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U.S. International Climate Finance: FY2023

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." 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 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."

FY2023 Budget Request and Authority

For FY2023, the Biden Administration's State, Foreign Operations, and Related Programs budget request "includes over \$11 billion in international climate finance," of which there is "\$5.3 billion in appropriations." The request specifies approximately \$2.7 billion in multilateral accounts; it does not specify funding in bilateral accounts (**Table 1**). On March 15, 2022, President Biden signed P.L. 117-103, the Consolidated Appropriations Act, 2022. Funds appropriated for international climate finance for FY2022 totaled not less than about \$1.1 billion (**Table 2**). These funding levels have been continued through December 16, 2022, by P.L. 117-180, the Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023.

Table 1. Climate Finance in the Biden Administration's FY2023 Budget Request
(in millions of U.S. dollars)

Agency	Program/Fund	Request
Multilateral Climate Change and Environmental Funds (Subtotal)		\$2,277.7
U.S. Department of the Treasury	Green Climate Fund	\$1,600.0
	Global Environment Facility	\$127.7
	Clean Technology Fund	\$550.0
Bilateral and Other Programming (Subtotal)		\$441.5
U.S. Department of the Treasury	Tropical Forest Conservation and Coral Reef Act	\$15.0
U.S. Department of State	Intergovernmental Panel on Climate Change / United Nations Framework Convention on Climate Change	\$21.0
	Montreal Protocol Fund	\$64.0
	Oceans and International Environmental and Scientific Affairs	\$341.5
Other Agencies	(Including U.S. Agency for International Development; Peace Corps; Millennium Challenge Corporation; U.S. Trade and Development Agency; Export-Import Bank; and International Development Finance Corporation, among others.)	Unspecified sub-account level funding
Climate Finance (Total)		Not less than \$2,719.2

Source: U.S. Department of State, "Congressional Budget Justification Department of State, Foreign Operations, and Related Programs," FY2023, <https://www.state.gov/fy-2023-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, *U.S. International Climate Finance: A Primer*. Of the FY2023 request, the State Department states: "Because the Global Environment Facility (GEF) supports multiple environmental goals, only 85 percent of GEF funding (\$127.67 million [of the \$150.2 million request]) is included in the climate finance totals."

Table 2. Climate Finance in P.L. 117-103—Consolidated Appropriations Act, 2022, and P.L. 117-180—Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023
(in millions of U.S. dollars)

Agency	Program/Fund	Funding Levels
Multilateral Assistance: Title V (Subtotal)		\$341.2
U.S. Department of State	IPCC / UNFCCC	\$15.0
	Montreal Protocol Fund	\$51.9
U.S. Department of the Treasury	Global Environment Facility	\$149.3
	Green Climate Fund	—
	Clean Technology Fund	\$125.0
Bilateral Economic Assistance: Title III (Subtotal)		\$730.0
U.S. Department of State and U.S. Agency for International Development, among other development agencies	Sustainable Landscapes	Not less than \$185.0
	Adaptation	Not less than \$270.0
	Renewable Energy	Not less than \$260.0
U.S. Department of the Treasury	Tropical Forest Conservation and Coral Reef Act	\$15.0
Climate Finance (Total)		Not less than \$1,071.2

Source: Congress.gov.

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