April 21, 2016

The Business Council for Sustainable Energy, a broad-based coalition of businesses from the energy efficiency, natural gas and renewable energy sectors in the U.S., writes to express our support for the Administration’s FY2017 federal budget proposal to fund the U.S. contribution of $750 million to the Green Climate Fund (GCF). This increased level of funding from $500 million in FY2016 to $750 million in FY2017 is necessary in order for the U.S. to meet its initial $3 billion pledge over four years that was made in 2014.

The GCF is the new international financial institution dedicated solely to financing greenhouse gas mitigation and resilience projects in developing countries. U.S. leadership at the GCF, both as a donor and a Board Member, demonstrates not only American leadership internationally on climate change and assistance to developing countries, but also economic leadership on behalf of American companies seeking to deploy U.S. clean energy technology abroad.

The Council is a private sector observer to the GCF, and can attest to both the U.S. government and GCF’s efforts to engage the private sector for input on GCF operations and the types of projects it should fund. As the GCF begins to reach full capacity, the number of opportunities for U.S. companies will grow substantially.

What distinguishes the GCF from previous climate finance institutions is its dedicated Private Sector Facility, which was created to directly engage private sector investors, developers, entrepreneurs, corporations, and small and medium sized enterprises (SMEs) in their efforts to deploy finance and technology for clean energy projects in developing countries.

The U.S. support of these international funds creates new market opportunities for American clean energy companies and enables American businesses to provide U.S. technology and innovation to developing countries. U.S. firms are often faced with competition from countries that link development assistance with project support, as well as use aggressive national tactics to secure market shares in developing and emerging economies. The financial support of vehicles such as the GCF will help to create free, fair and functioning markets in which U.S. firms can compete and do business.

One important aspect of the GCF is the capacity to provide long-term financing for clean energy projects in developing countries. Without this assistance, national governments and local customers are forced to acquire clean energy technology on a cash or short-term financial basis to comply with international and local environmental requirements. This favors lower costs, lower value technology. Long-term financing removes the upfront cost barrier to the acquisition of higher value technology where U.S. companies are more dominate.
The GCF can therefore be instrumental in leveling the playing field for U.S. clean energy technology in developing countries.

Recognizing the fiscal challenges facing the country, the Council believes that the continuation of U.S. international clean energy assistance is linked to the success of American energy firms that are deploying American technology abroad and employing American workers at home. In this context, the Council supports funding the full level requested in the Administration’s FY2017 federal budget proposal for the GCF.

Thank you for your consideration.

Sincerely,

Lisa Jacobson
President
Business Council for Sustainable Energy

cc:

Members, Senate Committee on Appropriations