigation finance

Adaptation finance

Geographic flows

## Net Zero Finance Tracker

## Conclusion

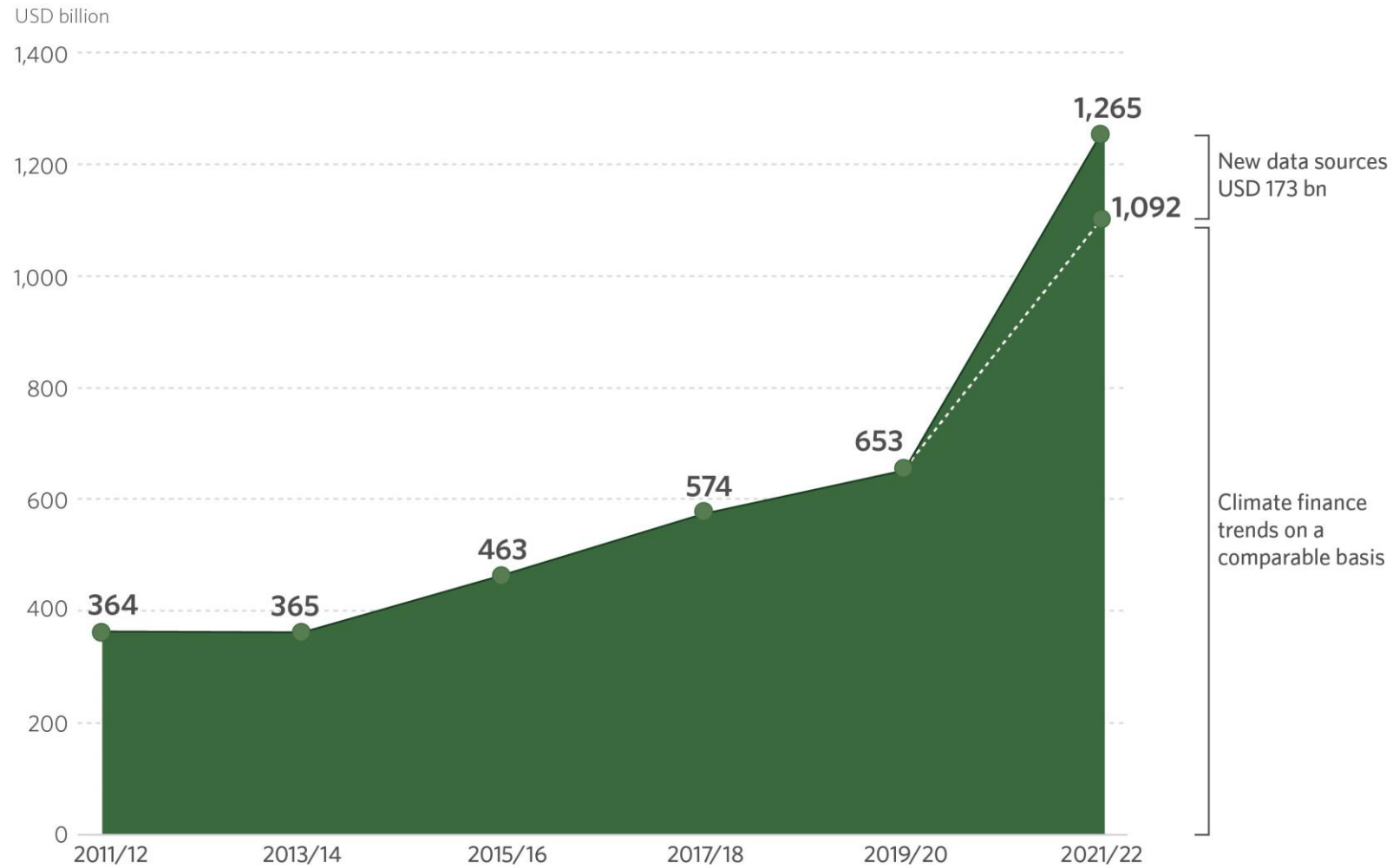


# Key Findings

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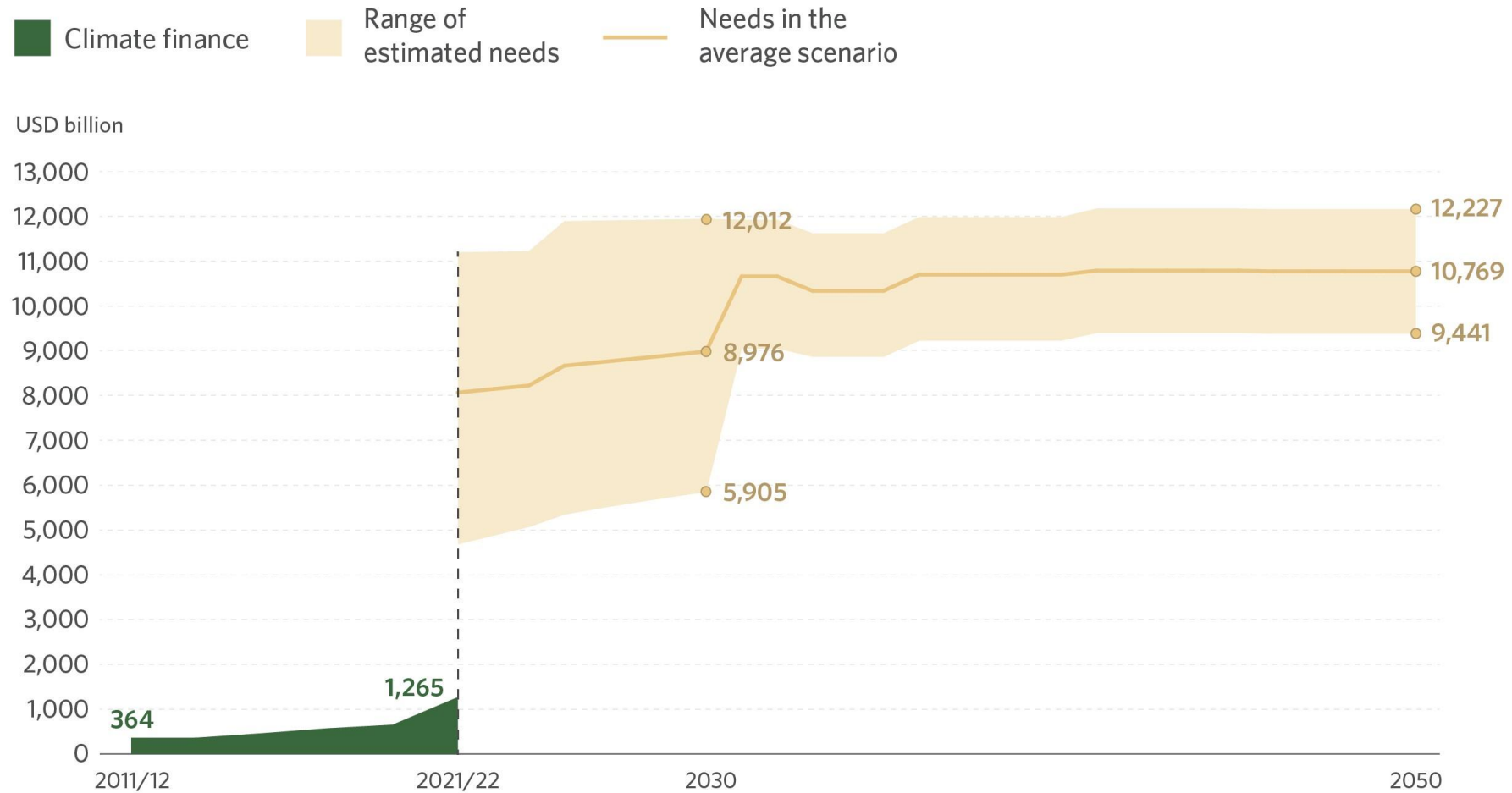
# Global climate finance flows reached the first trillion

Global climate finance flows between 2011 – 2020, biannual averages



# Current investment levels are nowhere near enough to limit global warming to 1.5 °C

Global tracked climate finance flows and the average estimated annual climate investment need through 2050



# Lack of climate action is not due to lack of finance



**USD 1.3 tn**  
global climate finance flows  
2021/2022



**USD 2.2 tn**  
global public expenditure  
in military, 2022



**USD 7 tn**  
global (implicit & explicit)  
fossil fuel subsidies, 2022



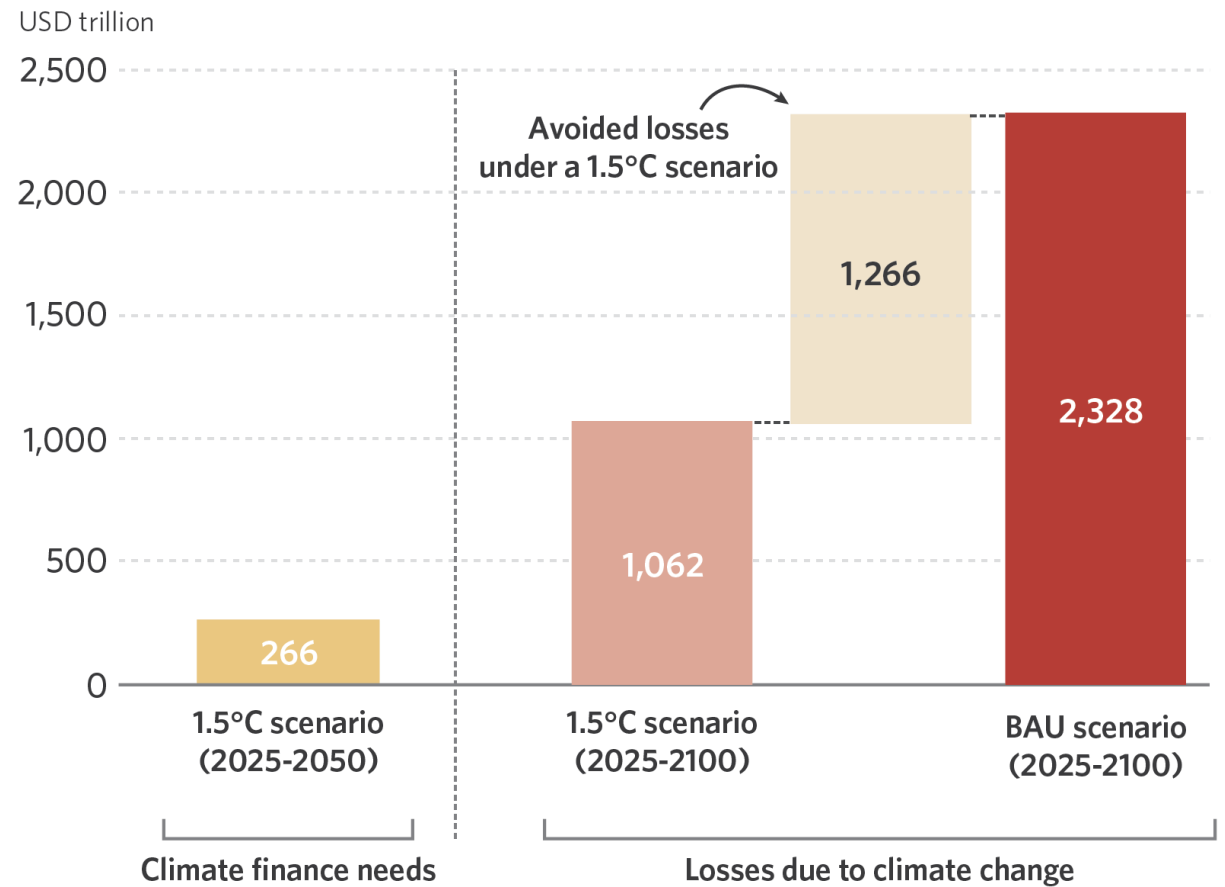
**USD 11.7 tn**  
global COVID-19 emergency  
fiscal measures, 2020



**USD 8.6 tn**  
global climate finance needs  
annually until 2030



# Investing now makes the most long-term socio-economic sense



# LANDSCAPE OF CLIMATE FINANCE IN 2021/2022

Global climate finance flows along their life cycle in 2021 and 2022. Values are averages of two years' data to smooth out fluctuations, in USD billions



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## SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?

## INSTRUMENTS

What mix of financial instruments is used?

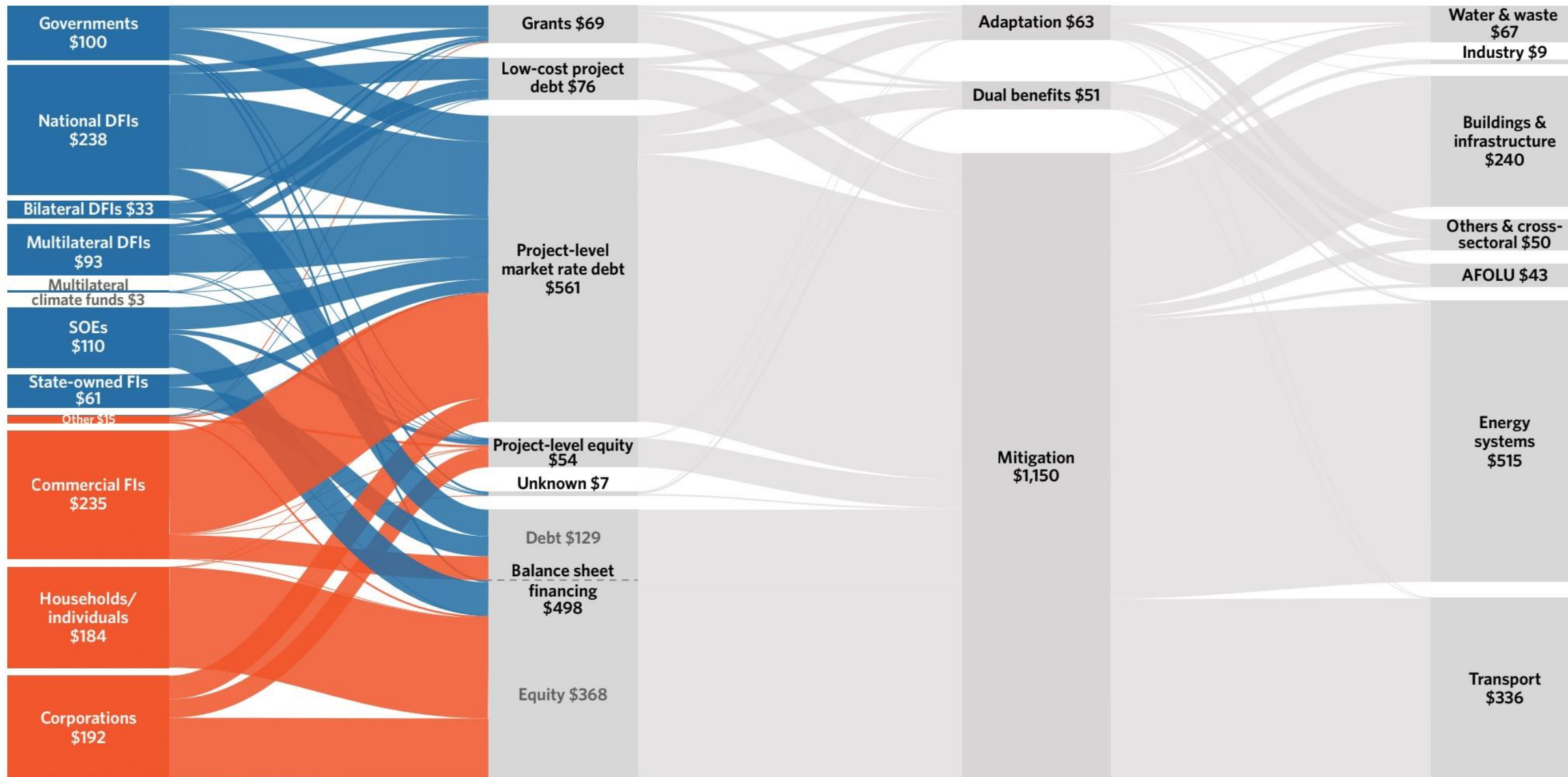
**1.27** TRILLION USD  
ANNUAL  
AVERAGE

## USES

What types of activities are financed?

## SECTORS

What is the finance used for?

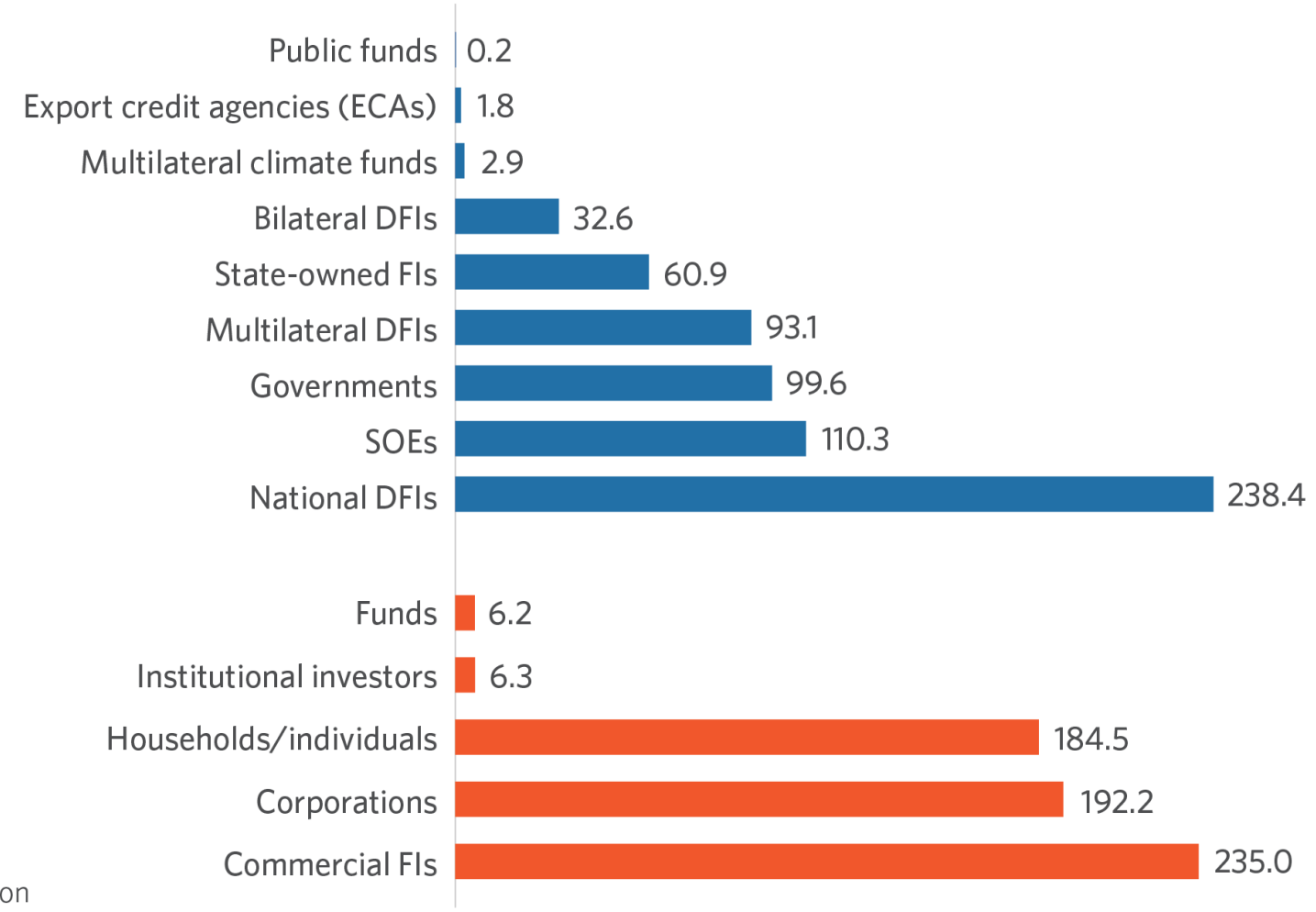


Public Private

"Other" public sources include export credit agencies and unknown public funds  
"Other" private sources include institutional investors, funds, and unknown

"AFOLU" stands for agriculture, forestry, other land use, and fisheries.  
"Others & cross-sectoral" includes \$6bn unknown

## Public actors slightly ahead of private actors



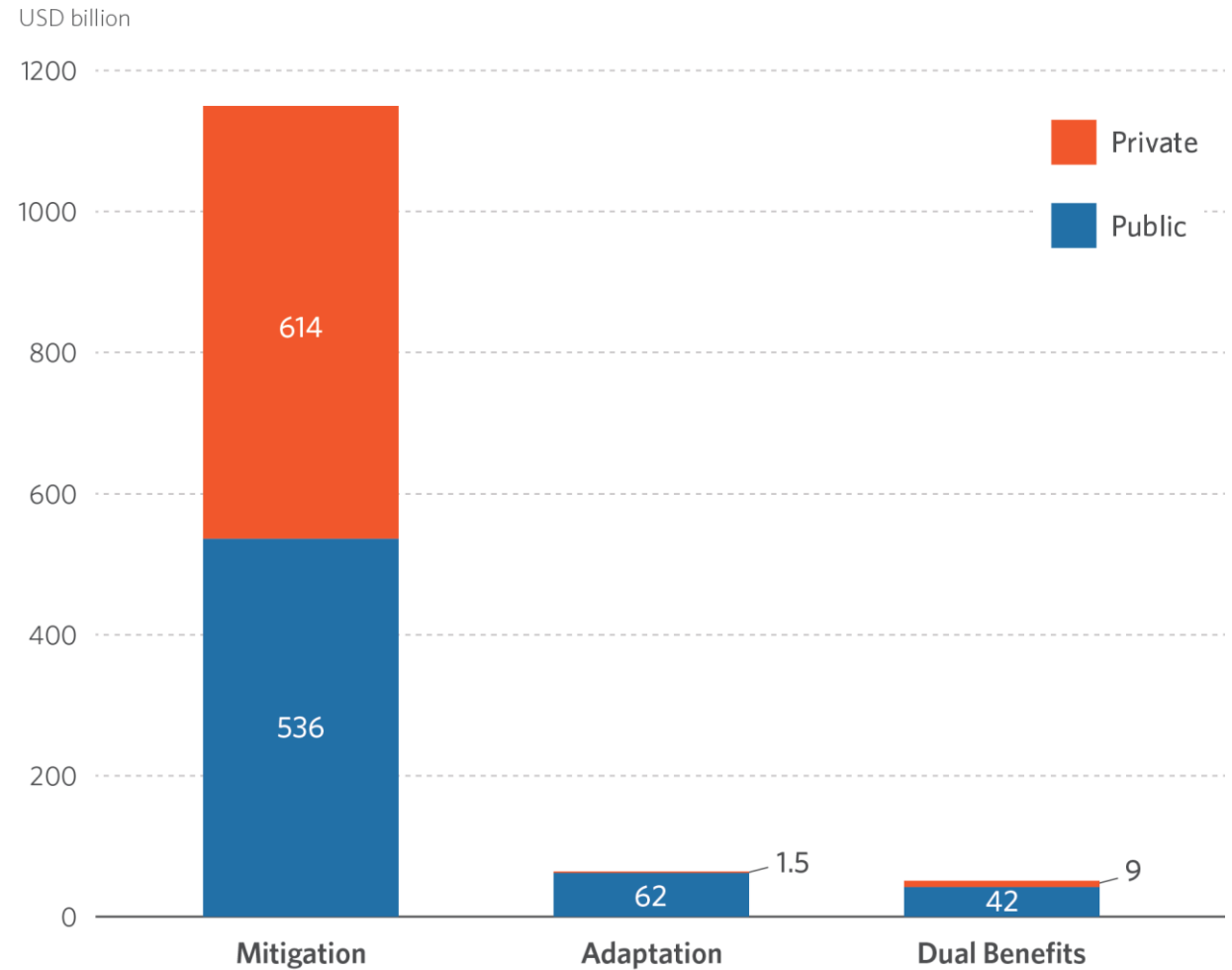


# Mitigation Finance

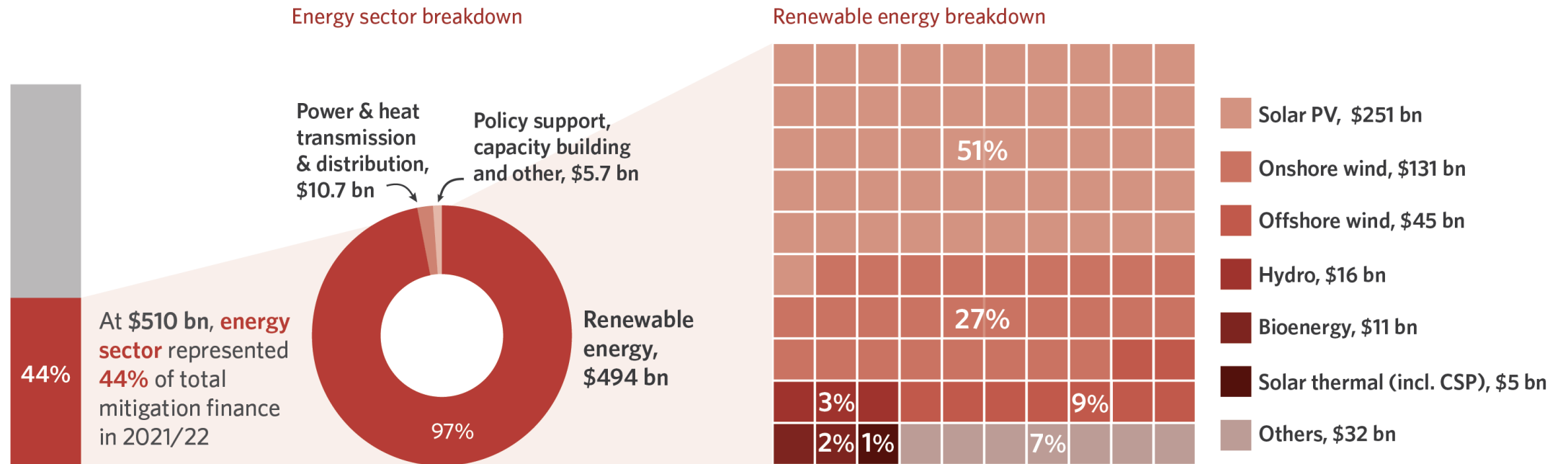
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Mitigation continues to receive the majority of climate finance in 2021/2022, accounting for 91%

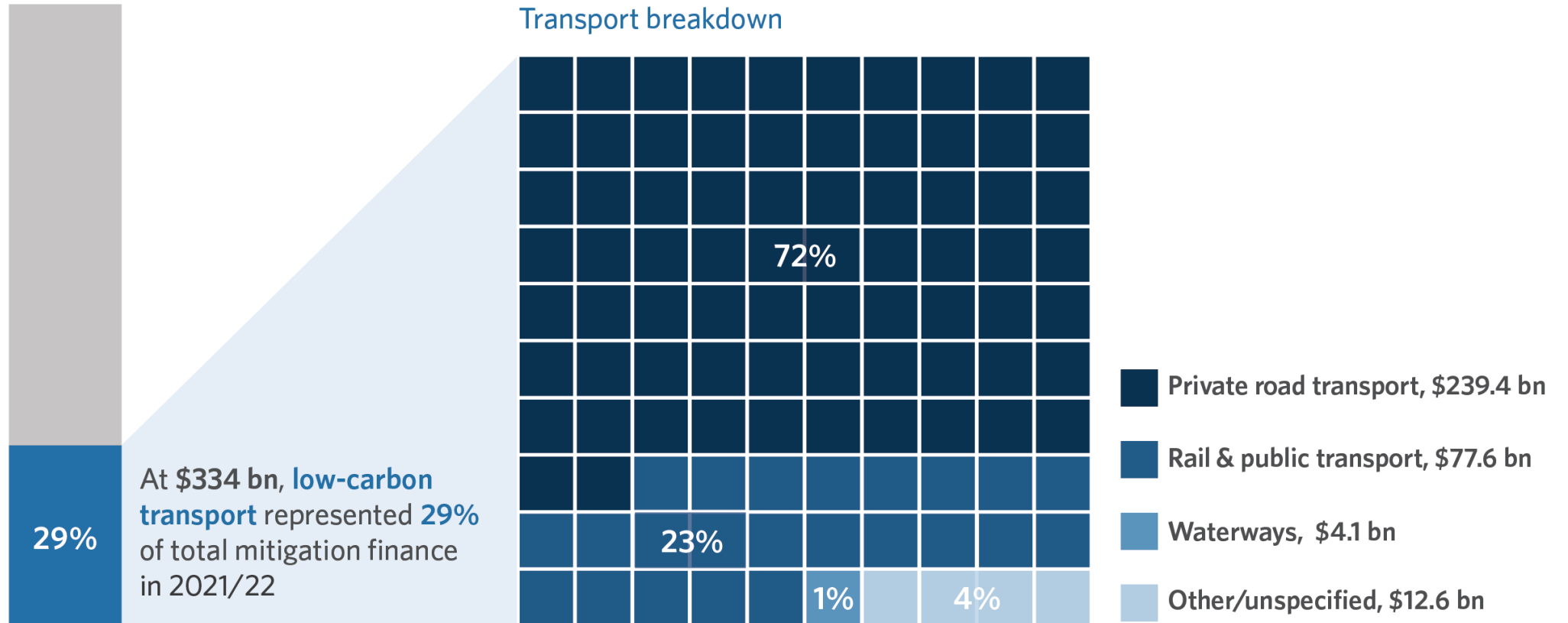


# Investments in solar PV and wind continue to drive growth in mitigation finance in the energy sector

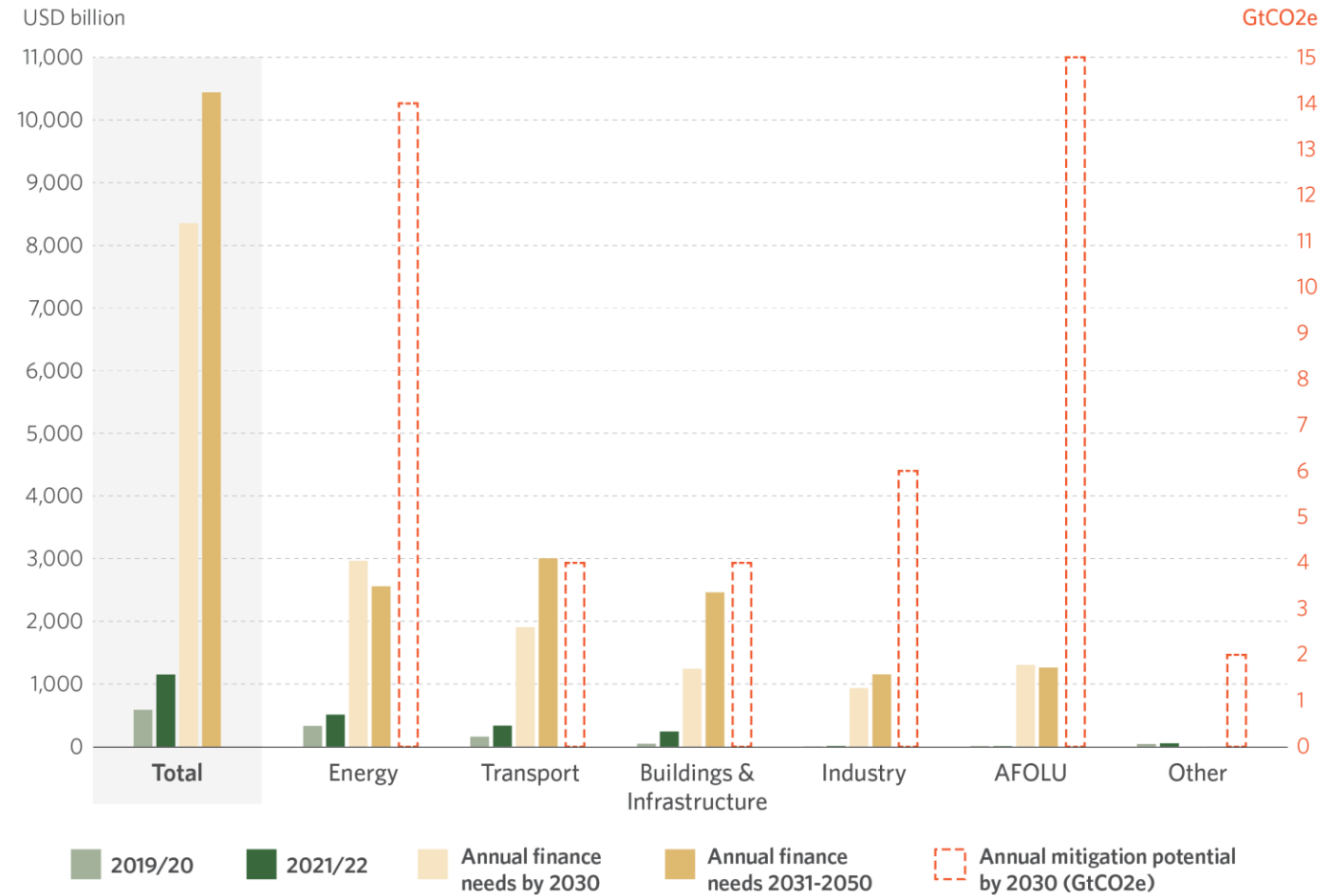




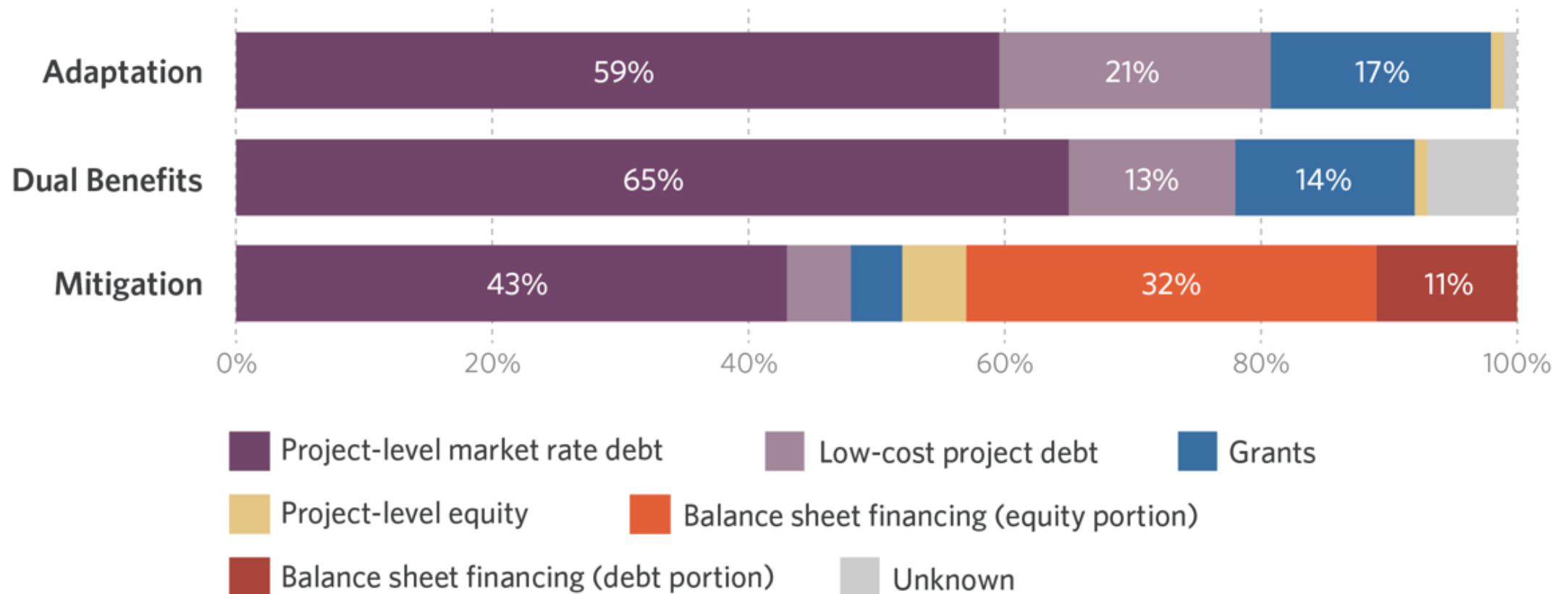
# Finance for sustainable transport reached an all-time high in 2021/2022, following increase in EV sales



Filling the investment gaps, especially in AFOLU and energy, will be critical to avoid catastrophic consequences



## Mitigation finance is disbursed through a variety of instruments, with debt accounting for almost 60%

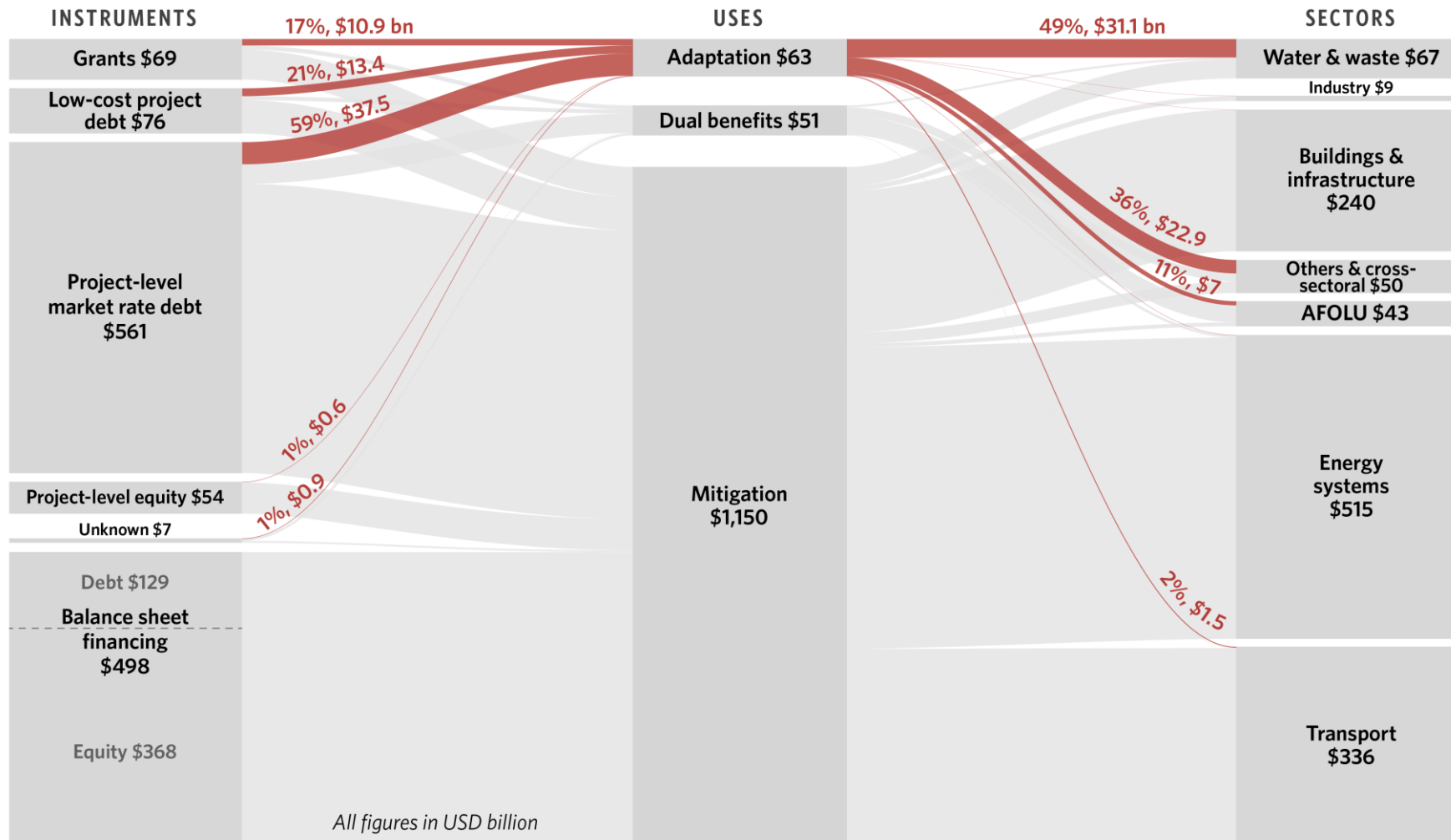




# Adaptation Finance

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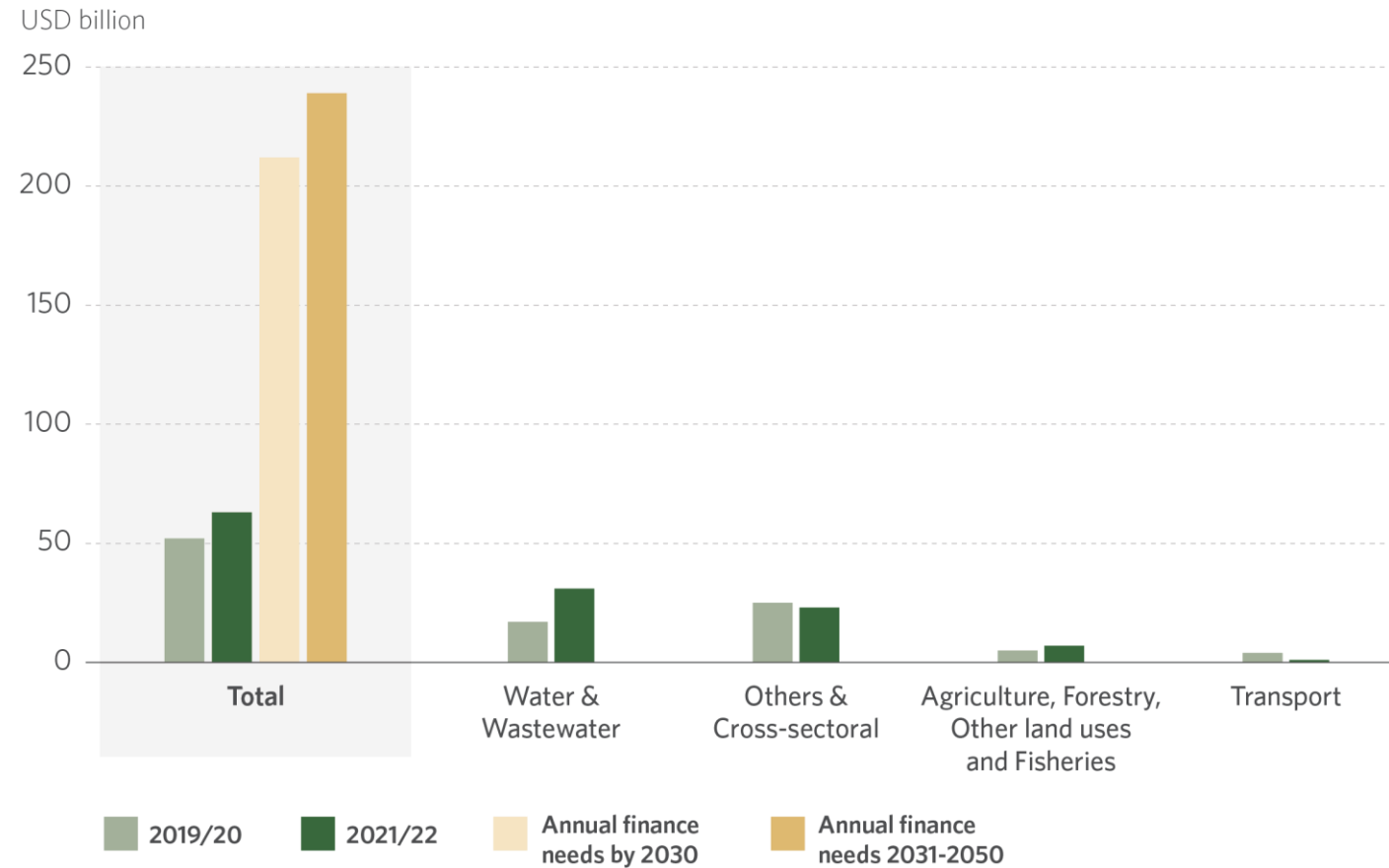
# Adaptation finance grew modestly reaching USD 63 bn. At only 5% of global climate finance, the adaptation gap is widening



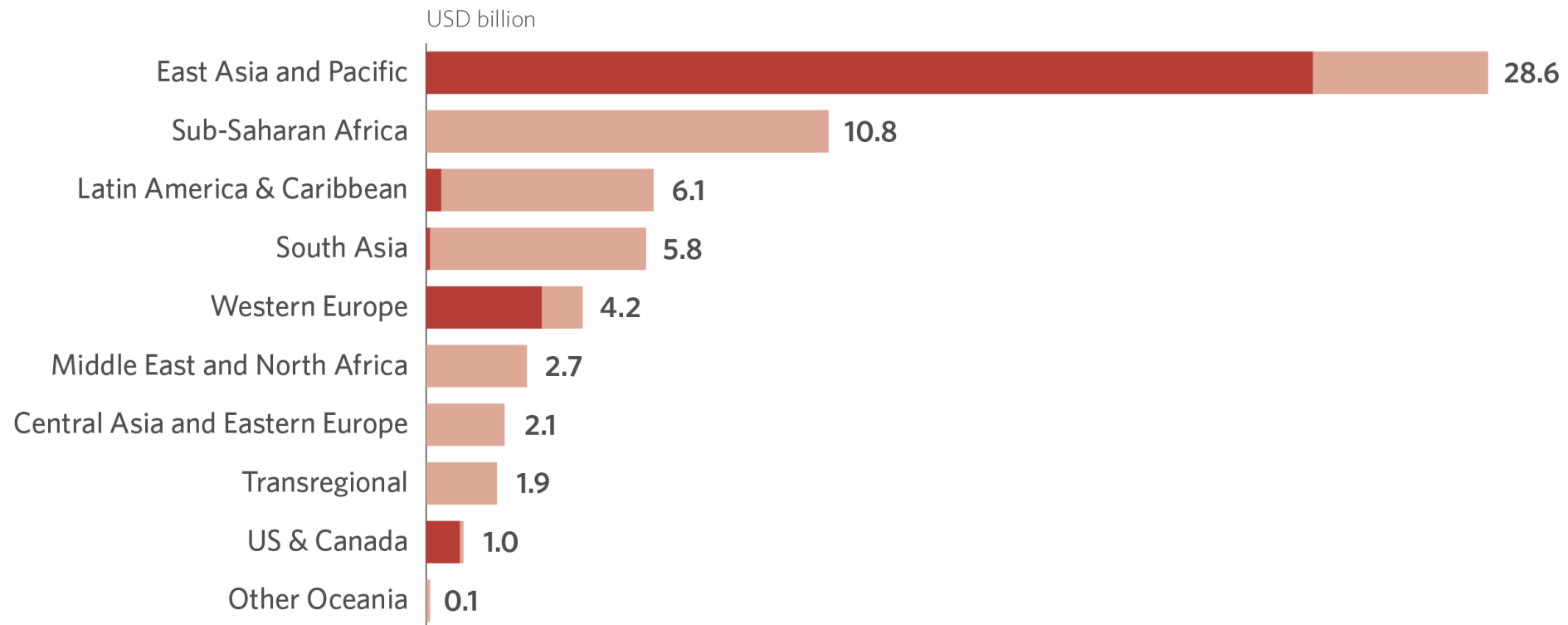
Other public sources include ECA, Public Funds, and other private sources include institutional investors, funds and unknown.

"AFOLU" stands for agriculture, forestry, other land use, and fisheries. "Others & cross-sectoral" includes \$6bn unknown

Adaptation  
finance needs are  
approximately 3.5  
times higher than  
the tracked global  
total, for  
developing  
countries alone



# Adaptation finance exhibits a more even split between domestic and international flows, with Sub-Saharan Africa the largest recipient of international funding





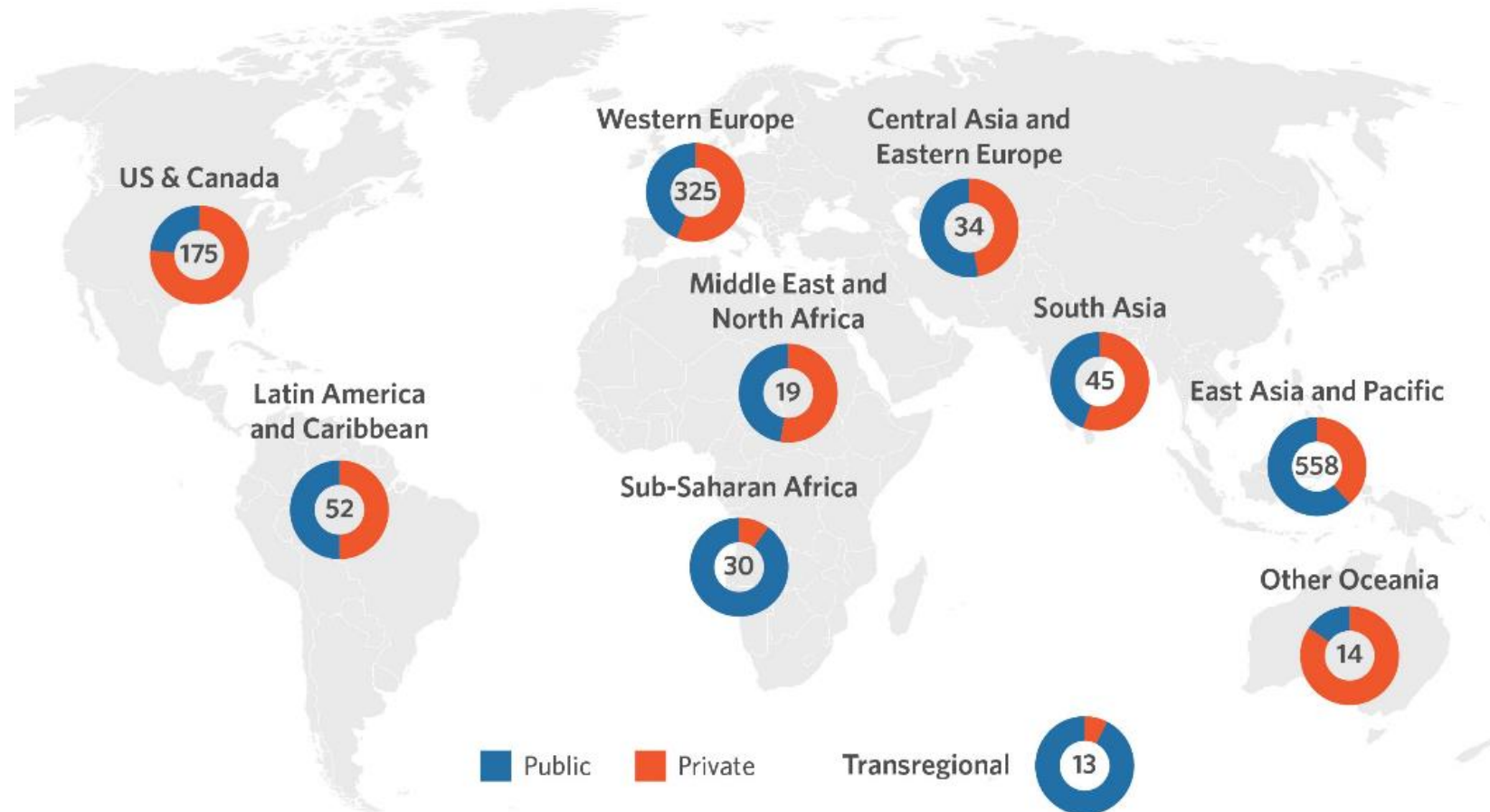
# Geography

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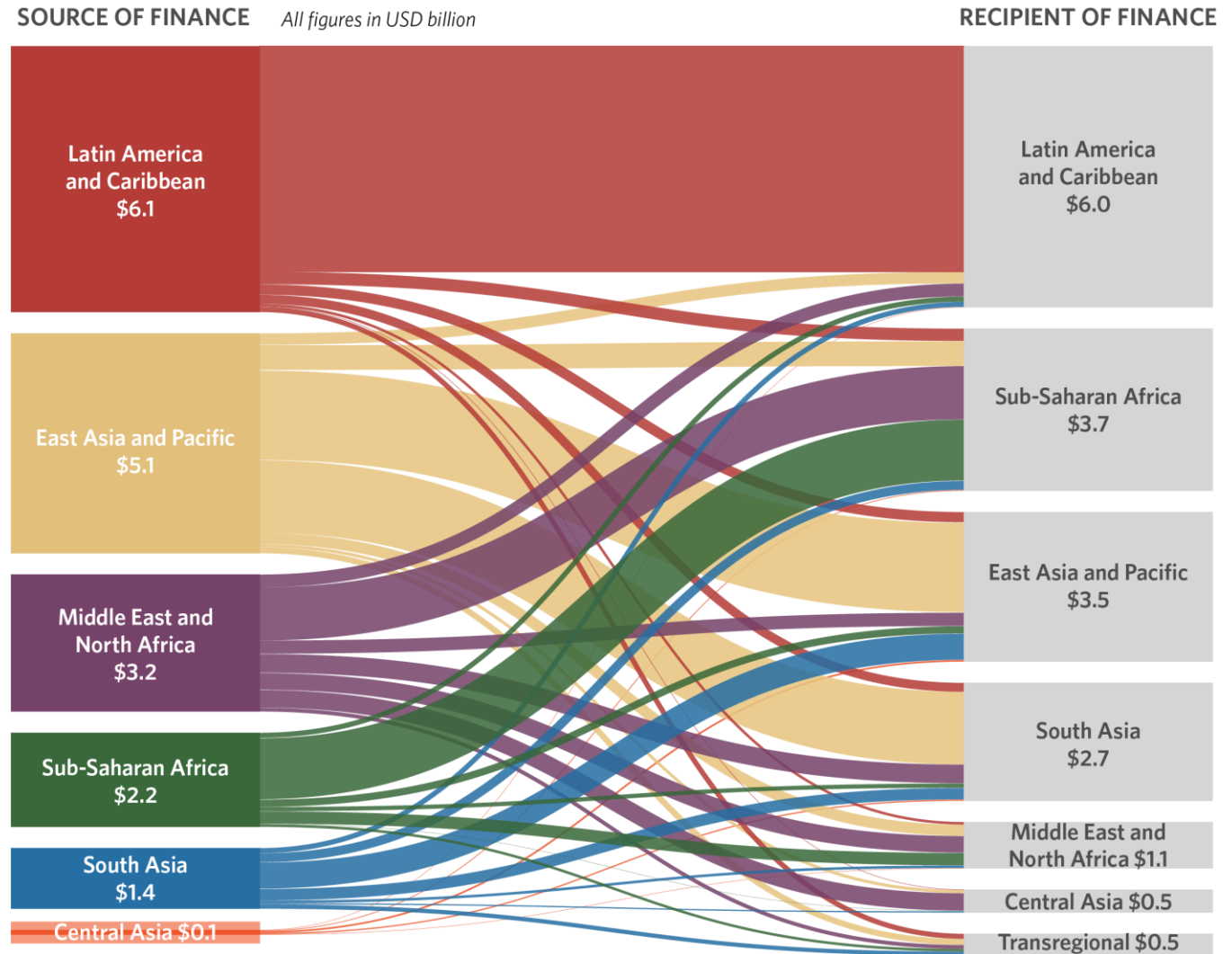


# East Asia and Pacific dominates the regional picture of global climate finance, followed by Western Europe and US & Canada

(USD bn, 2021/2022 annual average)



South-South flows,  
another emerging  
avenue for  
tackling the  
climate crisis,  
accounted for  
under 2% of global  
climate finance



# Recommendations

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# Four Priorities

1. **Transforming the financial system**
2. **Bridging climate and development needs**
3. **Mobilizing domestic capital**
4. **Acting to improve data**





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## Net Zero Finance Tracker

- |   |  |   |
|---|--|---|
| <ul style="list-style-type: none"><li>• Banking Environment Initiative (BEI)</li><li>• Bloomberg New Energy Finance (BNEF)</li><li>• Climate Action 100+ (CA 100+)</li><li>• Climate Action in Financial Institutions (CAFI)</li><li>• Climate Bonds Initiative (CBI)</li><li>• CDP</li><li>• Carbon Pricing Leadership Coalition (CPLC)</li><li>• CPI's Global Landscape of Climate Finance</li><li>• ESG Book</li><li>• FinanceMap/InfluenceMap (FM)</li><li>• Fossil Free Divestment (FFD)</li></ul> | <ul style="list-style-type: none"><li>• Global Climate Action Portal (GCAP)</li><li>• IJ Global</li><li>• Investor Agenda (IA)</li><li>• Net Zero Asset Managers initiative (NZAM)</li><li>• Net-Zero Asset Owner Alliance (NZAOA)</li><li>• Net Zero Banking Alliance (NZBA)</li><li>• Net Zero Insurance Alliance (NZIA)</li><li>• Observatoire de la finance durable</li><li>• Paris Aligned Investment Initiative (PAII)</li><li>• Partnership for Carbon Accounting Financials (PCAF)</li></ul> | <ul style="list-style-type: none"><li>• Principles for Responsible Banking (PRB)</li><li>• Principles of Responsible Investment (PRI)</li><li>• Principles for Sustainable Insurance (PSI)</li><li>• Race To Zero (RTZ)</li><li>• Rainforest Action Network (RAN)</li><li>• Science Based Targets (SBTi)</li><li>• Task Force on Climate-Related Financial Disclosure (TCFD)</li><li>• We Mean Business Coalition (WMB)</li><li>• WRI's Green Targets</li></ul> |
|---|--|---|



## 3 dimensions with increasing levels of materiality relying on a set of underlying indicators

### Targets

Signaling **intent to respond**

#### TARGET INDICATORS

- Adoption of a mitigation target
- Adoption of climate finance goals
- Adoption of divestment goals

### Implementation

Measuring whether climate considerations are **factored into decision-making processes**

#### IMPLEMENTATION INDICATORS

- Internal accountability frameworks
- Shareholder and client engagement
- Policy engagement
- Climate risk strategy
- Climate risk due diligence
- Disclosure of emissions data
- Disclosure of investment data
- Disclosure of climate risk

### Impact

Creating real economy impact by supporting **investment** in climate solutions and **divestment** in fossil fuels

#### IMPACT INDICATORS

- Real Economy Investments
- Project-level green investment
  - Corporate-level green investment
  - Project-level fossil fuel investment
- Transition Risk
- Portfolio emissions
  - Exposure to misaligned assets

relevance



## Contact –

**CPI:** [climatepolicyinitiative.org](http://climatepolicyinitiative.org)

**The Lab:** [climatefinancelab.org](http://climatefinancelab.org)

**USICEF:** [usicef.org](http://usicef.org)

**Global Landscape of Climate Finance:**  
[climatefinancelandscape.org](http://climatefinancelandscape.org)



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## Thank You

For questions on the Global Landscape of Climate Finance, please contact [baysa.naran@cpiglobal.org](mailto:baysa.naran@cpiglobal.org)

To access and review the preliminary version of the NZFT dashboard please contact: [valerio.micale@cpiglobal.org](mailto:valerio.micale@cpiglobal.org)

