



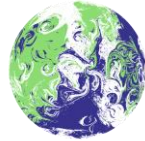
British Embassy
Washington

Materials will be available at:

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UN CLIMATE
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CONGRESSIONAL BRIEFING

The Role of International Climate Finance

Briefing Series: What Congress Needs to Know in the Lead Up to COP26

Wednesday, October 20, 2021

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

Polycymaker 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

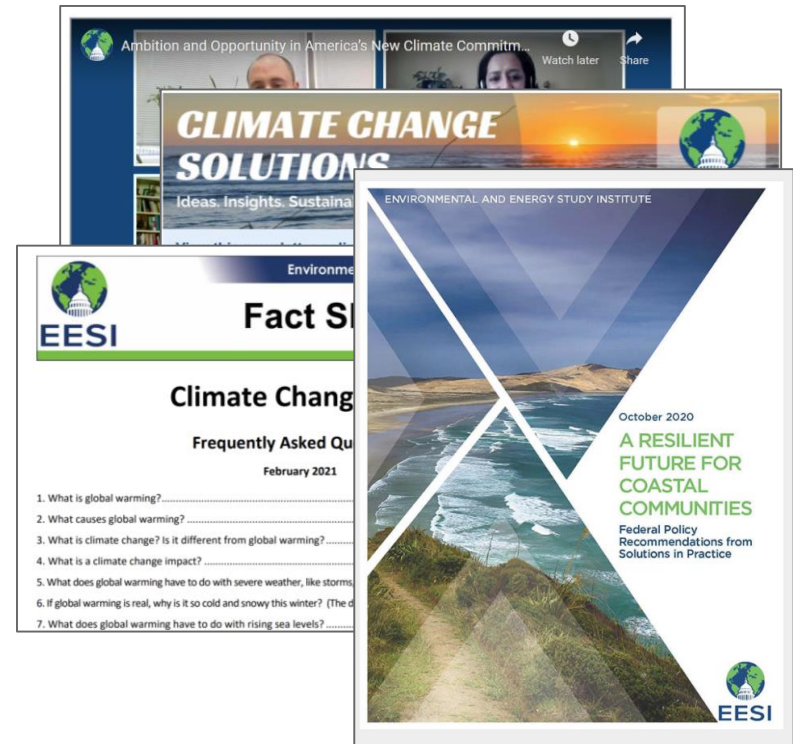


Timely, objective coverage of environmental, clean energy, and climate change topics

Social Media (@EESIOnline)



Active engagement on Twitter, Facebook, LinkedIn, and YouTube



“What Congress Needs to Know in the Lead-up to COP26” Briefing Series



4

-  **October 8** **Creating Policies, Coalitions, and Actions for Global Sustainable Development**
-  **October 15** **Momentum on Climate Adaptation**
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CLIMATE
POLICY
INITIATIVE

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



CLEAN ENERGY



LAND USE



DISASTER RISK MGMT



CITIES

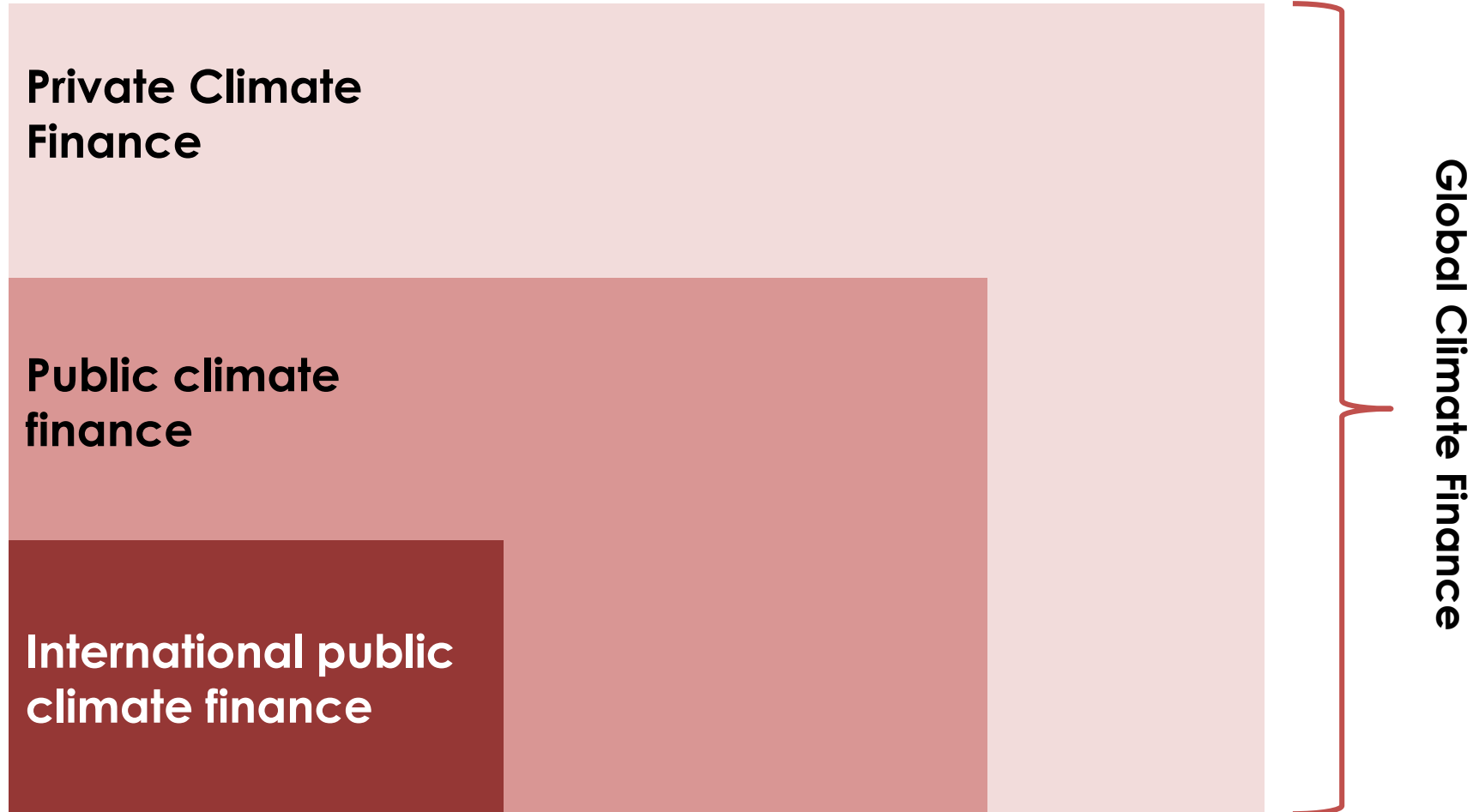


RESILIENT INFRASTRUCTURE



ENERGY ACCESS

What is Climate Finance



LANDSCAPE OF CLIMATE FINANCE IN 2019/2020

Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years' data, in USD billions.

632 BN USD ANNUAL AVERAGE



CLIMATE POLICY INITIATIVE

SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?

INSTRUMENTS

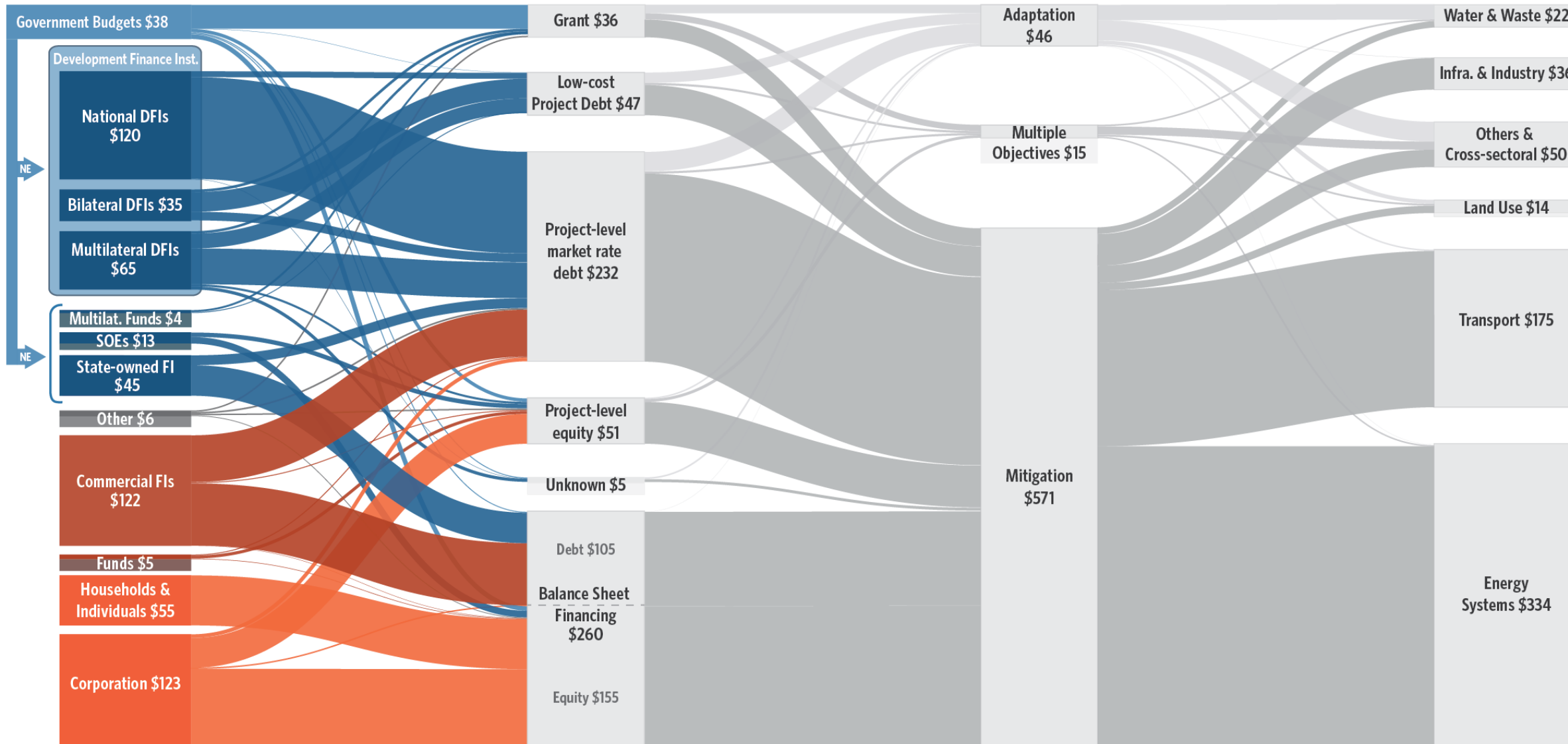
What mix of financial instruments are used?

USES

What types of activities are financed?

SECTORS

What is the finance used for?

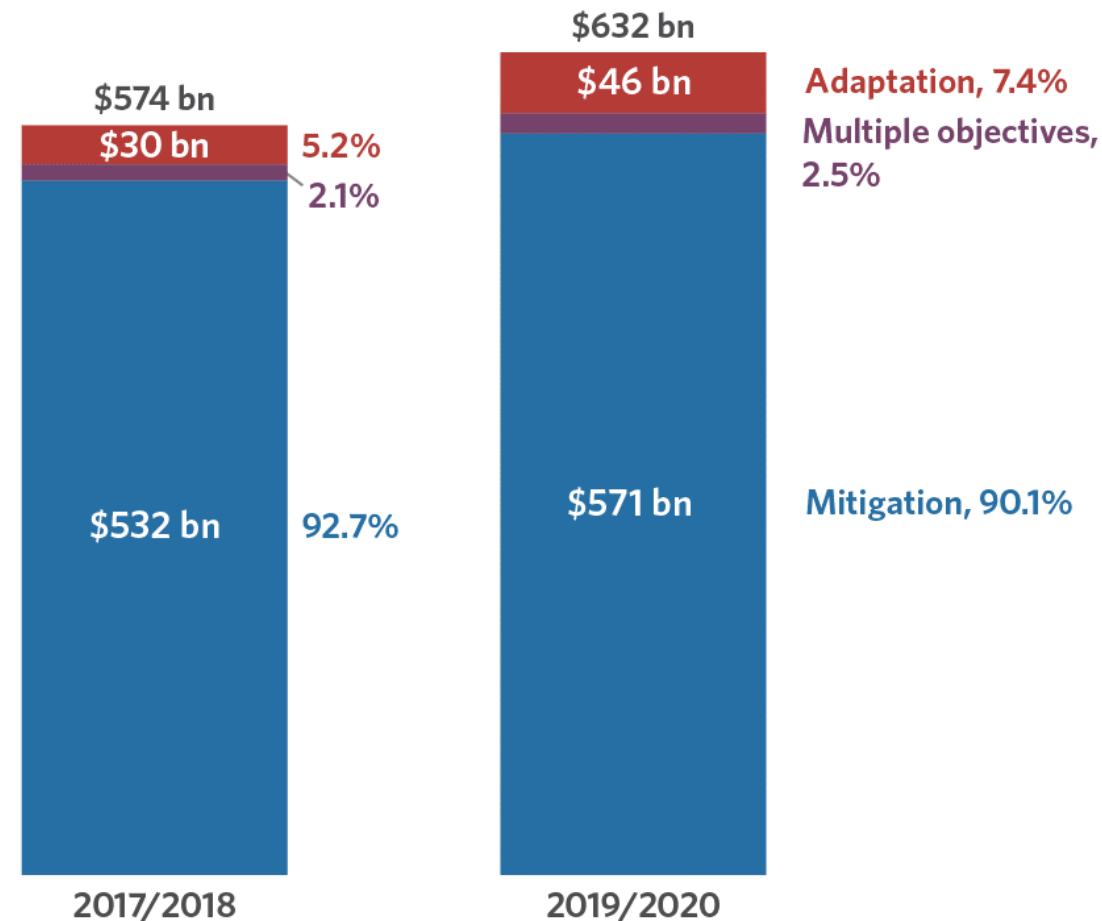


KEY

- PUBLIC MONEY
- PRIVATE MONEY
- PUBLIC FINANCIAL INTERMEDIARIES
- PRIVATE FINANCIAL INTERMEDIARIES
- NE → NOT ESTIMATED

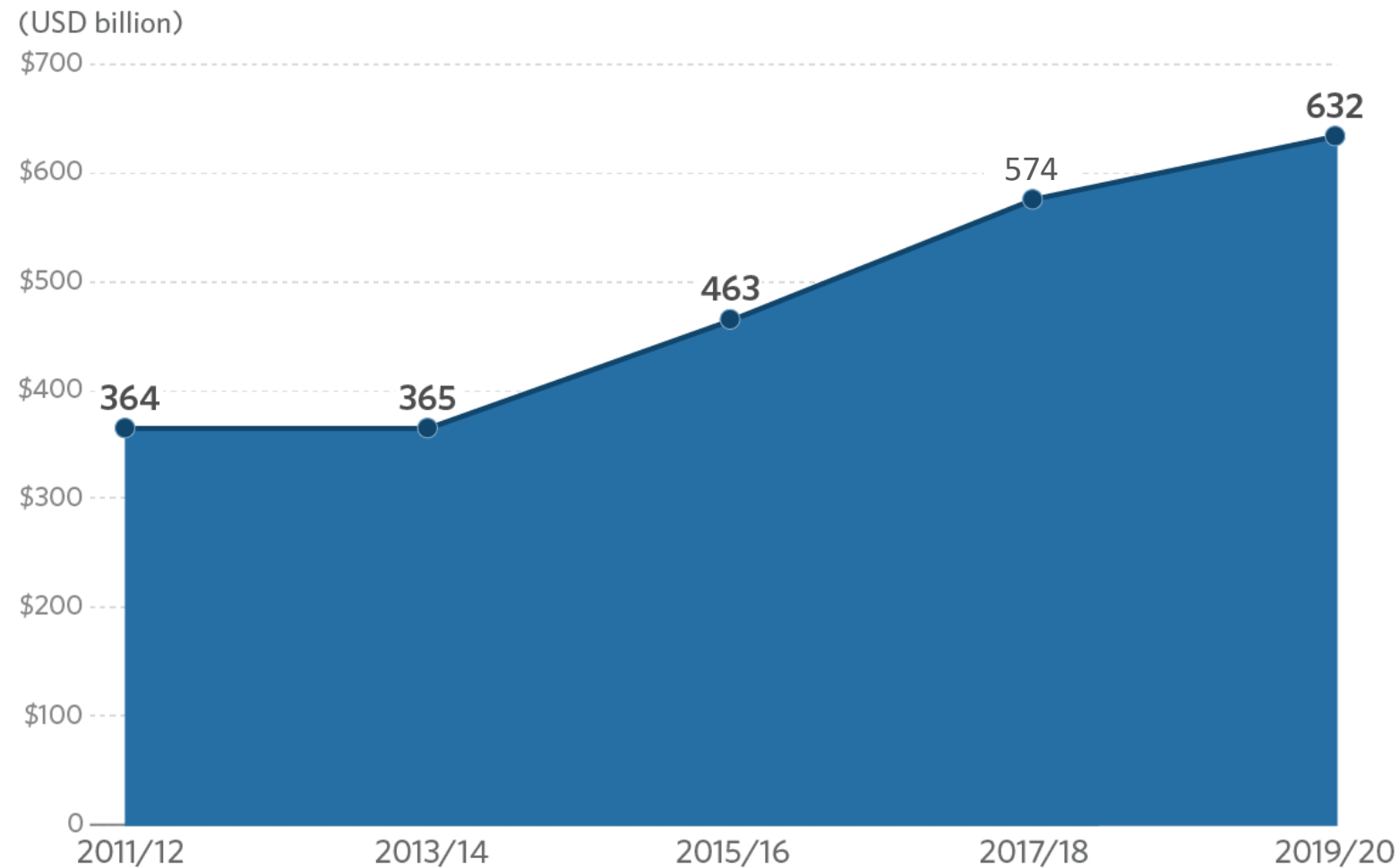
In 2019/2020, majority of global climate finance went to mitigation, but adaptation finance is gaining

Figure 1.5: Biannual average climate finance by mitigation, adaptation and dual objectives (USD bn)



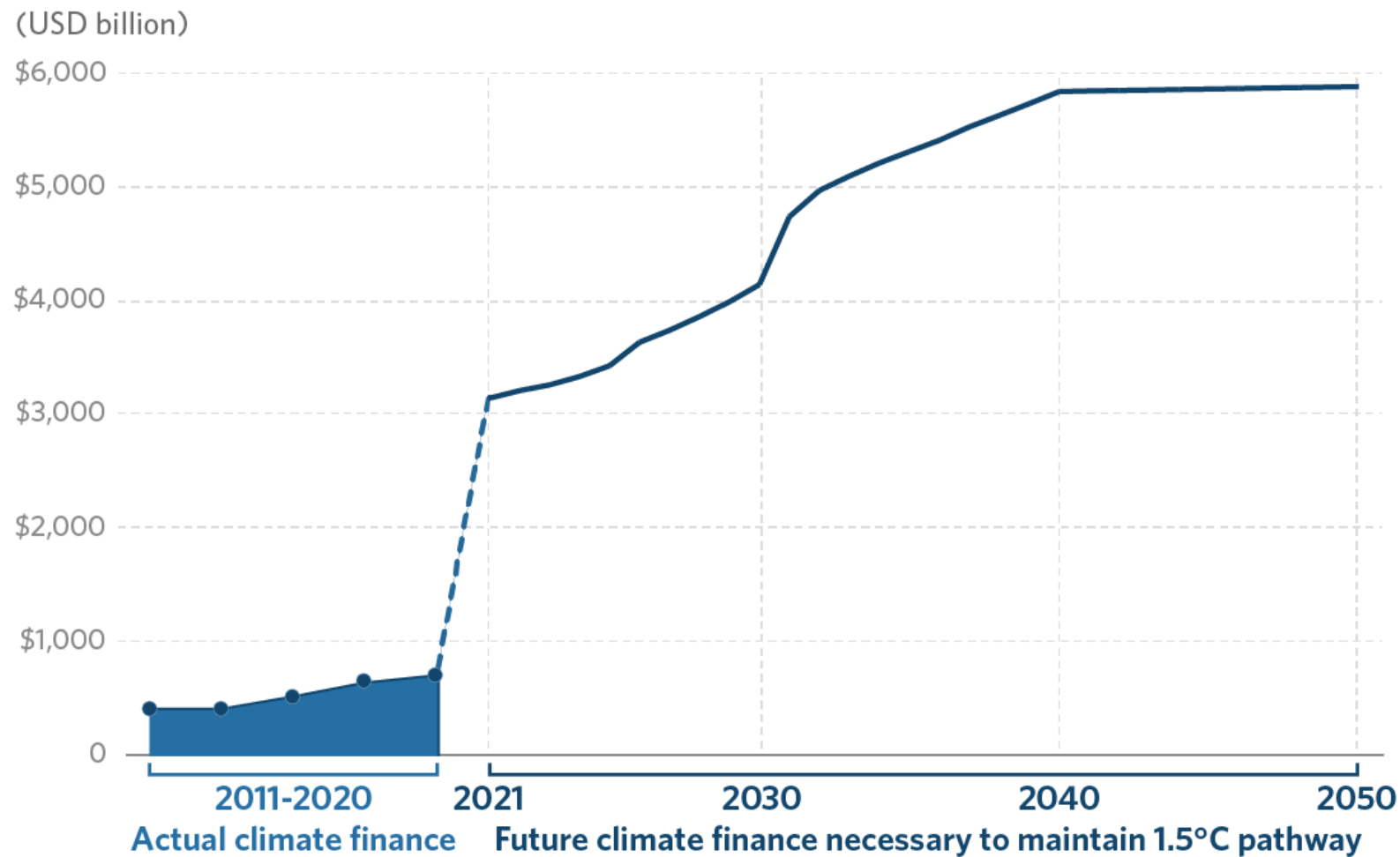
Global climate finance flows reached USD 632 billion in 2019/2020, but with tepid growth rate

Figure 1.2: Global climate finance flows between 2011 – 2020, biannual averages



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

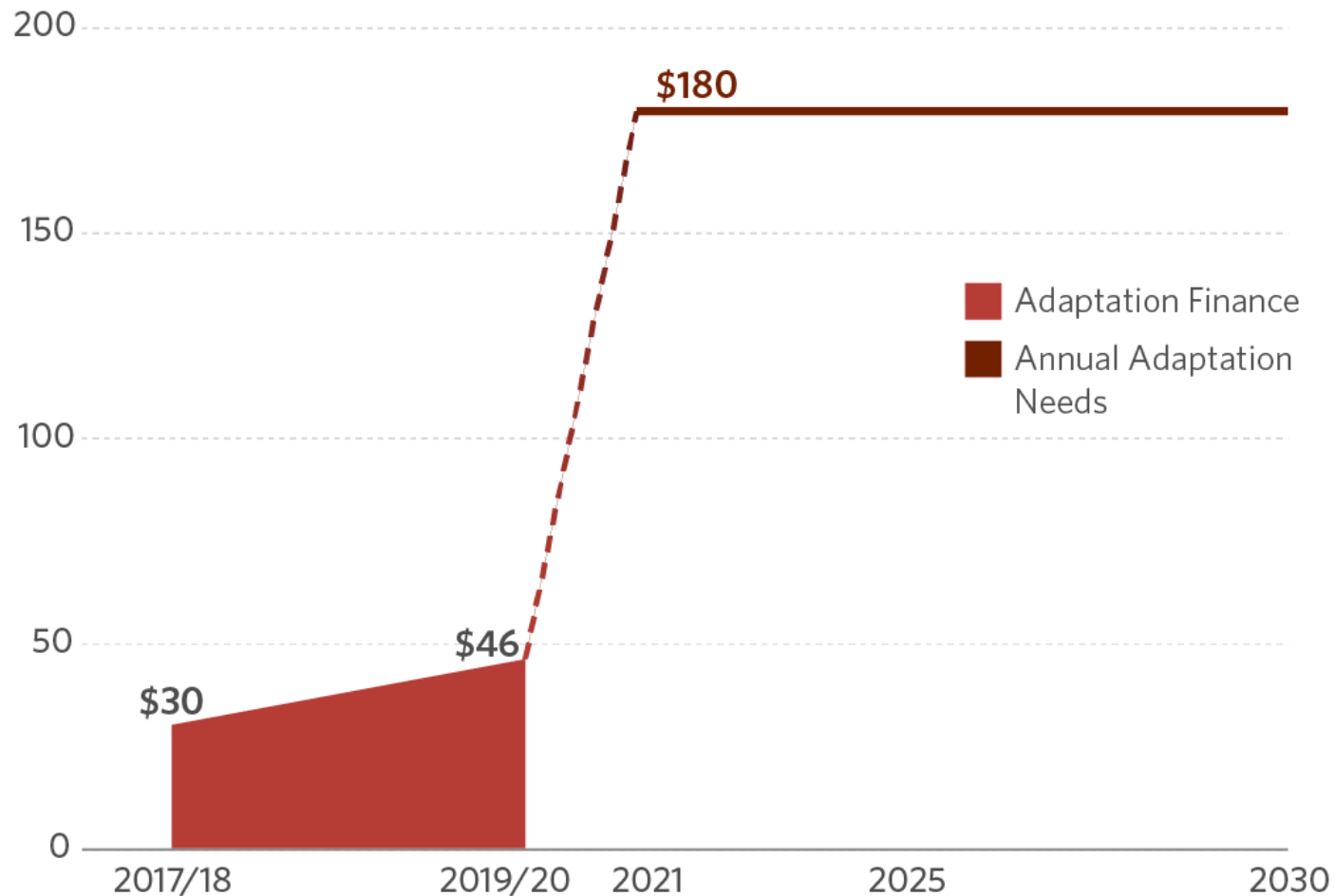
Figure 1.3: Global tracked climate finance flows and the average estimated annual climate investment need through 2050



Adaptation finance gained momentum in 2019/2020 but remains well short of estimated needs

Adaptation finance and needs

(USD billion)

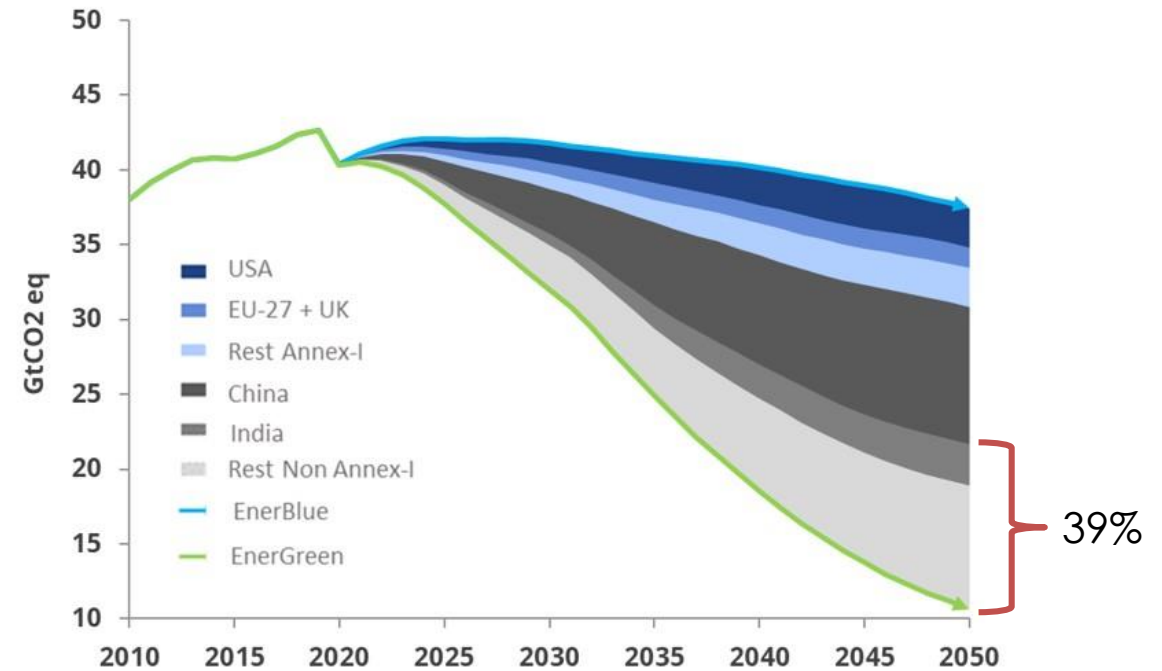


Why international climate finance matters

Climate change stands to reverse development gains



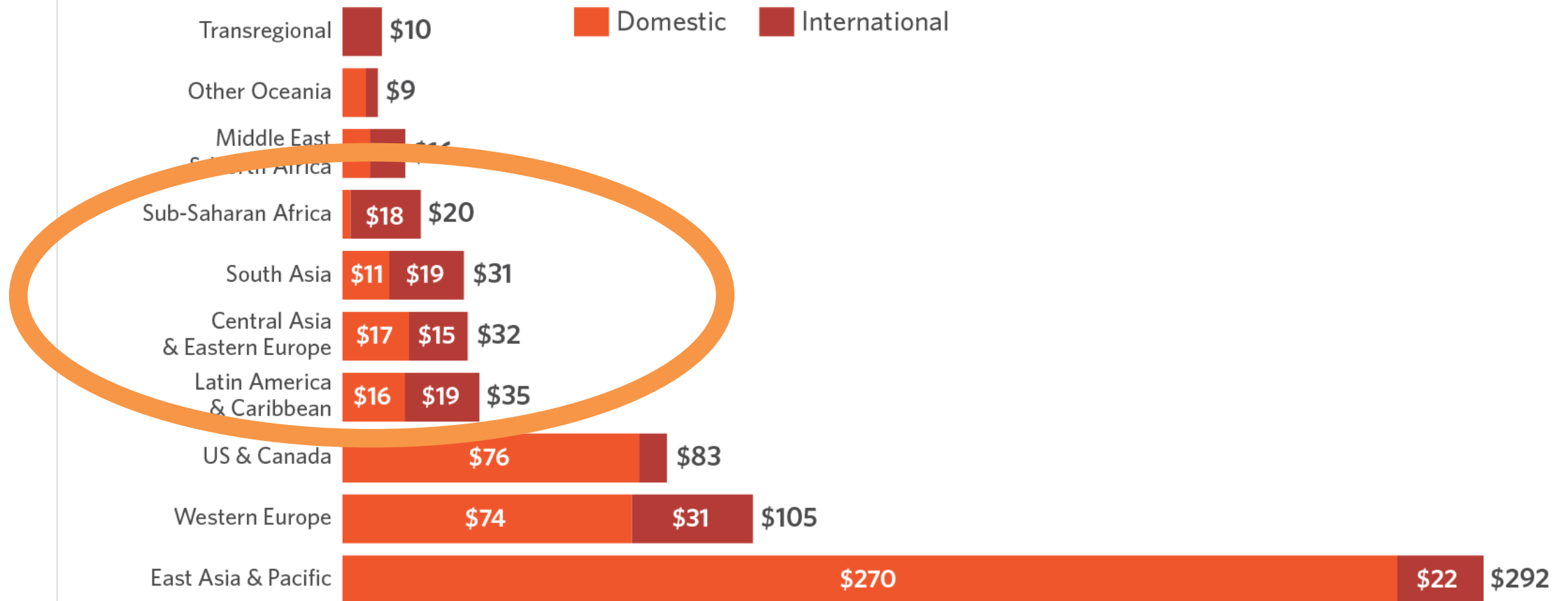
Developing country action is needed to meet global climate targets



Source: Enerdata scenarios

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)

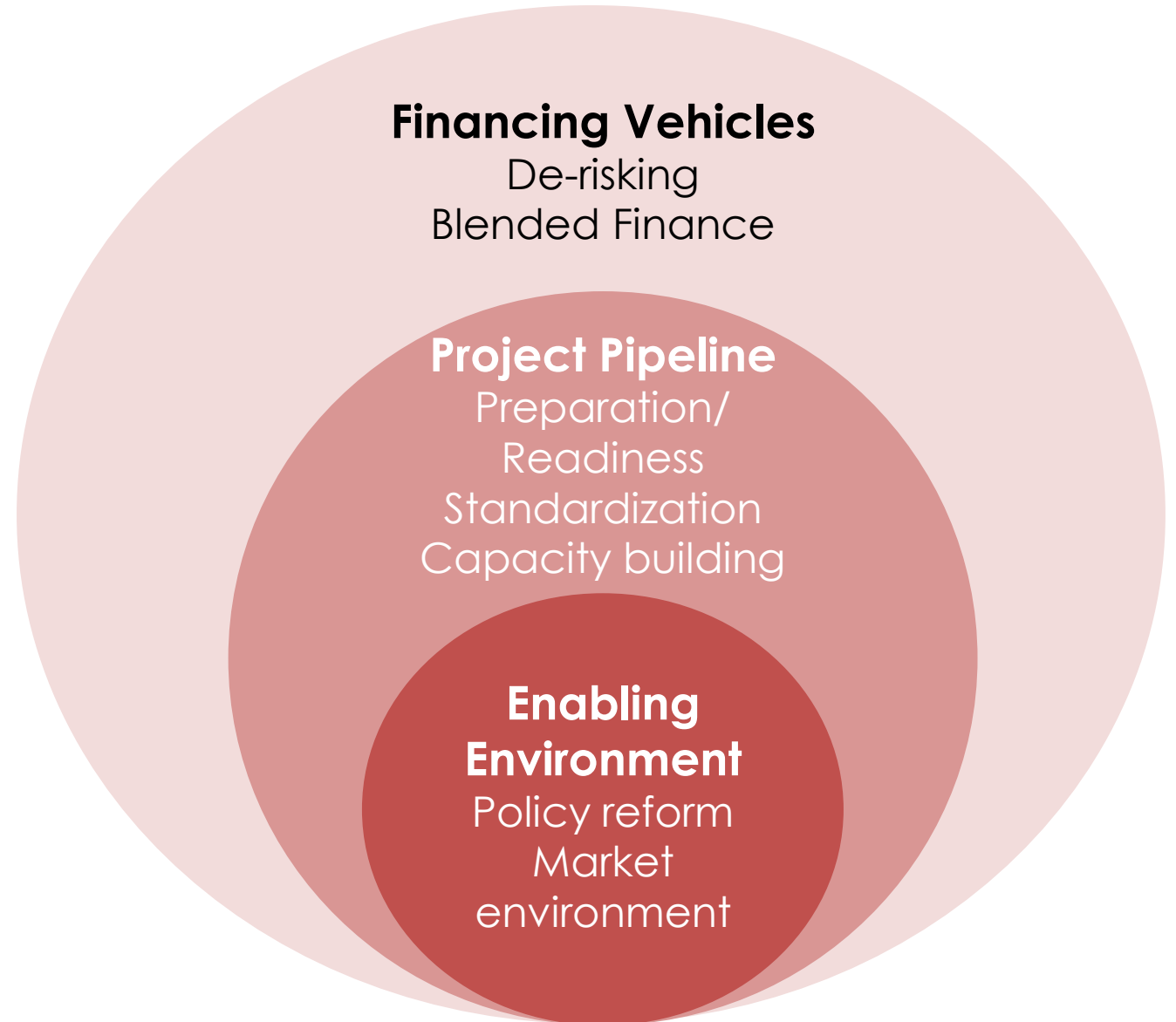


Effective public investments

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***





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

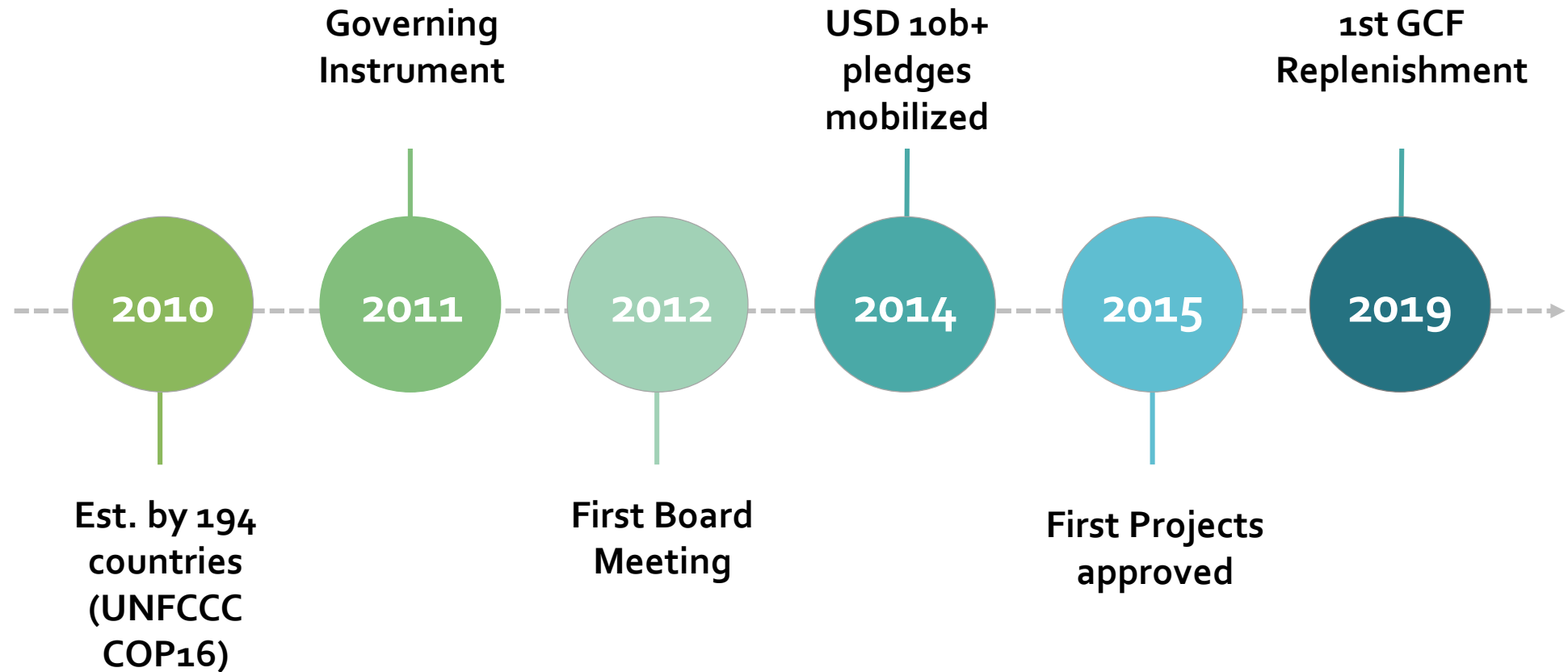
 [@climatepolicy](https://twitter.com/climatepolicy)

 [@climatepolicyinitiative](https://www.linkedin.com/company/climatepolicyinitiative)



Thank You

GCF HISTORY



GCF AT A GLANCE

PROJECT PORTFOLIO

as of 7 October 2021



GREEN
CLIMATE
FUND

GCF PORTFOLIO TO DATE (USD)

127 

Developing countries with approved projects

190

Approved projects

10.0b

GCF funding approved

27.1b

Co-Financing

37.1b

Total value of approved projects

139

Projects under implementation with 6.1b of GCF funding

110

Accredited Entities

56

Direct Access (National)

14

Direct Access (Regional)

40

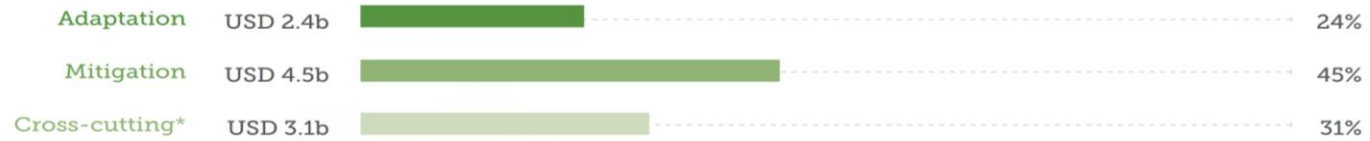
International Access

1.7b

disbursed

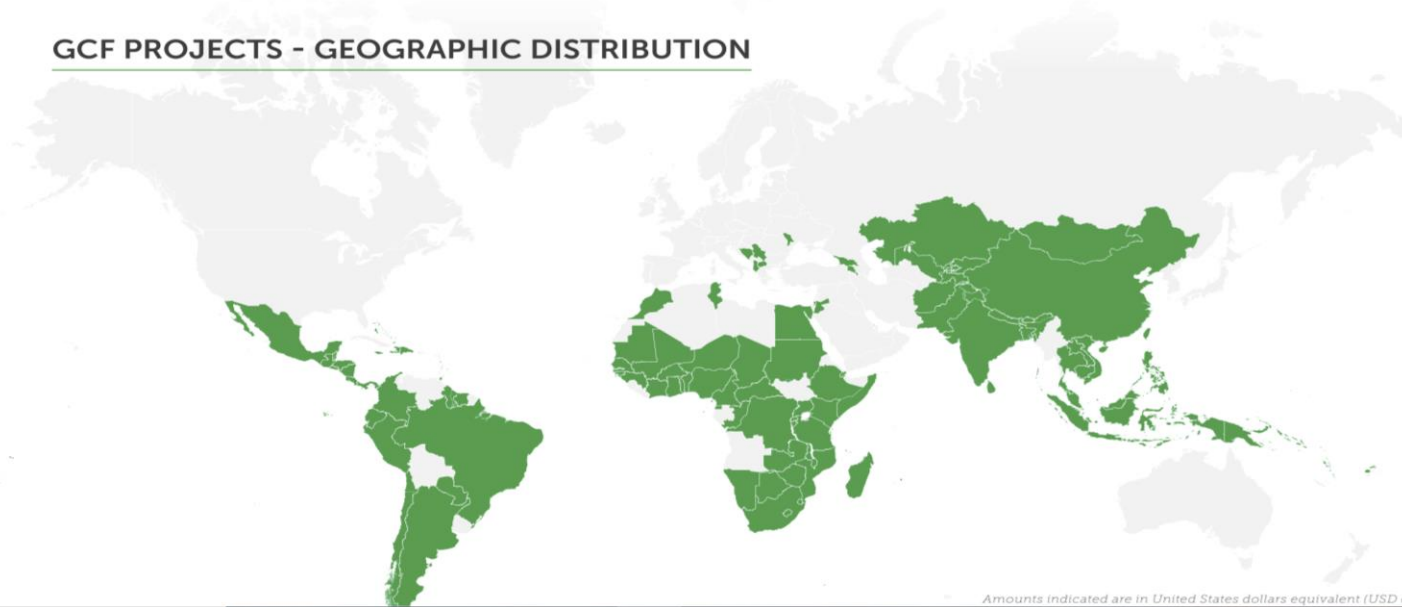
APPROVED PROJECTS

APPROVED PROJECTS VALUE BY THEME



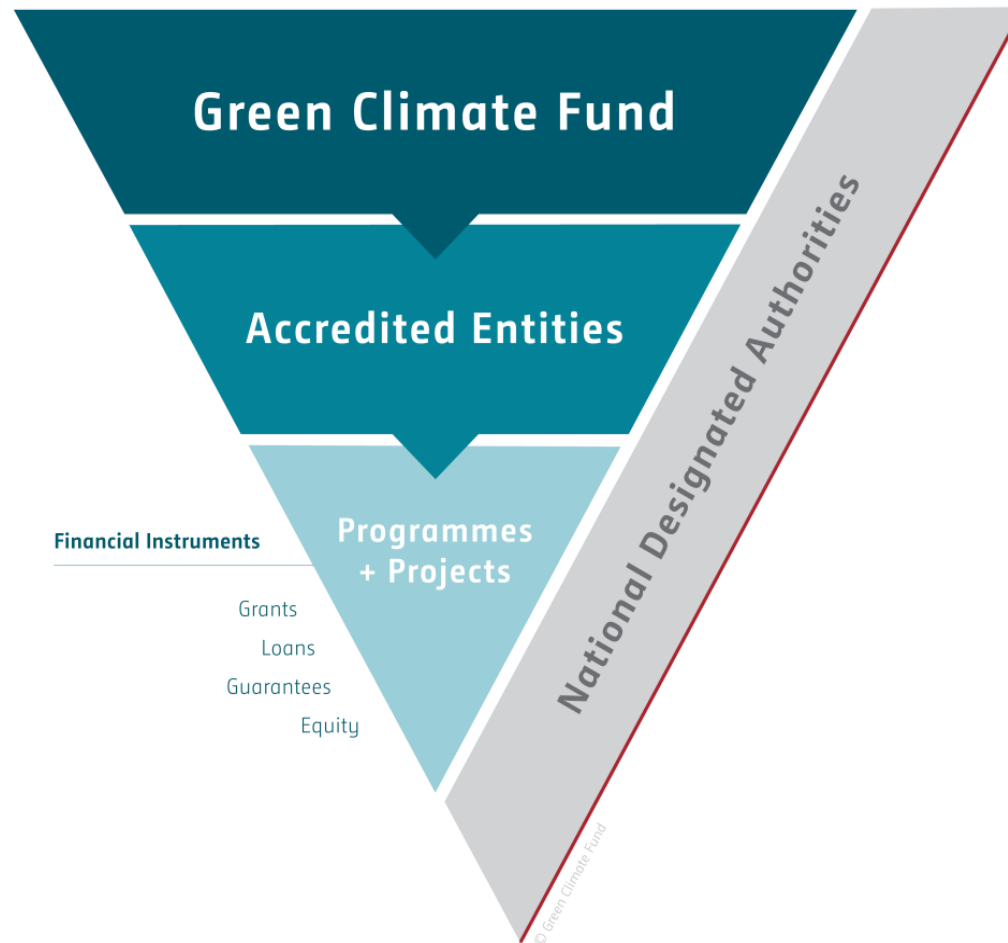
**The impact of the intervention will, to some extent, both reduce future GHG emissions (to avoid climate change), as well as improve the resilience of an industry or community (to deal with climate change once it occurs)*

GCF PROJECTS - GEOGRAPHIC DISTRIBUTION



Amounts indicated are in United States dollars equivalent (USD eq.)

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

Country-Driven Approach

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

Strong Climate Rationale

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

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

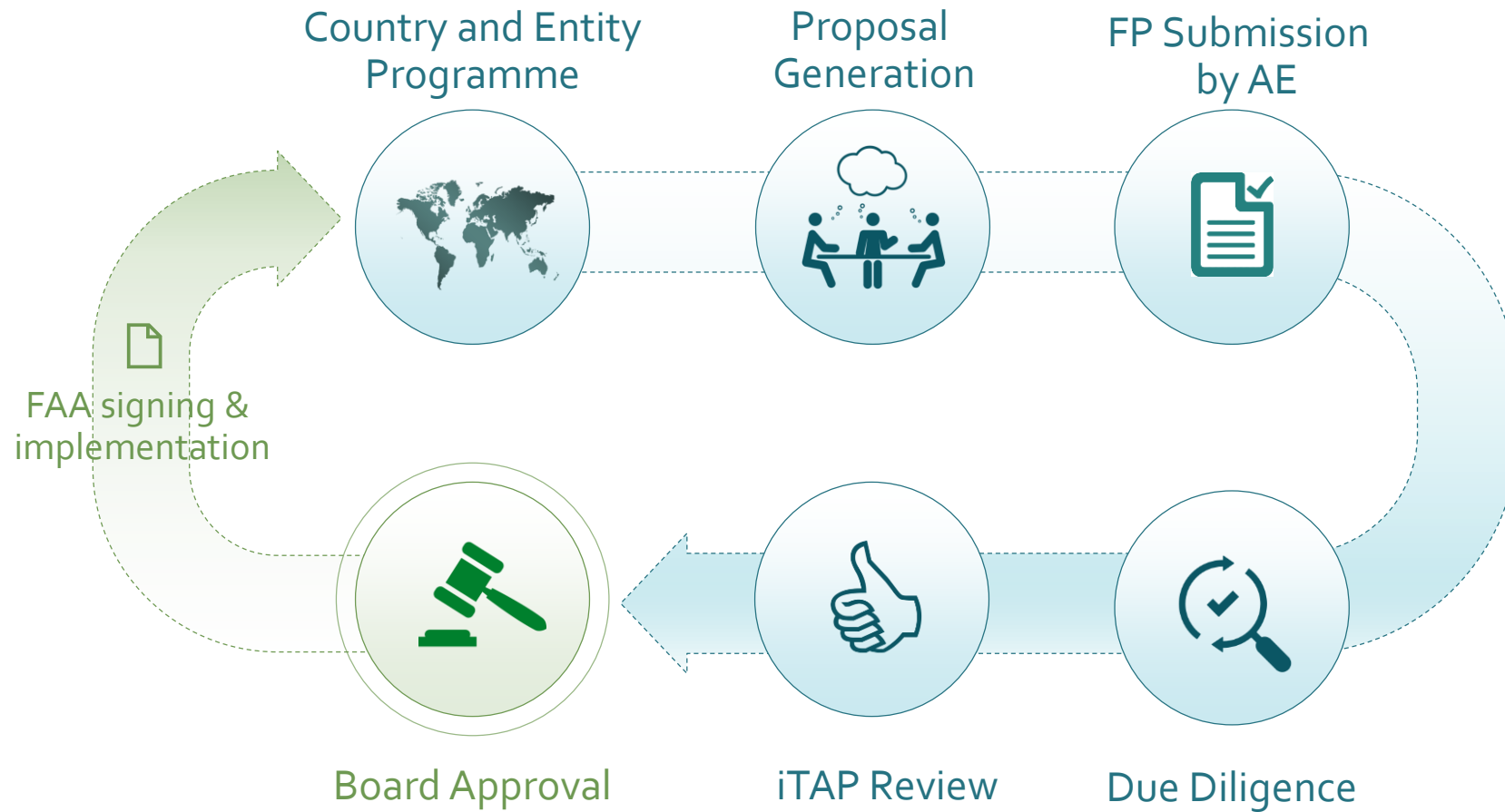


Forests and land use



Infrastructure

FUNDING PROPOSAL CYCLE



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

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U.S. INTERNATIONAL CLIMATE FINANCE

EESI Briefing Series: The Role of International Climate Finance

JOE THWAITES, SUSTAINABLE FINANCE CENTER, WORLD RESOURCES INSTITUTE

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



\$100 BILLION CLIMATE FINANCE COMMITMENT

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



Climate finance for developing countries

Climate finance provided and mobilised by developed countries, in USD billions

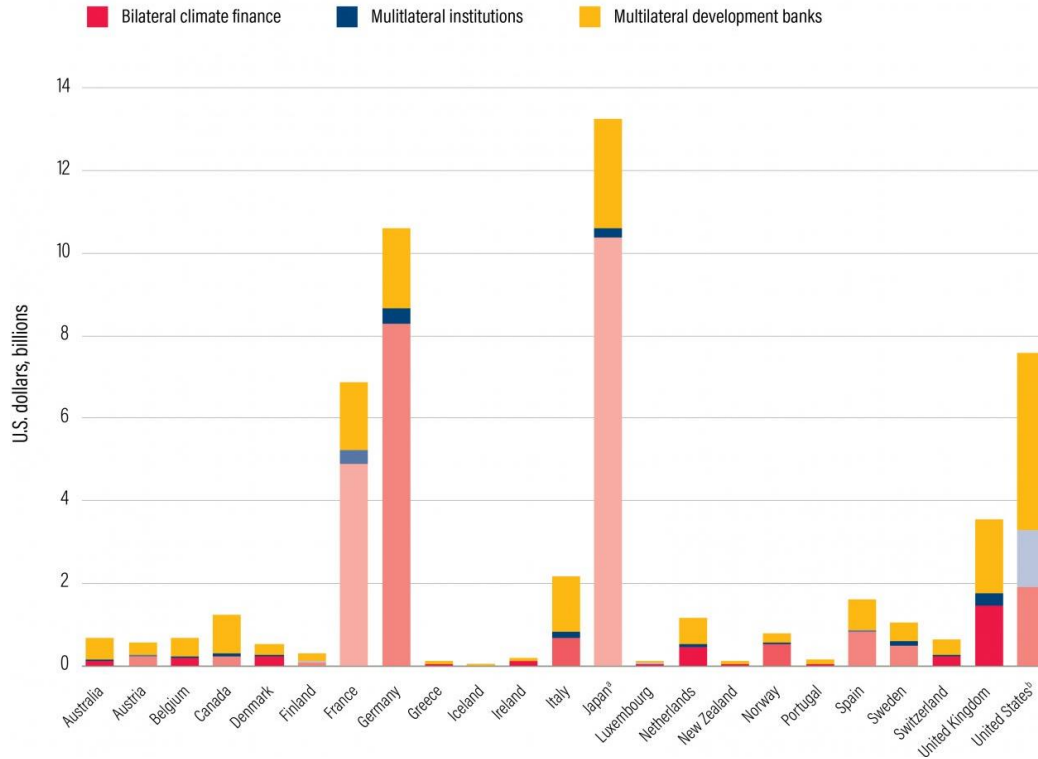


The gap in the private finance time series in 2015 is due to the implementation of enhanced measurement methodologies. As a result, private flows for 2016-18 cannot be directly compared with private flows for 2013-14.

Source: OECD (2021), Climate Finance Provided and Mobilised by Developed Countries



PUBLIC CLIMATE FINANCE PER YEAR AVERAGE 2016-18



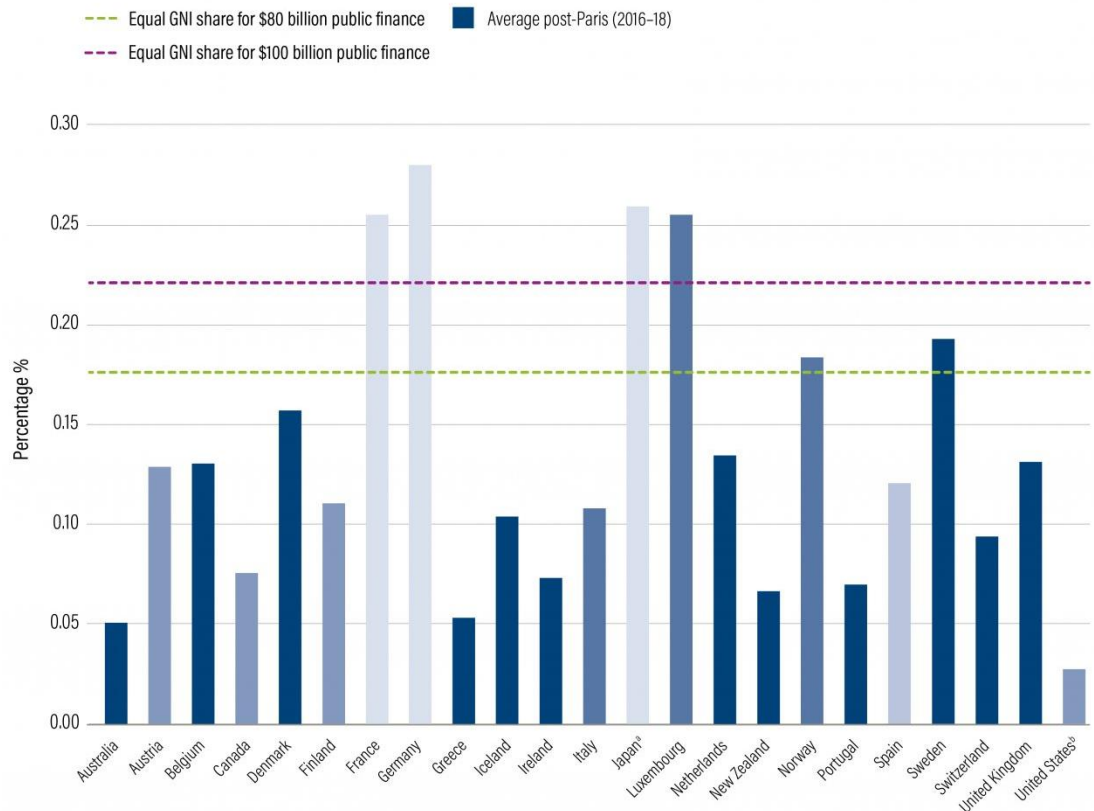
Notes:

Bilateral and multilateral bar shading denotes the share of grants in climate finance provided: darker is higher share, lighter is lower share.

a. Japan included coal-related finance in their climate finance reporting to the UNFCCC.

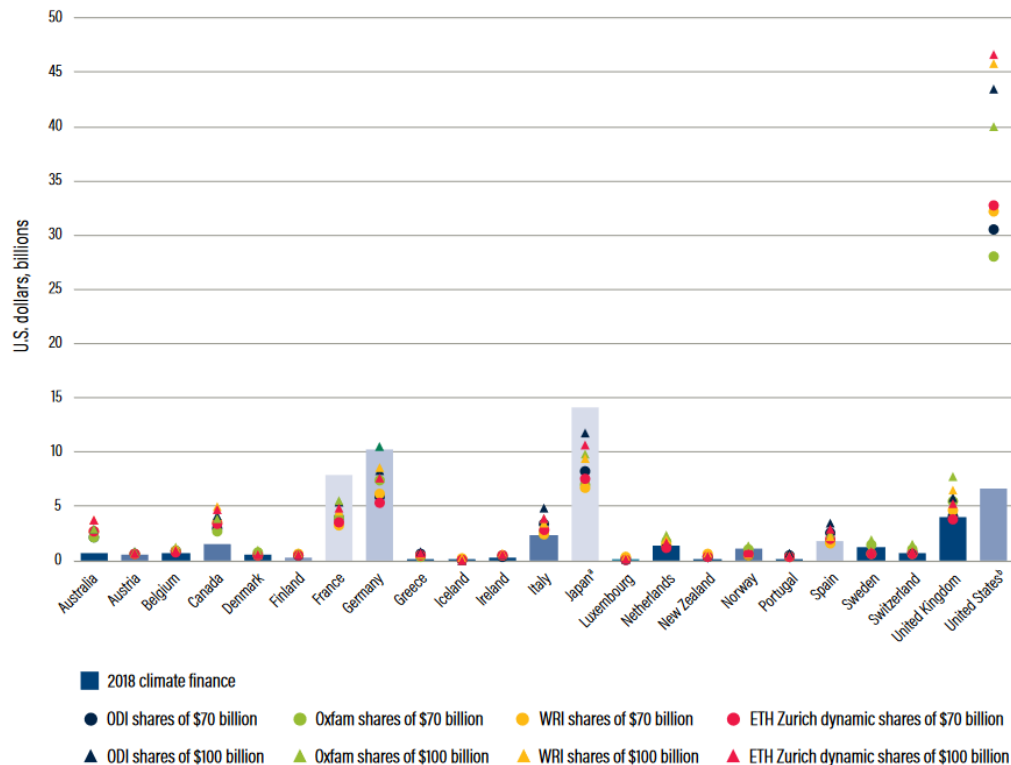
b. At the time of writing, the United States had not submitted reporting on its 2017 and 2018 climate finance to the UNFCCC, so the average post-Paris for the United States includes only its bilateral and multilateral contributions in 2016 plus its average of MDB climate finance contributions for 2016-18.

PUBLIC CLIMATE FINANCE AS SHARE OF GNI



Notes: Bar shading denotes the share of grants in bilateral and multilateral climate finance provided: darker is higher share, lighter is lower share.
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 U.S. entry includes only its bilateral and multilateral contributions in 2016 plus its average of MDB climate finance contributions for 2016-18. The U.S. grant share is for its 2016 finance only.

PUBLIC CLIMATE FINANCE COMPARED TO DIFFERENT EFFORT-SHARING APPROACHES

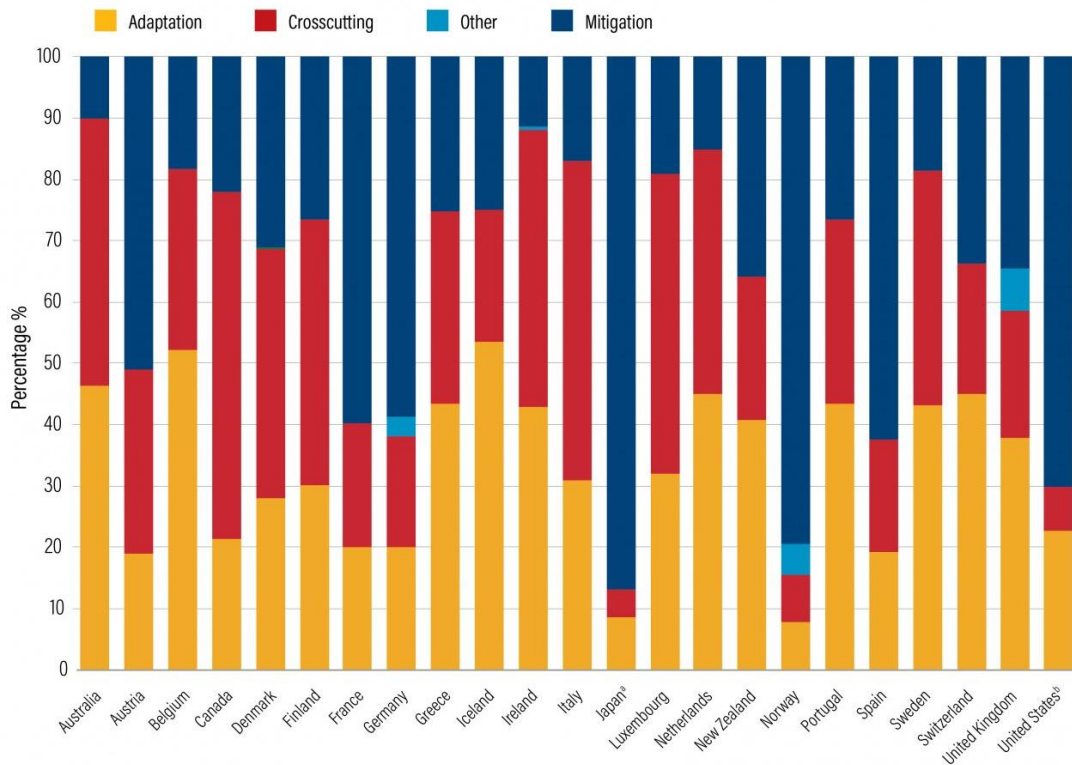


Notes: ETH Zurich = Eidgenössische Technische Hochschule Zürich (Swiss Federal Institute of Technology Zurich); ODI = Overseas Development Institute; WRI = World Resources Institute. Bar shading denotes the share of grants in bilateral and multilateral climate finance provided in 2016-18 by quintile: darker is higher share, lighter is lower share.

a. Japan included coal-related finance in their climate finance reporting to the United Nations Framework Convention on Climate Change (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.

PUBLIC CLIMATE FINANCE BY TARGET AREA 2016-18



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 these years are not included. Reported 2016 finance flows for the U.S. did not provide a breakdown of multilateral finance, so only the U.S. bilateral breakdown is shown.

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

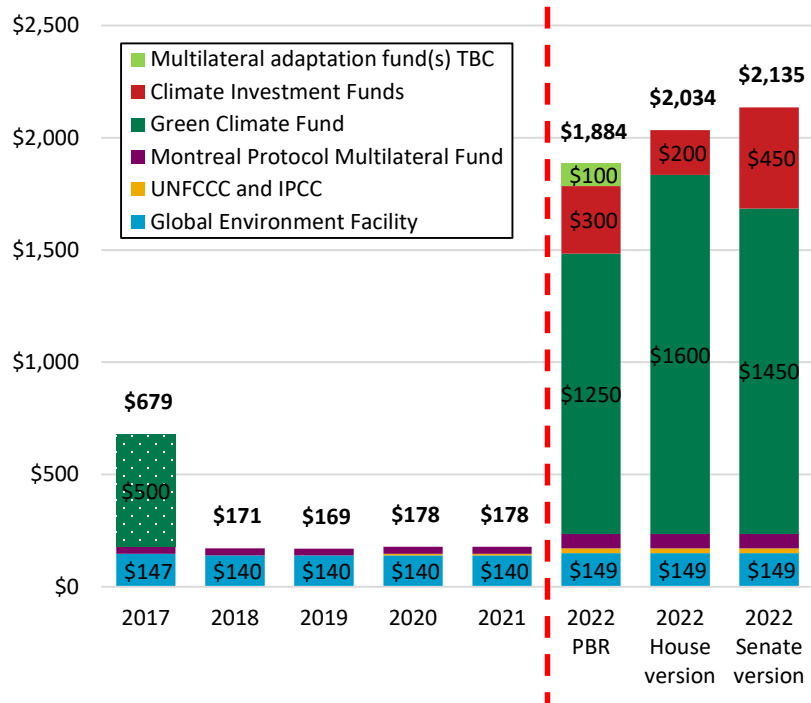
European Union
finance provided
in 2019



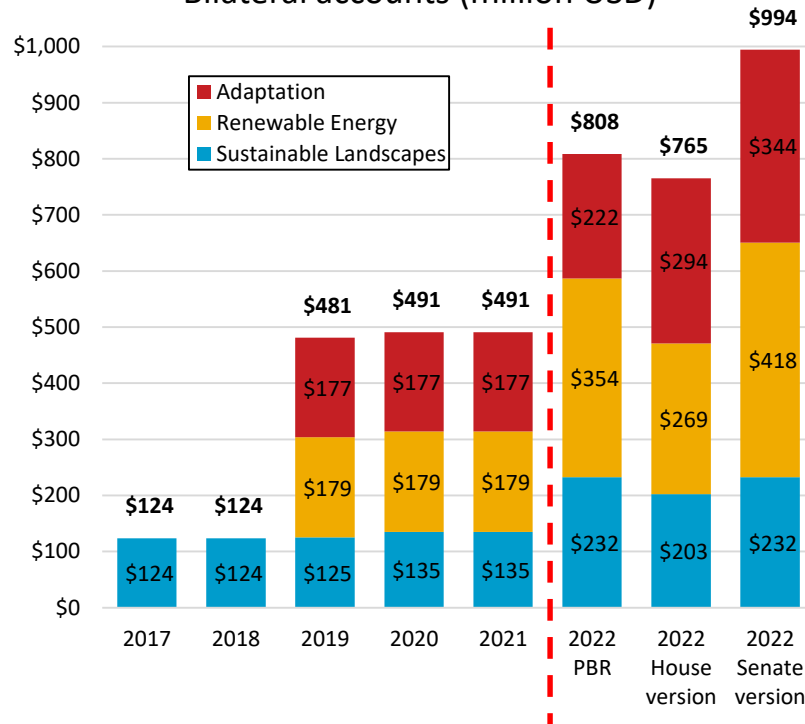
€21.9 billion/
\$24.5 billion US dollars

STATE AND FOREIGN OPERATIONS APPROPRIATIONS ACCOUNTS

Multilateral accounts (million USD)



Bilateral accounts (million USD)



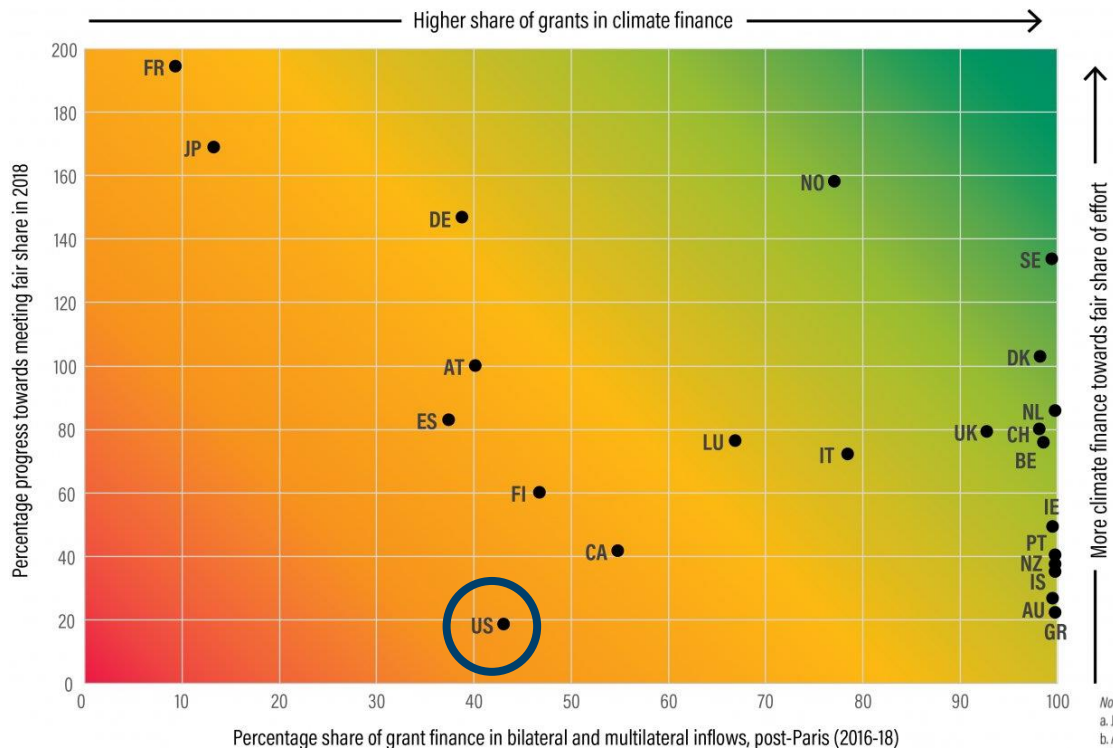
U.S. State and Foreign Operations Appropriations Acts, fiscal years 2016-2021. <https://crsreports.congress.gov/AppropriationsStatusTable>; U.S.FY22 Presidential Budget Request. <https://www.whitehouse.gov/omb/budget/>; House FY22 SFOPs Markup. <https://appropriations.house.gov/news/press-releases/house-passes-fiscal-year-2022-state-foreign-operations-and-related-programs>

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.



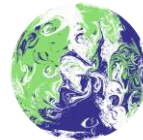
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