

GREEN CLIMATE FUND

MINIMUM REQUIREMENT FY 2021

\$500 MILLION

FY 2020 President's Request: \$0

FY 2020 Enacted: \$0

WHAT IS THE GREEN CLIMATE FUND?

The Green Climate Fund (GCF) is the world's largest multilateral fund devoted to climate change. Designed to finance transformative projects and bolster innovative climate change investments, the GCF is the leading global entity charged with financing low-carbon development. Having approved its first projects in late 2015, the GCF employs a range of financial instruments to support projects and programs that promise the greatest impact in reducing greenhouse gas (GHG) emissions and building resilience in developing countries. It mobilizes private-sector capital and fosters stronger policy environments to better address the challenges of a changing climate.

WHAT DOES IT BUY?

The GCF generates grants, concessional debt financing, guarantees, and equity. Projects are implemented through partnerships with entities accredited by the Fund. The GCF uses a "country ownership" model, wherein projects must have state-level buy-in before the GCF can consider them.

WHY IS IT IMPORTANT?

- ▶ The GCF has approved \$5.2 billion in funding for 111 projects in 99 countries, unlocking over double that amount (\$13.5 billion) in co-financing. These projects, ranging from solar installations to reforestation projects, anticipate avoiding 1.5 billion tons of carbon emissions and increasing the resilience of communities that are home to 310 million people—nearly equal to the population of the U.S.
- ▶ The GCF has approved seven projects in Central America and Mexico, where climate change is a key driver of migration. Funding includes a \$79 million project in Honduras that will diversify rural livelihoods through improved silviculture and forest restoration and a \$127.7 million project in El Salvador to protect water sources and stimulate aquifer recharge to help small-scale farmers increase their resilience to climate change impacts.
- ▶ GCF has made loans to address deforestation in Amazonian countries. Paraguay received a matching \$20 million loan to increase private investment in energy efficiency and hydropower technologies, which will protect the Amazon and other forests by reducing demand for fuelwood.

Global warming above 2 °C would put **over 50%** of the African continent's population at risk of undernourishment.

WHY SHOULD AMERICANS CARE?

- ▶ The GCF aligns with and amplifies the goals of U.S. development assistance. The Fund's focus on co-finance arrangements means that every \$1 contribution leverages \$2.60 from other sources. This helps increase the reach of U.S. assistance.



WHAT MORE COULD BE DONE?

- ▶ In 2014, the U.S. committed to provide \$3 billion over four years to the Green Climate Fund; however, the U.S. has only contributed \$1 billion. It is critical that the U.S. fully honor its pledge by providing funding to the Green Climate Fund in FY 2021.
- ▶ The Fund attained a higher profile in August 2019, as human-made fires raged across the Amazon. Climate issues were given high-level attention at the 2019 G-7 leaders summit. The U.S. should recognize that it must do more to address a changing climate and commit additional resources beyond its initial \$3 billion pledge.
- ▶ Since its launch in 2015, the Fund has approved strong fiduciary and anti-corruption policies, voting rules, environmental and social safeguards, and other necessary tools to make sure that the GCF can operate efficiently, ethically, and capably—responding to both donor and recipient countries’ requests alike.

6 YEAR FUNDING HISTORY

(In millions)

