



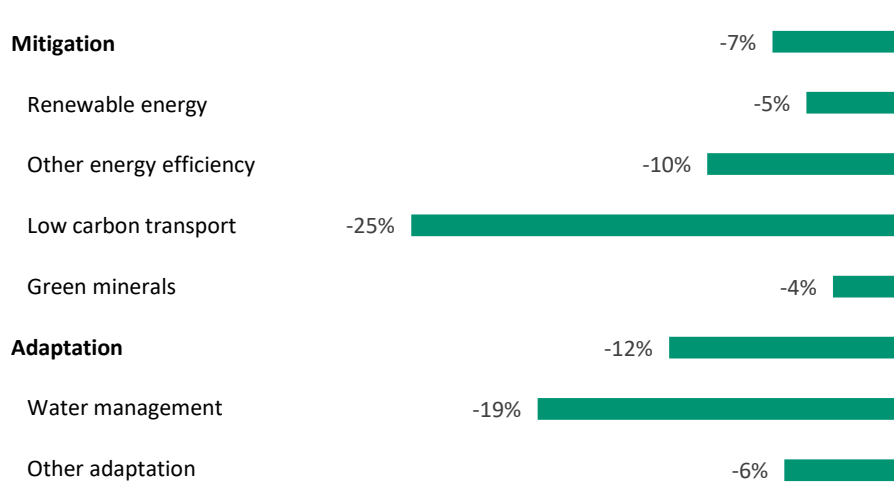
# INVESTMENT TRENDS MONITOR



## CLIMATE CHANGE INVESTMENT AFFECTED BY THE ENERGY CRISIS – RISK OF A TEMPORARY SLOWDOWN

- *Global foreign direct investment (FDI) flows in the second quarter of 2022 were down 31% from the first quarter and 7% less than the quarterly average of 2021 (see UNCTAD's Global Investment Trends Monitor no.42 issued last week). The negative trend reflects a shift in investor sentiment due to the food, fuel and finance crises around the world, the Ukraine war, rising inflation and interest rates, and fears of a coming recession. Expectations for the full year are for a marked slowdown.*
- *In line with the downshift in global investment, cross-border investment in climate change mitigation and adaptation is likely to decline in 2022. The number of new project announcements in the first 3 quarters of 2022 was 7% lower than in 2021 in mitigation, and 12% lower in adaptation sectors (figure 1).*
- *Climate change investment showed an upward trend after the adoption of the SDGs in 2015, and a strong acceleration in 2021, especially in renewable energy. The boom was supported by post-COVID stimulus investment packages, especially in Europe, and loose financing conditions for international project finance worldwide. Total project values in 2021 were twice the pre-pandemic level. This momentum is now at risk.*

### Climate change investment trend, Q1-Q3 2022 vs 2021, greenfield project announcements and international project finance deals (project numbers)



*Source:* UNCTAD, based on information from the Financial Times Ltd, fDi Markets ([www.fDimarkets.com](http://www.fDimarkets.com)) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

*Note:* Numbers for 2022 are projected based on the first three quarters for international project finance deals and the first 8 months for greenfield projects.

- *Mitigation projects account for the lion's share (94%) of international climate investments.* Adaptation projects continue to lag far behind. Most mitigation investments are in renewable energy and, to a lesser extent, in various energy efficiency projects. (See UNCTAD's *World Investment Report 2022* for details on the relative propensities for international investors to participate in different types of climate change projects.)
  - *Developed economies account for two thirds of international project finance deals and greenfield investments in renewables.* Europe alone accounts for more than half of renewables projects, with more than 700 projects in the first three quarters of 2022. North America and developing Asia attracted about 200 projects each, Latin America and the Caribbean about 150, and Africa about 100.
  - *The shift from fossil-fuel to green investments to support the energy transition risks a setback due to the loss of momentum in renewables and high oil and gas prices.* For now, the downward trend in investment is also affecting extractive industries and fossil-fuel-based energy generation, with project numbers in these sectors about 16% lower in the first 3 quarters of 2022. But high profits of multinationals in these sectors combined with the energy crisis could lead to a renewed push for investments in dirty energy. An early indication is the value of cross-border M&As in the extractive industry, which rose six-fold in the first three quarters of 2022 (see GITM42).
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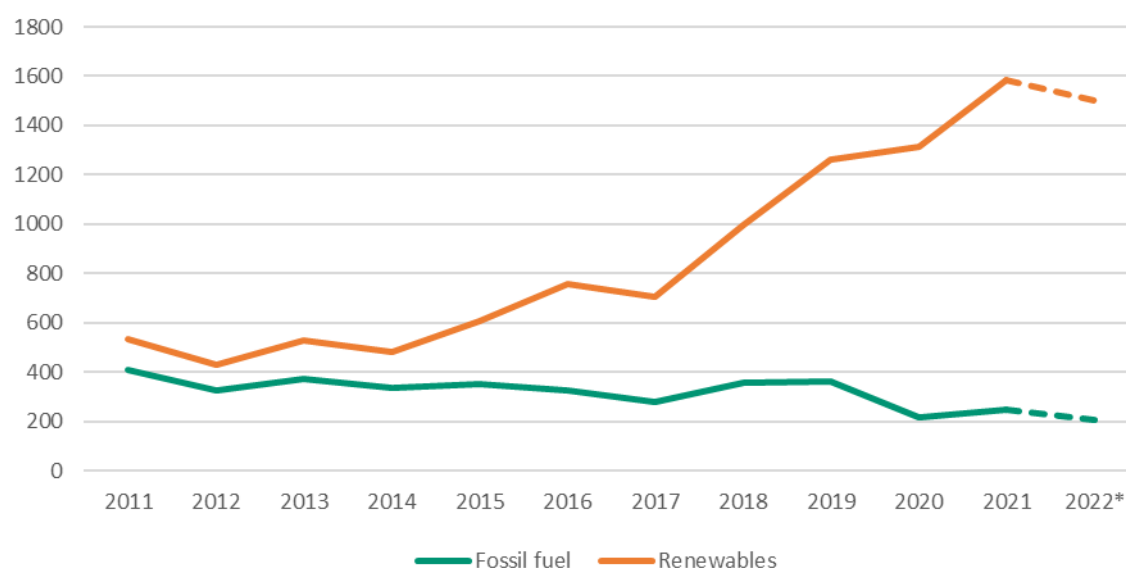
**Table 1. Announced greenfield projects and international project finance deals in climate change sectors and fossil fuel energy, 2020–2021 and partial year data for 2022**  
(Millions of dollars and number)

| Climate change-relevant sector        | Greenfield projects |         |            |                              | International project finance deals |         |            |                              |
|---------------------------------------|---------------------|---------|------------|------------------------------|-------------------------------------|---------|------------|------------------------------|
|                                       | 2020                | 2021    | 2022:Q1-Q3 | 2021–2022<br>Growth rate (%) | 2020                                | 2021    | 2022:Q1-Q3 | 2021–2022<br>Growth rate (%) |
| <b>Mitigation</b>                     |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 120 705             | 155 953 | 240 641    | 131                          | 226 005                             | 558 982 | 264 598    | -37                          |
| Number of projects                    | 732                 | 984     | 630        | -4                           | 840                                 | 1 273   | 868        | -9                           |
| Renewable energy                      |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 96 750              | 97 584  | 169 078    | 160                          | 189 153                             | 413 374 | 199 653    | -36                          |
| Number of projects                    | 525                 | 486     | 327        | 1                            | 786                                 | 1 098   | 759        | -8                           |
| Other energy efficiency               |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 23 705              | 58 212  | 71 064     | 83                           | 16 639                              | 134 561 | 61 749     | -39                          |
| Number of projects                    | 197                 | 486     | 294        | -9                           | 42                                  | 153     | 100        | -13                          |
| Low carbon transport                  |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 250                 | 156     | 500        | 379                          | 20 214                              | 11 047  | 3 196      | -61                          |
| Number of projects                    | 10                  | 12      | 9          | 13                           | 12                                  | 22      | 9          | -45                          |
| <b>Adaptation</b>                     |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 736                 | 4 448   | 2 904      | -2                           | 3 834                               | 10 035  | 8 128      | 8                            |
| Number of projects                    | 25                  | 68      | 35         | -23                          | 23                                  | 22      | 20         | 21                           |
| Water management                      |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 613                 | 4 039   | 2 574      | -4                           | 3 834                               | 9 998   | 8 128      | 8                            |
| Number of projects                    | 8                   | 21      | 5          | -64                          | 23                                  | 21      | 20         | 27                           |
| Other adaptation                      |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 122.87              | 408.71  | 330        | 21                           | -                                   | 38      | -          | ..                           |
| Number of projects                    | 17                  | 47      | 30         | -4                           | -                                   | 1       | -          | ..                           |
| <b>Green minerals</b>                 |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 1 037               | 5 083   | 5 522      | 63                           | 9 552                               | 22 007  | 12 665     | -23                          |
| Number of projects                    | 11                  | 38      | 28         | 11                           | 17                                  | 32      | 19         | -21                          |
| <b>Fossil fuel energy<sup>a</sup></b> |                     |         |            |                              |                                     |         |            |                              |
| Value                                 | 47 550              | 16 234  | 52 197     | 382                          | 84 371                              | 179 761 | 49 136     | -64                          |
| Number of projects                    | 91                  | 67      | 48         | 7                            | 123                                 | 181     | 102        | -25                          |

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets ([www.fDimarkets.com](http://www.fDimarkets.com)) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

Note: Fossil fuel investments include power generation and extraction of oil, gas and coal.

**Figure 1. Announced greenfield projects and international project finance deals in renewables and fossil fuels, 2011–2022 (Number)**



Source: UNCTAD, information from the Financial Times Ltd, fDi Markets ([www.fDimarkets.com](http://www.fDimarkets.com)) for announced greenfield projects and Refinitiv SA for international project finance deals.

Note: Fossil fuel investments include power generation and extraction of oil, gas and coal. Numbers for 2022 are projected based on the first three quarters for international project finance and 8 months for greenfield projects.



Table 2. Announced greenfield projects and international project finance deals in climate change mitigation, 2020–2021 and partial year data for 2022 (Number)

| Region / economy               | Greenfield projects |            |            |                                 | International project finance deals |              |            |                                 |
|--------------------------------|---------------------|------------|------------|---------------------------------|-------------------------------------|--------------|------------|---------------------------------|
|                                | 2020                | 2021       | 2022:Q1-Q3 | 2021–2022<br>Growth rate<br>(%) | 2020                                | 2021         | 2022:Q1-Q3 | 2021–2022<br>Growth rate<br>(%) |
| <b>World</b>                   | <b>732</b>          | <b>984</b> | <b>630</b> | <b>-4</b>                       | <b>840</b>                          | <b>1 273</b> | <b>868</b> | <b>-9</b>                       |
| <b>Developed economies</b>     | <b>483</b>          | <b>724</b> | <b>449</b> | <b>-7</b>                       | <b>549</b>                          | <b>865</b>   | <b>592</b> | <b>-9</b>                       |
| Europe                         | 343                 | 514        | 305        | -11                             | 336                                 | 543          | 405        | -1                              |
| European Union                 | 275                 | 410        | 215        | -21                             | 274                                 | 409          | 317        | 3                               |
| Other Europe                   | 68                  | 104        | 90         | 30                              | 62                                  | 134          | 88         | -12                             |
| North America                  | 92                  | 157        | 111        | 6                               | 130                                 | 203          | 116        | -24                             |
| Other developed economies      | 48                  | 53         | 33         | -7                              | 83                                  | 119          | 71         | -20                             |
| <b>Developing economies</b>    | <b>249</b>          | <b>260</b> | <b>181</b> | <b>4</b>                        | <b>291</b>                          | <b>408</b>   | <b>276</b> | <b>-10</b>                      |
| Africa                         | 40                  | 48         | 46         | 44                              | 43                                  | 44           | 47         | 42                              |
| North Africa                   | 5                   | 6          | 30         | 650                             | 9                                   | 7            | 10         | 90                              |
| Other Africa                   | 35                  | 42         | 16         | -43                             | 34                                  | 37           | 37         | 33                              |
| Asia                           | 99                  | 138        | 93         | 1                               | 108                                 | 187          | 120        | -14                             |
| Central Asia                   | 3                   | 10         | 2          | -70                             | 8                                   | 9            | 3          | -56                             |
| East Asia                      | 25                  | 42         | 19         | -32                             | 11                                  | 35           | 15         | -43                             |
| South-East Asia                | 30                  | 31         | 27         | 31                              | 47                                  | 58           | 38         | -13                             |
| South Asia                     | 16                  | 15         | 16         | 60                              | 28                                  | 69           | 57         | 10                              |
| West Asia                      | 25                  | 40         | 29         | 9                               | 14                                  | 16           | 7          | -42                             |
| Latin America and the Caribbea | 110                 | 73         | 42         | -14                             | 139                                 | 175          | 109        | -17                             |
| South America                  | 82                  | 59         | 25         | -36                             | 122                                 | 150          | 98         | -13                             |
| Central America                | 25                  | 13         | 15         | 73                              | 13                                  | 15           | 5          | -56                             |
| Caribbean                      | 3                   | 1          | -          | ..                              | 4                                   | 10           | 6          | -20                             |
| Oceania                        | -                   | 1          | ..         | ..                              | 1                                   | 2            | -          | ..                              |

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

Figure 2. International mitigation and adaptation investment projects, 2011–2022  
(Billions of dollars)

■ Renewables
 ■ Low-emission transport
 ■ Energy efficiency/emission reduction
 ■ Adaptation

800

700

600



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