

CLIMATE FINANCE REGIONAL BRIEFING: ASIA

CLIMATE FINANCE 8 FUNDAMENTALS

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Climate Funds Update (CFU) data shows that for 18 countries in Asia¹ a total of USD 8.7 billion for 712 projects and programmes has been approved by 17 multilateral climate funds and initiatives. The diversity of active funds in the region is not matched in the distribution of finance. Considerable amounts of finance have flowed to fast-growing economies such as India and Indonesia, primarily for mitigation projects. On the other hand, a number of nations at considerable risk to climate change, such as Sri Lanka, have received relatively little. USD 811 million was newly approved in 2025, with mitigation projects receiving greater approval value than adaptation, cross-cutting projects and REDD+. The Green Climate Fund (GCF), funding the second year under its second replenishment period (GCF-2), was again the biggest contributor in the region in 2025, accounting for 58% of new approvals.

Introduction

Asian countries have diverse needs in terms of economic and human development, climate mitigation and adaptation. Per capita emissions in many countries are still quite low, and the countries bear limited historical responsibility for the accumulation of greenhouse gas (GHG) emissions. With the region the fastest-growing globally, contributing around 60% of global gross domestic product (GDP) growth over the decade to 2025, demand for cheap energy from fossil fuels in major Asian economies is one of the leading causes of growth in global GHG emissions, with the region accounting for 60.1% of the global GHG emissions in 2024, up from 41.7% in 1991 (ESCAP et al., 2025). While China is the largest GHG emitter in the world (CarbonBrief, 2023), its GHG emissions have been 'flat or falling' since 2024 (CarbonBrief, 2026). The manufacturing and technological innovations that have driven economic growth in the region are proving essential to realising the cost reductions, modernisation and efficiency gains that render widespread deployment of low-emission technologies feasible, including in China where the energy transition continues to build momentum (Climate Action Tracker, 2025; CarbonBrief, 2025). Some 70% of new renewable capacity added in 2024 was in the region. As part of their previous nationally determined contributions (NDCs), most countries in the region have already committed to carbon-neutrality by 2050, with China promising to reach it before 2060, although many still have to submit their latest NDC 3.0 update (ESCAP et al., 2025). Curbing deforestation and forest degradation in the region, especially in Indonesia, is also crucial to reducing global emissions. In addition, Asian countries are home to some

of the largest populations of poor people in the world, many of whom are highly vulnerable to the intensifying impacts of climate change, which threaten an increase in food insecurity and undernourishment in South and Southeast Asia and increase multiple health hazards (IPCC, 2022). Already severe and accelerating climate impacts including glacier melts, extreme weather events, heat waves, droughts and floods (IPCC, 2021) are compounded by the multiple stresses brought on by rapid urbanisation, industrialisation and economic growth in the region, with Asian urban areas considered high-risk locations as by 2050 64% of Asia's population, including hundreds of millions of people living in informal settlements, will be urban (Shaw et al., 2022).

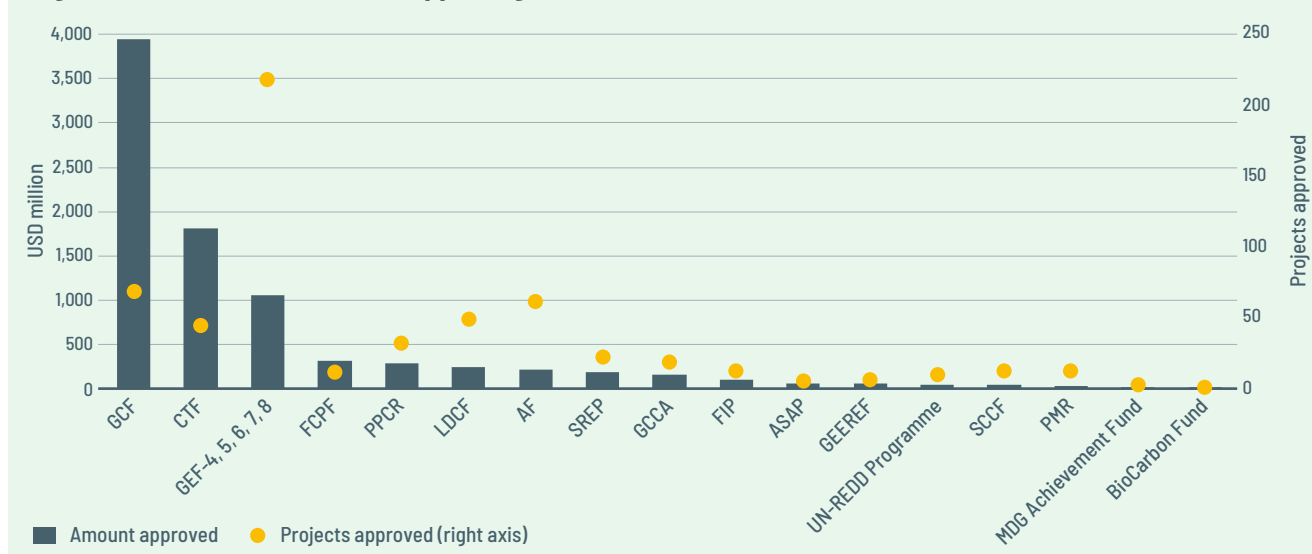
Where does climate finance come from?

Most of the major multilateral climate funds and initiatives tracked by CFU are active in Asia (Figure 1 and Table 1), although a few funds dominate the funding landscape in the region. The largest contributions are from the GCF, which has been actively funding in the area only since 2015 and has approved a total of USD 3.95 billion for 69 projects and programmes, including for a number of grant-supported adaptation measures. The Clean Technology Fund (CTF) had led in support for Asia before 2021 but is still second in 2025 with 45 projects approved for USD 1.81 billion, provided mostly in the form of concessional loans. The Global Environment Facility (GEF) with USD 1.06 billion for 218 largely grant-financed smaller-scale mitigation projects is a distant third.

Table 1: Climate funds supporting Asia (2003–2025, USD millions)

Fund or initiative	Amount approved	Projects approved
Green Climate Fund (GCF-IRM, GCF-1, GCF-2)	3,945.2	69
Clean Technology Fund (CTF)	1,805.9	45
Global Environment Facility (GEF-4, 5, 6, 7, 8)	1,060.8	218
Forest Carbon Partnership Facility (FCPF)	311.5	12
Pilot Program for Climate Resilience (PPCR)	291.3	32
Least Developed Countries Fund (LDCF)	250.9	49
Adaptation Fund (AF)	219.7	62
Scaling Up Renewable Energy Program in Low Income Countries (SREP)	187.7	23
Global Climate Change Alliance (GCCA)	168.5	19
Forest Investment Program (FIP)	109.0	13
Adaptation for Smallholder Agriculture Programme (ASAP)	65.5	6
Global Energy Efficiency and Renewable Energy Fund (GEEREF)	60.3	7
UN-REDD Programme	52.7	10
Special Climate Change Fund (SCCF)	47.2	13
Partnership for Market Readiness (PMR) ³	32.3	13
Millennium Development Goals Achievement Fund (MDG-F) ⁴	25.0	3
BioCarbon Fund	15.0	1

Figure 1: Funds and initiatives supporting Asia (2003–2025)



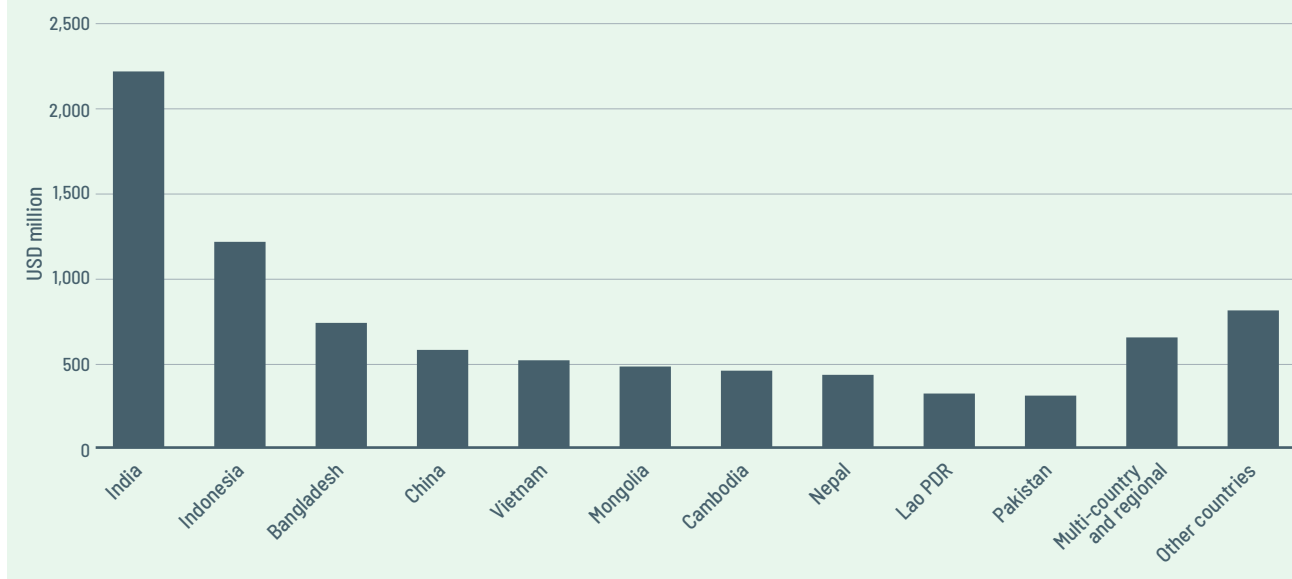
Box 1: Climate finance for LDCs in Asia

Climate funds provide finance to six LDCs in Asia. These countries are particularly vulnerable to the impacts of climate change for geographic, economic and political reasons, and they have limited capacities to fund responses themselves.

The USD 2.2 billion approved for projects in these countries equates to 26% of total climate finance flowing to Asia. Bangladesh has received the highest funding to date with USD 735 million in project approvals, while Cambodia and Nepal have approvals of USD 458 million and USD 429 million, respectively, from multilateral climate funds.

As one might expect, 44% of the funding approved for Asian LDCs has been for adaptation projects. This funding has been delivered primarily through the GCF, the Pilot Program for Climate Resilience (PPCR) and the Least Developed Countries Fund (LDCF). A large portion of adaptation projects in Asian LDCs have taken a multi-sectoral approach to increasing resilience, with projects focusing on disaster risk reduction and agriculture, for example. In 2025, the GCF approved a total of USD 187 million for a multi-foci project in Cambodia, a REDD+ results-based payments programme in Lao PDR, and two adaptation projects in Nepal and Cambodia.

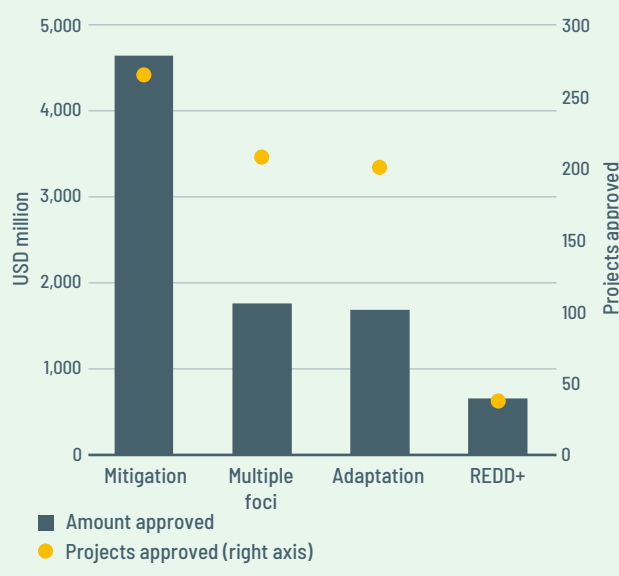
Figure 2: Top ten recipient countries by amount approved (2003-2025)



Bilateral climate finance also flows to Asia, complementing the multilateral climate fund flows. This includes the bilateral climate funds of Germany, Australia and the United Kingdom, which are all active in the region.² Bilateral funds are not tracked by CFU, however, given their relative lack of transparently available detailed information on current activities and spending.

More recently, in November 2022, a group of bilateral funders, the International Partners Group (IPG), with the United States, Japan, Canada, Denmark, France, Germany, Italy, Norway and the United Kingdom as well as the European Union, have committed to contribute USD 10 billion to a USD 20 billion package of public and private financing for Indonesia over five years for decarbonisation projects, using a mix of grants, concessional loans, market-rate loans, guarantees, and private investments, under the new Just Energy Transition Partnership (JETP) initiative announced at COP26 (EC, 2022a; JETP Indonesia, 2023). The IPG in December 2022 concluded another JETP agreement with Vietnam for a total package of USD 15.5 billion over three to five years, with USD 7.75 billion in pledged public contributions by IPG members and USD 7.75 billion to be mobilised by the private sector (EC, 2022b). In early March 2025, the US government under the Trump administration announced that following its exit from the Paris Agreement, it would also withdraw its funding support from the JETPs for Indonesia and Vietnam (Chime, 2025). Nevertheless, the partnerships have continued with the remaining IPG members staying the course. Under Japanese and German co-leadership, the JETP pledges for Indonesia actually increased slightly to USD 21.4 billion (Shova, 2025). The Philippines, originally interested in a JETP, instead developed their own Just Transition Framework, which has received support from the CIFs and the UK; and earlier considerations of a JETP framework for India are no longer being actively pursued (Srivastava and Wettengel, 2024).

Figure 3: Approved funding across themes (2003-2025)



Who receives the money?

India, Indonesia, Bangladesh, China and Vietnam have together received 60% of the funding approved for Asia since 2003 (Figure 2). As selected countries of the CTF's new Accelerating Coal Transition (ACT) programme, Indonesia and the Philippines each have been allocated up to USD 500 million in CTF support as part of a promised multi-year international investment package to help the countries shift away from coal power generation (CIF, 2021, 2022 and 2024). Despite uncertainties around the pace of mobilisation, partners reaffirmed their support for these allocations in 2025 as essential to facilitating accelerated coal phase-out pathways (IEA, 2025). There are also a number of regional and multi-country projects, which represent 7.5% or USD 654 million of the total funding approved. Most mitigation funding supports large-scale renewable energy, energy efficiency and transport projects.

Box 1 describes the climate finance provided to Least Developed Countries (LDCs) in Asia. A number of multilateral climate funds also support countries in the Europe and Central Asia regional classification – these are not included in the ‘Asia’ categorisation, although there are a number of projects, as illustrated by Box 2.

What is being funded?

Mitigation finance accounts for 53% of finance from the multilateral funds in the Asian region (USD 4.6 billion), while adaptation projects and programmes in the region receive 19% (USD 1.8 billion) (Figure 3, Table 2). The CTF, GCF, GEF and Scaling Up Renewable Energy Program in Low Income Countries (SREP) are the largest funders of mitigation in the region. The largest amounts for adaptation projects are being provided by the GCF for a total approval amount of USD 707 million, while the PPCR supports programmes mainly in Bangladesh, Cambodia and Nepal for a total approved amount of USD 291 million and the LDCF for projects with a total approved amount of USD 251 million.

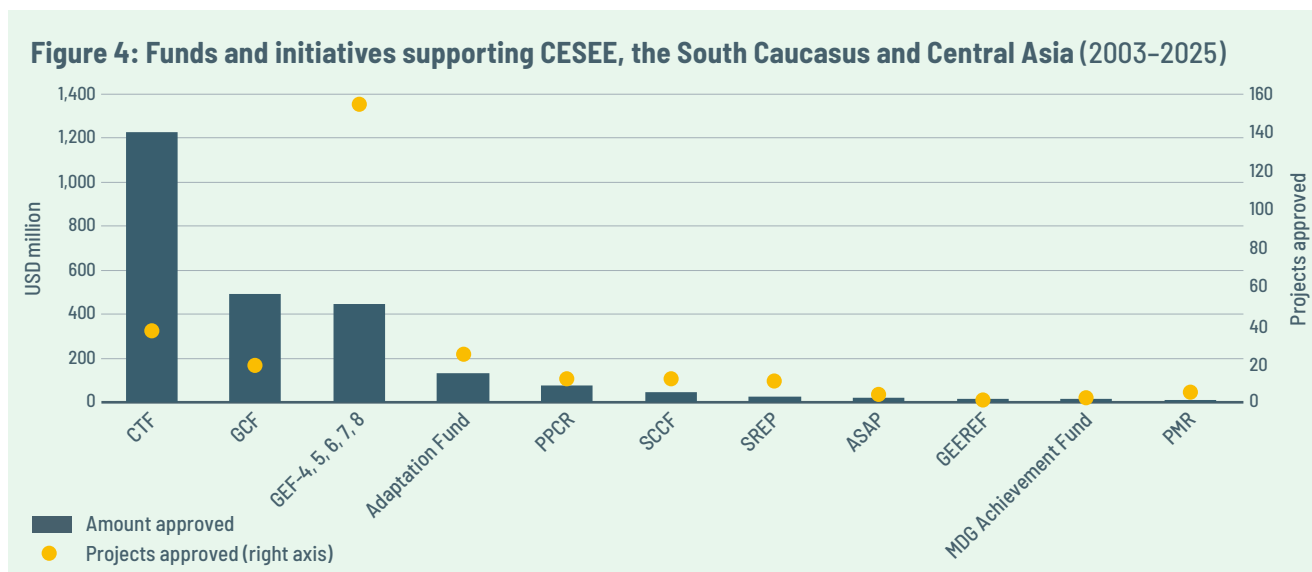
The approval of 69 projects (USD 3.95 billion) and 117 readiness programmes (USD 94 million) by the GCF so far in the region provides a noticeable shift toward a more

balanced climate finance provision, especially through the rise of multi-foci projects and programmes. Of the GCF projects in the region, 25 are adaptation focused while 18 are mitigation focused. There are a further 24 multi-foci projects and two REDD+ projects, in addition to the GCF readiness programmes.

The three largest projects approved in the region were through the GCF. Approved in 2021 for USD 300 million (of which USD 280 million is a concessional loan), the ASEAN Catalytic Green Finance Facility aims to promote low-emission investments to support economic recovery following COVID-19 in five eastern Asian countries. The second largest project was approved in 2020 for an amount of USD 256 million (of which USD 250 million is a concessional loan) supporting private sector investment through large scale adoption of energy saving technology and equipment in the textile and garment industry in Bangladesh. This exceeds another GCF project, the “Financing Mitigation and Adaptation Projects (FMAP)” in India targeting micro-, small- and medium-sized enterprises (MSMEs) for which USD 216.6 million was approved in 2024, with USD 200 million as a concessional loan. In 2025, the GCF approved two projects with both mitigation and adaptation components for a total of USD 105 million: a programme to improve irrigation and water management in Cambodia and a project to contribute to accelerate India’s climate innovation ecosystem. The same year, the GCF also approved four adaptation projects, including one to reduce the risks from glacial lake outburst floods and climate-driven flooding in Nepal (USD 36 million). In addition, it approved a mitigation project to establish a green finance facility in India (USD 200 million) and a REDD+ project to provide results-based payments to Lao PDR (USD 61 million). The 2025 GCF approvals make up 58% of the USD 811 million in new approvals for the region, which include projects from the CTF, SREP, LDCF, UN-REDD Programme, Adaptation Fund (AF) and GEF.

Table 2: Approved funding across themes (2003-2025)

Theme	Amount approved (USD millions)	Projects approved
Mitigation	4,638.4	265
Multiple foci	1,766.6	208
Adaptation	1,683.7	201
REDD+ (reducing emissions from deforestation and forest degradation, forest conservation, sustainable forest management and the enhancement of forest carbon stocks)	653.4	38



Box 2: Central, Eastern and Southeastern Europe, the South Caucasus and Central Asia (2003-2025)

Multilateral climate funds also support countries of Central, Eastern and Southeastern Europe (CESEE), the South Caucasus and Central Asia.⁵ Eleven funds have approved USD 2.6 billion between 2003 and 2025 across 352 projects.

Of these countries, 20 receive funding for approved projects and 10 countries do not receive funding – Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Poland and Slovenia – all of which are CESEE countries.

Türkiye (USD 578 million), Ukraine (USD 532 million) and Kazakhstan (USD 232 million) are the biggest recipients of multilateral climate fund approvals. Together these three countries receive 52% of approved funds in the wider region. These countries all have support from the CTF for renewable energy and energy efficiency projects.

Over 69% of approved finance across all countries is for mitigation, with just 17% going to adaptation activities. In terms of financial instrument, 51% of approved finance is in the form of concessional loans, while 49% is grant finance.

In 2025, 23 projects (USD 131 million) were approved in CESEE, the South Caucasus and Central Asia. These included two for mitigation, six for adaptation and fifteen for projects with both adaptation and mitigation objectives (including readiness programmes). The GCF approved twelve projects, including ten readiness programmes and two projects aimed at strengthening forest infrastructure and supporting rural communities in Serbia (USD 25 million) and Armenia (USD 9.5 million). In 2025, the GCF also approved a USD 250 million multi-country programme covering eight countries in CESEE as potential funding recipients. The Glaciers to Farms' programme aims to enhance climate resilience in glacier-fed river basins in countries such as Georgia, Kyrgyzstan, Tajikistan, and Uzbekistan. The AF approved six new projects, including three in Armenia (totalling USD 13.5 million), one in Bosnia and Herzegovina (USD 10 million), one in Uzbekistan (USD 10 million) and one regional programme in the Balkans (USD 5 million). The CTF approved two projects totalling USD 45 million, both located in Türkiye. The GEF approved USD 4 million for three projects under its 8th replenishment period, including two projects to support countries' National Communication and Biennial Update Reports in Albania and Serbia and one project to improve Georgia's institutional, data-management and greenhouse-gas inventory capacities to comply with its obligations under the Paris Agreement.

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Endnotes

1. World Bank Asia and Pacific and South Asia classification, excluding Small Island Developing States (SIDS): http://data.worldbank.org/about/country-classifications/country-and-lending-groups#East_Asia_and_Pacific and: <http://data.worldbank.org/region/SAS>
2. In 2014, the last year when CFU was able to track bilateral climate funds, cumulative bilateral flows to Asia since 2008 included USD 263 million from Germany's Internationale Klimaschutzinitiative (IKI, international climate initiative), USD 130 million from Australia's International Forest Carbon Initiative (IFCI) and USD 109 million from the UK's International Climate Finance (ICF).
3. The Partnership for Market Readiness (PMR) concluded its operations in 2022.
4. The Millennium Development Goal Achievement Fund (MDG-F) was operational from 2007–2013. As of May 2019, all of its projects had been financially closed.
5. CESEE refers to Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Moldova, Montenegro, North Macedonia, Poland, Romania, Russia, Serbia, Slovak Republic, Slovenia, Türkiye, and Ukraine (IMF, 2017); South Caucasus refers to Armenia, Azerbaijan, Georgia, and Central Asia refers to Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at www.climatefundsupdate.org

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