



THE WHITE HOUSE
WASHINGTON

U.S. INTERNATIONAL CLIMATE FINANCE PLAN

The climate crisis represents an existential threat to the security and prosperity of communities in the United States and around the world. At the same time, responding to the climate crisis offers one of the greatest opportunities in history for innovation, sustainable economic growth, and the creation of high-quality jobs. This is why the Biden-Harris Administration has made tackling the climate crisis in the United States and abroad a top priority.

Enabling bold action to reduce emissions and build resilience against the impacts of climate change will require mobilizing and aligning finance at scale. President Biden's Executive Order on *Tackling the Climate Crisis at Home and Abroad* (E.O. 14008, signed January 27, 2021) called for the preparation of a Climate Finance Plan (herein "Plan"). This Plan—the first of its kind in the U.S. government—focuses specifically on international climate finance.

For the purposes of this Plan, "climate finance" refers in part to the provision or mobilization of financial resources to assist developing countries to reduce and/or avoid greenhouse gas (GHG) emissions and build resilience and adapt to the impacts of climate change. The Plan also addresses the need to better align public and private financial flows consistent with what is needed to achieve the Paris Agreement's temperature and resilient-development goals.

The Case for International Climate Finance

The case for the United States to provide and mobilize international climate finance is compelling. Reports by the Intergovernmental Panel on Climate Change make clear that avoiding the worst impacts of climate change will require limiting the increase in global average temperature to 1.5°C above pre-industrial levels. Maximizing our chance of doing this will require countries to achieve net-zero emissions by 2050 or earlier. Because the United States currently represents only 15 percent of annual global emissions, avoiding the worst impacts of climate change can only be successful if other countries join our efforts.

Climate finance can help unlock deep reductions in other countries' emissions by supporting the deployment of existing clean energy technologies abroad, protecting forests, wetlands, and other ecosystems that capture and store carbon, and fostering new technologies to accelerate the transition to a net-zero emissions global economy while building resilience and helping countries adapt to the impacts of climate change.

As the world's largest economy, the United States can play a key role in the global effort to mobilize finance, especially with respect to protecting the world's poorest and most vulnerable communities. The United States is eager to work with countries and communities in need, which contributed the least to this crisis yet are often the most impacted and most in need of help in adapting to a changing world.

Meeting U.S. international climate finance pledges and commitments is also crucial for preserving trust in U.S. leadership and supporting countries in delivering on their mitigation commitments and pledges. Meeting the collective goal of mobilizing \$100 billion per year for developing countries from a wide variety of public and private sources, in the context of meaningful mitigation actions and transparency on implementation, is a priority for the United States. This Plan not only helps the world to realize that goal, but also identifies steps the United States will take to lead a global effort to mobilize and align capital at the scale required.

International climate finance is an investment in our own security. Investments designed to help mitigate the rise of atmospheric GHG concentrations help prevent catastrophic changes in earth systems. Climate finance investments therefore are both reasonable and necessary to protect and advance U.S. national and economic security. Climate finance also supports the most climate-vulnerable people and countries in the world to better prepare for, adapt to, and recover from the impacts of climate change. This saves lives and livelihoods and can reduce the risk of resource competition, conflict, and displacement of people, all of which can undermine national, regional, and international security.

At the same time, climate finance helps protect and advance longstanding international development goals, including reducing poverty, expanding energy access, conserving nature, tackling exclusion and discrimination, improving human health, safeguarding food security, and promoting sustainable economic growth. The United States has invested hundreds of billions of dollars over decades to advance these goals around the world. Because climate change will put at risk all of these dimensions of human well-being, financing resilience to climate impacts will be essential to protect past investments in human development. In the context of a global pandemic, climate finance can contribute to helping countries restore growth and build back better through a low-carbon, climate-resilient recovery.

The United States recognizes that in achieving the goals of the Paris Agreement, we must work together toward a just transition that prioritizes workers across industries and communities and develops the industries of the future. There is also a crucial link between clean energy deployment and investments in climate resilience on one hand, and expanding well-paying jobs in the United States, on the other. Exports of low-carbon and climate-resilience technologies and related services can be a catalyst for economic and job growth at home. Success in the U.S. domestic agenda will be an essential ingredient in global efforts to address climate change and will simultaneously

open up opportunities for the U.S. private sector to pioneer financial, technological, and natural pathways for decarbonization globally.

This Plan has several goals. First, it provides the U.S. government with a strategic vision of international climate finance with a 2025 horizon. Second, it outlines key steps and instruments through which the U.S. government will mobilize climate finance in a strategic and concerted way to most efficiently tackle the challenge. Third, it outlines how the U.S. government will support climate-aligned finance flows more broadly. And fourth, the Plan serves as a signal to other governments, international institutions, and stakeholders that the United States intends to work closely with them to deploy climate finance more efficiently and with highest impact.

The Plan 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 U.S. public climate finance.

1. Scaling-Up International Climate Finance and Enhancing its Impact

Biden-Harris Administration's Topline Goals

The Administration is embracing ambitious but attainable goals regarding the quantity of public climate finance provided by the United States, recognizing the urgency of the climate crisis, confronting the sharp drop in U.S. international climate finance during the FY 2018-2021 period, and understanding the need to re-establish U.S. leadership in international climate diplomacy.

The United States intends to double, by 2024, our annual public climate financing to developing countries relative to what we were providing during the second half of the Obama-Biden Administration (FY2013-16). As part of this goal, the United States intends to triple our adaptation finance by 2024. The Biden-Harris Administration will work closely with Congress to meet these goals.

A Whole-of-Government Approach

As the United States scales up its international climate finance, we must ensure greater impact and coordination among the various departments and agencies involved in providing or mobilizing this finance. Greater impact will require stronger in-house capacity and expertise, as well as new partnerships and relationships inside and outside the U.S. government. Achieving greater impact will also require a more strategic and coordinated use of the wide range of bilateral and multilateral channels, tools, and instruments available to the United States, even when these reside in different agencies and departments. In doing so, the United States will ensure that our instruments and approaches are fit-for-purpose in their specific geography and context, including by prioritizing the most concessional resources where they are needed most, such as in the

poorest and most vulnerable countries or contexts in which mobilizing private investment is currently challenging.

Moreover, greater efforts are needed to align our diplomatic and development capabilities toward strengthening the global response to climate change, consistent with achievement of the long-term goals of the Paris Agreement and effective implementation of the Agreement by its Parties. This includes supporting the development and achievement of nationally determined contributions (NDCs), the formulation of long-term strategies with pathways toward mid-century net zero emissions consistent with keeping a limit of 1.5°C of warming within reach, making financial flows consistent with a pathway towards low GHG emissions and climate resilient development, the submission of timely and transparent reporting, and the development of national adaptation plans (NAPs).

Prioritizing Climate in Public Investments

- The United States will mobilize a whole-of-government effort and public-private partnerships to target financial interventions and investments and maximize the impact of bilateral and multilateral engagement and diplomacy to achieve the goals of the Paris Agreement.
- The U.S. Agency for International Development (USAID) will announce the release of a new USAID Climate Change Strategy in early November 2021, at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change in Glasgow, Scotland (COP26). The new Strategy will require the entire Agency to consider climate change impacts in all of its programming and encourage all sectors to help countries adapt to and mitigate against climate change. The Strategy will address many challenges not addressed in the 2012-2018 version, including the transition away from fossil fuels and the integrity of the renewable energy supply chain.
- The Development Finance Corporation (DFC) will update its development strategy not only to include climate for the first time, but also to make investments in climate mitigation and adaptation a top priority. DFC will release calls for applications for climate-focused investment funds and other climate-related investment opportunities in partnership with aligned organizations.
- The Department of the Treasury will direct U.S. executive directors in multilateral development banks (MDBs) of which the United States is a shareholder to help ensure, in partnership with other shareholders, that those institutions set and apply ambitious climate finance targets and policies to their operations and programming. Treasury will seek to have the MDBs build on the significant levels of climate finance they already provide by:
 - Promoting a strong role for the MDBs in supporting developing countries' efforts to implement their climate commitments, to strengthen their NDCs, and to integrate GHG reduction and climate resilience into their long-term strategies.

- Engaging with the MDBs to prioritize the adoption of methodologies and policies that will accelerate their full alignment with the goals of the Paris Agreement. Treasury will engage other MDB shareholders to forge consensus for full Paris Agreement alignment.
- In the shorter term, working with MDB shareholders, particularly at some regional development banks, as appropriate, to push for increased climate finance targets leading up to or coming out of the COP26.
- The National Security Council (NSC) staff will coordinate interagency efforts in support of the Small and Less Populous Island Economies (SALPIE) Initiative to promote investments in climate action under the SALPIE framework.
- The Millennium Challenge Corporation (MCC) will adopt a new, agency-wide Climate Strategy in April 2021, centered on investing in climate-smart development and sustainable infrastructure and aims to have more than 50% of its program funding go to climate-related investments over the next five years. The strategy will strengthen support for policy and institutional reforms in MCC partner countries, including to help countries define, strengthen, and implement their NDCs; integrate climate change considerations into MCC's analytical tools and decision-making, including through program design, implementation, and evaluation; and expand and deepen partnerships and the use of blended finance to catalyze private capital for climate adaptation, resilience, and mitigation.
- The Department of Energy (DOE), including through its National Laboratories, will continue to lead international efforts to research, develop, and deploy technologies that reduce emissions, helping to drive down the costs of current and future technologies critical to reducing emissions around the world. DOE will further advance these goals and continue to strengthen global preparedness and resilience to the impacts of climate change through DOE multilateral engagements, including the Clean Energy Ministerial, Mission Innovation, the G7, the G20, and DOE's leadership in the International Energy Agency.
- The U.S. Trade and Development Agency (USTDA) plans to dedicate up to \$60 million over the next three years to advance climate-smart infrastructure solutions that will open emerging markets for the export of U.S.-manufactured goods, technologies, and services. Under its Global Partnership for Climate-Smart Infrastructure, USTDA will prioritize project preparation and partnership-building activities that directly support the financing and implementation of low and zero-carbon emission projects in emerging markets.

Enhancing Technical Assistance and Building Long-term Capacity

- The Department of State (DOS) will leverage its substantial diplomatic assets and foreign assistance to catalyze greater support among governments, civil society leaders, private sector representatives, and others for investments that accelerate the decarbonization agenda and keep a limit of 1.5°C of warming within reach. In this effort, DOS will collaborate with multilateral organizations, such as the International Renewable Energy Agency (IRENA) and the IEA, to advance

climate objectives. DOS will ensure a global focus on effective implementation of the Paris Agreement, as well as increasing deployment of renewables, energy storage, and low carbon transport to promote adoption of clean energy technologies at scale. To this end, DOS will scale up diplomatic capabilities and expertise on climate change, including by establishing new climate positions at U.S. embassies, making resources available to posts for targeted diplomatic engagement, and enhancing and expanding climate-specific training for staff in all foreign affairs agencies.

- Through its Office of Technical Assistance (OTA), Treasury will provide technical assistance to help governments mobilize private sector financing for high quality infrastructure development incorporating economic, environmental, social and governance standards consistent with the G20 Principles on Quality Infrastructure Investment. It will also explore how OTA can respond to requests by developing countries to provide climate-finance-related technical assistance to finance ministries. Treasury will continue to support strengthening public financial management in developing countries and emerging markets, which may free up more financial resources that can be directed toward climate goals.
- USAID will substantially ramp up in-country assistance, including additional staff, to support policies, programs, and development activities that will help countries to realize greater climate ambition and resilience in all sectors.
- MCC will provide technical assistance and support through its country compacts and threshold programs that strengthen partner country policies and institutional capacity to design, implement, and leverage climate-smart development and sustainable infrastructure, aligning this technical assistance with partner country NDCs, wherever possible.
- DOE will leverage its scientific and research and development expertise through its program offices and National Laboratory network to build deployment capacity with developing country partners and foster partnerships to accelerate commercialization of energy technologies vital to decarbonization.
- DFC will hire its first-ever Chief Sustainability/Climate Officer to lead its internal and external coordination on climate-related investments. DFC also commits to providing \$50 million in technical assistance over the next five years to projects that advance U.S. and international climate objectives.

Enhancing Coordination and Accessibility of Support

- The United States will enhance strategic coordination among U.S. departments and agencies that provide and mobilize international climate finance and relevant technical assistance to ensure the complementarity of agency efforts, instruments, and expertise. With more than twenty U.S. agencies involved in the provision and mobilization of international climate finance, each with specific instruments, mandates, and expertise, enhanced coordination will be critical to ensuring the United States is most effectively and efficiently harnessing its

resources towards the goal of achieving net-zero emissions by 2050 and keeping a limit of 1.5°C of warming within reach.

- The Department of the Treasury, the Department of State, and other relevant departments and agencies will work with relevant multilateral funds to identify steps to enhance access to public and private finance for climate mitigation and adaptation. This will include considering the impact that relevant institutional policies have on accessibility and ensuring that policies and procedures are fit-for-purpose and do not pose an unnecessary burden. Ensuring that these institutions function efficiently and effectively in this regard – by avoiding unnecessary bureaucracy and inefficiency that raises administrative cost – is good for both U.S. taxpayers and the funds’ recipients.

Aligning Support with Country Needs, Strategies, and Priorities

- In coordination with the Department of State, the Environmental Protection Agency (EPA), DOE, National Oceanic and Atmospheric Administration (NOAA), the U.S. Department of Agriculture (USDA), USAID, MCC, USTDA, and other U.S. government departments and agencies will engage with their foreign counterparts on their climate priorities, including on the development and implementation of NDCs and net zero strategies; technology innovation and deployment; measurement, reporting and verification, and development and implementation of national adaptation plans (NAPs); and enhancement of adaptation and resilience capacities (e.g., early warning systems, vulnerability assessments, and integration of climate adaptation into broader development frameworks).
- Departments and agencies will strengthen engagement, as appropriate, in key multilateral and regional initiatives, partnerships, and instruments designed to address climate change (e.g. the NDC Partnership, partnerships to achieve net-zero strategies such as the Low Emission Development Strategies Global Partnership and the Net Zero Pathways Partnership, Short-Lived Climate Pollutants, NAPs).
- DFC remains committed to bringing sustainable, reliable electricity access to 10 million people by 2025 in its development strategy.

Boosting Investments in Adaptation and Resilience

Climate adaptation and resilience solutions remain in some respects more challenging than mitigation measures. Since climate change impacts manifest themselves in different ways depending on geography, adaptation and resilience solutions require a high degree of local knowledge and input. In contrast with mitigation, adaptation actions still rely largely on grant financing, as revenue-generating business models for adaptation projects are less well developed or are inappropriate for low-income contexts.

Finally, innovation for adaptation and resilience remains inadequate. Data and modeling gaps remain wide, and new technologies are still being developed to meet this

challenge. Nature-based solutions retain huge potential, much of which remains unrealized. In view of these limitations, U.S. government agencies must do more to improve the quantity and quality of financing for adaptation and resilience. The following steps will be necessary, in addition to increasing U.S. adaptation and resilience:

- Departments and agencies will increase collaboration and adopt best practices on incorporating climate considerations into their international work and investments, such as screening all projects for climate-related risks to ensure they are resilient, including through the Executive Order on Tackling the Climate Crisis at Home and Abroad.
- DFC will collaborate with USAID, MCC, State, the Department of Commerce, the Export Import Bank of the United States, and USDA with the goal of developing stronger project pipelines in the area of climate adaptation financed by DFC.
- MCC will identify steps to increase crowding-in of essential adaptation and resilience investments through stronger collaboration with USAID and DFC.
- Departments and agencies undertaking work in global health and public health policy, including USAID and the Department of Health and Human Services, will introduce analysis of climate change impacts on human health into relevant programs and projects.
- Subject to the availability of funds, USAID, State, and Treasury will increase financial support and policy engagement with international adaptation and resilience initiatives; these may include, for example, regional disaster risk insurance pools, the InsuResilience Global Partnership, the Coalition for Disaster Resilient Infrastructure, and other disaster risk finance initiatives.
- Treasury will track adaptation and resilience finance levels at the multilateral development banks and will work with other shareholders to help ensure that the banks are meeting their targets; it will also work to ensure that all the MDBs are adequately screening and rating their projects for climate risk and modifying the projects as appropriate to render them resilient.
- Treasury and State will advance efforts at the Green Climate Fund to focus the Fund's adaptation and resilience financing on projects that build long-term capacity on the ground and/or are designed to have large-scale impact.

2. Mobilizing Private Finance Internationally

Public financing alone will not be enough to meet the challenges posed by climate change. Public interventions, including public finance, must also mobilize private capital. Despite sustained efforts, the amount of private dollars mobilized by each dollar of public finance invested has remained flat, at levels insufficient to keep the goal of limiting warming to 1.5°C within reach. These efforts will have to increase significantly, including through the following steps:

Building Stronger Investable Project Pipelines

- DFC will increase its climate-related investments so that beginning in FY2023, at least one-third of all its investments are linked to addressing the climate crisis. DFC will collaborate with USAID, MCC, State, Commerce, EXIM Bank, and USTDA with the goal of developing stronger project pipelines in the areas of climate mitigation and adaptation. DFC will work to develop a risk-sharing platform with private sector insurance partners to reduce barriers to financing climate projects.
- USTDA will leverage its relationships with private banks and development finance institutions around the world to mobilize private financing for climate-smart infrastructure projects overseas that use U.S. goods, services, and technologies. USTDA will also align its project preparation activities, where appropriate, to support climate-smart infrastructure projects that are suitable to receive financing and other support from the DFC and EXIM Bank. All USTDA activities will facilitate U.S. exports and jobs for the American middle class while ensuring climate finance helps protect and advance longstanding international development goals, including promoting sustainable and inclusive economic growth.
- MCC will explore opportunities to bring in new private sector partners and expand the use of blended finance to catalyze private sector finance aligned with climate objectives. MCC will also leverage private sector finance for climate solutions by “de-risking” investments through a closer partnership with DFC and possibly the development finance institutions of international partners.
- EXIM Bank will identify ways to significantly increase, as per its mandate, support for environmentally beneficial, renewable energy, energy efficiency, and energy storage exports from the United States. EXIM Bank will work within the interagency group to develop a metric to measure U.S. jobs that support climate finance objectives.
- Treasury and State will work together to increase the Green Climate Fund’s mobilization of private-sector capital for climate adaptation and mitigation and to introduce financial innovations that attract private sector investments on a large scale.
- Treasury will also support the MDBs’ efforts to strengthen enabling environments for private climate finance and identify steps MDB private sector arms can take to strengthen their mobilization of private capital for climate mitigation and adaptation while minimizing investments in carbon-intensive activities.
- Treasury will also conduct climate-focused policy dialogues with bilateral partners to help catalyze private investment in sustainable, quality infrastructure and meet NDC goals.
- State will leverage its diplomatic initiatives, technical support to governments, and partnerships with the private sector to create greater market and policy certainty in partner countries to enable mobilization of climate finance at scale.

- USAID is scaling up private sector engagement to provide technical support to governments, including support for public-private partnerships; build the pipeline of activities; enhance the capacity of local private sector, civil society, and governments to access and use finance; and create policy environments to facilitate private sector climate finance. USAID is exploring ways to further mobilize private sector investment in humanitarian assistance, as well as in renewable energy/energy efficiency, water security, climate-smart food and agriculture systems, adaptation, resilient infrastructure, and natural climate solutions, in collaboration with DFC and other agencies. USAID and the Department of State will build project pipelines and pilot innovative concepts that can be scaled up in partnership with MDBs and climate trust funds, including approaches to ensure climate financing reaches smaller projects and entities left out of larger investments.

Doing More with Existing Resources

Treasury will continue efforts to explore, along with other shareholders, how MDBs may be able to deploy their balance sheets more efficiently, including for climate finance, while remaining consistent with their mandates and maintenance of financial sustainability and their strong credit ratings.

3. Ending International Official Financing for Carbon-Intensive Fossil Fuel Based Energy

Scaling back public investments in carbon-intensive fossil fuel-based energy is the necessary corollary to increasing investments in climate-friendly activities. This effort involves both bilateral and multilateral agencies that provide financing for energy projects and other engagements.

- Agencies will seek to end international investments in and support for carbon-intensive fossil fuel-based energy projects. However, in limited circumstances, there may be a compelling development or national security reason for U.S. support for a project to continue.
- Recognizing the importance of international cooperation, the Department of State, the Department of the Treasury, and other relevant departments and agencies, in coordination with the National Security Council (NSC), will work with other countries, through both bilateral and multilateral engagements, to promote the flow of capital toward climate-aligned investments and away from high-carbon investments. This includes efforts to promote the phasing-out of inefficient fossil fuel subsidies internationally, which undermine international climate finance efforts. We will work actively towards outcomes with other countries to adopt similar policies as soon as possible.
- Treasury, with partners in the OECD and in close partnership with other U.S. government departments and agencies, will spearhead efforts to modify disciplines on official export financing provided by OECD export credit agencies (ECAs), to reorient financing away from carbon-intensive activities. It will also

advocate to further incentivize ECA support for climate-aligned investments (e.g., broadening the scope of projects eligible for preferential terms) including in the area of adaptation and resilience, and to adopt methodologies to take climate risks into account when assessing risks to prospective loans and existing portfolio assets.

- Treasury will develop guidance on fossil fuel energy activities at the MDBs, which it will use as part of its criteria when casting U.S. votes on specific projects. Treasury will engage with other shareholders and MDB management to shape MDB strategies and policies in line with this guidance and to align with the Paris Agreement. Treasury will post this guidance publicly.
- DFC will implement a net-zero emissions strategy to transition its portfolio to net-zero emissions by 2040, including by increasing investment in projects that capture and store carbon.

4. 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. Supporting the flow of capital toward activities that are consistent with those pathways requires building an ecosystem of data, information, practices, and procedures that enable financial market actors to internalize climate-related considerations into their decisions. Over time, the more market participants do this, the greater the volume of capital that will shift toward more environmentally sustainable investments. This concept is embodied in the Paris Agreement's Article 2.1(c) and has been widely embraced by financial policy makers and regulators around the world.

Four elements are 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.

This Plan touches only on the elements of international engagement and collaboration. In parallel, guided by future executive actions, domestic policy and regulatory processes may be launched to better align capital flows with low-emissions, climate-resilient pathways. International engagement will be carefully coordinated to ensure that it informs, strengthens, and is consistent with domestic policy process in the United States.

To that end, the Treasury Department, in coordination with other U.S. agencies and regulatory bodies as appropriate, will 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 compatibility of approaches for identifying climate-aligned and sustainable investments.

- Engage in work at the Financial Stability Board (FSB), the International Association of Insurance Supervisors, the G20, and the IMF to improve the data available for assessing and monitoring climate-related financial risks and coordinate with U.S. regulators and other agencies working on climate-related financial data in the financial standard setting bodies.
- 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, the International Organization of Securities Commissions, and the FSB towards consistent, comparable, and reliable climate-related financial disclosures and help shape any forthcoming recommendations or international standards to be compatible with the U.S. domestic framework and regulatory process.
- 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 encourage them to work on methodologies and reporting to ensure net-zero targets are credible and accountable. Increase engagement with U.S. industry to better understand and, as needed, advocate for specific methods to assess net-zero emissions progress geared toward U.S. market conditions.
- Work with the Department of State, USAID, DFC, and other agencies to promote climate-aligned infrastructure development, including by coordinating programs to facilitate climate-resilient investments under the Small and Less Populous Island Economies (SALPIE) Initiative. The Department of State, DFC, USAID, and Treasury will support efforts such as the Blue Dot Network and the development of indicators to identify climate-aligned infrastructure projects for investors through the implementation of the G20 Principles for Quality Infrastructure Investment.

5. Defining, Measuring, and Reporting International Climate Finance

Clear and credible definition, measurement, and reporting of climate finance is critical to building trust, promoting accountability, and ensuring effectiveness. Transparency regarding the levels, uses, and results of U.S. official climate finance is important for both U.S. taxpayers and our international partners. Drawing on over a decade of experience in tracking climate finance, the United States intends to ensure that our future reporting is on the cutting edge of transparency and evolves along with our strategic approach to climate finance through several steps:

- The Office of Management and Budget (OMB), working with the NSC staff and the Special Presidential Envoy for Climate (SPEC), will provide agencies with more detailed guidance and criteria for identifying relevant U.S. supported activities for inclusion in climate finance reporting. This is especially relevant for identifying the climate-related share of electrical transmission and distribution projects, as well as adaptation and resilience activities in key sectors such as water, buildings, agriculture and land-use, and transportation.
- Currently, only one agency, DFC, reports on private finance mobilized using a standardized methodology that can be reported to the OECD. The NSC staff, working with OMB and SPEC, will work with agencies to ensure that the full range of relevant public and private finance mobilized is reported clearly, accurately, and consistently.
- OMB will encourage departments and agencies to provide activity-level data for U.S. bilateral assistance, which would significantly enhance transparency of U.S. reporting on climate finance, allowing development partners, civil society, and U.S. taxpayers to see exactly what projects and activities U.S. climate finance is supporting.
- NSC staff will encourage departments and agencies to track and report specific results achieved on the ground by U.S. climate finance, which will facilitate analysis of the effectiveness of such finance and assess value-for-money. Agencies will also be encouraged to track U.S. climate finance flowing to Small Island Developing States (SIDS) and Least Developed Countries (LDCs) and to efforts supporting indigenous peoples, women, and girls and other affected communities.
- The NSC staff will encourage departments and agencies to track the amount of U.S. development finance that has been screened for, or made resilient to, future climate risks.

Conclusion

This 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 coordinate a review of the Plan in FY23 to take stock of progress and assess whether changes are needed to increase ambition and impact. Departments and agencies are encouraged to keep track of lessons learned for that review and to exchange experiences with partners and peer agencies in other countries to expedite the learning process.

This Plan has the potential to strengthen climate finance expertise across the federal government, spur innovation and creativity, enhance transparency, and ultimately allow the United States to promote enhanced climate ambition globally in climate mitigation and adaptation. If successful, the Plan will help ensure that developing countries around the world are better positioned to tackle the climate crisis, with significant benefits to their communities and regions, as well as to the United States.