

The United States of America

Biennial Communication Pursuant to Article 9.5 of the Paris Agreement

Introduction

The United States is pleased to submit this biennial communication on indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3 of the Paris Agreement in accordance with Article 9, paragraph 5 of the Paris Agreement and consistent with decision 12/CMA.1.

Through announcements in April and September, President Biden has announced that he will work with Congress to quadruple U.S. international public climate finance to over \$11 billion per year by 2024. As part of these efforts, the U.S. will also increase public adaptation finance six-fold. The United States is currently engaged in a whole-of-government effort to scale-up public climate finance to this end, as well as mobilize and align finance to tackle the climate crisis.

This submission outlines the context, strategies, plans, and actions the United States is taking to scale-up finance to support developing countries efforts build resilience and reduce their emissions consistent with a pathway towards achieving net-zero global emissions by 2050 and keeping a limit of 1.5°C of warming within reach. The submission also reflects on barriers, challenges, and lessons learned from our experience in doing so.

Context

The United States makes strategic use of a wide variety of channels and instruments to provide and mobilize finance to tackle the climate crisis effectively and efficiently. These include bilateral channels, such as concessional, grant-based finance through the United States Agency for International Development (USAID), the Department of State (DOS), the Millennium Challenge Corporation (MCC), and the United States Trade and Development Agency (USTDA). It also includes development finance through the U.S. Development Finance Corporation (DFC) and export credit through the Export-Import Bank of the United States (EXIM). The United States also provides and mobilizes finance through multilateral channels, including through the multilateral development banks and climate-related multilateral funds, such as the Green Climate Fund, Global Environment Facility, Climate Investment Funds, and Least Developed Countries Fund.

Given that these channels are demand-based, coupled with the fact that many of these U.S. bilateral channels depend on annual appropriations or authorizations from Congress, it is not possible for the United States to forecast or project future climate finance levels or quantitative ex-ante information. In this context, the Executive Branch of the United States government works with the U.S. congress to appropriate new and additional funding on an annual basis.

Strategy

As articulated in the United States International Climate Finance Plan¹, the U.S. strategy for providing and mobilizing finance to tackle the climate crisis centers around four key pillars: (1) scaling up climate finance and enhancing its impact; (2) mobilizing private 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.

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

The Administration is embracing ambitious but attainable goals regarding the quantity of public climate finance provided by the United States, recognizing the urgency of a global effort to tackle the climate crisis and understanding the need to re-establish U.S. leadership in international climate diplomacy.

A Whole-of-Government Approach

As the United States scales up its international climate finance, we plan to 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, such as Small Island Developing States (SIDS) and the Least Developed Countries (LDCs), 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

¹ <https://www.whitehouse.gov/wp-content/uploads/2021/04/U.S.-International-Climate-Finance-Plan-4.22.21-Updated-Spacing.pdf>

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).

Strategic Use of Financial Instruments

One key aspect of this is the strategic use of a wide variety of financial instruments, including:

- **Grant-based technical assistance** — Investment into low-carbon, climate-resilient development requires the presence of both viable investment opportunities and appropriate domestic enabling environments. Technical assistance can help developing countries strengthen their investment policy frameworks, develop national or sectoral low-carbon, climate-resilient strategies, and increase their readiness to access available funds. It can also be used to help develop an investment-ready project pipeline by supporting feasibility studies and project preparation.
- **Risk mitigation tools** — Even with the right regulatory policies and incentives in place, it can be difficult to attract both foreign and domestic investors looking to support new technologies in emerging markets. Where risk mitigation products are unavailable or otherwise too expensive to access domestically, political risk insurance, regulatory risk insurance, first loss equity, and partial risk guarantees can play a key role in de-risking investments and catalyzing additional climate finance flows.
- **Low-cost, long-tenor debt financing** — Many climate projects are sensitive to financing costs, particularly the cost of debt. Working with relatively new technologies in developing markets where interest rates are often high and longer tenors are unavailable, project developers sometimes struggle to access the amount of low-cost financing they require. Developed countries, benefiting from their low cost of borrowing, can help channel low-cost, longer-term loans not otherwise available.

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 considerations 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 also 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 following 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 implement 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 strengthens support for policy and institutional reforms in MCC partner countries, including to help countries define, strengthen, and implement their NDCs; integrates climate change considerations into MCC's analytical tools and decision-making, including through program design, implementation, and evaluation; and expands and deepens 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.
- 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 and capacity building to finance ministries. Treasury will continue to support efforts to strengthen 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 build capacity to realize greater climate ambition and resilience in all sectors.
- MCC will provide technical assistance and support through its country compacts and threshold programs which 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.

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, with a view to ensuring that policies and procedures are fit-for-purpose and do not pose an unnecessary burden. In this regard, working to help ensure 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 through 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 a wide variety of factors, 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.

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 have 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 U.S. will take the following steps to increase support for adaptation and resilience:

- The United States will implement the President’s Emergency Plan for Adaptation and Resilience (PREPARE). This is a whole-of-government initiative that will serve as the cornerstone of the U.S. government response to addressing the increasing impacts of the global climate crisis in order to enhance global stability. The President will work with Congress to provide \$3 billion in adaptation finance annually for PREPARE by Fiscal Year 2024 – the largest U.S. commitment ever made to reduce climate impacts on those most vulnerable to climate change worldwide. PREPARE will activate a coordinated approach that will bring the United States’ diplomatic, development, and technical expertise to help more than half a billion people in developing countries to adapt to and

manage the impacts of climate change through locally-led development by 2030. Specifically, PREPARE consists of three primary components:

- Knowledge: Information is Power. The United States will support efforts to deepen global understanding of climate risks, vulnerabilities, and adaptation solutions while supporting expanded development, innovation, and delivery of climate information services, decision support tools, and early warning systems.
 - Plans and Programs: Mainstream and Integrate Adaptation, Build Relationships, Execute. The United States will help countries and communities in vulnerable situations plan for climate impacts and mainstream adaptation into broader decision making, with the ultimate goal of enhancing peace and security, safeguarding lives, livelihoods, and the natural environment from the impacts of climate change.
 - Resources: Mobilizing Finance and Private Capital. The United States will accelerate financing of adaptation measures by contributing to and shaping new and existing multilateral and bilateral adaptation funds, supporting multiple climate risk finance strategies, strengthening capacity to access finance for adaptation and develop bankable investments, and striving to mobilize private capital.
- 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 USTDA 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 climate 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

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 will be 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 finance.

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 maintaining financial sustainability in line with 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. Achieving our shared climate objectives depends not only on how much we are investing in low-carbon activities, but also on how much we are scaling down support for high-carbon activities. Shifting investment from those that support fossil fuel use, or other high-emission activities, towards lower-emission alternatives remains a priority of the United States. 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 use its new 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.
- 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.

To this 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 has focused work on developing an initial climate-focused sustainable finance roadmap, improving sustainability disclosure and reporting, and considering 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. Barriers, Challenges, and Lessons Learned

Fossil Fuel Subsidies

In efforts to scale-up low-carbon, climate-resilient finance in developing countries, one of the barriers encountered is fossil fuel subsidies. Inefficient fossil fuel subsidies encourage wasteful consumption, reduce energy security, impede investment in clean energy sources, and undermine efforts to deal with the threat of climate change.

The latest data from the OECD and IEA shows that countries spent over \$2.5 trillion subsidizing fossil fuels since Paris and \$340 billion in 2020 alone. Some of these subsidies are designed to protect poor and vulnerable populations from energy insecurity, but many others are actually regressive and disproportionately benefit the wealthy, while also distorting local markets for clean energy and contributing to the climate crisis.

Enabling Environments

It will also be critical to support the development of policy environments that encourage and enable impactful public and private investments in climate action. Climate-specific risk factors require the introduction of domestic policies with a sufficient degree of long-term certainty about regulatory structure and incentives to provide private investors the confidence they need to make low-carbon, climate-resilient investments. The introduction of carbon pricing, vehicle efficiency standards, appliance standards, and lowest-cost auctions for renewable energy, as well as the elimination of fossil fuel subsidies, are all examples of enabling conditions in various sectors.

Non-climate specific risk factors require improving the general investment climate, including through the development of legal systems that promote contract enforceability; good governance practices; implementation of strong fiscal policies; and support for robust and accountable institutions. Ultimately, finance will flow and investment patterns will shift as a result of the domestic policies and incentives developing countries establish. To this end, the U.S. is active in providing technical assistance to help developing countries strengthen domestic policy frameworks and build the capacity to improve their own enabling environments.