# Global Landscape of Climate Finance 2025

## Tracking Methodology

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CLIMATE
POLICY
INITIATIVE

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## ABOUT CLIMATE POLICY INITIATIVE

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has offices in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

## DISCLAIMER

This tracking methodology reflects CPI's current approach to identifying and tracking climate finance in its global climate finance tracking program, incorporating elements from frameworks adapted to CPI's practices. This document is provided solely for general informational purposes and does not constitute investment, financial, legal, or other professional advice. References to financial organizations, instruments, or products are for informational purposes only and do not represent endorsements or recommendations. External links, where included, are for information only; CPI is not responsible for external content. All use of this methodology is at the sole discretion and risk of the user.

# PURPOSE OF THIS DOCUMENT

This Climate Policy Initiative (CPI) methodology document presents our climate finance categorization and quantification approach for assessing climate investment flows in the 2025 Global Landscape of Climate Finance (GLCF) report.

The GLCF series,[1] published annually since 2011, tracks global primary capital flows supporting greenhouse gas (GHG) emissions reduction, the enhancement of GHG sinks, and the strengthening of resilience in human and ecological systems against the negative impacts of climate change. It consolidates data from a wide range of primary and secondary sources and follows financial flows along their lifecycles—from the original source of financing, through financial intermediaries, and deployment in the form of financial instruments, to recipients and how they deploy the finance on the ground.

As the most comprehensive and trusted assessment of global climate finance flows, the GLCF provides a crucial evidence base to inform UNFCCC negotiations, IPCC Assessment Reports, national development plans, and the strategies of governments, policymakers, financial institutions (FIs), and investors. Moreover, the GLCF methodology underpins various other CPI tracking initiatives, including regional and sectoral analyses, thereby ensuring consistency and comparability across CPI's climate finance tracking efforts.

The world faces an urgent need to scale climate investment to support a global transition toward low-emission, climate-resilient, and inclusive development pathways. This is essential not only to meet the goals of Article 2.1.c of the Paris Agreement—'making finance flows consistent with a pathway toward low-GHG emissions and climate-resilient development'—and the New Collective Quantified Goal (NCQG) on climate finance, but also to achieve broader sustainable development goals and ensure equitable growth.

Tracking climate finance flows is critical to this effort. It helps us to understand the current investment landscape and market players; identify gaps in reaching targets and assess where more effort is needed to mobilize capital efficiently; and ensure transparency, accountability, and build consensus among public and private stakeholders.

Finance flows through a complex and interconnected system before reaching the real economy. For example, capital can be raised in financial markets through debt instruments, such as bonds, allocated to organizations via equity stakes in exchange for ownership and potential returns, or provided as grants to support specific projects and initiatives without expectation of repayment. Without a standardized approach, financial data can be fragmented, lack granularity, or be double-counted—ultimately undermining the ability to identify investment gaps, track progress toward climate goals, and coordinate efforts across stakeholders.

1 CPI (2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020b, 2021a, 2022, 2023b, 2024c)

With over a decade of experience in tracking global climate finance flows through a robust and well-established methodology, the GLCF's unique value lies in its ability to:

- Systematically aggregate and standardize data from diverse sources, ensuring that reported figures are comparable, transparent, and free of overlaps, making the GLCF a key resource for advancing climate finance discussions and action.
- Track finance at the project and activity level, which allows for drawing an accurate picture of how capital is mobilized and deployed by public and private providers and showcase real-economy impact.
- Apply deep climate finance expertise to analyze data and fill in data gaps. In cases where granular data is unavailable, CPI uses evidence-based calculations to fill gaps, prioritizing transparency and accuracy.

This document outlines the methodology applied in the 2025 GLCF report, covering definitions, principles, scope, calculation methodologies, data coverage, outstanding issues, and key updates on previous editions. To integrate diverse sources, CPI has adopted an operational definition of climate finance (Section 1) and a related tracking framework (Section 2), as well as a standardized data processing methodology (Section 3) to facilitate data comparability, consistency, and the avoidance of double counting.

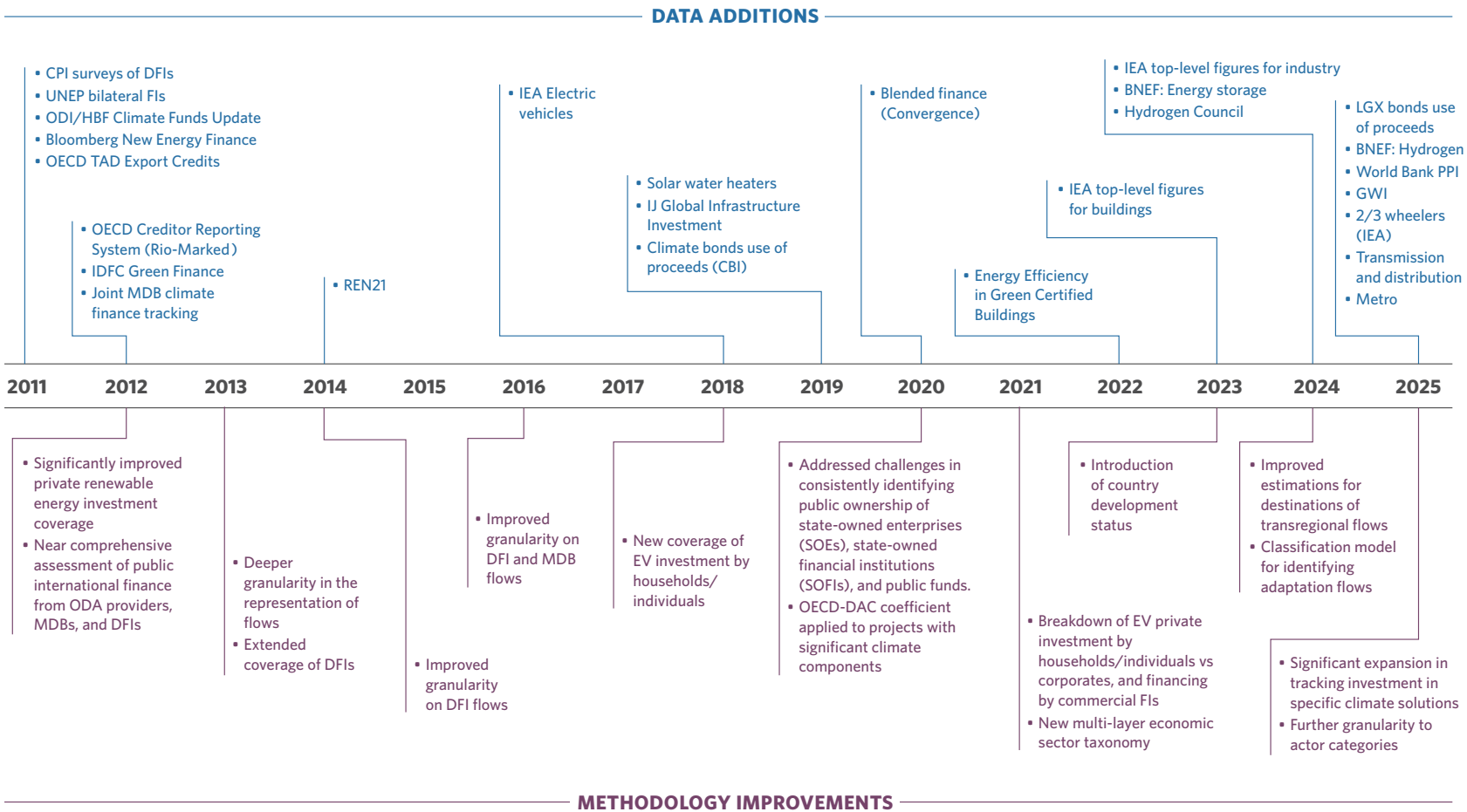
**Future Development Boxes**

While this document outlines the 2025 GLCF methodology, CPI acknowledges coverage gaps exist in a constantly evolving field. To address this, we are continuously refining our approach and expanding coverage. Boxes throughout this document highlight ongoing and future improvements to maintain CPI's position as the most comprehensive and reliable source of climate finance data.

Coupled with our wider tracking climate finance methodology, CPI has developed novel approaches to capturing climate finance needs estimates (CPI, 2024i, 2024a) and roadmaps on how to close those gaps (CPI, 2024b). Both approaches help to identify the largest climate finance gaps, track progress against targets, and better inform decision-makers and FIs on how to enhance the speed, scale, and quality of climate finance.

# HISTORICAL KEY DATA AND METHODOLOGICAL IMPROVEMENTS

CPI refines its approach to tracking as: (i) reliable data in key gaps becomes accessible, (ii) robust methodologies are developed internally, or (iii) climate finance evolves, - enhancing accuracy, transparency, and relevance in decision making. As shown in Figure 1, each edition of the GLCF incorporates methodological advancements and expanded data coverage, using new data sources and improved processing techniques to provide a more comprehensive picture of global climate finance flows.



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# 1. CLIMATE FINANCE DEFINITION

There is no universal definition of climate finance (IPCC, 2023). CPI's working definition for tracking global climate finance flows has consistently aligned with the latest recommended operational definition of the UNFCCC Standing Committee on Finance (SCF). The most recent update has expanded the definition to reflect post-Paris Agreement developments. CPI generally follows the updated working definiton (UNFCCC SCF, 2024):

*"Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases, aims at reducing vulnerability, increasing adaptive capacity, and mainstreaming and increasing resilience of human and ecological systems to negative climate change impacts, and includes financing for actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention."*

However, to retain consistency between editions of the GLCF and uphold CPI tracking principles, the 2025 GLCF report retains existing exclusion criteria on investments (Table 4).[2]

In the private sector, the term climate finance may be used more broadly or associated with a range of other—sometimes inconsistent—definitions (see Box 1). One approach more closely aligned with CPI's tracking focus is that of the Transition Finance 'Solutions' of the Glasgow Financial Alliance for Net Zero (GFANZ, 2023), which are assets and entities that directly remove or reduce real-economy GHG emissions. However, GFANZ Transition strategies do not make direct reference to adaptation solutions, and exclusion criteria differ.[3]

In addition, national and regional taxonomies provide further definitions and criteria that reflect domestic policy priorities and sectoral contexts. While there is broadly growing alignment across taxonomies, differences in thresholds, eligible technologies, and treatment of transitional activities remain.[4] More extensive coverage of climate finance definitions that CPI is either aligned with or adopts are shown in Annex - Table 1.

CPI's working definition of climate finance consists of three elements:

- **Mitigation finance** is defined as resources directed to activities either: contributing to reducing or avoiding GHG emissions, including gases regulated by the Montreal Protocol; or maintaining or enhancing GHG sinks and reservoirs.
- **Adaptation finance** is defined as resources directed to activities aimed at reducing the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience.[5]
- **Dual benefits finance** is defined as resources directed to activities contributing to both "climate change mitigation" and "climate change adaptation" and meeting the respective

2 While CPI and UNFCCC definitions of climate finance are aligned, context and scope differ, with variation explored in Box 2.
3 Where exclusion criteria refers to the channels, instruments, and technologies not tracked as climate finance by CPI, detailed further in sections 2.3.1, 2.4.1 and 2.5.2.
4 See Figure 1.3 in UNFCCC SCF (2024) for an overview of exclusion criteria from some external taxonomies.
5 Throughout the report the words 'climate resilience finance' and 'adaptation finance' are used interchangeably but CPI acknowledges that differences exist between the two.

criteria for each category.[6] An afforestation project preventing slope erosion is an example of a dual benefit project because it brings significant adaptation benefits, while also making a positive contribution to mitigation (Klein et al., 2007).

The above working definition of climate finance shares some similarities with but is not synonymous to the terms green, sustainable, and transition finance, as explored in Box 1.

**Box 1: Climate vs. sustainable, green, and transition finance**

Despite some overlap in these concepts, **not all sustainable, green, and transition investments are considered climate finance** (World Economic Forum, 2020; EU Platform on Sustainable Finance, 2024). Use of these terms varies by institution, but they can broadly be defined as follows:

- **Sustainable finance** is the broadest definition, referring to the process of taking environmental, social, and governance considerations into account when making investment decisions.[7]
- **Green finance** refers to finance that takes environmental considerations into account but is not indicative of positive GHG mitigation or climate adaptation outcomes. IDFC (2024) uses 'Green Finance' as an umbrella term, which contains the categories of: (i) Climate finance; (ii) Biodiversity finance; and (iii) Finance with other environmental objectives.
- **Transition finance** refers to the investment, financing, insurance, and related services that support the decarbonization of high-emitting sectors or activities that are critical to socio-economic development but currently lack economically viable low- or zero-emission alternatives. Definitions can include finance to interim solutions, replacing higher-emitting activities that are not fully aligned with a long-term net-zero economy.[8]

6 Unlike Mitigation, Adaptation, and Dual Benefits finance, a standardized tracking framework to define and capture Loss and Damage finance is not yet developed and remains an evolving area. For more information, refer to Box 3 on emerging tracking trends further below.

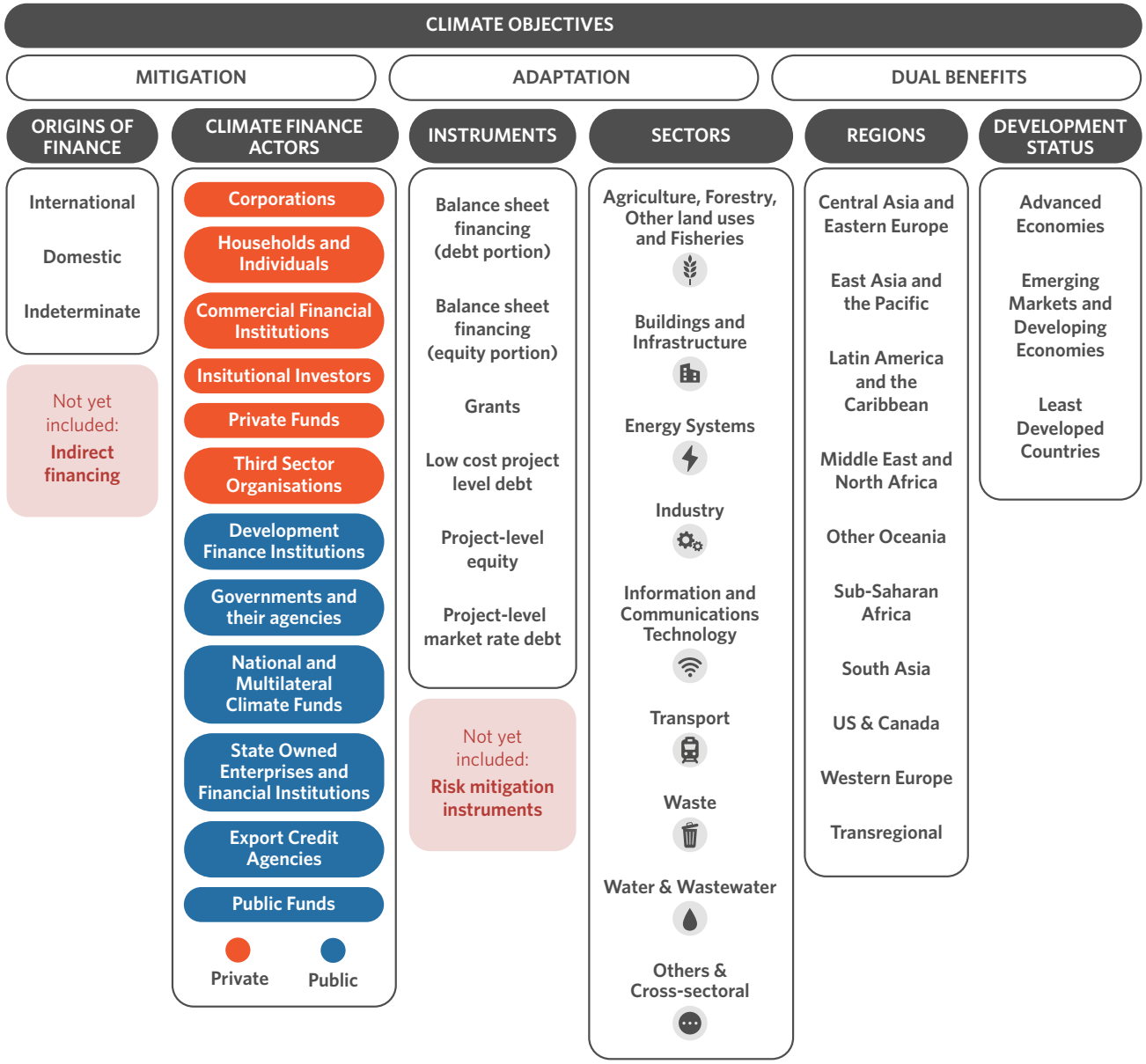
7 A recent Sustainable Finance Flows to India's Agriculture Sector report (CPI, 2025) operationalized (UNEP, 2016) distinctions between climate, green and sustainable finance to track sustainable finance flows.

8 For further information on excluded activities, see Table 4. Within ongoing methodological improvements, CPI is developing a more comprehensive tagging system, which aims to improve coverage of transition finance in future reports. This transition framework will also be operationalized in the 2025 iteration of CPI's Net Zero Finance Tracker (forthcoming).

# 2. GLOBAL LANDSCAPE OF CLIMATE FINANCE TRACKING FRAMEWORK

The GLCF framework for tracking climate finance provides a comprehensive and granular overview of who is providing what types of capital, to which activities, and where. This section outlines CPI taxonomies and classifications that enable us to process and compile data from various sources into the most detailed and complete picture of climate finance available. Figure 1 summarizes this framework, with subsequent subsections following the same structure of: (i) climate objectives, (ii) origin, (iii) actors, (iv) instruments, (v) sectors and finally (vi) country classifications and development statuses.

**Figure 1:** Global Landscape of Climate Finance tracking framework overview



**Box 2: Looking beyond pledges - all climate finance matters**

COP15's USD 100 billion per year target by 2020, Paris Agreement Article 9, and the recent NCQG target of USD 300 billion per year by 2035 (UNFCCC, 2010, 2015, 2024), has shaped the discourse around climate finance as primarily a matter of international, public transfers from developed to developing countries—a 'North-South' framing. These targets specifically relate to climate finance for emerging markets and developing economies (EMDEs), and are often interpreted as benchmarks for international public climate finance to developing countries.

The NCQG is itself a milestone within a broader ambition of mobilizing USD 1.3 trillion per year in international public and private climate finance by 2035 to developing countries. This, in turn, is nested within even larger estimates of total climate finance needs, including significant expectations for domestic resource mobilization and private sector investment. For example, the Independent High-Level Expert Group on Climate Finance (IHLEG, 2023) estimates that total climate investment needs in EMDEs (excluding China) could reach USD 2.4 trillion per year by 2030.

While international targets largely focus on mobilizing public finance for EMDEs, CPI's definition and tracking approach captures all climate finance flows—domestic and international, public and private—regardless of geography. The GLCF adopts this broader view because climate change is a global issue and, therefore, climate action necessitates investment across all regions and sectors, and a comprehensive understanding of flows is crucial for identifying gaps, aligning strategies, and driving effective action.

## 2.1 CLIMATE OBJECTIVES: TRACKING MITIGATION AND ADAPTATION

Our climate finance mapping captures primary **capital flows directed toward low-carbon and climate-resilient development interventions that have direct or indirect GHG mitigation or climate adaptation benefits.** These flows predominatly focus on the deployment of climate solutions in the real economy but can also include support for capacity-building measures as well as for the development and implementation of policies.

CPI analysts endeavor to identify eligible and ineligible climate finance flows through a set of general principles discussed in Section 3. While we make every effort to ensure the consistency of the data reported in the GLCF, we do not audit or verify every data providers' application of climate finance definitions, and we rely on the data as reported.

To determine what constitutes mitigation and adaptation finance from the public sector, we rely on the tracking methodologies and reporting of:

i. The members of the OECD's DAC, which are publicly available through the Creditor Reporting System database.[9]

9 See OECD (2011, 2016, 2024b, 2024a)

ii. The Group of Multilateral Development Banks (MDBs) and members of the International Development Finance Club (IDFC) reporting on climate finance.[10]

iii. The group of multilateral climate funds, as reported through the Climate Funds Update (ODI and HBF, 2024).

In addition to public sector sources, we also rely on the methodology and reporting followed by internationally recognized platforms such as the Luxembourg Green Exchange (LGX, 2025), BloombergNEF, and the IEA to classify climate mitigation and adaptation activities. Where possible, we compare these methodologies with CPI's taxonomy and adapt classifications accordingly to ensure consistency. In instances where institutions do not conduct eligibility screening on flows, as is the case for IJ Global (2025), CPI screens activities based on its own taxonomy (see Section 2.4).

While mitigation finance is verified using a taxonomy of eligible examples, adaptation finance is usually tracked through a process-based approach. Adaptation-related finance can apply to entire projects or specific components. Determining whether a project qualifies as supporting adaptation, and how much of the embodied adaptation finance should be counted, is context-specific. For example, MDB and IDFC methodologies use incremental or proportional measurement to identify or estimate only the adaptation-specific finance embodied within larger investments (MDBs, 2015a, 2022).

Inherent in adaptation finance tracking is the need for transparent and granular information on projects and their components. However, this level of granularity is not commonly reported, making it difficult to verify the financial amounts that directly yield adaptation and resilience outcomes. Therefore, more comprehensive and granular reporting on adaptation finance—including total climate resilience investment value and estimated adaptation-specific finance—is essential for generating insights on current flows, discerning gaps and opportunities in the adaptation finance landscape.

This challenge is amplified in the private sector, where actors often do not define activities as adaptation finance, despite being eligible, for example, under public sector adaptation finance tracking criteria (CPI, 2020a). Box 10 provides an overview of CPI's novel approach to improving private adaptation finance tracking.

**Box 3: Other climate-relevant finance**

**1. Loss and damage finance**

As a potential third pillar beyond climate mitigation and adaptation action, loss and damage (L&D) is a widely debated and complex arena of international climate finance and policy. L&D efforts are required where mitigation and adaptation have proven insufficient (Broberg and Romera, 2020). While there is currently no comprehensive taxonomy to cover this element of financing, CPI is monitoring the development of L&D finance (CPI, 2023a) and exploring how this could impact climate finance tracking. Reports such as the Landscape of Climate Finance for Land Use in Brazil 2021–2023 (CPI, 2024e) have taken the first steps in operationalizing the concept.

10 See MDBs (2015b, 2015a, 2018, 2022, 2023a, 2023b, 2024) with IDFC, CPI, and Trinomics (2024) providing a comprehensive review of public finance tracking methodologies and climate finance definitions.

**2. Nature and biodiversity finance**

Biodiversity and ecosystems are currently tracked as cross-sectoral solutions in the GLCF, particularly overlapping with Agriculture, Forestry and other Land Use (AFOLU). However, future taxonomy improvements (as described in Box 6) aim to integrate expertise and enhanced granularity from other CPI workstreams. For example, the ClimateShot Investor Coalition (CLIC)—of which CPI is the Secretariat—co-developed a new taxonomy with the Food and Agriculture Organisation (FAO) in 2024, including a new sector categorization of biodiversity, land, and marine ecosystems to give greater visibility to these cross-sectoral solutions, operationalized in two reports (CLIC, 2024, 2025). Future GLCF taxonomies aim to incorporate these classifications, as well as those from other workstreams, to improve the tracking of Nature Finance.

## 2.2 ORIGIN OF FINANCE

Financial flows in climate finance are categorized as domestic, international, or indeterminate based on where the funds are raised and spent:

- **Domestic flows** are both raised and spent in a single country.
- **International flows** are raised in one country and spent in another.
- **Indeterminate flows** are those where the exact distribution of funds across countries is uncertain or spans multiple regions, making it difficult to attribute them strictly to one of the above categories.

**Box 4: Four lenses on climate finance - Actors and origins**

Climate finance flows can be analyzed through the lens of four main categories, based on two key dimensions: the actors involved (public or private) and the origin (international or domestic). The GLCF is unique in its coverage of all four categories, providing a deeper understanding of how different sources of climate finance are evolving and how scarce public resources, as well as policies, can be leveraged to attract more private capital.

| Source | Actor | Description |
|---|---|---|
| International | Public | **Financial flows originating from foreign governments or international public institutions.** This includes bilateral and multilateral grants and loans—for example, from the Green Climate Fund (GCF), the Global Environment Facility, and MDBs—as well as finance from export credit agencies with climate-related objectives. These flows often aim to create enabling environments and can be designed to leverage additional private investment. |
| | Private | **Cross-border investments from private sector entities.** This may take the form of foreign direct investment in sectors such as renewable energy or clean transportation, and private capital mobilized through public mechanisms like blended finance vehicles or risk mitigation instruments (see Box 5). |
| Domestic | Public | **Financial resources provided by national or subnational public institutions.** This includes government budget allocations for climate-related activities, investments by SOEs, and funding from national or regional development banks. Domestic public finance can also play a catalytic role by mobilizing private investment through subsidies, guarantees, or co-financing arrangements. |
| | Private | **Investments made by private actors within national borders.** These can include capital expenditures by local businesses, financial institutions, households, or project developers in areas such as renewable energy, energy efficiency, or climate resilience. This type of finance may be mobilized by public policies and incentives (see Box 5)—such as public subsidies for purchase of EVs or green procurement programs—and, though often underreported, is essential for climate action at the national level. |

### 2.2.1 ORIGIN OF CLIMATE FINANCE FROM MULTILATERAL ORGANIZATIONS

Multilateral institutions, such as climate funds and multilateral or regional development banks, raise financial contributions from multiple member countries. The finance they provide is proportionally broken down according to the ownership shares of the contributing member states.

## 2.3 CLIMATE FINANCE ACTORS

The GLCF categorizes climate finance actors based on a taxonomy that is continuously reviewed against external institutions and internal workstreams. Table 1 categorizes the public and private climate finance actors tracked in the GLCF. Depending on their mandate and characteristics, actors vary in their appetite for direct investment in projects and assets. Because CPI tracks real-economy investment, institutions that primarily provide indirect finance (e.g., through funds or capital markets) have only a small portion of their investments captured, explained further in Section 2.3.1.[11]

Third-sector organizations have been newly introduced, leading to the recategorization of some institutions previously labelled as institutional investors or corporations. This additional granularity aims to distinguish institutions that operate independently of profit-driven motives. These organisations typically focus on advancing public or social interests and correlate with distinct funding mechanisms and patterns.

11 For assessment on how private FIs are progressing on Paris Agreement and net zero goal setting, see the Net-Zero Finance Tracker (CPI, 2024c, 2024h).

**Table 1:** Climate finance institution taxonomy

| Layer 1 | Layer 2 | Layer 3 | Description/ examples |
|---|---|---|---|
| **Private** | Corporations | | Can have activities in the energy sector, other sectors, or both (e.g., a large water utility company installing both hydropower generation and water treatment facilities). |
| | Households/Individuals | | Family-level economic entities, including high-net-worth individuals and their intermediaries (e.g., family offices investing on their behalf). |
| | Commercial FIs | | Providers of private debt capital (and occasionally other instruments), including commercial and investment banks. |
| | Institutional investors | | Includes insurance companies, asset management firms, and pension funds. |
| | Funds | Private equity | Investment funds with flexibility to take more risk, focusing on private companies, early-stage ventures, or infrastructure assets. |
| | | Venture capital | |
| | | Infrastructure funds | |
| **Public** | Development Finance Institutions | Multilateral and regional | Where the institution has multiple shareholder countries and directs finance flows internationally. |
| | | Bilateral | Where a single country owns the institution and directs finance flows internationally. |
| | | National | Where a single country owns the institution, and finance is directed domestically. |
| | Governments and their agencies | National | Domestic financing through public budgets, carried out by central governments and their agencies. |
| | | Subnational | Domestic financing through public budgets, carried out by regional, state or local governments and their agencies. |
| | National and multilateral climate funds | | National climate funds are owned by the national government that established them, while multilateral climate funds are owned by the collective of countries that contribute to them. Multilateral funds are typically managed by an international organization, often in conjunction with an overseeing board or committee. |
| | State-owned enterprises and financial institutions | | We classify institutions as state-owned if they are at least majority owned by a government or government agency. Although they are classified as public sector institutions, they often undertake activities of a commercial nature. |
| | Public funds | | Institutional investors managing funds under public ownership |

| Layer 1 | Layer 2 | Layer 3 | Description/ examples |
|---|---|---|---|
| **Private or Public**[12] | Third-sector Organizations | Philanthropies | Private non-profits dedicated to providing grant funding for charitable purposes. |
| | | Charities and aid delivery | Focused on providing direct aid or services to address social, humanitarian, or environmental needs. Often, but not exclusively, deliver benefits in kind rather than as monetary grants. |
| | | Civil society and advocacy | NGOs or entities prioritizing systemic change by influencing public opinion, policy, or legislation. |
| | | Social enterprises and cooperatives | Businesses reinvesting profits to achieve social or environmental goals. This includes member-owned cooperatives driven by mutual benefit and shared objectives. FIs that operate as cooperatives are currently excluded from this category. |
| | Export credit agencies | | Institutions offering trade finance to support domestic companies by limiting risks associated with trading to overseas markets. We classify institutions as state-owned if they are at least majority owned by a government or government agency. |

**Box 5: Mobilized private climate finance**

In line with OECD and MDB joint reporting methodologies, mobilized private finance refers to private financial flows that can be directly attributed to specific public interventions. These interventions may include concessional co-financing, guarantees, risk-sharing mechanisms, technical assistance, or enabling policy frameworks designed to reduce investment risks.

Differentiating between mobilized and independently committed private finance is an important step toward improving the accuracy of tracking and understanding the effectiveness of public efforts to leverage private capital.

The GLCF currently categorizes mobilized private finance within the broader scope of private finance, where data is available. However, our analysis and tracking framework does not yet differentiate between mobilized and independently committed private flows due to lack of transparently available private financed mobilised data at the transaction level, data quality and attribution challenges. As data improves, we will consider refining this distinction in future iterations.

### 2.3.1 ACTORS EXCLUSIONS

#### CLIMATE FINANCE VIA INVESTMENT IN FUNDS

Investment funds are a key channel for climate finance, mobilizing capital at scale for mitigation and adaptation, for example:

- **Green investment funds** finance renewable energy, energy efficiency, and climate-resilient infrastructure.
- **Private equity and venture capital** funds support early-stage climate solutions, including clean technology and nature-based approaches.

12 Whilst Third-sector Organizations and Export Credit Agencies can be private or public institutions, those tracked in the Landscape are primarily private and public, respectively.

- **Sovereign and development funds**, backed by governments and international institutions, provide concessional financing for climate-aligned projects.
- **Infrastructure and debt funds** attract institutional investors like pension funds and sovereign wealth funds, directing capital into large-scale projects through green bonds and sustainability-linked debt.

The GLCF does not automatically classify a fund's entire portfolio as climate finance. Instead, it assesses each funded project or activity to determine its eligibility and climate relevance in the real economy. While committing to net-zero goals, Paris Agreement alignment, or frameworks such as the TCFD (ISSB S2 or similar) signals an intention for climate action, these commitments alone do not qualify an entire fund as climate finance (British International Investment, 2024). Measurement of impact remains a key concern, with the associated risk of greenwashing—where funds claim climate alignment without meaningful results, is another issue that requires strong governance and transparency. Our approach thus ensures that only investments directly contributing to climate mitigation or adaptation in the real economy are counted as climate finance, rather than assuming all assets within a fund meet the necessary criteria.

## CLIMATE FINANCE VIA FINANCIAL INTERMEDIARIES

Different investor types vary in how they allocate capital. Some provide direct financing to projects via debt or equity, while others invest indirectly, such as through pooled funds or public equities. The GLCF focuses exclusively on real-economy investments—finance that is directly allocated to projects and physical assets where decarbonization and resilience efforts take tangible form—through clean infrastructure, sustainable land use, and climate-smart technologies. As such, it does not currently systematically track finance channelled through financial intermediaries or through indirect financing, though flows can be captured within CPI's approach.

Financial intermediaries—including a wide range of international, public, private, and civil society actors—play a growing role in climate finance by bridging the gap between global institutions and local implementation. These "middle actors" often aggregate capital or expertise and reallocate it downstream through funds, blended vehicles, or securities. However, inconsistent disclosure and attribution make it challenging to trace how much finance ultimately reaches the real economy, especially in developing countries. Even when these investors are included in the dataset, only the direct, real-economy share of their investments is captured, meaning the total climate-relevant capital made available may be significantly underestimated—especially for institutional investors and other actors who primarily invest through intermediated channels.

In the GLCF, financial commitments count as climate finance only if the financial intermediary is dedicated to delivering climate finance or investing in green sector(s)[13]. The methodology attributes climate finance to the actor that makes the original commitment to a climate-aligned activity, rather than to any intermediary managing the funds. For example, when development finance institutions (DFIs) commit finance from their own resources, we record the flow as originating from the DFI. When DFIs manage external resources on behalf of third parties, we attribute the commitment to the original contributor instead. Similarly, capital contributions from

13 An intermediary is considered "dedicated" if its mandate, investment strategy, or operational model is explicitly focused on climate or environmental objectives. This can include green banks, climate funds, or investment vehicles whose core mission is aligned with climate mitigation, adaptation, or sustainability goals. In practice, this means that the majority of their portfolio, governance structures, and reporting are centered on climate outcomes.

governments are attributed directly to the government, and commitments made through climate funds are attributed to the respective fund.

## 2.4 FINANCIAL INSTRUMENTS

Table 2 provides detail on the types of financial instrument categories used, providing illustrative examples of specific mechanisms within each broad category of climate finance. The 2025 GLCF report introduces sub-category examples, such as bonds under the umbrella of project-level debt. These examples aim to improve precision, transparency, and analytical value in tracking financial flows. While not yet formalized into a new classification layer, these distinctions may inform future iterations of the framework.

**Table 2:** Climate finance instruments

| Instrument | Description | Examples |
|---|---|---|
| Grants | Transfers made in the form of cash, goods, or services for which no repayment is required. | Reimbursement grants, contingent grants, capital contributions, untied aid. |
| Project-level debt | **Low-cost debt:** Loans extended at terms preferable to those prevailing on the market. We count the full amount of the loan, not the grant equivalent.[14] | Below market rate structured debt, project finance, export and trade finance, blended finance, development finance, hybrid instruments, revolving credit facility, multi-layer financing, Islamic finance, unspecified. |
| | **Market-rate debt:** Loans extended at regular market conditions. | Bonds, project loans, term loans, credit facilities, bridge loans, mezzanine debt, among others. |
| Project-level equity | Equity investment for ownership stake and share of profits, relying on the project's cash flow for repayment. | Concessional, non-concessional. |
| Balance sheet financing (debt) | Direct debt investment by a company or FI. Lenders look at the overall financial strength of the parent company. | The project's assets and liabilities are fully recorded on the company's balance sheet. Example: A utility company builds a solar plant using its own funds or by taking a loan under its name. |
| Balance sheet financing (equity) | Direct equity investment by a company or FI. The financing for a project comes directly from the parent company's own capital. | |

### 2.4.1 INSTRUMENT EXCLUSIONS

#### FINANCIAL RISK MANAGEMENT INSTRUMENTS

CPI recognizes the important role of financial risk management instruments—such as contingent loans, currency hedges, guarantees, and insurance—in mobilizing private climate finance, particularly in sectors and geographies perceived as high risk. These instruments can play a catalytic role by reducing or reallocating risks that deter private investment. However, we do not currently include them in our total climate finance figures, as financial outflows are conditional and depend on uncertain future events. For example, guarantees may never be triggered and may not result in any actual disbursement of funds.

14 Low-cost debt can also include concessional and ODA loans—i.e., loans extended on terms substantially more generous than market loans. The concessionality can be achieved through interest rates below those prevailing on the market, longer maturity, longer grace periods, or a combination of these aspects. According to the OECD, the 'grant element' of ODA loans is at least 25% (OECD, 2022).

We acknowledge that other institutions and reporting frameworks include risk management instruments in their tracking methodologies. These include organizations that collect, aggregate, and publish climate finance data, such as MDBs, which report jointly on climate finance flows (IDFC, 2024; MDBs, 2024), and the OECD (2025). With more improved and available data, our tracking framework may consider including financial risk management instruments as their own category.

CPI does engage with guarantees in other areas of its tracking work, such as the Landscape of Guarantees for Climate Finance in EMDEs (CPI, 2024g)—and particularly under its finance innovation stream (The Lab, 2025) where the focus is on evaluating how financial instruments, including guarantees, can be better designed and deployed to unlock private capital for climate goals.

#### REVENUE SUPPORT MECHANISMS

Revenue support mechanisms such as feed-in tariffs reimburse initial investment costs (e.g. capex), meaning that including them would increase the risk of double counting. Therefore, we do not track policy-induced revenue support mechanisms or other public subsidies whose primary function is to repay initial investment costs.

## 2.5 SECTORAL TAXONOMY

### 2.5.1 SECTOR BREAKDOWN

The 2025 GLCF follows the sector classification introduced in the 2021 methodology (CPI, 2021a), offering a multi-layer economic sector breakdown. This effort reflects the need to understand the real-economy impacts of investments, align with new methodologies, and fully exploit the potential of more granular data. This sector classification is, among others, inspired by various economic activities classifications available in the literature.[15]

Each solution, as part of a sector and a subsector, has an appropriate climate-relevance tag. Both mitigation and adaptation solutions are present for each sector. We applied the climate relevance (mitigation, adaptation, or dual benefits) classification as consistently as possible when compiling the GLCF report. The sectoral taxonomy applied in the 2025 GLCF is displayed in Table 3, with a more granular version in Annex - Table 2.

**Box 6: Ongoing and future taxonomy improvements**

A review of CPI's taxonomy is in progress to achieve the following:

**Future improved granularity:** The current taxonomy has three layers: Sector, subsector, and solution. The revised taxonomy aims to expand to five layers, adding theme and sub-theme. This granularity aims to enable more precise tracking of financial flows to specific climate activities. For instance, under the current structure, soil carbon management and

15 Joint-MDBs Common Principles for Climate Mitigation Finance Tracking (MDBs, 2023a, 2024), Climate Bonds Initiative Taxonomy (CBI, 2021a), IPCC WG3's AR6 (IPCC, 2022), the EU Taxonomy (EU Technical Expert Group on Sustainable Finance, 2020), and OECD's Creditor Reporting System purpose codes (OECD, 2010).

post-harvest management both fall under the same solution:

| Solution | Subsector | Sector |
|---|---|---|
| Sustainable crops, agroforestry, and livestock production | Agriculture | AFOLU |

In the updated taxonomy, these activities will be distinctly categorized, and we are exploring ways to assign appropriate economic classifications, such as NACE codes (European Commission, 2023), to improve consistency and alignment:

| Relevant NACE code | Solution | Subsector | Sector | Sub-theme | Theme |
|---|---|---|---|---|---|
| 01.61 | Soil Carbon Management | Sustainable crops | Crops | Crops and livestock systems | AFOLU |
| 01.63 | Post-harvest Management | | | | |

**Synergy with external taxonomies:** CPI aims to align the taxonomy with other private and public sector climate finance taxonomies, enhancing both comprehensiveness and accessibility for our partners. This update aims to identify subsectors, solutions, and activities with coverage gaps, enabling the development of methods to increase coverage and improve data robustness.

**Synergy with internal taxonomies:** Integrating sectoral taxonomies from various other CPI workstreams (CCFLA, 2024; CLIC, 2024; CPI, 2024j) will develop a central tracking taxonomy that leverages the insights and granularity gained from previous projects by CPI sector experts. This consolidation is intended to strengthen descriptions and expand the list of eligible examples for each solution and activity.

**Climate-relevance classification:** We will enhance the scope and clarity of climate-relevance tagging by moving beyond the categories of mitigation, adaptation, and dual benefits to add enabling mitigation (activities that support mitigation, even without directly reducing emissions) and enabling adaptation (activities that indirectly address climate risks by strengthening systems' capacity to respond to climate hazards and impacts). This enhanced classification will allow for a more nuanced understanding of climate-related investments. While several enabling activities are already in the GLCF taxonomy, particularly for adaptation, they are not yet systematically captured or labelled as such. When displaying the flows, enabling mitigation and mitigation activities will be categorized under mitigation flows, however this classification would allow better understanding on the share of flows towards enabling activities such as manufacturing under the industry sector or policy and capacity building.

**Markers for improved identification:** CPI plans to introduce a set of markers to enhance the identification and categorization of climate finance activities. These markers aim to improve the granularity and analytical value of the dataset and will cover:

- Type of finance (climate/clean, transition, low-carbon, fossil/high-carbon, and nature/biodiversity)
- Additional relevance (e.g., urban and gender)
- Impact (sustainable development goal(s))
- For details on tracking synergies across different tagging efforts, see Box 8.

**Table 3:** High-level sector taxonomy

| Sector | Subsector |
|---|---|
| **Energy systems** | Power and heat generation |
| | Power and heat transmission and distribution |
| | Fuel production |
| | Fuel transmission and distribution |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Industry** | Industrial, extraction, and manufacturing processes |
| | Industry infrastructure and warehouse |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Waste** | Solid waste |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Water and wastewater** | Water supply and sanitation |
| | Waste water treatment |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Buildings and infrastructure** | Building and infrastructure construction work |
| | HVAC and water heaters |
| | Appliances and lighting |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Transport** | Private road transport |
| | Rail and public transport |
| | Waterway |
| | Aviation |
| | Policy and national budget support and capacity building |
| | Transport-oriented infrastructure and urban development |
| | Other/unspecified |
| **Information and communications technology** | Data centers |
| | Telecommunication networks |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Agriculture, forestry, other land uses, and fisheries** | Agriculture |
| | Forestry |
| | Fisheries |
| | Food and diet |
| | Policy and national budget support and capacity building |
| | Other/unspecified |
| **Others and cross-sectoral** | Policy and national budget support and capacity building |
| | Biodiversity, land and marine conservation |
| | Disaster-risk management |
| | Other/unspecified |

### 2.5.2 ACTIVITY EXCLUSIONS

Here, we highlight solutions not covered by CPI that may be considered climate finance by other tracking frameworks.

For example, CPI's coverage of climate finance in the energy sector differs from that of energy transition-related investment. Key differences are summarized in Table 4. These technologies are excluded based on CPI's guiding principles of adopting a conservative approach and avoiding the inclusion of investments that risk carbon lock-in.

For energy efficiency investments in the industry and buildings and infrastructure sectors, the GLCF accounts only for incremental spending on new assets or full refurbishment costs that lead to reduced energy use. The aim is to capture investments that result in measurable reductions in energy consumption.

For technologies with nuanced climate relevance, such as large hydropower projects, we rely on the screening criteria applied by the original source or data provider. For more information on the principles that guide CPI's exclusion decisions, see Section 3.1.

**Table 4:** Examples of solution exclusions

| Technology | Transition related? | Climate finance? | Exclusion criteria |
|---|---|---|---|
| **Energy** | | | |
| Renewable Energy (Power Generation and Direct Use) | ✓ | ~ | Excludes large hydro projects not financed by a DFI with environmental safeguards. |
| Energy Efficiency | ✓ | ~ | Included, with a conservative approach. Energy efficiency measures and retrofits for power plants are included only when applied to renewable assets, ensuring a clean energy gain. |
| Electrified Heat | ✓ | ~ | Included only when fueled by renewable energy. |
| Hydrogen | ✓ | ~ | Included only when produced using renewable energy. |
| Carbon capture, use, and storage (CCUS) and carbon removal measures | ✓ | ~ | Included only when technologies demonstrate 100% carbon removal capacity, which is extremely rare, economically unviable, and largely unavailable at scale. Without this, concerns remain around long-term carbon lock-in and the reinforcement of fossil fuel dependence. |
| Power transmission and distribution (T&D) | ✓ | ~ | Included only if the project explicitly states it is connected to a renewable energy power plant.[16] |
| Nuclear | ✗ | ✗ | Excluded due to ongoing debates regarding risks and benefits. |
| Fossil fuels | ✗ | ✗ | Excluded. |
| **Transport** | | | |
| Electrified transport | ✓ | ~ | Fully battery electric vehicles are included, but plug-in hybrid and fuel cell EVs are excluded. |

We currently exclude research and development costs for new technologies, along with investments in manufacturing for low-GHG and climate-resilient development. These costs are capitalized and included in the investment amounts at the deployment stage of new projects that use these technologies, increasing the risk of double counting if the initial investment were also tracked separately.

16 CPI developed a new methodology to estimate climate-aligned T&D finance at a country-level detailed further in Section 3.3.3, which follows different exclusion criteria than that in Table 4. The new methodology is not yet integrated into GLCF's tracking framework but could be included in future iterations.

## 2.6 COUNTRY CLASSIFICATION

This section describes the country classifications used in the 2025 GLCF to capture the geographical and development status origins and destinations of climate finance flows. The report uses breakdowns by region, development status, income level, and status as small island developing states (SIDS). See ***Annex – Table 3*** in for a complete breakdown of countries by region, development status, and SIDS status.

### 2.6.1 REGIONAL BREAKDOWN

Countries are grouped into the following regions:

- Central Asia and Eastern Europe
- East Asia and the Pacific
- Latin America and the Caribbean
- Middle East and North Africa
- Other Oceania
- South Asia
- Sub-Saharan Africa
- US and Canada
- Western Europe

Flows are categorized as "transregional" when resources are channelled from or to more than one region. "Indeterminate" flows are referred to cases where the destination is not available in the data.

### 2.6.2 DEVELOPMENT STATUS BREAKDOWN

The "development status" classification has been used since the 2023 GLCF (CPI, 2023b). This classification was originally based on the UN Statistics Division Standard Country or Area Codes for Statistical Use, known as the M49 Standard (UNSD, 2025), and the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC, 2023). This delineated geographical regions and, at the literature cut-off date, identified developed regions, developing regions, and least developed countries.[17]

Since 2024, countries have been assigned a "development status" based on classifications from the International Monetary Fund (IMF) and UN, divided across:

- **Advanced economies**
- **Emerging markets and developing countries (EMDEs)**
- **Least developed countries (LDCs).**

17 The distinction between "developed regions" and "developing regions" was introduced to the Standard country or area codes for statistical use (M49) in 1996. The last updated classification was released in May 2022, before being removed from M49.

Both advanced economies and EMDEs are categorized following the April 2024 edition of the IMF World Economic Outlook (WEO) Database (IMF, 2024a) at the time of the report release. LDCs are categorized as per the UN's definition (UN DESA, 2025; UNSD, 2025). LDCs are considered a subset of EMDEs, with LDCs included in all EMDE analyses unless otherwise stated.

Some countries included in the GLCF lack a classification in the IMF WEO database. These are classified as follows:

- For countries that were not IMF members in the relevant year and therefore lack a development status, we infer classification based on their income level from the World Bank (World Bank, 2025c). "High income" countries are classed as "advanced economies" (AEs), while "low-income countries" (LICs) and "middle income countries" are classified as EMDEs (see Box 7).
- For countries or territories in free association with another country that do not have a development status from the IMF, we apply the same classification as that of their associated country's overseas territories, where applicable. For example, the Cayman Islands, as a British overseas territory, is classified as an AE.

### SMALL ISLAND DEVELOPING STATES

The GLCF adheres to the UN list of SIDS, including the additional associated members of the UN Regional Commissions that meet the UN SIDS definition (UN OHRLLS, 2025; UNSD, 2025).[18]

**Box 7: Development vs. income status**

The IMF and the World Bank have different purposes for their country classification systems. The IMF primarily uses its classifications for analytical purposes, whereas the World Bank applies its income groupings in an operational context (Bulmer-Thomas, 2014).

The IMF classifies countries into AEs and EMDEs for modeling, surveillance, and reporting in publications such as its World Economic Outlook, without using fixed criteria (IMF, 2024b). Broome and Seabrooke (2012) point out that these groupings are intended to frame global economic analysis rather than influence lending decisions. In contrast, Sumner (2016) notes that the World Bank's income-based thresholds directly influence lending eligibility and policy design.

The World Bank acknowledges that its classification based on gross national income per capita serves operational functions, especially in determining access to concessional finance such as International Development Association funding (World Bank, 2025a).

Given this distinction, CPI has opted to align with the IMF's analytical classification system to better support its research and reporting frameworks. We continue to monitor methodological developments and remain open to revisiting this choice should the World Bank's operational classification become more aligned with CPI's evolving needs.

18 Singapore is the only exclusion from the UN list, based on its status as an Advanced Economy.

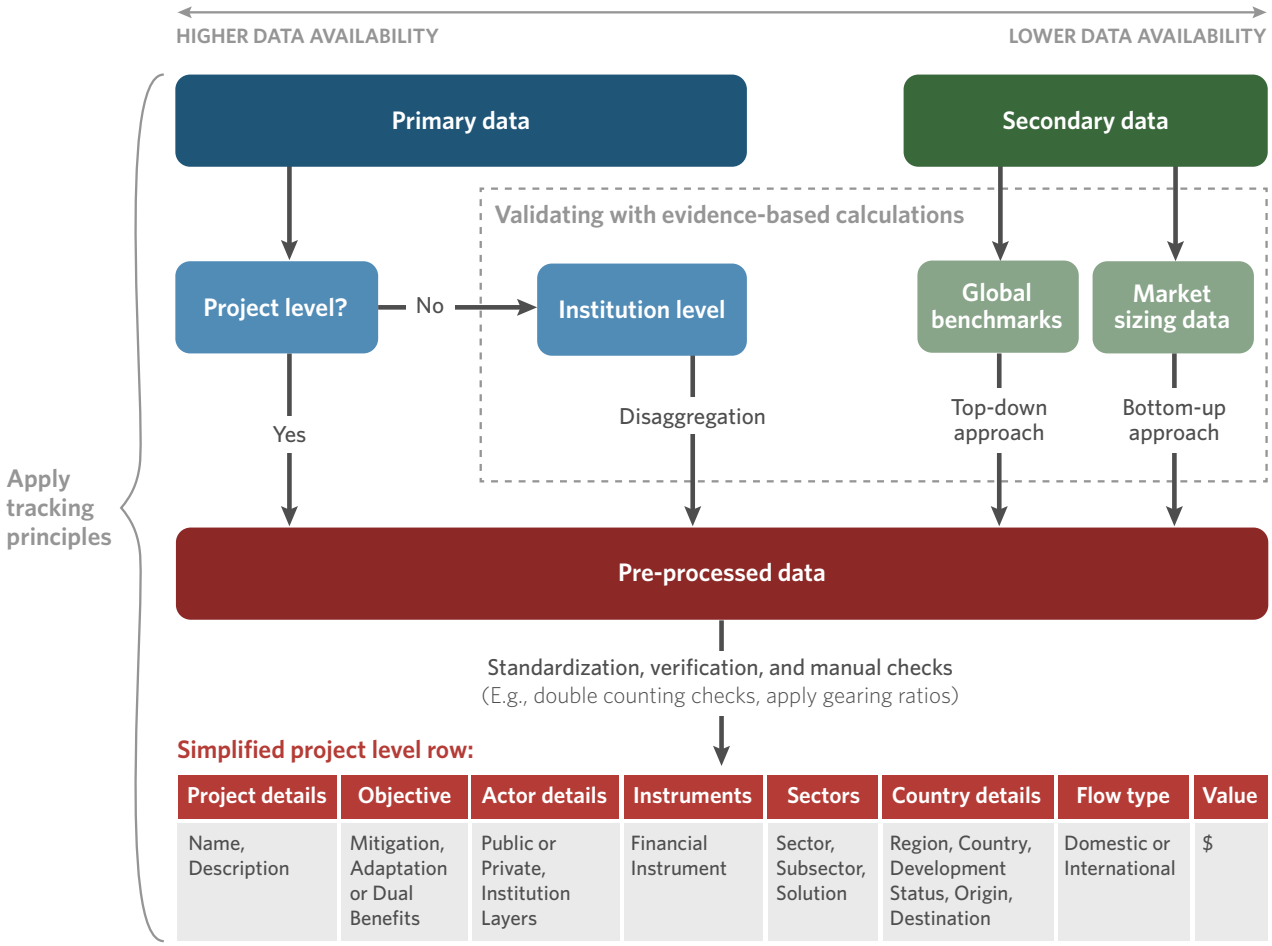
# 3. DATA COLLECTION AND PROCESSING

Providing robust and comprehensive assessments of global climate finance relies on rigorous data collection and processing. This section outlines the procedures undertaken by CPI to ensure the reliability of the final data outputs of the GLCF, as visualized in Figure 2.

CPI classifies data into two main categories: Primary and Secondary, each with two subcategories. These terms refer to the granularity of the data and are unrelated to the provider or source. Primary data consists of detailed financial flows, where project/transaction-level or institution-level data sources are available. Secondary data provides a high-level perspective of these flows, where benchmark data and market-sizing data are used to complement and validate analysis. Regardless of the category, all data undergoes checks (such as for double counting) and gap-filling procedures (such as the application of gearing ratios).

As the granularity of available data decreases (moving right in Figure 2, where 'availability' refers to the presence of disaggregated, project-level information), more sophisticated methodologies become necessary. CPI enhances the scope of climate finance tracking by applying evidence-based calculations to reputable sources, particularly for sectors that cannot be measured through project-level data. For example, household purchases often require modeled estimates rather than direct observation, validating the need for tailored methodologies.

**Figure 2:** Data process overview



In line with CPI's core principles, we strive to retain the maximum level of project-level granularity throughout the process, using secondary data to enhance—rather than replace—direct observations. This structured approach enables a more transparent and accurate mapping of financial flows while reducing reliance on assumptions or top-down/bottom-up methods.

The rest of this section is structured as follows: (i) Tracking principles; (ii) Data sources and methodologies; (iii) Sectoral calculation methodologies; (iv) Data gaps.

## 3.1 ACCOUNTING PRINCIPLES

Tracking climate finance involves navigating complex systems, as finance flows through numerous channels before reaching the real economy. To ensure that our reported figures are comparable and accurately reflect real-world progress, we assess finance flows at the project and activity level, offering the clearest view of how funds are allocated and used.

To reinforce consistency and comparability, we also adhere to general principles when collecting and reporting climate finance data. These principles maintain the integrity, accuracy, and reliability of our data, enabling stakeholders to make informed decisions based on clear and consistent insights. Our guiding principles are operationalized throughout this methodology, with details on implementation into data processes covered in Section 3.2 and 3.3.

Our principles are similar to other climate finance reporting methodologies (IDFC, 2023; MDBs, 2023b; British International Investment, 2024) that share a focus on ensuring transparency and accuracy, whilst maintaining a conservative approach to avoid over-reporting. However, while our approach generally aligns with these frameworks, differences apply.

### 1. TRACK REAL-ECONOMY INVESTMENTS

The GLCF captures total primary financial transactions and investment costs, or, where tracked, components of activities that directly contribute to adaptation and/or mitigation, along with public framework and capacity development expenditures for enabling these efforts (e.g., development of national climate strategies and technical assistance). Secondary market transactions (e.g., the resale of stakes or public trading on financial markets) are not tracked, as they do not represent new investments targeting climate-specific outcomes but rather money exchanged for existing assets.

### 2. TRACK TANGIBLE FINANCIAL COMMITMENTS

The figures reported in the GLCF represent financial commitments made during the tracking period. Depending on the context (e.g., a public commitment by a government versus a private financing contract between corporate actors), commitments may refer to firm obligations resulting from board decisions on investment programs, the closure of financing contracts, or similar actions. Such commitments are backed by the necessary funds to provide specified assistance or financing to a project, recipient country, or other partner organization.

Financial resources committed record the expected transfer amount at the time the contract was closed, or the commitment was established, irrespective of the time required for the completion of disbursement. It is important to note that we only track financial commitments from the

institutions financed through their own funds and exclude any external funds managed and/or implemented by these institutions.

The focus on commitments rather than disbursement may affect the sequencing of flows over time. Given that committed amounts are frequently disbursed over multiple years, and may be delayed, increased due to cost overruns, reduced, or cancelled altogether in response to shifting geopolitical circumstances, disbursement information offers a more accurate reflection of the financial resources directed towards climate action in any given year. However, consistent data on disbursements is unobtainable across multiple actors.

It is important to note that while this framework serves as the central tracking methodology, other similar CPI tracking exercises may adopt differing approaches. For example, the Landscape of Green Finance in India (CPI, 2024f) tracks disbursements rather than commitments, as they are more readily available through national budget and expenditure systems, though all other core principles outlined here remain consistent. CPI's report Guidelines for Building a National Landscape of Climate Finance (CPI, 2021b) draws on our experience of developing several national landscapes of climate finance in various countries

### 3. ERR TOWARD CONSERVATIVENESS

When data is unavailable or incomplete, we take a conservative approach to address uncertainty. Under-reporting climate finance is preferred rather than over-reporting, ensuring accuracy and reliability. In the absence of sufficient details, CPI consistently chooses to err on the side of caution.

### 4. DO NOT TRACK CARBON LOCK-IN

Flows captured in the GLCF do not include investments that have a high risk of locking in significant future GHG emissions. Based on this principle, fossil-fuel-based, lower-carbon, and energy-efficient generation transactions, such as financing for efficiency retrofits of coal-fired power plants, are excluded.

It is recognized that the omission of projects based on this principle will, at times, lead to investments that lower emissions in the short term being excluded. While improving coverage of transition investment is an important aim of CPI (see Box 6), investments such as these are outside the remit of this report and can risk higher emission levels in the medium to long term through path dependency.

### 5. MAXIMIZE FLOWS GRANULARITY

Where possible, CPI uses project-level data to analyze flows. Project-level information is more likely to provide verifiable details on project characteristics, instruments, destinations of financing, and financing structures. Where project-level data is incomplete, CPI applies standardized methodologies to fill in missing information to maintain consistency and comparability. When project-level data is entirely unavailable, institution-level and secondary data is used, provided this aligns with other principles.

## 6. AVOID DOUBLE COUNTING

CPI gathers data from numerous sources, often resulting in the same flow being recorded several times. Advanced data science methods are employed to identify and eliminate double-counted entries.

The principle of avoiding double counting is directly related to certain CPI exclusion criteria. For instance, private research and development of new technologies, as well as investment in sustainable manufacturing, are excluded because related costs are capitalized and factored in the investment amounts at the deployment stage of new projects that implement these technologies, increasing the risk of double counting if the initial investment were tracked separately. Similarly, revenue support mechanisms (e.g., feed-in tariffs) reimburse initial investment costs, so including them would constitute double counting. Thus, we do not track policy-induced revenue support mechanisms whose primary function is to repay initial investment costs.[19]

## 7. COMPLY WITH DATA CONFIDENTIALITY AND LICENSING RULES

We strictly adhere to data confidentiality and licensing rules to ensure responsible and ethical handling of information. Sensitive data is securely stored and shared in compliance with applicable data protection laws, with access restricted to authorized personnel.

These licensing and confidentiality requirements may limit the level of detail we can disclose, and these restrictions are transparently communicated. In cases where licensing limits disclosure, we provide as much information as permitted by anonymizing or aggregating when possible.[20]

## 8. BENCHMARK AGAINST REPUTABLE DATA SOURCES

CPI benchmarks its estimates against data from the most reputable and authoritative institutions, sense checking our figures to align with globally recognized standards and projections. Where CPI's data does not match benchmarks, methodological and scope differences are examined. This approach maintains the credibility and accuracy of our analysis, particularly in sectors where reliable, project-level data is limited. By sense checking our total investment estimates to figures from trusted sources, we ensure that our assessments reflect the best available insights and are grounded in respected frameworks.

19 See Falconer and Stadelmann (2014) for details on CPI's definition of key climate finance terms.

20 CPI's tracking of climate finance relies in part on data collected through confidential surveys conducted with Development Finance Institutions (DFIs). These institutions provide detailed portfolio-level information on the condition that it will be used exclusively for aggregate reporting purposes. The data remains the property of the contributing institutions, and CPI does not have the authority to publicly disclose institution-specific or project-level information.

**Box 8: Tracking synergies**

To enhance granularity, CPI works to expand its tagging of projects when possible, for dimensions including:

**Gender:** Climate change does not affect all people equally. Social and economic inequalities often mean that women and girls are disproportionately impacted. By tagging projects for gender, CPI aims to identify and highlight investments that address or consider gender-specific vulnerabilities. This includes projects that promote women's participation in climate decision-making, improve women's access to climate-resilient infrastructure and technologies, or directly target the reduction of gender disparities. This tagging is part of a broader effort to mainstream gender considerations across climate finance initiatives and ensure that investments contribute to more inclusive and equitable climate outcomes.

**Relevant SDGs:** Climate finance is closely linked to other global development objectives. CPI aims to tag projects based on their alignment with the UN Sustainable Development Goals (SDGs), beyond just SDG 13 (Climate Action). This approach enables a more comprehensive understanding of how climate finance contributes to broader development goals and fosters coherence between climate action and sustainable development agendas.[21]

**Urban/rural:** CPI aims to distinguish between urban and rural settings to gain deeper insights on the types of climate solutions being deployed, the needs they address, and the populations they serve. For example, urban-tagged projects may involve decarbonizing public transport, while rural projects may focus on off-grid renewable energy. This distinction supports place-based strategies that reflect the differing challenges and opportunities in urban and rural environments in the context of decarbonization and climate resilience.

## 3.2 DATA SOURCES AND METHODOLOGIES

CPI aggregates data from numerous sources to deliver comprehensive climate finance reporting. The coverage of sectors and the form in which data is reported vary significantly. CPI's unique value lies in our ability to apply a consistent and robust methodology to raw data inputs that generates coherent, high-quality outputs. Where needed, CPI's methodology and data science processes can disaggregate data and supplement inputs with sectoral data—always grounded in evidence-based calculations.

The sectoral coverage of key data sources, and whether data is provided in Primary or Secondary Data form, is displayed in Table 5. This table does not provide a comprehensive view of the sectors covered by each data source but rather indicates which sectors CPI collects data on from each source.

21 Consistent with principle of SDG alignment in (MDBs, 2023b)

**Table 5:** Data sources

| Data source | AFOLU | Buildings and infrastructure | Energy systems | Industry | Other and cross-sectoral[22] | Transport | Water and wastewater |
|---|---|---|---|---|---|---|---|
| **Actor coverage: Private and public institutions** | | | | | | | |
| Large Scale Renewable Energy Projects (BNEF, 2025e) | | | ✓ | | | | |
| PPI (World Bank, 2025b)[23] | | | | | | | ✓ |
| CRS ODA (OECD, 2025)[24] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| LGX (2025) | ✓✓ | ✓✓ | | | | ✓✓ | ✓✓ |
| IEA Solar Water Heaters (IEA SHC, 2024) | | ✓ | | | | | |
| BNEF EV Outlook (BNEF, 2024b) | | | | | | ✓ | |
| IEA Global EV Outlook (IEA, 2024a) | | | | | | ✓ | |
| BNEF EV Charging Outlook (BNEF, 2024a) | | | | | | ✓ | |
| BNEF Clean Hydrogen Production (BNEF, 2025c) | | | ✓ | | | | |
| IJGlobal (2025) | | | ✓ | | ✓ | ✓ | ✓ |
| BNEF Transmission and Distribution (BNEF, 2025a) | | | ✓ | | | | |
| IEA World Energy Investment (IEA, 2024d) | | ✓ | | ✓ | | | |
| Metro (UITP, 2022) | | | | | | ✓ | |
| BNEF Energy Storage (BNEF, 2025d) | | | ✓ | | | | |
| GWI WaterData (GWI, 2025) | | | | | | | ✓ |
| **Actor coverage: Private institutions** | | | | | | | |
| BNEF Small Scale Solar Panels (BNEF, 2025b) | | | ✓ | | | | |
| Green Buildings Certification Schemes[25] | | ✓ | | | | | |
| **Actor coverage: Development finance institutions** | | | | | | | |
| Surveys[26] | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ | ✓✓ |
| **Actor coverage: Climate funds** | | | | | | | |
| Climate Funds Update (ODI and HBF, 2024) | ✓ | | ✓ | | ✓ | ✓ | ✓ |

✓ Primary - project Level ✓ Primary - institution Level ✓ Secondary -market sizing ✓ Secondary – benchmark

22 Includes ICT, Waste and Unknown.
23 The Private Participation in Infrastructure (PPI) Project Database contains information on more than 6,400 infrastructure projects across 137 low- and middle-income countries. It covers projects in the energy, transport, water and sewerage, ICT backbone, and municipal solid waste. Given that projects are not climate-tagged, CPI focuses exclusively on water and sewerage data as a first step to expand tracking in a sector that has traditionally posed significant challenges.
24 In recent years, CPI has used the OECD Climate-Related Development Finance (CRDF) dataset (OECD, 2024a), which includes projects identified as climate-related. However, due to delays in the availability of the CRDF data, CPI also looks into OECD Creditor Reporting System (CRS) for relevant data, which contains broader ODA flows. For a description of the climate-tagging methodology applied to the CRS data, see Section 3.3.2.
25 Green certification schemes tracked include BEAM (Hong Kong Green Building Council, 2025), BREEAM (BREAAM, 2025), DGNB (DGNB, 2025) and LEED (U.S. Green Building Council, 2025).
26 This year's report includes primary survey data from 37 DFIs. These institutions share detailed portfolio-level information with CPI on the basis that it will be used solely for aggregate analysis and reporting. Ownership of the data remains with the contributing institutions, and CPI is not authorized to disclose institution-specific or project-level data publicly.

In instances where complete investment information is unavailable, methodologies are built to fill these gaps. These methodologies align with the principles outlined earlier in this document and are regularly updated to reflect changing market conditions at the most granular level possible. For data sources covering a specific sector, methodologies are found in Section 3.3.

### 3.2.1 HANDLING INCOMPLETE PROJECT-LEVEL DATA

While CPI prioritizes project-level granularity, many data sources contain incomplete or partially aggregated information. Common gaps include missing values for investment amounts, geographic specificity, financial instrument types, or sectoral classifications. To address this, we apply a set of carefully developed methodologies to fill in missing information while maintaining the integrity and comparability of the data. These methodologies are guided by the principles outlined in this report and are periodically reviewed to reflect evolving data standards and market practices.

### 3.2.2 CLIMATE TAGGING

A challenge across multiple data sources is the absence of clear climate tagging—project- or instrument-level labels that indicate whether finance is climate-relevant. In such cases, CPI applies conservative classification rules based on its Climate Finance Tracking Framework (Section 2) and cross-references established taxonomies or expert judgment to assess whether a flow should be included in the GLCF. CPI has also expanded its tracking of private adaptation-relevant project-level flows by developing a methodology to assess the likelihood of adaptation relevance (see Box 10).

Finance qualifying as official development assistance (ODA) and tracked in the OECD's DAC Creditor Reporting System (CRS) can be marked as having mitigation or adaptation as its "principal" objective or a "significant" climate change objective (OECD, 2016). For financial commitments from donor governments and their agencies reported as having a "significant" climate component, we apply a country-level coefficient to capture the specific climate component of each.

In DFI and IDFC surveys, institutions identify whether a project is for mitigation and/or adaptation based on definitions in the ***Common Principles for Climate Change Mitigation and Adaptation Finance*** (MDBs, 2022, 2023a; IDFC, 2023). For projects with mitigation and adaptation finance elements, institutions are asked to categorize finance proportions accordingly. Finance that delivers both on mitigation and adaptation is reported as dual benefits financing.

**Box 9: Public International Finance Data Sources**

While not a sector in itself, public international finance is a thematic category that spans multiple sectors, providing essential funding for climate action globally. CPI strives to deliver the most accurate estimations by continuously refining our data sources and methodologies.

CPI tracks international climate finance by leveraging a robust combination of data sources, including the OECD CRS database, annual surveys covering around 40 DFIs (multilateral, regional, national, and bilateral), and the Climate Funds Update (CFU)

dataset. These sources facilitate comprehensive and nuanced tracking of finance flows. All institution-specific and project-level data remain confidential and under the ownership of the contributing institutions. CPI only uses this data in aggregate form and cannot disclose disaggregated details.

CPI opts to use these data sources rather than officially reported climate-specific finance data reported by Parties to the UNFCCC, as they are timelier and follow standardized reporting rules or statistical systems for greater comparability. In some cases, the reporting by governments on their climate-tagged finance to the OECD CRS differs from that reported to the UNFCCC due to the use of coefficients for both principal and significant marked activities or case-by-case project level estimates are reported instead. Another key difference is that government contributions to multilateral institutions, reported to the UNFCCC, are not included in the GLCF due to its focus on outflows.

Given its central role in supporting different sectors, we pay special attention to the aggregation and integration of this data. Tracking international public finance requires combining data sources with different reporting formats and methodologies, while applying CPI's rigorous standardization processes to ensure transparency and comparability.

In 2025, the share of adaptation finance attributed to IDFC members has decreased due to more conservative tracking and reporting methodologies adopted by members (IDFC, 2023).

### 3.2.3 GREEN BONDS

Green bond investment data is typically not reported at the project level and is therefore used only to complement more granular sources within the GLCF. Data is incorporated when either it exceeds other sources' reported investment values or provides greater detail than more established secondary datasets. Allocated amounts (such as use of proceeds by sector and geography) are preferred over simple issuances (how much money has been raised) when tracking climate finance, as they reflect actual commitments to specific sectors and geographies, offering a more accurate picture of when and where climate finance is deployed.

Starting in the 2025 GLCF, CPI has adopted a dataset containing use of proceeds from green bond allocations, provided by Luxembourg Green Exchange (LGX), the world leading platform for sustainable securities (UNFCCC, 2023). Due to a lack of project-level granularity in the majority of allocated amounts reported by institutions, CPI applies a conservative approach to their use. LGX allocation data is primarily incorporated in the transport, water and wastewater, buildings and infrastructure, and AFOLU sectors, as well as for broader adaptation-related investments. Transparency and standardization of green bond reporting remain crucial both to increase investor confidence and to improve global climate finance data.

## 3.3 SECTORAL METHODOLOGIES

Tracking finance follows a standardized, project-level focused methodology to ensure data completeness, accuracy, and comparability. The subsections below outline how these steps are applied to each sector, summarizing scope, key data sources, and any relevant methodological updates.

The general steps applied across sectors are as follows:

1. **Primary data integration:** Primary data from multiple sources is pre-processed and combined to capture the full spectrum of financial flows. These sources typically include public institutions (e.g., OECD, DFI surveys, IDFC) and private data platforms (e.g., IJGlobal, GWI, LGX, World Bank PPI).
2. **Secondary data integration:** When primary data does not cover the full scope of a sector (e.g., industry, transport), CPI relies (when available) on global benchmark figures and market-sizing data to fill gaps. This data is pre-processed using both top-down and bottom-up approaches.
3. **Double-counting adjustments:** To avoid overestimating investments, the combined dataset is reviewed for potential overlaps across sources within each sector or thematic area. Identified instances of double counting are removed, with particular attention to sources that frequently intersect. Where double counting may occur between primary and secondary data, CPI prioritizes the most granular data and subtracts the equivalent value from less granular sources.
4. **Validation and benchmarking:** Headline figures are validated against external benchmarks and sectoral expectations. Any discrepancies are investigated and resolved to ensure consistency and methodological integrity.

For cases where secondary data is used to fill gaps, Step 2 (secondary data integration) is explained in more detail to clarify how these estimates are processed. For sectors and themes based solely on primary data, the remaining steps—Steps 1, 3, and 4—are largely self-explanatory, and key nuances are highlighted where needed.

### 3.3.1 AGRICULTURE, FORESTRY, OTHER LAND USES, AND FISHERIES

The agriculture, forestry, other land use and fisheries (AFOLU) sector encompasses activities related to crop cultivation, livestock management, forestry, and land management practices. This sector is a significant contributor to global GHG emissions, accounting for approximately 18% of total anthropogenic emissions in 2023 (UNEP, 2024).

The AFOLU sector relies mainly on project-level data sources. OECD data and DFI surveys are combined with bond issuance data from LGX.

**Key 2025 updates**

The addition of the LGX bond data source has increased the granularity of available data, enabling more accurate double-counting adjustments and enhancing overall data reliability.

### 3.3.2 BUILDINGS AND INFRASTRUCTURE

The buildings and infrastructure (B&I) sector encompasses the planning, construction, operation, and maintenance of residential and commercial buildings. This sector contributed 6% of global GHG emissions in 2023 (UNEP, 2024).

Project-level data relevant to B&I is harder to track than in other sectors (e.g. energy systems). This is partly due to the challenges in identifying and measuring the climate-relevant components of overall B&I investments. In addition, most B&I investments require measuring incremental energy efficiency related equipment, such as appliances, and energy efficiency measures, which are resource intensive to track individually. For more details, see (CPI, 2021c).

There exists limited availability of project-level data in the B&I sector— as this requires capturing countless small-scale actions like home refurbishments, insulation upgrades, or appliance purchases. In line with CPI's approach of benchmarking against reputable sources, we anchor our total investment estimate to the International Energy Agency (IEA) figures from their global investment in energy efficiency of the B&I sector data (IEA, 2024d)[27], whilst continuously exploring ways to capture small scale flows.

However, since the IEA provides data only at the global aggregate level, which lacks the geographic granularity required by the GLCF, we supplement IEA figures with more detailed data.

#### DATA PROCESSING: ENERGY EFFICIENCY IN CERTIFIED GREEN BUILDINGS

The energy efficiency (EE) buildings certificate methodology was developed in the framework of a project specifically dedicated to the B&I sector (CPI, 2021c). It has become an integral part of the GLCF and is built upon data from multiple green building certification systems.[28] These certifications assess the sustainability and energy efficiency of buildings through various metrics, often including energy use, environmental impact, and resource efficiency and provide useful insights into trends in green building certificates. The dataset is continually evolving and may incorporate new databases over time.

Certificate data on project area retrieved are combined with data on building costs (Turner & Townsend, 2024) to derive the total value of the building, based on geography and use (commercial, hotel, industrial, retail, and residential). The resulting value is then multiplied by a certificate-specific multiplier representing the price premium per square meter to make the building energy efficient. The energy efficiency cost premium is the incremental investment on energy efficiency improvement above a baseline of spending for conventional (less efficient) equipment or service. This value is then in turn multiplied by an energy efficiency share since not all costs of greening buildings relate to energy efficiency (CPI, 2021c).

27 According to IEA: An energy efficiency investment is defined as the incremental spending on new energy-efficient equipment or the full cost of refurbishments that reduce energy use. The intention is to capture spending that leads to reduced energy consumption. More details on calculations and assumptions can be found on the methodology file (IEA, 2024e).

28 These systems include: BEAM (Building Environmental Assessment Method), BREEAM (Building Research Establishment Environmental Assessment Method), DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen / German Sustainable Building Council), and LEED (Leadership in Energy and Environmental Design).

### DATA PROCESSING: SOLAR WATER HEATERS

Investments in solar water heating systems are calculated using IEA's Solar Heat Worldwide report series, which includes detailed data on newly installed capacity at the country -level as well as its distribution and costs[29] by application type by region and a few specific countries (IEA SHC, 2018, 2024).

When calculating country-level investment costs for households, corporates, and governments' in solar water heating systems, estimates for countries lacking specific costs are derived by averaging available values for other countries in the same region. Where regions have no country-level estimates available, the global average is used.

### DATA PROCESSING: TOP-DOWN APPROACH

To break down the IEA buildings sector investment value into more detailed geographic, solution, and financial instrument components, we follow these steps:

1. To ensure maximum granularity, we incorporate all available sector-specific energy efficiency project-level data—such as OECD and DFI surveys—directly into the final dataset. Market-sizing data from solar water heaters are also incorporated. These values are subtracted from the IEA energy efficiency totals to avoid double counting.
2. We assess country-level and solution distributions observed across more detailed datasets (such as LGX and EE Buildings Certificates) and apply them to adjusted IEA values, assuming these patterns reflect broader industry energy efficiency investment trends.
3. Additional assumptions are applied to disaggregate values by actor and instrument type, guided by evidence-based desk research.
4. Robustness checks are performed to ensure that the final dataset remains aligned with IEA's overall energy efficiency figures while providing a more granular breakdown.

This approach allows us to maintain alignment with a trusted global benchmark while also providing the granular insights necessary for comprehensive climate finance tracking analysis.

**Key 2025 Updates**

Since 2024, CPI has used IEA's energy efficiency investment benchmark to better reflect the global investment landscape. This year, CPI has incorporated more comprehensive and representative datasets to strengthen its evidence-based estimates on the distribution of global buildings finance flows. These improvements have enhanced the alignment of country-level and actor-specific estimates with real investment patterns, thereby increasing the robustness and accuracy of our B&I sector analysis.

29 Costs are assumed constant over the years and corrected only by inflation and exchange rate.

### 3.3.3 ENERGY SYSTEMS

The energy systems sector encompasses activities related to the production and distribution of electricity, heat, and fuels. This sector is responsible for a significant share of anthropogenic GHG emissions, particularly through fossil fuel combustion in power generation, transportation, and industrial processes. In 2023, the energy systems sector accounted for around 36% of global GHG emissions (UNEP, 2024). Transitioning to sustainable energy systems is key to mitigating climate change and achieving decarbonization goals.

CPI's tracking of climate finance for energy systems integrates a broad range of data sources, categorized into three complementary streams to ensure full coverage while avoiding duplication:

1. **Core public energy systems data**
   This component includes energy-tagged investments from major public sources such as the OECD, CFU, DFI Surveys, and IDFC Surveys. These are already consolidated within the Public International Finance processing framework (see Box 9). In cases where more specialized, solution-level datasets (e.g., for hydrogen) provide superior coverage, overlapping entries from public data are excluded. Similarly, public entries may occasionally be omitted in favor of private data when the latter offers clearer or more complete coverage.

2. **Core private energy systems data**
   Project-level private finance data is primarily sourced from BloombergNEF (BNEF), while IJGlobal project-level data is used to fill gaps for specific countries and technologies after thorough double-counting checks. These datasets also contain some public institution data, though this is typically replaced with the dedicated with public datasets described above - unless private coverage is demonstrably more comprehensive. BNEF and IJGlobal offer strong coverage for technologies like solar and wind, but less so for emerging solutions such as hydrogen, which are treated separately.

3. **Solution-focused data sources**
   Granular, solution-specific data is used for hydrogen, energy storage, small-scale solar, and transmission and distribution. These are sourced from specialized BNEF datasets, as well as the International Renewable Energy Agency (IRENA) and IEA. These datasets are prioritized for their depth and specificity, and any duplicate or incomplete entries for these technologies found in the broader public or private datasets are removed to avoid redundancy and ensure accuracy.

#### DATA PROCESSING: ENERGY STORAGE

The BNEF Energy Storage dataset (BNEF, 2025d) provides project-level information globally, including details on project capacity and technology types. However, it does not include investment data. To address this, technology installation costs are sourced from desk research for different technologies across the largest markets and supplemented by IRENA's report on energy storage costs (IRENA, 2017).

## DATA PROCESSING: HYDROGEN

In this edition, we use the BNEF Clean Hydrogen Production Assets dataset (BNEF, 2025c), which provides project-level data, including project location, ownership and funding shares, hydrogen output, and associated costs.

Hydrogen production-specific data was introduced for the first time in the 2024 GLCF (CPI, 2024d), based on a market-sizing approach using different sources (Hydrogen Council and McKinsey & Company, 2022; IEA, 2024b).

## DATA PROCESSING: LARGE-SCALE RENEWABLE ENERGY PROJECTS

BNEF is the primary and most trusted source of large renewable energy systems project-level data within the GLCF. The renewable energy and asset finance databases (BNEF, 2025e) have been integral since the very first inclusion of private sector flows on the GLCF, laying the groundwork for our private-side analysis. As BNEF regularly updates and changes its data formats, CPI's team has remained agile, continuously adapting its processes to maintain consistency and improve the quality of its insights. Over time, the methodology has been refined to address challenges and gaps within the databases, ensuring more accurate and reliable reporting.

### Gearing ratios

Gearing ratios describe the ratio of a project's long-term debt to the total capital invested. Where a project-specific gearing ratio is provided, it is used directly to calculate debt and/or equity values for the relevant project. Where no gearing ratio is provided, we apply gearing ratio calculations to estimate debt and equity financing for renewable energy projects. Depending on data availability, the average gearing ratio observed for a given technology (e.g., Wind – Onshore, Solar – PV, etc.) in each country in the dataset is calculated and applied to matching country-technology combinations for which this value is unknown. When country-technology level information is not available, we compute and apply region-technology averages[30]. In the US, tax equity financing structures are also accounted for, which involve a third-party investor providing upfront capital in exchange for tax benefits associated with renewable energy projects. Where applicable, our methodology incorporates tax equity as a distinct component of project capital alongside debt and sponsor equity.

### Capacity multipliers

The 2025 GLCF consolidates and updates the technology- and geography-specific investment cost multipliers from previous editions. These multipliers are applied in cases where financing data is not directly available, helping to estimate total investment costs based on project size in megawatts (MW). Where possible, country-level multipliers from IRENA's Renewable Power Generation Costs report series (IRENA, 2022, 2023, 2024b) are used. In the absence of these, country-technology averages are calculated using BNEF data, which includes both asset finance (total investment in USD million) and capacity (in MW). When neither country-level nor country-technology-specific multipliers are available, IRENA regional multipliers are used.

30 Country-technology and region-technology averages are only retained if there are at least 10 observations relating to that combination in the original BNEF data, after manually excluding lower and upper outliers.

If these are also unavailable, BNEF regional-technology averages are computed as a last resort, ensuring the most reliable estimates for investment costs are applied across the GLCF.

### DATA PROCESSING: SMALL-SCALE SOLAR PANELS

The BNEF Small-Scale Renewables dataset provides estimates of residential and commercial rooftop photovoltaic (PV) investments that are not captured in the project-level asset finance dataset, relying on top-down estimates (BNEF, 2025b). To construct the merged dataset required for our GLCF analysis, we use two distinct BNEF tools:

1. **The Clean Energy Transition Investment Tool** provides data on monetary investment in small-scale solar PV. Investment values are reported in aggregate form by sector (residential and commercial). A regional-level breakdown is provided across BNEF's standard regions, alongside a country-level breakdown for a limited set of countries. By subtracting the reported country-level figures from the regional totals, we can infer values for the remaining countries within each region not individually reported.
2. **The Capacity and Generation Tool** offers data on annual capacity additions in MW for small-scale solar PV, broken down by sector and country. Country-level estimates for residential and commercial rooftop capacity additions are available. We use this data to estimate the distribution of investment across countries not individually reported in the Investment Tool. This allows for a more accurate country-level disaggregation of investment data where BNEF provides only partial granularity.

Double counting checks for projects likely to be small-scale solar PV investment in public international datasets are also conducted.

Residential and commercial system costs for small scale solar projects at the national level are utilized from ***IEA's Photovoltaic Power Systems Programme National Survey Reports*** (IEA-PVPS, 2025) to inform the split of investment into small-scale solar PV between the respective markets. Where not available, regional averages from known countries are taken.

### DATA PROCESSING: TRANSMISSION AND DISTRIBUTION

CPI acknowledges that supporting transmission and distribution (T&D) infrastructure is a critical enabler of the energy transition. T&D networks must expand in parallel with renewable energy sources to accommodate the increased supply of clean electricity. However, since T&D infrastructure can also carry fossil fuel-based energy and fossil fuel plants are still being commissioned, historical GLCF reports have only included T&D investments explicitly tagged for renewable energy distribution. This is in line with our principle of conservativeness. For GLCF 2025, an updated methodology is applied and included in Annex data, developments that will be integrated into core data in future iterations once the methodology is refined.

In previous editions of the GLCF, project-level data was used to identify investments in T&D, which restricts the coverage to projects that connect exclusively to renewable energy power plants. In this edition, the Annex for the 2025 GLCF incorporates BNEF Grid Data (BNEF, 2025a), which tracks T&D investments individually, covering investments in new connections and asset replacement and system reinforcement.

While this data provides a more comprehensive view, the investments are not energy-source specific and may include infrastructure used for fossil-powered generation. As a result, not all T&D investments can be automatically classified as climate-aligned.

To address this, CPI collects country-level data on installed capacity and electricity generation—both renewable and non-renewable—over a rolling five-year period (IRENA, 2024a). This data is used to estimate the share of T&D investment that can be reasonably attributed to clean energy, based on the renewable energy generation mix in each market:

- **New connection:** Specifically, for all new T&D connection investments, if a market has recorded more than 67% renewable energy generation added capacity over the past five years, that same proportion of T&D investment is considered to be climate-aligned. This approach is more conservative than the EU Sustainable Finance Taxonomy (EU Technical Expert Group on Sustainable Finance, 2020), which states that:

  > The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria: … b. more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period

- **Asset replacement and system reinforcement:** CPI applies a lower threshold of renewable energy installed capacity proportion based on the world average in 2023—reported to be 30% (Ember, 2024)—in which the installed capacity portion is used for asset replacement and system reinforcement investments.

To capture forward-looking momentum in markets that may not yet meet high renewable energy thresholds but are on a strong growth trajectory, CPI also considers the expected compound annual growth rate (CAGR) of renewable energy generation. This approach is inspired by the work of Climate Compatible Growth (CCG, 2024). In countries where the share of renewable energy installed capacity is currently below 30%, CPI applies that same proportion to system reinforcement and asset replacement investments—provided the country meets a minimum renewable energy CAGR threshold.

CPI intends to review and improve this methodology before incorporating it into the core GLCF dataset.

**Key 2025 Updates**

A new project-level hydrogen investment dataset replaces the market-sizing approach used in 2024, marking a shift toward more granular and verifiable data. This update improves accuracy and transparency in tracking investments in one of the most critical emerging technologies for decarbonization.

As with previous editions, T&D is covered only by project-level data where the project is tied directly to renewable energy plants. However, this edition significantly expands coverage of T&D investments through methodology in its Annex, including not only new grid connections, but also asset replacement and system reinforcement—capturing a fuller picture of infrastructure investments supporting the energy transition. The new methodology provides system-level granularity, although investments are now assessed for climate alignment using a refined attribution method based on renewable energy share and growth rate.

### 3.3.4 INDUSTRY

The industry sector encompasses financial flows directed to reducing GHG emissions and enhancing climate resilience across industrial activities. This includes investments in energy efficiency, process improvements, and the adoption of low-carbon technologies across various industrial subsectors. In 2023, the industry sector accounted for around 20% of global GHG emissions (UNEP, 2024).

Given the limited availability of reliable project-level data in the industry sector, and in line with CPI's approach of benchmarking against authoritative sources, we anchor our total investment estimate to the IEA figures from their global investment in energy efficiency of the industry sector data (IEA, 2023, 2024d)[31].

However, since the IEA provides data only at the global aggregate level, which lacks the geographic granularity required by the GLCF, we supplement IEA figures with more detailed data.

#### DATA PROCESSING: TOP-DOWN APPROACH

To break the IEA industry sector investment value into more detailed geographic, solution, and financial instrument components, we follow these steps:

1. To ensure maximum granularity, we incorporate all available project-level data—such as OECD and DFI surveys—directly into the final dataset. These values are subtracted from the IEA totals to avoid double counting.
2. We assess country-level distributions observed across authoritative institutions datasets and apply them to adjusted IEA values, assuming these patterns reflect broader industry energy efficiency investment trends.
3. Additional assumptions are applied to disaggregate values by actor and instrument type, guided by evidence-based desk research.
4. Robustness checks are performed to ensure that the final dataset remains aligned with IEA's overall figures while providing a more granular breakdown.

This approach allows us to maintain alignment with a trusted global benchmark while also providing the granular insights necessary for comprehensive climate finance tracking analysis.

31 According to IEA: An energy efficiency investment is defined as the incremental spending on new energy-efficient equipment or the full cost of refurbishments that reduce energy use. The intention is to capture spending that leads to reduced energy consumption. More details on calculations and assumptions can be found on the methodology file (IEA, 2024e).

**Key 2025 Updates**

Since 2024, CPI has used IEA's energy efficiency investment benchmark to better reflect the global investment landscape. This year, CPI has incorporated more comprehensive and representative datasets to strengthen its evidence-based estimates on the distribution of global industry finance flows. These improvements have enhanced the alignment of country-level and actor-specific estimates with real investment patterns, increasing the robustness and accuracy of our industry sector analysis.

### 3.3.5 TRANSPORT

The transport sector encompasses financial flows directed to solutions across various modes of transport that support the transition to low- and zero-carbon mobility. This includes both vehicle and fleet-related solutions (i.e., battery electric vehicles for private road transport) and enabling infrastructure (i.e., EV charging networks). In addition, policy, national budget support, and capacity-building solutions are included in this sector, with specific interventions (e.g., modal shift policies) accounted for as distinct solutions. These interventions offer both mitigation and adaptation benefits. According to the United Nations Emissions Gap Report (UNEP, 2024), the transport sector accounted for 15% of emissions in 2023, presenting a significant opportunity for mitigation potential.

CPI's tracking of climate finance in the transport sector follows a similar approach to energy systems, integrating a broad range of data sources, categorized into three complementary streams to ensure full coverage while avoiding duplication:

1. **Core public energy systems data**
   This component includes energy-tagged investments from major public sources such as the OECD, CFU, DFI surveys, and IDFC surveys. These are already consolidated within the public international finance processing framework (see Box 9).

2. **Core private energy systems data**
   Private finance data is primarily sourced from LGX and IJGlobal, used to fill gaps for specific countries and technologies (e.g., metros) after thorough double-counting checks. These datasets also contain some public institution data, though this is typically replaced with the dedicated public dataset.

3. **Market-sizing data sources**
   Solution-specific data is used for electric vehicles, charging stations and metros. These datasets are prioritized due to gaps on primary data sources covering these types of solutions. Unlike energy projects, which often require detailed tracking at the project level to assess individual investments, technologies, and outcomes, vehicle markets are influenced by broad, systemic factors such as national policies, consumer demand, and industry shifts. Tracking the total number of vehicles in circulation provides a clearer and more comprehensive view of the sector's growth and its alignment with broader economic and environmental trends.

### DATA PROCESSING: ELECTRIC VEHICLES – 2-3 WHEELERS

The 2025 GLCF includes, for the first time, investments in 2- and 3-wheeler EVs with a focus on the largest markets for this category: China and India. According to the IEA's Global EV Outlook (IEA, 2024a), China and India respectively held 78.6% and 12% of the market share for 2-wheeler EV sales, and for 3-wheeler EV sales, they held 34.5% and 62.6% of the market share.

Building on the State of Cities Climate Finance report (CCFLA, 2024), the bottom-up calculation method consists of multiplying the number of yearly sales, obtained from the IEA Global EV Outlook (IEA, 2024a), by the average price of these vehicles in the specific markets of interest, collected from desk-based research. The computed data was classified under private finance and information on purchasing patterns, including the share of passenger versus commercial vehicles, loan-to-value (LTV) ratios,[32] and loan rates[33], was collected through desk research to inform the breakdown of financial instruments.

### DATA PROCESSING: ELECTRIC VEHICLES – 4 WHEELERS

The 2025 GLCF includes data on purchases of 4-wheeler EVs, covering small, medium, and large vehicles as well as sports utility vehicles (SUVs) and pick-up trucks. Similar to the approach used for 2- and 3-wheeler EVs, this data was constructed by multiplying annual vehicle sales, sourced from the Electric Vehicle Outlook (BNEF, 2024b), which offers broader market coverages and focuses solely on battery electric vehicles (BEVs), by the average market-level prices of these vehicles obtained from desk-based research.

The dataset is limited to the countries covered in the BNEF data (BNEF, 2024b), but has been supplemented with sales data from additional countries. Base vehicle prices paid by consumers were collected through desk-based research. Collectively, this dataset is believed to account for the majority of global EV sales in 2023.

The base price paid by the consumer is adjusted for any governmental incentives or public subsidies for EV purchases, as this finance does not flow to the vendor (as is typical with revenue support schemes) but instead contributes directly to the uptake of low-carbon transport consumption.

To inform the split of financial instruments, information on purchasing patterns, such as the share of passenger versus commercial vehicles, LTV ratios, loan rates, and government incentives per vehicle, was also collected through desk-based research.

Plug-in hybrid and hydrogen fuel cell vehicles are excluded from the analysis, given their potential to emit GHGs varies based on driver behavior.

### DATA PROCESSING: EV CHARGING INFRASTRUCTURE

For the 2025 GLCF, EV charging infrastructure data is obtained from the BNEF EV Charging Outlook (BNEF, 2024a), substituting the IEA EV Charging data (IEA, 2024c) due to increased granularity at the country level. This data is provided for the top markets that installed EV chargers in 2023 and is categorized as either public (fast and slow), home, work, or commercial

32 The average share of the vehicle's price that is financed via a loan.
33 The number of vehicles that are, on average, financed via a loan.

for e-buses and trucks. This data is then imputed into the institution and instruments breakdowns used in CPI as follows:

**Table 6:** BNEF EV charging infrastructure taxonomy dictionary

| BNEF EV Charging Category | CPI Institution Layer 2 | CPI Instrument |
|---|---|---|
| **Public slow** | Government | Grant |
| **Public fast** | Government | Grant |
| **Home** | Household | Balance sheet financing (equity portion) |
| **Work** | Corporation | Balance sheet financing (equity portion) |
| **E-bus and truck** | Corporation | Balance sheet financing (equity portion) |

#### DATA PROCESSING: METRO

Project-level data for metro projects is captured across the LGX, IJ Global, and public international data sources. However, these do not capture total metro expenditure.

To better understand the gaps in our metro estimates, the Annex for the 2025 GLCF contains bottom-up estimates for investments into metro infrastructure and rolling stock, building on the methodology developed in the ***State of Cities Climate Finance*** report (CCFLA, 2024). Costs are benchmarked against metro-marked projects from the Transit Cost Project's and Rolling Stock Costs datasets (Levy et al., 2025). We apply these costs to annual new metro rail construction and new rolling stock data from the International Association of Public Transport (UITP, 2022).

CPI intends to review and improve this methodology before incorporating it into the core GLCF dataset, namely by including processes to estimate the share of metro investments that can be counted as climate finance.

**Key 2025 Updates**

Methodological updates were conducted for 4-wheeler EVs and EV charging infrastructure due to changes in data providers. Additionally, the 2- and 3-wheeler EV sales data and a new metro methodology have been added to the transport sector for the first time.

### 3.3.6 WATER AND WASTEWATER

The water and wastewater sector includes financial flows for solutions that either (a) expand access to and improve the resilience and efficiency of water, sanitation, and hygiene (WASH) services or (b) enhance adaptation to flooding and drought conditions. These interventions offer both mitigation and adaptation benefits. Wastewater is estimated to have accounted for up to 2% of global GHG emissions in 2023 (UNEP, 2024) and the whole sector is increasingly recognized as critical for advancing adaptation and resilience investment.[34]

34 Up to 10% of global GHG emissions were water-related in 2021 (US Water Alliance, 2022).

Tracking in the water and wastewater sector is based mainly on project-level data, with particular emphasis on ensuring climate relevance and avoiding double counting. Data is sourced from OECD, DFI surveys, LGX bond data, IJGlobal, Global Water Intelligence (GWI), and the World Bank Private Participation in Infrastructure (PPI) database.

#### DATA PROCESSING: ADAPTATION LIKELIHOOD MODEL

We apply CPI's adaptation likelihood (CPI, 2024j) in the 2025 GLCF, focusing specifically on the water and wastewater sector. The model, which uses an AI-based approach to estimate the likelihood that a project supports climate adaptation, was systematically applied to project-level datasets that are not climate-tagged, including the Global Water Intelligence (GWI) dataset and the World Bank's Private Participation in Infrastructure (PPI) database. For IJGlobal, the adaptation likelihood model was applied manually.

Adaptation likelihood describes our level of confidence that an investment could be considered an adaptation effort. Investments are categorized on a three-point scale of low, medium, or high with only medium and high investments being included in the GLCF. See Box 10 for more information.

**Key 2025 updates**

The 2025 cycle marks a significant enhancement in water and wastewater sector tracking. For the first time, data from Global Water Intelligence, the World Bank PPI, and the Luxembourg Green Exchange have been integrated. Although total investment values are broadly in line with previous cycles, the distribution of data sources has shifted significantly.

While this is not an internal methodological change, notable reductions in investment were observed in the sector. This trend mirrors a broader shift observed in adaptation finance, where IDFC members' adoption of more conservative tracking and reporting practices (IDFC, 2023) has led to a decrease in adaptation finance reported across sectors—including water and wastewater.

### 3.3.7 INFORMATION AND COMMUNICATIONS TECHNOLOGY

The information and communication technology (ICT) sector encompasses investments related to the development, deployment, and use of digital technologies that enable the transmission, access, and processing of information. In the context of climate finance tracking, this includes projects that enhance energy efficiency in data centers and telecommunications infrastructure, promote smart technologies that optimize energy use (such as smart grids and smart city applications), or contribute to emissions reductions through digital solutions (e.g., remote work technologies, digital monitoring systems for energy and resource management). We track ICT-related climate finance when projects have a clear climate rationale, such as reducing GHG emissions, increasing energy efficiency, or enhancing climate resilience through digital innovation. General ICT infrastructure without a direct climate benefit is not considered climate finance.

### 3.3.8 WASTE

The waste sector includes activities focused on the management, reduction, and treatment of solid waste with a clear climate mitigation or adaptation objective. In the context of climate finance tracking, this covers investments in projects such as waste prevention, recycling, composting, material recovery, landfill gas capture and utilization, and the development of low-emission waste treatment technologies. Solid waste is estimated to account for up to 2% of global GHG emissions in 2023 (UNEP, 2024). Projects are considered climate-relevant when they contribute to reducing GHG emissions from waste management processes or enhance resilience through improved waste handling systems. General waste management projects without a specific climate rationale are not included in climate finance tracking.

### 3.3.9 OTHERS AND CROSS-SECTORAL

The other and cross-sectoral category captures activities that span multiple sectors or do not fit neatly into a single sector but contribute meaningfully to climate change mitigation, adaptation, or both. This includes projects such as multi-sectoral technical assistance, cross-cutting policy development, climate finance capacity building, research and innovation initiatives, and broad resilience programs that address several sectors simultaneously. We track finance under this category when the climate rationale is explicit, and the activity supports systemic or integrated approaches to climate action. Activities without a direct or clearly articulated climate objective are excluded.

## 3.4 DATA GAPS

As the climate finance ecosystem matures, there is a need for data providers to improve the quality of granular data and the transparency of their reporting. CPI continues to advocate for this shift while maintaining robust methods to manage current limitations. As the availability and quality of project-level data improve, we aim to reduce the reliance on calculations and secondary data. Until then, these interventions remain a necessary part of building a complete and accurate picture of global climate finance.

### 3.4.1 KEY CLIMATE FINANCE REPORTING GAPS

The GLCF offers the most comprehensive overview of climate finance flows. Yet, despite the adoption of best practices, there remain key reporting barriers that CPI, as well as all institutions attempting to track climate finance, are unable to overcome without improvements to reporting. Such gaps mean comprehensive tracking remains elusive in certain areas, as displayed in Figure 3.

**Figure 3:** Data coverage in the GLCF, 2023

| | Private | Public International | Public Domestic | Unknown |
|---|---|---|---|---|
| **MITIGATION** | 1,235 | 139 | 407 | <1 |
| Energy Systems | 569 ↑ / 62 | 44 | 218 / 23 | <1 |
| Transport | 381 / 34 | 33 / 15 | 126 / 83 | <1 |
| Buildings & Infrastructure | 252 ↑ | 20 | 17 ↑ | N/A |
| Agriculture, Forestry & Other Land Use | 6 ↑ | 4 | 9 ↑ | N/A |
| Industry | 12 ↑ | 4 | 9 ↑ | N/A |
| Waste | 16 | 1 | 8 | N/A |
| Water & Wastewater | <1 | 4 | 5 | N/A |
| Other & Cross-sectoral | <1 | 30 | 16 | N/A |
| **ADAPTATION** | 6 / 65-87 | 38 | 20 | 1 |
| Water & Wastewater | 3 ↑ | 5 | 13 ↑ | 1 |
| Agriculture, Forestry & Other Land Use | 1 | 6 | <1 | N/A |
| Other & Cross-sectoral | 1 | 23 | 8 | <1 |
| **DUAL BENEFITS** | 16 | 30 | 12 | <1 |
| Water & Wastewater | 8 ↑ | 4 | 5 ↑ | <1 |
| Agriculture, Forestry & Other Land Use | 5 ↑ | 4 | 5 ↑ | N/A |
| Other & Cross-sectoral | <1 | 14 | <1 | N/A |

USD billion — Tracked; Limited Tracking; Under methodological iteration by CPI for inclusion in future CPI reports; Not Tracked; ↑ Complemented with new data sources in 2023

***Note:*** *In addition to the sectors listed above, the 'Information Communications and Technology' sectors made up USD 0.8bn of finance in 2023. The untracked private adaptation values and untracked private and public domestic transport and B&I values refer to calculations that do not currently contribute to the GLCF totals but indicate the magnitude of uncaptured flows.*

While improved transparency and standardized climate finance reporting must be sought across the board, a few key areas are highlighted by UNFCCC SCF (2024) and echoed in CPI reports, especially those providing regional insights on:

- Private finance for adaptation activities and for mitigation activities in AFOLU, waste, and water and sanitation sectors.
- Public domestic climate finance reported by countries.
- Disbursement data availability.
- Information on South-South flows and cooperation.

**Box 10: Improving private adaptation finance tracking**

Private actors play an increasingly important role in delivering goods and services for adaptation, as well as in climate-proofing supply chains. To date, adaptation finance tracking has been driven by public data sources, including DFI surveys, OECD, and CFU data, complemented with IJGlobal. However, limited data on private adaptation finance has muddied the understanding of private participation in responding to climate vulnerabilities.

To address the persistent gap in understanding private sector financing for adaptation, CPI has developed a taxonomy of adaptation activities to track private sector flows and created a methodology to assess adaptation relevance likelihood building on emerging adaptation taxonomies such as by Tailwind and CBI (CPI, 2024j). The adaptation likelihood concept evaluates how likely a financed activity is to meet the GLCF definition of adaptation.

In the 2024 GLCF, the methodology modestly expanded the tracking of private adaptation-relevant project-level flows. It also identified additional non-project-level flows, which were not included in the GLCF totals as they do not align with CPI's tracking principles, in the form of consumer and household spending (USD 48-61 billion annually) and venture-level investment (USD 6.3 billion annually).

This year, the methodology has been applied to specific non-climate-tagged datasets covering water and wastewater only (see Section 3.3.6 for details). The consumer and household approach is also repeated for the 2025 GLCF, reaching USD 65-87 billion. Again, calculations do not currently contribute to the GLCF totals but indicate the magnitude of uncaptured flows. Provisional values can again be seen, against current coverage, in Figure 3.

### 3.4.2 UNDERSTANDING CPI DATA COVERAGE VS. OTHER DATA SOURCES

Headline figures of climate finance vary by institution (e.g., between the OECD, UNFCCC, IEA, and CPI). This can largely be attributed to differences in coverage and definitions of sectors and solutions, as well as underlying methodologies (ECB, 2025). Key differences are summarized in this section, with explanations provided where they are publicly available.

#### UNFCCC

The UNFCCC's Biennial Assessments provide overviews of climate finance flows and trends, collecting data from multiple sources including: (i) BNEF, the IEA and CPI for global flows; (ii) parties biennial transparency reports, UNFCCC Fund financial reports, OECD, CFU, MDBs, IDFC and CPI for developed to developing country flows and South-South cooperation flows, and (iii) Parties biennial transparency reports, national budget documents and other grey literature for domestic finance flows. By combining data sources, headline numbers can vary from CPI's. Table 7 does not compare against UNFCCC figures, as no new Biennial Assessment had been published by the time of the 2025 GLCF.

### OECD DAC

CPI's coverage of climate finance is broader than that of the OECD DAC climate-related development finance database. CPI includes climate investment regardless of the development status of donors and recipients, whereas OECD data focuses on international flows to ODA-eligible countries. Additionally, the OECD captures only a small portion of private finance mobilized by public projects. CPI data covers all international and domestic, public and private climate investments, as discussed in Box 2.

### IEA

The areas in which CPI's scope and methodology differ from those of the IEA are summarized in Table 7, alongside subsequent climate finance reporting implications.

**Table 7:** Coverage of CPI numbers and other sources, 2023 (USD bn)

| Boundaries/Sectors | CPI | IEA | Notes |
|---|---|---|---|
| Renewable power | 787 | 735 | CPI numbers represent financial commitments and deals into RE projects, whereas IEA tracks capital expenditure. |
| Nuclear and other clean power | Not in scope | 67 | CPI currently excludes nuclear investment, see exclusion criteria. |
| Energy Storage | 42 | 40 | |
| Low emission fuels | Tracked in Renewable Power | 20 | For IEA, this total consists of bioenergy, low emission H2 based fuels, CCUS on fossil fuels and direct air capture. Exclusion criteria apply to those included in CPI's Renewable Power. |
| Electricity grids | 1 | 375 | Many taxonomies consider investments in energy transmission and distribution networks eligible for climate finance if they enable greater integration of renewable energy. However, in practice, it is often challenging to determine whether a specific grid investment directly supports RE integration. As a result, CPI's current tracked numbers only cover projects that connect exclusively to renewable energy power. |
| Electricity grids – New grids and asset replacement | 86 | | See Section 3.3.3 for further details. |
| Energy Efficiency – Buildings and Industry | 312 | 397 | IEA track investment into energy efficiency, electrification and renewables for end uses in Buildings, Transport and Industry. Renewables are tracked under CPI`s renewable power. |
| Transport | 539 | 229 | IEA tracks incremental cost of efficient vehicles.<br>CPI counts full cost of low-carbon transport: EVs, Rail and Public Transport, Waterways, and Transport-oriented Urban Development and Infrastructure. |
| Transport - metro | 132 | | See Section 3.3.5 for further details. |
| Other Energy, Industry and Buildings & Infrastructure mitigation | 1 | Not in scope | For example, Policy and National Budget Support and Capacity Building for mitigation. |
| Fossil fuels | Not in scope | 1087 | |
| Adaptation finance | 65 | Not in scope | |
| Adaptation finance - households | 65 – 87 | | See Section 3.4.1 for further details. |
| Dual benefits finance | 58 | Not in scope | |
| AFOLU mitigation | 18 | Not in scope | |
| Waste and wastewater mitigation | 34 | Not in scope | |
| Other cross-sectoral mitigation | 46 | Not in scope | |
| Total | 1903 | 2970 | CPI tracks financial commitments. IEA tracks capital expenditures. |
| Total ex. fossil fuel | 1903 | 1883 | |
| Total including new CPI estimations | 2186 - 2208 | | |

| Covered and tracked by CPI and IEA | Under methodological iteration by CPI for inclusion in future CPI reports | Not in scope |
|---|---|---|

# 4. CONCLUDING REMARKS

This methodology document supports CPI's 2025 edition of the GLCF by providing a transparent and consistent framework for categorizing and quantifying climate-relevant financial flows. It reflects CPI's ongoing efforts to enhance rigor, clarity, and comparability in tracking climate mitigation, adaptation, and dual benefit objectives. By standardizing definitions, exclusions, and the treatment of financial instruments, the methodology ensures that reported figures are both comprehensive and avoid double counting.

The document outlines how CPI applies this framework to collect and process data disaggregated by source, instrument, recipient, sector, and region. Drawing on a wide range of primary and secondary data sources, the methodology enables CPI to analyze finance at a project, solution, and activity level, capturing both public and private contributions and allowing for detailed insights into deployment trends and gaps, which is published in the annual GLCF reports. Sections such as tracking principles, sectoral methodologies, and data gaps demonstrate CPI's commitment to analytical depth and methodological transparency.

As countries and institutions seek to align financial flows with the Paris Agreement and emerging goals, robust and transparent tracking is essential. This methodology supports a shared understanding of where capital is flowing, where it is falling short, and how it can be mobilized more efficiently to support a low-carbon and climate-resilient global transition.

Climate finance tracking is inherently complex and will continue to evolve. Improved data disclosure, consistent reporting practices, and stronger institutional capacity will be key to enhancing the accuracy, granularity, and policy relevance of climate finance data. CPI remains committed to adapting its methodology in response to emerging challenges and opportunities, supporting an evidence base that enables effective and aligned action on climate goals.

# 5. ANNEXES

## ANNEX - TABLE 1: CLIMATE FINANCE DEFINITIONS

| Source | Definition |
|---|---|
| **GLCF aligned definitions and approaches** | |
| **UNFCCC SCF** (2024) | The SCF has agreed to apply the following in future Biennial Assessment work:<br>'**Climate finance** aims at reducing emissions and enhancing sinks of GHGs aims at reducing vulnerability, increasing adaptive capacity, and mainstreaming and increasing resilience of human and ecological systems to negative climate impacts, and includes financing for actions identified in a country's nationally determined contribution, adaptation communication, national adaptation plan, long-term low-emission development strategy or other national plan for implementing and achieving the goals of the Paris Agreement and the objective of the Convention' |
| **GFANZ** (2023) | **Solutions:** Assets and entities that directly remove or reduce real-economy GHG emissions.<br>**Nature-based solutions:** Actions to protect, sustainably manage, and restore natural and modified ecosystems in ways that address societal challenges effectively and adaptively, to provide both human well-being and biodiversity benefits. In the context of net-zero transition, nature-based solutions are those that use natural systems to reduce GHG emissions and store carbon. |
| **Climate Bonds Initiative** | Climate Bonds Initiative's Climate Bonds Taxonomy (CBI, 2021b) and Climate Bonds Resilience Taxonomy (CBI, 2025) classify assets and projects that are aligned with a low-carbon and carbon-resilient economy. CPI align with the approach and criteria of both taxonomies.<br>Climate Bonds Initiative's Green Bond Methodology (CBI, 2024) aims to establish a robust framework for evaluating and categorizing green assets, projects, activities, and expenditures. Similar to CPI, screening is based on a set of foundational principles, two of which reference climate **mitigation:**<br>1) Green credentials based on mitigation and environmental impact: The assets, projects, and activities should contribute to significantly reduced emissions or demonstrate a positive impact on the environment, thus participating in the advancement of conservation and ecosystem protection.<br>2) Science-based: The methodology should be informed by sound scientific research, utilizing data-driven insights to validate the contribution to climate change mitigation or positive environmental benefits of the assets or projects. This is to be informed by existing taxonomies, labels, and criteria as noted in the methodology. |
| **Definitions from GLCF data sources** | |
| **OECD-DAC – Rio Markers**<br><br>(OECD, 2016) | Climate **mitigation finance** activities are those that contribute to the stabilization of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, in line with the goals of the Paris Agreement. This could include promoting efforts to reduce or limit GHG emissions or enhancing GHG removal via sinks.<br>Climate **adaptation finance** activities are those that intend to reduce the vulnerability of human or natural systems to the current and expected impacts of climate change, including climate variability, by maintaining or increasing resilience, through increased ability to adapt to or absorb climate change stresses, shocks, and variability, and/or by helping reduce exposure to them. This encompasses a range of activities from information and knowledge generation to capacity building, planning, and the implementation of climate change adaptation actions. |
| **MDBs-IDFC**<br><br>(IDFC, 2023; MDBs, 2023b; IDFC, CPI, and Trinomics, 2024) | An activity can be classified as climate change **mitigation** where the activity, by avoiding or reducing GHG emissions or increasing GHG sequestration, contributes substantially to the stabilization of GHG concentrations in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate system, consistent with the long-term temperature goal of the Paris Agreement.<br>Financial resources associated with only those components, elements, or proportions of projects that directly contribute to or promote **adaptation**, to lower current and expected risks or vulnerabilities posed by climate change. |
| **Climate Funds Update**<br><br>(ODI and HBF, 2025) | **Climate finance** refers to the financial resources mobilized and provided to fund actions that **mitigate, adapt** to, and address the impacts of climate change, including public climate finance commitments by developed countries under the UNFCCC, although a universal definition of the term 'climate finance' is yet to be agreed internationally. Instead, there have been efforts to update an operational definition of climate finance, most recently in the SCF in its sixth biennial assessment report of finance flows |

# ANNEX - TABLE 2: FULL SECTORAL TAXONOMY OF THE 2025 GLCF

| Sector | Subsector | Mitigation or adaptation solution | Additional information and examples |
|---|---|---|---|
| **Energy systems** | Power and heat generation | Biofuel/biomass-fired | If a project's GHG emissions reductions are demonstrated compared with technically and economically viable alternatives |
| | | Geothermal | |
| | | Hydropower[35] | If a project's GHG emission reductions are demonstrated compared with technical and economically viable alternatives |
| | | Hydrogen fuel cell | Using green hydrogen only |
| | | Off grid renewables | |
| | | Other marine | Wave, Tidal, etc. |
| | | Solar – Concentrated Solar Power (CSP) | |
| | | Solar – Photovoltaic (PV) | Utility scale and distributed |
| | | Wind – Offshore | |
| | | Wind – Onshore | |
| | | Carbon capture, use, and storage (CCUS) in fossil fuel power plants | Incremental costs of CCUS technology only |
| | | Waste-to-energy | Ex. incineration, gasification, pyrolysis and plasma with clear mitigation benefits |
| | | Multiple | Unspecified RE projects or projects combining multiple energy sources |
| | | Renewable retrofit | Energy Efficiency in existing renewable power assets |
| | | Resilient infrastructure and infrastructure for resilience | Ex. Reduction in river flows leading to loss of generation from a hydroelectric plant |
| | Power and heat transmission and distribution | District heating | Fueled by renewable energy only |
| | | Smart grid | |
| | | Mini grids | |
| | | Power grid – retrofit | Retrofits that lead to clear energy efficiency gains |
| | | Power grid – new | That enables the integration of renewable power capacity |
| | | Resilient infrastructure and infrastructure for resilience | Ex. Undergrounding of power lines |

35 CPI does not include large hydro projects financed by 1) the public sector and that does not demonstrate mitigation potential, and 2) the private sector.

| Sector | Subsector | Mitigation or adaptation solution | Additional information and examples |
|---|---|---|---|
| | Fuel production | Biogas | Production of biogas connected to natural gas pipelines |
| | | Biofuel | Biofuel production |
| | | Hydrogen from renewables | |
| | Fuel transmission and distribution | NA | Ex. Green hydrogen pipelines |
| | Policy and national budget support and capacity building | NA | |
| | Other/unspecified | NA | Other energy projects include general energy access development with clear mitigation and/or adaptation benefits |
| **Industry** | Industrial, extraction, and manufacturing processes | Non-energy and fugitive GHG reduction | Ex. Substitutions in industrial processes with associated GHG cuts |
| | | Carbon Capture Use and Storage (CCUS) | Excluding Energy sector – Incremental cost only |
| | | Energy-use improvements and other GHG cuts | Energy consumption and GHG cuts in industrial processes |
| | | Substitution with hydrogen from renewables | Industrial processes using hydrogen shifting from FF-based Hydrogen to RE-based hydrogen |
| | Industry infrastructure and warehouse | Energy efficiency | Low-consumption warehouses and light industry buildings |
| | | Resilient infrastructure and infrastructure for resilience | Ex. Improve resilience of existing industrial plant/flood protection etc. |
| | Policy and national budget support and capacity building | NA | |
| | Other/unspecified | NA | |
| **Waste** | Solid waste | Infrastructure and management (incl. recycling) | |
| | Policy and national budget support and capacity building | NA | |
| | Other/unspecified | NA | |

| Sector | Subsector | Mitigation or adaptation solution | Additional information and examples |
|---|---|---|---|
| **Water and wastewater** | Water supply and sanitation | Efficient large infrastructure | |
| | | Basic water access | |
| | Waste water treatment | Infrastructure and management | Greenfield or brownfield projects that reduce methane or nitrous oxide emissions through wastewater, fecal sludge, or septage management |
| | | NA | |
| | Policy and national budget support and capacity building | NA | Ex. Improved catchment management planning and regulation of water abstraction |
| | Other/unspecified | NA | |
| **Buildings and infrastructure** | Building and infrastructure construction work | Energy efficiency - new construction | |
| | | Energy efficiency - retrofit | |
| | | Resilient infrastructure and infrastructure for resilience | |
| | | Heatpumps | |
| | HVAC and water heaters | Renewable energy-based HVAC | |
| | | Solar thermal water heaters | |
| | | Energy-efficient HVAC | Efficient cooling, etc. |
| | Appliances and lighting | Efficient lighting systems (incl. public lighting) | Ex. LEDs |
| | Policy and national budget support and capacity building | NA | Ex. More robust building regulations and improved enforcement |
| | Other/unspecified | NA | |

| Sector | Subsector | Mitigation or adaptation solution | Additional information and examples |
|---|---|---|---|
| **Transport** | Private road transport | Battery electric vehicles (EVs) | |
| | | EV Chargers | |
| | Rail and public transport | Modal shift policy support | |
| | | Energy Efficiency - retrofit | Fleet retrofit with clear energy efficiency gains |
| | | New bus, light or heavy rail fleet and related infrastructure | With associated modal shifts from a higher-carbon transport mode.<br>FF-powered rail engines are excluded |
| | Waterway | Energy efficiency - retrofit | Fleet Retrofit |
| | | New low-carbon fleet and related Infrastructure | |
| | Aviation | Energy efficiency - retrofit | |
| | | Modal shift policy support | |
| | Policy and national budget support and capacity building | NA | |
| | Transport-oriented infrastructure and urban development | Infrastructure for non-motorized transports | |
| | | Resilient infrastructure and infrastructure for resilience | Ex. Use of revised codes for infrastructure design that consider increased frequency or severity of extreme events |
| | Other/unspecified | Modal shift with associated GHG emission cuts | |
| **Information and communications technology** | Data centers | NA | New highly energy efficiency centers or energy efficiency retrofits |
| | Telecommunication networks | NA | New highly energy-efficient networks or energy efficiency retrofits |
| | | Resilient infrastructure and infrastructure for resilience | |
| | Policy and national budget support and capacity building | NA | |
| | Other/unspecified | NA | |

| Sector | Subsector | Mitigation or adaptation solution | Additional information and examples |
|---|---|---|---|
| **Agriculture, forestry, other land uses, and fisheries** | Agriculture | Sustainable crops, agro-forestry, Livestock production | Ex. Investments in crops that are more resilient to climate extremes and change |
| | | Supply chain management (commercialization, primary processing and storage) | |
| | | Financial services for sustainable production, commercialization, storage and processing | |
| | Forestry | Afforestation, reforestation, forest conservation, sustainable management of existing forests, including extraction of non-timber products | |
| | | Supply chain management (commercialization, primary processing and storage) | |
| | Fisheries | Sustainable fish production | |
| | | Supply chain management (commercialization, primary processing and storage) | |
| | Food and diet | Food waste and low-carbon diets | |
| | Policy and national budget support and capacity building | NA | |
| | Other/unspecified | NA | |
| **Others and cross-sectoral** | Policy and national budget support and capacity building | NA | |
| | Biodiversity, land and marine conservation | NA | |
| | Disaster-risk management | NA | Ex. integration of climate change scenarios and climate risk assessments into disaster-risk plans and preparedness |
| | Other/unspecified | NA | |

# ANNEX - TABLE 3: COUNTRY CLASSIFICATIONS USED FOR THE ANALYSIS OF CLIMATE FINANCE FLOWS

| Region | Country | Dev. Status | Income Level | SIDS |
|---|---|---|---|---|
| Central Asia and Eastern Europe | Croatia | Advanced | HIC | |
| | Cyprus | Advanced | HIC | |
| | Estonia | Advanced | HIC | |
| | Latvia | Advanced | HIC | |
| | Lithuania | Advanced | HIC | |
| | Slovakia | Advanced | HIC | |
| | Albania | EMDE | UMIC | |
| | Armenia | EMDE | UMIC | |
| | Azerbaijan | EMDE | UMIC | |
| | Belarus | EMDE | UMIC | |
| | Bosnia and Herzegovina | EMDE | UMIC | |
| | Bulgaria | EMDE | UMIC | |
| | Georgia | EMDE | LMIC | |
| | Hungary | EMDE | HIC | |
| | Kazakhstan | EMDE | UMIC | |
| | Kosovo[36] | EMDE | LMIC | |
| | Kyrgyzstan | EMDE | LMIC | |
| | Moldova | EMDE | LMIC | |
| | Montenegro | EMDE | UMIC | |
| | North Macedonia | EMDE | UMIC | |
| | Poland | EMDE | HIC | |
| | Romania | EMDE | HIC | |
| | Russia | EMDE | UMIC | |
| | Serbia | EMDE | UMIC | |
| | Tajikistan | EMDE | LIC | |
| | Turkey | EMDE | UMIC | |
| | Turkmenistan | EMDE | UMIC | |
| | Ukraine | EMDE | LMIC | |
| | Uzbekistan | EMDE | LMIC | |
| East Asia and the Pacific | Cook Islands | Advanced | Unknown | SIDS |
| | Guam | Advanced | HIC | SIDS |
| | Hong Kong | Advanced | HIC | |
| | Japan | Advanced | HIC | |
| | Korea, Republic | Advanced | HIC | |
| | Macau | Advanced | HIC | |
| | Niue | Advanced | Unknown | SIDS |
| | Singapore | Advanced | HIC | |
| | Taiwan | Advanced | HIC | |
| | Wallis and Futuna | Advanced | Unknown | |

36 This designation is without prejudice to positions on status and is in line with UN Security Council resolution 1244 and the International Court of Justice Opinion on the Kosovo Declaration of Independence.

| Region | Country | Dev. Status | Income Level | SIDS |
|---|---|---|---|---|
| East Asia and the Pacific | China | China | UMIC | |
| | Fiji | EMDE | UMIC | SIDS |
| | Indonesia | EMDE | UMIC | |
| | Korea, Democratic People's Republic | EMDE | LIC | |
| | Malaysia | EMDE | UMIC | |
| | Marshall Islands | EMDE | UMIC | SIDS |
| | Micronesia | EMDE | LMIC | SIDS |
| | Mongolia | EMDE | LMIC | |
| | Nauru | EMDE | HIC | SIDS |
| | Palau | EMDE | HIC | SIDS |
| | Papua New Guinea | EMDE | LMIC | SIDS |
| | Philippines | EMDE | LMIC | |
| | Samoa | EMDE | UMIC | SIDS |
| | Thailand | EMDE | UMIC | |
| | Tonga | EMDE | UMIC | SIDS |
| | Vanuatu | EMDE | LMIC | SIDS |
| | Vietnam | EMDE | LMIC | |
| | Cambodia | LDC | LMIC | |
| | Kiribati | LDC | LMIC | SIDS |
| | Lao PDR | LDC | LMIC | |
| | Myanmar | LDC | LMIC | |
| | Solomon Islands | LDC | LMIC | SIDS |
| | Timor Leste | LDC | LMIC | SIDS |
| | Tuvalu | LDC | UMIC | SIDS |
| Latin America and the Caribbean | Cayman Islands | Advanced | HIC | SIDS |
| | French Guiana | Advanced | Unknown | |
| | Guadeloupe | Advanced | Unknown | SIDS |
| | Martinique | Advanced | Unknown | SIDS |
| | Montserrat | Advanced | Unknown | SIDS |
| | Netherlands Antilles | Advanced | Unknown | |
| | Puerto Rico | Advanced | HIC | SIDS |
| | Antigua and Barbuda | EMDE | HIC | SIDS |
| | Argentina | EMDE | HIC | |
| | Aruba | EMDE | HIC | SIDS |
| | Bahamas | EMDE | HIC | SIDS |
| | Barbados | EMDE | HIC | SIDS |
| | Belize | EMDE | UMIC | SIDS |
| | Bolivia | EMDE | LMIC | |
| | Brazil | EMDE | UMIC | |
| | Chile | EMDE | HIC | |
| | Colombia | EMDE | UMIC | |
| | Costa Rica | EMDE | UMIC | |
| | Cuba | EMDE | UMIC | SIDS |
| | Dominica | EMDE | UMIC | SIDS |
| | Dominican Republic | EMDE | UMIC | SIDS |
| | Ecuador | EMDE | UMIC | |

| Region | Country | Dev. Status | Income Level | SIDS |
|---|---|---|---|---|
| Latin America and the Caribbean | El Salvador | EMDE | LMIC | |
| | Grenada | EMDE | UMIC | SIDS |
| | Guatemala | EMDE | UMIC | |
| | Guyana | EMDE | UMIC | SIDS |
| | Honduras | EMDE | LMIC | |
| | Jamaica | EMDE | UMIC | SIDS |
| | Mexico | EMDE | UMIC | |
| | Nicaragua | EMDE | LMIC | |
| | Panama | EMDE | HIC | |
| | Paraguay | EMDE | UMIC | |
| | Peru | EMDE | UMIC | |
| | Saint Kitts and Nevis | EMDE | HIC | SIDS |
| | Saint Lucia | EMDE | UMIC | SIDS |
| | Saint Vincent and the Grenadines | EMDE | UMIC | SIDS |
| | Suriname | EMDE | UMIC | SIDS |
| | Trinidad and Tobago | EMDE | HIC | SIDS |
| | Uruguay | EMDE | HIC | |
| | Venezuela | EMDE | UMIC | |
| | Haiti | LDC | LIC | SIDS |
| Middle East and North Africa | Israel | Advanced | HIC | |
| | Algeria | EMDE | LMIC | |
| | Bahrain | EMDE | HIC | |
| | Egypt | EMDE | LMIC | |
| | Iran | EMDE | UMIC | |
| | Iraq | EMDE | UMIC | |
| | Jordan | EMDE | UMIC | |
| | Kuwait | EMDE | HIC | |
| | Lebanon | EMDE | UMIC | |
| | Libya | EMDE | UMIC | |
| | Morocco | EMDE | LMIC | |
| | Oman | EMDE | HIC | |
| | Qatar | EMDE | HIC | |
| | Saudi Arabia | EMDE | HIC | |
| | State of Palestine | EMDE | LMIC | |
| | Syria | EMDE | LIC | |
| | Tunisia | EMDE | LMIC | |
| | United Arab Emirates | EMDE | HIC | |
| | Yemen | LDC | LIC | |
| Other Oceania | Australia | Advanced | HIC | |
| | French Polynesia | Advanced | HIC | SIDS |
| | New Caledonia | Advanced | HIC | SIDS |
| | New Zealand | Advanced | HIC | |
| | Tokelau | Advanced | Unknown | |
| South Asia | Bhutan | EMDE | LMIC | |
| | India | EMDE | LMIC | |
| | Maldives | EMDE | UMIC | SIDS |

| Region | Country | Dev. Status | Income Level | SIDS |
|---|---|---|---|---|
| | Pakistan | EMDE | LMIC | |
| | Sri Lanka | EMDE | LMIC | |
| | Afghanistan | LDC | LIC | |
| | Bangladesh | LDC | LMIC | |
| | Nepal | LDC | LMIC | |
| **Sub-Saharan Africa** | Mayotte | Advanced | Unknown | |
| | Reunion | Advanced | Unknown | |
| | Saint Helena | Advanced | Unknown | |
| | Botswana | EMDE | UMIC | |
| | Cameroon | EMDE | LMIC | |
| | Cape Verde | EMDE | LMIC | SIDS |
| | Congo, Republic | EMDE | LMIC | |
| | Cote d'Ivoire | EMDE | LMIC | |
| | Equatorial Guinea | EMDE | UMIC | |
| | Gabon | EMDE | UMIC | |
| | Ghana | EMDE | LMIC | |
| | Kenya | EMDE | LMIC | |
| | Mauritius | EMDE | HIC | SIDS |
| | Namibia | EMDE | UMIC | |
| | Nigeria | EMDE | LMIC | |
| | Seychelles | EMDE | HIC | SIDS |
| | South Africa | EMDE | UMIC | |
| | Swaziland | EMDE | LMIC | |
| | Zimbabwe | EMDE | LIC | |
| | Angola | LDC | LMIC | |
| | Benin | LDC | LMIC | |
| | Burkina Faso | LDC | LIC | |
| | Burundi | LDC | LIC | |
| | Central African Republic | LDC | LIC | |
| | Chad | LDC | LIC | |
| | Comoros | LDC | LIC | SIDS |
| | Congo, Democratic Republic | LDC | LIC | |
| | Djibouti | LDC | LMIC | |
| | Eritrea | LDC | LIC | |
| | Ethiopia | LDC | LIC | |
| | Gambia | LDC | LIC | |
| | Guinea | LDC | LIC | |
| | Guinea-Bissau | LDC | LIC | SIDS |
| | Lesotho | LDC | LMIC | |
| | Liberia | LDC | LIC | |
| | Madagascar | LDC | LIC | |
| | Malawi | LDC | LIC | |
| | Mali | LDC | LIC | |
| | Mauritania | LDC | LMIC | |
| | Mozambique | LDC | LIC | |
| | Niger | LDC | LIC | |

| Region | Country | Dev. Status | Income Level | SIDS |
|---|---|---|---|---|
| Sub-Saharan Africa | Rwanda | LDC | LIC | |
| | Sao Tome and Principe | LDC | LMIC | SIDS |
| | Senegal | LDC | LIC | |
| | Sierra Leone | LDC | LIC | |
| | Somalia | LDC | LIC | |
| | South Sudan | LDC | LIC | |
| | Sudan | LDC | LIC | |
| | Tanzania | LDC | LMIC | |
| | Togo | LDC | LIC | |
| | Uganda | LDC | LIC | |
| | Zambia | LDC | LMIC | |
| US and Canada | Bermuda | Advanced | HIC | SIDS |
| | Canada | Advanced | HIC | |
| | United States of America | Advanced | HIC | |
| Western Europe | Andorra | Advanced | HIC | |
| | Austria | Advanced | HIC | |
| | Belgium | Advanced | HIC | |
| | Czech Republic | Advanced | HIC | |
| | Denmark | Advanced | HIC | |
| | Finland | Advanced | HIC | |
| | France | Advanced | HIC | |
| | Germany | Advanced | HIC | |
| | Greece | Advanced | HIC | |
| | Iceland | Advanced | HIC | |
| | Ireland | Advanced | HIC | |
| | Italy | Advanced | HIC | |
| | Jersey | Advanced | HIC | |
| | Luxembourg | Advanced | HIC | |
| | Malta | Advanced | HIC | |
| | Monaco | Advanced | HIC | |
| | Netherlands | Advanced | HIC | |
| | Norway | Advanced | HIC | |
| | Portugal | Advanced | HIC | |
| | Slovenia | Advanced | HIC | |
| | Spain | Advanced | HIC | |
| | Sweden | Advanced | HIC | |
| | Switzerland | Advanced | HIC | |
| | United Kingdom | Advanced | HIC | |

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