

Serving U.S. Security, Economic and Diplomatic Objectives

The United States and other developed countries provide assistance to developing countries to help them reduce greenhouse gas emissions, by protecting forests and deploying clean technologies, and to help them adapt to the impacts of climate change. In FY 2010, Congress appropriated \$1.3 billion to support these bilateral and multilateral efforts (see “recent appropriations history” below). Maintaining or increasing this support in FY 2012 will provide critical assistance in the developing world while advancing U.S. security, economic and diplomatic interests.

Climate and National Security

The U.S. military recognizes that climate change poses increasing risks to America’s national security and new demands on our military resources. According to the Pentagon’s latest Quadrennial Defense Review, climate change may act as “an accelerant of instability or conflict, placing a burden to respond on civilian institutions and militaries around the world.”

In strained regions, chronic drought, rising seas, extreme weather and other climate impacts could undermine weak governments, induce mass migrations, and trigger or heighten resource competition, contributing to social instability and, potentially, armed conflict. Rising seas could displace as many as 30 million people in Bangladesh, creating additional tensions on the Indian subcontinent. Receding glaciers could leave millions across Asia facing chronic water shortages. A distinguished group of retired three- and four-star U.S. military officers warns that drought, thirst, and hunger are already exacerbating the conflicts and humanitarian disasters in Darfur and Somalia, and climate change portends more severe scenarios in the years ahead.¹

Within the past year, devastating floods in Pakistan have strained the resources and stability of a key U.S. ally in the battle against international terrorism, and an intense drought and heat wave diminished food production in Eastern Europe and Central Asia, contributing to a spike in global wheat prices. Yemen, where the CIA says Al Qaeda is of greatest concern today, is running out of groundwater for its under-employed population.² While no one of these events can be directly attributed to climate change, scientists are very clear that these types of events will occur more frequently in a warming world.

U.S. programs are helping countries increase their resilience and better manage disasters and extreme weather events. Reducing vulnerability to climate variability and extreme weather is valuable from both security and humanitarian perspectives. It is sound economics as well: for every dollar spent on disaster preparedness, seven dollars are saved on emergency response.³

¹ Military Advisory Board. “National Security and the Threat of Climate Change.” CNA. April 2007. Available at <http://SecurityAndClimate.cna.org>

² Rogers W. and Gullede J., “Lost in Translation: Closing the Gap Between Climate Science and National Security Policy.” Center for a New American Security. April 2010. Available at <http://cnas.org/node/4391>

³ World Bank. “Natural Disasters: Counting the Cost.” March 2, 2004. Available at <http://go.worldbank.org/NQ6J5P2D10>

International Climate Assistance

Promoting U.S. Economic Interests

International climate assistance also plays a role in promoting U.S. economic interests. China and other countries are investing heavily in clean energy technologies, positioning themselves to compete in a growing global market projected to reach \$106 billion to \$230 billion a year in 2020, and as much as \$424 billion a year in 2030 (in year 2000 dollars).⁴ Early engagement in this sector by U.S. firms is an investment in long-term economic gains.

International climate assistance can help ensure that U.S. companies have access to these expanding markets. For example, U.S.-based Clipper Windpower leveraged a loan from the new Clean Technology Fund (CTF) for additional support from the U.S. Export-Import Bank to undertake its first overseas expansion -- an \$80.66-million wind power installation in Oaxaca, Mexico. The project, named the Export-Import Bank's 2010 "Deal of the Year," illustrates the potential of international climate assistance to promote U.S. economic interests.

Supporting U.S. Diplomacy

At recent climate summits in Copenhagen and Cancún, the United States succeeded in winning international support for significant advances in the international climate framework. More than 80 countries, including China and all the other major emerging economies, pledged specific targets or actions to reduce greenhouse gas emissions. Countries also agreed to increase transparency and accountability, enabling the United States to better monitor whether countries are fulfilling these pledges.

Further agreements are needed to elaborate and implement these measures. By maintaining or increasing its support for climate efforts in developing countries, the United States will be better able to continue playing a strong leadership role to ensure a fair and effective international climate framework.

Strong international engagement on climate is important to U.S. diplomacy more broadly as well. Support for a future international climate agreement remains a high priority for U.S. allies and partners overseas. Increasingly, the United States' humanitarian record will be seen against a backdrop of worsening and costlier climate impacts. As emerging powers assert growing influence in key regions, the U.S. cannot afford to remain on the sidelines on an issue so important to our international partners. Other countries are more willing to support U.S. priorities such as combating terrorism when they see the United States – the world's greatest economic power and largest cumulative greenhouse gas emitter – helping to lead the global effort against climate change.

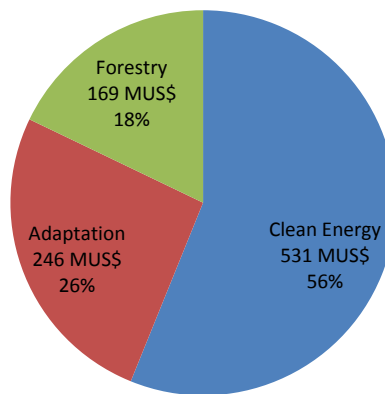
⁴ Pew Center on Global Climate Change. "In Brief: Clean Energy Markets: Jobs and Opportunities." April 2010. Available at <http://www.pewclimate.org/publications/brief/clean-energy-markets-jobs-and-opportunities>

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Ongoing Climate Assistance

The United States provides international climate assistance primarily in three areas – clean energy, adaptation, and forestry (which received 56 percent, 26 percent 18 percent, respectively, of total appropriations in FY 2010).

Focus Areas for International Climate Finance for FY 2010



This support is delivered through a range of bilateral and multilateral channels, including:

Multilateral Support – Particularly in the current fiscal environment, providing assistance through multilateral channels offers the most “bang for the buck.” Multilateral funding is able to leverage U.S. contributions to mobilize funding from other donors and the private sector. For instance, every dollar in the Climate Investment Funds leverages about \$8.40 from other sources including the private sector.

- Climate Investment Funds: These funds —the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF)⁵ – were established in 2008 with strong leadership from the Bush Administration. The United States and nine other developed countries collectively pledged \$6.1 billion. The CTF provides financing for demonstration and deployment of transformational low-carbon technologies in developing countries. *Examples include geothermal projects in Indonesia, solar development in North Africa and energy efficiency improvements in Vietnam.*⁶ The Strategic Climate Fund (SCF) supports pilot programs to increase climate resilience, decrease deforestation and develop renewables in developing countries. *Examples include climate resilience strategies in Bangladesh, Niger, and Tajikistan; forest management and reducing*

⁵ Consisting of Pilot Program for Climate Resilience, Forest Investment Program, and Scaling up Renewable Energy Program)

⁶ About 40 percent of the CTF funding goes to Africa, about 30 percent to non-China Asia and 20 percent to Mexico. There is no funding for China.

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deforestation in countries like Democratic Republic of Congo and Burkina Faso; and developing access to renewable energy in Ethiopia, Honduras and Maldives.

- Global Environment Facility (GEF): This trust fund is used to support a variety of global environmental priorities, including climate programs. The US has been making regular contributions to the GEF since its establishment in 1998.⁷ The GEF supports adaptation and mitigation activities, including the preparation of national strategies and projects sustainable transportation, energy efficiency, and renewable energy.
- Least Developed Countries Fund (LDCF): This fund supports the preparation of national adaptation plans of actions for least developed countries. To date 44 plans have been completed.
- Special Climate Change Fund (SCCF): This fund supports adaptation, technology transfer, and other mitigation activities.

Bilateral Support – About a third of international climate assistance in FY 2010 was provided through bilateral programs, primarily at the U.S. Agency for International Development (USAID). In the Administration’s FY 2012 budget request, this proportion rises to about 40 percent.⁸ *Examples of bilateral climate assistance include: programs helping countries develop low-emissions development strategies; adaptation programs addressing urban drainage and flooding problems in Honduras and helping farmers cope with climate variability in Mali; and programs promoting the sequestration of carbon in plants and soil by retaining forest cover in the Congo Basin and preventing illegal logging in the Philippines.*

Recent Appropriations History

The chart below summarizes funding levels for international climate assistance in the last two years and in the Administration’s FY 2012 budget request. Significant cuts were made in FY 2011, putting at risk long-term U.S. security, economic, and diplomatic interests. Funding in FY2012 should be restored to, or preferably increased beyond, FY 2010 levels.

⁷ Lattanzio, Richard K., “Global Environment Facility (GEF): An Overview.” Congressional Research Service May 17, 2010. Available at <http://ncseonline.org/NLE/CRSreports/10Jun/R41165.pdf>

⁸ These percentages assume that all funding through Department of State is multilateral funding.

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Fund	FY 2010	FY 2011	FY 2012 (President's request)
Clean Technology Fund	\$300 million	\$185 million	\$400 million
Strategic Climate Fund	\$75 million	\$50 million	\$190 million
Global Environment Facility	\$26 million	\$90 million (the amount for climate activities has not yet been specified)	\$72 million
Other multilateral programs ⁹ (Least Developed Countries Fund, Special Climate Change Fund, Tropical Forest Conservation Act, world Bank Carbon Partnership Facility etc.)	\$239 million		\$158 million
Bilateral climate assistance (through USAID)	\$306 million	Undetermined	\$509 million
TOTAL	\$946 million	Undetermined	\$1329 million

⁹ This is mostly multilateral funding except for some climate funding that goes through State to bilateral programs.