

**WRITTEN TESTIMONY OF  
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BEFORE THE  
HOUSE COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND RELATED  
PROGRAMS  
ON GLOBAL CLIMATE FINANCE  
MAY 19, 2021**

Good morning, Chairwoman Lee, Ranking Member Rogers, and members of the Subcommittee.

The United States and the world face a profound climate crisis. To keep a limit of 1.5 °C of warming within reach, the Biden-Harris Administration has committed to robust and ambitious climate action that creates good jobs, fosters opportunity and markets for American goods and services, and builds a cleaner and more prosperous future. I am pleased to appear before you today to discuss the U.S. International Climate Finance Plan and the Treasury Department's role in using climate finance to support developing countries' efforts to reduce their greenhouse gas emissions and build resilience to the negative impacts of a warming planet.

In response to the Executive Order on Tackling the Climate Crisis at Home and Abroad, Treasury and interagency partners developed the U.S. International Climate Finance Plan, announced at the Leaders' Summit on Climate Change in April. As the world's largest economy, the United States can and must play a key role in the global effort to mobilize climate finance, especially to protect the world's poorest and most vulnerable communities and expedite their transitions to a cleaner, more sustainable and prosperous future. For such countries, smart and ambitious climate action is necessary to protect livelihoods and enable sustainable economic growth.

This Plan provides the U.S. government with a strategic vision and covers five areas: (1) scaling up climate finance and enhancing its impact; (2) mobilizing private sector finance; (3) taking steps to end international official financing for carbon-intensive fossil fuel-based energy; (4) making capital flows consistent with low-emissions, climate-resilient pathways; and (5) defining, measuring, and reporting on international climate finance.

Treasury is focusing the full range of its tools and expertise to increase the U.S. government's international climate finance ambition. Our leadership role in the

multilateral development banks (or MDBs) and climate funds enables us to operate effectively to deliver action across the five pillars of the Plan. We are also working with partners to facilitate increased flows of private climate-aligned finance, which is of key importance to the Plan and vital for large scale, transformative climate action.

Let me discuss in more detail the key avenues through which Treasury is currently working.

### *Multilateral Development Banks*

In 2019, the MDBs in which the United States is a member committed \$36.6 billion in climate finance and mobilized an additional \$43.7 billion including \$22.5 billion from private sources. Treasury staff are engaging with partners to urge that the MDBs implement ambitious climate finance targets and policies, and to support additional private sector financing for quality infrastructure development that incorporates economic, social, and governance standards. For example, the MDBs are assisting countries in improving their nationally determined contributions towards combatting climate change, or NDCs, financing energy installations and transmission, and providing risk insurance products to the private sector to support investments in developing markets.

### *Multilateral Climate Funds*

I am acting as the U.S. representative on the Boards of the Green Climate Fund (GCF), Climate Investment Funds (CIFs), and Global Environment Facility (GEF), which channel resources to the MDBs and other entities to help developing countries reduce their greenhouse gas emissions, build resilience to climate change, and overcome environmental challenges. Each of these funds has its own comparative advantage, and we view these funds as complementary in advancing Treasury's work on increasing our overall ambition on international climate and environmental outcomes.

- The Green Climate Fund is linked to the Paris Agreement and works to foster climate-resilient development and zero-emission investment across a variety of sectors, including transport; water; energy; and land use. The GCF provides grants, equity, loans, and technical assistance to mobilize public and private finance at scale.
- The Climate Investment Funds, housed at the World Bank, help to scale transformational climate finance programs working through the MDBs. The Clean Technology Fund (CTF), which is one of the CIFs, is launching a new program to help high-emitting developing countries transition away from coal-

based economies and energy production, a goal of strategic value to U.S. global climate efforts.

- The Global Environment Facility supports actions in developing and transitional countries to address global environmental challenges in five areas: biodiversity, chemicals and waste, climate change, land degradation, and international waters.

Treasury made other contributions to the climate finance plan related to our role in OECD export credit negotiations, the Tropical Forest and Coral Reef Conservation Act (TFCCA), our work to encourage the IMF to include climate risk into its work, and our bilateral technical assistance program.

### *Private Climate-aligned Finance*

In response to the significant and growing demand from the private sector for climate-aligned investments, Treasury is also supporting efforts to improve the information available to financial institutions and investors as they make decisions about where and how to invest. This includes co-chairing the G20 Sustainable Finance Working Group, which is developing a climate-focused sustainable finance roadmap and working to identify ways to further advance sustainability disclosure and reporting and improve compatibility of approaches for identifying climate-aligned and sustainable investments.

Treasury is also engaged with international work, in particular at the Financial Stability Board, to better understand and manage the potential implications of climate change, such as on financial risks.

### *Conclusion*

Treasury is committed to working with this committee and other stakeholders to advance the Biden-Harris Administration's climate agenda for the benefit of the American people and countries around the world.

Thank you.