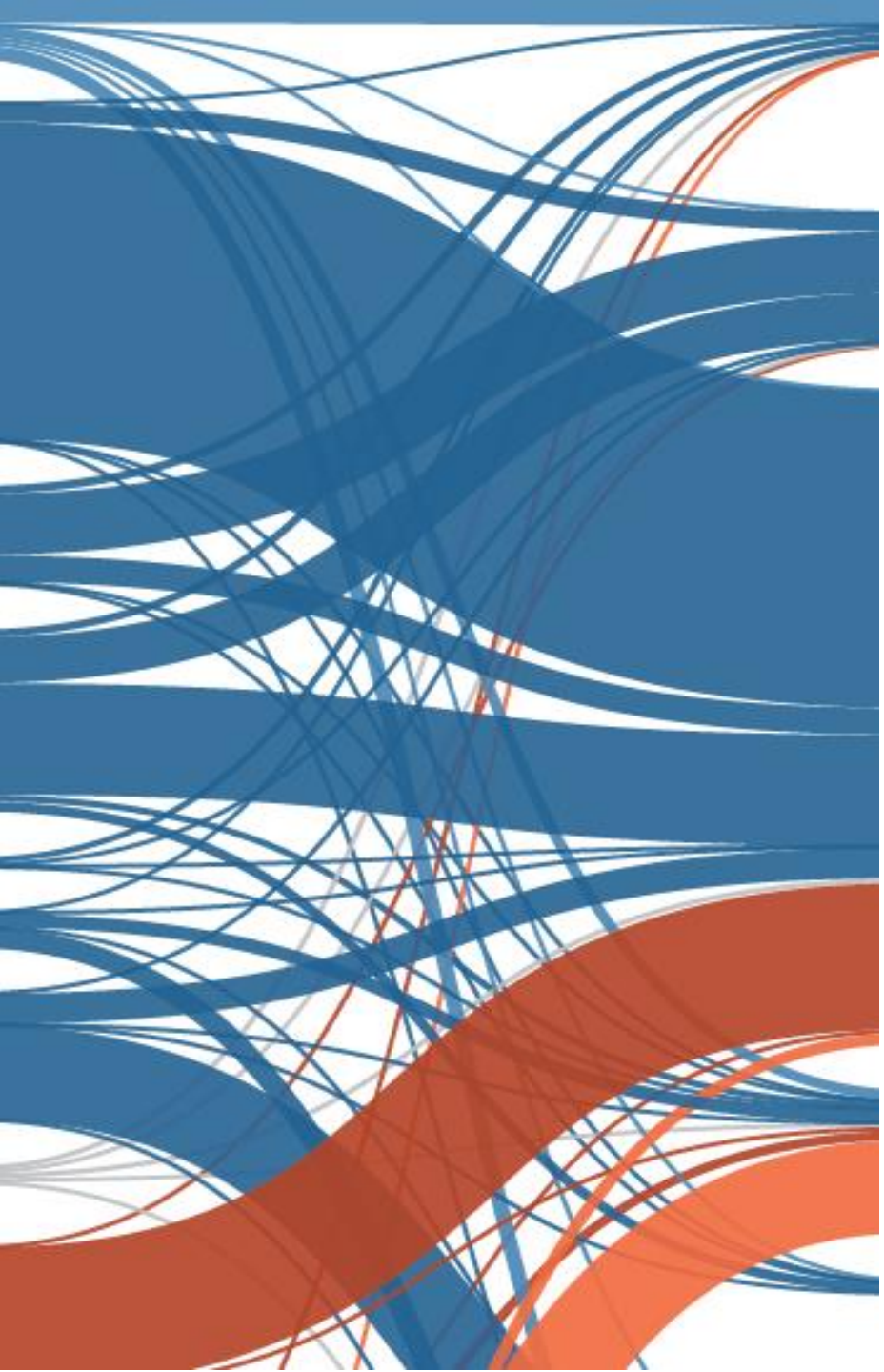


CLIMATE POLICY INITIATIVE

Global Landscape of Climate Finance: A Decade of Data: 2011-2020

Baysa Naran

SUPPORTED BY: Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

7 key observations from tracking global climate finance

2011 - 2020

LANDSCAPE OF CLIMATE FINANCE IN 2019/2020

Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years' data, in USD billions.

653 BN USD ANNUAL AVERAGE

Government funds to other public sources are not estimated

CLIMATE POLICY INITIATIVE

SOURCES AND INTERMEDIARIES

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

PUBLIC | PRIVATE

INSTRUMENTS

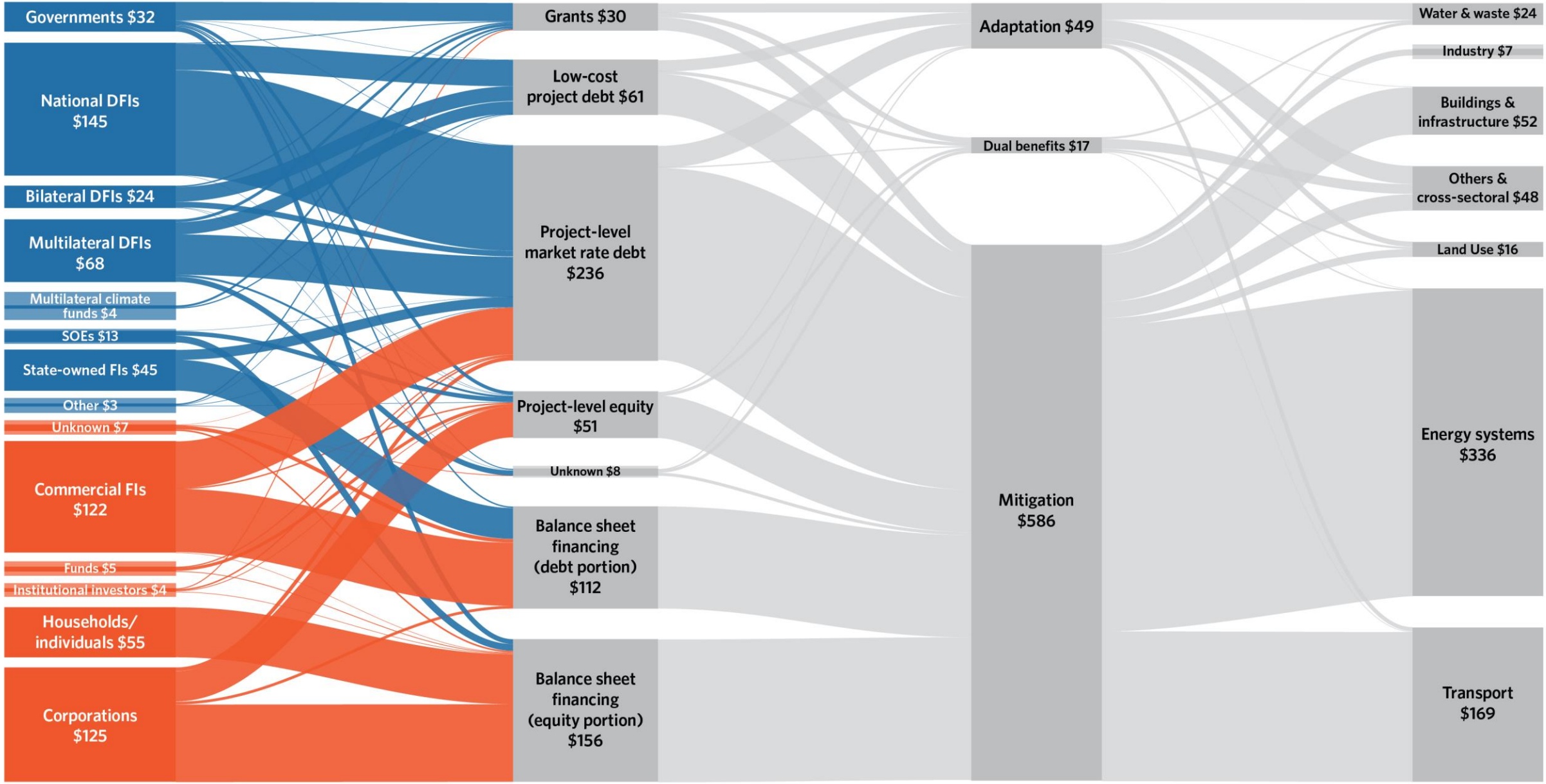
What mix of financial instruments are used?

USES

What types of activities are financed?

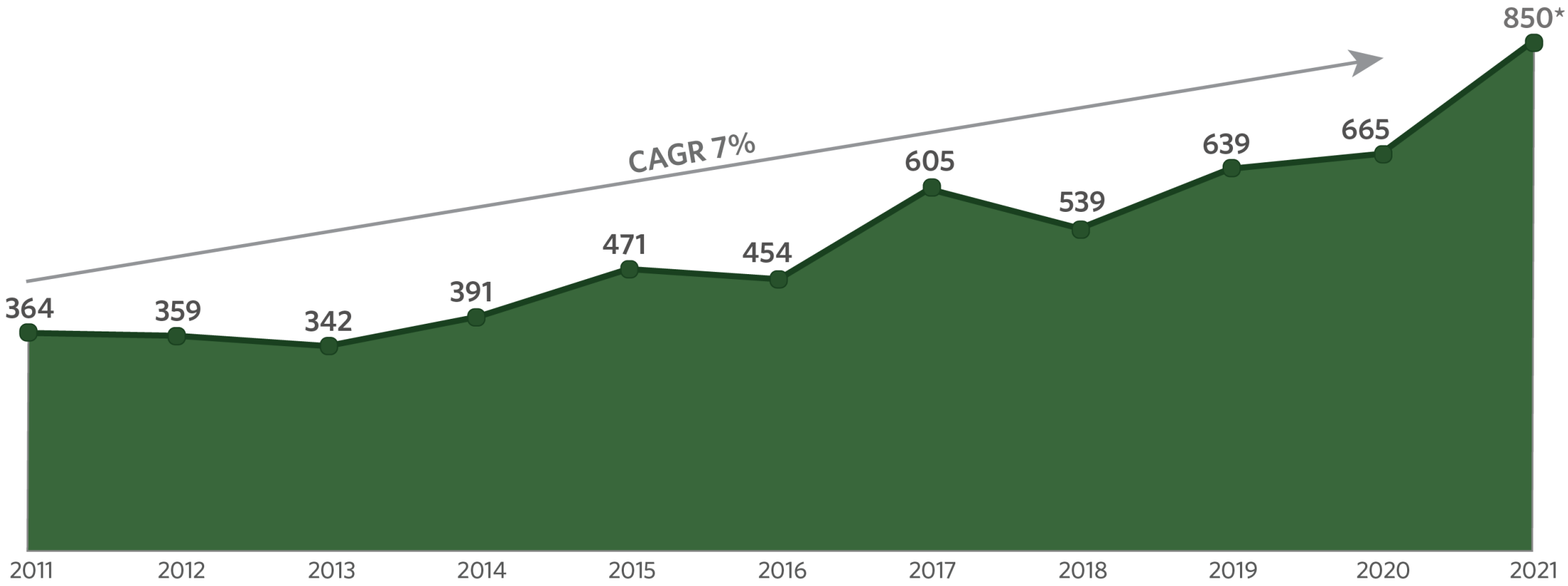
SECTORS

What is the finance used for?



1. Global climate finance flows almost doubled in the last decade

Figure 1: Global climate finance in 2011- 2021 (USD bn, nominal)

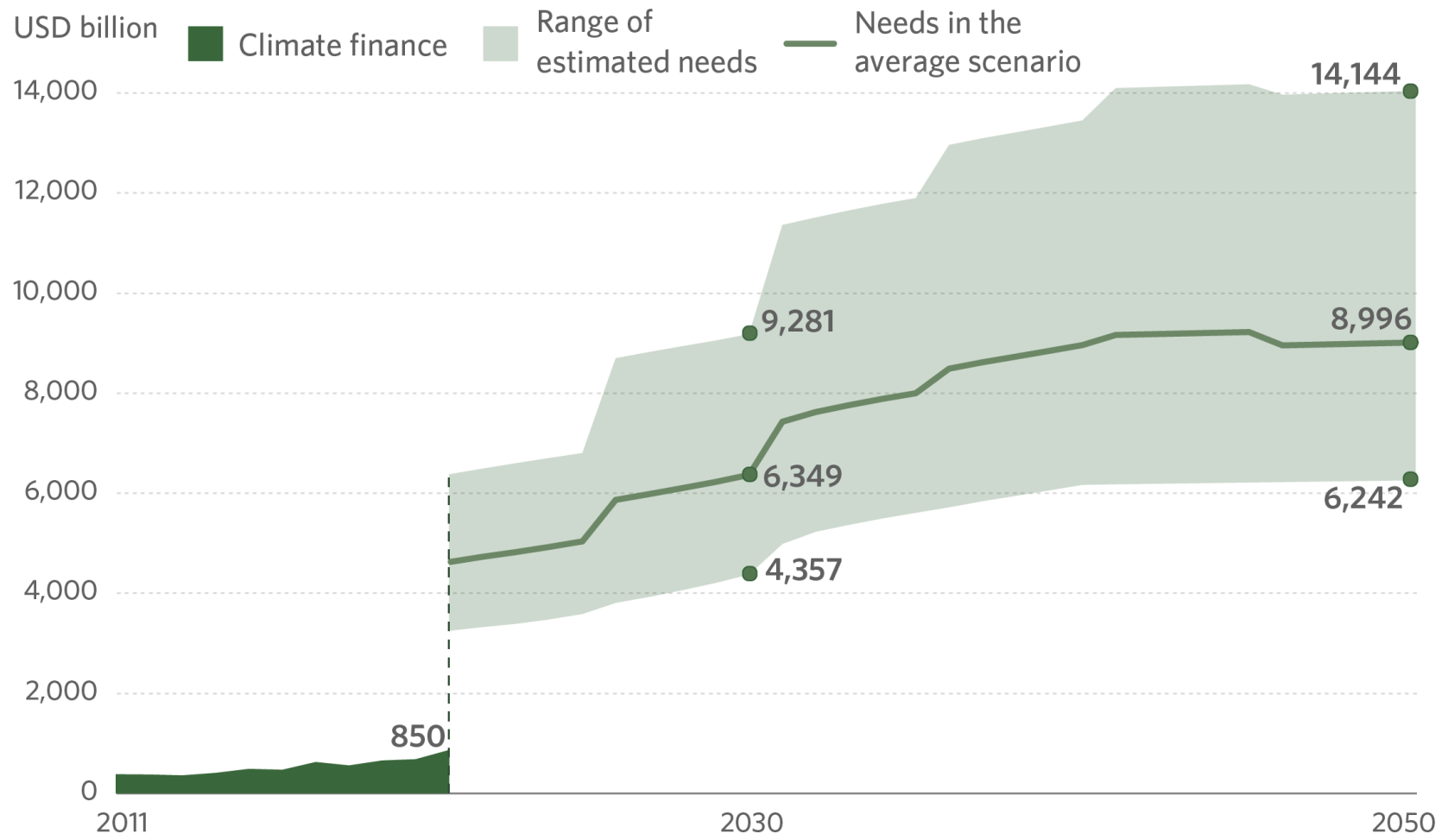


* Low bound estimate

CLIMATE POLICY INITIATIVE

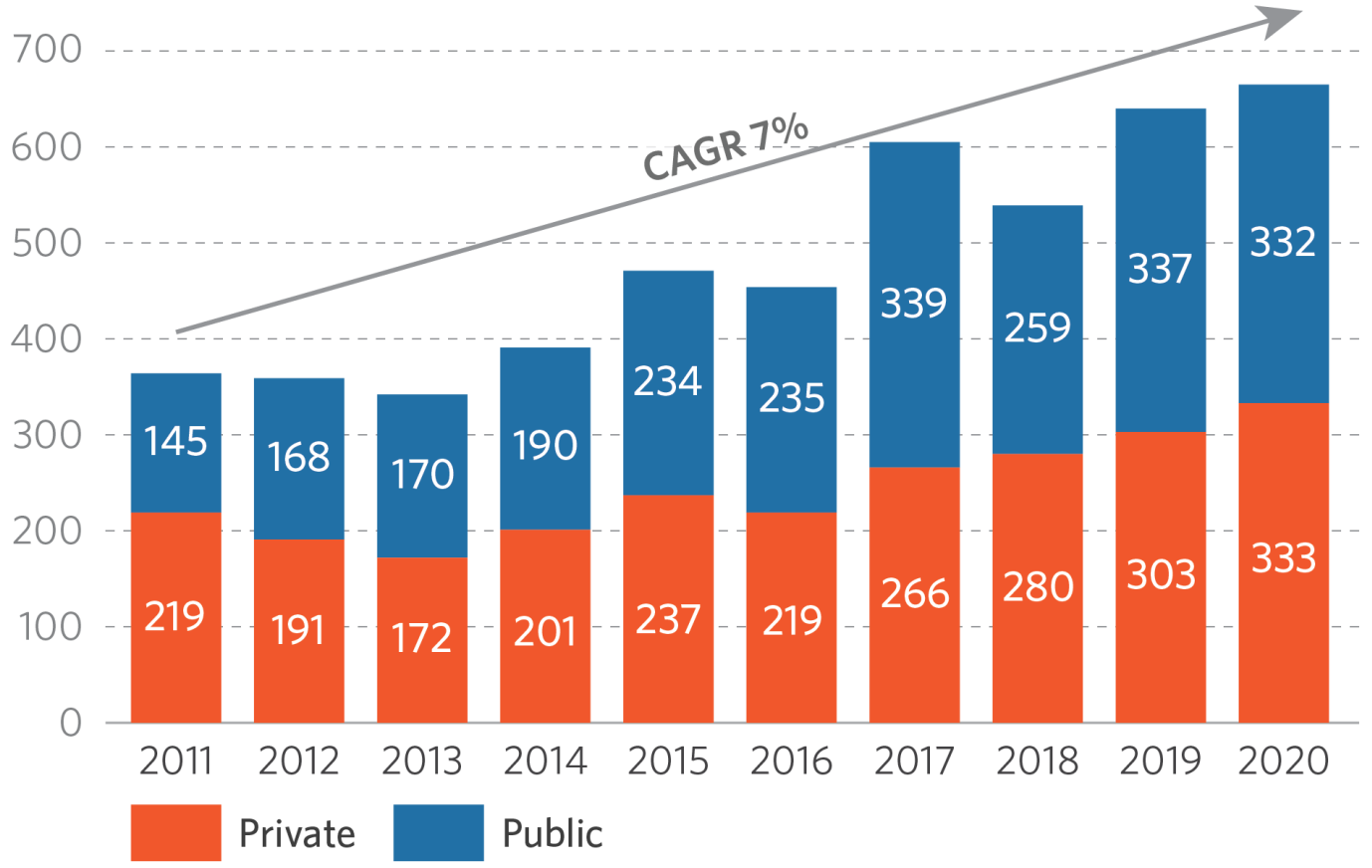
A rapid and sustained increase in climate finance and redirection of high-carbon finance is required to secure a climate resilient, net zero future

Figure 2: Global tracked climate finance flows and the average estimated annual climate investment need* through 2050



2. Private actors' contributions are increasing, but not at the pace necessary considering public sector capacity constraints

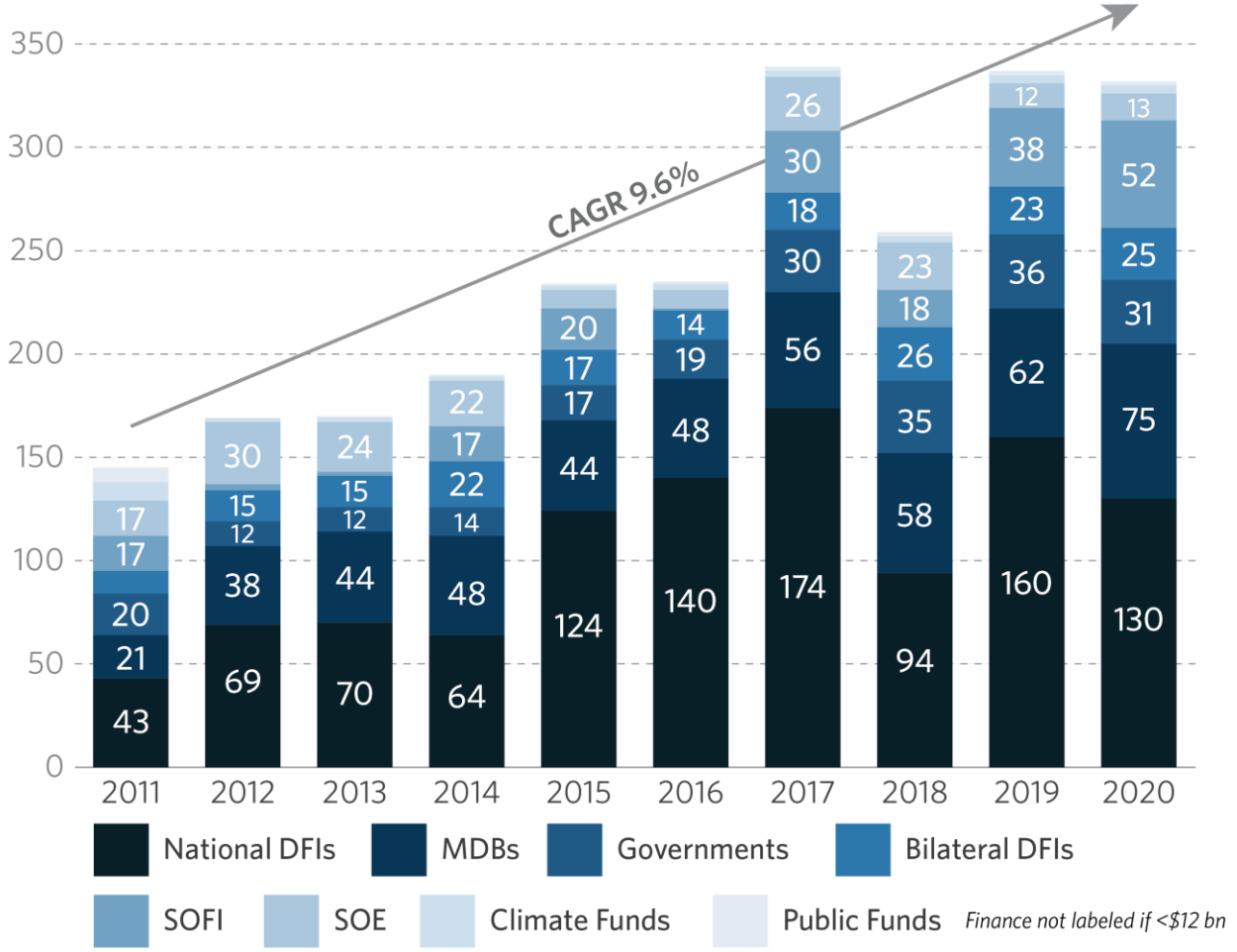
Figure 3: Climate Finance by public and private sources in 2011-2020 (USD bn)*



Cumulative 2011 - 2020 USD 4.8 trillion

All public sources are increasing finance, but their roles are evolving

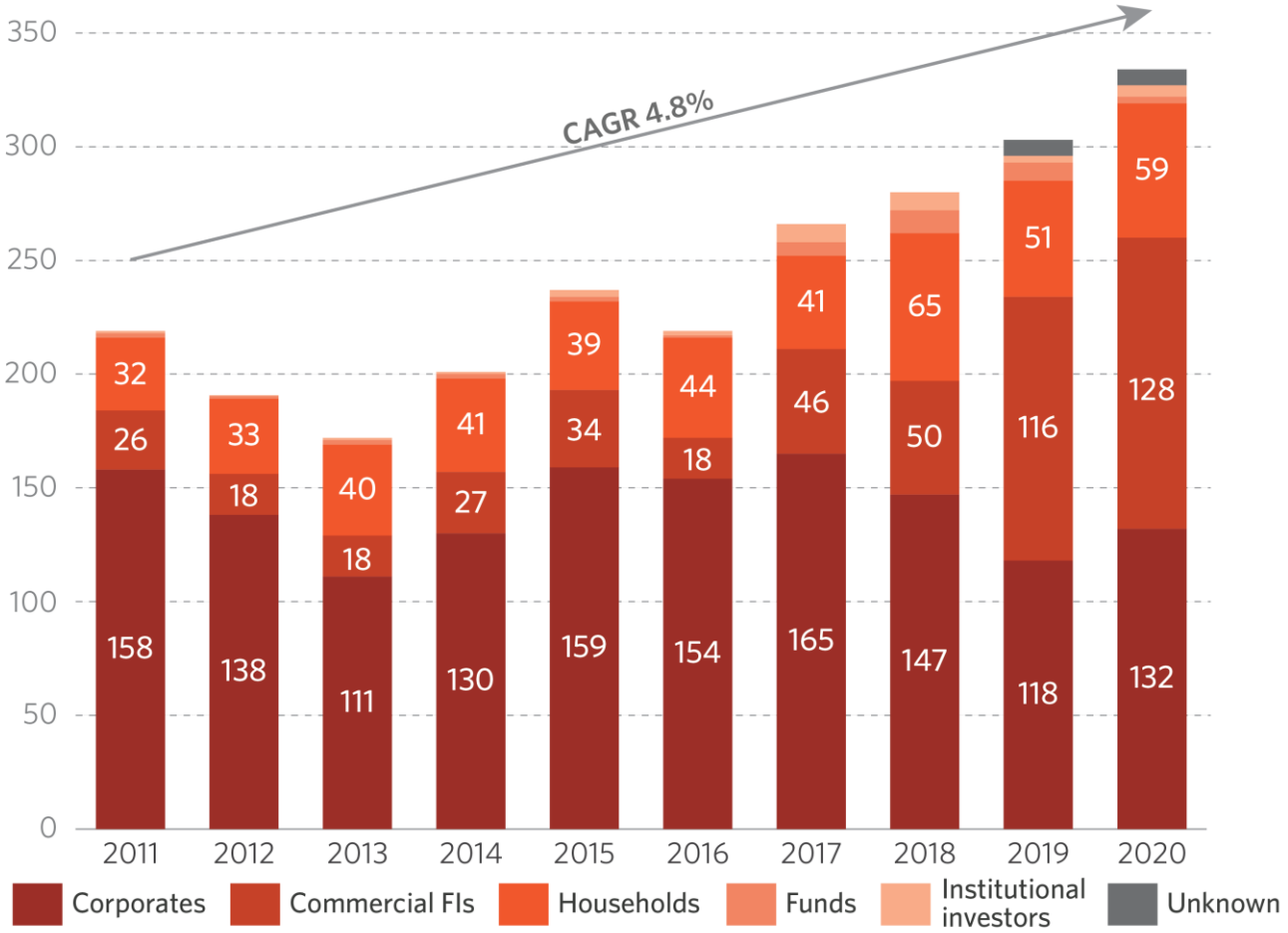
Figure 4: Climate finance from different sources within the public sector (USD bn)



Cumulative 2011-2020 USD 2.4 trillion

96% of private finance is driven by corporates, commercial financial institutions, and households

Figure 6: Climate finance by private sector actors between 2011-2020 (USD bn)



Cumulative 2011-2020 USD 2.4 trillion

End-use sectors and AFOLU show alarming signs of delayed climate action

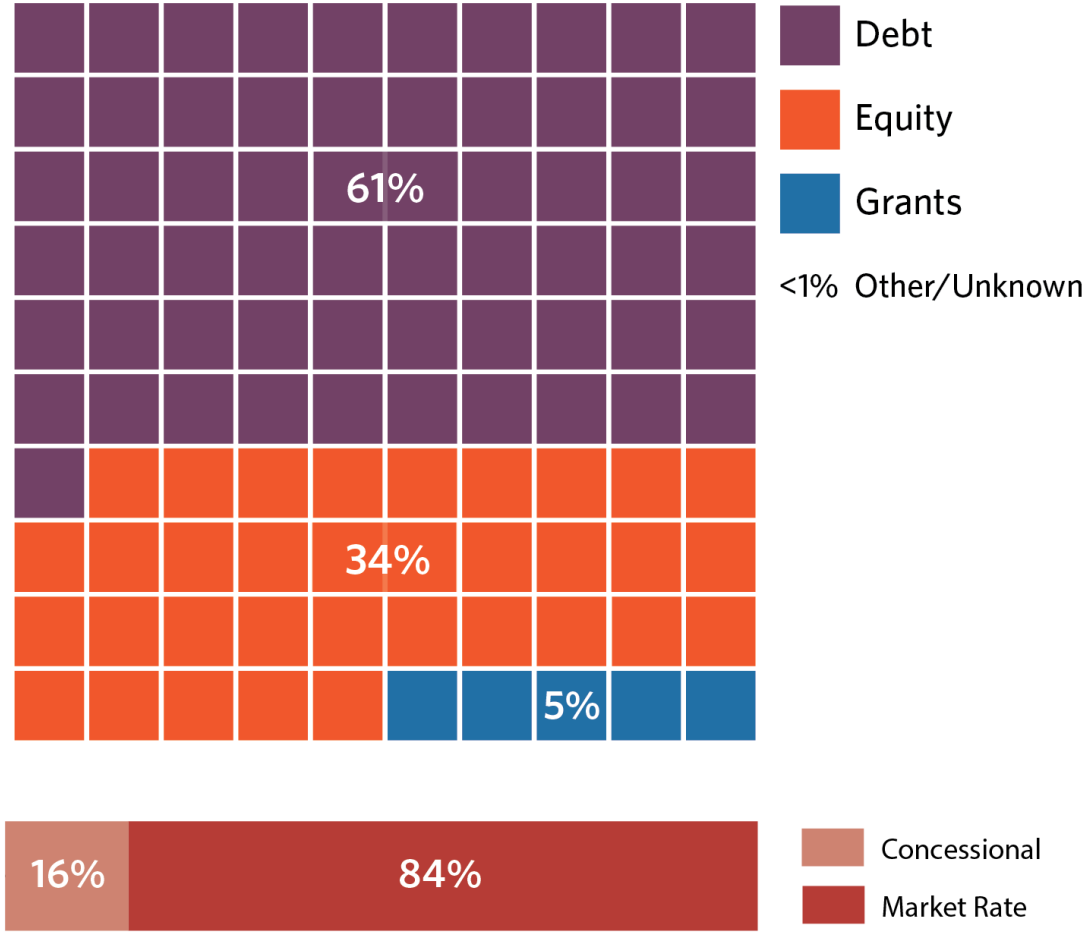
Table 1: Climate finance flows and needs by sector*

Segment	2019/2020 Investment ($bn/yr)	Implementation cost of Paris-aligned scenarios through 2050 ($bn/yr)			Progress against avg. scenario (%)
	Tracked	Lower bound	Average scenario	Upper bound	Tracked (%)
Climate Finance	**653**	**5,209**	**7,604**	**11,513**	9%
Mitigation & Dual Benefits	**603**	**5,034**	**7,350**	**11,181**	8%
Energy Systems	333	1,526	3,319	6,625	10%
inc. Renewable Energy	323	662	1,142	1,983	28%
Buildings & Infrastructure	51	480	800	1,119	6%
Industry, Waste & Water	10	280	369	458	3%
Transport	163	2,449	2,565	2,681	6%
AFOLU	10	298	298	298	3%
Adaptation	**49**	**175**	**254**	**332**	19%

Not all mitigation and multi-benefit climate finance can be allocated to the sectors shown in the table. The Mitigation & Multiple Objectives and Adaptation categories do not add up due to rounding. Data and knowledge on climate finance needs are evolving and their assessment will change with the course of actions taken by public and private actors and with more data becoming available. Adaptation finance needs may be underestimated as the latest available data is from 2016.* ***All references used can be found in Annex II.*

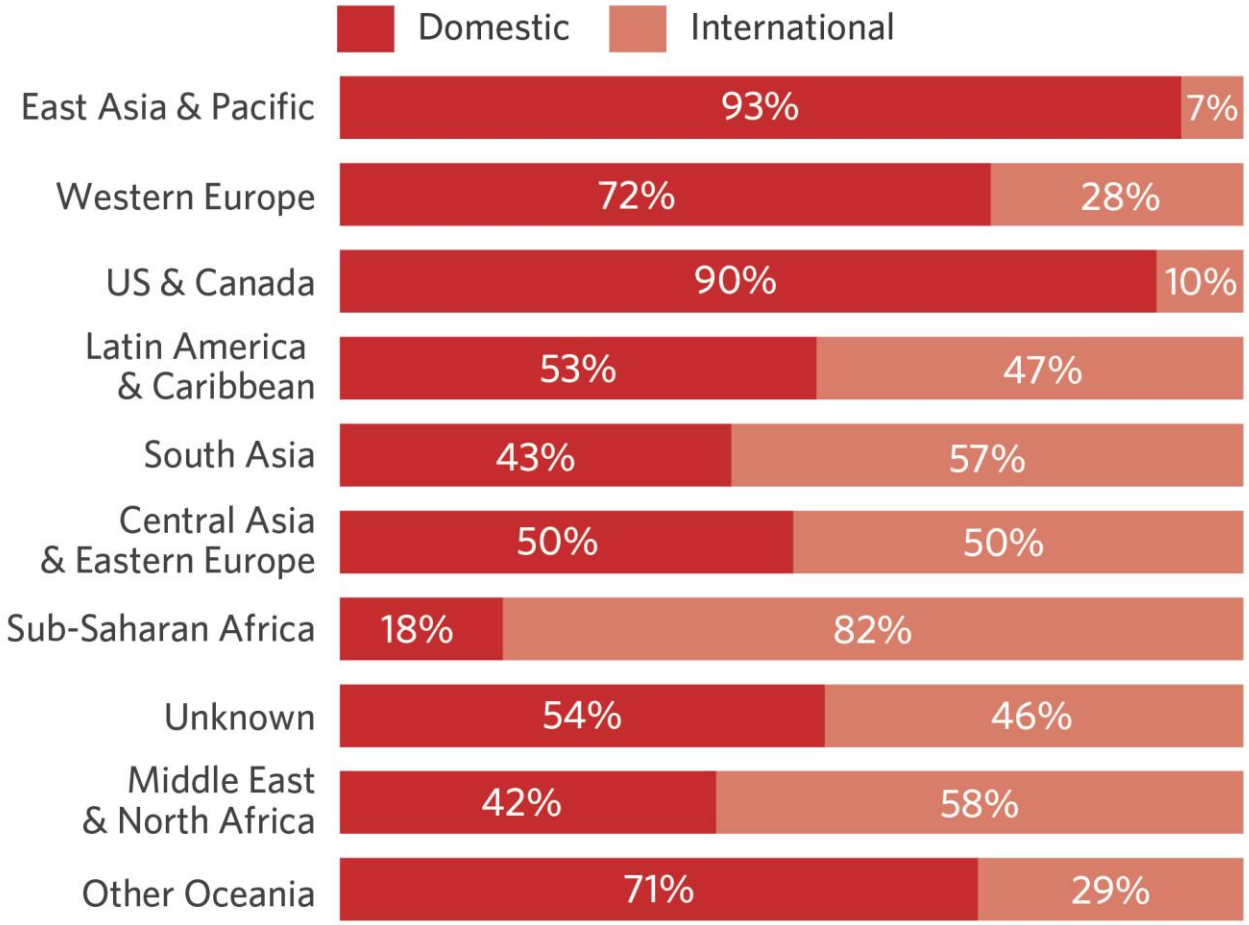
4. Concessional funding represented about 16% of total tracked climate finance

Figure 10: Climate finance by instrument (USD bn) between 2011-2020

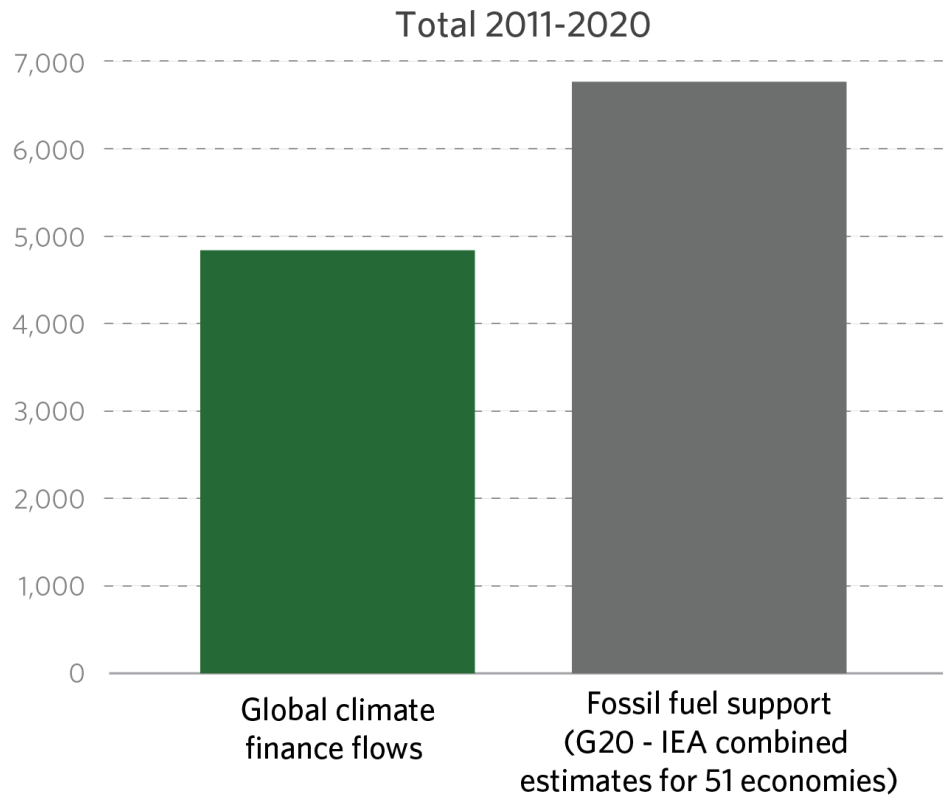


5. Most finance is concentrated in only a few regions

Figure 11: Climate finance regional distribution in 2011-2020 (%)



6. Continued fossil fuel support remains a barrier to achieving global climate goals

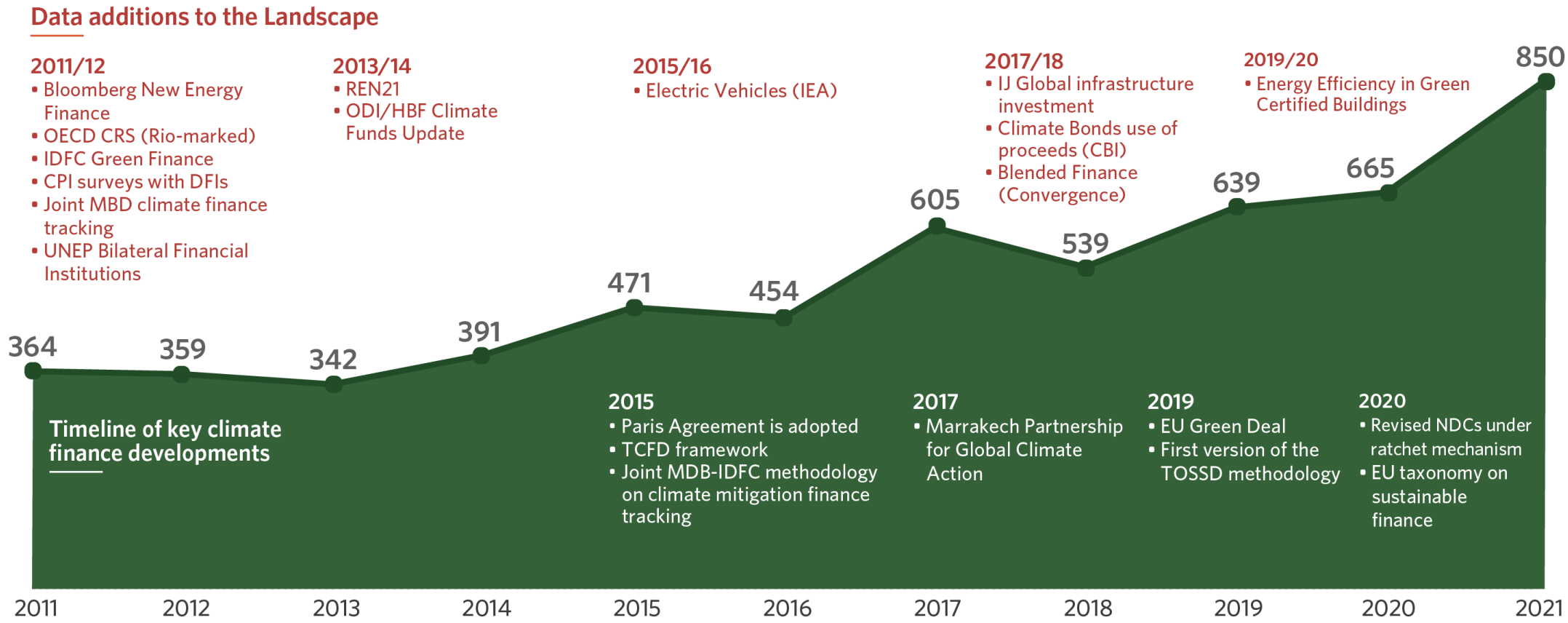


Source: Fossil fuel subsidies data by OECD Inventory of Support Measures for Fossil Fuels; global climate finance data is by CPI

7. Climate finance flows data are improving, but standardized information on its outcome and impact remain scarce

- Landscape analysis has evolved over the years with methodological advancements by reporting institutions and data additions. Nonetheless, climate finance trends were driven by increases in flows rather than increases in data additions. These helped improve a more granular understanding of global climate finance flows.
- Data gaps persist (Annex 3) and more efforts are now required to standardize understanding of climate finance impact and its outcome to climate goals.

Figure 12: Global Landscape of Climate Finance data and methodology improvements



4 key climate finance actions for this decade

2022 - onwards

CLIMATE POLICY INITIATIVE

Four key actions to scale up climate finance this decade

1: Adopt holistic sectoral strategies.

2: Shift to a new finance paradigm.

3: Policies to create enabling environments for private finance mobilization.

4: Make decision-critical data on climate finance flows available.