



CLIMATE
POLICY
INITIATIVE

The Global Landscape of Climate Finance

The most comprehensive inventory
of climate change investment available

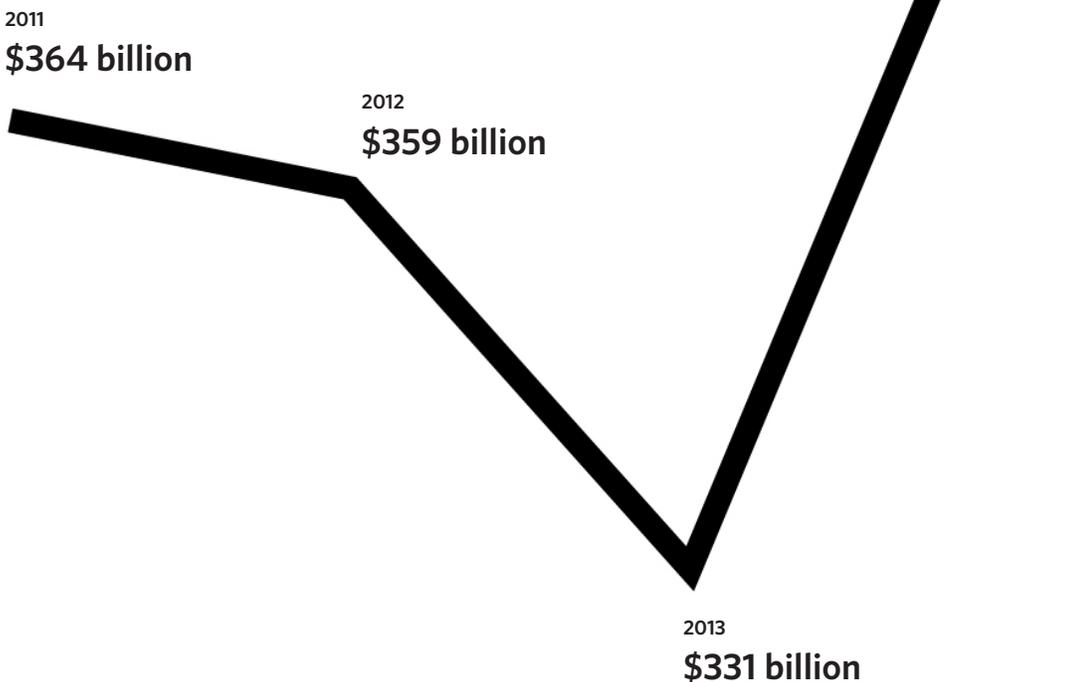
**All dollar amounts are in USD billion, all represent annual flows.*

Global climate finance increased by 18% in 2014

More money than ever before was invested in low-carbon and climate-resilient growth in 2014.

TOTAL CLIMATE FINANCE IN 2014

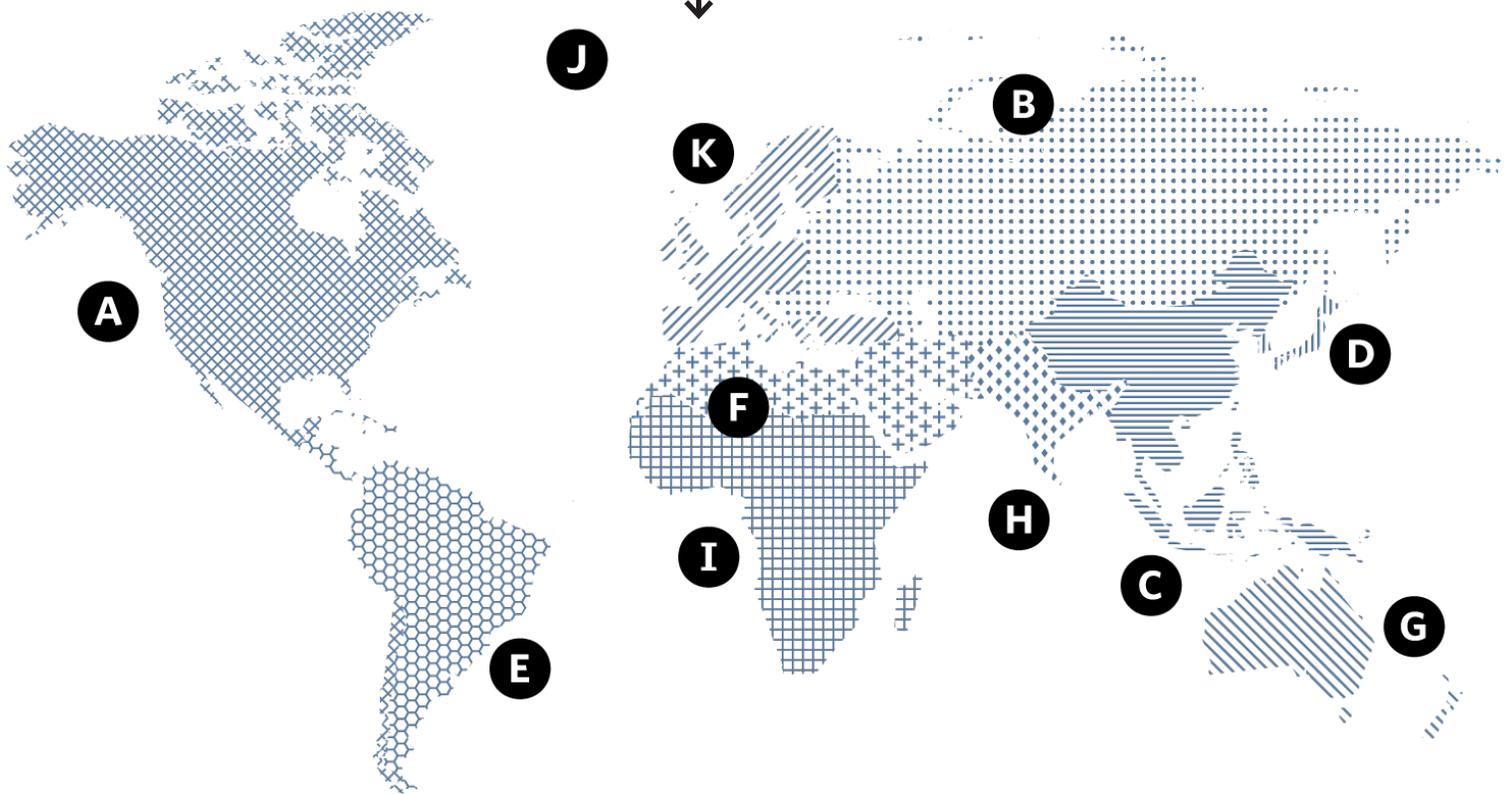
\$391 billion



East Asia and the Pacific remained the largest destination for climate finance, accounting for 31% of the total or USD 119 billion, up 22% on 2013. China alone accounted for 22% of total finance. With 24% of the total or

USD 93 billion, Western Europe was the second major destination. Both the Middle East and North Africa and South Asia regions experienced large increases (114% and 33% respectively) from 2013.

Where was that money spent?



A \$45 BILLION (12%)
America

B \$12 BILLION (3%)
Central Asia & Eastern Europe

C \$119 BILLION (31%)
East Asia and Pacific

D \$38 BILLION (10%)
Japan, Korea & Israel

E \$28 BILLION (7%)
Latin America & the Caribbean

F \$9 BILLION (2%)
Middle East & North Africa

G \$3 BILLION (1%)
Oceania

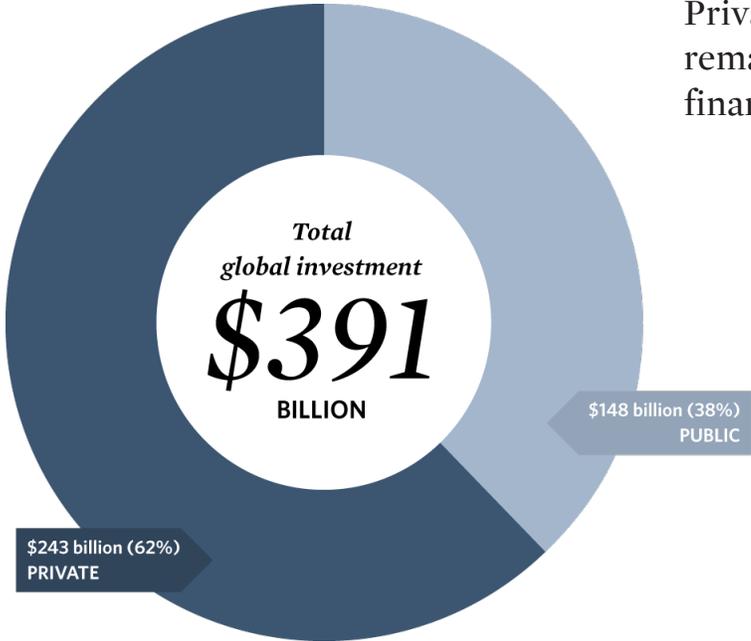
H \$17 BILLION (4%)
South Asia

I \$12 BILLION (3%)
Sub-Saharan Africa

J \$13 BILLION (3%)
Transregional

K \$93 BILLION (24%)
Western Europe

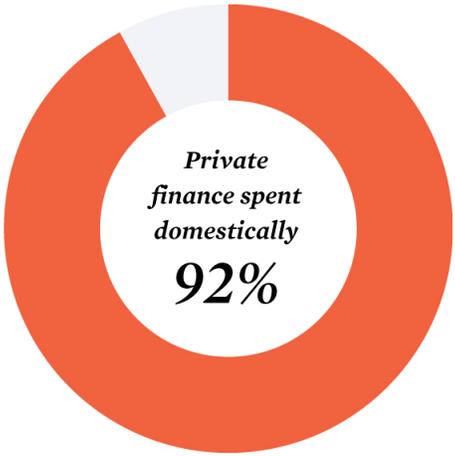
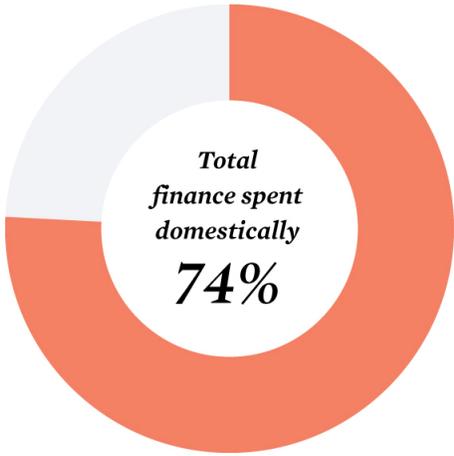
Was that money public or private?



Public finance continues to drive private investment and has grown steadily for a third year in a row. Most comes from development finance institutions which provided 33% of total climate finance flows.

Private investment surged 26% from 2013 and remained the largest source of global climate finance.

Public support is significant but totals less than a third of government subsidies for fossil fuel consumption which reached around \$490 billion in 2014.¹



Countries around the world are investing in climate action to protect and build their long-term prosperity. The majority of finance was raised and spent in the same country. Because domestic investment dominates, it is vital to get national policies right.

¹ Based on IEA, 2015.

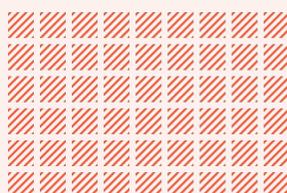
While \$391 billion might sound like a lot, we are still falling short

 \$0.25 trillion



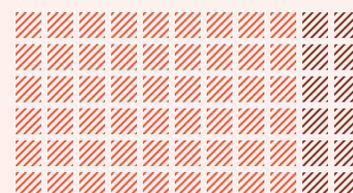
INVESTED, 2011-2014
\$1,095 billion

Renewable energy and energy efficiency investment captured in the global landscape reports over the last four years.



NEEDED TO SUPPORT INDC PLEDGES
\$13.5 trillion²

Investment required over the next 15 years in energy efficiency and low-carbon technologies to implement the national climate pledges (so-called “Intended Nationally Determined Contributions”) countries made before international climate negotiations held in Paris in December 2015.



NEEDED TO LIMIT TO 2°C
\$16.5 trillion³

Investment required over the next 15 years in energy efficiency and low-carbon technologies consistent with limiting global temperature increase to 2°C.

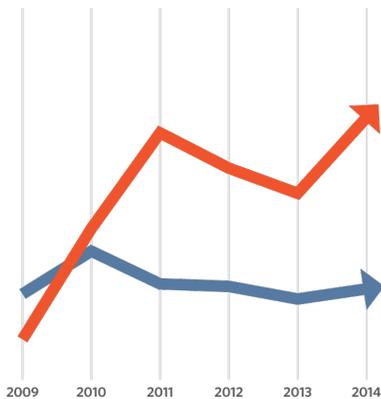
With \$13.5 trillion pledged, we'll make significant progress, but we still won't be able to limit the global temperature increase to 2°C.

² Based on IEA, 2015.

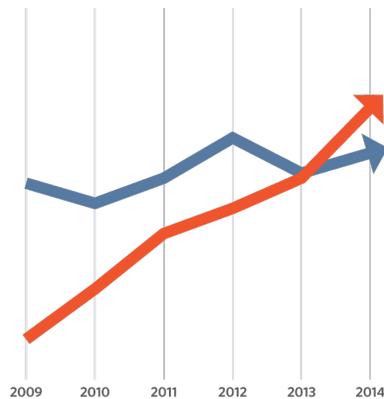
³ Based on IEA, 2015.

The good news is that, in some areas, climate finance is achieving more than ever before

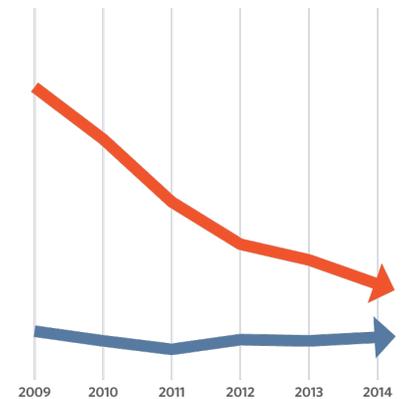
Solar PV  Onshore wind 



As finance (\$ billion)
increases...



capacity⁴ (in GW) increases
too, while...



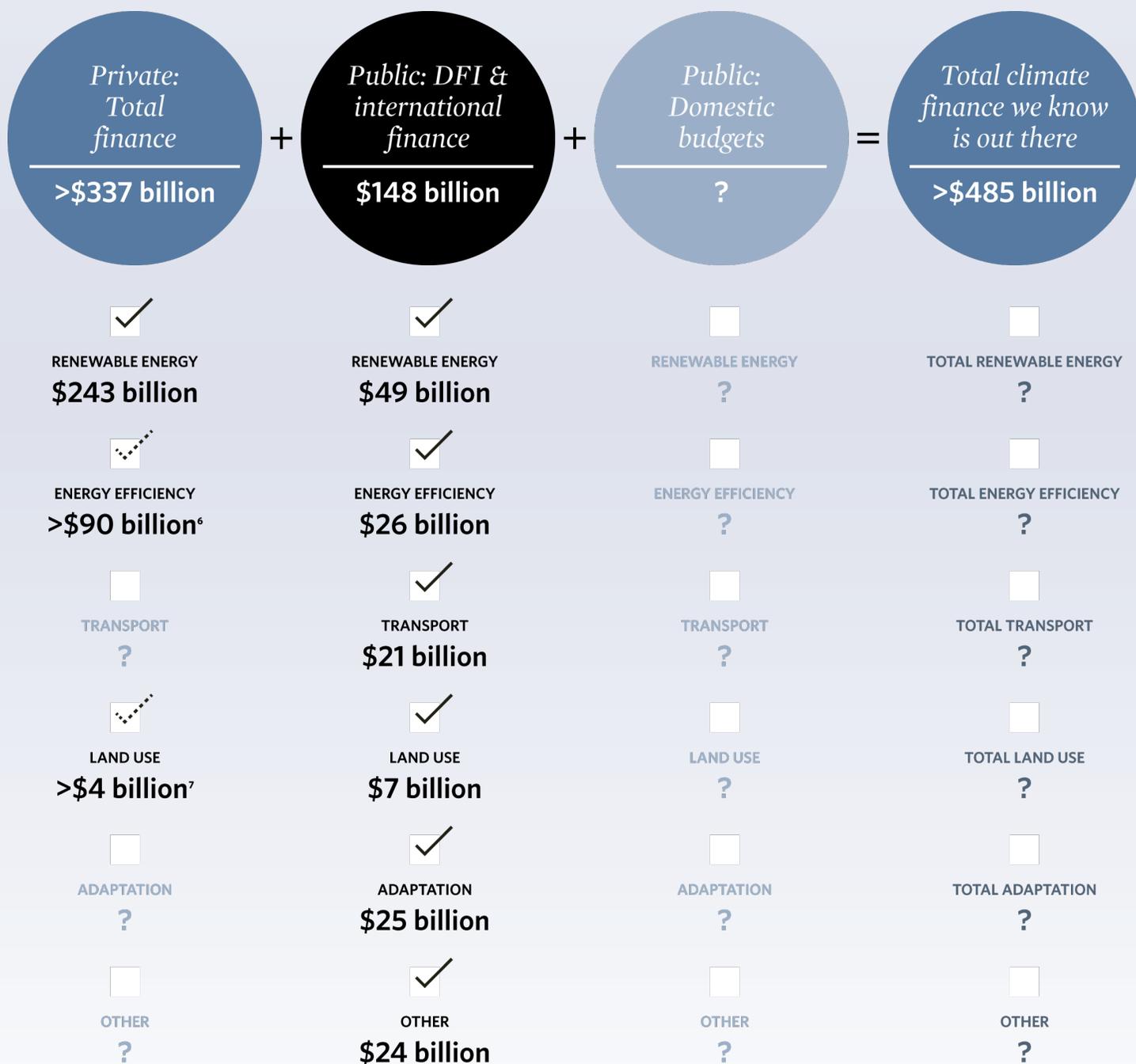
the electricity costs⁵
(\$/MWh) decrease
dramatically.

Public support has been key to driving down the cost of wind and solar power to the point where they are competitive with, and even cheaper than, fossil fuels in more and more markets.

⁴ Based on BNEF, 2015.

⁵ Based on Bloomberg, 2015 and on IRENA, 2015.

And there has been progress in tracking climate finance, though there is still work to be done



6 Based on IEA, 2015.

7 Based on CPI, 2015.

Thick black ticks = Finance captured in Landscape 2015

Thick black ticks plus dotted ticks = Finance captured in Landscape 2015 plus lower bounds of credible estimates of other flows.

Solutions for a low-carbon, climate-resilient world at Paris and beyond

Enhance tracking efforts to further improve the transparency, comprehensiveness, and consistency in accounting approaches.



Since the first edition of the Global Landscape of Climate Finance in 2011, significant progress has been made towards getting a comprehensive picture of climate finance. Ongoing efforts across the climate finance tracking community have laid the foundation for further collaborative work to address outstanding comparability issues and gaps.

Agreement on what counts and how it should count can help to strengthen trust and international cooperation. **Ultimately, a proper measurement, tracking, and reporting system is a critical building block to ensure finance is used efficiently and targeted where it is needed the most.**

Get domestic investment policy and support frameworks right.



Landscape 2015 shows that three quarters of global climate finance, and more than 90% of private investment, originates in the same country in which it is spent.

Deficient frameworks can inhibit the incentives for investment by, for instance, sending unclear or uncertain policy signals or by failing to put an adequate price on the risk of inaction on climate change.

A clear understanding of where investments take place and what their underlying drivers are can help to identify and overcome the remaining barriers to climate-relevant private investment.

Improved tracking at the national level can help strengthen climate change policy-making processes and ensure effective management of public resources to deliver on national climate change policy goals.

Innovate to develop or refine financial instruments that meet the needs of investors.



The experience of the Global Innovation Lab for Climate Finance has shown that **creative collaborations help to identify new ways for addressing the outstanding needs of investors and countries.** The process of building a coalition of actors from across the financial system and coordinating their efforts through a systemic platform has shown The Lab's ability to accelerate the development of promising ideas for financial instruments to investment-ready projects.

Enhance the integration of climate change considerations into the financial system.

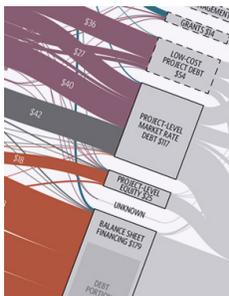
4

Public actors have the opportunity to drive investment from the wider financial system, by providing other investors and financiers with the needed confidence to participate in climate projects. Development finance institutions, for instance, can enhance private actors' awareness of and ability to understand, appraise, and manage climate change risks (or opportunities), and thereby engage investors currently still at the sidelines of climate finance.

Further, **an enhanced integration of environmental, social, and governance factors in investment decisionmaking processes can help investors to better understand risks and engage further in climate action.**

Want to know more? Read the full report for more in-depth analysis, join our mailing list and follows us on Facebook, Twitter and LinkedIn:

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REPORT: *Global Landscape of Climate Finance 2015 report*

Barbara K. Buchner, Chiara Trabacchi, Federico Mazza, Dario Abramskiehn and David Wang. Publication date: November 2015

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Climate Policy Initiative (CPI) works to improve the most important energy and land use policies around the world, with a particular focus on finance. We answer pressing questions posed by decision makers through in-depth analysis on what works and what does not.

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