Submission from India

Methodological Considerations on the Climate Policy Initiative's *Global Landscape of Climate Finance 2026* Report and its Relevance for the Seventh Biennial Assessment of the Standing Committee on Finance.

The Climate Policy Initiative's (CPI) *Global Landscape of Climate Finance 2026* reports that global climate finance surpassed USD 2 trillion in 2024. This headline figure has attracted considerable attention as an indication of progress in global climate finance. As the report is expected to serve as a significant input to the Standing Committee on Finance's (SCF) Seventh Biennial Assessment (BA) of climate finance flows, a closer examination of its scope, methodology, and underlying data is warranted.

Several methodological features merit careful consideration, particularly regarding the extent to which the headline figure is comparable with climate finance discussions and goals under the UNFCCC and the Paris Agreement.

Scope of the headline figure: CPI's USD 2 trillion represents aggregate global climate-related investment from all sources, including public, private, domestic, international, and household finance directed towards climate-related activities worldwide. It is therefore a comprehensive estimate of global climate investment rather than an assessment of international climate finance provided by developed countries to developing countries under the UNFCCC and the Paris Agreement.

Relationship to climate finance goals: At USD 2 trillion, the reported total substantially exceeds both the New Collective Quantified Goal (NCQG) of USD 300 billion per year by 2035 for developed-country-led climate finance to developing countries, as well as the broader USD 1.3 trillion ambition encompassing finance from all public and private sources and actors. Presented without adequate contextualisation, the headline figure could be interpreted as suggesting that internationally agreed climate finance objectives have already been exceeded several times over. Such a comparison should be approached with caution, as these figures are derived from fundamentally different scopes, definitions, and accounting frameworks.

Composition of the headline total: The following figures, drawn from CPI's own underlying data, offer a more granular view of the USD 2 trillion total:

- Approximately 85 per cent of the total USD 2 trillion was mobilised domestically rather than internationally. China's domestic finance alone accounts for USD 731 billion of the global total, representing more than a third of the headline figure. While domestic investment is critical for climate action, its aggregation within a global total may obscure the distinction between domestic resource mobilisation and international climate finance under the UNFCCC.

- Capital flowing from advanced economies to EMDEs on grant and concessional terms, the category most closely approximating international climate finance under the UNFCCC architecture, is estimated at USD 58.7 billion in 2024, representing less than 3 per cent of the reported global total. It consists of concessional debt net of export credit ($26.4 billion), grants ($24.8 billion), and equity ($7.5 billion). This also includes $7 billion to "transregional" entities under the development status category, adding uncertainty to allocation.

- **Sectoral composition:** Of the USD 2 trillion, approximately USD 1.9 trillion (around 95 per cent) was directed toward mitigation, concentrated primarily in the energy sector.

Adaptation finance accounts for a comparatively small share and, as CPI itself notes, is likely underestimated owing to tracking limitations. This sectoral imbalance is not immediately apparent from the headline figure alone.

Institutional and methodological framing: CPI's Global Landscape of Climate Finance (GLCF) methodology is constructed as a market-wide investment-tracking exercise rather than climate finance tracking. CPI applies its own operational definition of climate finance, supported by a tracking framework that draws on OECD-DAC, Joint MDB, and GFANZ methodologies. CPI also acknowledges that this definition differs from the UNFCCC's operational definition, in context and scope, though the report does not set out an explicit concordance between the two, which would help readers assess how much of any divergence is definitional rather than substantive.

Country classification: The report classifies countries according to the IMF distinction between advanced economies and emerging market and developing economies (EMDEs), rather than the Convention's differentiation between developed and developing country Parties. These classification systems are not directly comparable and may have implications for the interpretation of international climate finance flows in the context of UNFCCC obligations. In addition, the underlying dataset includes a substantial volume of transregional flows that cannot readily be attributed to either country grouping.

Commitments versus disbursements: The report also reflects committed rather than disbursed finance. This distinction matters: a commitment records an intention or agreement to provide finance, not finance that has been put to its intended use. To the extent the headline figure is read as finance already delivered, that reading should be qualified accordingly.

Rounding at scale: Aggregation and rounding, while a standard feature of reporting at this scale, can obscure meaningful variance. For example, flows to developing-country destinations amount to approximately USD 1,163 billion (excl. transregional flows) in the underlying data, commonly rounded to "USD 1.2 trillion" in headline communications.

The *Global Landscape of Climate Finance 2026 (GLCF)* provides a valuable assessment of global climate-related investment trends. **However, its headline estimate should not be interpreted as a measure of progress towards developed countries' climate finance obligations under the UNFCCC and the Paris Agreement** without careful consideration of its scope, definitions, methodological assumptions, and institutional purpose. As the report is expected to inform the SCF's seventh Biennial Assessment, it may be important that these distinctions are appropriately reflected to avoid conflating global climate investment with internationally agreed climate finance commitments.

Therefore, the SCF, as the UNFCCC's technical body, must critically examine the methodologies it relies on, seek necessary modifications or develop its own methodology and independent estimates. If the GLCF is to inform the UNFCCC process, its authors must align the report with the architecture of the Paris Agreement by explicitly reporting climate finance flows from developed to developing countries, which, in its latest report, amount to just $58.7 billion, alongside the headline figure of USD 2 trillion.

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