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U.S. International Climate Finance: FY2022

U.S. International Climate Finance

Over the past several decades, to varying degrees, the United States has delivered financial and technical assistance for climate change activities in the developing world through a variety of bilateral and multilateral channels with appropriations passed by Congress and implemented by the executive agencies. Climate finance is funded primarily through programs at the Department of State, the Department of the Treasury, and the U.S. Agency for International Development (USAID). Funds for these programs are requested in the President's budget under the International Affairs function (Function 150) and funded through the annual State, Foreign Operations, and Related Programs (SFOPS) appropriation. Many activities are funded at agency subaccount levels, with allocations left to the discretion of the agencies under congressional consultation. Some additional international assistance is funded at other federal agencies (e.g., U.S. Environmental Protection Agency; National Aeronautics and Space Administration; National Science Foundation; Peace Corps; U.S. Trade and Development Agency; and Departments of Agriculture, Commerce, and Energy).

U.S. Administrations have typically divided international climate finance into three main programmatic initiatives or categories:

- **Adaptation:** programs that aim to assist low-income countries with reducing their vulnerability to climate change impacts and building climate resilience.
- **Clean Energy:** programs that aim to reduce greenhouse gas emissions from energy generation and energy use by accelerating the deployment of clean energy technologies, policies, and practices.
- **Sustainable Landscapes:** programs that aim to reduce greenhouse gas emissions from deforestation and forest degradation.

Congress oversees U.S. government assistance to lower-income countries for climate change initiatives. Congressional committees of jurisdiction have included, but are not limited to, the House Committees on Foreign Affairs, Financial Services, and Appropriations and the Senate Committees on Foreign Relations and Appropriations. Congress undertakes several activities regarding international climate change assistance, including (1) authorizing federal agency programs and multilateral fund contributions, (2) appropriating funds for those authorizations, (3) providing guidance to the agencies on authorized programs and appropriations, and (4) overseeing U.S. interests in the programs.

The Biden Administration's International Climate Finance Plan

With Executive Order (E.O.) 14008, "Tackling the Climate Crisis at Home and Abroad," of February 1, 2021 (86 *Federal Register* 7619), President Joe Biden directed that climate change

shall be an essential element of United States foreign policy and national security. The United States will work with other countries and partners, both bilaterally and multilaterally, to put the world on a sustainable climate pathway. The United States will also move quickly to build resilience, both at home and abroad, against the impacts of climate change that are already manifest and will continue to intensify according to current trajectories.

As called for by the E.O., the United States released the U.S. International Climate Finance Plan. According to the plan, "climate finance" refers to "the provision or mobilization of financial resources to assist developing countries to reduce and/or avoid greenhouse gas (GHG) emissions and to build resilience and adapt to the impacts of climate change." The plan includes a strategy for international climate finance with a 2025 horizon; summarizes steps and instruments through which the U.S. government would mobilize climate finance; and outlines how the U.S. government plans to support climate-aligned finance flows more broadly. In it, the Administration pledged that

[t]he United States intends to double, by 2024, our annual public climate financing to developing countries relative to what we were providing during the second half of the Obama-Biden Administration (FY2013-16). As part of this goal, the United States intends to triple our adaptation finance by 2024. The Biden-Harris Administration will work closely with Congress to meet these goals.

The Biden Administration has since doubled the pledge again. Speaking at the United Nations General Assembly on September 21, 2021, President Biden stated he intends to work with Congress to increase annual U.S. climate financing to \$11.4 billion annually, an amount he said was necessary "to support the countries and people that will be hit the hardest and that have the fewest resources to help them adapt."

FY2022 Budget Request

The Biden Administration has requested \$2.5 billion for international climate finance in the Department of State, Foreign Operations, and Related Programs, FY2022, budget request (see **Table 1**).

Table I. Climate Finance in the Biden Administration’s FY2022 Budget Request
(in millions of U.S. dollars)

Agency	Program/Fund	Request (in millions)
Multilateral Climate Change and Environmental Funds (Subtotal)		\$1,799.3
U.S. Department of the Treasury	Green Climate Fund (one-half) ^a	\$625.0
	Global Environment Facility ^b	\$149.3
	Clean Technology Fund	\$300.0
U.S. Department of State	Green Climate Fund (one-half) ^c	\$625.0
	Unspecified “adaptation funds” ^d	\$100.0
Bilateral and Other Programming (Subtotal)		\$700.7^e
U.S. Department of the Treasury	Tropical Forest Conservation and Coral Reef Act (debt restructuring)	\$15.0
U.S. Department of State	UNFCCC / Intergovernmental Panel on Climate Change	\$21.0
	Montreal Protocol Fund	\$64.0
Other Agencies	U.S. Agency for International Development: Development Assistance; International Disaster Assistance; and Assistance for Europe, Eurasia and Central Asia	Unspecified sub-account level funding
	U.S. African Development Foundation	Unspecified sub-account level funding
	Peace Corps	Unspecified sub-account level funding
	Millennium Challenge Corporation ^f	Unspecified sub-account level funding
	U.S. Trade and Development Agency	Unspecified sub-account level funding
	Export-Import Bank	Unspecified sub-account level funding
	International Development Finance Corporation	Unspecified sub-account level funding
Climate Finance (Total)		\$2,500.0

Source: U.S. Department of State, “Congressional Budget Justification Department of State, Foreign Operations, and Related Programs,” FY2022, <https://www.state.gov/fy-2022-international-affairs-budget/>.

Notes: For a discussion of the multilateral funds and programs, and a primer on U.S. international climate finance commitments, see CRS In Focus IF10763, *Paris Agreement: U.S. Climate Finance Commitments*.

- One half of total contribution of \$1,250,000,000, to be paired with the U.S. Department of State’s Green Climate Fund contribution from the Economic Support Fund.
- The \$149,288,000 request includes the final installment to the Global Environment Facility’s (GEF) seventh replenishment (GEF-7; FY2019-FY2022) and \$12,700,000 for prior unmet commitments). While the budget request categorizes the entire GEF contribution as climate change-related, the GEF includes other types of environmental programming (e.g., related to biodiversity, international waters, and chemical pollutants).
- One half of total contribution of \$1,250,000,000, to be paired with the Department of the Treasury’s contribution.
- To be determined by the U.S. Department of State. These potentially include multilateral funds such as the Adaptation Fund, the Least Developed Country Fund, and the Special Climate Change Fund, among others.
- The budget request does not specify the \$700,700,000 figure for the bilateral programming as it had specified the \$1,799,300,000 figure for the multilateral programs. Since the total figure is listed as \$2,500,000,000 (p. 124), CRS calculated the remainder through subtraction.
- The budget request states that “the agency will start stepping up its climate-related work in FY22, with a goal that more than 50 percent of its program funds in the next five years are devoted to climate related activities” (pp. 100-101).

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