HM Government

United Kingdom Biennial Finance Communication to the United Nations Framework Convention on Climate Change

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UK climate finance commitments to developing countries

At the United Nations Climate Action Summit (UNCAS) in September 2019, the Prime Minister reaffirmed the UK's intent to reach net zero by 2050 and announced that the UK would double its International Climate Finance (ICF) contribution from £5.8bn in 2016/17-2020/21 to £11.6bn in 2021/22-2025/26. This made the UK the first major donor to set out a significant uplift of climate finance beyond 2020 and out to 2025, setting a clear benchmark for the international community towards COP26 and beyond.

We will use the lessons learnt from over the last decade to ensure that our climate finance is as effective, responsive and transformational as possible. We will also continue to aim for a balanced split between mitigation and adaptation; tackling climate change, while also prioritising protecting biodiversity and financing low carbon and climate resilient technologies.

1.1. Green Climate Fund contribution

A key element of the UK's support to developing countries is our commitment to the Green Climate Fund (GCF). The UK's initial contribution to the GCF was £720m between 2014 and 2019. At the G7 in August 2019, the Prime Minister announced the UK will double its contribution to £1.44bn over the next four years, £350m of which was provided in September 2020.

The UK is working closely with partners within the Fund's Board, Secretariat and stakeholders to help shape the GCF into a fully effective organisation capable of delivering transformational impact at pace. The GCF, as the largest international climate fund, part of the UNFCCC Financial Mechanism has a key role to play in supporting developing countries' adaptation and mitigation efforts at scale, and actively contributing to the wider alignment of financial flows needed to address the climate emergency that we face.

We are using our position on the Board to drive forward the organisation-wide reforms and improvements agreed in the Updated Strategic Plan for 2020-24. These include improving the effectiveness of the fund in promoting transformational change, ensuring a robust focus on results, targeting resources appropriately, improving the accessibility of funds and the efficiency of disbursements, enhancing how the Fund engages with private sector partners, and securing greater access for adaptation funding for the LDCs, SIDS and African states.

1.2. New and additional resources

The UK is providing certainty to developing countries on the volume of our climate finance - being the first major donor to outline our commitments to 2025. Our funding will be new and in addition to our previous £5.8bn ICF commitment.

The UK has a robust approach to accounting for climate finance. We do not include any of the core contributions we make to multilateral development banks - where, for instance, the UK is currently the largest shareholder of the International Development Association (IDA), one of the world's largest providers of concessional climate finance to the poorest and most vulnerable countries. Where integrated programmes support wider development objectives, the UK takes a robust programme-by-programme approach for assessing which components are eligible to be reported as climate finance. Recognising that all development must now be consistent with low-carbon and resilient pathways, the UK has committed to aligning its entire ODA portfolio with the Paris Agreement (see later section).

The UK's level of grant-based climate finance support from 2016 to end 2019 was 89%.[1]

1.3. UK Climate Finance programming is developed in partnership with developing countries, so that it addresses their needs

Our ICF will work through a mix of instruments, partners and delivery channels including bilateral programmes, multilateral contributions, private sector and civil society programmes. Within this, there will be a growing role for bilateral partnerships and programming, reinforced by well-staffed country missions with delegated budgets. Much of our ICF will be spent through our teams based in developing countries.

Through our bilateral ICF programmes, and broader ODA effort, we develop and strengthen relationships with partner governments, at technical and Ministerial level, across multiple ministries. This ensures we have a good understanding of demand for support. Our in-country teams partner with Government officials to (i) support the development of strategies across various themes including climate adaption, NDCs and reversing biodiversity loss and (ii) ensure that our portfolios are supporting delivery of those strategies.

Furthermore, detailed country development diagnostics inform decision making and as a result, programming choices reflect the local context and need. Programmes will be designed and delivered in consultation with local communities and in partnership with key institutions, local and national governments. As such, the UK is ensuring that programmes are designed to be responsive to country needs; adaptable to changing circumstances; to drive transformational change and offer value for money. Through our overseas networks, we also provide support to develop countries' climate change policies and strategies, as well as providing tailored and expert technical assistance.

For example, one of the specific actions we are taking is to consider countries' revised NDCs as they are submitted over the course of this year. We then cross-check our map of technical assistance and capacity building support with countries' capital investment needs. We will also draw on the upcoming UNFCCC Standing Committee on Finance's Report on the Determination of the Needs of Developing Country Parties to inform future pipeline development. More broadly we continue supporting and engaging with organisations like the NDC Partnership, whose mission is to ensure effective support for the implementation of developing countries' NDCs.

1Calculated from UK annual climate finance reports required under Article 16 of Greenhouse Gas Monitoring Mechanism Regulation https://cdr.eionet.europa.eu/gb/eu/mmr/art16_finance/

The UK will also work closely with partner countries to plan and evaluate our programmes and identify ways to achieve greater impacts.

1.4. Access to finance

The UK recognises the challenges faced by some countries in accessing climate finance and will continue to work with our delivery partners and the multilateral funds to improve access. The UK will continue to push for greater transparency, efficiency, effectiveness, and impact of finance that is distributed through multilateral sources. While there will not be a single access point for developing countries to directly apply for ICF support, much of our ICF will be spent through our teams based in developing countries.

Purposes and types of support the ICF will provide

The UK ICF commitment of £11.6bn over the next five years will seek to drive transformational action to address climate change, through a range of delivery channels across the following four themes:

- Clean Energy
- Nature for Climate and People
- Resilience
- Sustainable Cities, Infrastructure and Transport

While these are presented separately, effective delivery and UK leadership in this space depends on the necessary cross over and coherence between them. Integral to this is a strong focus on the adaptation, resilience and mitigation co-benefits of working with and through nature, for example, in clean cities and green infrastructure.

2.1. Programming themes

2.1.1. Clean Energy

Despite falling costs for established renewable energy technologies, there remain many regulatory, technical and market barriers to reaching significantly higher levels of renewable energy penetration, including deploying energy storage, grid strengthening and flexibility in order to transition away from the use of (unabated) fossil fuel baseload. There is also a need to effectively address the social and economic impacts of this transition that, if poorly managed, will be a barrier to progress, as well as to exploit the opportunities represented by the energy transition, especially the employment potential in partner countries.

2.1.2. Nature for Climate and People

Human prosperity depends on the future of the biosphere. Transforming the way in which we use it, and ensuring the protection and restoration of forests, oceans and other critical habitats, their biodiversity and the ecosystem services that they provide, will be crucial in meeting the triple challenges of climate change, biodiversity loss and resilient and productive food systems to feed a rapidly growing global population.

2.1.3. Resilience

Adapting and building resilience is about planning and doing development differently, systematically taking account of climate risks in all policy, spending and programming decisions. Our work will support countries to be less reliant on sectors that are vulnerable to the effects of climate and increase the ability for people and communities to withstand climate-related shocks.

2.1.4. Sustainable Cities, Infrastructure and Transport

Estimates suggest that cities are responsible for 75 percent of global CO2 emissions (with transport and buildings being amongst the largest contributors)[2]. Climate risks are already affecting cities, for example exposure to flood risk is being exacerbated by urban sprawl, creating inefficient land use and increasing the costs of providing infrastructure.

2.2. Adaptation and Mitigation split

The UK recognises that adaptation funding is a priority for many developing countries and that it is currently underfunded. Over the ICF period 2016-2020, the UK has sought a balance between our adaptation and mitigation funding, and we estimate that 47% of our ICF during this period supported adaptation action.

Our annual ICF results publication[3] estimates that since 2011 the UK ICF has supported 66m people to cope with the impacts of climate change.

Our aim for the next five years is to continue to aim for a balanced split between adaptation and mitigation finance.

2.3. Types of support [4]

2.3.1. Capacity Building

Capacity building approach

Building lasting capacity is key to the transformational change needed to address climate change. The capacity building support the UK is providing through its ICF aims to be:

- Country-led, responding to local demand and tailored to local context, reflecting local capacity and social norms and building upon existing national processes and institutions;
- Flexible, able to adapt to evolving circumstances and priorities in country; and
- Sustainable, ensuring capacity is built and sustained in the longer-term.

[2] https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/cities/cities-and-climate-change
[3] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/911393/ICF-Results-Publication-2020.pdf
[4] There are programme specific examples of capacity building and technology transfer support in the UK's 4th Biennial Report to the UNFCCC – see tables 8 and 9 at https://unfccc.int/documents/208379

The UK has an extensive network of officials based in developing countries. This ensures close relationships with governments and key organisations in these countries and the development of bilateral programmes based on developing country needs. Much of the UK's capacity building support is integrated within climate finance programmes, recognising the cross-cutting, multi-sectoral needs of developing countries which require integrated support.

Capacity building is embedded within and a focus for each of the ICF themes and is reflected in the above.

Capacity building for mitigation

The UK aims to deliver technical assistance to developing countries to support green growth and mitigation action, in multiple areas including finance and technology. A key focal point for our capacity support is responding to the critical global need to address the gap between NDC targets and their implementation.

Capacity building for adaptation

The UK aims to strengthen capacity (at government, regional and community levels) to understand climate risks and integrate resilience into regional national and local level planning and policy.

Capacity building for negotiations

The UK provides support for developing countries to develop negotiations capacity and capability internationally. Our ICF aims to level the playing field in international climate change negotiations by providing expert legal and technical support to developing country negotiators, while also offering logistical support to enable sufficient representation at key events.

2.3.2. Technology Transfer

The increasing demand for energy supplies internationally to support sustainable development combined with the urgent need to address the threats of climate change mean that accelerating the deployment of low carbon and energy efficient technologies internationally is essential. Through its ICF programmes and its international engagement, the UK is promoting, facilitating and financing the transfer of technology to developing countries to help address these challenges.

Most of the UK's technology transfer support is integrated within the UK's ICF programmes, recognising the cross-cutting, multi-sectoral needs of developing countries which require integrated support covering technology but also capacity building and finance to ensure they have a positive impact. Our ICF portfolio will have a strong focus on research, development and deployment (RD&D) as we step up our investment in cutting-edge science, technology & innovation.

RD&D drives down prices for new, low-carbon technologies, so that these become competitive with, and then displace, polluting technologies in developing country contexts. This in turn can accelerate pro-poor, low-carbon and increasingly privately financed growth.

The Ayrton Fund is an example of how the UK will support technology transfer in this way. The Fund will work in partnership with developing countries to drive the clean energy transition and reduce emissions. Through research, development and demonstration of new solutions and business models, the fund will strengthen capacity and unlock opportunities in developing countries for cleaner growth and better access to clean energy.

Equally, our RD&D creates solutions that build resilience, maintain productivity, and reduce the risk of catastrophic social and economic damage in the face of adverse climate shocks and trends – from new drought-resistant varieties of staple crops, to advanced forecasting products to improve disaster preparedness and response.

2.4. Alignment of all UK ODA with Paris Agreement

Tackling climate change and achieving sustainable development are two sides of the same coin – one cannot be achieved without the other. No country will be unaffected by climate change and developing countries will be hit hardest. The UK clearly recognises the importance of climate change in meeting its international development goals.

In 2019, the UK committed to ensuring all aid will be spent in a way that supports the Paris Agreement goals. This commitment to align all ODA with the Paris Agreement temperature goals and climate resilient development was published in the Green Finance Strategy (2019).[5]

The Green Finance Strategy (GFS) states that Paris Alignment of all ODA will be achieved through: (1) use of carbon pricing in bilateral programme appraisals (2) ensuring investment for fossil fuels is in line with Paris temperature goals (3) a proportionate approach to climate risk assessment and (4) ensuring programmes don't undermine countries' NDC and adaptation plans. The approach to integrating GFS commitments into the practice of the UK's ODA spending is underway. For example, in FCDO new related programme controls are being introduced, complemented by a more strategic approach to Paris Alignment in portfolio and business planning, and through strengthening capabilities.

Beyond UK practice, the FCDO is also working with multilateral partners, such as International Finance Institutions (IFIs), to strengthen Paris Agreement ambition, including through the publication and dissemination of plans for full Paris Alignment.

The 26th UN Climate Change Conference (COP26) is a key milestone for the Paris Agreement. Further ambition for Paris Alignment of ODA will be included in the planning and implementation of UK COP26 commitments.

Good development must be climate resilient and the alignment of all ODA – whether for education, jobs or infrastructure – with the Paris Agreement will future-proof UK aid investments. Through managing risks caused by present and future climate conditions, and identifying opportunities to support the climate and the environment, we can better support the sustainability of development and our planet, enhancing overall effectiveness, efficiency, value and impact.

[5] https://www.gov.uk/government/publications/green-finance-strategy

Channels and Geographies

3.1. Delivery channels

The UK will use a range of delivery channels and types of support to ensure we can enhance developing countries' adaptation or mitigation capacity. By working through a variety of delivery channels and with our implementing partners, the UK can use its ICF more effectively to support developing countries to mitigate, adapt and build resilience to climate and environmental change. This diverse delivery model ensures the ICF is responsive to new challenges such as the urgent action to promote a clean and resilient recovery from Covid-19.

All our ICF spending aims to be transformational so that it catalyses further changes and ultimately results in a global shift towards low-carbon, sustainable growth in line with Paris Agreement temperature targets.

The types of support the UK ICF will provide include:

- System strengthening
- Disaster preparedness and response
- Improving Governance
- Capacity building
- Technology Transfer
- Research, Development and Demonstration

The delivery channels for the UK ICF include:

- Bilateral programmes and country partnerships
- Multilateral climate change funds and climate programmes delivered through the multilateral institutions
- Private sector instruments including through the UK's development finance institute – CDC
- Delivery routes such as challenge funds that other institutions, civil society and private sector organisations can directly bid into

The UK's bilateral climate finance approach is outlined in section 1.3

UK ICF will continue to engage throughout the international multilateral architecture to deliver impact at scale, drawing on its deep expertise and commitment to the international response necessary to tackle climate change. The UK will also seek to harness the expertise and reach of the private sector and the investments they too will bring. UK activity will include our support for the Green Climate Fund as announced by the Prime Minister in August 2019.

The UK will continue to use our influence and expertise to strengthen the mainstreaming of climate and wider environmental issues across the wider international system. We will work with the multilateral development banks and other key institutions to support their efforts to align spending with the goals of the Paris Agreement.

We will continue to work through CDC, the UK's development finance institution, which invests in the private sector across South Asia and Africa. Over the past decade, CDC has taken significant steps towards addressing the climate emergency by investing in renewable energy and resource efficiency across equity, debt, and intermediated funds. From 2016 to 2019, CDC made £844m of new commitments to climate finance, including wind power, solar power, and large hydropower facilities.

In July 2020, CDC released a new Climate Change Strategy that goes further in terms of both ambition and scope. CDC aims to increase climate finance to 30% of its new commitments in 2021. It will also adopt a more strategic approach to deploying climate finance, centred on three goals: achieving net zero portfolio emissions by 2050, supporting a just transition to low-carbon economies, and investing in climate adaptation and resilience. To do this, CDC will align its entire portfolio with low-carbon emissions pathways at national economy-wide, sectoral, and regional levels. It will also expand its climate finance deployment to sectors that are critical for climate mitigation and adaptation, such as transport, forestry, and water and waste management.

The UK's work with financial market systems reduces the barriers facing commercial finance in deploying capital, at scale, to drive low-carbon growth and economic transition in developing countries. Instruments such as CDC and the Private Infrastructure Development Group (PIDG) can offer direct and intermediated investment into climate-responsive companies, supporting both mitigation and adaptation-related private sector activity. This in turn can demonstrate to commercial investors that such opportunities can offer attractive risk-adjusted returns. UK Climate Investments (UKCI) is an ICF investment designed to make later stage equity investments alongside private investors to support their engagement in renewable energy investments in sub-Saharan Africa and India.

Work by the UK Government and the Bank of England with international partners to integrate climate risks into business decision-making, has scope to lead to significant change in financial systems. And our work with partner countries to improve ease of doing business, increase the investment planning and regulatory capacity of governments and so on, increases the volume and quality of FDI into developing countries, driving inclusive and low-carbon economic growth.

3.2. Beneficiaries

Our ICF will focus on action to mitigate the future risks and current challenges of climate change and environmental degradation to the poorest and most vulnerable. We will support marginalised groups to be active agents of change in addressing climate and environment issues.

In so doing, we will champion women, indigenous people and other key groups roles as decision-makers, educators and climate leaders to deliver effective, long-term solutions to climate change. These include disaster risk reduction, post-disaster management and climate change mitigation and adaptation strategies.

Gender responsiveness

In line with the enhanced Lima Work Programme on Gender and its Gender Action Plan agreed at COP25, as well as our commitments under the Paris Agreement, the UK remains **committed to meeting women's and girls' needs and priorities, and advancing gender equality, through our climate finance**. We have made progress in recent years on this in line with the UK's International Development Act (Gender Equality) 2014. We will continue to do more, through our programmes and our advocacy **to better address the needs and priorities of the communities most vulnerable to climate change.**

For example, the UK will support women's empowerment and leadership within the clean energy sector by investing in women's skills and expertise development.

3.2.1. Tailored approach for the most vulnerable

The impacts of climate change and environmental degradation are disproportionately felt by the most disadvantaged and vulnerable populations. Global warming is projected to increase the numbers living in poverty, compounding existing vulnerabilities as communities become less able to adapt to a changing environment. The UK – through our ICF and our wider official development assistance - is committed to leaving no one behind. We will work through our teams based in the least developed countries and in partnership with Governments, other key stakeholders and local institutions to meet the needs of the most vulnerable groups.

In February 2020, the UK agreed to support the establishment phase of the LIFE AR programme (the Least Developed Countries Initiative for Effective Adaptation and Resilience) initiated by the Least Developed Countries (LDC) group of 47 countries at the UNFCCC. The establishment phase is to enable the LDC Group to commence work with 7 identified frontrunner countries (Bhutan, Ethiopia, Uganda, Tanzania, Malawi, Burkina Faso and the Gambia) in setting up the national mechanisms for a whole of government, whole of society approach to building resilience under the LDC vision for delivering a more climate-resilient future. This proposes changing the mechanisms by which climate finance is accessed, managed and targeted to enable least developed countries to direct at least 70% of climate finance flows to support demand-led, local level adaptation and resilience actions by 2030. At the same time this brings together those same countries in a south-to-south peer learning mechanism to share and learn from each other best practice and success stories to support cross-country resilience initiatives and investments.

From 1st December 2020 a new SIDS Hub has been created within the FCDO to strengthen our global policy engagement on SIDS issues and to administer support. The Hub will work to ensure that the voices of SIDS are amplified in international fora, recognising that SIDS are a special case for sustainable development.

Catalysing wider action

4.1. Public Climate Finance Providers

The adequate provision of climate finance by developed countries is important for supporting the delivery of commitments under the Paris Agreement. We are encouraging others to also set out bold new commitments to provide high-quality and predictable climate finance – as well as the alignment of ODA with the Paris Agreement - to support enhanced action by developing countries.

4.2. Approach to Private Finance Mobilisation

Public finance alone will not be enough to meet the goals of the Paris Agreement, and whilst private finance is not a substitute for increased public finance, it will be central to increasing the scale and reach of climate mitigation and adaptation action, and ultimately in enabling the transition to low carbon, sustainable and climate resilient development. This transition requires all forms of finance, with ODA and domestic resources being used in a targeted, catalytic way to unlock the trillions which will drive this transition.

We will use ICF to leverage and mobilise private finance by reducing the barriers preventing the deployment of commercial finance needed to drive low-carbon growth and economic transitions in developing countries. UK ICF will continue to place a strong emphasis on transformational change, through targeted investment in innovative projects and technologies with the potential to be scaled up and replicated by the private sector.

This work will include using and influencing instruments such as CDC, the UK's development finance institution and the Private Infrastructure Development Group (PIDG) to offer direct and intermediated investment into climate-responsive companies, supporting both mitigation and adaptation-related private sector activity. This in turn can demonstrate to commercial investors that such opportunities can offer attractive risk-adjusted returns.

4.3. Aligning all finance flows with the long-term goals of the Paris Agreement

The UK views this mobilisation and enabling environment support as an important step towards Article 2.1c of the Paris agreement; in which all parties committed to collectively align finance flows with low greenhouse gas and climate resilient development. Without the fundamental shift in the financial system as a whole, the climate goals of the Paris Agreement cannot be met.

As set out in our 2019 Green Finance Strategy, we will champion both the systemic greening of the financial system and mobilising finance towards green and resilient sectors globally. The Prime Minister asked former Governor of the Bank of England and Financial Stability Board Chair, Mark Carney, to act as a Private Finance Advisor to COP 26. He is leading work with the global financial regulators on ensuring that every professional financial decision takes climate change into account.

The UK will continue to support governments and central banks to fully integrate climate risk into macroeconomic financial stability systems. We will be the first country in the world to make the recommendations of the Taskforce on Climate-related Financial Disclosures mandatory, implementing it by 2025. The Bank of England is working with the Network for Greening the Financial system and has committed to climate stress tests for the banking and insurance sectors.

The UK is also creating new methods for investors and governments to work together to channel the appetite from the financial sector for investments in the low carbon transition, for example through the UK's Green Finance Institute. The UK will join the record $257.7 billion of green bonds in 2019, by issuing its first Sovereign Green Bond in 2021, subject to market conditions, and intends to follow up with a series of further issuances to meet growing investor demand for these instruments.

4.4. International Organisations

Climate is a key issue in multilateral fora (such as the G7/20) and international financial institutions (IFIs). The UK's ICF has been noted for its positive impact on this multilateral architecture[6]. Climate also plays a critical role across a number of the UN Sustainable Development Goals (SDGs) and environmental agreements.

We will pursue the following outcomes, using our bilateral and domestic relationships, our positions in multilateral fora and institutions, and diplomatic outreach:

- Using our position in IFIs (including the multilateral development banks, development finance institutions, and the International Monetary Fund) to seek stronger mainstreaming of climate, nature and wider environmental considerations. This includes by better incorporating climate and environment risk, and encouraging additional, urgent action and scaling up of new instruments and approaches.
- Working through the IFIs, our in-country presence, and in new fora like the Coalition of Finance Ministers for Climate Action to support developing countries to embed climate change into economy-wide.
- Maximising synergies between climate finance and Financing for Development (e.g. through the Addis Ababa Action Agenda) and multilateral environmental agreements.

4.5. Recipient countries

We will pursue the following outcomes as part of our wider efforts to deliver international climate action:

[6] https://icai.independent.gov.uk/report/international-climate-finance/

- Making available our experience of development and climate change, and drawing on our domestic learning, to support other countries action on climate change and environment.
- Utilising the UK's extensive country presence to combine support with diplomatic tools to build the conditions for ambitious climate action.
- Putting climate at the heart of regional and country strategies, including by placing climate change and natural resources as a priority in the new Strategic Approach to Africa and engagement on the Belt and Road Initiative.

Monitoring, Evaluation and Learning

UK ICF will continue to place a strong focus on robust monitoring, evaluation and learning (MEL) in order to support achieving our objectives. We have a cross-government results framework and publish an annual report tracking progress against key performance indicators (KPI).[7]

Total ICF Achieved Results 2020

66 million
people supported to cope with the effects of climate change

33 million
people with improved access to clean energy

31 million
avoided or reduced tonnes of greenhouse gas emissions

2,000 MW
capacity of clean energy installed

£4.1 billion
public finance mobilised for climate change

£2.2 billion
private finance mobilised for climate change

At the portfolio level, we are delivering thematic evaluations and learning activities, which are complementing extensive programme specific MEL activities on all ICF investments.

The Independent Commission for Aid Impact (ICAI) also regularly undertakes external scrutiny assessments of ICF performance – two major reviews have delivered positive assessments with an overall 'Green-Amber' score.

Monitoring and evaluation and ICAI findings are actively fed back into programme implementation, strategy and development. For the next phase of delivery, we will update our approach to portfolio monitoring and evaluation, building on lessons learnt over the operation of ICF to date.

5.1. Lessons Learnt

Evidence is critical to designing climate finance programmes effectively and ensuring they deliver the greatest impact and respond effectively to the needs of developing countries. Evidence generated through the UK's monitoring and evaluation process is fed back into programme and portfolio level design decisions through the annual review process which all programmes undertake, management responses to evaluations recommendations, and analytical appraisal for future programming.

Many lessons– often specific to individual programmes, sectors or geographies - have fed back into our programme management or design. As an example, two of the key lessons learnt

[7] https://www.gov.uk/government/publications/uk-climate-finance-results

from recent evaluation of our ICF programmes have been (1) that technical assistance to build capacity and the enabling environment is crucial for longer term sustainable development alongside investment finance and (2) that success requires local buy-in and commitment.

The CIF Evaluation and Learning Initiative[8], which is embedded within the $8bn CIFs programme, has drawn out learning from the last 10 years of CIF programmes, using these as a learning laboratory for climate finance - identifying the transformational impacts these have helped bring about and providing useful lessons for funds across the climate finance landscape which have been widely disseminated.

Furthermore, several evaluations of the UK ICF portfolio have been completed through our Monitoring, Evaluation and Learning (MEL) programme. This included 'Mobilising private finance through demonstration effects' which identified the types of demonstration effects which can be successful in influencing different types of investors, improving understanding of the circumstances where this supports transformational change. The evaluation 'Support for policy change' also identified opportunities to support more ambitious and effective national and sub-national climate change policies. For example, by increasing co-ordination of ICF programmes to provide integrated support on policy. Together these findings will inform a more strategic approach for future ICF programming.

The portfolio MEL programme has also yielded additional lessons learnt to continue to improve learning within the ICF Portfolio. This includes continuing the success of taking a thematic and realist approach to evaluations alongside the robust programme specific MEL activities.

[8] https://www.climateinvestmentfunds.org/evaluation-and-learning

Limits to Ex-Ante Reporting

The UK Government sets its future budgets in a process called a Spending Review. The Spending Review can set out future spending plans over a variety of timescales depending on wider factors such as the economic and political situation. The UK recognises the importance of early and long-term certainty on climate finance, hence both in 2015 and 2019 the Prime Minister announced five-year ICF commitments. These announcements were made in advance of the relevant Spending Review and extended beyond the normal allocation budget period, specifically to respond to the need for longer term certainty on climate finance.

The programmes that the UK will spend its £11.6bn ICF commitment through are in still in development, through the processes set out in section 1.3. Therefore, we cannot at this stage provide specific details on these and the volume of planned spend through them.

The UK has an ambitious aid transparency policy. The webpage https://devtracker.fcdo.gov.uk/ includes detail of individual ICF programmes, including business cases and annual reviews. The UK has reported ICF spend data on a variety of platforms such as the International Aid Transparency Initiative, our obligations under the EU Greenhouse Gas Monitoring Mechanism Regulation and to the UNFCCC.

This publication is available from: www.gov.uk/guidance/international-climate-finance

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