The White House has set out the Biden-Harris Administration’s immediate priorities. President Biden seeks to deliver bold action and immediate relief for American families as the country grapples with converging crises.

President Biden intends to action plans to control the COVID-19 pandemic, provide economic relief, tackle climate change, and advance racial equity and civil rights, as well as immediate actions to reform the U.S. immigration system and restore America’s standing in the world.

As part of its plan to tackle climate change, President Biden’s Executive Order on Tackling the Climate Crisis at Home and Abroad (E.O. 14008 signed 27 January 2021) (Climate EO) called for the preparation of a U.S. International Climate Finance Plan (Climate Plan), which has now been released in conjunction with the President’s Summit on Climate held on 22 April 2021.

The Climate Plan covers five areas:

- Scaling-up international climate finance and enhancing its impact;
- Mobilizing private sector finance internationally;
- Taking steps to end international official financing for carbon-intensive fossil fuel based energy;
- Making capital flows consistent with low emissions, climate resilient pathways; and
- Defining, measuring and reporting U.S. public climate finance.

A summary of the Climate Plan is provided below.
The US Case for International Climate Finance

Scaling-up international climate finance and enhancing its impact

The United States (U.S.) intends to double by 2024 its annual public climate financing to developing countries, relative to what it was providing during the second half of the Obama-Biden Administration (FY2013-16).

As part of this goal, the U.S. intends to triple its adaptation finance4 by 2024, with the Biden-Harris Administration working closely with Congress to meet these goals. This will require a whole-of-government approach.5

Greater efforts will also be needed to align the U.S. diplomatic and development capabilities toward strengthening the global response to climate change, consistent with achieving the long-term goals of the Paris Agreement and effective implementation of the Agreement by all Parties.

For full details relating to this area please refer to pages 3-8 of the Climate Plan.

Other topics discussed in this area include: prioritizing climate in public investments; enhancing technical assistance and building long-term capacity; enhancing coordination and accessibility of support; aligning support with country needs, strategies and priorities; and boosting investments in adaptation and resilience.

Mobilizing private finance internationally

Public interventions, including public finance, will most likely have to mobilize private capital. These efforts will have to increase significantly, including such steps as:

- Building stronger investable project pipelines; and
- Doing more with existing resources.

Full details supporting these steps are described on pages 8-10 of the Climate Plan.

Ending international official financing for carbon-intensive fossil fuel based energy

This effort will include both bilateral and multilateral agencies providing financing for energy projects and other engagements, which will entail:

- Agencies seeking to end international investments in and support for carbon-intensive fossil-fuel-based energy projects;
- Recognition of the importance of international cooperation, via bilateral and multilateral engagements to promote the flow of capital toward climate-aligned investments and away from high-carbon investments;
- The United States Department of the Treasury (Treasury), with partners in the OECD6 and in close partnership with other U.S. government departments and agencies spearheading efforts to modify disciplines on official export financing provided by OECD export credit agencies, to reorient financing away from carbon-intensive activities;
- Treasury developing guidance on fossil fuel energy activities at the Multilateral Development Banks (MDBs), which it will use as part of its criteria when casting U.S. votes on specific projects; and
- The Development Finance Corporation (DFC) will implement a net-zero emissions strategy to transition its portfolio to net-zero emissions by 2040, including by increasing investment in projects which capture and store carbon.

Making capital flows consistent with low-emissions, climate-resilient pathways

Financial markets are increasingly demanding investment opportunities that are consistent with low GHG-emissions and climate resilient pathways. Four elements are mentioned in the Climate Plan as being especially important:

1. Improving information on climate-related risks and opportunities;
2. Identifying climate-aligned investments;
3. Managing climate-related financial risks; and
4. Aligning portfolios and strategies with climate objectives.

The Climate Plan touches only on the elements of international engagement and collaboration, but in parallel, and guided by future EO’s, domestic policy and regulatory processes may be launched to better align capital flows with low emissions, climate-resilient pathways.
The US Case for International Climate Finance

The Climate Plan says that to ensure that international engagement is carefully coordinated, that it will inform, strengthen and be consistent with domestic policy in the U.S., the Treasury, in coordination with other U.S. agencies and regulatory bodies (as appropriate), will seek to continue to:

- Co-chair the G20 Sustainable Finance Working Group, which in 2021 will develop an initial climate-focused sustainable finance roadmap, work on improving sustainability disclosure and reporting, and consider how to improve the reliability and comparability of approaches for identifying climate-aligned and sustainable investments.
- Engage in work with the Financial Stability Board (FSB), the International Association of Insurance Supervisors, the G20, and the International Monetary Fund to improve climate-related financial risk data;
- Engage with the FSB and international insurance forums and coordinate with U.S. regulators engaging in financial standard-setting bodies and other forums, to improve approaches for assessing and managing climate-related financial risks;
- Support and help guide, in coordination with U.S. regulators, the direction of work undertaken by the International Financial Reporting Standards Foundation, IOSCO\(^7\) and the FSB, towards consistent, comparable and reliable climate-related financial disclosures;
- Support U.S. financial institution engagement with, and implement the best practices emerging from, voluntary, private-sector coalitions working on targets, strategies and metrics intended to achieve net-zero emissions portfolios and institutional strategies;
- Support such coalitions in expanding their work across different financial sector stakeholders; and
- Work with the Department of State, U.S. Agency for International Development and DFC and other agencies to promote climate-aligned infrastructure development.

Defining, measuring and reporting international climate finance

Drawing on over a decade of experience in tracking climate finance, the Climate Plan sets out the U.S. intention to ensure that its future reporting is on the cutting edge of transparency and evolves along with its strategic approach to climate finance through several steps.

These steps are listed out in full on page 13 of the Climate Plan.

Next steps

The Climate Plan provides a strategic orientation for the future of U.S. climate finance that will guide the work of the relevant U.S. government agencies.

The National Security Council staff will conduct a review of the Climate Plan in financial year 2023 to take stock of progress and assess whether changes are needed to increase ambition and impact.

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4. Finance that funds efforts to adapt to the impacts of climate change.
5. A whole of government approach will require coordination among the various departments and agencies involved in providing or mobilizing this climate finance. It will also require a more strategic and coordinated use of the wide range of bilateral and multilateral channels, tools, and instruments available to the US, even when these reside in different agencies and departments.
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GRA34573 05/21