CLIMATE POLICY INITIATIVE

Global Landscape of Climate Finance 2025: EMDE Spotlight

Webinar

Presentation of the Global Landscape of Climate Finance 2025: EMDE Spotlight

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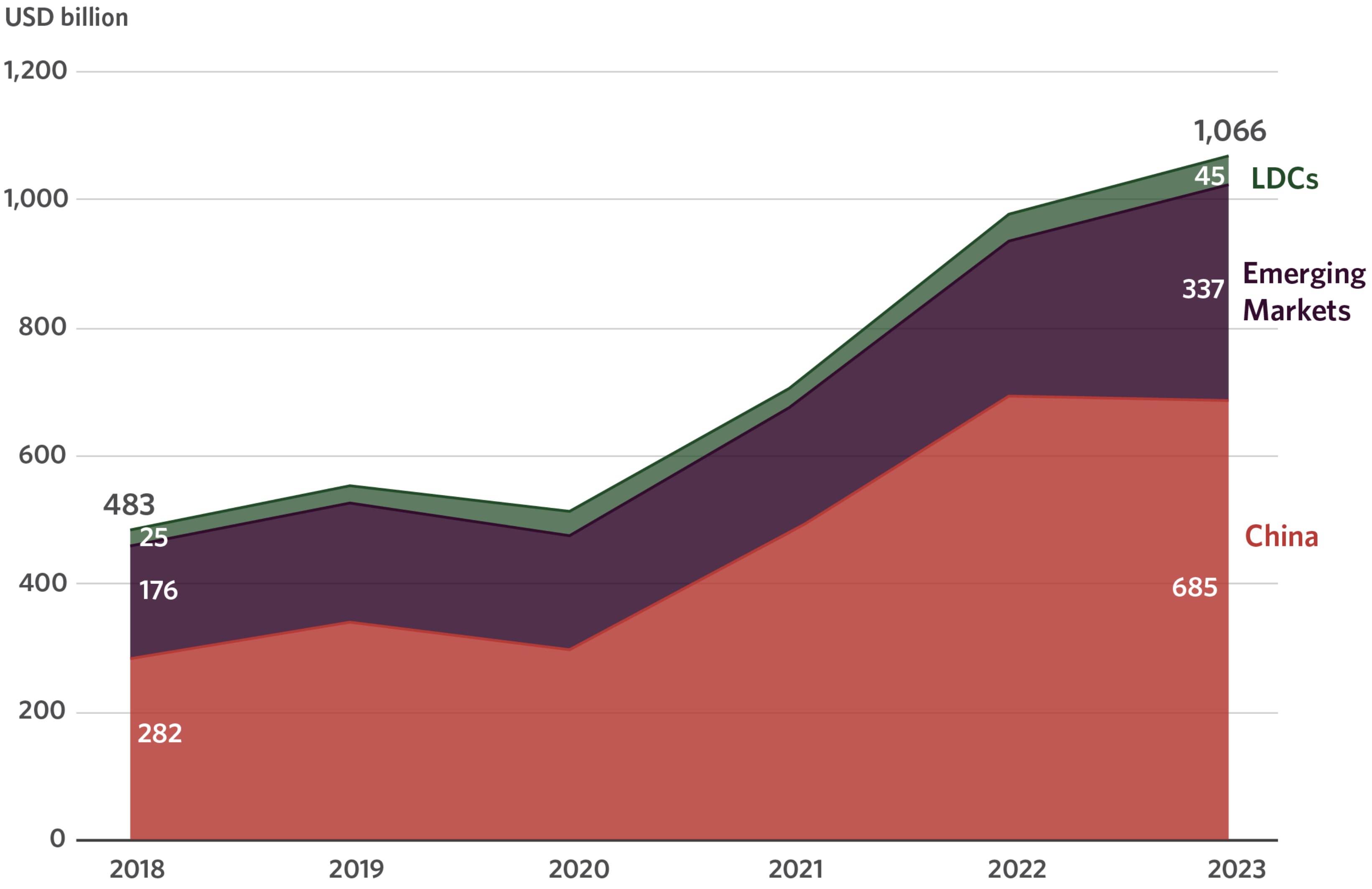
Climate finance to EMDEs has more than doubled in six years, surpassing USD 1 trillion in 2023

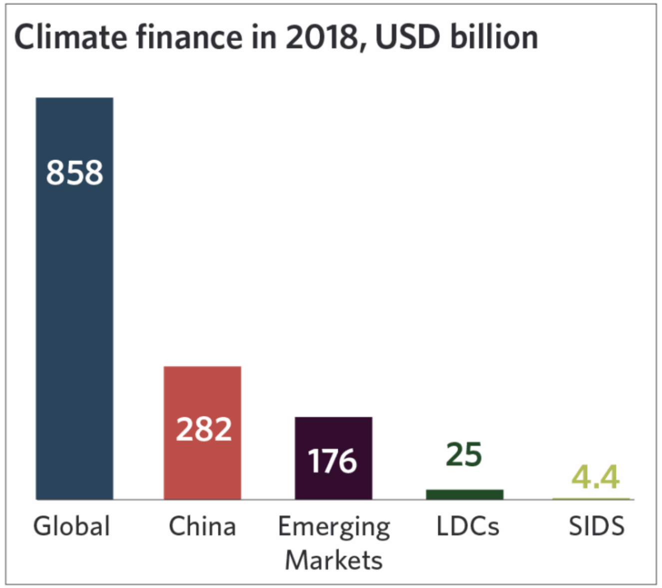
Figure 2: Climate finance to EMDEs by subgroupings

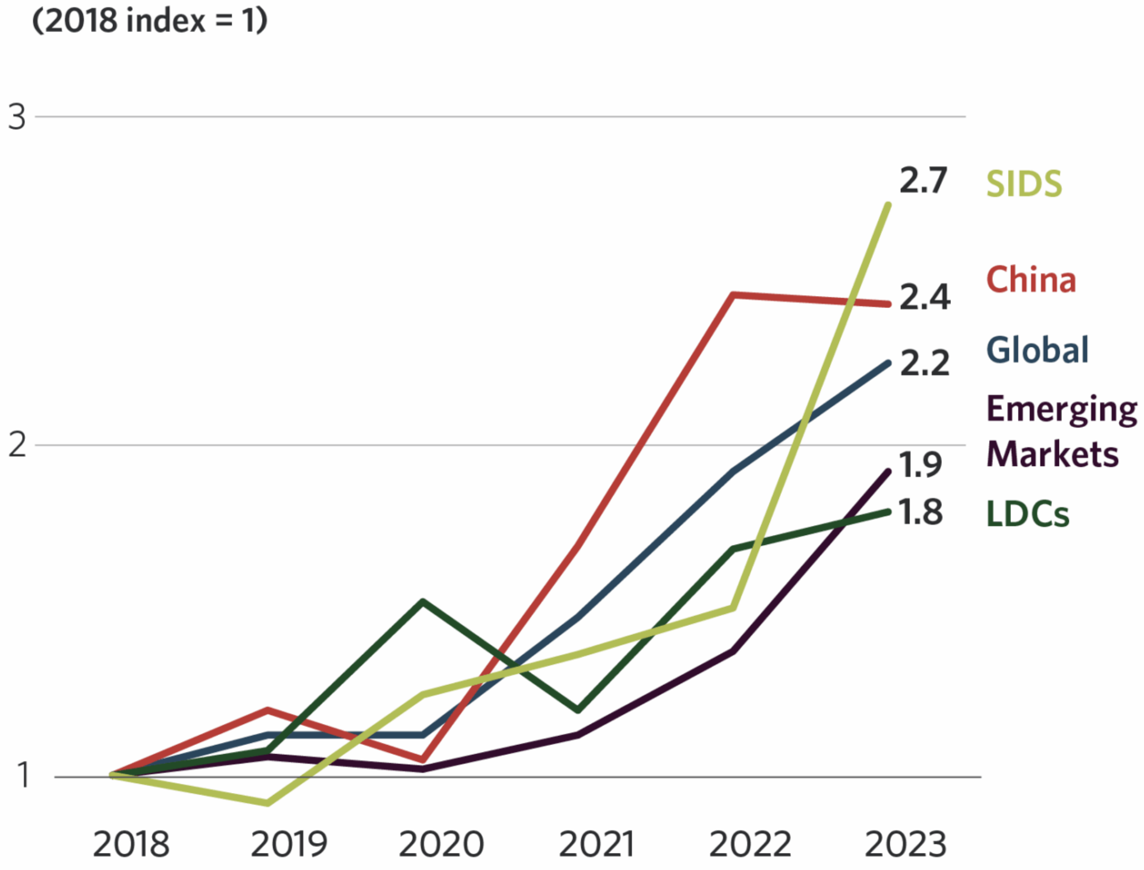


Source: Climate Policy Initiative

Across All EMDEs, climate investment is becoming a vehicle for economic development

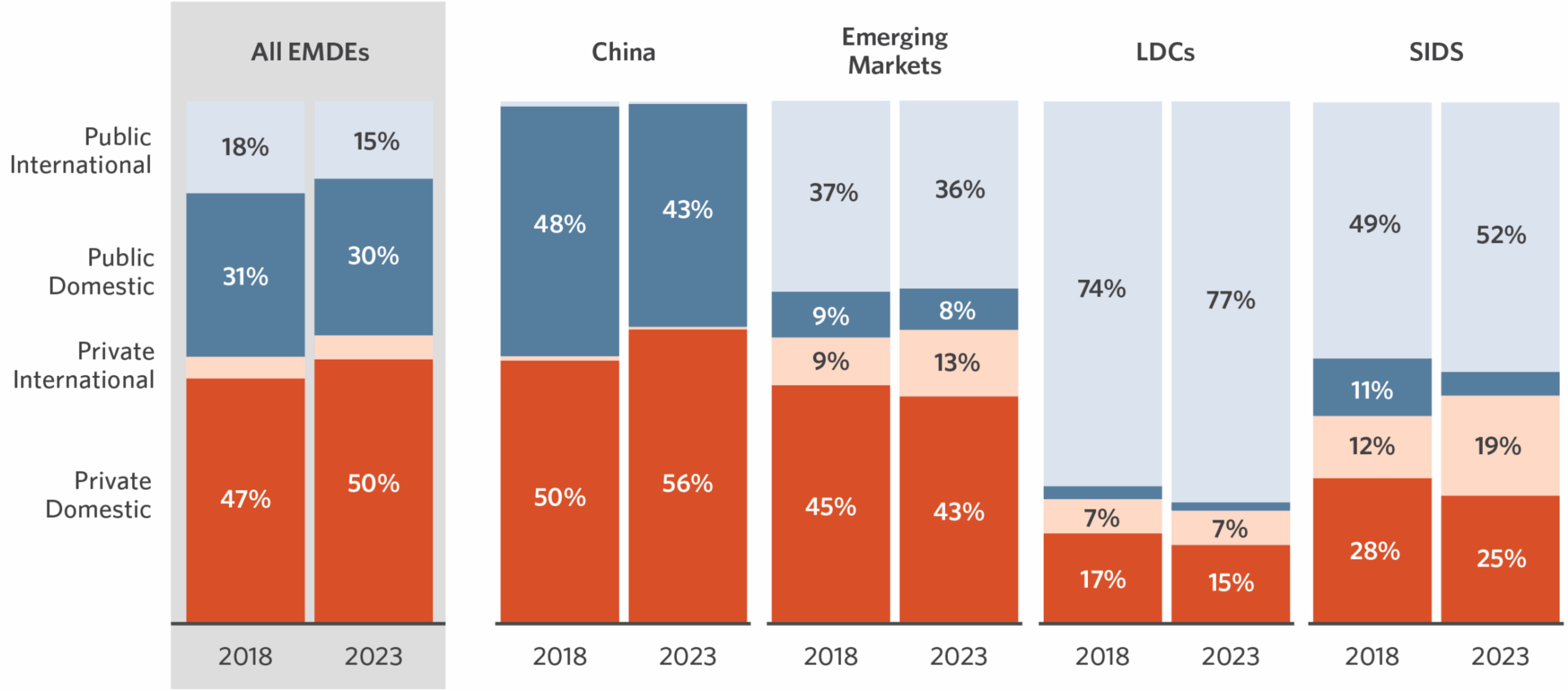
Figure 3: Climate finance growth rate in EMDE subgroupings





Sources of climate finance depend on the sub-group of EMDEs studied

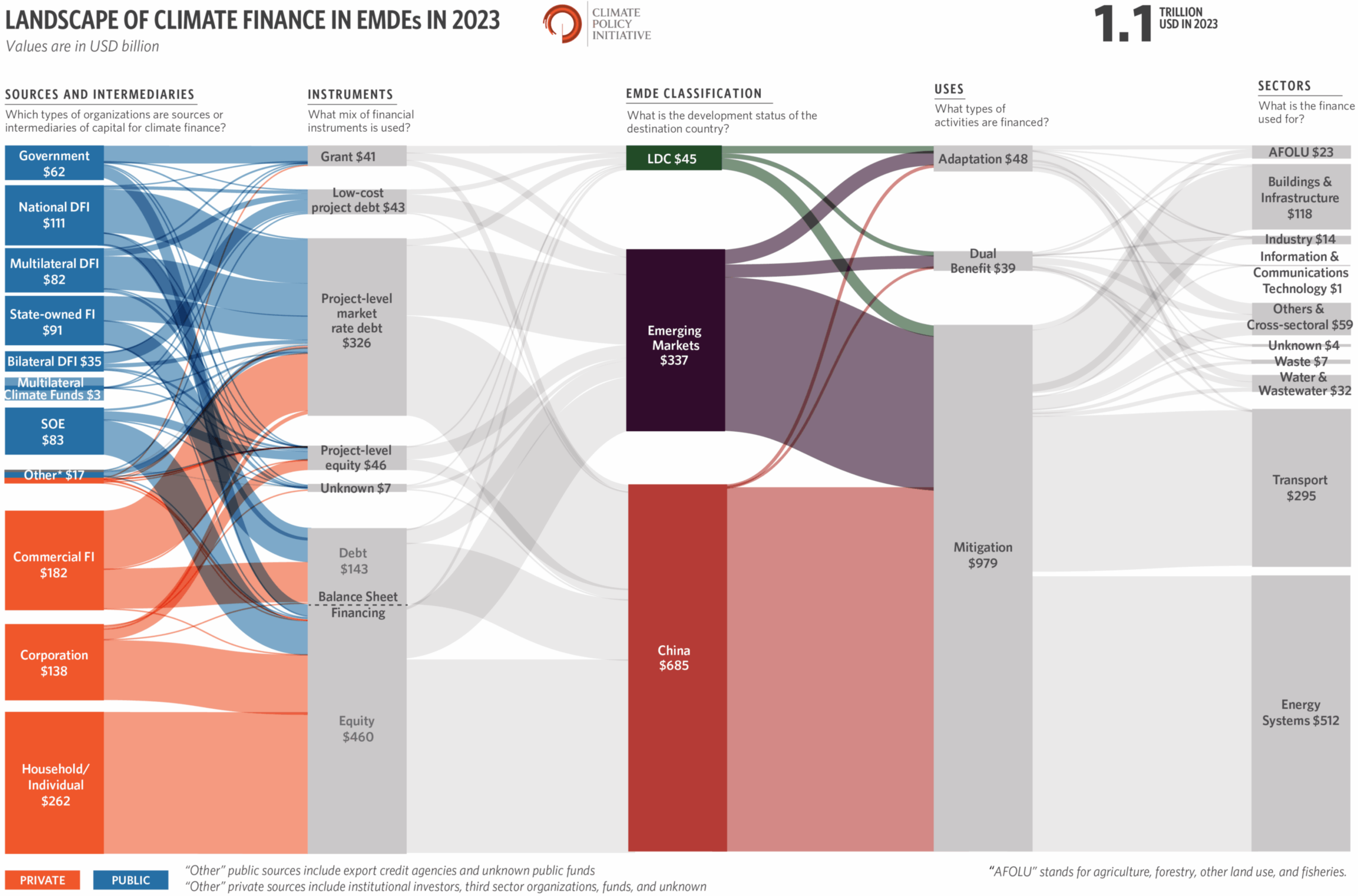
Figure 6: Share of climate finance to EMDEs by development status and source of finance, 2018 vs 2023



Source: Climate Policy Initiative

LANDSCAPE OF CLIMATE FINANCE IN EMDEs IN 2023

Values are in USD billion



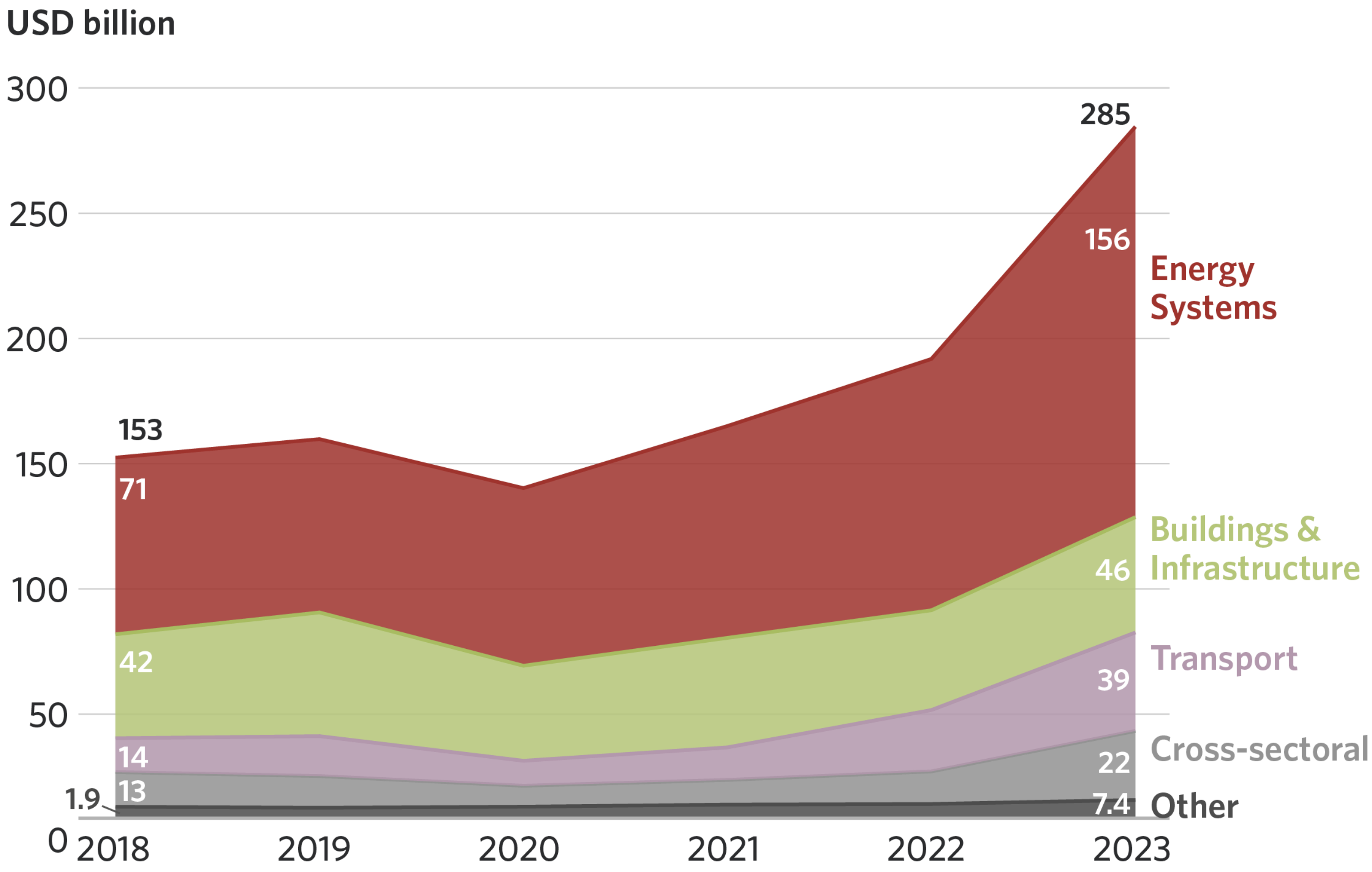
"Other" public sources include export credit agencies and unknown public funds

"Other" private sources include institutional investors, third sector organizations, funds, and unknown

"AFOLU" stands for agriculture, forestry, other land use, and fisheries.

Mitigation finance 2018-2023

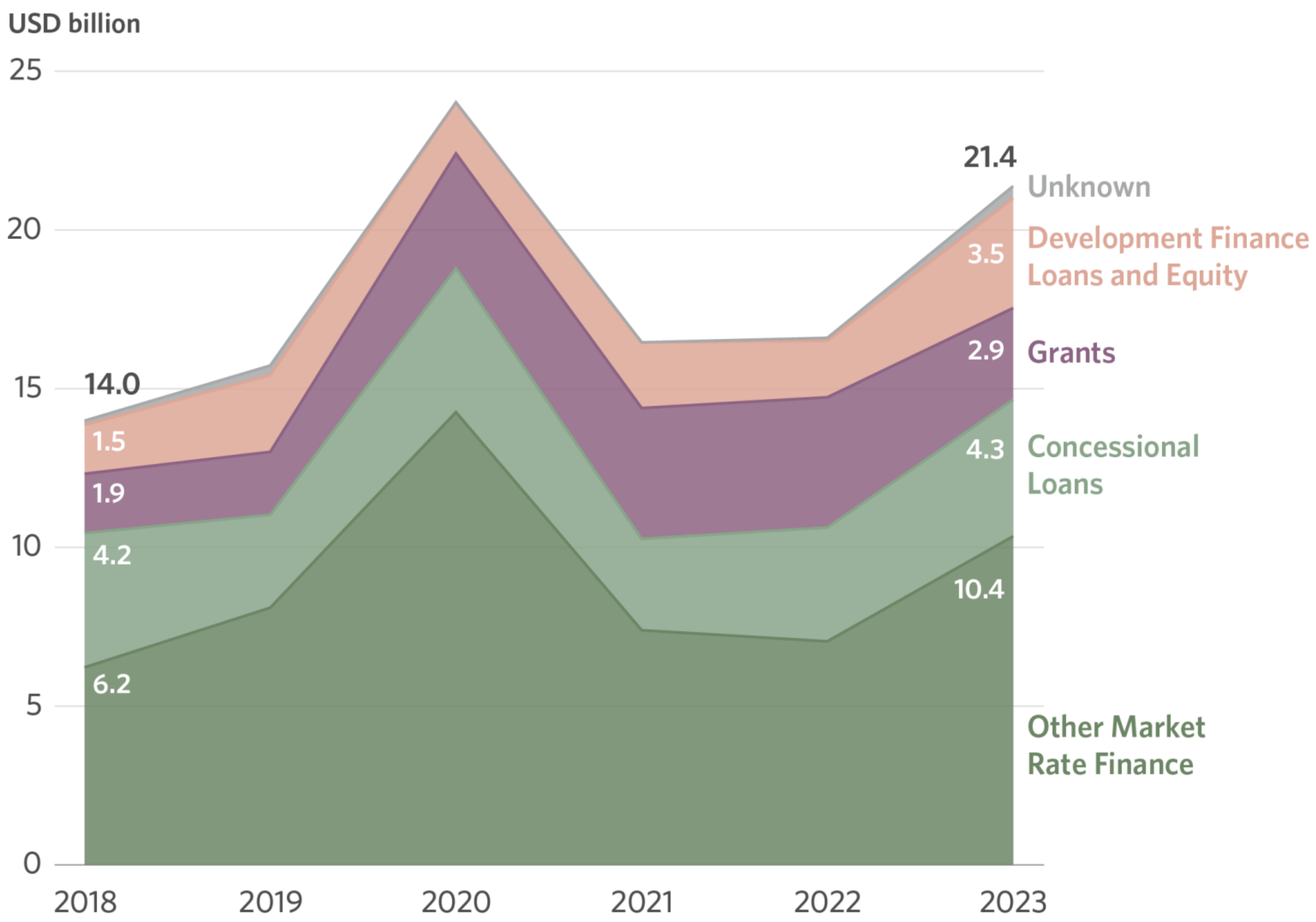
Mitigation finance in Emerging Markets is crucial to avoid entrenching high-carbon systems



Note: "Other" includes Industry, AFOLU, Water and wastewater, Waste, and Information, communication, and technology (ICT), and Unknown.

Mitigation finance in LDCs is less stable, with a higher role for concessional and development finance and grants

Figure 15: Mitigation finance to LDCs, by instrument type

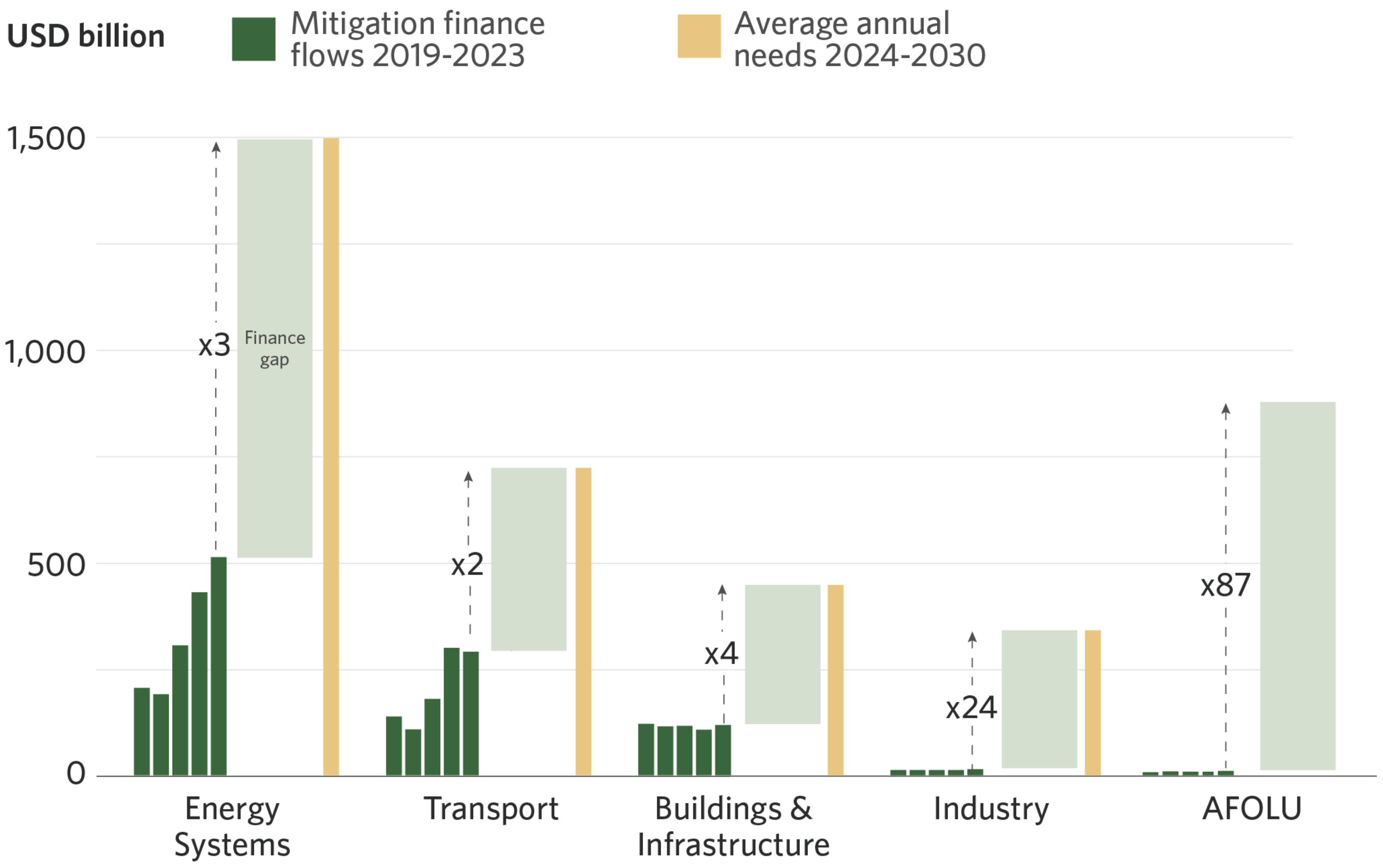


Note: Development finance includes all equity and loans from DFIs and Multilateral Climate/Development Funds that were not tagged under OECD concessionality criteria. In practice, these instruments may be concessional.

Source: Climate Policy Initiative

Despite increased mitigation finance to All EMDEs, investment gaps remain, particularly in sectors with high mitigation potentials

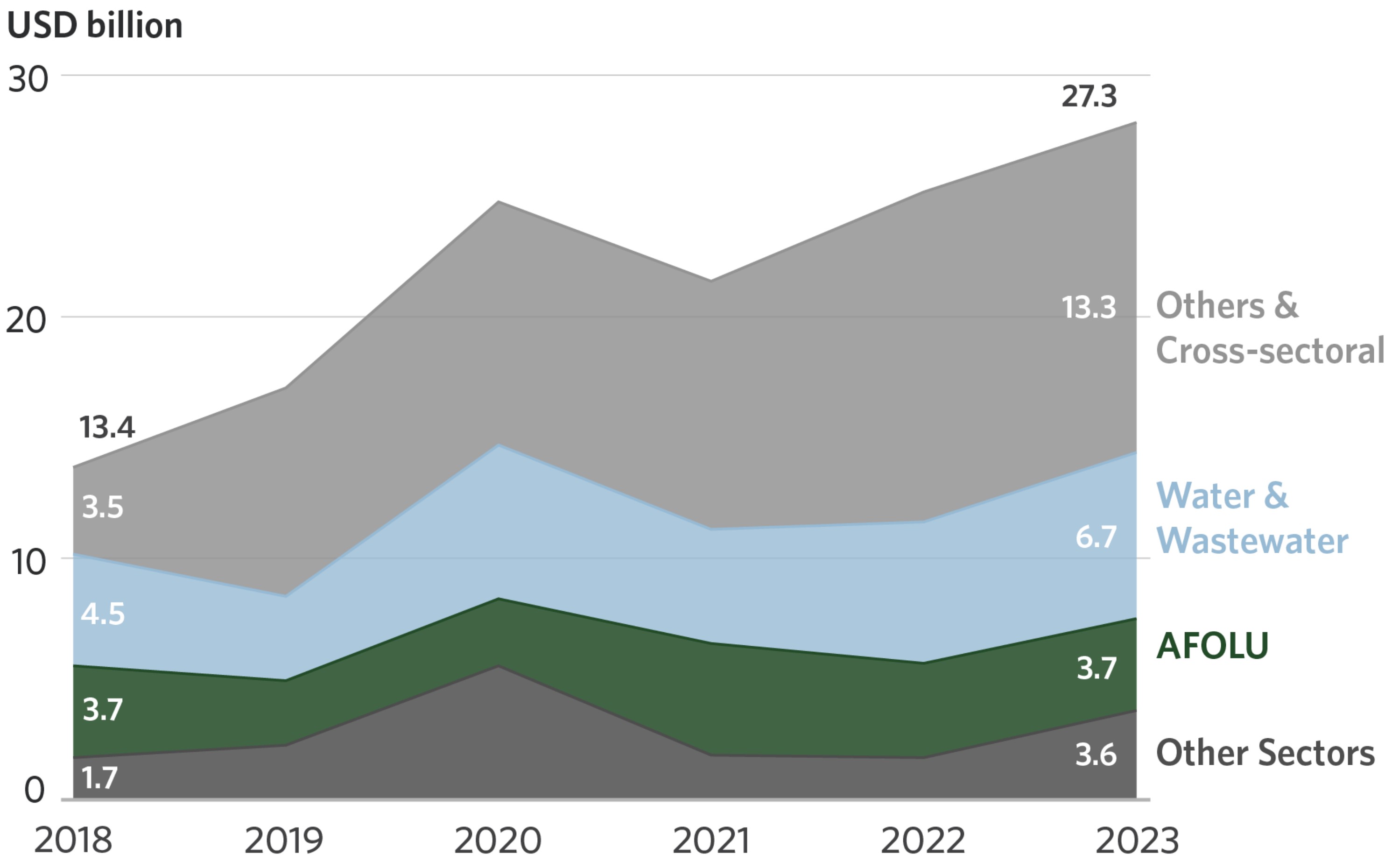
Figure 1: EMDE mitigation finance flows and needs



Adaptation finance 2018-2023

Adaptation finance to Emerging Markets has more than doubled since 2018, but must scale substantially to meet required levels

Figure 17: Adaptation finance to Emerging Markets by sector

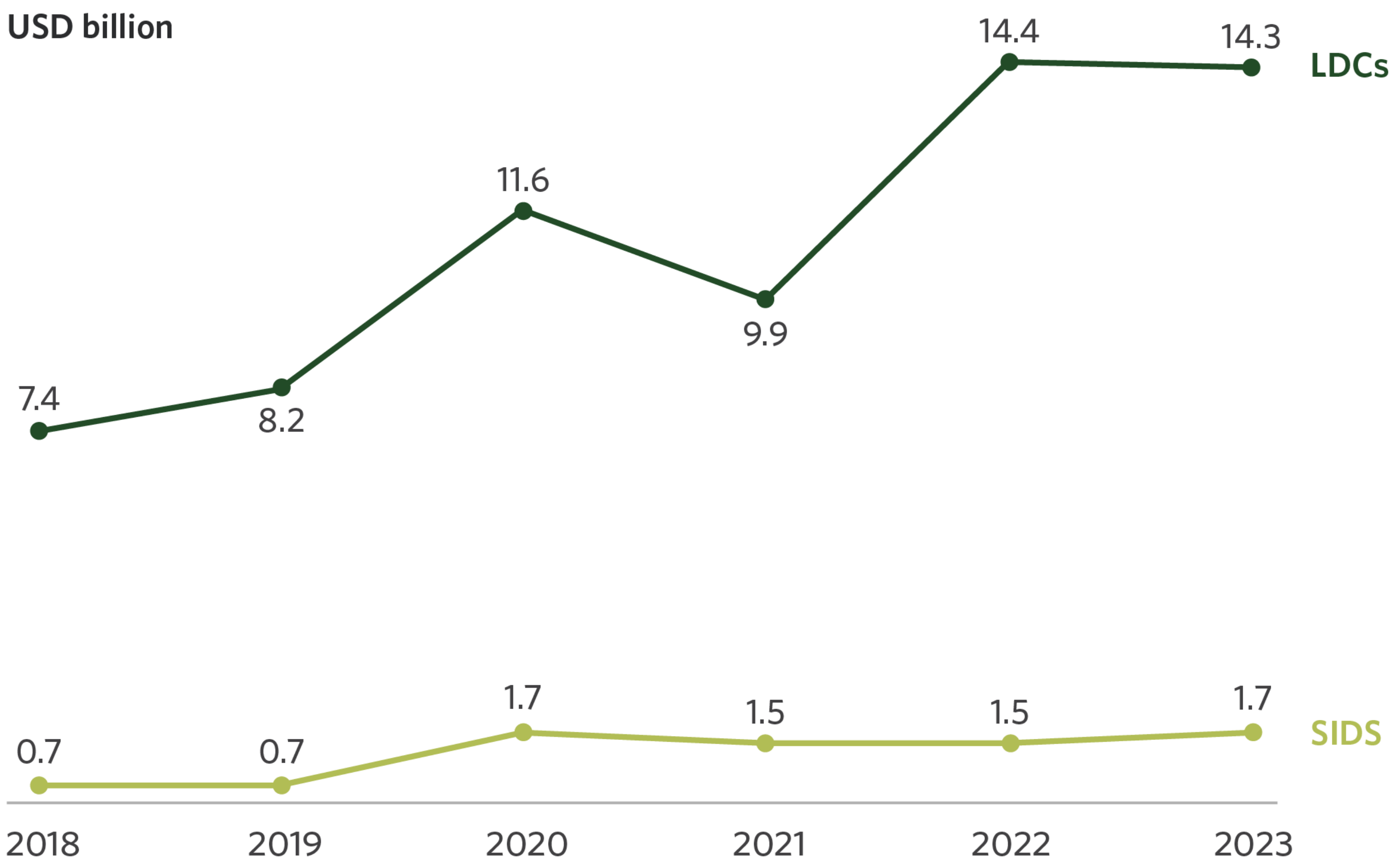


Note: "Other sectors" include Transport, Buildings & Infrastructure, Energy Systems, ICT, Industry and Waste. AFOLU: Agriculture, Forestry, Other land uses and Fisheries.

Source: Climate Policy Initiative

Adaptation finance to LDCs and SIDS experiences higher volatility at the sector level, despite high vulnerabilities

Figure 24: Adaptation finance to LDCS and SIDS

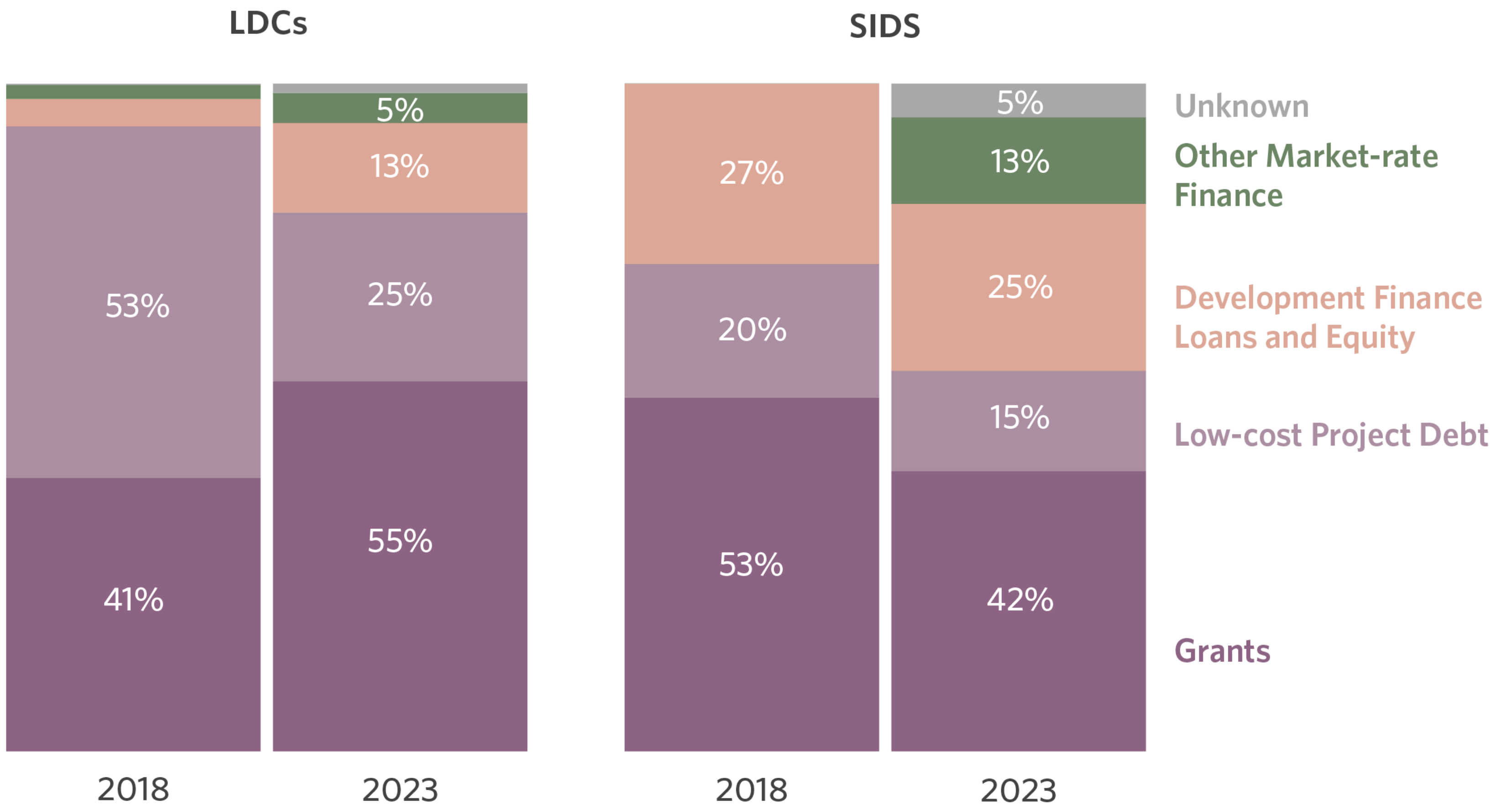


Note: SIDS are cross-cutting, with 8 countries counted in both LDCs and SIDs.

Source: Climate Policy Initiative

Grant financing has increased in share in LDCs but fallen in SIDS

Figure 25: Share of adaptation finance to LDCs and SIDS by instrument type



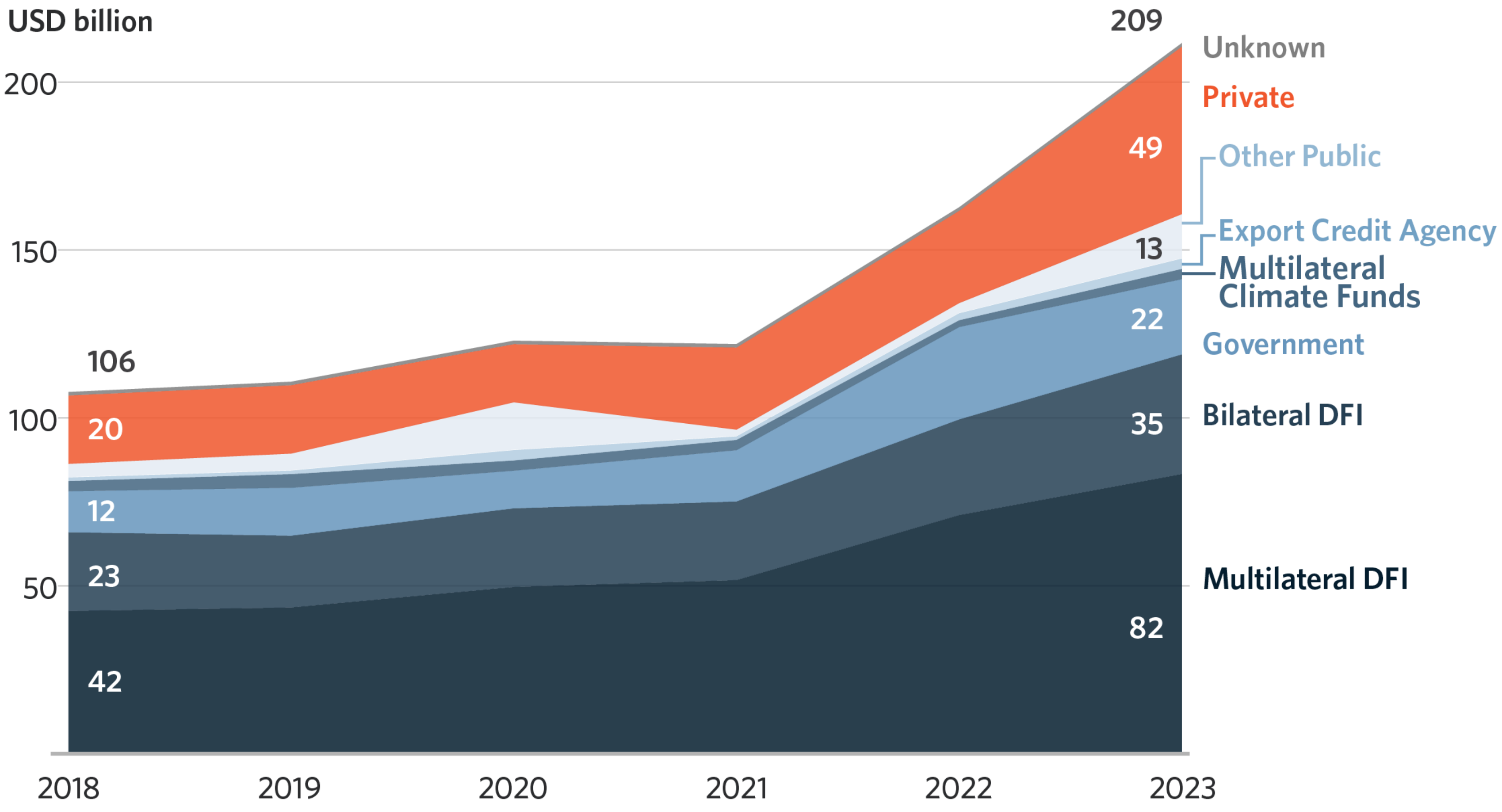
Note: Development finance includes all equity and loans from DFIs and Multilateral Climate/Development Funds that were not tagged under OECD concessionality criteria. In practice, these instruments may be concessional.

Source: Climate Policy Initiative

International climate finance

Private finance constitutes a small but growing element of international flows to All EMDEs

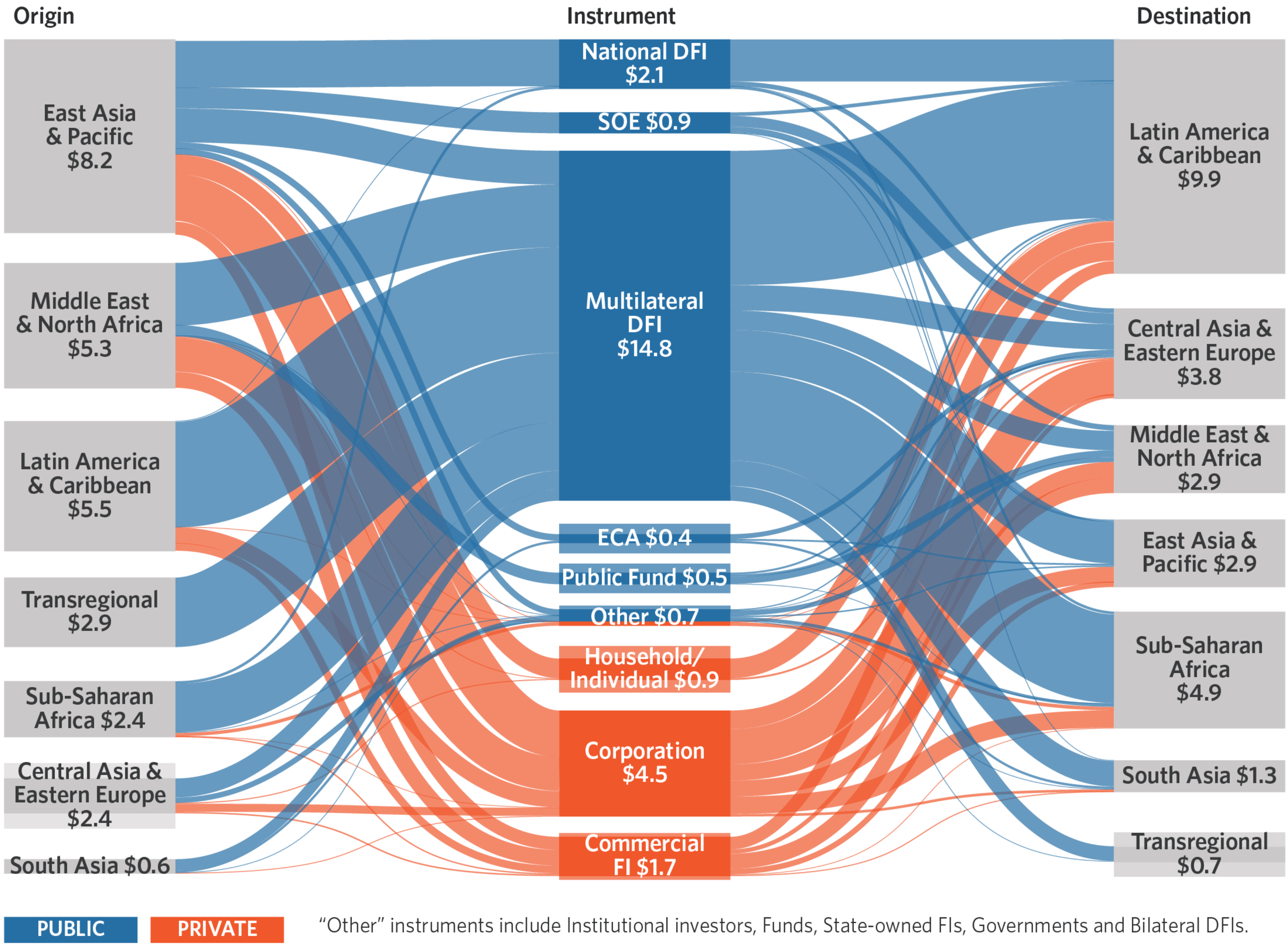
Figure 32: International climate finance to All EMDEs by source



Source: Climate Policy Initiative

South-South climate finance flows have risen from USD 16 billion in 2018 to USD 26 billion in 2023

Figure 35: Tracked South-South climate flows, USD billions



"Other" instruments include Institutional investors, Funds, State-owned FIs, Governments and Bilateral DFIs.

Source: Climate Policy Initiative

Recommendations

1. Strengthening domestic enabling environments to mobilize resources

2. Improving the quality of international climate finance

3. Increasing the transparency, accessibility and affordability of climate-related data.