

Abstract

This study presents a systematic review of the efficiency and impact of climate finance, with a focus on the key funding sources, allocation patterns, and the effectiveness of current climate finance mechanisms in advancing climate mitigation goals. Climate finance has emerged as a critical component of global efforts to combat climate change, yet its efficiency and impact remain under scrutiny. The study synthesizes existing empirical literature on climate finance, examining the role of public, private, and blended finance in funding climate action. It highlights the major sources of climate finance, including bilateral and multilateral funds, as well as private sector investments, and evaluates how these funds are allocated across various regions and sectors. Additionally, the study explores the operational mechanisms of climate finance, assessing their effectiveness in mobilizing resources for climate change mitigation and adaptation. The findings reveal that while significant progress has been made in mobilizing climate finance, there are persistent challenges related to funding gaps, fragmentation, and inefficiencies in the allocation of resources. The impact of climate finance on achieving climate mitigation goals has been varied, with successes in some areas, particularly in renewable energy and forest conservation, but limited progress in others due to governance issues, lack of coordination, and weak institutional frameworks. The study calls for a more streamlined and transparent approach to climate finance, emphasizing the importance of effective governance and accountability mechanisms to enhance the efficiency of funding and maximize its impact on climate mitigation. Recommendations are provided to improve the alignment of climate finance with sustainable development objectives, address regional disparities, and overcome the barriers to large-scale private investment in climate action.