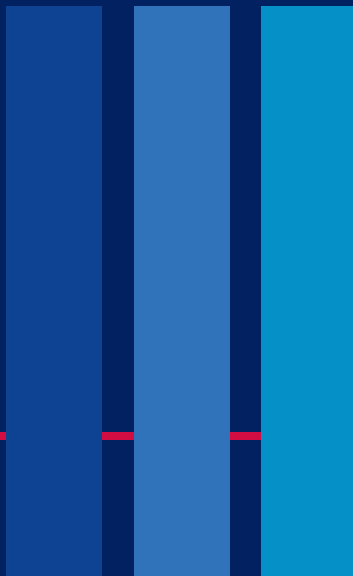




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# Fast Start Financing

U.S. CLIMATE FUNDING IN FY 2010





## Overview of U.S. Fast Start Climate Financing in Fiscal Year 2010

**A**s negotiated by President Obama and leaders from around the world in December 2009 at the 15th Conference of the Parties, the Copenhagen Accord included a historic commitment to emission mitigation by all major economies, to transparency of the actions that are taken, and to provide climate finance to help meet the adaptation and mitigation needs of developing countries. These commitments were affirmed at the 16th Conference of the Parties in Cancun in December 2010. The United States is now partnering with other contributor nations to provide what is known as “fast start” funding for climate-related activities approaching \$30 billion during 2010–2012.

Since Copenhagen, the United States has pressed forward to implement a significant increase in our international climate finance contribution, beginning with the Fiscal Year (FY) 2010 budget. The U.S. contribution to fast start financing in FY 2010 was a total of \$1.7 billion, consisting of \$1.3 billion of Congressionally appropriated assistance and \$400 million of development finance and export credit. Direct climate assistance through the U.S. Agency for International Development (USAID), the Department of the Treasury, and the Department of State increased from \$316 million in FY 2009 to approximately \$1 billion in FY 2010, and these agencies’ direct adaptation assistance increased from \$24 million in FY 2009 to \$244 million in FY 2010.

This overview and the fast start fact sheets seek to provide greater transparency into U.S. fast start finance delivered in FY 2010 by outlining overall U.S. climate assistance levels and

providing information about specific projects and programs on a country-by-country basis. Over the course of FY 2010 through FY 2012, the United States will continue to update information about its climate finance budgets.

### The Fast Start Finance Commitment

The Fast Start finance commitment -- as agreed to in the Copenhagen Accord and reflected in the Cancun agreements -- is the collective commitment by developed countries to provide resources approaching \$30 billion in climate finance during 2010–2012 to help meet the adaptation and mitigation needs of developing countries. Developed countries are working together to fulfill the collective fast start finance pledge.

Fast start finance is not an institution or a pooled fund, but rather utilizes existing funding channels and institutions that have the means to provide near-term support for climate activities. Therefore, developing countries can access fast start finance through bilateral agencies active in their countries and regions, as well as through multilateral channels, such as the Climate Investment Funds (CIFs) and the Global Environment Facility (GEF).

### Fulfilling Our Commitment

The United States has moved quickly to disburse FY 2010 climate finance in order to help address the urgent and immediate needs of the most vulnerable developing countries, as well as to help developing countries lay the groundwork for long-term, low-emission development. We are working to make critical investments today that have short-term transformative impacts

## U.S. CLIMATE FUNDING IN FY 2010

and to scale up resources quickly by delivering assistance through existing funding channels and institutions, even as we work internationally to establish future climate finance arrangements.

Consistent with the President's new Global Development Policy, we are using the full range of mechanisms—bilateral, multilateral, and private—to ensure that our climate finance is efficient, effective, and innovative; based on country-owned plans; and focused on achieving measurable results. We are focusing our bilateral efforts on those countries and regions where we have a comparative advantage and are coordinating closely with other donors.

The majority of U.S. climate finance is administered by USAID, the Department of the Treasury, and the Department of State. For these three agencies, dedicated climate programs in FY 2010 totaled \$1 billion. Including the other U.S. federal programs addressing climate change and development support with significant climate co-benefits, the total Congressionally appropriated climate finance for FY 2010 was \$1.3 billion. In addition to these appropriations, U.S. development finance and export credit agencies provided an estimated \$400 million in FY 2010 financing for the deployment of clean energy technologies in developing countries.

### How Developing Countries Access U.S. Fast Start Finance

U.S. fast start finance is provided to developing countries through a variety of channels, including:

- Bilateral, regional, and multi-regional programs, principally through USAID but also through other U.S. government agencies administering such programs;
- Development finance and export finance through the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank of the United States (Ex-Im); and

- Multilateral climate finance vehicles, including the CIFs, the GEF, the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF)

The following sections describe how developing countries accessed FY10 finance through these channels. In addition, the fact sheets for each recipient country also specify the channels used to access U.S. climate finance for various programs.

### BILATERAL FINANCE

A large portion of U.S. climate support is provided to developing countries through multi-regional, regional, and bilateral programs, principally supported by USAID. This assistance is targeted to help the most vulnerable countries adapt to climate impacts and to partner with countries with significant opportunities to mitigate their emissions. Allocation decisions for each program are made by the administering U.S. federal agency.

USAID has undertaken a thorough prioritization process for its programs, which fall under three pillars of the Global Climate Change Initiative: adaptation, clean energy, and sustainable landscapes, the last of which focuses largely on helping countries to slow, halt, and reverse deforestation. Within each of these pillars, a clear set of criteria was developed to guide the scale and focus of investments.

For adaptation, U.S. foreign assistance prioritizes countries that are highly exposed to climate change impacts, and countries that are vulnerable to climate variability and change. For clean energy, U.S. assistance focuses on countries and sectors offering significant emission reduction potential, as well as countries that offer the potential to demonstrate leadership in sustained, large-scale deployment of clean energy. We are also investing in regional energy programs to bolster regional energy grids to

## Examples of Bilateral Programs

- In Uganda, the United States is investing \$1.5 million in scaling-up the replacement of diesel-powered water pumps in northern Uganda with solar energy systems, especially among schools and health centers that benefit from USAID health and education funds.
- In Indonesia, the United States is investing over \$17 million to help Indonesia's efforts to reduce both deforestation and greenhouse gas emissions from its globally critical tropical and peat forest landscapes.
- In the Maldives, the United States is investing \$3 million to support an adaptation program that aims to improve access to drinking water supplies and enhance resilience to climate change. The program will provide assistance to the Maldives on climate change adaptation strategies, with special emphasis on integrated water resources management.
- In Georgia, the United States is devoting \$900,000 to promoting energy efficiency and renewable energy demonstration projects in sectors and buildings typically short of funding and lacking in donor support for energy improvements, such as hospitals.
- In Guatemala, the United States is investing \$1.5 million in forested areas in the Petén, which are threatened by illegal logging and slash-and-burn agriculture. The U.S. investment helps to provide market incentives for sustainable forest management. In addition, this work is preserving forest carbon stocks and increase carbon sequestration.
- Across several Andean nations, the United States is providing approximately \$1 million to an Energy and Climate Partnership of the Americas program to address the impact of tropical glacier retreat in mountainous and glacial areas as a result of climate change. The initiative seeks to build capacity for water resource management and support research on hydrological cycles and glacier dynamics.
- The United States is investing \$3.2 million in a clean energy program across several southern African countries. Three programs are included:
  - The Africa Infrastructure Program, which provides technical assistance, capacity building, and advisory services for clean energy technology projects.
  - Support for the Southern African Development Community member states and the Regional Electricity Regulators Association, which will undertake policy, legal, energy planning, and regulatory reforms that improve and promote energy efficiency and clean energy use.
  - The Private Financing Advisory Network, which mobilizes private-sector financing of projects that promote renewable, clean, and efficient energy.

support clean energy development.

For activities to promote climate objectives with respect to land use and forests, U.S. support prioritizes mitigation potential; countries with the political will to implement large-scale efforts to reduce emissions from deforestation, forest degradation, and other land-use activities; and

potential for performance-based approaches. Questions about USAID climate assistance programs in specific countries should be directed to the USAID mission for that country; contact information for missions can be found at <http://www.usaid.gov/locations/missiondirectory.html> U.S. federal agencies, including the Departments of State, Energy, and Agriculture;

## Examples of OPIC and Ex-Im Investments

- In India, OPIC is lending \$26.8 million to a solar power project in the state of Haryana. In addition to providing electricity and jobs in an underdeveloped region, the project will help introduce megawatt-scale solar power generation technologies to the Indian market.
- In Kenya, Ex-Im Bank is providing insurance to cover approximately \$6.3 million of services associated with the coordination and exploration of new geothermal energy generation projects.

the Environmental Protection Agency; and the National Oceanic and Atmospheric Administration, also have significant international cooperation efforts that are designed to support developing countries in their efforts to mitigate and adapt to climate change.

In addition to the three pillars described above, U.S. assistance and technical agencies are supporting a cross-cutting objective—the development of Low-Emissions Development Strategies. This effort is currently developing a set of tools and methodologies to support partner countries and governments in their efforts to think strategically about, and plan for, economic growth with a reduced emissions trajectory.

U.S. development finance and export credit agencies use an array of financial instruments to mobilize increased investments in clean energy projects in, and exports to, developing countries. In FY 2010, OPIC and Ex-Im provided \$400 million in investments, direct loans, loan guarantees, and insurance to support the deployment of clean energy technologies. Most Ex-Im and OPIC programs are "transaction-based," meaning they are tied to a specific export or investment transaction.

For more information about OPIC programs, go to <http://opic.gov/doing-business-us>

For more information about Ex-Im programs, go to <http://www.exim.gov>

## MULTILATERAL FINANCE

Multilateral channels also play an important role in U.S. climate assistance. Multilateral funds leverage additional contributions within the U.S. government, the private sector, and other contributing countries to scale up support for adaptation, REDD+,\* and clean energy activities in developing countries.

In 2010, the United States has delivered \$375 million to the Climate Investment Funds, including:

- \$300 million to the Clean Technology Fund, which aims to catalyze sustained, long-term clean energy transformation in developing countries;
- \$55 million to the Pilot Program for Climate Resilience, which helps highly vulnerable countries prepare for and respond to the unavoidable effects of climate change; and
- \$20 million to the Forest Investment Program, which provides financing for investments in forest governance and institutional capacity development, as well as measures to reduce deforestation drivers outside the forest sector.

In addition, in FY 2010 the United States provided:

- \$30 million to the Least Developed Countries Fund, a United Nations Framework Convention on Climate Change (UNFCCC)

\* REDD+ includes reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries.

## Examples of Multilateral Programs

- The United States contributed \$300 million to the Clean Technology Fund (CTF) in FY 2010. Among the investments approved by the CTF in FY 2010 was \$750 million in CTF co-financing (anticipated to mobilize an additional \$4.85 billion from other sources), to support the deployment of about one gigawatt of concentrated solar power generation capacity and related infrastructure in five countries in the Middle East and North Africa: Algeria, Egypt, Jordan, Morocco, and Tunisia.
- The United States contributed \$37 million for climate-related investments at the GEF in FY 2010. Among the investments approved by the GEF in FY2010 was a \$5.5 million regional grant to support the implementation of energy efficiency policies and instruments in Caribbean countries. The project will establish monitoring systems, strengthen national capacity, develop market-based mechanisms, institute a demonstration program, and develop a regulatory framework. The project is being implemented by the United Nations Environment Programme in conjunction with the Ministry of Foreign Affairs of Antigua and Barbuda.

fund that assists least developed countries with planning and implementing urgent and immediate adaptation measures;

- \$20 million to the Special Climate Change Fund, a UNFCCC fund focused primarily on adaptation;
- \$10 million to the Forest Carbon Partnership Facility, a partnership to support developing countries' REDD+ efforts and reduce deforestation; and
- \$37 million for climate investments through the GEF, which helps developing countries and emerging economies mitigate greenhouse gas emissions through projects in energy efficiency, renewable energy, sustainable urban transport and sustainable management of land use, land-use change, and forestry.

## Methodology

While the Cancun agreements do not specify a particular methodology for reporting on fast start finance, the United States is committed to transparency in its climate finance activities, and this update includes information about funding at the recipient country level.

Each country fact sheet describes projects and

programs funded in whole or in part by the U.S. government, including:

- U.S. government programs focused exclusively in a country (e.g., bilateral assistance programs in a specific country);
- U.S. government centrally or regionally based programs that benefit a given country (e.g., activities undertaken by the USAID Regional Development Mission for Asia in a specific country, or USAID Office of Foreign Disaster Assistance programs in a specific country);
- Projects financed by OPIC and Ex-Im Bank; and
- Initiatives funded by multilateral climate funds to which the United States is a donor (e.g., programs undertaken by the CTF).

In addition, part of U.S. assistance is delivered through global programs. These programs' benefits are spread across many nations, and cannot be narrowly attributed to any single nation.

This update represents a snapshot of activities planned and implemented at the time of writing, and the country fact sheets do not represent the totality of our international climate finance programs. In many cases, plans and activities will

## Examples of Global Programs

- The United States is investing \$13.8 million in the Famine Early Warning Systems Network to support climate change adaptation planning by identifying potential threats to food security, using meteorological data for monthly food security updates, regular food security outlooks and alerts, and response planning efforts.
- The United States is investing \$18 million to expand the SERVIR Earth observations system in several regions to provide data that support decision making on adaptation planning and implementation and sustainable land use. SERVIR integrates satellite data, ground-based observations, and forecasts to provide information about environmental changes and to improve response to natural disasters.
- The United States is investing \$10 million in the Renewables and Efficiency Deployment Initiative (Climate REDI), which is based on the Technology Action plans released by the Major Economies Forum on Climate and Energy in December 2009. This program will support programs aimed at accelerating the deployment of low-emission technologies, including super-efficient appliances and solar household appliances, in developing countries.

be further refined in consultation with partners, and any individual activity may be subject to change as circumstances evolve. While aiming to cover as many initiatives as possible, the fact sheets do not capture all activities, and the update only addresses the first year of U.S. fast start finance. It does not cover all activities of U.S. government agencies or all contributions to multilateral programs that focus in part on climate change.

When possible, the country fact sheets include the amount of U.S. government funding from a central or regional program that benefits a specific country. In cases where it is not possible to quantify the precise dollar amount a given country received from a regionally or centrally funded program, the fact sheet indicates the total expenditures for the regional or central program.

The fact sheets also include programs with significant climate co-benefits (e.g., relevant biodiversity and food security activities). Activities with climate co-benefits applicable to a certain country are included in many cases. However, this update does not capture the totality of co-benefits provided through U.S. support.

For particular multilateral programs and projects, fact sheets indicate the total amount provided by the multilateral fund, and not the U.S. contribution to that fund in FY 2010. In addition, this update does not discuss activities with climate co-benefits that fall under the regular programs of multilateral institutions, such as the World Bank, regional development banks, or United Nations agencies, such as the United Nations Development Programme. However, as the United States is the largest contributor to many of these institutions, the additional climate benefits from such programs attributable to U.S. support are substantial.

Finally, this update only covers activities funded from the U.S. Fiscal Year 2010 Budget. Over the course of FY 2010 through FY 2012, the United States will continue to update information about its climate finance budgets and actual allocations.

**For more detailed information on U.S. fast start finance activities, including recipient country fact sheets, please visit the following websites:**

**Africa**

<http://www.state.gov/g/oes/rls/rpts/faststart/merge/index.htm>

**Asia**

<http://www.state.gov/g/oes/rls/rpts/faststart/asia/index.htm>

**Eastern Europe**

<http://www.state.gov/g/oes/rls/rpts/faststart/europe/index.htm>

**Latin America**

<http://www.state.gov/g/oes/rls/rpts/faststart/latinamerica/index.htm>

**Middle East / North Africa**

<http://www.state.gov/g/oes/rls/rpts/faststart/middleeast/index.htm>

**Global programs**

<http://www.state.gov/g/oes/rls/rpts/faststart/151744.htm>