

Climate Finance Landscape and Implications for SDGs

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for Sustainable Development Goals*
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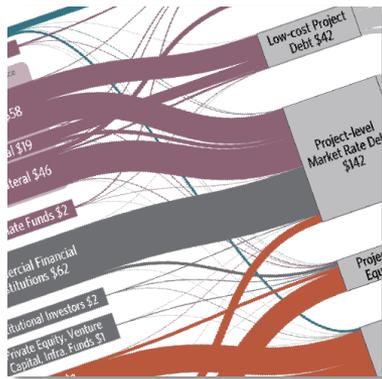
CLIMATE
POLICY
INITIATIVE

Climate Policy Initiative

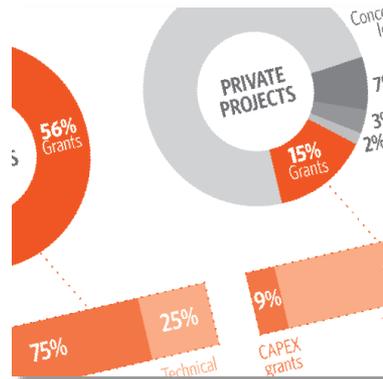
With deep expertise in policy and finance, CPI works to improve the most important energy and land use practices around the world.

Our mission is to help governments, businesses, and financial institutions drive growth while addressing climate risk.

TRACKING FINANCE



EFFECTIVE FINANCE



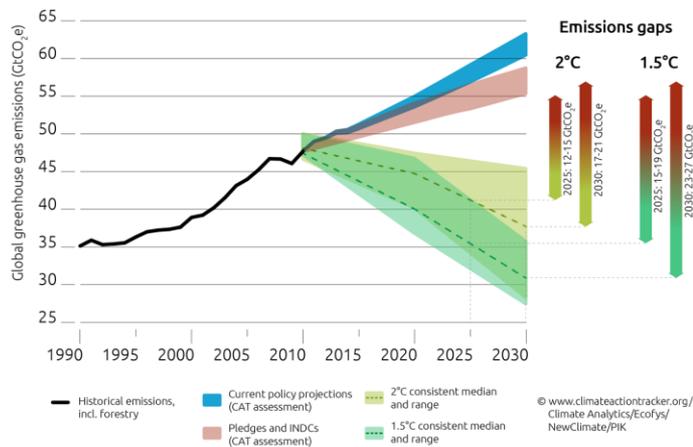
TRANSFORMATIVE FINANCE



Climate finance addresses key 21st century challenges

Climate Change

→ Meeting the Paris Agreement goals for Mitigation & Adaptation



Sustainable Development

→ Meeting Sustainable Development Goals



What do we currently track?

Objective:

Comprehensive breakdown of annual climate finance flows into new low carbon, climate resilient interventions.

- **Annual financial commitments** in the latest available year into new projects/activities;
- **Total primary financial transactions and investment costs** or, where tracked, components of activities that directly contribute to adaptation and/or mitigation,
- No double counting

Not...

- Risk mitigation instruments
- Policy-induced revenue support mechanisms or other public subsidies
- Secondary market transactions
- Investments in manufacturing and sales

LANDSCAPE OF CLIMATE FINANCE IN 2015/2016

Global climate finance flows along their life cycle in 2015 and 2016. Values are average of two years' data, in USD billions.

410 BN USD ANNUAL AVERAGE



SOURCES AND INTERMEDIARIES

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

INSTRUMENTS

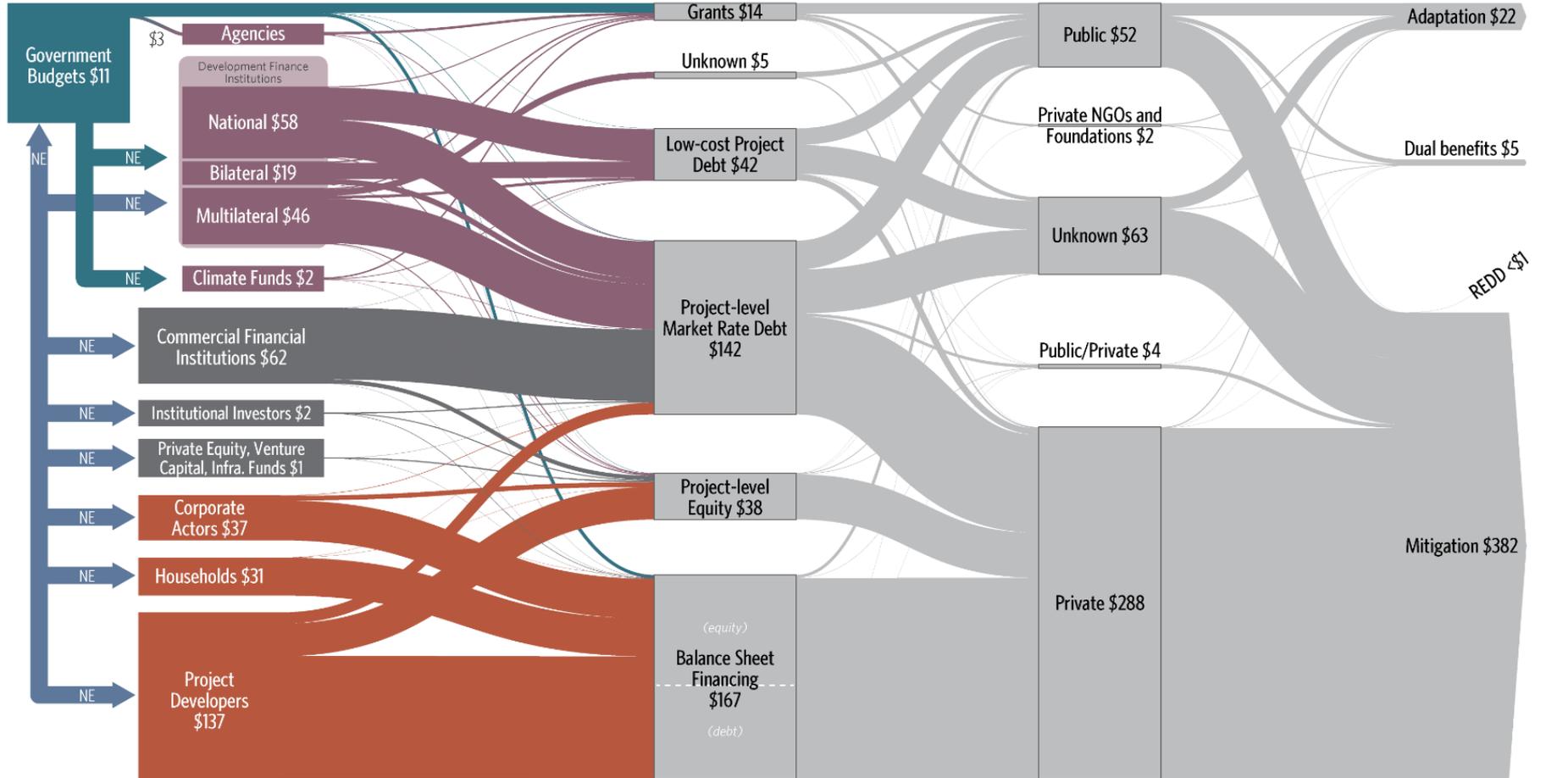
What mix of financial instruments are used?

RECIPIENTS

Does climate finance go through public or private channels?

USES

What types of activities are financed?

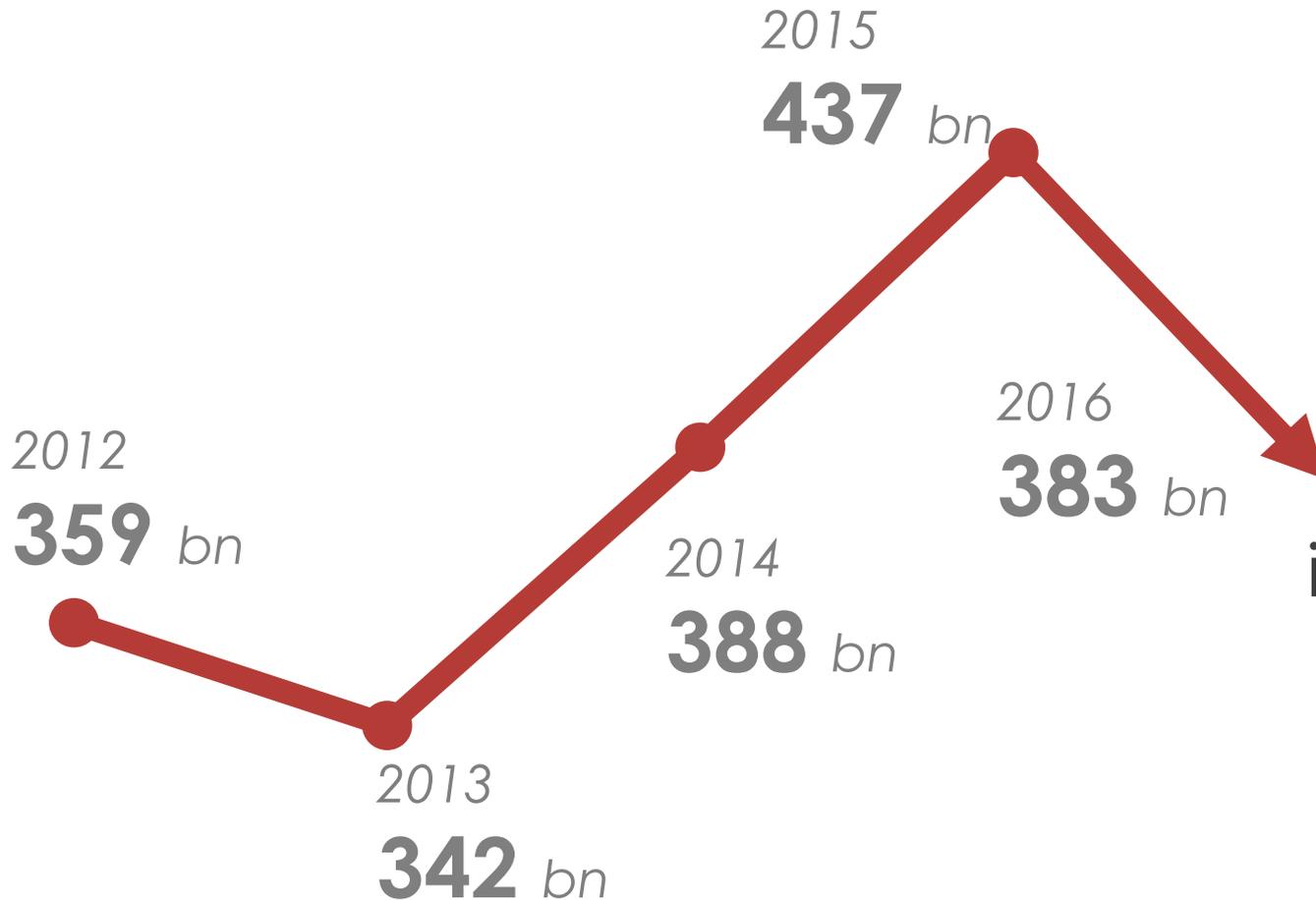


KEY

- PUBLIC MONEY
- PRIVATE MONEY
- PUBLIC FINANCIAL INTERMEDIARIES
- PRIVATE FINANCIAL INTERMEDIARIES
- FINANCE FOR INVESTORS & LEENDERS
- NE: NOT ESTIMATED

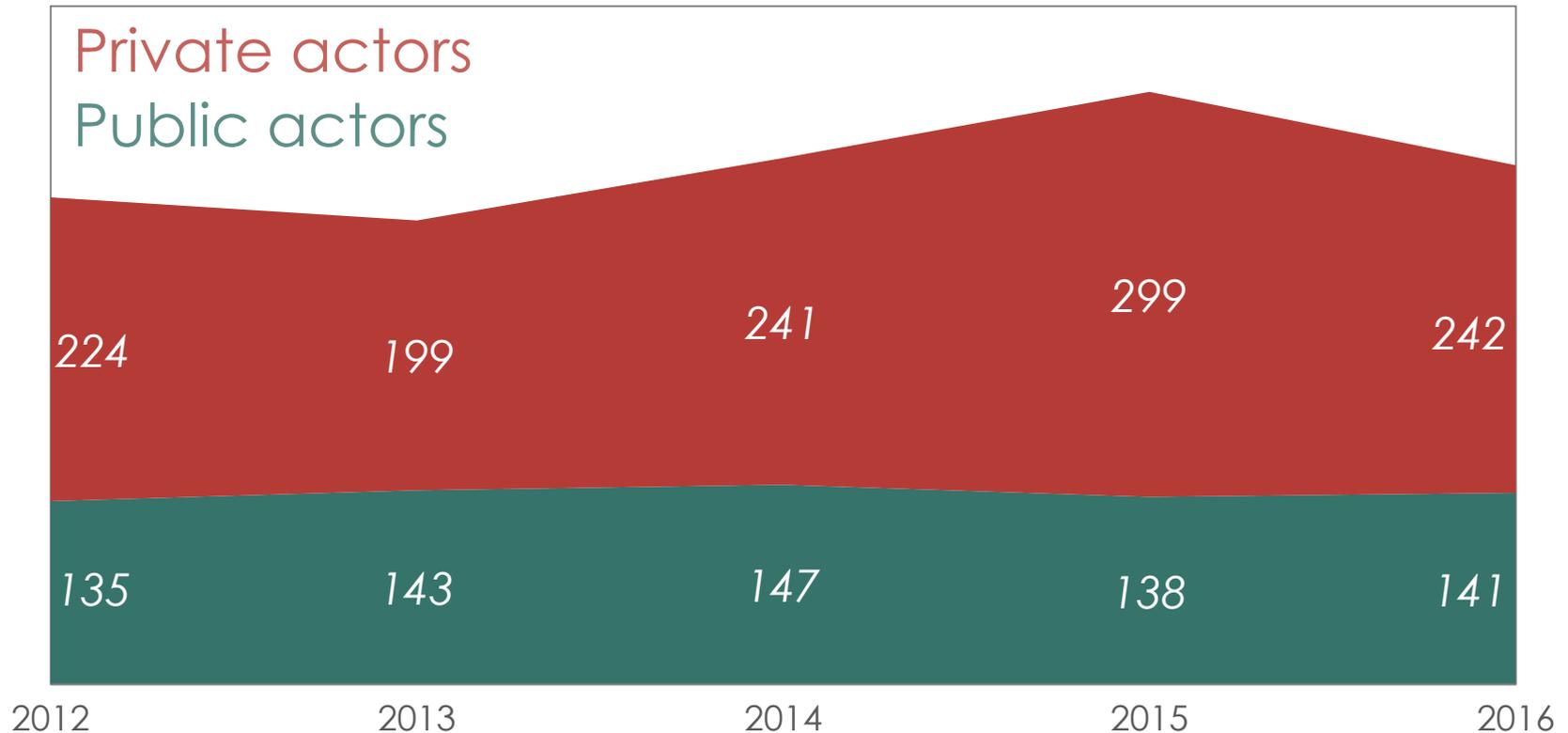
Global climate finance flows surged to

\$437 billion

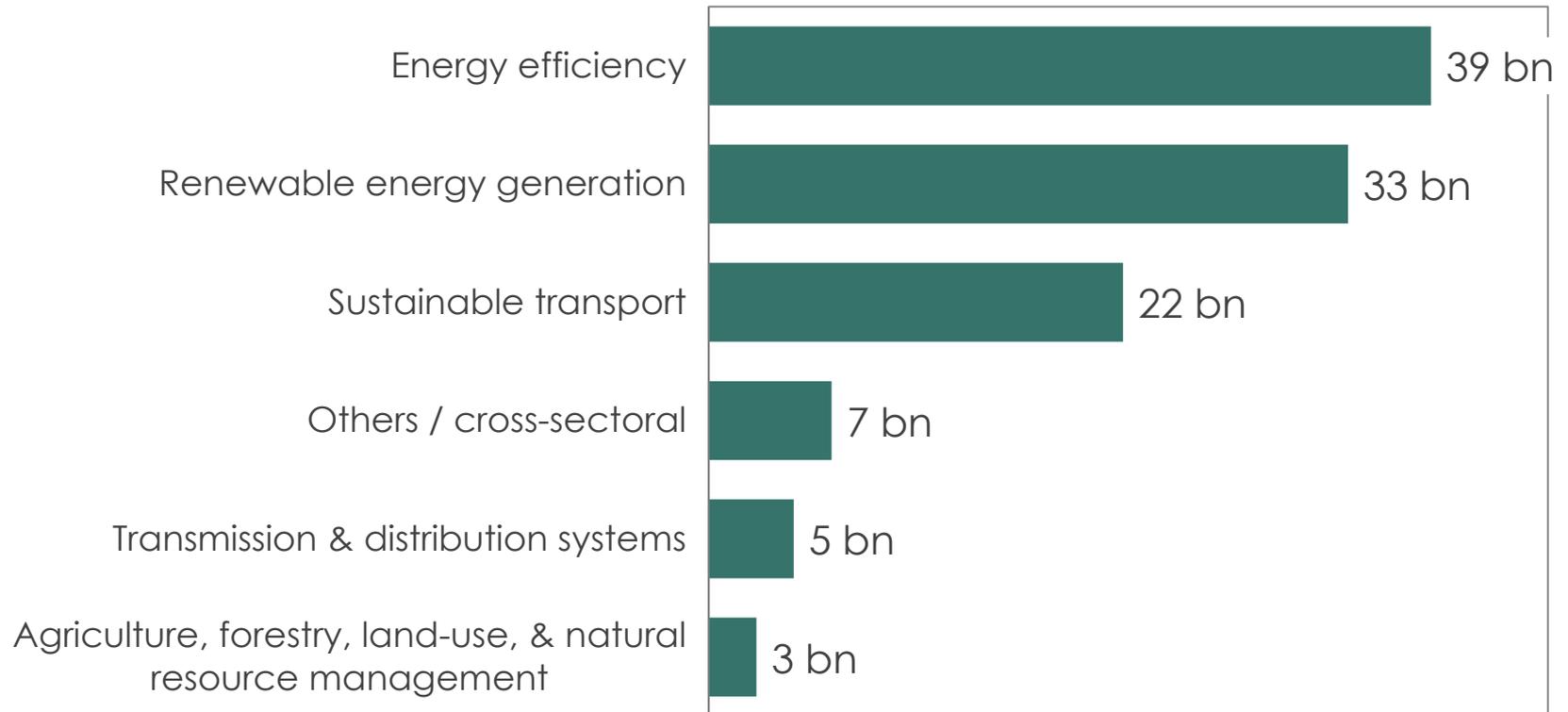


in 2015, before falling 12% to \$383 billion in 2016.

The private sector is doing more than ever, while the overall share of public investment remains steady



Public finance shifts priorities



Was there a Paris effect?

Nations Unies

Conférence sur les Changements Climatiques 2015

COP21/CMP11

Paris France



Are we on track?

Renewable energy is a bright spot...



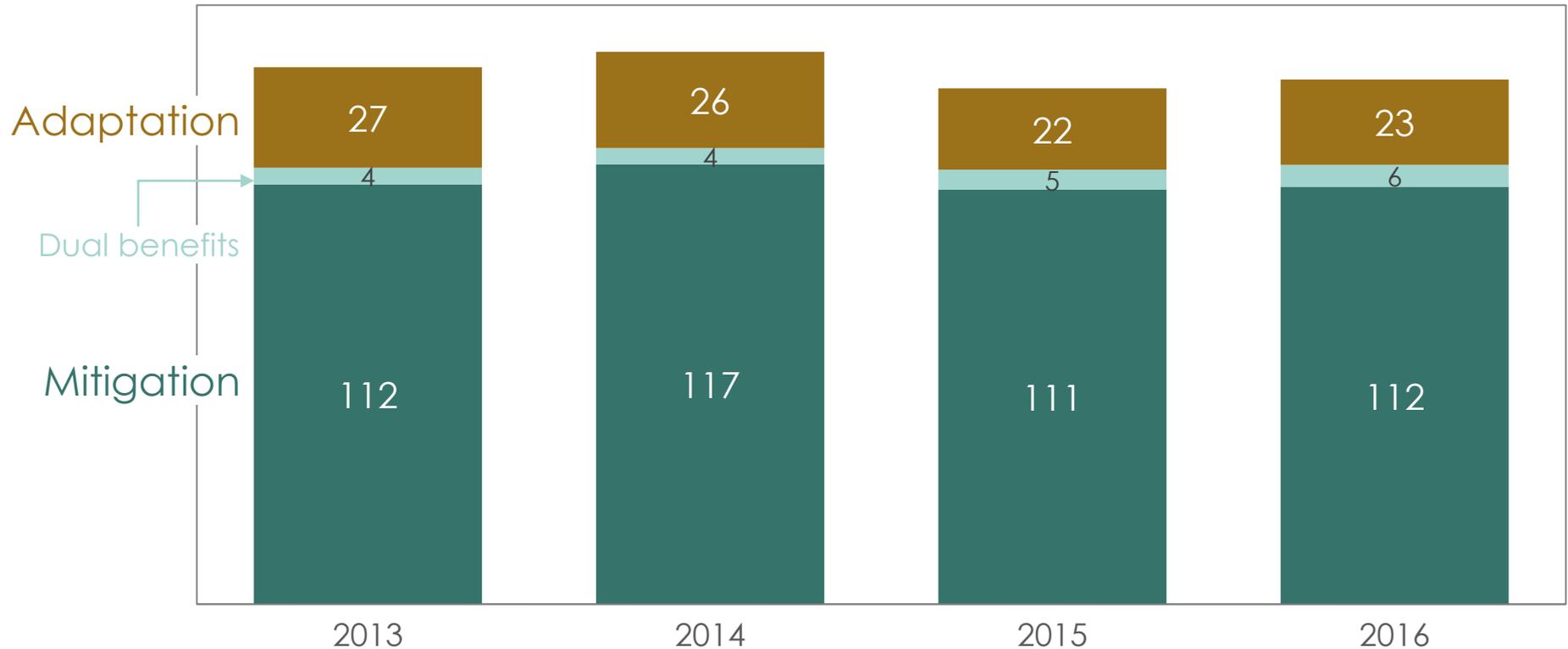
...but other areas are behind.

\$1 trillion/year through 2050 needed (just for energy)

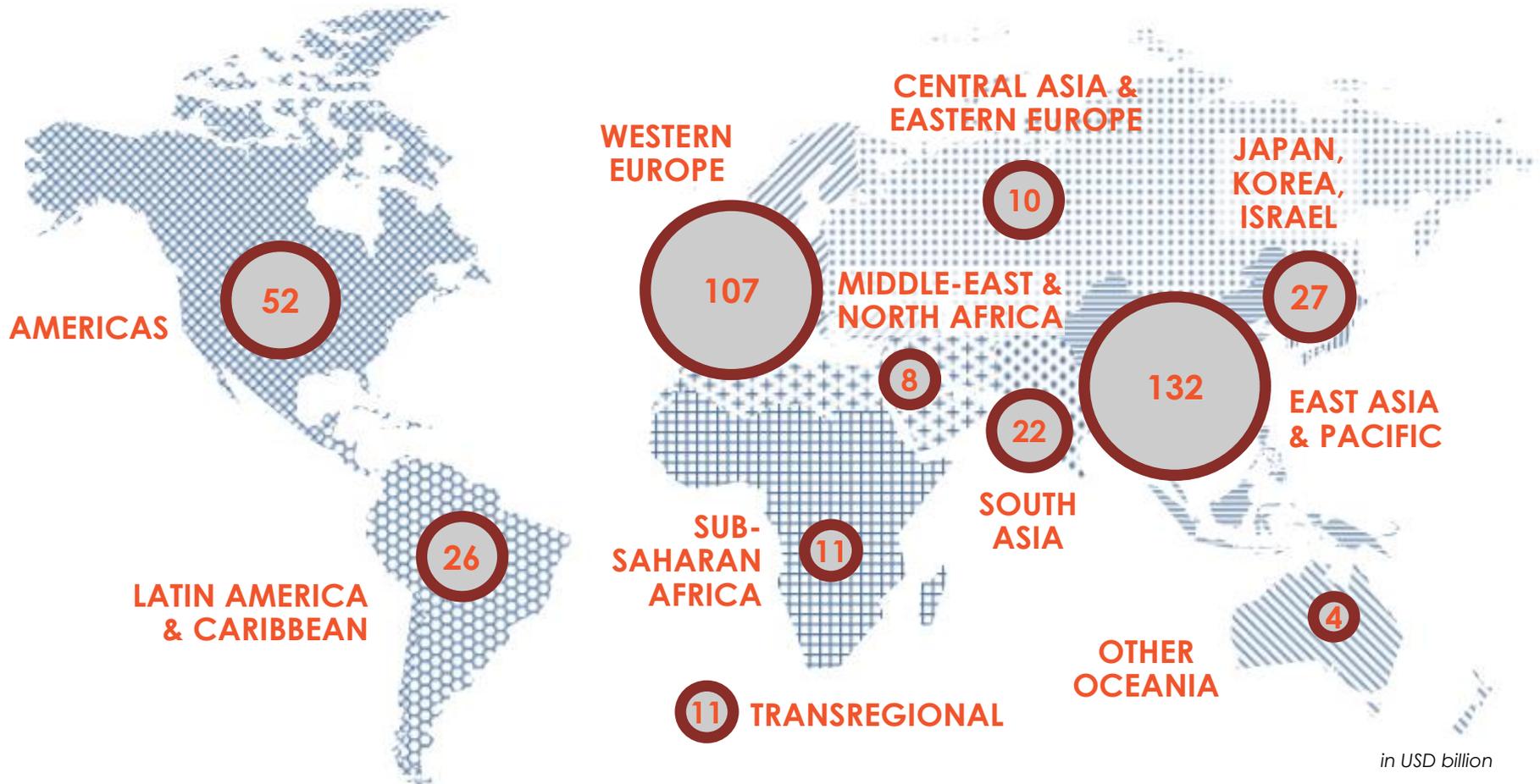
Underfunded sectors:

- Industrial energy efficiency
- Transport
- Agriculture
- Water
- Buildings
- Curbing deforestation
- Adaptation

Public funding for adaptation projects remains a challenge

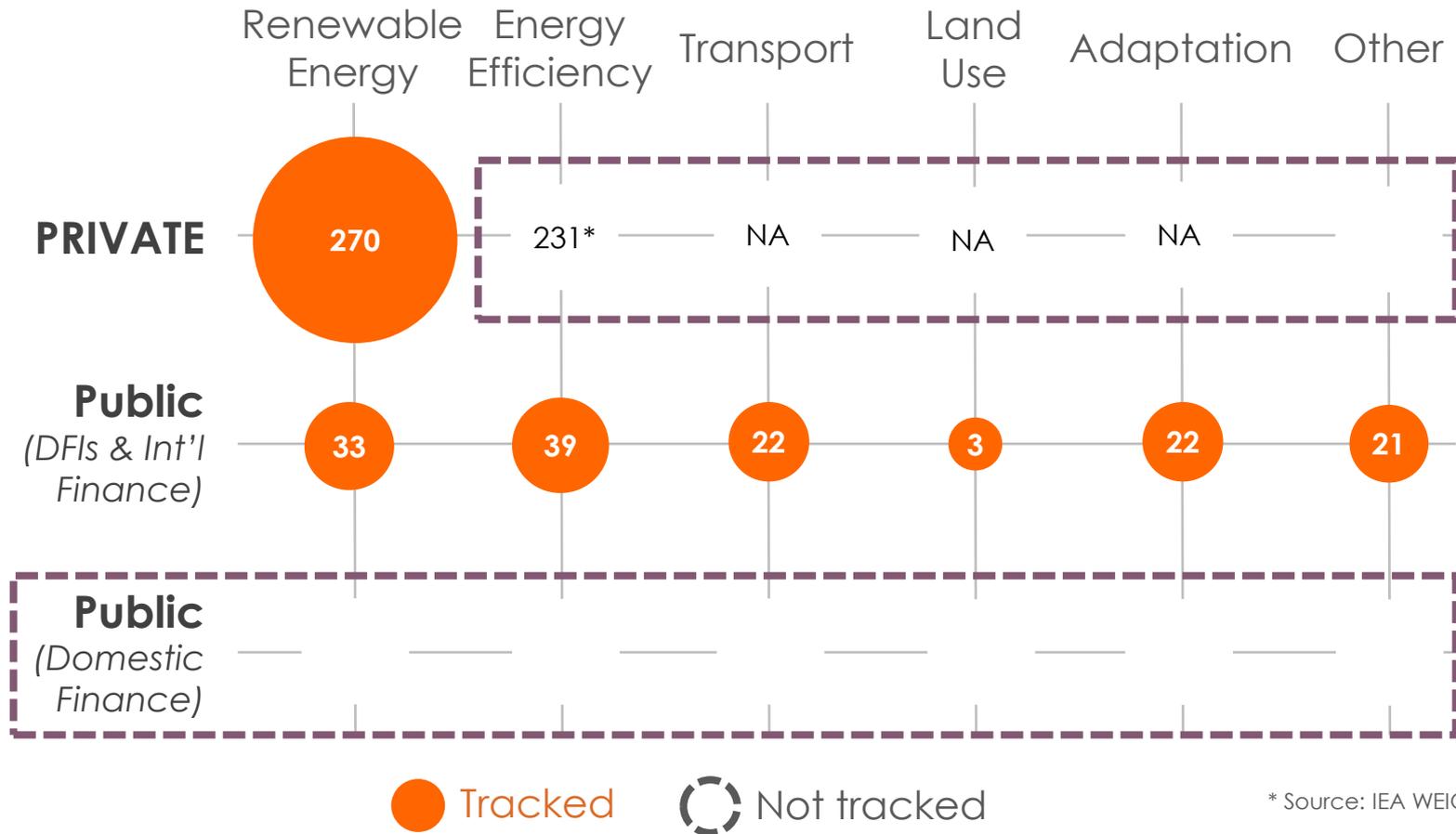


South Asia, and East Asia and Pacific see the largest increase in climate finance



in USD billion

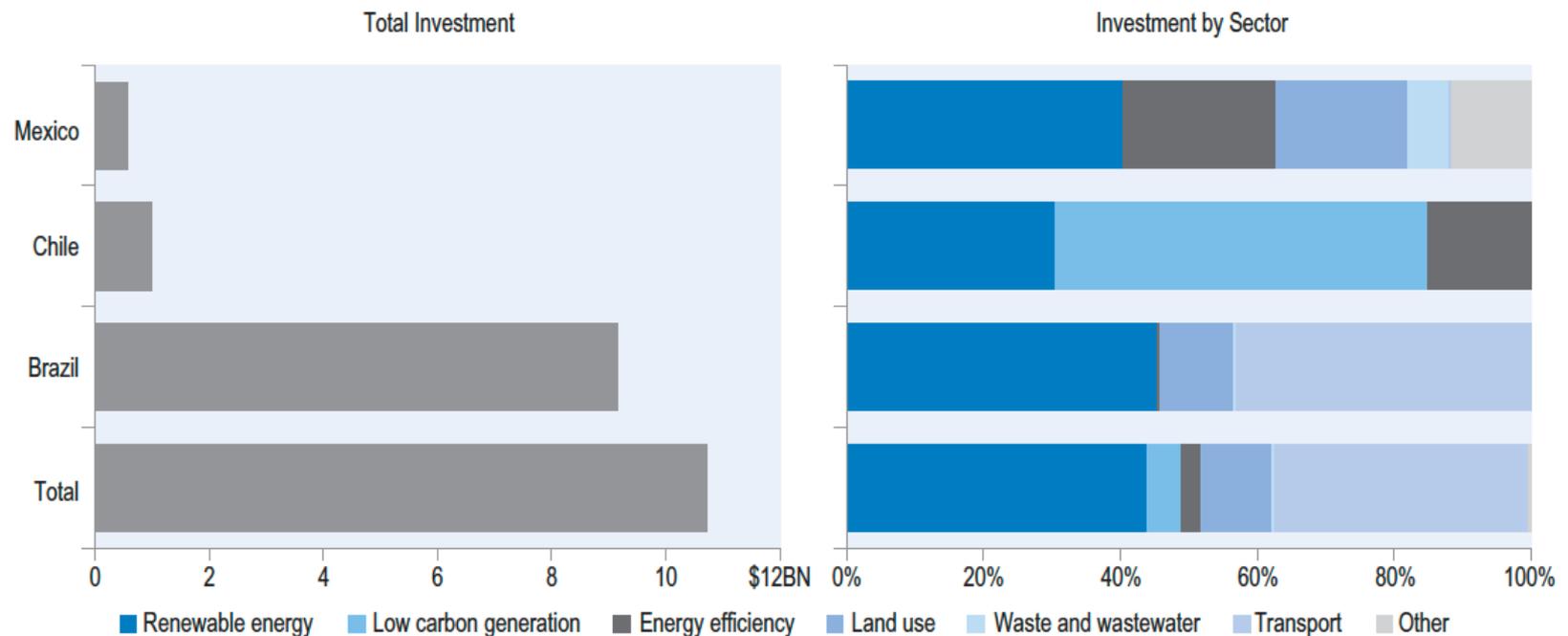
More work needs to be done in tracking climate finance



Climate finance of NDBs in Brazil, Mexico, Chile

USD 11 billion in 2015: Unique role connecting international finance, domestic governments, and local private sector actors;
well-positioned to help mobilize climate investments

FIGURE 1 Annual Mitigation Investments of Surveyed Domestic DFIs in Brazil, Mexico, and Chile (US\$ millions)



Source: CPI analysis based on data from surveyed domestic DFIs.

Four promising investment & policy trends signal a better outlook for climate finance and SDGs

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2

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3 Efforts to **green existing public financial flows** are beginning to take root (though more work remains).

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New and innovative investment vehicles are on the rise and many of these target institutional investors that manage mostly untapped but significant portion of global capital.

2

4

Unlocking innovation: The Lab

Since its launch in 2014, Lab instruments have **mobilized more than \$1 billion for adaptation and mitigation** projects around the world



India Innovation Lab
for Green Finance

Brasil Innovation Lab
for Climate Finance

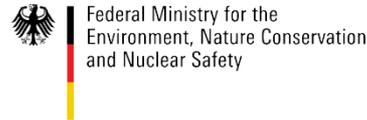
Global Innovation Lab
for Climate Finance

Fire Awards for
Sustainable Investment

Founded in 2014, the Lab identifies, develops, and launches sustainable finance instruments that can drive billions to a low-carbon economy.

The approach: A public-private partnership

Funders



Members



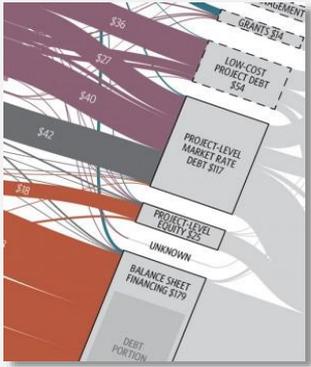
Secretariat



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