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Environmental and
Energy Study Institute

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Congress and International Climate Finance What Congress Needs to Know About COP28

Thursday, October 26, 2023

About EESI



Non-partisan Educational Resources for Policymakers

2

A bipartisan Congressional caucus founded EESI in 1984 to provide non-partisan information on environmental, energy, and climate policies



Direct Assistance for Equitable and Inclusive Financing Program

In addition to a full portfolio of federal policy work, EESI provides direct assistance to utilities to develop “on-bill financing” programs



Commitment to Diversity, Equity, Inclusion, and Justice

We recognize that systemic barriers impede fair environmental, energy, and climate policies and limit the full participation of Black, Indigenous, people of color, and legacy and frontline communities in decision-making



Sustainable Solutions

Our mission is to advance science-based solutions for climate change, energy, and environmental challenges in order to achieve our vision of a sustainable, resilient, and equitable world.

Polymaker Education

Briefings and Webcasts



Live, in-person and online public briefings, archived webcasts, and written summaries

Climate Change Solutions



Bi-weekly newsletter with everything policymakers and concerned citizens need to know, including a legislation and hearings tracker

Fact Sheets and Issue Briefs



Timely, objective coverage of environmental, clean energy, and climate change topics

Social Media (@EESIOnline)



Active engagement on Twitter, Facebook, LinkedIn, and YouTube





CLIMATE
POLICY
INITIATIVE

EESI Briefing

November 13, 2023



Climate Policy Initiative

We are analysts and advisors with deep expertise in policy and finance.

We help governments, businesses, and financial institutions drive economic growth while addressing climate change.

We are unique in our focus on finance, our ability to get the right people to the table, and our analytical rigor.

Global trends in climate finance



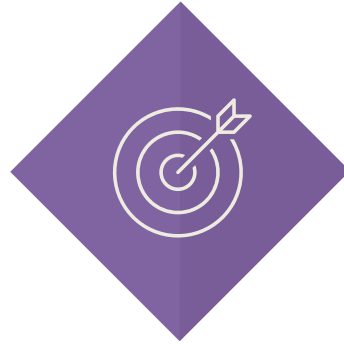
CPI's Global Climate Finance Tracking Program drives evidence-based and informed discussion on climate finance

Comprehensive analysis of finance flows



What is the current state
of global climate
finance flows?

Clear data on progress against needs



How far are we from
closing the climate
investment gap?

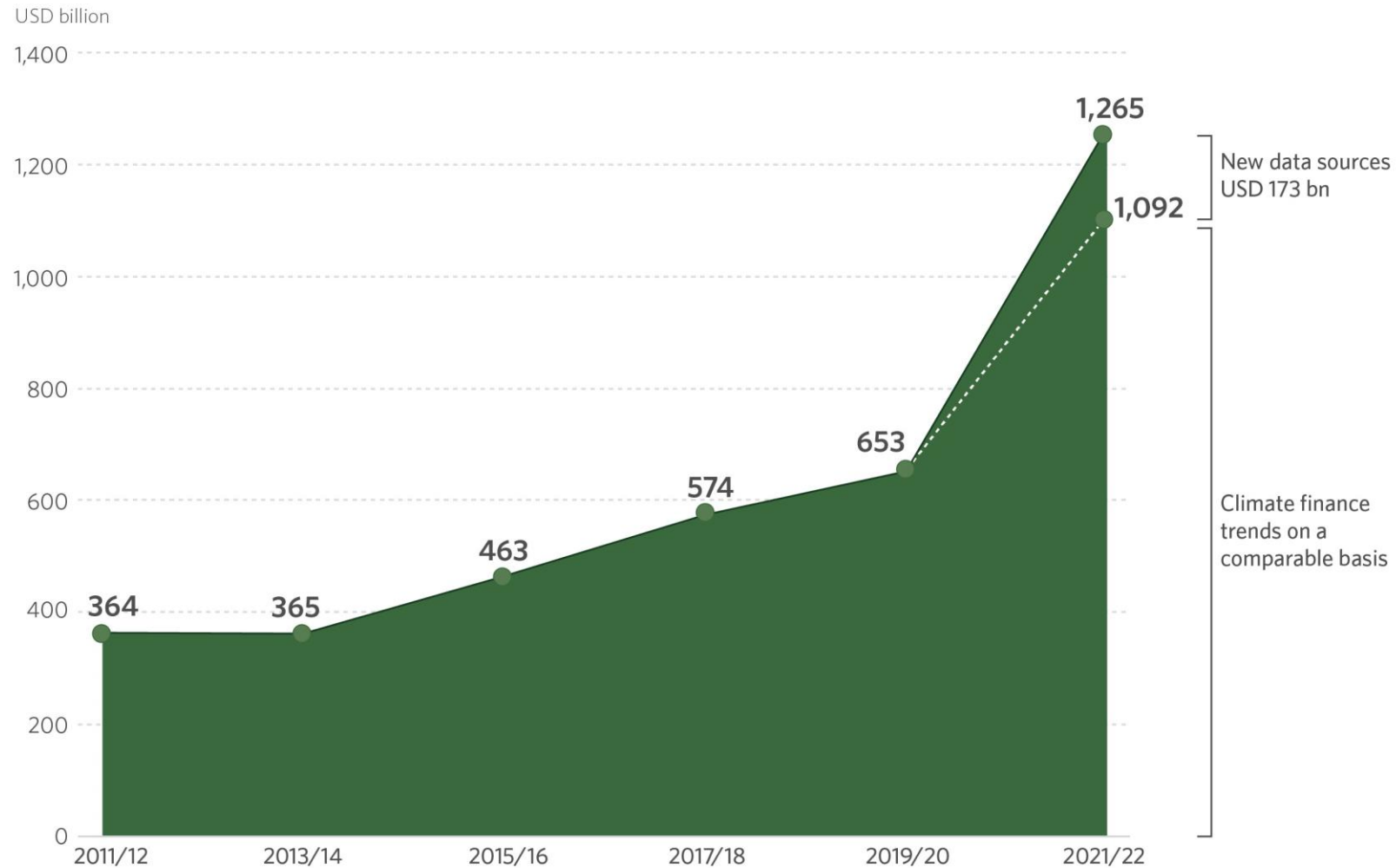
Concrete and actionable recommendations



What should be prioritized to
redirect finance and close the
investment gap?

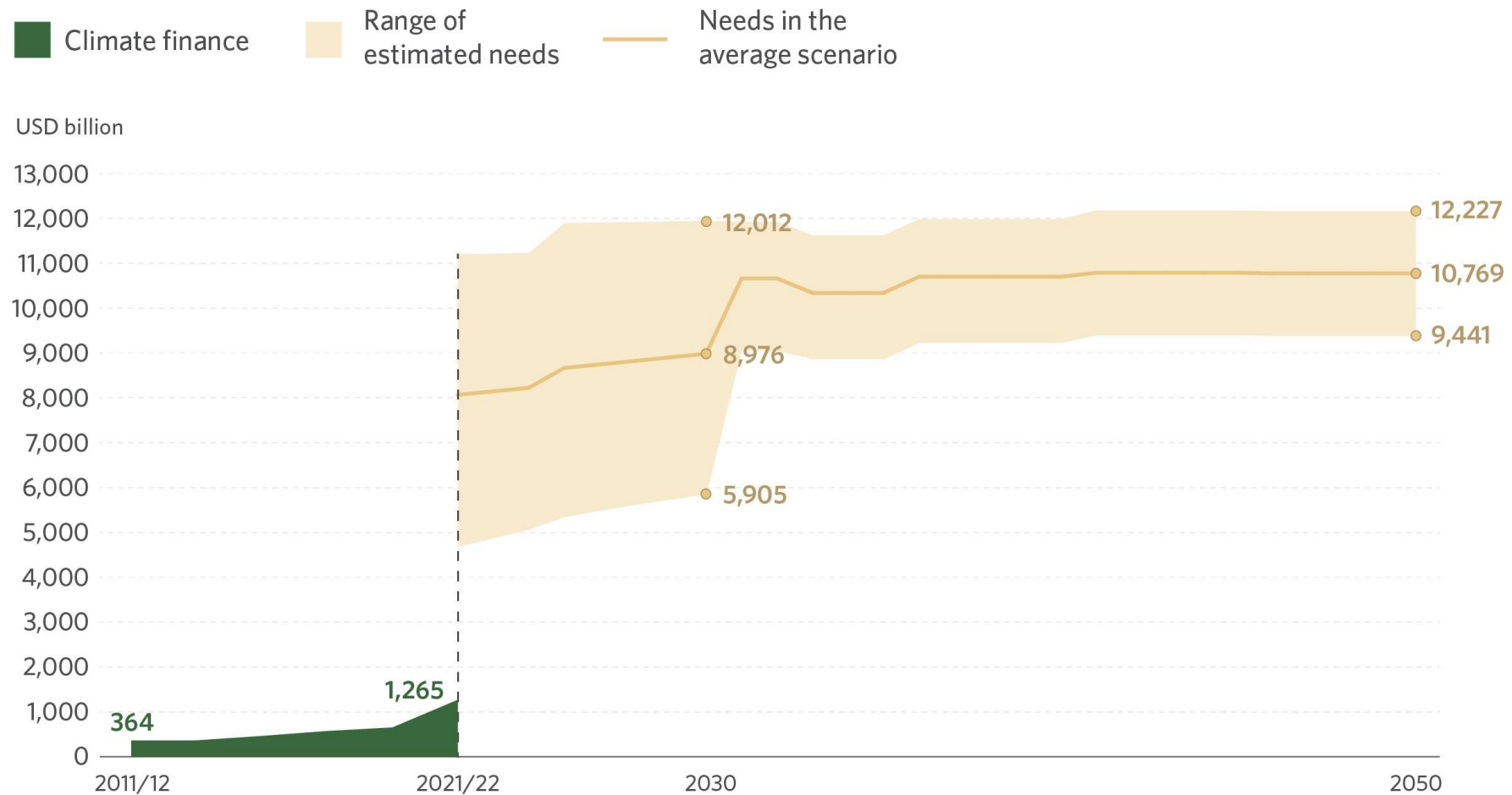
Global climate finance flows reached the first trillion

Global climate finance flows between 2011 – 2020, biannual averages

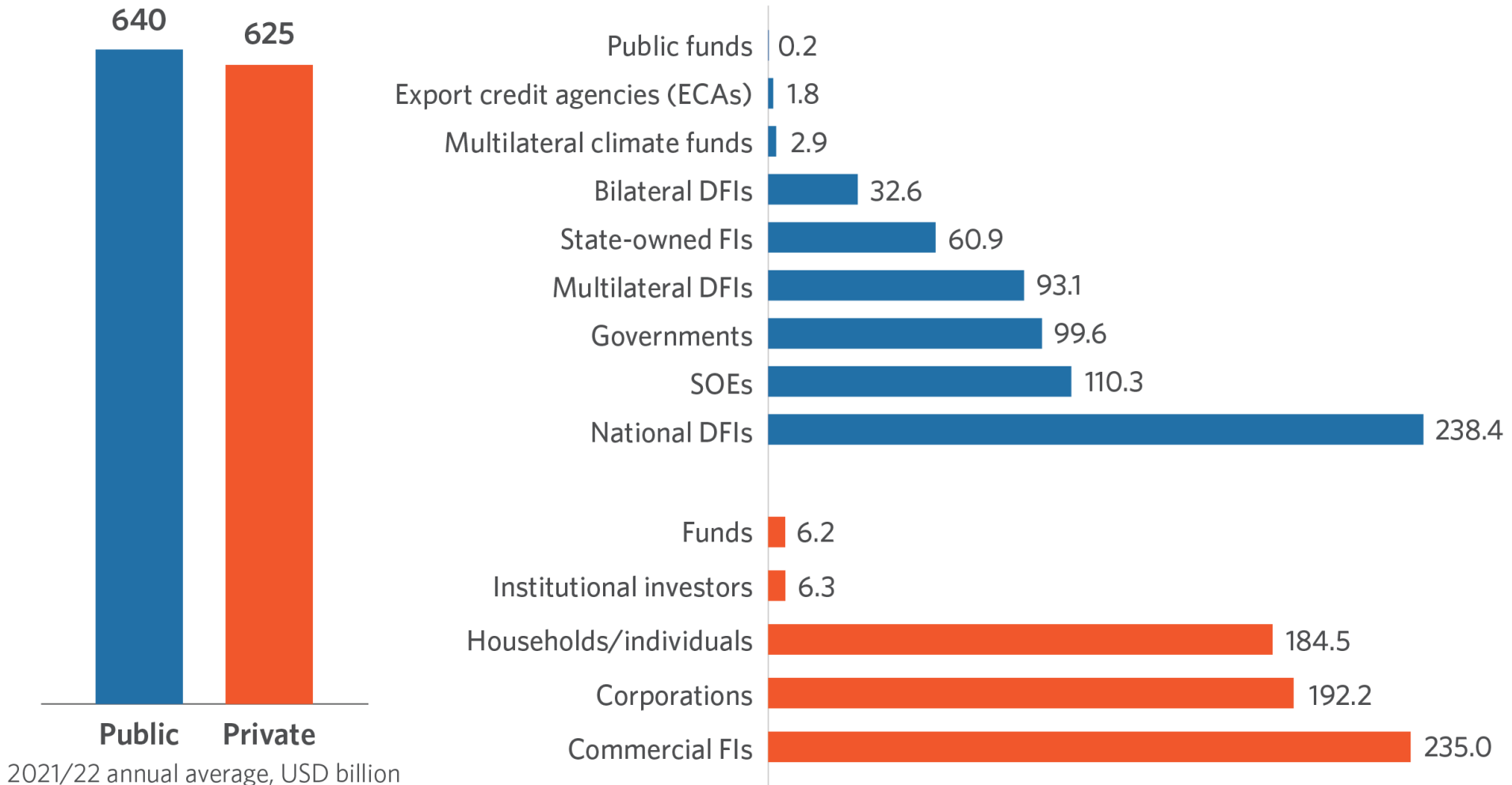


Current investment levels are nowhere near enough to limit global warming to 1.5 °C

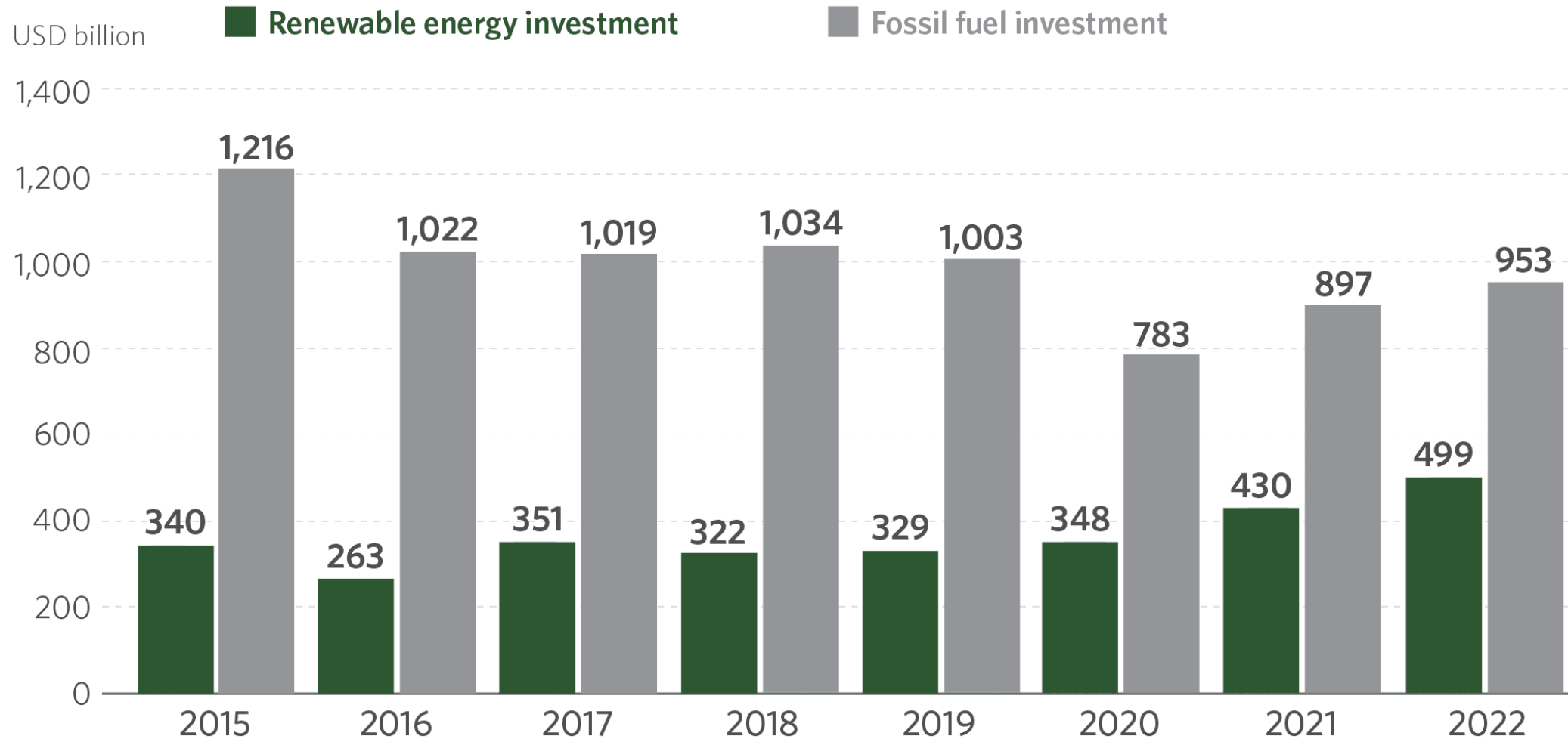
Global tracked climate finance flows and the average estimated annual climate investment need through 2050



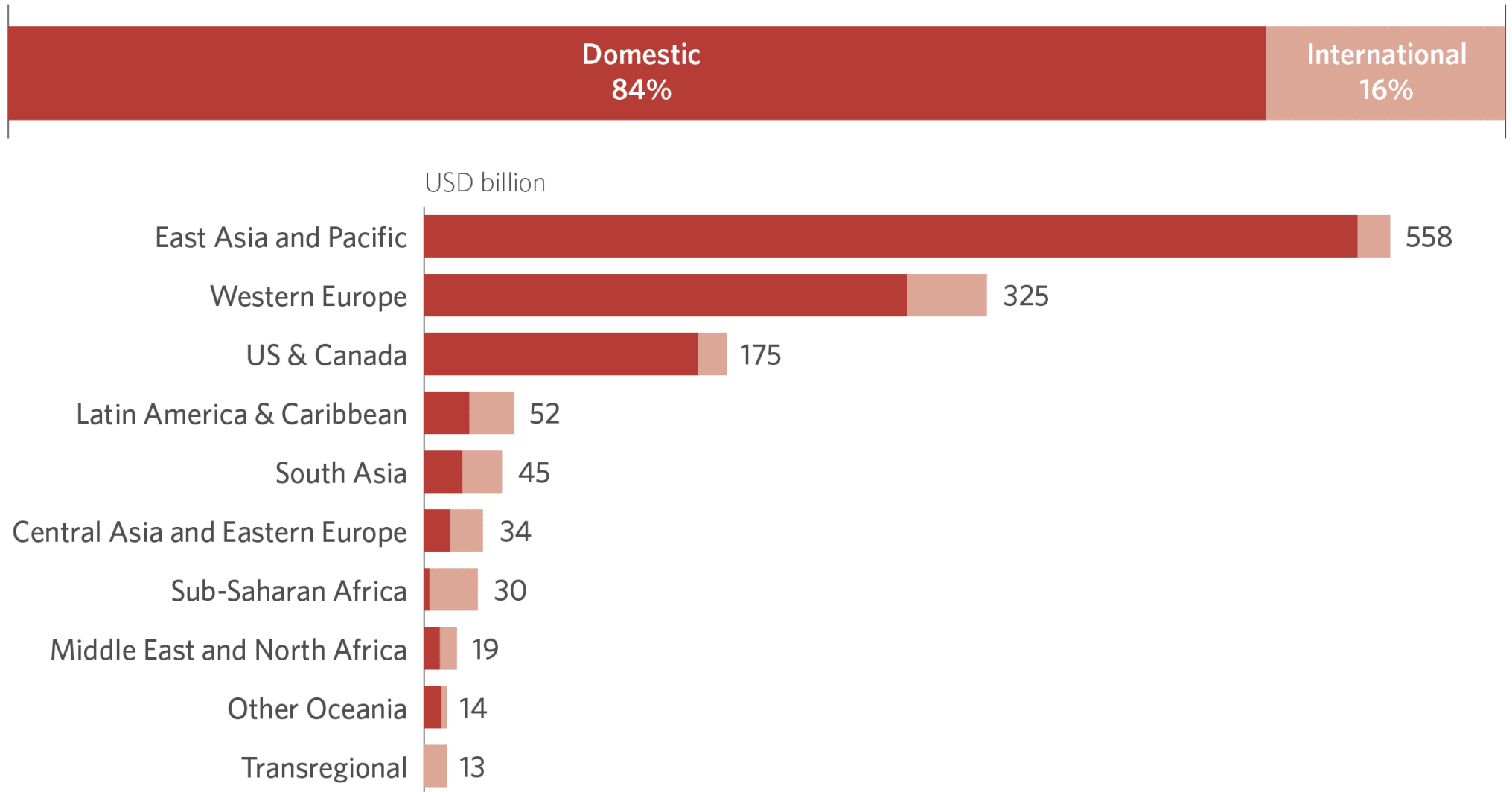
Public actors slightly ahead of private actors – more scale and speed needed, especially among private actors



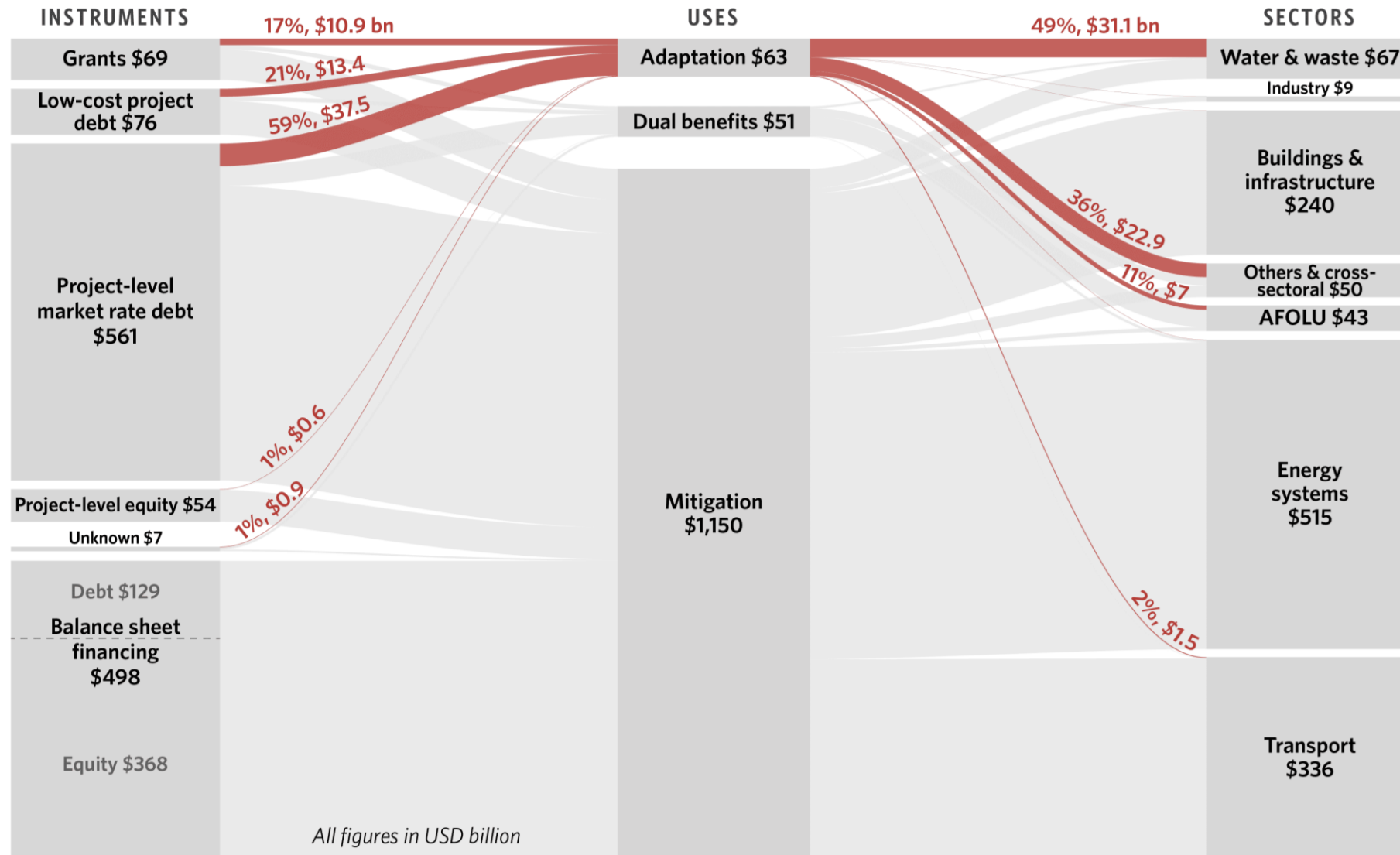
Fossil fuel investment still outpaces renewable energy investment.



Most finance is concentrated in only a few regions.



Adaptation finance is increasing, but is starkly underfunded





Four Priorities to Address the Gaps

1. Transforming the financial system
2. Bridging climate and development needs
3. Mobilizing domestic capital
4. Acting to improve data

Contact –

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CLIMATE
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Thank You



The role of Congress in climate finance appropriations

EESI Briefing Series: What Congress Needs to Know About COP28
Congress and International Climate Finance

Key appropriations accounts

Climate-specific accounts

Bilateral accounts

- Clean energy
- Adaptation
- Sustainable Landscapes

Multilateral accounts

- Green Climate Fund
- Clean Technology Fund
- Global Environment Facility (*partial*)
- Adaptation Fund
- Least Developed Countries Fund
- Montreal Protocol Multilateral Fund
- UNFCCC and IPCC

Other potential sources

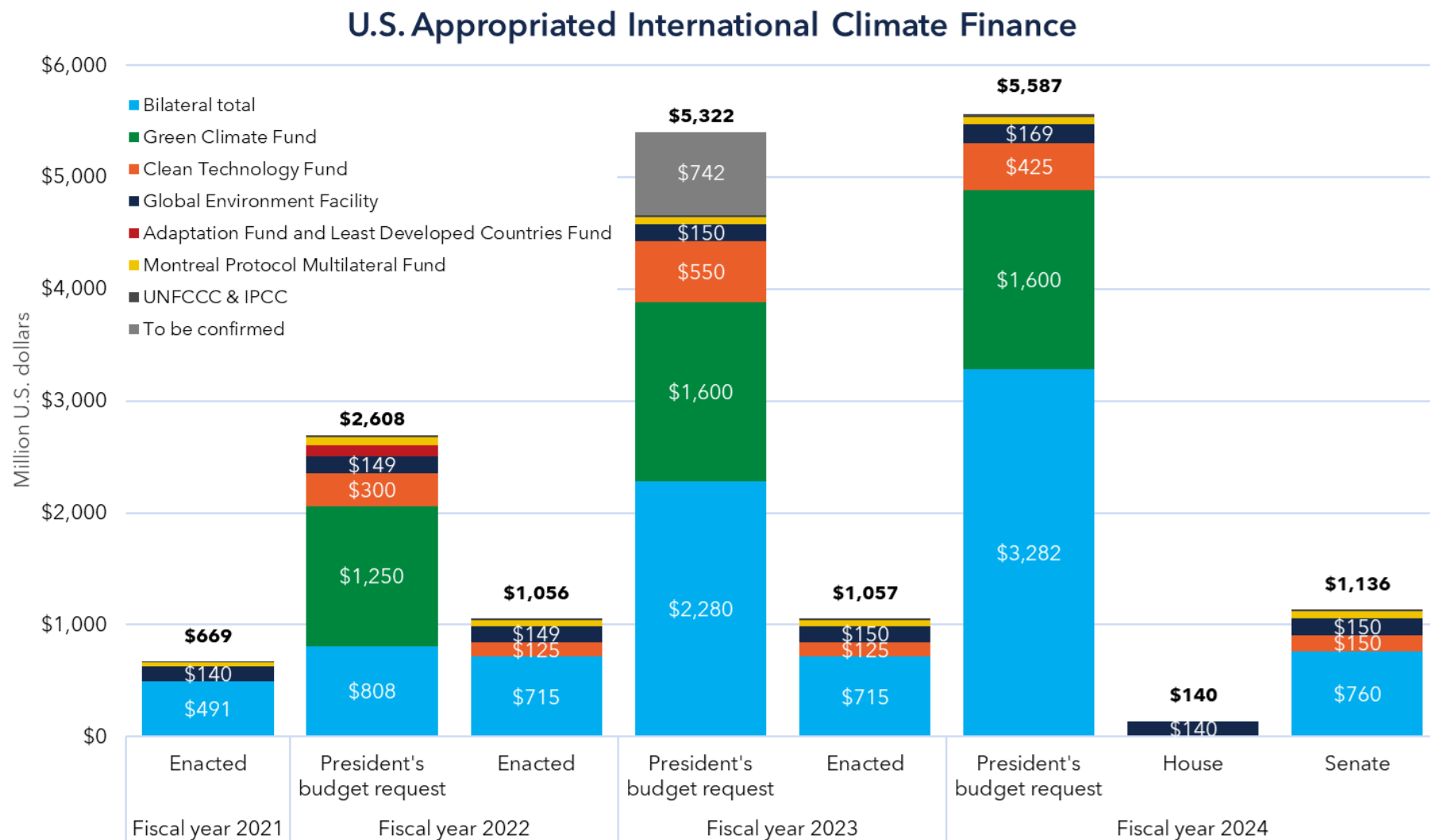
Bilateral development finance agencies

- U.S. International Development Finance Corporation
- Export-Import Bank of the United States
- Millennium Challenge Corporation
- Trade and Development Agency

Multilateral development banks

- World Bank Group (16%/10%/18%/15%)
- African Development Bank (7%/11%)
- Asian Development Bank (16%/14%)
- European Bank for Reconstruction and Development (11%)
- Inter-American Development Bank (30%/11%)

Recent Budget Requests and Appropriations



Sources: Presidential Budget Requests for FY22, FY23 and FY24; Consolidated Appropriations Acts for FY21, FY22 and FY23; House and Senate Appropriations Bills for FY24

Thank you

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WORLD
RESOURCES
INSTITUTE

MULTILATERAL DEVELOPMENT BANKS

October 2023

VALERIE LAXTON

WHY ARE MULTILATERAL DEVELOPMENT BANKS DISCUSSED? WHY NOW?

Multilateral development banks (MDBs) were first envisioned after World War II to help finance the rebuilding of war-torn countries. Over the 20th century, their mission shifted from reconstruction to economic development and poverty eradication.

In addition, today this means addressing urgent challenges which are shaped by persistent development challenges and by climate change. MDBs are part of a complex but fragmented global financial system and were not designed to tackle these from the get-go.

Momentum has built over the past year, to reform MDBs such that they can address the multiple challenges countries face.

MDBS TODAY: WHICH ARE THEY?



The World Bank (IBRD) dates back to 1944 and is the largest, with 189 member countries. It lends to governments (through IBRD and IDA) and to private firms through the IFC (established in 1955).

Other banks are more regional and some are smaller.

They help bridge knowledge or expertise gaps, and their financing gaps.

MDBS ARE PART OF THE GLOBAL FINANCIAL SYSTEM

Multilateral development banks (MDBs) traditionally provide finance for economic development and increasingly for climate finance.

For example, they can support countries who want to work with them to make the investments to reduce greenhouse gas emissions and protect their people against the impacts of climate change.

In 2022, MDBs committed some \$60 billion to low- and middle-income economies, and \$38 billion to high-income economies* - around 43% of their total commitments were specifically intended for climate finance.

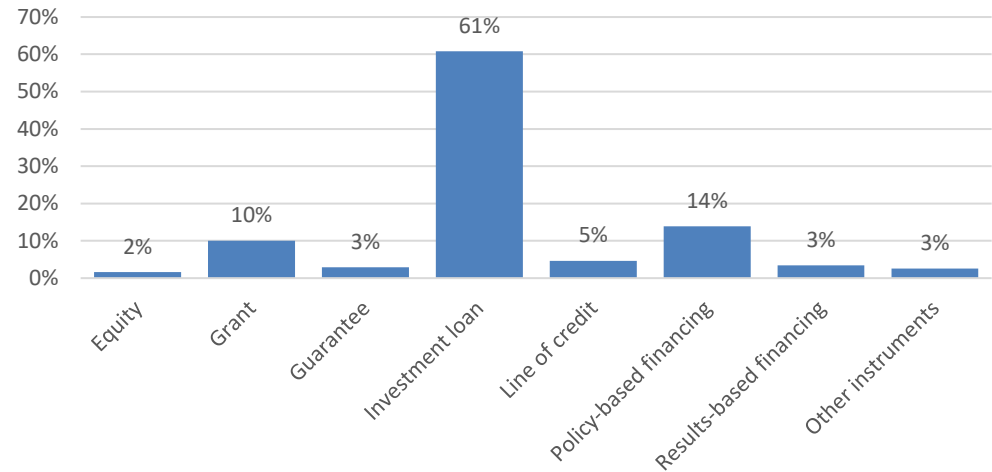
MDBs bring part of the solution to financing gaps - but they are not the only ones: other international financial institutions, bilateral development partners, private financial institutions, philanthropies, etc.

HOW DO MDBS PROVIDE CLIMATE FINANCE?

Different types of financing:

- Climate finance provides both for mitigating GHG emissions and for investing in adapting activities by making them more resilient
- MDBs offer a range of possible financing options to invest in low-carbon, resilient solutions: loans, primarily, but also policy-based financing, few grants
- MDBs use a range of approaches to mitigate different types of risks and mobilize private capital

Climate Finance, by type of financing (2022)



WHAT IS INCLUDED IN SUCH TYPE OF FINANCING ?

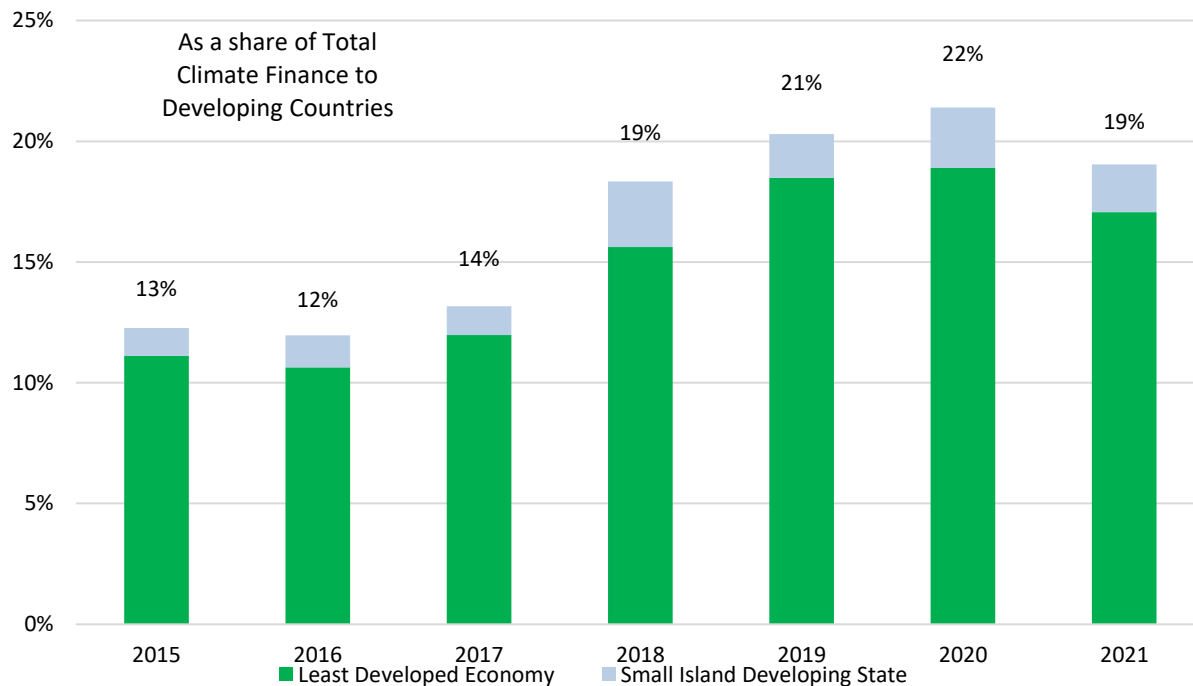
Examples of mitigation finance:

- Clean energy and energy access
- Transport: clean urban transport
- Buildings: public infrastructure and energy efficiency

Examples of adaptation finance:

- Water and wastewater systems
- Crop and food production
- Coastal and riverine infrastructure

ADAPTATION FINANCE IS PARTICULARLY IMPORTANT IN SMALL ISLAND STATES AND LEAST DEVELOPING COUNTRIES



GAPS BETWEEN NEEDS AND AVAILABLE RESOURCES

Acknowledge gaps in finance and investment, for example:

- Current global climate finance accounts for around 30% of what is needed to align with the well below 2°C or 1.5°C trajectories (UNFCCC, 2022)
- Adaptation finance for developing countries is 5 to 10 times below estimated needs, which are projected to reach \$160 billion to \$340 billion annually by 2030 (UNEP)
- WRI's own research estimates that public and private investments will need to increase more than 10 times faster by 2030 to limit warming to 1.5°C and adapt to intensifying climate impacts. ([WRI](#))
- Overall, long-term financing for development of developing countries needs at least \$500 billion a year (UN, FSDR, 2023)

WHY MDBS?

- MDBs have relevant expertise and knowledge about sectors and countries
- Present on the ground, public and private sectors in the countries
- Support infrastructure investment, support strengthening of institutions and policies, or build capacity in countries
- Multiple financial tools: loans, budget support, project financing, guarantees; for climate finance, including grants and other highly concessional forms of finance
- Well-positioned to lead the transition to low-carbon and resilient economies, [jointly committed](#) to working together on [Paris Alignment](#), with methodologies to deliver on climate, and to assess and monitor impact
- Financial model - paid in capital contributions from shareholders are small in relation to the volume of additional lending capacity leveraged

HOW CAN MDBS CONTRIBUTE MORE TO DELIVER ON CLIMATE AND DEVELOPMENT OBJECTIVES ?

The G20 mandated an independent expert group that lays out a triple agenda for MDBs' contribution to bridging these gaps. It would take:

- MDBs mandates that add global challenges to poverty and shared prosperity goals
- Tripling annual MDB finance - lending levels by 2030
- Having new investors partner to expand MDB lending capacity, incl. private sector.

MDB REFORM TO ADDRESS COMMON GLOBAL CHALLENGES

To support countries' strategies to solution development and climate challenges:

- MDBs can support countries in formulating and financing their strategies for low-carbon and resilient development path
- MDBs can share data, knowledge and provide technical assistance
- MDBs can prioritize interventions that align with climate and development goals
- MDBs can focus on outcomes and impact
- MDBs can work as a coherent system

MDB REFORM TO ADDRESS COMMON GLOBAL CHALLENGES

To support countries' strategies to solution development and climate challenges:

- MDBs must be well resourced
- MDBs should be allowed to take on more risk
- MDBs should define 'successful' interventions to deliver
- MDBs and partners should be accountable for their performance in support of these strategies
- MDBs' institutional culture and practice has to change to deliver on the above



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BRIEFING:

What Congress Needs to Know about COP28

Thursday, October 26, 2023

Stacy Swann

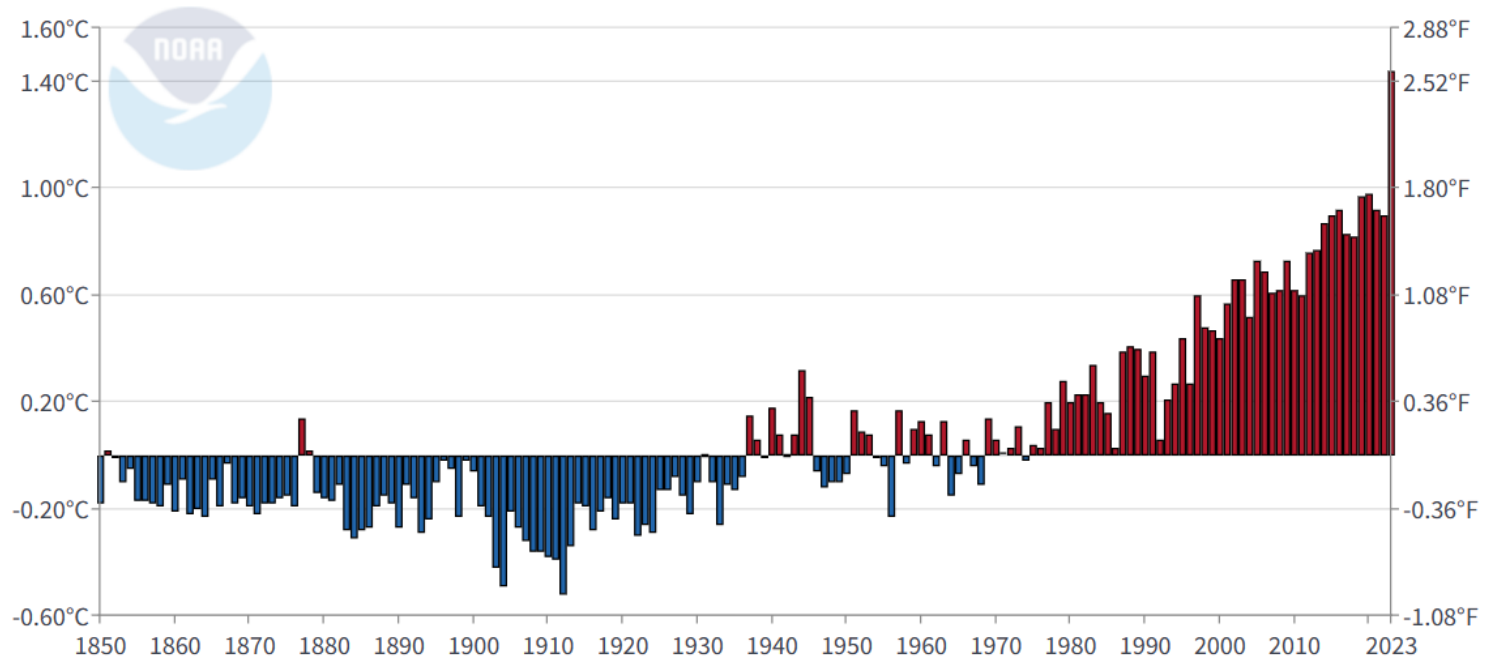
Founder, Member: Resilient Earth Capital

Former CEO: Climate Finance Advisors, BLLC

Email: sswann@resilient-earth-capital.com and
sswann@climate-fa.com

Global Land and Ocean

September Temperature Anomalies



September 2023: 1.4+ (C) degrees above 20th century average

Warming is already “locked-in”

Source: National Oceanic and Atmospheric Administration (NOAA), National Centers for Environmental Information. Pulled October 2023: [Global Rankings | Climate at a Glance | National Centers for Environmental Information \(NCEI\) \(noaa.gov\)](#)

CLIMATE RISK PUTS GREATER PRESSURE ON THE PUBLIC BALANCE SHEET, ON PRIVATE INVESTORS AND ALL PARTS OF THE “REAL ECONOMY” – ALL OF US



We have locked in enough warming that impacts from climate change are being realized.

Warming = Climate Impacts (Acute and Chronic) = Financial Impacts



**Vulnerable
Communities**

Economic, Financial Implications
Security & Migration
Social Stability

- Greater pressure on governments
- Greater pressure on public finance/public budgets
- Capital flight (human, economic, financial)

Increased pressure to transition
to low-carbon, net-zero, *faster*



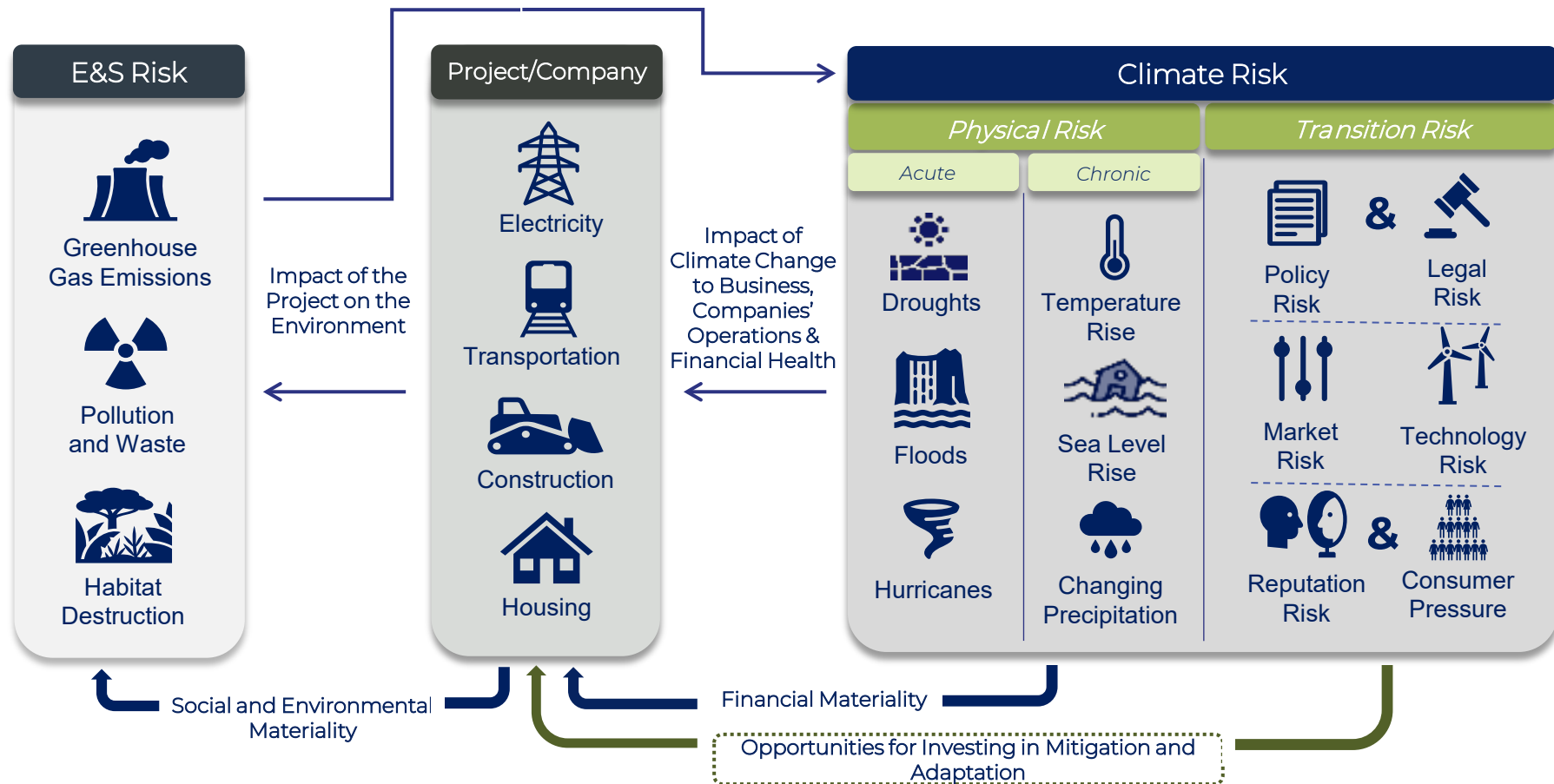
Necessitates investing in
climate-related resilience
(physical, economic)



The biggest investment opportunity
of a generation for all types of
investors, in all places, with the
largest ROI for the greatest number
of people

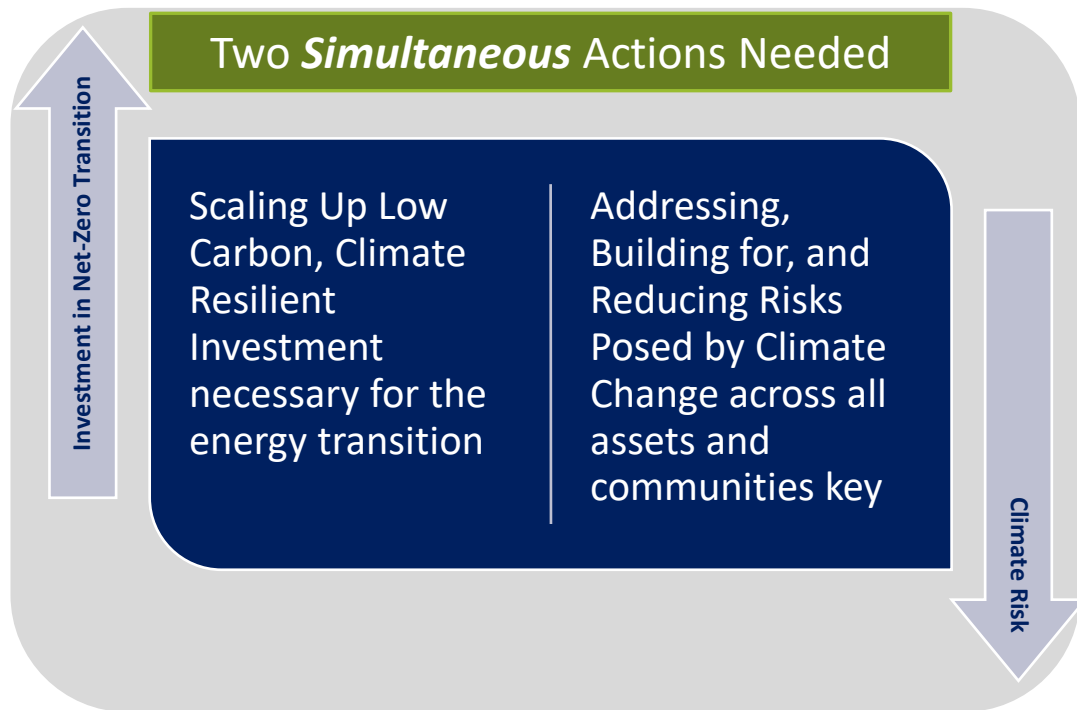


ESG Risk and Climate Risk are Linked but Distinct



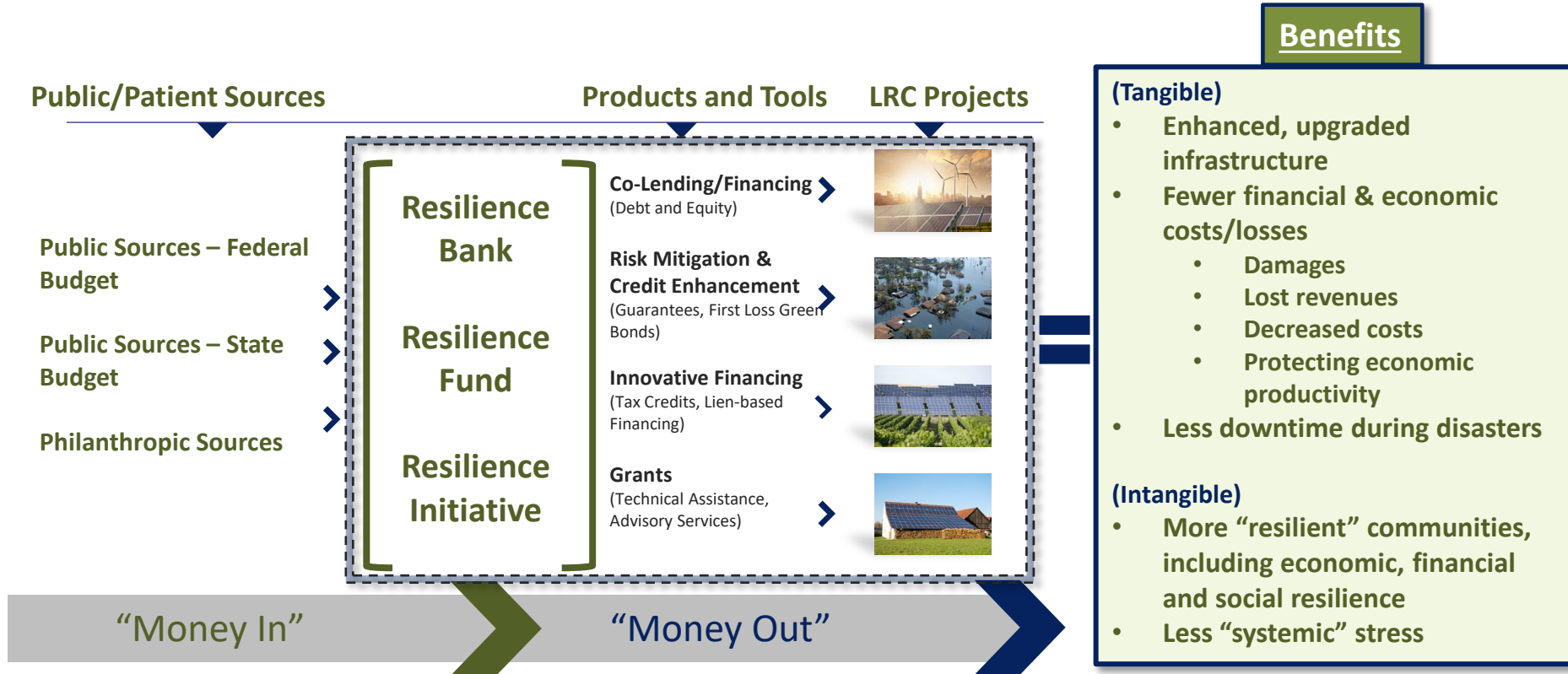
HOW WE INVEST MATTERS

- Costs of climate risk may undermine performance of all assets/investments (public and private)
- It doesn't matter where you live, the public balance sheet alone is insufficient to fund, finance, capitalize the investments in the energy transition or climate resilience



- Private Investors & Financial Institutions play a pivotal role in scaling up and directing finance
- Climate-related financial risk can affect all type of investments, including public and private
- Identifying, assessing, quantify and then structuring financial solutions to accelerate climate-positive investments and reduce climate risks is key

EXAMPLE: BLENDED FINANCE FOR RESILIENCE



Scaling up Climate Finance to COP28

Elizabeth Lien

Senior Director for Federal Climate Policy, WWF



COP28 Thematic Days

- World Climate Action Summit
- Health/Relief, Recovery & Peace
- Finance/Trade/Gender
- Energy/Industry/Just transition
- Multilevel Action, Urbanization
- Youth, Education
- Nature, Land Use & Oceans
- Food, Ag & Water



High priorities on finance for the USG



Public Sector Programs

- Bilateral Programs
- Green Climate Fund
- Loss and Damage Fund
- Nature finance



Encouraging action

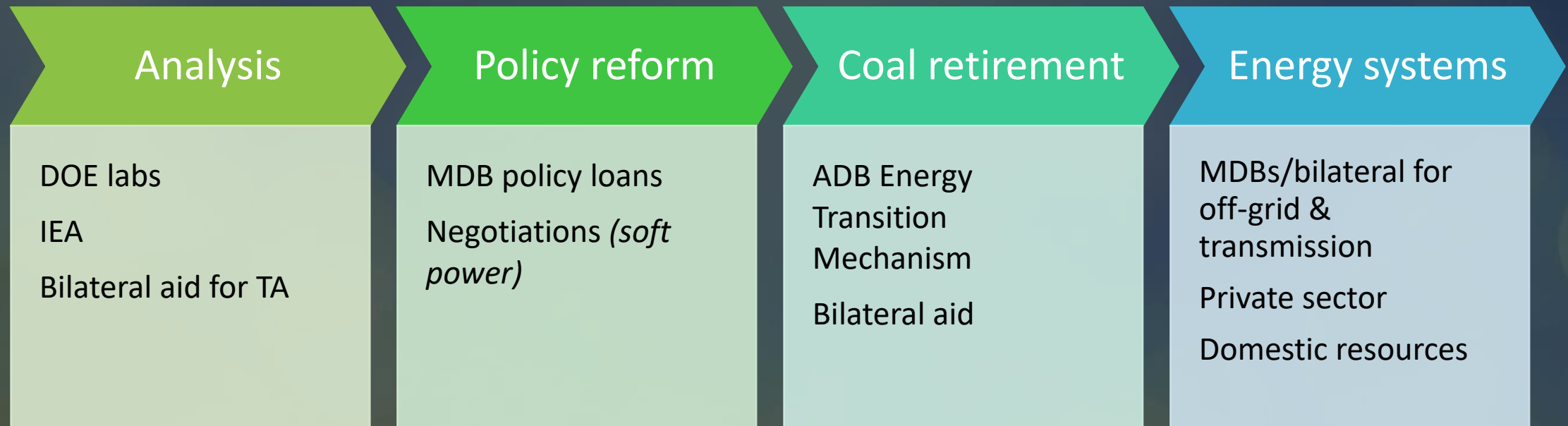
- Encouraging climate-aligned private sector investment
- Energy Transition Accelerator
- Fossil fuel phase out/down



Multi-party action

- Meeting the \$100bn commitment
- MDB evolution agenda and climate finance

USG will highlight support for complex programs: Just Energy Transition Partnerships



Nature finance

- Nature based solutions
- Project finance for permanence



Upcoming Briefings in this Series



What Congress Needs to Know About COP28

4

**What's on the Table for the
Negotiations?**

Nov 7 @ 12:30 PM EDT

The First Global Stocktake

Nov 27 @ 2:00 PM EDT

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Briefing RSVP here: eesi.org/cop28**



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