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# The Global Climate Change Initiative (GCCCI): Budget Authority and Request, FY2010-FY2016

(name redacted)

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February 6, 2015

Congressional Research Service

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[www.crs.gov](http://www.crs.gov)

R41845

## Summary

The United States supports international financial assistance for global climate change initiatives in developing countries. Under the Obama Administration, this assistance has been articulated primarily as the Global Climate Change Initiative (GCCI), a platform within the President's 2010 Policy Directive on Global Development. The GCCI aims to integrate climate change considerations into U.S. foreign assistance through a range of bilateral, multilateral, and private sector mechanisms to promote sustainable and climate-resilient societies, foster low-carbon economic growth, and reduce greenhouse gas emissions from deforestation and land degradation. The GCCI is implemented through programs at three "core" agencies: the Department of State, the Department of the Treasury, and the U.S. Agency for International Development (USAID). Most GCCI activities at USAID are implemented through the agency's bilateral development assistance programs. Many of the GCCI activities at the Department of State and the Department of the Treasury are implemented through international organizations, including the United Nations Framework Convention on Climate Change's Least Developed Country Fund and Special Climate Change Fund, as well as multilateral financial institutions such as the Global Environment Facility, the Clean Technology Fund, and the Strategic Climate Fund. The GCCI is funded through the Administration's Executive Budget, Function 150 account, for State, Foreign Operations, and Related Programs.

Congress is responsible for several activities in regard to the GCCI, including (1) authorizing periodic appropriations for federal agency programs and multilateral fund contributions, (2) enacting those appropriations, (3) providing guidance to the agencies, and (4) overseeing U.S. interests in the programs and the multilateral funds. Recent budget authority for the GCCI was \$945 million in FY2010, \$819 million in FY2011, \$857 million in FY2012, \$840 million in FY2013, and \$834 million in FY2014. Funding for FY2015 has yet to be fully reported by agencies. Funding has been enacted through legislation including the Consolidated Appropriations Act, 2010 (H.R. 3288; P.L. 111-117); the Supplemental Appropriations Act, 2010 (H.R. 4899; P.L. 111-212); the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (H.R. 1473; P.L. 112-10); the Consolidated Appropriations Act, 2012 (H.R. 2055; P.L. 112-74); the Consolidated and Further Continuing Appropriations Act, 2013 (H.R. 933; P.L. 113-6); the Consolidated Appropriations Act, 2014 (H.R. 3547; P.L. 113-76); and the Consolidated and Further Continuing Appropriations Act, 2015 (H.R. 83; P.L. 113-235). The Administration's FY2016 GCCI budget request is for \$1,290 million, including \$500 million for the recently launched United Nations Framework Convention on Climate Change (UNFCCC) Green Climate Fund.

Congressional committees of jurisdiction over the GCCI include the U.S. House of Representatives Committees on Foreign Affairs, Financial Services, and Appropriations, and the U.S. Senate Committees on Foreign Relations and Appropriations. As Congress considers potential authorizations and/or appropriations for activities administered through the GCCI, it may have questions concerning U.S. agency initiatives and current bilateral and multilateral programs that address global climate change. Some potential concerns may include cost, purpose, direction, efficiency, and effectiveness, as well as the GCCI's relationship to industry, investment, humanitarian efforts, national security, and international leadership. This report serves as a brief overview of the GCCI and its structure, intents, and funding history.

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# The Global Climate Change Initiative

On September 22, 2010, President Obama signed the Presidential Policy Directive on Global Development.<sup>1</sup> The directive called for the elevation of foreign development assistance as a national priority and outlined an integrated approach to development, diplomacy, and national security. The Global Climate Change Initiative (GCCCI)—one of the three main pillars to the 2010 directive<sup>2</sup>—aims to integrate climate change considerations into relevant foreign assistance through a range of bilateral, multilateral, and private mechanisms to promote sustainable and resilient societies, foster low-carbon economic growth, and reduce greenhouse gas emissions from deforestation and land degradation. The GCCCI is divided into three main programmatic initiatives, or categories: (1) adaptation assistance, (2) clean energy assistance, and (3) sustainable landscapes assistance.

## Adaptation

Adaptation programs aim to assist low-income countries with reducing their vulnerability to climate change impacts and building climate resilience. Bilateral and regional programs at the Department of State and USAID target the more vulnerable countries in Africa, Asia, and Latin America and strive to address climate risks in areas including infrastructure, agriculture, health, and water services; to develop capacity for countries to use the best science and analysis for decision making; and to promote sound governance to carry out these decisions. Multilateral initiatives supported by the United States include the Least Developed Country Fund<sup>3</sup> and the Special Climate Change Fund,<sup>4</sup> which focus on climate resilience and food security provisions in countries with the greatest needs; and the Strategic Climate Fund: Pilot Program for Climate Resilience,<sup>5</sup> which is tasked with coordinating comprehensive strategies in several of the most vulnerable countries to support actions that respond to the potential risks of a changing climate.

## Clean Energy

Clean energy programs aim to reduce greenhouse gas emissions from energy generation and energy use by accelerating the deployment of clean energy technologies, policies, and practices. The United States delivers much of its assistance for clean energy deployment through multilateral trust funds. These funds are primarily housed in international financial institutions (e.g., the World Bank); are currently supported by the financial contributions of donor country governments; and provide financial assistance for projects implemented by a variety of organizations, including U.N. agencies, multilateral development banks, nongovernmental

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<sup>1</sup> See White House Fact Sheet: U.S. Global Development Policy at <http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy>.

<sup>2</sup> The GCCCI was one of three main initiatives to the 2010 Global Development Policy that also included the Global Health Initiative and Global Food Security.

<sup>3</sup> For more information on this program, see the United Nations Framework Convention on Climate Change website at [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/least\\_developed\\_country\\_fund/items/3660.php](http://unfccc.int/cooperation_and_support/financial_mechanism/least_developed_country_fund/items/3660.php).

<sup>4</sup> For more information on this program, see the United Nations Framework Convention on Climate Change website at [http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/special\\_climate\\_change\\_fund/items/3657.php](http://unfccc.int/cooperation_and_support/financial_mechanism/special_climate_change_fund/items/3657.php).

<sup>5</sup> For more information on this program, see CRS Report R41302, *International Climate Change Financing: The Climate Investment Funds (CIFs)*.

organizations, and national institutions. These funds take advantage of existing large-scale greenhouse gas reduction opportunities and establish investment channels for larger private sector financing. They include the Clean Technology Fund,<sup>6</sup> which aims to spur large-scale clean energy investments in lower-income countries with rapidly growing emissions; the Global Environment Facility,<sup>7</sup> which provides incremental funding<sup>8</sup> for energy and infrastructure projects that support global environmental benefits; and the Strategic Climate Fund: Program for Scaling-Up Renewable Energy in Low Income Countries,<sup>9</sup> which endeavors to assist the poorest countries expand energy access and stimulate economic growth through the scaled-up deployment of renewable energy strategies. Bilateral efforts at the Department of State and U.S. Agency for International Development (USAID) seek to complement the multilateral investments by helping to shape development policy and regulatory environments in the recipient countries.

## **Sustainable Landscapes**

Sustainable landscape programs aim to reduce greenhouse gas emissions from deforestation and forest degradation. Bilateral and regional programs at the Department of State and USAID support country-driven policies for forest governance, forest cover and land use change monitoring systems, law-based resource management and land tenure, and on-the-ground efforts to halt deforestation and foster sustainable forest-based livelihoods. Multilateral initiatives include the Strategic Climate Fund: Forest Investment Program,<sup>10</sup> which tries to address the circumstances that lead to deforestation and increased greenhouse gas emissions in select lower-income countries by improving regulation and enforcement, mobilizing private financing, and securing the social and economic benefits of sound forest management; and the Global Environment Facility, which provides incremental funding for projects that support global environmental benefits such as biodiversity and sustainable land use.

The recently launched United Nations Framework Convention on Climate Change (UNFCCC) Green Climate Fund, when capitalized, would support programming in all three programmatic initiatives.<sup>11</sup>

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<sup>6</sup> For more information on this program, see CRS Report R41302, *International Climate Change Financing: The Climate Investment Funds (CIFs)*.

<sup>7</sup> For more information on this program, see CRS Report R41165, *International Environmental Financing: The Global Environment Facility (GEF)*.

<sup>8</sup> “Incremental” funding refers to costs associated with transforming a project with national benefits into one with global environmental benefits. Global Environment Facility (GEF) grants aim to cover the difference or “increment” between a less costly, more polluting option and a costlier, more environmentally sound option. In this way, GEF funding is structured to “supplement” base project funding and provide for the environmental components in national development agendas.

<sup>9</sup> For more information on this program, see CRS Report R41302, *International Climate Change Financing: The Climate Investment Funds (CIFs)*.

<sup>10</sup> For more information on this program, see CRS Report R41302, *International Climate Change Financing: The Climate Investment Funds (CIFs)*.

<sup>11</sup> For more information on this program, see CRS Report R41889, *International Climate Change Financing: The Green Climate Fund (GCF)*.

## Budget Authority

The Global Climate Change Initiative is funded through programs at the Department of State, the Department of the Treasury, and USAID (i.e., GCCI “core” agencies). Funds for these programs are appropriated in the Administration’s Executive Budget, the International Affairs Function 150 account, for State, Foreign Operations, and Related Programs. Recent trends in GCCI budget authority have seen it fluctuate between \$820 million and \$950 million since FY2010,<sup>12</sup> and it accounts for less than 2% of total programming in the Function 150 account.<sup>13</sup> Recent budget authority for the GCCI was reported as \$945 million in FY2010, \$819 million in FY2011, \$857 million in FY2012, \$840 million in FY2013, and \$834 million in FY2014. Funding for FY2015 has yet to be fully reported by agencies.<sup>14</sup> The Administration’s FY2016 GCCI budget request is for \$1,290 million, including \$500 million for the UNFCCC Green Climate Fund.<sup>15</sup> Some additional funds for international climate change financing flow through programs at complementary agencies within the federal government (e.g., the Department of Energy, the Environmental Protection Agency, the Department of Agriculture); however, these allocations are defined outside the scope of the GCCI and are not included in this report. Budget authority for GCCI programming from FY2010 to FY2016 is presented by agency and account in **Table A-1**.

Congress is responsible for several activities in regard to the GCCI, including (1) authorizing periodic appropriations for federal agency programs and multilateral fund contributions, (2) enacting those appropriations, (3) providing guidance to the agencies, and (4) overseeing U.S. interests in the programs.

Congressional committees of jurisdiction for international climate change programs at the Department of State, the Department of the Treasury, and USAID include the following:

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<sup>12</sup> While the GCCI was instituted as a development initiative during the Obama Administration’s first budget submission to Congress for FY2010, the United States has actively contributed congressionally appropriated funds for international climate assistance for many years. However, it should be noted that prior contributions to climate assistance were often accounted for and defined in different ways. Thus, it may be difficult to compare past spending patterns and priorities against those of the current Administration. The Office of Management and Budget (OMB) has reported FY2009 budget authority for activities defined as international climate change assistance for the three core agencies as approximately \$323 million. See OMB, *Federal Climate Change Expenditure Reports to Congress*, June 2010, at [http://www.whitehouse.gov/sites/default/files/omb/assets/legislative\\_reports/FY2011\\_Climate\\_Change.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/FY2011_Climate_Change.pdf); account level budget authority from FY2009 Base Enacted (P.L. 111-8); FY2009 Bridge Enacted (P.L. 110-252); FY2009 Stimulus Enacted (P.L. 111-5); FY2009 Supp. Enacted (P.L. 111-32).

<sup>13</sup> Estimate based on the FY2014 International Affairs, Function 150 account appropriation from P.L. 113-76, net of rescissions, of \$49.2 billion for State and Foreign Operations programming at the Departments of State, Treasury, and USAID. Considering that the International Affairs budget generally accounts for approximately 3% of U.S. discretionary spending, the GCCI accounts for less than 0.1% of all U.S. discretionary spending. For more detail on recent Department of State, Foreign Operations, and Related Programs budgets, see CRS Report R43043, *State, Foreign Operations, and Related Programs: FY2014 Budget and Appropriations*, by (name redacted), (name redacted), and (name redacted).

<sup>14</sup> Beginning with FY2010, the State Department began reporting international climate change assistance on its foreign aid website, *ForeignAssistance.gov*. This reporting is coupled with OMB’s *FY2014 Federal Climate Change Expenditures Report to Congress*, August 2013, as well as more recent releases of the U.S. Department of State, Congressional Budget Justification, Foreign Operations, Appendix 2. Many GCCI activities are funded at agency sub-account levels, with allocations left to the discretion of the agencies, under congressional consultation. Thus obligations and/or outlays need to be reported by agencies and can change from the enacted budget authority as offices, bureaus, and/or missions update priorities in their operational budgets.

<sup>15</sup> U.S. Department of State, Congressional Budget Justification, Foreign Operations, Appendix 2, Fiscal Year 2016.

- U.S. House of Representatives Committee on Foreign Affairs,
- U.S. House of Representatives Committee on Financial Services,
- U.S. House of Representatives Committee on Appropriations,
- U.S. Senate Committee on Foreign Relations, and
- U.S. Senate Committee on Appropriations.

## **FY2010 Budget Authority**

H.R. 3288, the Consolidated Appropriations Act, 2010, was enacted December 16, 2009, as P.L. 111-117. It included appropriations for the Department of State, Foreign Operations, and Related Programs (Division F) that support Global Climate Change Initiative programming. Many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 111-117. Allocations for FY2010 GCCI sub-account programmatic activities in this report are as reported by agencies on the U.S. Department of State’s “Foreign Assistance” website.<sup>16</sup>

Appropriations enacted in P.L. 111-117 related to GCCI activities include the following:

- \$86.5 million for the Global Environment Facility (of which the U.S. Department of State estimates that \$37 million was allocated toward projects related to global climate change activities, with the remainder allocated to projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$300.0 million for the Clean Technology Fund;
- \$75.0 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience and the Forest Investment Program); and
- larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,520 million; “Assistance for Europe, Eurasia and Central Asia” at \$741.6 million; “Economic Support Fund” at \$6,344 million (with another \$2,490 million enacted in FY2010 Supplemental Appropriations (H.R. 4899; P.L. 111-212); “Department of the Treasury, Debt Restructuring” at \$60 million; and “International Organizations and Programs” at \$394 million. From these larger accounts, agencies reported \$533 million in sub-account level bilateral and regional development programming allocated for GCCI activities.

See the **Appendix** for a breakdown of the FY2010 budget authority.

## **FY2011 Budget Authority**

H.R. 1473, the Department of Defense and Full-Year Continuing Appropriations Act, 2011, was enacted April 15, 2011, as P.L. 112-10. It included appropriations for the Department of State, Foreign Operations, and Related Programs (Title IX) that support Global Climate Change Initiative programming. Many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 112-10. Allocations for FY2011 GCCI sub-account programmatic

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<sup>16</sup> <http://www.foreignassistance.gov/>.

activities in this report are as reported by agencies on the U.S. Department of State’s “Foreign Assistance” website.

Appropriations enacted in P.L. 112-10 related to GCCI activities include the following:

- \$89.8 million for the Global Environment Facility (of which the Global Environment Facility reports that approximately 50% is allocated toward projects related to global climate change activities, with the remainder allocated to projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$184.6 million for the Clean Technology Fund;
- \$49.9 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Program for Scaling-Up Renewable Energy in Low Income Countries); and
- larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,520 million; “Assistance for Europe, Eurasia and Central Asia” at \$696 million; “Economic Support Fund” at \$5,946 million; “Department of the Treasury, Debt Restructuring” at \$50 million; and “International Organizations and Programs” at \$354 million.<sup>17</sup> From these larger accounts, agencies reported \$539 million in sub-account level bilateral and regional development programming allocated for GCCI activities.

See the **Appendix** for a breakdown of the FY2011 budget authority.

## **FY2012 Budget Authority**

H.R. 2055, the Consolidated Appropriations Act, 2012, was enacted December 23, 2011, as P.L. 112-74. It included appropriations for the Department of State, Foreign Operations, and Related Programs (Division I) that support Global Climate Change Initiative programming. Many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 112-74. Allocations for FY2012 GCCI sub-account programmatic activities in this report are as reported by agencies on the Department of State’s “Foreign Assistance” website.

Appropriations enacted in P.L. 112-74 related to GCCI activities include the following:

- \$89.8 million for the Global Environment Facility (of which the Global Environment Facility reports that approximately 50% is allocated toward projects related to global climate change activities, with the remainder allocated to projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$184.6 million for the Clean Technology Fund;

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<sup>17</sup> The larger account figures reflect the 0.2% rescission across all non-defense accounts for FY2011 funds, in accordance with Section 1119(a) of P.L. 112-10.



- \$49.9 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Program for Scaling-Up Renewable Energy in Low Income Countries);
- larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,520 million; “Assistance for Europe, Eurasia and Central Asia” at \$627 million; “Economic Support Fund” at \$5,763 million; “Department of the Treasury, Debt Restructuring” at \$12 million; and “International Organizations and Programs” at \$349 million. From these larger accounts, agencies reported \$493 million in sub-account level bilateral and regional development programming allocated for GCCI activities; and
- provisions for funding transfers were included, such that in consultation with the Secretary of the Treasury, the Secretary of State may transfer up to \$200 million of the funds made available under the “Economic Support Fund” to funds appropriated under the headings “Multilateral Assistance, Funds Appropriated to the President, International Financial Institutions” for additional payments to such institutions, facilities, and funds. Using these provisions, the Department of State transferred funds to the Department of the Treasury, which allocated \$30 million to the Global Environment Facility (of which \$15 million is considered GCCI funding), \$45 million to the Clean Technology Fund, and \$25 million to the Strategic Climate Fund for FY2012.

See the **Appendix** for a breakdown of the FY2012 budget authority.

## **FY2013 Budget Authority**

H.R. 933, the Consolidated and Further Continuing Appropriations Act, 2013, was enacted March 26, 2013, as P.L. 113-6. Under P.L. 113-6, appropriations for the Department of State, Foreign Operations, and Related Programs (Division F, Title VII) that support Global Climate Change Initiative programming were funded through a continuing resolution at the same level as in FY2012, with several changes specified as provisions in the legislation. FY2013-enacted account level estimates were subject to the budget sequestration process as established by the Budget Control Act of 2011 (P.L. 112-25) and the American Taxpayer Relief Act (P.L. 112-240). The enacted State-Foreign Operations funding for FY2013 was reduced by approximately 5% through sequestration, and those reductions were applied at the program, project, and activity level. As in prior years, many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 113-6. Allocations for FY2013 GCCI sub-account programmatic activities in this report are as reported by agencies in the U.S. Office of Management and Budget, *FY2014 Federal Climate Change Expenditures Report to Congress*, August 2013. This reporting is minus the reductions pursuant to the Budget Control Act of 2011 (P.L. 112-25) sequestration order, and accounting for any known and applicable reprogramming, transfers, or other related adjustments.

Appropriations enacted in P.L. 113-6 related to GCCI activities (post-sequestration and rescissions estimates) include the following:

- \$124.84 million for the Global Environment Facility (of which the Global Environment Facility reports that approximately 50% is allocated toward projects related to global climate change activities, with the remainder allocated to

- projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$175.28 million for the Clean Technology Fund;
  - \$47.37 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Program for Scaling-Up Renewable Energy in Low Income Countries);
  - larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,718 million; “Economic Support Fund” at \$5,583 million; “Department of the Treasury, Debt Restructuring” at \$11 million; and “International Organizations and Programs” at \$331 million. From these larger accounts, agencies reported \$472 million in sub-account level bilateral and regional development programming allocated for GCCI activities; and
  - provisions for funding transfers, as they existed in P.L. 112-74, were retained in P.L. 113-6. Using these provisions, the Department of State transferred funds to the Department of the Treasury, which allocated \$20.9 million to the Clean Technology Fund and \$62.8 million to the Strategic Climate Fund for FY2013.

See the **Appendix** for a breakdown of the FY2013 budget authority.

## **FY2014 Budget Authority**

H.R. 3547, the Consolidated Appropriations Act, 2014, was enacted January 17, 2014, as P.L. 113-76. It included appropriations for the Department of State, Foreign Operations, and Related Programs (Division K) that support Global Climate Change Initiative programming. Many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 113-76. Detailed FY2014 funding has yet to be fully reported by the agencies.

Appropriations enacted in P.L. 113-76 related to GCCI activities include the following:

- \$143.75 million for the Global Environment Facility (of which the Global Environment Facility reports that approximately 50% is allocated toward projects related to global climate change activities, with the remainder allocated to projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$184.63 million for the Clean Technology Fund;
- \$49.90 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Program for Scaling-Up Renewable Energy in Low Income Countries);
- larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,705 million, “Economic Support Fund” at \$4,640 million, and “International Organizations and Programs” at \$334 million. From these larger accounts, agencies have yet to report funding for sub-account level bilateral and regional development programming allocated for GCCI activities; and

- provisions for funding transfers were included, such that in consultation with the Secretary of the Treasury, the Secretary of State may transfer funds appropriated under the heading “Economic Support Fund” to funds appropriated under the heading “Multilateral Assistance, International Financial Institutions.” Using these provisions, the Department of State transferred funds to the Department of the Treasury, which allocated \$25.0 million to the Clean Technology Fund and \$25.0 million to the Strategic Climate Fund for FY2014.

See the **Appendix** for a breakdown of the FY2014 proposed budget authority.

## **FY2015 Budget Authority**

H.R. 83, the Consolidated and Further Continuing Appropriations Act, 2015, was enacted December 16, 2014, as P.L. 113-235. It included appropriations for the Department of State, Foreign Operations, and Related Programs (Division J) that support Global Climate Change Initiative programming. Many GCCI activities are funded by allocations at the sub-account level, and were left undefined in P.L. 113-235. Detailed FY2015 funding has yet to be fully reported by the agencies.

Appropriations enacted in P.L. 113-235 related to GCCI activities include the following:

- \$136.56 million for the Global Environment Facility (of which the Global Environment Facility reports that approximately 50% is allocated toward projects related to global climate change activities, with the remainder allocated to projects related to biodiversity, international waters, ozone protection, organic pollutants, etc.);
- \$184.63 million for the Clean Technology Fund;
- \$49.90 million for the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Program for Scaling-Up Renewable Energy in Low Income Countries);
- larger account level appropriations at the Department of State, USAID, and the Department of the Treasury, including “Development Assistance” at \$2,507 million, “Economic Support Fund” at \$5,459 million, and “International Organizations and Programs” at \$344 million. From these larger accounts, agencies have yet to report funding for sub-account level bilateral and regional development programming allocated for GCCI activities; and
- provisions for funding transfers were included, such that in consultation with the Secretary of the Treasury, the Secretary of State may transfer funds appropriated under the heading “Economic Support Fund” to funds appropriated under the heading “Multilateral Assistance, International Financial Institutions.” Using these provisions, the Department of State transferred funds to the Department of the Treasury, which allocated \$16.7 million to the Clean Technology Fund and \$13.3 million to the Strategic Climate Fund during FY2015.

See the **Appendix** for a breakdown of the FY2015 proposed budget authority.

## FY2016 Budget Request

The President's FY2016 budget request for the Global Climate Change Initiative is \$1,289.6 million, including the following:

- \$348.5 million for international climate change programming at USAID;
- \$459.8 million for international climate change programming at the Department of State, including \$350.0 million for the Green Climate Fund, \$11.7 million for the UNFCCC/IPCC, and \$25.5 million for the Montreal Protocol; and
- \$481.3 million for international climate change programming at the Department of the Treasury, including \$150.0 million for the Green Climate Fund, \$168.3 million for the Global Environment Facility (of which approximately 60% is considered GCCI funding), \$170.7 million for the Clean Technology Fund, and \$59.6 million for the Strategic Climate Fund. The requests for the Clean Technology Fund and the Strategic Climate Fund would fulfill the joint \$2 billion pledge made by the United States in 2008.

See the **Appendix** for a breakdown of the FY2016 request.

## Key Issues for Congress

As Congress considers potential authorizations and/or appropriations for initiatives administered through the Department of State, the Department of the Treasury, USAID, and other agencies with international programs, it may have questions concerning the purpose, direction, efficiency, and effectiveness of U.S. agency initiatives and current bilateral and multilateral programs that address global climate change.

Some issues that may raise concerns over providing assistance include the following:

- **Fiscal Constraints.** Budget constraints may lead to questions about sustaining high levels of support for international development assistance in general, and international climate change assistance in particular. The burden is exacerbated during times of economic downturn, when the federal government is hard-pressed to generate fiscal resources to adequately address domestic challenges and maintain basic levels of public services and quality of life. Some have suggested that retaining available funds for immediate domestic priorities, such as fostering renewed economic growth and creating jobs, should take precedence over global concerns for which many Americans feel less urgency and responsibility.
- **Potential for Misuse.** National and international institutions that dispense financial assistance have been criticized on occasion for inefficient and bloated bureaucracies; their lack of transparency about project procurement practices and operating costs; and the proportion of their funds misused or lost through instances of graft, corruption, and other political inefficiencies.<sup>18</sup> Some suggest

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<sup>18</sup> William Easterly and Tobias Pfitze, "Where Does the Money Go? Best and Worst Practices in Foreign Aid," *Journal of Economic Perspectives*, vol. 22, no. 2 (Spring 2008). For more on foreign aid reform, also see CRS Report (continued...)

revisiting operational guidance of these institutions before further appropriations are made.

- **Uncertain Results.** Questions remain regarding the overall effectiveness of international financial assistance in spurring economic development and reform in lower-income countries, and, more specifically, in addressing issues of climate change and the environment. Many studies have examined the effects of international assistance provided to lower-income countries, including both bilateral and multilateral mechanisms, and have returned mixed results, making it difficult to reach firm conclusions that would support or oppose continued contributions.
- **Uncertainties in Climate Science.** Prevailing scientific research on the current and future impacts of greenhouse gas emissions on the global climate exhibits varying degrees of analytical uncertainty. The lack of definitiveness in some data and in certain model projections has been offered by some as a reason to postpone and/or reconsider both domestic and international climate change assistance policies and programs.

Some issues that may support providing assistance include the following:

- **Commercial Interests.** Some maintain that international climate change assistance benefits U.S. businesses, as support for low-emission economic growth may increase trade, commerce, and economic activity in the global marketplace for U.S. goods and services. Increased assistance may allow some U.S. industries to make competitive inroads into rapidly expanding markets, improve the advancement and commercialization of U.S. technologies, mobilize greater investment in related domestic sectors, and enhance job creation in the United States. Decreased funding may cede American influence in global markets to other economic powers still engaged with lower-income countries on environmental and natural resource issues (e.g., the European Union, China).
- **Investment Efficiencies.** Some argue that the costs of responding to tomorrow's climate-related catastrophes, instabilities, conflicts, and technological needs may be significantly higher than the costs of preventing them today. Some economists note that lower-income countries account for nearly all of the recent growth in global emissions and represent the cheapest near-term opportunity to mitigate GHG pollution as part of a cost-effective global solution.
- **Natural Disaster Preparedness.** Some claim that international climate change assistance is a means to support natural disaster preparedness around the globe. Assistance for adaptation activities to help "climate-proof" developing countries' infrastructure and other sectors may help avoid future capital and other losses; minimize the redirection of resources to ad hoc disaster response and urgent humanitarian needs; and avoid chronic humanitarian crises, such as food shortages, particularly for the resource poor in the least developed countries.<sup>19</sup>

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(...continued)

R40102, *Foreign Aid Reform: Studies and Recommendations*, by (name redacted) and (name redacted); and CRS Report R40756, *Foreign Aid Reform: Agency Coordination*, by (name redacted) and (name redacted).

<sup>19</sup> Both the World Bank and U.S. Geological Survey estimate that every dollar spent on disaster preparedness saves \$7 (continued...)

- **National Security.** Some defend international climate change assistance as a way to address and mitigate risks to national security. According to a 2008 National Intelligence Assessment, the impacts of global climate change may worsen problems of poverty, social tensions, environmental degradation, and weak political institutions across the developing world.<sup>20</sup> Some see international climate change assistance as a means to help make lower-income countries less susceptible to these threats, for the benefit of both the country and the security interests of the United States.
- **International Leadership.** Some see the promotion of international climate change assistance to lower-income countries as a method through which to increase U.S. leadership in global environmental issues. Through such leadership, the United States may be able to influence and set important international economic and environmental policies, practices, and standards.<sup>21</sup>

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(...continued)

in disaster response. The World Bank, *Natural Disasters: Counting the Cost*, March 2, 2004, at <http://go.worldbank.org/NQ6J5P2D10>.

<sup>20</sup> National Intelligence Council, *National Intelligence Assessment on the National Security Implications of Global Climate Change to 2030, Statement for the Record by Dr. Thomas Fingar, Deputy Director of National Intelligence for Analysis, National Intelligence Council, before the U.S. Congress, House Permanent Select Committee on Intelligence & House Select Committee on Energy Independence and Global Warming*, June 25, 2008.

<sup>21</sup> For more information on the political issues involved in the international climate change negotiations, see CRS Report R40001, *A U.S.-Centric Chronology of the United Nations Framework Convention on Climate Change*, by (name redacted).

## Appendix. GCCI Budget Table

**Table A-1. Global Climate Change Initiative, Budget Authority, FY2010-FY2016**  
(US\$ in thousands)

Agency	Account	FY2010 Actual <sup>a</sup>	FY2011 Actual	FY2012 Actual	FY2013 Estimate <sup>b</sup>	FY2014 Estimate <sup>c</sup>	FY2015 Estimate	FY2016 Request <sup>d</sup>
<b>Department of State</b>		<b>201,500</b>	<b>124,500</b>	<b>133,000</b>	<b>125,300</b>	<b>TBA</b>	<b>TBA</b>	<b>459,800</b>
	Economic Support Fund <sup>e</sup>	157,500	89,000	96,000	90,300	TBA	TBA	TBA
	International Organizations and Programs <sup>f</sup>	44,000	35,500	37,000	35,000	TBA	TBA	TBA
<b>Department of the Treasury</b>		<b>438,000</b>	<b>295,900</b>	<b>376,400</b>	<b>380,169</b>	<b>356,405</b>	<b>332,719</b>	<b>481,258</b>
	Debt Restructuring (Tropical Forest Conservation Act) <sup>g</sup>	26,000	16,400	12,000	11,392	—	—	—
	International Organizations and Programs (Clean Technology Fund) <sup>h</sup>	300,000	184,600	229,600	196,183	209,630	201,253	170,680
	International Organizations and Programs (Global Environment Facility) <sup>i</sup>	37,000	44,900	59,900	62,420	71,875	68,282	100,958
	International Organizations and Programs (Green Climate Fund) <sup>i</sup>	—	—	—	—	—	—	150,000
	International Organizations and Programs (Strategic Climate Fund) <sup>k</sup>	75,000	50,000	74,900	110,174	74,900	63,184	59,620
<b>USAID</b>		<b>305,700</b>	<b>398,400</b>	<b>348,000</b>	<b>335,000</b>	<b>TBA</b>	<b>TBA</b>	<b>348,500</b>
	Development Assistance <sup>l</sup>	280,032	368,400	322,000	308,000	TBA	TBA	TBA
	Economic Support Fund <sup>m</sup>	25,668	30,000	26,000	27,000	TBA	TBA	TBA
<b>Total</b>		<b>945,200</b>	<b>818,800</b>	<b>857,400</b>	<b>840,469</b>	<b>834,400</b>	<b>TBA</b>	<b>1,289,558</b>

**Sources:** U.S. Department of State, *Congressional Budget Justification, Volume 2, Foreign Operations, Fiscal Years 2010-2016*; U.S. Department of the Treasury, *The Budget in Brief, Fiscal Years 2010-2016*; U.S. Office of Management and Budget, *FY2014 Federal Climate Change Expenditures Report to Congress*, August 2013; the U.S. Administration's foreign assistance website, <http://www.foreignassistance.gov/>; and CRS correspondence with the Departments of State and the Treasury.

**Notes:** TBA = “To Be Announced.” Many GCCI activities are funded at agency sub-account levels, with allocations left to the discretion of the agencies, under congressional consultation. Thus obligations and/or outlays need to be reported by agencies, and can change from the enacted budget authority as offices, bureaus, and/or missions update priorities in their operational budgets.

- a. FY2010, FY2011, and FY2012, as reported by the Department of State on <http://www.foreignassistance.gov>.
- b. FY2013, as reported by U.S. Office of Management and Budget, *FY2014 Federal Climate Change Expenditures Report to Congress*, August 2013. Estimated Budget Authority for FY2013 reflects the amount the program has available for the year calculated as the appropriated amount minus the reductions pursuant to the Budget Control Act of 2011 (P.L. 112-25) sequestration order issued on March 1, 2013, and accounting for any known and applicable reprogramming, transfers, or other adjustments reported subsequently by OMB, State, and the Treasury.
- c. FY2014 and FY2015 as reported by the Office of Management and Budget. Estimated Budget Authority for FY2014 and FY2015 reflects accounting for any known and applicable reprogramming, transfers, or other adjustments reported subsequently by OMB, State, and the Treasury.
- d. FY2016 Budget Request as reported by U.S. Department of State, *Congressional Budget Justification, Volume 2, Foreign Operations*, Fiscal Year 2016, and U.S. Department of the Treasury, *The Budget in Brief*, FY 2016.
- e. Economic Support Fund account (ESF) includes sub-account programmatic activities to support international climate change activities, including funding for the Office of Oceans and International Environmental and Scientific Affairs (which contributes funds for the Green Climate Fund, the U.N. Least Developed Countries Fund (LDCF), the U.N. Special Climate Change Fund (SCCF), the State Department’s Energy Resource program, the Major Economies Forum/Clean Energy Ministerial and Climate Renewables and Efficiency Deployment Initiative, the Global Methane Initiative, and the Forest Carbon Partnership Facility), and the Office of Western Hemisphere (which contributes to the Energy and Climate Partnership of the Americas). Prior to FY2013, some of the programming for the ESF was categorized under the Assistance for Europe, Eurasia, and Central Asia account (AEECA).
- f. International Organizations and Programs account (IO&P) includes sub-account programmatic activities to support international climate change activities, including contributions to the International Panel on Climate Change, U.N. Framework Convention on Climate Change, and the Montreal Protocol Multilateral Fund.
- g. Debt Restructuring account (DR) includes sub-account programmatic activities to support international climate change activities in sustainable landscapes programming including funding for the Tropical Forest Conservation Act.
- h. Clean Technology Fund (CTF) (one of the two World Bank entrusted Climate Investment Funds) is a multilateral environmental trust fund that supports climate change activities in clean energy programming. The CTF was established in 2008. The Bush Administration pledged \$2 billion jointly to the CTF and the SCF in 2008 for the period FY2009-FY2012. The United States has contributed funds annually since 2010.
- i. Global Environment Facility (GEF) is a multilateral environmental trust fund that supports climate change activities in clean energy and sustainable landscapes programming. The GEF was established in 1991. The United States has contributed funds annually since 1993 through a series of four-year replenishment cycles. The Obama Administration pledged \$546.25 million to the GEF in 2014 for the period FY2015-FY2018. Only a portion of the GEF funds—as determined through GEF programming decisions—is allocated to climate change activities; the remaining allocation supports other environmental sectors (e.g., biodiversity, oceans, ozone, chemicals). The figures in the above table present the GEF “climate change” allocation.
- j. Green Climate Fund (GCF) is a multilateral environmental trust fund that supports climate change activities in adaptation, clean energy, and sustainable landscapes programming. The GCF was proposed by Parties to the UNFCCC in 2009 and established in 2014. The Obama Administration pledged \$3 billion to the GCF in 2014 for the period FY2016-FY2019. U.S. contributions to the GCF are split between Treasury’s International Organizations and Programs account and State’s Economic Support Fund account. The FY2016 budget request totaled \$500 million between the two accounts.
- k. Strategic Climate Fund (SCF) (one of the two World Bank entrusted Climate Investment Funds) is a multilateral environmental trust fund that supports climate change activities in adaptation, clean energy, and sustainable landscapes programming. The SCF was established in 2008. The Bush Administration pledged \$2 billion jointly to the CTF and the SCF in 2008 for the period FY2009-FY2012. The SCF includes three programs: (1) Pilot Program for Climate Resilience (PPCR), supporting climate change activities in adaptation programming. The United States has contributed funds annually since 2010. (2) Forest



Investment Program (FIP), supporting climate change activities in sustainable landscapes programming. The United States has contributed funds annually since 2010. (3) Scaling Up Renewable Energy Program (SREP), supporting climate change activities in clean energy programming. The United States has contributed funds annually since 2011.

- I. Development Assistance account (DA) includes sub-account programmatic activities to support USAID bilateral and regional climate change activities.
- m. Economic Support Fund account (ESF) includes sub-account programmatic activities to support USAID/DOS bilateral and regional climate change activities.

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