



Helping People and  
The Planet Thrive



# Making Smart Investments for People and the Planet

## Policy Brief - Climate Investments

International investments to deal with the increasing challenges of climate change and extreme weather variability are essential to help meet the basic needs of people in extreme poverty and protect critical forest areas and biodiversity. These investments promote global security and minimize instability, especially in the most vulnerable countries. They can reduce costs by mitigating the need for disaster relief and avoiding costly interventions. Such investments also enhance international economic opportunities for U.S. businesses and workers, address global hunger and health challenges, as well as protect decades of U.S. investments in global development and conservation.

While the recent economic crisis and large government deficit are important issues that need to be solved, investing in adaptation, clean energy and forest protection can contribute to their solutions. Proposed budget cuts that target foreign assistance — a mere 1 percent of the federal budget — ultimately do not solve the budget problem.

**INTERNATIONAL CLIMATE FINANCE SUPPORTS EFFORTS BY DEVELOPING COUNTRIES AND POOR COMMUNITIES TO ADAPT AND PREPARE FOR THE NEGATIVE IMPACTS OF CLIMATE CHANGE, TRANSITION TO A CLEAN ENERGY ECONOMY AND PROTECT FORESTS.**

## Cutting 1% of the Budget Won't Solve the Problem

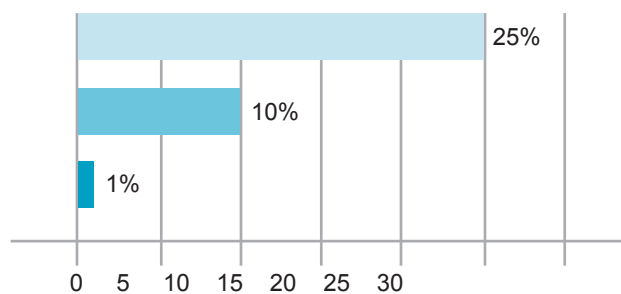
As shown with recent polling, the general public believes that foreign assistance constitutes 25 percent of the U.S. budget.<sup>1</sup> In reality, it represents roughly 1 percent. Unfortunately, this misperception often makes foreign assistance an easy target for budget cuts. Yet, according to these same polls, Americans would be comfortable spending 10 percent of the budget on foreign assistance.<sup>2</sup> It is critical that any budget cuts be smart and based on sound policy rather than public misperception.



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*Climate finance is critical for helping developing countries transition to a clean energy economy.*

### Public Misperception of Foreign Aid



% of Federal Budget

- Amount Americans think we currently spend on foreign aid
- Amount Americans think we should spend on foreign aid
- Actual amount we spend on foreign aid

(Source: WorldPublicOpinion.org - 11.30.2010)

<sup>1</sup>WorldPublicOpinion.org & Knowledge Networks poll. November 2010. Available at <http://www.worldpublicopinion.org/pipa/articles/brunitedstatescanadara/670.php?nid=&id=&pnt=670&lb=>

<sup>2</sup>Ibid

## Why are Climate Change Investments so Important?

Modest international investments to address climate change are critical to U.S. economic and global security, reducing carbon pollution in developing countries and tackling the increasing impacts of climate change and extreme weather variability among the world's poorest people. These investments include disaster resilience, clean energy promotion and forest protection and are essential to:

- **Promoting global security and stability:** Increased resilience to climate impacts among poor and vulnerable communities will help minimize global instability caused by migration, displacement, increased food insecurity and conflicts over scarce resources.
- **Saving lives and reducing costs by mitigating expensive interventions and disaster relief:** Disaster preparedness not only saves lives but also diminishes the need for costly humanitarian efforts and interventions during extreme weather variability.<sup>3</sup> For every \$1 invested in preventative measures, \$7 in economic losses is saved.
- **Creating economic opportunities for U.S. businesses and workers:** Generating clean energy markets in developing countries will help reduce emissions and impacts while creating opportunities for clean technologies produced by U.S. businesses.<sup>4</sup>
- **Addressing global health challenges:** Climate change will impact the essential requirements for maintaining good health and nutrition — clean air and water, adequate shelter and food — and create new challenges for managing infectious diseases and tackling global hunger.
- **Protecting critical forest areas and biodiversity:** The poorest and most vulnerable communities to climate change are also those most dependent on natural resources for their livelihoods. Protecting the ecosystems that sustain those resources is vital.
- **Protecting over half a century of U.S. investments in poverty alleviation, global development and conservation:** The impacts of climate change threaten to wipe out decades of conservation and development gains.

The challenges of climate change will only worsen if we do not act. In fact, the scale of the challenge coupled with the benefits from climate finance suggest we need to *increase* funding levels not decrease them.

Cuts to these programs are short-sighted. They do not solve the budget deficit and, instead, could leave us with higher costs years later. International climate change finance is a tiny fraction of the foreign assistance budget, accounting for less than 3 pennies for every \$100 federal dollars spent.



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## Part of a Global Effort

The U.S. is not alone in its efforts to support climate change activities that sufficiently maintain security and economic opportunities and protect the world's poor and vulnerable from climate change. In 2010, the U.S. and over 190 other nations agreed, in the Cancun Agreements, to minimum short- and medium-term levels of climate finance, including a global goal of \$30 billion between 2010-2012. The global need for climate assistance is substantial, and it is important that the United States fulfills its pledge. However, the U.S. is on track to meet only half of its short-term commitment.

In addition to meeting its international commitments, climate funding should be 'new and additional.' Climate finance should complement strong overall conservation and development assistance and must not lead to cuts in longstanding food security, education, health, biodiversity and water programs. Funds must also show a balanced allocation between adaptation and mitigation.

CARE and WWF understand that the U.S. budget must address many competing priorities and challenges. **However, international climate finance is a small investment that yields big returns for our nation and the world.**

<sup>3</sup>\$1 invested = \$7 saved. "The World Bank and the US Geological Survey estimate that economic losses worldwide from natural disasters in the 1990s could have been reduced by \$280 billion if \$40 billion had been invested in preventative measures." <http://go.worldbank.org/WVARPQ0VTO>

<sup>4</sup>WWF. Getting Back in the Game: U.S. Job Growth Potential from Expanding Clean Technology Markets in Developing Countries. April 2010.