Environment and Nature

LEARNING WEEK 2025

ASIA CLEAN BLUE SKIES PROGRAM

TECHNICAL SESSION 3: INVESTING IN CLEAN AIR

AIR QUALITY WORKING GROUP

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UK International Development
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JFJCM
Japan Fund for the Joint Crediting Mechanism

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CLEAN AIR FUND

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State of Global Air Quality Funding

Why invest in clean air

- **Protect public health**
  - **8.1 million** premature deaths attributed to air pollution in 2021 (State of Global Air 2024)
  - More than **700,000** deaths in **children under 5 years old** from diseases linked to air pollution in 2021. For children under 5, air pollution was the **2nd leading risk factor** after malnutrition and the largest burden of disease is seen in **Asia** and Africa (State of Global Air 2024)
- **Contribute to climate change mitigation**
  - With the use of fossil fuel being major sources of both air pollution and CO2, reducing air pollution can also reduce CO2 and short-lived climate pollutants like black carbon and methane

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- **Sustain economic development**
  - **$6 trillion** annual global health cost caused by outdoor air pollution (World Bank 2025)
  - **4.7% to 6.5%** reduction in **global GDP** due to health impacts, lost productivity and reduced life expectancy in 2020 (World Bank 2025)
  - US EPA found that every **$1** spent on air pollution control in the country, yielded an estimated **$30** in economic benefits
  - Economic benefits of **integrated policies** of decarbonization and air quality management could be as high as **$2.4 trillion**, equivalent to **2.1%** of global GDP in 2040 (World Bank 2025)

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CLEAN AIR FUND'S FLAGSHIP REPORT

The State of Global Air Quality Funding report produces leading analysis and insights on international development finance flows to air quality to support improvements in the **quantity, quality and geographical spread** of finance being provided

2019

2020

2021

2022

2023

2024

2025

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A TIME OF SEISMIC SHIFTS IN DEVELOPMENT FINANCE LANDSCAPE

- Report presents data up to 2023, before the seismic changes to the international development finance landscape in 2024 and 2025

- In 2025, three of the top five bilateral donors for outdoor air quality funding in 2023 (Germany, the United States and France) announced reductions to their broader development budgets, with USAID being shuttered entirely. Sweeping cuts were seen amongst other major donors as well

- The real impact of these cuts and what they mean for the air quality funding landscape will only become visible in future data

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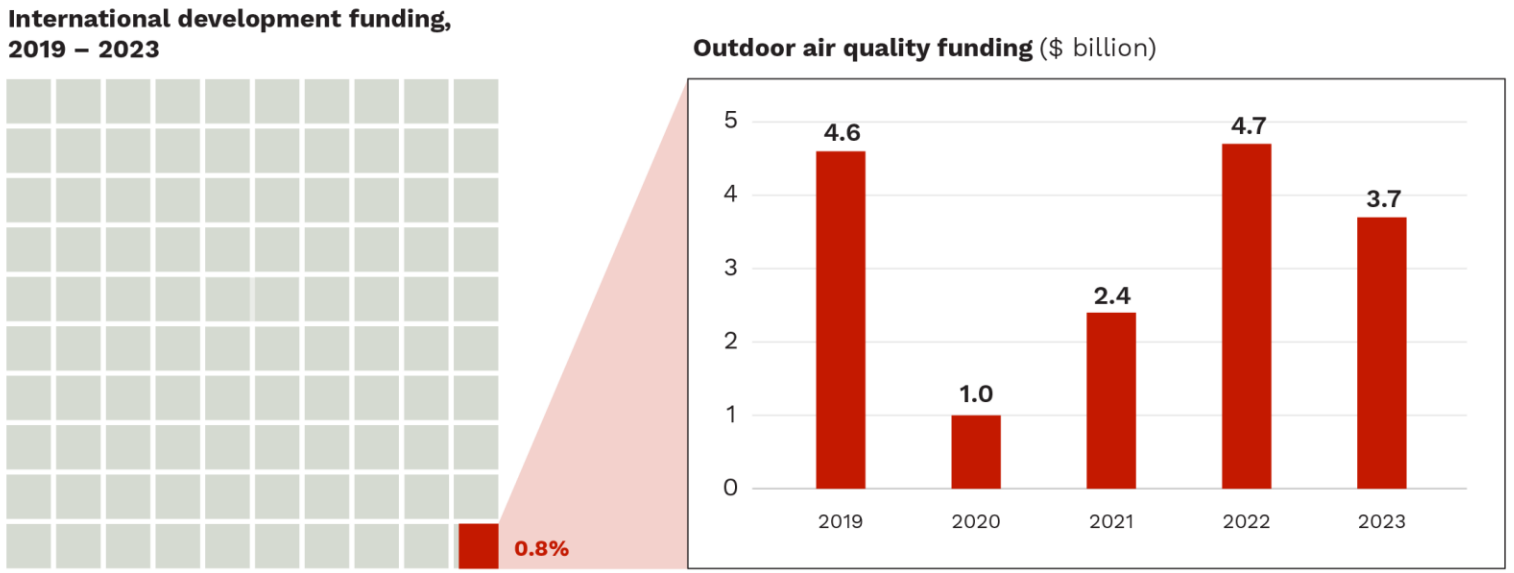
OUTDOOR AIR QUALITY RECEIVED 1% OF DEVELOPMENT FINANCE

Outdoor air quality funding as a proportion of international development funding, 2019–2023 ($ billion)



- Over the 2019-2023 period, outdoor air quality funding remains at 1%, amounting to $16.4 billion over 2019-2023
- Funding fell by 20% from $4.7 billion to $3.7 billion, between 2022 and 2023
- Funding growth is slowing when comparing the 2018-2022 and the 2019-2023 periods

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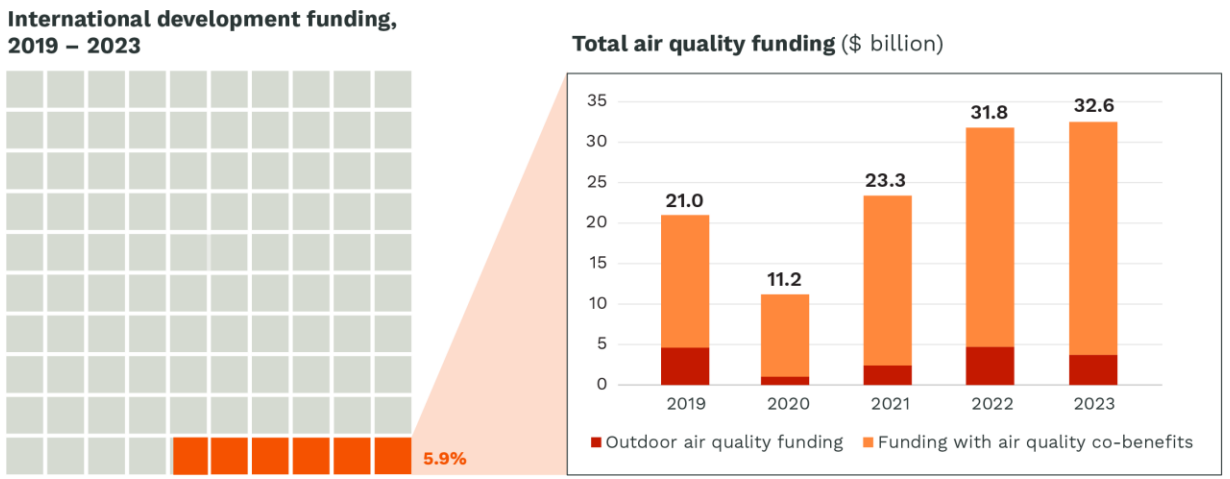
GROWTH IN TOTAL AIR QUALITY FUNDING IS STARTING TO SLOW

- Though total air quality funding has increased for three years in a row, the growth has started to slow, with only a slight 3% increase from 2022 to 2023
- Total air quality funding accounted for 5.9% of international development funding, totalling $119.9 billion over 2019-2023
- Total air quality funding category is dominated by air quality co-benefit funding
- Funding for projects delivering air quality co-benefits went up by 7% from $27.1 bn to $28.8bn between 2022-2023

International Development Funders should make air quality an explicit objectives across development and climate projects

Total air quality funding as a proportion of international development funding, 2019–2023 ($ billion)



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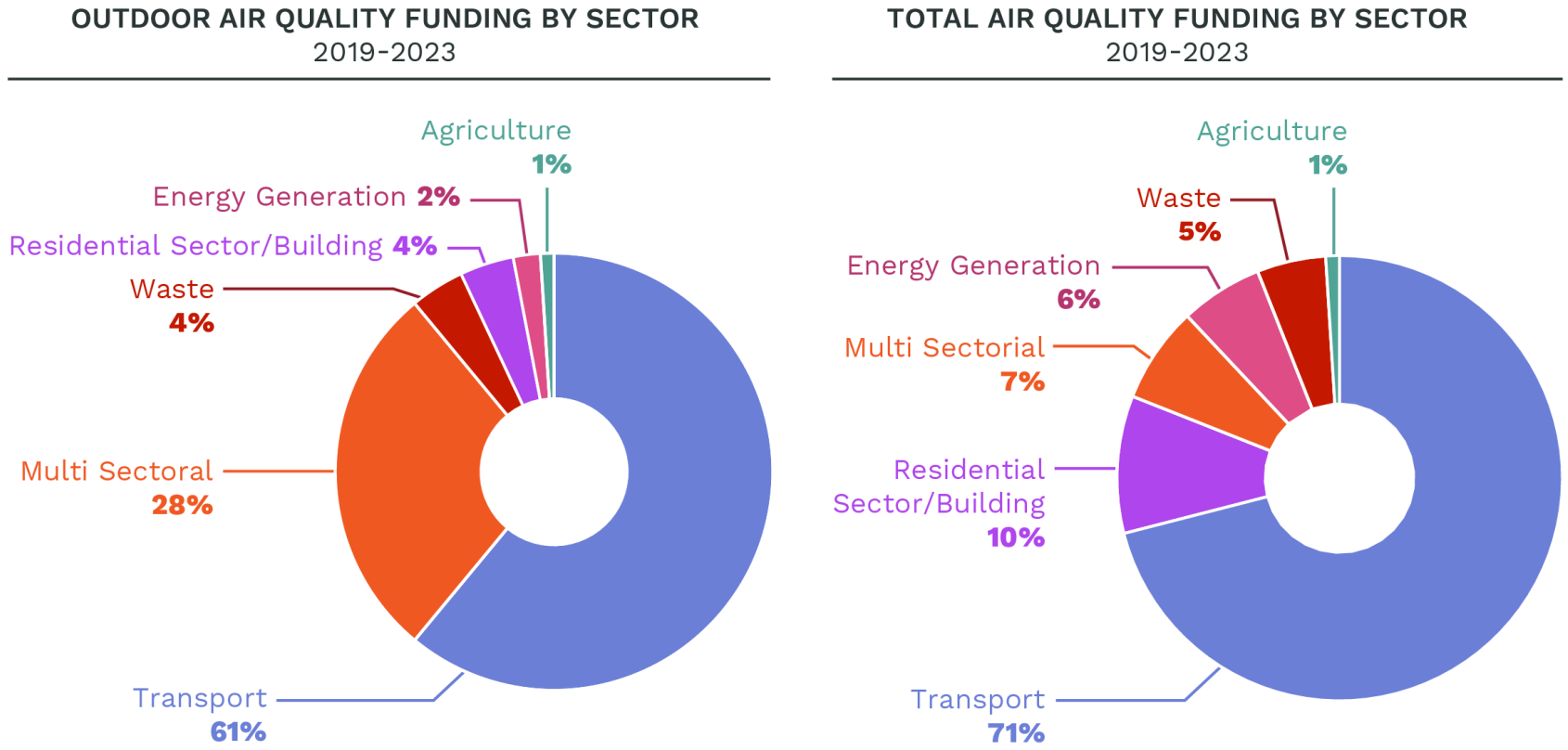
TRANSPORT SECTOR CONTINUES TO BE THE DOMINANT SECTOR WITHIN AIR QUALITY FUNDING

- Between 2019 and 2023, Transport accounted for 61% of outdoor AQ funding and 71% of total AQ funding
- Important opportunity to integrate air quality across other sectors

Total and outdoor air quality funding by sector, 2019–2023



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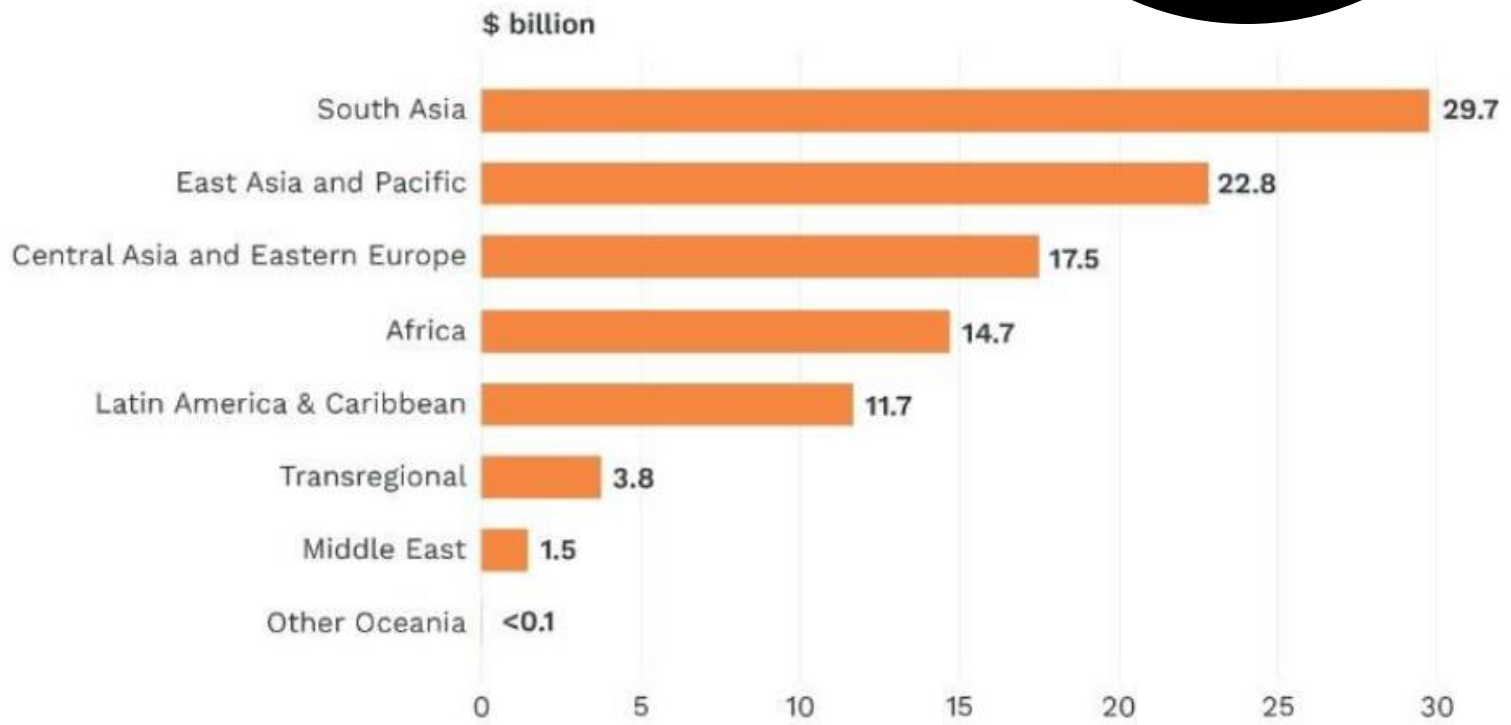
THE MAJORITY OF TOTAL AIR QUALITY FUNDING GOES TO ASIA

International development funders should look to target investments to fill the funding deserts, especially in Africa

- 58% of total air quality was committed to South Asia, East Asia and the Pacific and Central Asia and Eastern Europe between 2019-2023
- South Asia gained $4.9 billion from 2022 to 2023
- Funding to East Asia and the Pacific dropped by $1.7 billion from 2022 to 2023

Total air quality funding by recipient region, 2019–2023 ($ billion)



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SMALL NUMBER OF COUNTRIES RECEIVE THE MAJORITY OF OUTDOOR AIR QUALITY FUNDING

- Three countries (Philippines, Bangladesh and China) received 65% of outdoor air quality funding between 2019-2023
- All countries, except Egypt, in the Top 10 recipients of outdoor air quality funding are in Asia

RANKING	2018–2022 RANKING	COUNTRY	OUTDOOR AIR QUALITY FUNDING 2019 – 2023 ($ BILLION)
1	1	Philippines	5.2
2	2	Bangladesh	3.0
3	3	China	2.5
4	6	India	1.2
5	5	Egypt	0.9
6	4	Mongolia	0.7
7	7	Pakistan	0.4
8	8	Uzbekistan	0.2
9	9	Kazakhstan	0.2
10	10	Cambodia	0.1

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RECOMMENDATIONS FOR INTERNATIONAL DEVELOPMENT FUNDERS

1. Integrate clean air as an explicit co-benefit across development and climate projects
2. Make air quality an institutional and staff priority
3. Target investments towards funding “deserts”, especially in Africa
4. Strengthen cross-donor engagements and collaborate on the way air quality funding is tracked
5. Prioritise efforts to reduce emissions of black carbon, a critical super pollutant
6. **Catalyse private sector participation in air quality projects**
7. End funding for fossil fuel-prolonging projects

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How MDBs can catalyse private finance

- **Enable investment environments:** Support clear air quality standards, monitoring systems, and financial incentives
- **Develop investment-ready pipelines:** Provide technical assistance and early-stage finance to prepare viable projects
- **Use blended finance:** Deploy concessional tools (e.g. guarantees, first-loss capital) to de-risk and scale investments
- **Set standards and build consensus:** Align on how to value air quality in programmes to improve efficiency and impact

Thank you!

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