Global Perspectives on Climate Finance Flows

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East Asia and Pacific: largest destination of climate finance flows, & contribute more than 20%
The investment gap

Total climate investment equaled $331 billion in 2013...

...and not nearly enough.

That’s $28 billion lower than in 2011/2012

$5-6 trillion needed through 2020

We’re falling further and further behind low-carbon and climate-resilient investment goals.
Who are the important actors?

The **private sector** provides the majority of climate finance, but **less than in 2012**.

The **public sector** continues to play a key role and is providing **broadly as much finance as in 2012**.
Why is climate finance decreasing?

Total investment in solar fell, mainly due to lower costs

Total investments in wind fell, mainly due to lower deployment

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Climate Finance has a Domestic Preference?

Of total climate finance:

74% is spent domestically...

$331 bn

...only 26% flows between countries
What are the flows between countries?

Of $87 bn in cross-border climate finance:

- $49 bn stays within other developed or developing countries
- $34 bn flows from developed to developing countries.

This is $8 bn or >20% less than last year.
Destinations of climate finance

(*) due to data constraints we were not able to allocate 2% of the investment.
What are the final uses of the climate finance?

91% of all finance targeted **mitigation**, decreasing $35 bn from 2012.

7% of all finance targeted **adaptation**, increasing by $3 bn from 2012.

Note: data issues; empirical samples suggest more adaptation activities on a domestic basis.
The Flows of Public Climate Finance Diagram

Notes: Figures are indicative estimates of annual flows for 2011. All data presented relates to transfers or disbursements during 2011. Flows are expressed in IDR billions and rounded to produce whole numbers, and as such due to rounding for presentation displayed values might not add up. We show finance that we could identify clearly as climate-specific as “solid” flows. The diagram captures upfront capital investment costs for low carbon and climate resilient activities, plus activities that indirectly support mitigation or adaptation, such as policy development, capacity building, setup of MRV systems or research and development. We only track upfront investments and not lifetime inflows. There is significant uncertainty around how much climate-specific finance is being disbursed from the state budget to support indirect activities in general, and adaptation activities in particular. We represent the full range, including the band of uncertainty (up to an additional IDR 10.008 billion), in the diagram as a “shadow,” reflecting the scale of climate-specific finance and portion of potentially relevant finance that we could not verify.

* We included transfers where we knew they happened (ICCTF, Geothermal Risk Mitigation Fund, Eximbank), although there were not disbursements to projects in 2011.
** Equity participation is comparable to what we call balance sheet financing in the global landscape.
Public climate finance disbursed at least USD 951 million in 2011.

Domestic resources contributed the majority of public climate finance flows.
There is significant uncertainty about how much public money is really flowing. We identified around USD 1 billion in additional finance that may be highly relevant, but could not be verified.

All figures in USD millions

The Global Landscape of Climate Finance 2014
Key findings

Much is happening, but climate finance remains below what is needed to achieve the 2 degree goal

How to scale up?

• **Focus on role of public flows & resources**
  – domestic finance is key to climate finance

• **Understand the real picture of climate finance**
  – Methodological issues – a common language
  – Data gaps – particularly on a domestic level
  – Transparency of climate finance is key to ensuring lessons are learned

• **Mainstream climate in development**

There is a need to move away from pure politics toward the real economy to mobilize climate finance effectively
...helping nations spend their money wisely

http://www.climatefinancelandscape.org/