

Who Funds the Fight Against Climate Change?

As the world races to ramp up spending to address climate change, one question looms large: Where will the money come from?

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This article provides data on the multibillion costs of the Climate Change Agenda, which is predicated on the reduction of Greenhouse Gas Emissions including CO2. Amply documented, the Climate Change agenda is in large part based on scientific falsehoods.

There are data from NASA, which is the North American Space Agency, and they show that in the last 18 years there was no general global warming. What exists indeed - because we are not deniers of the problem - are changes in different dimensions in the weather, in the climate and more so in the atmosphere, etc. We are going to explain this more in this interview.

The second is the CO2-question which is now very prominent as all these young people are now on the street, because they believe in this story and this dogma of the CO2.

And this is very strange because a lot of scientists, real scientists, are denying the influence of CO2 as a reason for climate change or as an influence at all." (**Prof. Claudia von Werlhof**)

As a global society, we must increase spending to at least [\\$4.13 trillion every year by 2030](#)¹ to fund an energy transition sufficient to keep the planet below a temperature rise of 1.5 degrees Celsius, according to a 2021 report by environmental think tank Climate Policy Initiative. That's a lot. Especially compared to current spending. The annual global climate investment averaged \$632 billion per year over 2019 and 2020—15 percent of the \$4.13 trillion target.

That \$632 billion accounts for direct investment in things like infrastructure, energy efficiency, and other big-ticket initiatives around systemic change to mitigate or adapt to climate change. (The numbers don't include donations or the funding of things like research and development or public information campaigns.)



Due to rounding, subtotals don't quite add up to Climate Policy Initiative's total of \$632 billion.

Here's another critical number: \$3.5 trillion. That's the gap. That's how much more money the world needs to spend every year, on top of what's happening now to reach the goals of the Paris Agreement. So who's gonna fill it?



Source: Climate Policy Initiative, "[Global Landscape of Climate Finance 2021](#)."

Despite the shortfall in current climate finance, there is growing optimism that nations, organizations, and individuals will rally to meet the challenge—with their checkbooks at the ready.

"Finance is a huge lever, and possibly the most important lever, for the low-carbon economic transition," Cooper Wetherbee, an analyst with the think tank [Climate Policy Initiative \(CPI\)](#), told me in an interview in March 2021, "if we use it correctly."

To understand what that means, here's the *Means & Matters* guide to the myriad groups, sectors, and industries pouring billions into climate action, whether it's through sustainable infrastructure, innovation, carbon offsetting activities, and individual actions to minimize emissions.

What They're Doing with the Money — And What They're Not

1. Governments and Intergovernmental Organizations Big spenders that must think bigger (and smarter) 2019/2020 Climate investment: \$321 BILLION¹ Governments and intergovernmental organizations—such as the UN—are among the most significant funders of climate change action. The \$321 billion in climate finance from public sources account for 51 percent of total global commitments.¹

Even so, public investment needs to grow. The 2019/2020 spending only increased 10 percent over 2017/2018 after two successive growth periods of 24 percent. The aim should be more like 450 percent.

But the European Union gives us some hope, leading the public-spending pack. The EU committed to making at least 20 percent of its spending climate-related between [2014 and 2020](#).² As of 2020, the EU reached these goals, with annual expenditures of more than €34 billion (equal to \$40 billion) on climate change mitigation. The EU isn't stopping there. Between 2021 and 2027, the EU plans to increase its climate spending to 25 percent of its total expenditure. The United States had [fallen behind its European peers](#)³ in climate change financing per capita after years of [not even including the word "climate"](#) in budgets⁴. But the Biden Administration is racing to catch back up. Between the 2021 Infrastructure Investment and Jobs Act and 2022's CHIPS and Science Act and the Inflation Reduction Act,

US climate spending is set to [triple over the next decade](#).⁵The \$1 trillion infrastructure bill, for example, included more than [\\$62 billion](#) to support clean energy initiatives through the US Department of Energy, from manufacturing and workforce investments to expanding residential and commercial access to energy efficiency and renewable energy.⁶ This year's Inflation Reduction Act includes \$369 billion for cutting emissions, manufacturing clean energy products, and advancing environmental justice programs—investments the Biden Administration says will reduce US carbon emissions by 40 percent by 2030 and save \$1.9 trillion in climate damages by 2050.⁷At the same time, some states have retained or stepped up climate investment. California, the fifth-largest economy in the world, announced [\\$54 billion planned in climate spending](#) in September of 2022.^{8, 9}Meanwhile, China, the world's largest source of CO2 emissions, announced its allocation of [\\$57 billion for ecology and environment protection in 2020](#) and pledged to become [carbon neutral by 2060](#).^{10, 11} The fund will focus on air pollution prevention and control, as well as water and soil protection. While increasing the amount of public climate investment is critical, so is increasing the strategic approach of these investments.

"A massive transformation is needed to unlock the trillions required to help the world shift to a low-carbon future and build resilience to climate change," wrote Sophie Yeo for [Nature in 2019](#).¹²

"Financiers will have to step away from approaching climate change on a project-by-project basis—a wind farm here, a solar plant there—and start thinking about the carbon impact of every dollar spent . . . it's really up to policymakers to incentivize this shift by financially discouraging the wrong kinds of projects."

2. Corporations

Bulls in the China shop of climate action

2019/2020 Climate investment: [\\$124 BILLION](#)¹

Industry is responsible for [more than 20 percent](#) of all global greenhouse gas emissions.¹³ That makes one thing very clear: Private sector climate investment shouldn't be viewed as philanthropy, but a necessary and just response to the environmental damage corporations have caused.

"The historically and current biggest emitters are the ones that both can and should be increasing their climate finance," Climate Policy Initiative analyst Matthew Solomon said to me during our March call. "They've caused this crisis, so they should be paying to fix it. But also, if you're emitting hundreds of millions of tons of CO2 every year, you're best positioned to reduce that."

Globally, corporations may have invested an average of \$124 billion into climate action in 2019 and 2020, but that's actually a decrease from their 2018/2018 average of \$183 billion.^{1,14} And they're investing in plenty of harm, too. Anti-climate politicians get [nearly twice the corporate donations](#) as those who vote in favor of climate action.¹⁵



Source: Climate Policy Initiative, "[Global Landscape of Climate Finance 2021.](#)"

There are signs of hope. Market pressure is creating an incentive for companies to act, and some companies are responding. Tech giants like Apple, Google, Facebook, and others vowed to power their data centers with [100 percent](#) renewable energy.¹⁶ Companies known for their long commitment to climate action, such as [Patagonia](#) and [REI](#), are demonstrating the market advantage of environmental investment. And the [growing number of certified B corporations](#) demonstrates a global shift toward building sustainability into companies' business models. As many as [1,200 companies around the world](#) have science-based targets in line with becoming net-zero by 2050.¹⁷

3. Funds and Institutional Investors

Private investors placing big-time bets on climate action

2019/2020 Climate investment: [\\$8 BILLION](#)¹

What's this category? "Funds" include things like venture capital and private equity, and institutional investors are big stock market movers, like pension funds. For most folks, the spending in this category can seem a little confusing, but it basically all falls into big-time private sector investing. Fortunately, the rising popularity of [ESG investing](#) is helping motivate these forces to channel money toward the good of the planet.

Here's a venture capital investment example that many people will recognize: Beyond Meat is a plant-based burger company with a tasty enough product to inspire consumers to grapple with the environmental impact of industrial farming—which is huge. [One study](#) found¹⁸ that if everyone in the US swapped a quarter of the meat they now eat with plant-based proteins, it would eliminate [82 million metric tons of greenhouse gas emissions](#) annually.

Investments in [sustainable food innovation](#) may be helping us get there: growth in plant-based protein shipments to restaurants [grew 20 percent](#) in 2020, while meat shipments grew by two percent.¹⁹ Beyond Meat serves as a case study for the potential impact of climate-focused venture capital. As of October 2021, the VC-backed Beyond Meat reached market capitalization of around [\\$6.7 billion](#).²⁰

While massive investment is a key ingredient in the needed climate finance paradigm shift, so is strategic investment in potentially game-changing innovation. For instance, not long ago, it might have been unimaginable to give up on personal car ownership for many. However, thanks to the [billions of dollars](#) venture capitalists put into micro-mobility solutions such as e-scooters, a car-free life is now a possibility for millions.²¹

According to a PwC report, climate tech VC funding grew a whopping 3750% between [2013 and 2019](#).²² Led by the efforts of VC firms such as Khosla Ventures, Sequoia Capital, Breakthrough Energy Ventures, and others, more than 1,200 climate tech startups received a total investment of \$60 billion.

4. Banks

Moderate climate investors with the capacity to change the game

2019/2020 Climate investment: [\\$122 BILLION](#)¹

The connection between banks and climate change can seem fuzzy at best. But it's more direct than it seems: Most of the money people deposit in the bank goes back out into the world in the form of loans. Those loans can fund things like mortgages or small businesses, as well as climate startups and solar farms.

"Banks are playing a more prominent role as an intermediary of sustainable and green debt instruments as well as a broader trend of setting climate-related targets," states the Climate Policy Initiative in their 2021 report.¹ There is no doubt that the banking industry has woefully underinvested in the climate in the past—but if there's a silver lining to CPI's new analysis it's that commercial finance institutions increased their spending by 154 percent since the organization's 2019 report.

Banks appear to be continuing on the right track. Based on financing data from the first few months of 2021, banks are on pace to lend more this year to renewable energy projects than to fossil fuel projects, according to an [analysis by Bloomberg](#).²³ And 117 global banks representing \$70 trillion in assets have joined the Net-Zero Banking Alliance (NZBA), committing their investment and lending portfolios to reach net-zero emissions by 2050.²⁴

Overall annual climate spending must grow 454 percent by 2030 to hold global warming to 1.5 degrees Celsius, so it's not as if banks' 150 percent increase is anything close to a silver bullet. But given the size and influence of the industry, it's encouraging to see banking moving in the right direction.

5. Individuals

Small-scale investors with big-time influence

2019/2020 Climate investment: [\\$55 BILLION](#)¹

"From the food we eat to clothes we wear or the buildings we live in, carbon is in everything we do. Consumers are increasingly more aware of this," said Duncan Grierson, CEO and Founder of Clim8, a green investment app. "But a Swedish schoolgirl showed the world that no individual is too small to make a difference."

The 2022 IPCC report on climate mitigation quantified that potential difference. For the first time, the IPCC working group measured the impact of "[socio-cultural changes](#)"—aka, shifts to public transit, reduced meat consumption and appliance use, shorter showers, and more.²⁵ The report said these behavior changes "can offer Gigaton-scale CO2 savings potential at the global level, and therefore represent a substantial overlooked strategy in traditional mitigation scenarios."

Of course, behavior change includes people's choices as consumers. Households' average annual climate-related spending over both 2017/2018 and 2019/2020 was \$55 billion,

holding steady after rising 50 percent between 2013 and 2018.^{1,15}

Consumers are primarily investing in electric vehicles and installing solar panels on their homes. Some people are even finding ways to [offset their own carbon footprint](#). Others are investing their wealth more sustainably. Today, [one in three investment dollars](#) that are professionally managed in the US use sustainable investing strategies, and [80 percent of investors](#) believe companies with leading sustainability practices make better long-term investments.^{26, 27}

The downside is that when it comes to the kind of direct capital flows needed to reach global climate targets, the financial influence of individuals is simply much smaller than other actors, like governments, banks, and corporations. While \$55 billion isn't nothing, it is less than 10 percent of the 2019/2020 climate financing totals, and individuals simply aren't in control of the kind of large-scale infrastructure decisions required to slow climate change. A single household can't, for example, wake up in the morning and decide to fund a light rail system in their region.

However, they can—and increasingly do—use their power as consumers to influence the entities that do. That is, they can elect leaders who will invest in light rail, and then they can pay to ride it. In 2019, nearly half of consumers said they'd [pay more for sustainable products](#)—and Gen Z, the consumer of the future, was willing to pay 50-100 percent more. In the 2020 election, climate voters donated [tens of millions of dollars](#) to pro-climate action candidates.²⁸

“It's important to know that consumers are not solely responsible for solving the climate crisis,” Solomon said. “But they do have power in numbers to influence the people who are making the problem worse.”

More Money and Beyond

The numbers on global climate finance tell a simple story: Everyone needs to do more—much more. Banks, corporations, and governments, in particular, have the capacity to ramp up their efforts. The Climate Policy Initiative's report urges that “coordination across silos of public and private financial actors is needed to ensure coherence and impact on net-zero and sustainability.”¹

Is that goal possible on a global scale—in a complex world? The experts are taking an optimistic view.

“A movement is underway to take renewables from being a niche sector to being an important part of the whole picture,” Wetherbee said. “We have to green the whole picture, not just have a little place on the shelf for renewables, alongside all the harmful things we're doing.”

The task may seem enormous, but all around the world we know what is needed and the roadmap is clearly laid out. The momentous shift is already underway.

“We have the solutions,” Solomon said. “We know what we need to do. It's just a matter now of doing it.”

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