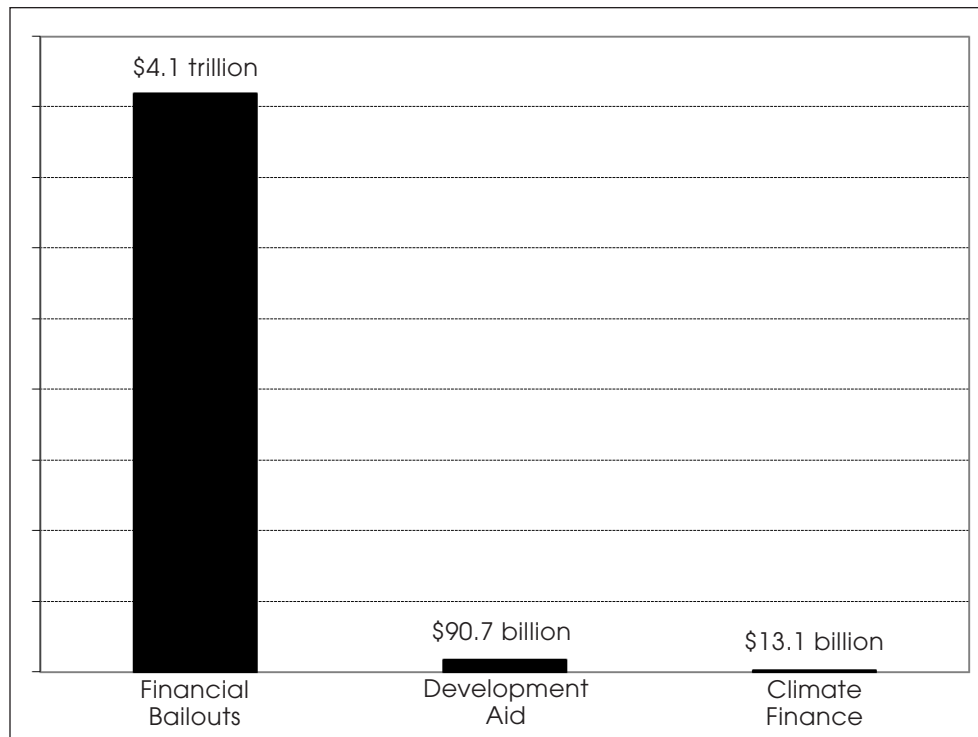


SKewed PRIORITIES:

How the Bailouts Dwarf Other Global Crisis Spending

KEY FINDING:

The United States and European Governments Have Committed 40 Times More Money to Rescue Financial Firms than to Fight Climate and Poverty Crises in the Developing World



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NOVEMBER 24, 2008

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The authors are grateful for:

Research assistance provided by: Nedda Alae, Chiara Becker, Mary Hanson, Manuel Perez-Rocha, Alyssa Ramsey, and Rosemarie Scott

Financial assistance from: Rockefeller Brothers Fund

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World Bank: Climate Profiteer, April 10, 2008



Key Findings

RATIO OF FINANCIAL BAILOUTS TO DEVELOPMENT AID: 45 TO 1

Across the developing world, tens of millions of people are falling into extreme poverty or joblessness as a result of an international economic crisis that originated in the United States and the rest of the global North. These problems will boomerang back to richer nations in the form of even more brutal international job competition and reduced export markets. And yet the amounts the U.S. and European governments rapidly mobilized to bail out their own financial firms dwarf the amounts spent on development aid.

- To date, the U.S. and European governments have committed approximately \$4.1 trillion to aid struggling banks and other financial institutions. That's more than 45 times the sums they spent on development aid last year.
- The U.S. Treasury Department's bailout of one single company, AIG, far exceeded the total sum of all U.S. and European development aid in 2007. As of November 14, the U.S. government had put up \$152.5 billion to rescue the insurance firm, compared to the \$90.7 billion spent last year by the United States and 17 Western European countries on development aid.
- Within days of the announcement of the first \$85 billion AIG bailout, the firm picked up a \$440,000 tab for a weeklong corporate retreat at a luxury resort, including \$157,000 in restaurant and bar charges.¹ The cost of the junket came to roughly the equivalent of U.S. food aid last year to Lebanon, a country wracked by conflict and the food crisis.
- The U.S. government spent \$23.2 billion in aid to all developing countries in 2007. That's less than the \$29 billion to bail out investment bank Bear Stearns.
- The \$200 billion U.S. bailout of mortgage lenders Fannie Mae and Freddie Mac was nearly 1,000 times the amount of U.S. economic aid in 2007 to Haiti, the Western Hemisphere's poorest country.²

- While the U.S. Treasury Secretary moved quickly to request help for desperately ailing financial firms, he refused to impose strict limits for executive compensation at the bailed-out firms. The top nine U.S. banks, all of which will receive cash infusions from the government, paid their chief executives a combined total of \$289 million last year.³ That sum is more than twice the value of all U.S. aid in 2007 to the five African countries at the bottom of the United Nations Development Program's Human Development Index.⁴

RATIO OF FINANCIAL BAILOUTS TO CLIMATE FINANCE: 313 TO 1

The climate crisis poses catastrophic risks to the global economy. And yet relative to the speed at which rich-country governments moved to support their financial sectors, they are moving at a snail's pace to help developing countries that are most at risk adapt to and mitigate the impacts of global warming.

- The U.S. and Western European governments have committed \$4.1 trillion so far this year in rescue aid for their own financial institutions. That's 313 times more than the \$13.1 billion in new commitments made to help developing countries respond to the climate crisis over the next several years.
- The Swiss government has committed \$60 billion to rescue UBS, the European financial institution hit hardest by bad investments in subprime U.S. mortgage debt.⁵ That's more than five times the amount that all Western European governments have committed above and beyond development aid in climate finance for developing countries.
- The U.S. Congress has not approved any contributions to the developing world's climate change efforts. Meanwhile, the U.S. Federal Deposit Insurance Corporation (FDIC) has spent more money — \$13.2 billion — to cover deposits at 19 failed banks than Western European governments have committed in climate finance.

I. INTRODUCTION: THREE GLOBAL CRISES

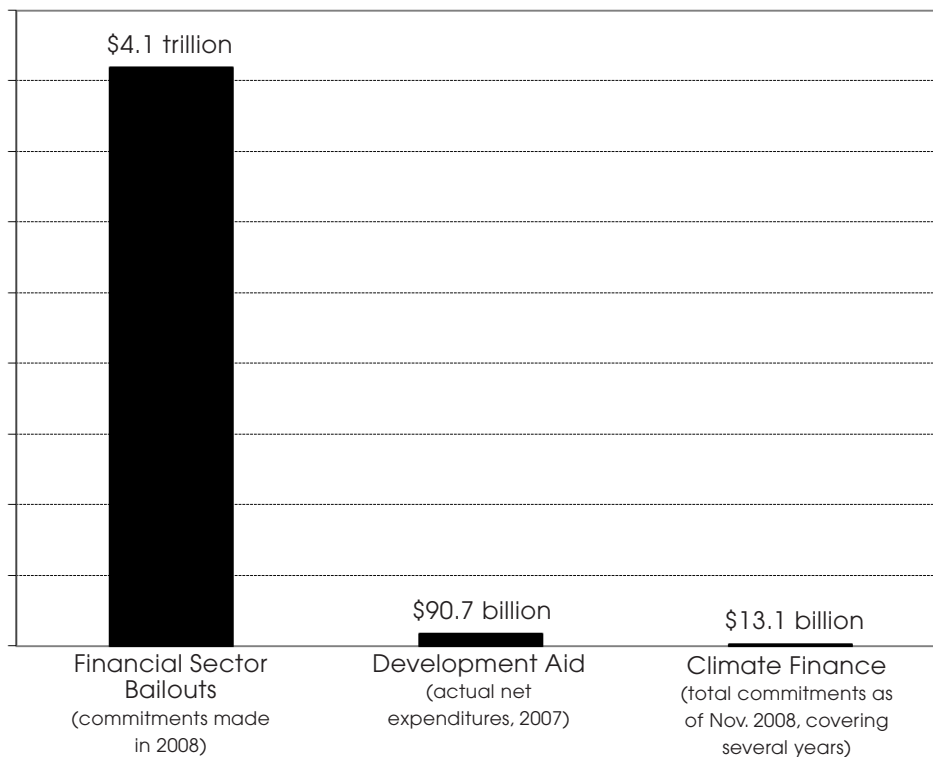
The world is facing multiple crises. In the United States and Europe, the financial crisis has now spread to the “real economy,” causing mass layoffs and dire predictions of more to come. In the developing world, many countries were already reeling from a food crisis — even before the financial crisis went global. Increased grain prices cost poorer economies \$324 billion last year.⁶ And this food crisis is not yet over. While world prices for some products have declined in recent months, declines in the values of most developing world currencies have kept the cost of food in the stratosphere for the world’s poorest. And on top of the financial and food crises, the world faces a climate crisis that threatens the very future of the planet.

All three crises underscore the interconnectedness of every nation on the globe. The forecasts for skyrock-

eting poverty and joblessness in the developing world are bad news for workers in the richer nations who will likely face even more brutal competition for jobs in a globalized labor pool. The lack of sufficient resources for developing countries to address global warming will contribute to a climate catastrophe with devastating impacts for all countries.

Thus, all three crises must be addressed with strong and concerted global action. And yet thus far, the richest nations in the world appear fixated almost entirely on responding to the financial crisis, and specifically, on aiding their own financial firms. As this report spells out in detail, the U.S. and European governments have committed to spend more than \$4 trillion to aid troubled financial firms — 40 times more than to fight climate change and poverty in the developing world.

U.S. and European Spending Priorities



Even more troubling are statements by officials of some rich country governments that they may need to backtrack on even these commitments to the developing world. For example, in the U.S. vice presidential debate on October 2, the moderator asked Senator Joe Biden (D-DE) what promises the Obama campaign would not be able to keep as a result of the financial crisis. His response: “the one thing we might have to slow down is a commitment we made to double foreign assistance.”⁷ In Europe, some governments are expressing reluctance to support climate change efforts even in their own countries. As Italian Environment Minister

Stefania Prestigiacomo put it, “Does it make sense to ... risk hitting citizens' pockets at such a delicate moment, all for environmental policy whose efficacy is questionable?”⁸

The temptation to focus on problems in your own backyard is understandable in dire financial times. And yet such extremely skewed priorities will come back to haunt the United States and the rest of the global North in the long run. The richer countries not only have an obligation to clean up the messes they've made abroad. It is also in their interest.

II. FINANCIAL SECTOR BAILOUTS

As the financial crisis escalated in September 2008, leaders of the world's richest countries moved with lightning speed to rescue troubled financial institutions based within their borders. Within three days of investment bank Lehman Brothers declaring bankruptcy on September 15, U.S. Treasury Secretary Henry Paulson presented the U.S. Congress with a three-page plan for the most sweeping government economic intervention since the Great Depression. Within a few weeks, British Prime Minister Gordon Brown announced a rescue of comparable size for that country's banking sector. His move sparked similar plans in other European countries

that have amounted to more than \$2 trillion. The key components of the U.S. financial sector bailout amount to \$1.3 trillion, while the European financial sector bailouts amount to \$2.8 trillion. Combined, they add up to approximately \$4.1 trillion in commitments. And while officials have attempted to assure taxpayers that they will recoup some of these funds eventually, the ultimate cost to federal budget is entirely unknown.

In the United States, the financial sector bailout has been particularly controversial. Of the total of \$1.3 trillion we have calculated, \$700 billion was approved

U.S. Commitments for Financial Sector Bailouts (as of November 19, 2008)

\$ billions (unless otherwise indicated)

| Program | | Description |
|--------------------------------------|-----------------------|---|
| Troubled Asset Relief Program (TARP) | 700.0 | Original plan was to use the funds primarily to purchase troubled mortgage-related assets. The Treasury Secretary has since decided to use the funds for cash injections for banks. |
| Commercial paper funding facility | 243.0 | Through this facility, the Fed buys commercial paper (short-term debts) from banks to help finance day-to-day business operations. |
| Fannie Mae/Freddie Mac | 200.0 | Federal officials assumed control of the mortgage firms and are providing cash injections to keep them afloat. |
| AIG | 112.5 | Does not include \$40 billion drawn from the \$700 billion bailout fund. After an initial bailout in October, AIG negotiated a larger rescue package with easier terms. |
| Bear Stearns | 29.0 | Special lending facility to guarantee losses on the investment bank's portfolio; facilitated buyout by JPMorgan. |
| FDIC bank takeovers | 13.2 | The Federal Deposit Insurance Corporation has put up to cover deposits on failed banks. |
| Total U.S. | \$1.3 trillion | |

by Congress in October 2008. The other \$600 billion came through decisions made by the Bush Administration. It took two tries for the Bush administration to gain majority support for the \$700 billion bailout bill in the U.S. House of Representatives, and lawmakers continue to question the plan. The initial proposal was to use the funds primarily to purchase “troubled assets,” such as mortgage-backed securities, from ailing finan-

cial institutions. U.S. Treasury Secretary Henry Paulson later abandoned that plan, deciding to use the funds instead primarily for cash injections, in exchange for partial ownership stakes.

At a hearing on November 18, members of Congress confronted Paulson with evidence that the \$160 billion or so doled out to 30 banks thus far had not done much

| Western European Commitments for Financial Sector Bailout, Continued | | |
|---|-----------------------|---|
| \$ billions (unless otherwise indicated) | | |
| Country | | Description |
| United Kingdom | 743.0 | The UK bailout was the first announced and largely served as the model for other European rescues. Half of the package is for guaranteeing inter-bank lending, 40% for short-term loans and 10% for recapitalization. ¹⁰ |
| Germany | 636.5 | The bulk is to guarantee medium-term bank lending, with 20% for recapitalization. ¹¹ |
| France | 458.3 | The bulk is to guarantee bank debt, with about \$50 billion for recapitalization. ¹² |
| Netherlands | 346.0 | To guarantee inter-bank loans. ¹³ |
| Sweden | 200.0 | For credit guarantees. ¹⁴ |
| Austria | 127.3 | For bank buyouts, interbank lending, and bank bond issuance guarantees. ¹⁵ |
| Spain | 127.3 | For bank buyouts, interbank lending, and bank bond issuance guarantees. ¹⁶ |
| Italy | 51.0 | To purchase bank debts. ¹⁷ |
| Other European countries | 110.6 | |
| Total European¹⁸ | \$2.8 trillion | |
| TOTAL U.S. AND EUROPEAN SPENDING ON FINANCIAL BAILOUTS | \$4.1 trillion | |

Note: European currency conversions to U.S. dollars based on exchange rates as of November 14, 2008.

to unthaw frozen credit markets.⁹ Rather than using the funds for new lending, there are strong reasons for concern that the banks have and will spend the taxpayer money instead on mergers and acquisitions or to reward their executives and shareholders. Despite strong public pressure, the U.S. bailout legislation failed to put strict limits on executive compensation and most European bailouts also contain only vague language on executive pay. However, the European governments have been tougher on dividends than their U.S. counterparts, in most cases requiring banks to suspend such payments to shareholders.

On top of the \$700 billion bailout legislation, the U.S. government has also come through with various other forms of relief for financial sector firms, including:

- Special rescues for a number of firms, including investment bank Bear Stearns, insurance giant AIG, and the mortgage lenders Fannie Mae and Freddie Mac;
- A facility set up by the Federal Reserve to purchase “commercial paper,” promissory notes used by large banks and corporations to meet short-term debt obligations; and
- Deposit insurance for failed banks. In addition, the U.S. Treasury pushed through a tax break for banks involved in mergers that amounts to \$140 billion. (Since this subsidy was not directly related to the financial crisis, it was not included in the overall tally). Thus far, there has been no significant government support for homeowners facing foreclosure.

III. DEVELOPMENT AID

The \$4.1 trillion that U.S. and European governments have committed to support struggling banks and other financial institutions is more than 45 times the \$90.7 billion they spent on development aid last year.¹⁹

The U.S. Agency for International Development (USAID) spent \$23.2 billion in aid to all developing countries in 2007.²⁰ That's less than the U.S. government put up to bail out one investment bank, Bear Stearns. In March 2008, Treasury offered \$29 billion to guarantee losses on Bear Stearns' portfolio to facilitate a buyout of the firm by JPMorgan Chase & Co.

There is no question that the need for resources to fight poverty and joblessness will significantly multiply in the coming year. The International Labor Organization predicts that the growth slowdown will throw 20 million people out of work and create 40 million more extreme poor in the world.²¹ And that's on top of the 100 million additional people who have been driven into poverty over the past year due to the food crisis.²² The World Bank's analysis notes that most basic food and other commodity prices, expressed in U.S. dollars, have decreased sharply from their mid-2008 spikes, but the crisis is far from over. This is because, with the exception of the Chinese and Japanese currencies, almost all currencies have depreciated against the dollar in the past two months. The currency devaluation has thus prevented lower dollar prices for commodities from translating into significantly cheaper food and fuel in most countries.

Despite increased needs, there is widespread concern that aid levels will decline as a result of the financial crisis. At a United Nations meeting in September, donor countries did announce some \$16 billion in additional pledges, but several officials expressed skepticism that the pledges would actually be fulfilled. Donor countries are already far behind in meeting obligations to achieve the Millennium Development Goals. For example, whereas they pledged in 2005 to contribute more than \$25 billion to Africa by 2010, only \$4 billion has actually been provided.²³ The final declaration from the G20 summit held in Washington on November 15 offers only vague promises to reaffirm existing aid commitments.

Official Development Assistance 2007

| Country | Amount (\$ billions) |
|-------------------------|----------------------|
| Austria | 1.80 |
| Belgium | 1.95 |
| Denmark | 2.56 |
| Finland | 0.97 |
| France | 9.94 |
| Germany | 12.27 |
| Greece | 0.50 |
| Ireland | 1.19 |
| Italy | 3.93 |
| Luxembourg | 0.37 |
| Netherlands | 6.22 |
| Norway | 3.73 |
| Portugal | 0.40 |
| Spain | 5.74 |
| Sweden | 4.33 |
| Switzerland | 1.68 |
| United Kingdom | 9.92 |
| United States | 23.17 |
| Total | 90.67 |
| Sources: OECD and USAID | |

WORLD BANK'S PALTRY "PROGRAM OF ACTION"

The World Bank also failed to offer an aggressive plan at the G20 emergency summit for addressing the poverty crisis in the developing world. On November 11, the World Bank announced a "program of action" for developing countries to counter the impact of the financial crisis that would add up to a maximum of less than \$50 billion annually of new monies over the next three years.²⁴ That's the equivalent of only 1.2 percent of the \$4.1 trillion in financial sector rescue packages deployed by the rich countries. Moreover, all of the World Bank's increased financing would come in the form of fully reimbursable interest-bearing loans. With regard to the Bank's concessionary lending arm, the International Development Association, the action program states merely that it has "the capacity to front-load a significant amount" of its \$42 billion budget for the next three years. This involves no new money; more funds disbursed in 2009 would mean less money in 2010 and 2011.

PRIVATE NORTH-SOUTH CAPITAL FLOWS EXPECTED TO DECLINE

FOREIGN DIRECT INVESTMENT

The OECD is forecasting that foreign direct investment (FDI) to developing countries will have declined by 40% during 2008 as the result of recession in the richer countries.²⁵ Even in non-crisis periods, the impact of foreign direct investment on the poorest countries is limited. In 2007, such capital flows to the global South amounted to \$500 billion. But nearly three-quarters of this investment went to only 10 countries (China, Hong Kong, Russia, Brazil, Mexico, Saudi Arabia, Singapore, India, Turkey, and Chile).²⁶ The vast majority of developing countries receive very little. And even in the countries that are the top recipients, foreign direct investment tends to fall short of stimulating broad-based, sustainable economic growth. A recent major study of foreign investment in Latin America found that FDI did not generate significant "spillovers" and backward linkages that help countries develop and in many cases it wiped out competing local firms.²⁷

REMITTANCES

Remittances (the funds immigrant workers send to their home countries) are also a significant source of income in many development countries, amounting

to \$251 billion in 2007.²⁸ In fact, for more than 20 countries, the value of remittances is greater than 10% of GDP.²⁹ And yet as unemployment rises in the richer nations, this source of funds is dwindling. The United Nations projects that remittances to developing countries will decline by as much as 6% this year.³⁰ Mexico has already been hard hit, as hundreds of thousands of Latin American migrants have lost their jobs in the U.S. housing industry. The Mexican government reports that remittances fell from \$16.2 billion in the first eight months of 2007 to \$15.5 billion in that period in 2008.³¹ African countries are also expected to suffer from a sharp decline in remittances. In Kenya, August remittances were down 38% compared to the previous year. And that was *before* the September financial meltdown.³²

THE NEED TO IMPROVE AID EFFECTIVENESS

Many advocates for the poor have justifiably criticized current aid policies. ActionAid, for example, reports that some 86 percent of U.S. foreign assistance is so ineffective in fighting poverty that they call it "phantom aid." This international development group charges that much of U.S. aid supports geostrategic interests (e.g., Pakistan and Colombia), rather than poverty reduction.³³ The U.S. government also continues to tie some aid to purchases of U.S. goods and services, which benefits U.S. corporations but lengthens delivery time and raises costs. Policy conditions on bilateral and multilateral aid have also undermined the effectiveness of such assistance in promoting long-term sustainable development.

Thus, the focus should not solely be on increasing the dollar amount of aid flows, but on increasing the quality of aid. Studies have shown that the most effective form of aid is debt cancellation.³⁴ In past years, the world's richest countries have taken some positive steps by supporting debt relief for some of the poorest countries, mostly in Africa. However, the international financial institutions imposed conditions on these countries that undermined the benefits of debt relief and left out dozens of nations that desperately need to be freed from unrepayable debts. This is a critical moment to cancel the foreign debts of all impoverished countries, without onerous economic policy conditions. Particularly in a time of global crisis, these countries should not need to pay debt service to wealthy nations and institutions at the expense of providing basic services to their citizens.

The richest nations should also address the problem of capital flight from South to North, which undermines the impact of development aid. According to Eurodad, between 2002 and 2006 developing countries lost an average of \$619 billion per year through “illicit” flows. The bulk of this is due not to criminal activities such as drug trafficking, but to commercial tax avoidance. A concerted global effort to crack down on tax havens is needed to eliminate this problem. During the 2002-

2006 period, developing countries sent an additional \$456 billion on average per year to banks and other institutions in the North to make interest payments on their foreign debts. And finally, foreign companies sucked out an average of \$130 billion per year in the form of profits that were transferred back to headquarters rather than being invested in the host developing countries.³⁵ These forms of capital flight actually represent a subsidy for the global North by the poorest countries.

IV. CLIMATE FINANCE

Recent studies reveal that global warming is happening faster than scientists originally predicted. And while the industrialized world has contributed disproportionately to global warming, it is the developing world that is bearing the brunt of the impacts.

In the developing world, the climate crisis is both an environmental and a development disaster. In Malawi, for example, hunger rates are rising among subsistence farmers as shifting weather patterns have delayed rains year after year, shortening the growing season by months. In Bangladesh, scientists predict that rising sea levels could force more than 20 million people to flee major cities, coastal planes and low-lying communities.

While the most severe impacts of global warming are falling on the poorest countries in the world, this is a problem that knows no borders. And it is well established that stinginess on climate finance today will only multiply the costs of the crisis down the road. In 2006, Nicholas Stern, who led the UK government's study of the economic costs and benefits of climate change, warned that if governments did not act immediately to begin spending 1% of global GDP (about \$540 billion) per year to hold greenhouse gas emissions below dangerous levels, costs would soar.³⁶ By 2008, Stern revised his estimate upward, citing that lack of action had raised the cost of averting climate change so that by 2050, countries would need to spend 2 percent of global GDP per year.³⁷

The UN Framework Convention on Climate Change (UNFCCC), the international body that negotiates global climate deals, has put the incremental price tag of moving to a low carbon economy at \$200 billion to \$210 billion above today's investments in greenhouse gas mitigation per year. It estimates that about half of that will be needed in developing countries.³⁸ In addition, the United Nations Development Program calls for another \$86 billion each year to help communities in the developing world deal with the impacts of global warming that is already "locked-in."³⁹

The climate convention, to which over 190 countries — including the United States — are signatories, stipulates that "developed country Parties shall provide new and additional financial resources" to meet the costs of shifting to low-emissions development and adaptation to a warmer planet. This means that rich countries

have a binding obligation to transfer funds above and beyond traditional development aid for dealing with climate change.⁴⁰

And yet the U.S. and European governments appear to be a penny wise but a pound foolish when it comes to climate finance. Total European new and additional funding commitments for a variety of climate-related bilateral and multilateral efforts over the next several years add up to only \$13.1 billion, and very little of this has been disbursed. The U.S. government has not yet approved a single dollar for these initiatives.

BUSH ADMINISTRATION UNDERMINED CLIMATE FINANCE BY INSISTING ON WORLD BANK AS VEHICLE

At the Group of 8 Summit in Hokkaido, Japan in July 2008, Treasury Secretary Henry Paulson pledged \$2 billion to be disbursed to the World Bank over the next three years for the Clean Technology Fund, starting in 2009 with a contribution of \$400 million. The Clean Technology Fund is one of a cluster of Climate Investment Funds launched by the World Bank, and it is slated to receive the vast majority of the contributions. However, the Clean Technology Fund is extremely controversial because it allows (and some would say encourages) investment in coal power. The World Bank defines "clean" technology as anything that "reduces greenhouse gas emissions to the atmosphere..."⁴¹ This exceptionally broad definition suggests that the Fund is just as likely to finance marginally more efficient coal-fired power plants as genuinely clean wind and solar technologies. Brent Blackwelder, president of Friends of the Earth-US, has jokingly dubbed it the "Slightly Less Dirty Technology Fund." As a result of such concerns, key members of Congress have resisted allocating the money.⁴²

Despite resistance within the U.S. Congress, as well as in developing country governments and environmental groups, the Bush administration insisted that U.S. climate finance be channeled through the World Bank. Environmentalists are skeptical that the World Bank could ever be a real climate champion. Between its 2007 and 2008 fiscal years, the Bank increased oil, coal and gas lending by 94%, to over \$3 billion, despite claims of being committed to renewable energy.⁴³ As House

Financial Services Committee Chair Barney Frank commented at a June 2008 hearing, the Bank seems to spend “one day a month saving the environment, and the other 29 days destroying it.”

Developing country governments have also objected to the World Bank as the primary financier of climate efforts. Prior to the G8 summit, more than 130 developing countries issued a statement demanding that all such financing be administered instead through

the UNFCCC by the United Nations, an institution they see as more accountable and through which they have more direct access to, and control over, climate financing. Thus, as with development aid, it will not be enough for government leaders to commit to merely increasing the dollar amount of climate finance resources. They must also commit to supporting mechanisms that are accountable, democratic and that prioritize genuinely clean technologies.

| U.S. and European Commitments for Climate Finance (\$ millions unless otherwise indicated) | | |
|--|----------------------|--|
| (Includes new and additional commitments, above aid pledges, covering varying time periods) | | |
| BILATERAL | Funding | Program Description |
| European Commission | 79 | Global Climate Change Alliance. ⁴⁴ |
| European Commission | 127 | Global Energy Efficiency and Renewable Energy Fund (grant of €100 mill leveraged €1,000 mill); proposed by European Commission to be operated as regionally based public/private professional, managed fund to diffuse and deploy proven renewable and energy efficiency technologies. ⁴⁵ |
| France | 200 | Bilateral co-financing Climate Investment Funds. ⁴⁶ |
| Germany | 634 | International Climate Initiative. ⁴⁷ |
| Germany | 74 | Bilateral co-financing for Climate Investment Funds. ⁴⁸ |
| Netherlands | 749 | Budgeted for small-scale carbon storage demonstration projects, sustainable energy and biomass projects in developing countries, and climate monitoring systems in African countries coordinated by the Royal Netherlands Meteorological Institute. ⁴⁹ |
| Norway | 560 | Agency for Development Cooperation Rainforest Initiative. ⁵⁰ |
| Spain | 143 | Millennium Development Goals Fund. ⁵¹ |
| United Kingdom | 63 | Congo Basin Conservation Fund. ⁵² |
| United Kingdom | 105 | Environmental Transformation Fund - International Window. Does not include \$1,488 million to be channeled through World Bank Climate Investment Funds. ⁵³ |
| United Kingdom | 95 | Bangladesh Climate Change Trust Fund. ⁵⁴ |
| TOTAL BILATERAL | \$2.7 billion | |

| U.S. and European Commitments for Climate Finance, Continued (\$ millions unless otherwise indicated) | | |
|---|-----------------------|--|
| MULTILATERAL | Funding | Program Description |
| UN Adaptation Fund | 2 | Funds raised from 2% levy on Clean Development Mechanisms (UN regulated carbon trading); World Bank estimates transactions will reach \$100-\$500 million by 2012. ⁵⁵ |
| World Bank Forest Carbon Partnership Facility | 169 | Includes a Readiness Fund for the preparation of national plans for reducing carbon dioxide emissions from deforestation and forest degradation (REDD), and a Carbon Fund for purchasing emission reductions credits from implementation of REDD plans. ⁵⁶ |
| Global Environment Facility | 2,712 | Includes: \$990 million from the GEF 4th Replenishment for the period 2006-2010 for mitigation, \$20.4 million from the GEF Trust Fund: Strategic Priority for on Adaptation, \$34.2 million from the Special Climate Change Fund (GEF administered), and \$147 million from the Least Developed Countries Fund (GEF administered); \$60 million for national communications under the UN-FCCC; and more than \$1,460 million allocated to support capacity-building activities in all GEF focal areas. ⁵⁷ |
| World Bank Climate Investment Funds (Clean Technology Fund and Strategic Climate Fund) | 2,814 | Funds for covering the incremental cost of low-carbon, commercially viable technologies and adaptation will be disbursed as concessional loans, grants, and/or risk mitigation instruments, and will be administered through the Multilateral Development Banks and the World Bank Group. Includes contributions from: France (\$300 million), Germany (\$813 million), Netherlands (\$50 million), Norway (\$50 million), Sweden (\$92 million), Switzerland (\$20 million), United Kingdom (\$1.5 billion). ⁵⁸ Does not include: non-European contributions -- Japan (\$1.2 billion) and Australia (\$127 million) -- and U.S. (\$2 billion) pledge, which Congress has not yet approved. |
| Asian Development Bank | 1,290 | Energy Efficiency Initiative (\$1 billion) and an associated Clean Energy Financing Partnership Facility (\$250 million); Climate Change Fund (\$40 million) |
| Inter-American Development Bank | 30 | Sustainable Energy and Climate Change Initiative. ⁵⁹ |
| TOTAL MULTILATERAL | \$7.0 billion | |
| Government Investment in Carbon Funds | 3,040 | Of the estimated 58 carbon funds managing \$9.5 billion in 2007, 32% of investments (\$3.04 billion) came from government investors. These funds make reimbursable loans to project developers. ⁶⁰ |
| Government Purchase of Emissions Reductions in Clean Development Mechanism | 297 | In 2007, governments purchased 4% (\$297 million worth) of Certified Emissions Reductions in the primary Clean Development Mechanism market. ⁶¹ |
| TOTAL CLIMATE FINANCE (Bilateral and Multilateral) | \$13.1 billion | |

Endnotes

1. See receipt posted on website of House Speaker Nancy Pelosi: <http://speaker.house.gov/blog/?p=1539>
2. Calculation based on \$224.9 million in total USAID support for Haiti in 2007, minus support provided through the following programs: Foreign Military Financing (\$990,000), International Military Education and Training (\$215,000), and International Narcotics Control and Law Enforcement (\$14.8 million). See: <http://www.usaid.gov/policy/budget/cbj2009/101447.pdf>
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