

# Foreign Assistance and Climate Change: Recommendations to the Biden-Harris Administration

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As we face the urgency of a global pandemic, we simultaneously face an existential challenge for the planet: climate change. Just like COVID-19, **climate change is a destabilizer and a threat multiplier. It takes existing vulnerabilities – poverty, hunger, poor health – and amplifies them, costing both dollars and lives.** After four years of stalled progress and rollbacks of global commitments, the Biden-Harris Administration must take bold, urgent action to combat the threat of climate change. Early signs are promising: commitments made along the campaign trail and the appointment of former Secretary of State John Kerry as the Presidential Climate Envoy signal that the incoming Administration plans to prioritize climate change.

While the Biden-Harris Administration has already made strong commitments to mitigate carbon emissions, to ensure equitable progress, it will also need to make climate adaptation a priority. Most importantly, U.S. support for vulnerable countries on the frontlines of climate change must be a cornerstone of the future U.S. climate policy. Nearly half the world's population across 78 countries are estimated to be highly vulnerable to climate change, but are not yet equipped to adapt.<sup>1</sup> This has deadly impacts. From 2004-14, 58 percent of disaster-related deaths occurred in the 30 most fragile and conflict-affected countries.<sup>2</sup> The people who are most exposed to the adverse effects of climate change are those who have the fewest resources to adapt.

Despite the existential threat that climate change poses, especially in vulnerable countries that have little means to prepare, foreign aid investments in adaptation are woefully inadequate. A recent report from the Organisation for Economic Cooperation and Development found that just 14 percent of climate finance went to the least developed countries between 2016-2018.<sup>3</sup> Further, less than 10% of climate finance is directed at local communities, where the impacts are felt most acutely.<sup>4</sup>

As the Biden-Harris Administration prepares to deliver on campaign promises, significant work will need to be done internationally to restore U.S. credibility. Strong commitments to help vulnerable countries adapt to the changing climate sends an important message and will help reestablish U.S. credibility overseas. A preventative approach is also cost-effective: the Global Commission on Adaptation found that every one dollar invested in adaptation could see a return of between two and ten dollars in net economic benefits.<sup>5</sup>

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<sup>1</sup> University of Notre Dame, 2016 ND-Gain Index.

<sup>2</sup> <https://www.odi.org/sites/odi.org.uk/files/resource-documents/10537.pdf>

<sup>3</sup> <https://www.oecd.org/environment/cc/Key-Highlights-Climate-Finance-Provided-and-Mobilised-by-Developed-Countries-in-2013-18.pdf>

<sup>4</sup> <https://www.iied.org/climate-finance-not-reaching-local-level>

<sup>5</sup> [https://cdn.gca.org/assets/2019-09/GlobalCommission\\_Report\\_FINAL.pdf#page=8](https://cdn.gca.org/assets/2019-09/GlobalCommission_Report_FINAL.pdf#page=8)



Climate change will be one of the defining crises of the 21st century. Upon taking office, we urge the Biden-Harris Administration to:

**Double bilateral climate finance commitments, including for adaptation, in its first budget request and prioritize funding for vulnerable countries.**

Globally, less than one third of climate-related funding is currently going toward the least developed countries and an even smaller percentage is directed toward fragile contexts. Yet vulnerable communities are most at-risk and the least-equipped to manage climate shocks that are already occurring. In its first budget request, the Biden-Harris Administration should request that Congress double bilateral climate finance commitments in the adaptation, sustainable landscapes, and clean energy sub-accounts, and ensure that these investments are directed toward climate vulnerable and fragile states that are most often overlooked by multilateral institutions. The United States should also make robust commitments to multilateral institutions including the Green Climate Fund and the Adaptation Fund, and ensure that funds used for adaptation programs are directed towards the most climate vulnerable countries.

**Prioritize climate mainstreaming at USAID.**

Under current USAID policy, every Country Development Cooperation Strategy developed by USAID Missions must include an annex that incorporates a climate risk analysis. An [October 2020 evaluation](#) of current climate risk management practices found that there is widespread support within USAID for the idea that USAID should take more proactive measures to address climate change. However, there are also several barriers to improved implementation of climate risk management, primarily the lack of technical expertise and adequate staffing within USAID. The Biden-Harris Administration should work quickly to strengthen climate risk management practices at USAID and increase the number of staff with climate adaptation technical expertise. Ultimately, this will help USAID missions meaningfully incorporate climate considerations throughout the program cycle.

**Develop a new USAID Global Climate Change strategy.**

Following the expiration of USAID's Global Climate Change Strategy, USAID introduced the [Environmental and Natural Resource Framework](#) in 2020. This framework is designed to ensure that the environment is considered across USAID sectors; however, the framework is non-binding and does not require USAID staff to measure progress against outcomes or objectives. The incoming Administration must prioritize the development of a USAID Global Climate Change Strategy that encompasses both mitigation and adaptation programming, and requires USAID programs to track progress against outcomes.

**Utilize new and innovative finance tools to address the climate finance gap.**

The Development Finance Corporation's strategy must be revised to prioritize resilience and adaptation finance- which is currently neglected by the private sector. Such a focus should include blended finance structures that can de-risk adaptation investments (as has been done for renewable energy and other mitigation projects in the last decade) and incentivize the private sector in the United States to tackle the huge climate adaptation financing gap. The Biden-Harris Administration should also support the [InsuResilience Global Partnership](#), spearheaded by Germany and the United Kingdom. The Partnership will ensure that 500 million poor and vulnerable people are covered against climate and disaster shocks with climate insurance and early engagement will advance innovative thinking and actions around supporting vulnerable populations against the impacts of climate change.

**Leverage the US Development Finance Corporation's portfolio to demonstrate climate leadership.**

Investment decisions today affect emissions tomorrow so a forward-thinking lens in managing DFC's \$30

billion portfolio is imperative to ensure long term progress towards climate goals. The Biden-Harris Administration should adopt a Net Zero By 2050 Target for DFC's investment portfolio. The incoming administration should also align with existing international frameworks relating to sustainable investments including the [EU Taxonomy on Sustainable Finance](#) and [Task Force on Climate-Related Disclosures](#). Such alignment will ensure US impacts are counted towards global commitments. Finally, the Biden-Harris administration should devote targeted efforts for adaptation and resilience. At least 50% of DFC's annual commitments should finance projects with climate adaptation and resilience co-benefits. This will also ensure alignment with the 2015 Paris Agreement commitments on climate finance.

### **Provide strong oversight of multilateral funds, including the Green Climate Fund and the Adaptation Fund.**

Support for multilateral funds leverages U.S. resources and encourages other donors to contribute to climate finance goals. Leadership from the United States is also needed to push important reforms, including increasing the speed of GCF's accreditation, ensuring funds reach local levels, and closing current gaps in multilaterals' adaptation support for climate vulnerable, fragile states. The Biden-Harris Administration should work with like-minded Board members to prioritize reforming the GCF processes to ensure funds are reaching the most climate vulnerable countries.

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