

TITLE V

Green Climate Fund

Minimum Requirement F.Y. 2022

\$1 billion

F.Y. 2021 Enacted

\$0

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

DESCRIPTION

The Green Climate Fund (GCF) is the world's largest multilateral fund devoted to addressing climate change. Designed to finance transformative projects and bolster innovative climate change investments, the GCF mobilizes private sector capital and is the leading global entity charged with financing low-carbon development.

WHAT DOES IT BUY?

The GCF generates grants, loans, guarantees, and equity. Projects are implemented through partnerships with accredited entities, including non-governmental organizations (NGOs) and multilateral development banks. The GCF uses a “country ownership” model, where projects must have state-level buy-in and align with national climate action plans before the GCF considers them.

WHY IS IT IMPORTANT?

- The GCF approved its first projects in late 2015. It has approved strong fiduciary and anti-corruption policies; voting rules; and environmental and social safeguards to make sure the GCF can operate efficiently, ethically, and capably—responding to donor and recipient countries' requests.
- As of February 2021, **37%** of the GCF's portfolio is invested in **private sector** projects and **63%** is invested in **public sector** projects. These projects anticipate avoiding **1.2 billion tons** of greenhouse gas emissions and increasing the resilience of communities that are home to 408 million people.
- The GCF has approved **\$6.2 billion** in funding for 143 projects in 106 countries, unlocking over double that amount (\$15 billion) in co-financing.
- The GCF made loans to address deforestation in Amazonian countries. For example, a \$20 million matching loan to **Paraguay** increased private investment in energy efficiency

and hydropower technologies, reducing demand for fuelwood and protecting the Amazon and other forests.

- The GCF approved seven projects in Central America and Mexico, where climate change is a key driver of migration. Examples include:
 - A **\$79 million project** in Honduras that will diversify rural livelihoods through improved silviculture and forest restoration.
 - A **\$127.7 million project** in El Salvador to protect water sources and stimulate aquifer recharge, helping small-scale farmers increase their resilience to climate change impacts.
- Global warming above **2°C** would put over 50% of Africa's population at risk of undernourishment.
- Fires in the Amazon are becoming an **annual** problem. Fires in the Amazon **increase** in number and distance each year damaging acres of habitats and natural carbon sinks critical in the fight to address climate change.

WHY SHOULD AMERICANS CARE?

- The GCF's focus on co-financing means that **every \$1** contribution leverages \$2.60 from other sources.
 - » Within the GCF's private sector portfolio, **\$2.7 billion** is matched by \$8.3 billion in co-financing. This private sector investment alone has avoided 467.8 million tons of carbon emissions and benefitted 45.8 million people.
- Fires, extreme weather, floods, and droughts are directly impacting Americans and our partners. The U.S. cannot address this issue alone.
 - » **67% of Americans**, regardless of political party, believe that “the [U.S.] government is doing too little to reduce the effects of climate change,” and a **majority** consider it to be a “critical threat.” Investing in multilateral efforts to address climate change will send a signal that is supported by American taxpayers.

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COVID-19 IMPACTS

- The GCF is committed to supporting a green and resilient COVID-19 recovery. In October 2020, the GCF released a [working paper](#) that outlines six key initiatives to help shift investment into the climate-resilient energy sector and help developing countries use private finance to implement green stimulus measures.

WHAT MORE COULD BE DONE?

- In 2014, the U.S. committed [\\$3 billion](#) over four years to the GCF. However, the U.S. has only contributed [\\$1 billion](#) thus far. This lack of investment has undermined U.S. diplomatic leverage to hold other major emitters such as China and India to account.
- With the U.S. comprising [15% of global emissions](#), leading by example is key to maximizing other countries' emissions reductions.
- Investment is also critical to rebuilding the U.S.'s credibility as a responsible participant in responding to shared challenges by fully honoring its pledge.

FUNDING HISTORY



■ House ■ Senate *Funding levels may not exactly reflect those in the appropriations bills and/or reports due to rounding*

