About EESI...

**NON-PROFIT**
Founded in 1984 by a bipartisan Congressional caucus as an independent (i.e., not federally-funded) non-profit organization

**NON-PARTISAN**
Source of non-partisan information on environmental, energy, and climate policies

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

**SUSTAINABLE SOCIETIES**
Focused on win-win solutions to make our energy, buildings, and transportation sectors sustainable, resilient, and more equitable
Policymaker 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
“What Congress Needs to Know in the Lead-up to COP26” Briefing Series

- October 8: Creating Policies, Coalitions, and Actions for Global Sustainable Development
- October 15: Momentum on Climate Adaptation
- October 20: The Role of International Climate Finance
- October 22: The Negotiations: What’s on the Table
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Sign up for the Full Series: [https://www.eesi.org/1021cop26](https://www.eesi.org/1021cop26)

For Policymakers: U.N. Climate Talks | Daily Update | Newsletter
EESI Briefing on International Climate Finance

Bella Tonkonogy
October 20, 2021
Outline

What is Climate Finance

Why “international climate finance” matters

Making effective public climate investments
What is Climate Finance
Climate finance enables activities that mitigate climate change or support adaptation to climate change.
What is Climate Finance

- Private Climate Finance
- Public climate finance
- International public climate finance

Global Climate Finance
In 2019/2020, majority of global climate finance went to mitigation, but adaptation finance is gaining.

Figure 1.5: Biannual average climate finance by mitigation, adaptation and dual objectives (USD bn)
Global climate finance flows reached USD 632 billion in 2019/2020, but with tepid growth rate
Current investment levels are nowhere near enough to limit global warming to 1.5 °C.

Figure 1.3: Global tracked climate finance flows and the average estimated annual climate investment need through 2050.
Adaptation finance gained momentum in 2019/2020 but remains well short of estimated needs
Why international climate finance matters
Developing country action is needed to meet global climate targets.
Climate finance flows are concentrated in East Asia and Pacific, Western Europe, and North America.

Domestic and international climate finance flows by region of destination (USD bn, 2019/2020 annual average):

- East Asia & Pacific: Domestic $270, International $22, Total $292
- Western Europe: Domestic $31, International $105, Total $136
- US & Canada: Domestic $76, International $83, Total $159
- Latin America & Caribbean: Domestic $16, International $19, Total $35
- Central Asia & Eastern Europe: Domestic $17, International $15, Total $32
- South Asia: Domestic $11, International $19, Total $30
- Sub-Saharan Africa: Domestic $18, International $20, Total $38
- Middle East & North Africa: Domestic $9, International $10, Total $19
- Other Oceania: Domestic $10, International $11, Total $21
- Transregional: Domestic $10, International $10, Total $20
Effective public investments
International climate finance is most needed in 3 areas

Delivered by a diversity of financing instruments and intermediaries

Mobilizing private investment and supporting the most vulnerable

Financing Vehicles
De-risking
Blended Finance

Project Pipeline
Preparation/
Readiness
Standardization
Capacity building

Enabling Environment
Policy reform
Market environment
Komaza and the Smallholder Forestry Vehicle

- **Geographic focus:** Kenya
- **Structure:** ~$55m fund that would securitize tree contracts to restore degraded land
- **U.S. Connections:** Founder and investors. Up for GCF approval
- **Impact:** 25,000 farmers, 200 ha to be planted this year, using advanced technology
Contact –

CPI: climatepolicyinitiative.org
The Lab: climatefinancelab.org
USICEF: usicef.org

Global Landscape of Climate Finance: climatefinancelandscape.org

@climatepolicy
@climatepolicyinitiative
GCF HISTORY

- 2010: Est. by 194 countries (UNFCCC COP16)
- 2011: Governing Instrument
- 2012: First Board Meeting
- 2014: USD 10b+ mobilized
- 2015: First Projects approved
- 2019: 1st GCF Replenishment
### GCF AT A GLANCE

**PROJECT PORTFOLIO**

*as of 7 October 2021*

<table>
<thead>
<tr>
<th><strong>GCF PORTFOLIO TO DATE (USD)</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>127</strong> ✓ Developed countries with approved projects</td>
<td><strong>190</strong> Approved projects</td>
<td><strong>10.0b</strong> GCF funding approved</td>
<td><strong>139</strong> Projects under implementation with 6.1b of GCF funding</td>
</tr>
<tr>
<td><strong>1.7b</strong> disbursed</td>
<td><strong>110</strong> Accredited Entities</td>
<td><strong>27.1b</strong> Co-Financing</td>
<td><strong>37.1b</strong> Total value of approved projects</td>
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<tr>
<td></td>
<td><strong>56</strong> Direct Access (National)</td>
<td></td>
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<tr>
<td></td>
<td><strong>14</strong> Direct Access (Regional)</td>
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<tr>
<td></td>
<td><strong>40</strong> International Access</td>
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</table>
APPROVED PROJECTS

**APPROVED PROJECTS VALUE BY THEME**

- **Adaptation**: USD 2.4b (24%)
- **Mitigation**: USD 4.5b (45%)
- **Cross-cutting**: USD 3.1b (31%)

*The impact of the intervention will, to some extent, both reduce future GHG emissions (to avoid climate changes) as well as improve the resilience of an industry or community (to deal with climate change once it occurs)*

**GCF PROJECTS - GEOGRAPHIC DISTRIBUTION**
HOW GCF WORKS
WORKING WITH ACCREDITED ENTITIES
Who channels funds to projects

DIRECT ACCESS ENTITIES

International Access Entities
WHAT DOES THE GCF LOOK FOR?

Additionality of GCF Funding
- Why GCF?
- Projects must crowd-in additional financing on top of GCF

Strong Climate Rationale
- Climate Impact of investment is key
- Scientific evidence to provided

Country-Driven Approach
- Alignment with NDCs
- Early country (NDA) engagement
- No-objection letter

Six Investment Criteria
1. Impact Potential
2. Paradigm Shift Potential
3. Sustainable development potential
4. Recipient needs
5. Country ownership
6. Efficiency & effectiveness

8 Results Areas
- Energy
- Transport
- Buildings, Cities, Industries
- Ecosystems
- Livelihoods of people & comm.
- Health, food and water security
- Forests and land use
- Infrastructure
<table>
<thead>
<tr>
<th>FUNDING PROPOSAL CYCLE</th>
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<tbody>
<tr>
<td><strong>Country and Entity Programme</strong></td>
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<tr>
<td><strong>Proposal Generation</strong></td>
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<tr>
<td><strong>FP Submission by AE</strong></td>
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<tr>
<td><strong>FAA signing &amp; implementation</strong></td>
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</tbody>
</table>
GUIDING PRINCIPLES

Country owned
Driven by national context, national processes and national stakeholders

Paradigm shift
Support developing countries in growing in a low carbon and resilient manner

PSF
Private Sector Facility – Importance of shifting private sector investments to climate friendly solutions

Adaptation emphasis
Seeking to prioritize and filter projects that provide adaptation impacts
“What Congress Needs to Know in the Lead-up to COP26” Briefing Series

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*For Policymakers: U.N. Climate Talks | Daily Update | Newsletter*
U.S. INTERNATIONAL CLIMATE FINANCE

EESI Briefing Series: The Role of International Climate Finance
WHAT IS INTERNATIONAL CLIMATE FINANCE?

“the provision or mobilization of financial resources to assist developing countries to reduce and/or avoid greenhouse gas emissions and build resilience and adapt to the impacts of climate change.”

— U.S. International Climate Finance Plan

WHY PROVIDE INTERNATIONAL CLIMATE FINANCE?

• Fulfil international responsibilities
• Boost credibility and influence
• Good development practice
• Creates jobs and export markets
• Address potential security challenges

Decision 1/CP.16

The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention

98. Recognizes that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries;

99. Agrees that, in accordance with paragraph 1(e) of the Bali Action Plan, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources;
PROGRESS TO THE $100 BILLION GOAL

PUBLIC CLIMATE FINANCE PER YEAR AVERAGE 2016-18

Notes:
- Bilateral and multilateral bar shading denotes the share of grants in climate finance provided: darker is higher share, lighter is lower share.
- Japan included coal-related finance in their climate finance reporting to the UNFCCC.
- At the time of writing, the United States had not submitted reporting on its 2017 and 2018 climate finance to the UNFCCC, so the average post-Paris for the United States includes only its bilateral and multilateral contributions in 2016 plus its average of MDB climate finance contributions for 2016-18.

PUBLIC CLIMATE FINANCE AS SHARE OF GNI

PUBLIC CLIMATE FINANCE COMPARED TO DIFFERENT EFFORT-SHARING APPROACHES

BIDEN’S NEW INTERNATIONAL CLIMATE FINANCE PLEDGE

How does US climate finance pledge measure up?

United States pledge for 2024
$11.4 billion US dollars

European Union finance provided in 2019
€21.9 billion/
$24.5 billion US dollars

### Multilateral accounts (million USD)

<table>
<thead>
<tr>
<th>Year</th>
<th>PBR</th>
<th>House version</th>
<th>Senate version</th>
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<tbody>
<tr>
<td>2017</td>
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<tr>
<td>2022</td>
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</tbody>
</table>

- **Multilateral adaptation fund(s) TBC**
- **Climate Investment Funds**
- **Green Climate Fund**
- **Montreal Protocol Multilateral Fund**
- **UNFCCC and IPCC**
- **Global Environment Facility**

### Bilateral accounts (million USD)

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<td>2022</td>
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</tbody>
</table>

- **Adaptation**
- **Renewable Energy**
- **Sustainable Landscapes**

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THANK YOU

joe.thwaites@wri.org
PUBLIC CLIMATE FINANCE EFFORTS IN 2018
$80 BILLION PUBLIC FINANCE SCENARIO


Notes:
a. Japan included coal-related finance in their climate finance reporting to the UNFCCC.
b. At the time of writing, the United States had not submitted reporting on its 2017 and 2018 climate finance to the UNFCCC, so the graph uses U.S. climate finance in 2016, the latest year for which reporting is available.
What did you think of the briefing?

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www.eesi.org/survey

Materials will be available at:
www.eesi.org/102021cop

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Wednesday, October 20, 2021