HM Government

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

submitted in accordance with Article 9, Paragraph 5 of the Paris Agreement

December 2022

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The UK is committed to meeting its reporting obligations under the United Nations Framework Convention on Climate Change (UNFCCC), and places high value on transparency and accountability. Both are critical to driving increased ambition and meeting our shared goals under the Paris Agreement.

We are pleased to submit our second biennial communication on indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3 of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. In drafting this communication, the UK has also taken into consideration the areas for improvement identified in decision 14/CMA.3, which drew on the summary report of the biennial in-session workshop on information to be provided by Parties in accordance with Article 9, paragraph 5 of the Paris Agreement.

We have responded to the elements set out in the Annex to decision 12/CMA.1, but for clarity of presentation, have addressed items in a non-linear fashion.

1. UK approach to the provision of climate finance

Through its COP26 Presidency role, the UK has been at the forefront of a step change in ambition in mobilising finance for climate action. Billions in new public finance were announced, with 95% of the largest developed country climate finance providers making new commitments, and a Delivery Plan for meeting the $100 billion finance goal by 2023 published, led by Germany and Canada. New commitments on support for those countries and communities most vulnerable to climate impacts were made, and in the historic Glasgow Climate Pact, developed countries were urged to at least double their collective provision of adaptation finance to developing countries by 2025, from 2019 levels. Members of the OECD Development Assistance Committee (DAC) also issued a joint Declaration to align Official Development Assistance (ODA), which totalled USD $161 billion in 2020, with the goals of the Paris Agreement. And private sector initiatives worth over USD $100 trillion in assets were pledged to align with net zero world, and a process launched to set out a post-2025 climate finance goal.

Now that our COP Presidency has ended, we want to ensure that this momentum continues and we will remain focussed on the delivery of our ambitious climate finance commitments.

We are delivering on our pledge to double our International Climate Finance (ICF) contribution from £5.8 billion to £11.6 billion over 2021/22 – 2025/26. Our climate finance is of a high quality, with a significant proportion provided in the form of grants, more suitable for the poorest and most vulnerable countries. We will continue to strike a balance between finance for mitigation and adaptation, and will triple our provision of climate finance for adaptation from 2019, to £1.5 billion in 2025, demonstrating our commitment to the doubling set out in the Glasgow Climate Pact. Aligning collective finance flows with low greenhouse gas and climate resilient development pathways will be critical for delivering on the Paris Agreement, which is why by the end of 2023, all new bilateral UK ODA will be Paris aligned.

In order to meet the scale of finance needed to tackle the climate crisis, we will continue to work to mobilise the private sector and use partnerships to accelerate the required transitions, including through Just Energy Transition Partnerships (JETPs). And we will address the specific needs of those on the frontlines of the climate crisis, in particular the Least Developed Countries (LDCs) and Small Island Developing States (SIDS), including through our leadership of the Taskforce on Access to Climate Finance and our membership of the Champions Group on Adaptation Finance. We will use the lessons learnt from the past decade to ensure that our climate finance is as effective, responsive and transformational as possible, and we will remain transparent in our efforts to deliver this.

2. Addressing the needs and priorities of developing countries and supporting country-driven strategies through UK climate finance

The UK will ensure that its climate finance programmes are designed to be responsive to country needs; are adaptable to changing circumstances; are capable of driving transformational change and offer value for money.

2.1 Bilateral partnerships and programmes

The UK works through a mixture of instruments, partners and delivery channels including bilateral programmes, multilateral contributions, private sector and civil society programmes to deliver ICF.

The UK's **International Development Strategy** published in May 2022 signalled a shift in our international development spend towards more and closer bilateral partnerships that support countries to succeed.[1] Within our ICF, there is a growing role for bilateral partnerships and programming, reinforced by well-staffed country missions with delegated budgets. Programmes are informed by detailed country development diagnostics and designed and delivered in consultation with local communities and in partnership with key institutions, local and national governments, and where relevant with other major donors. This means we are able to develop and strengthen relationships with partner governments, at technical and Ministerial level,

[1] UK Government's Strategy for International Development (May 2022), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1075328/uk-governments-strategy-international-development.pdf.

across multiple ministries, and are better able to understand demand for support in the context of local needs.

For example, a specific action we are taking forward is to consider countries' updated Nationally Determined Contributions (NDCs) as they are submitted, and then cross-check our map of technical assistance and capacity building support with countries' capital investment needs. Drawing on products such as the UNFCCC Standing Committee on Finance's Report on the Determination of the Needs of Developing Country Parties, published in 2021, can also 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. The NDC Partnership can also help with determining needs for countries that are members of the partnership.

Country-based teams also use a suite of ICF programmes to deliver their country strategies and address barriers to the implementation of the Paris Agreement, such as a lack of enabling frameworks or clear project pipelines. For example, the UK **Climate Finance Accelerator (CFA)**, a £10 million technical assistance programme, works to help countries achieve their national climate plans and NDCs from the bottom up.[2] It does this by supporting the identification of challenges and blockages that prevent finance from flowing at the volume and speed required to have a meaningful impact on countries' climate ambitions. By bringing together project proponents, finance providers and policymakers, the CFA seeks to enable a collaborative approach to unlocking a steady flow of funding for climate projects at scale and create a pipeline of 'investment ready' low carbon projects.

2.2 Addressing barriers to accessing climate 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.

Taskforce on Access to Climate Finance

In response to calls from LDCs and SIDS at the 2021 Climate and Development Ministerial for an initiative to directly address these issues, at COP26 the **Taskforce**

[2] Climate Finance Accelerator (June 2022), https://www.gov.uk/government/publications/climate-finance-accelerator/climate-finance-accelerator.

on Access to Climate Finance was launched. Co-chaired by the UK and Fiji, the Taskforce aims to improve access to climate finance and reform international climate finance systems by developing a new approach which improves predictability, flexibility, transparency and speed of disbursement. The Taskforce developed a set of Principles and Recommendations (P&Rs) to underpin this new approach and guide how climate finance providers and recipients access, programme and use climate finance. At COP27, the Taskforce published an independent Annual Report capturing progress against these P&Rs and on access more broadly.

Alongside the publication of the P&Rs, COP26 saw the UK on behalf of the Taskforce announce five Pioneer Countries to trial a new approach to climate finance access. The UK also committed £100 million to support implementation of this approach, both through the country trials and by driving improvements to climate finance access at the system-level.

The first phase of Pioneer Countries trials includes Bangladesh, Fiji, Uganda, Jamaica, and Rwanda, with Mauritius announced as the most recent addition at COP27. Pioneer Country trials began in early 2022 with a 3 to 5-year trajectory, with their focus driven by national priorities. Some examples of progress and focus of those trials already underway include:

- Rwanda: Rwanda is developing a climate finance roadmap which is integrated with the long-term Green Growth and Climate Resilience Strategy, the NDC, the National Strategy for Transformation, and Ministry of Finance climate budget tracking. Rwanda is also incorporating the trial into the work of FONERWA (Rwanda Green Fund) and seeking to leverage greater private investment via a new Green Investment Facility, Ireme Invest . At COP27, the UK announced £7 million to support Rwanda's new Green Investment Facility, as part of our partnership under the Taskforce.
- Uganda: The UK is supporting the establishment of a Climate Finance Unit in the Ugandan Ministry of Finance to mainstream climate action across national development strategies, sector policies and annual budgets whilst building capacity to access, leverage and coordinate climate finance.
- Fiji: Fiji has outlined a programmatic approach that supports the integrated delivery of the country's National Adaptation Plan, Ocean Policy, and Climate Finance Strategy.

At the system-level, the Taskforce Secretariat has been engaging the dedicated Climate Funds, Multilateral Development Banks (MDBs), and the IMF to drive improvements. The Secretariat is also working with the OECD Development Assistance Committee (DAC) to ensure complementarity and raise ambition for bilateral donors.

Conversations with MDBs have identified opportunities for greater global coordination, including improved alignment behind country plans and priorities in the Pioneer Countries. Opportunities have also been identified to improve coordination and collaboration with MDB work on investment planning, transparency, finance mobilisation and capacity building in areas such as climate mainstreaming and public financial management.

At COP27, the UK announced plans to establish a new global **Centre for Action on Access to Climate Finance**. This will be an independent voice to bring together and amplify ideas and put the Taskforce on a more sustainable and ambitious footing, providing thought-leadership, policy insights and sustained advocacy for system improvements.

ODA Eligibility and Access

The UK affirms the position set out in the Glasgow Climate Pact, that vulnerability should guide decisions on the allocation of finance. The UK believes that the ODA criteria should take into account the unique challenges of vulnerable small states. The UK's **joint Call to Action** (with Belize, Fiji, AOSIS), called on providers of finance to review the potential for vulnerability indices (for example the Multidimensional Vulnerability Index) to inform their graduation and transition processes from ODA. We are working with international partners to build the essential global consensus needed for progress.

Locally led adaptation

Additionally, the **Least Developed Countries Initiative for Effective Adaptation and Resilience (LIFE AR)** has been supported by the UK since April 2020. This initiative works closely currently with seven 'frontrunner countries' from the LDC Group. The objective is to transform the way that climate finance is accessed, managed and targeted with an objective that at least 70% of climate finance will support local level actions by 2030. This supports the LDC Vision that by 2030 all their (currently 46) countries will be climate resilient by 2030 and will reach net zero by 2050.

2.3 Prioritising grant-based climate finance

The Glasgow Climate Pact included a call for a continued increase in the scale and effectiveness of climate finance from all sources globally, including grants and other highly concessional forms of finance. Grants represent a favourable option for SIDS, LDCs and fragile states, as countries within these three groups often present economic and socio-political conditions that do not favour alternative forms of finance (such as loans) due to limited absorptive and repayment capacity.

The UK's level of grant-based climate finance support from 2016 to end 2020 was

89%.[3] By comparison, OECD analysis of 2020 climate finance flows found that grants comprised just 26% of public climate finance.[4] Grants typically support capacity building, feasibility studies, demonstration projects, technical assistance, and activities with low or no direct financial returns but high social returns. For example, the UK's **Partnering for Accelerated Climate Transitions (UK PACT) programme** delivers impact through a combination of grant funding for longer term capacity-building projects and the rapid mobilisation of short term expertise for skill-shares and secondment opportunities. Through its grants, UK PACT aims to improve the capacity and capability of key public, private and civil society institutions to reduce emissions and foster inclusive economic growth in partner countries.

3. Providing clarity on projected levels of public financial resources for developing countries from UK ICF

Recognising the importance of predictability and clarity of information on financial support for the implementation of the Paris Agreement, the UK is providing certainty to developing countries on the volume of our climate finance.

3.1 New and additional resources

The UK succeeded in meeting its 2015 pledge to provide £5.8 billion in ICF between 2016/17 and 2020/21. In order to provide certainty to developing countries on the volume of future UK climate finance flows, in 2019, the Prime Minister announced that the UK would double its climate finance provision. This commitment is additional to the £5.8 billion pledged and spent up to March 2021.[5] This significant uplift in UK aid is already helping developing countries pursue low carbon, climate resilient and environmentally sustainable development.

3.2 Methodologies and assumptions used to project levels of climate finance

[3] Calculated from UK Common Tabular Format (CTF) tables submitted under UNFCCC National Communications and Biennial Reports (August 2022), https://unfccc.int/NC8.
[4] OECD (2022), *Aggregate trends of Climate Finance Provided and Mobilised by Developed Countries in 2013-2020*, https://www.oecd.org/climate-change/finance-usd-100-billion-goal.
[5] UK 8th National Communication to the UNFCCC (August 2022), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1097124/CCS0222379472-001_00_UKs_8th_National_Communication.pdf.

The UK does not include core contributions made to multilateral development banks as ICF - 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.

3.3 Integration of climate change considerations, including resilience, into development support

The UK has committed to ensuring that **all new bilateral UK ODA aligns with the Paris Agreement by the end of 2023.** This means that our bilateral ODA spend will drive progress towards mitigating our impact on the environment. Our International Development Strategy also commits us to taking steps to ensure UK bilateral ODA becomes 'nature positive', aligning with the international goal to halt and reverse biodiversity loss by 2030, and the post-2020 Global Biodiversity Framework, once agreed.

Integrating this commitment is already well underway:

- The operating framework followed by the UK's Foreign, Commonwealth and Development Office (FCDO) now requires all new programmes to be aligned to the Paris Agreement.
- This is complemented by a more strategic approach to Paris alignment in portfolio and business planning, and through strengthening capabilities, particularly through cross-Government collaboration to ensure that the commitment can be met by all departments.
- Beyond UK practice, the FCDO is also working with multilateral partners, such as International Finance Institutions (IFIs) and Multilateral Development Banks (MDBs), to strengthen Paris Agreement ambition, including through the publication and dissemination of plans for full Paris Alignment. All major MDBs have now agreed timeframes for aligning their operations with the Paris Agreement.

Development must be climate resilient and the alignment of all ODA – whether for education, jobs or infrastructure – to 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.

3.4 National circumstances and limitations relevant to the provision of ex-ante information

The UK aims to provide as much clarity on forward-looking climate finance flows as possible, recognising the importance of early and long-term certainty to developing countries. That is why in 2019, the Prime Minister announced a five-year ICF commitment. The Prime Minister's announcement was made in advance of the relevant Spending Review (the process by which budgets are set in the UK) and extended beyond the normal allocation budget period, specifically to respond to the need for longer term certainty on climate finance.

The UK has an ambitious aid transparency policy. The webpage https://devtracker.fcdo.gov.uk/ includes details 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 previous obligations under the EU Greenhouse Gas Monitoring Mechanism Regulation and to the UNFCCC.

There are limitations to the degree of quantitative information contained in this communication.

- Many of our ICF programmes are still in development, meaning we can provide less or only indicative detail on some elements, including the volume of planned spend through them. This is partly due to the extensive process we undertake when allocating funding, which ranges from development of robust business cases to selection of appropriate partners to work with and conduct of due diligence on those partners. This approach ensures that we deliver the best Value for Money for taxpayers and in some cases could mean we revise our pipeline to adapt to changing landscapes and take advantage of new opportunities.
- In 2021, the decision was taken by the UK Government to temporarily reduce the ODA budget to 0.5% of Gross National Income (GNI). This decision reflected the economic and fiscal consequences of the Covid-19 pandemic. The Government is committed to returning to a target of spending 0.7% of GNI on ODA once the fiscal situation allows.

4. Purposes and thematic areas of support to be provided by UK ICF

The UK ICF portfolio is managed by three departments: the Foreign, Commonwealth and Development Office (FCDO), the Department for Business, Energy and Industrial Strategy (BEIS), and the Department for Environment, Food and Rural Affairs (Defra). Collectively they aim to provide the necessary capital investment, technical assistance, and capacity building to drive transformational change towards low-carbon, climate resilient and nature positive development paths, drawing in investment from the private sector and other actors.

4.1 Thematic areas of support

UK ICF will focus on driving transformation and systemic shifts required to achieve the Paris Agreement goals and deliver on the Glasgow Climate Pact across four themes, detailed below. This includes supporting developing countries to pursue clean economic growth, halt deforestation and build resilience, whilst achieving co-benefits for other sustainable development goals such as improved livelihoods, food and water security, gender equality and health for all.

Clean Energy

Despite falling costs for established renewable energy technologies, the power sector currently contributes around 25% of all global greenhouse gas emissions and almost 40% of global, energy-related CO_2 emissions.[6] 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 to transition away from the use of (unabated) fossil fuel baseload.

ICF funding aims to break down these barriers through funding multi-sector climate finance programmes to support ODA eligible countries through technical assistance and by leveraging co-finance at scale. This funding includes support for the:

- **Energy Sector Management Assistance Programme (ESMAP)** The World Bank ESMAP is a multi-donor trust fund that provides technical assistance to help shape global energy policies and leverage significant development financing. It primarily targets six Asian countries (China, India, Indonesia, the Philippines, Pakistan and Vietnam) where the most new, unabated coal-fired power generation is due to begin operation. ESMAP is influential in advising countries on the clean energy transition, with significant demand for its technical assistance.
- **Mitigation Action Facility (MAF)**, previously named Nationally Appropriate Mitigation Actions (NAMA) Facility, a targeted fund set up in 2012 by Germany and the UK to help finance measures that tackle and shift challenging sectors within a country's climate mitigation action plans.
- **Clean Energy Innovation Facility (CEIF)**, a programme that aims to accelerate the commercialisation of innovative, clean energy technologies in developing countries through research, development and demonstration projects (RD&D) across three themes: sustainable cooling, industrial decarbonisation and energy storage. At COP27, the UK announced £65.5

[6] IEA Breakthrough Agenda Report https://www.iea.org/reports/breakthrough-agenda-report-2022

million of new funding to accelerate the development of clean energy technologies in developing countries.

- **Climate Investment Funds (CIFs)**, one of the world's largest climate finance mechanisms designed to help developing countries transition towards low-carbon and climate resilient development. The UK announced a £65 million contribution to the Industry Decarbonisation programme at COP27, helping developing countries decarbonize hard-to-abate industries such as iron and steel, cement, chemicals and petrochemicals, aluminium, and pulp and paper.

Nature for Climate and People

Human prosperity, security, health and well-being depend on the future of the biosphere. By 2030, climate change and biodiversity loss will have pushed millions into extreme poverty, with women, children, people with disabilities, and those living in conflict-affected states most affected. Transforming the way in which we use nature, and ensuring the protection and restoration of forests, the ocean and other critical habitats, their biodiversity and the ecosystem services that they provide, will be crucial in tackling climate change and biodiversity loss, and delivering the UN Sustainable Development Goals.

Our recently published International Development Strategy commits to putting climate change, nature and other shared global challenges at the heart of our offer to low- and middle-income countries. The Strategy also reaffirmed the UK's commitment to invest at least £3 billion of ICF in development solutions that protect and restore nature over 2021/22 – 2025/26. At least £1.5 billion of this was specifically earmarked for forests, with £300 million for the Amazon Basin and £20 million for the Congo Basin. This helped to leverage $12 billion in multi-donor commitments to forests at COP26. Furthermore, at COP27, the UK pledged £5 million in funding for the **Inter-American Development Bank Amazon Initiative**, and £65 million towards the **Climate Investment Funds' Nature, People and Climate programme** to support communities dependent on forests and develop nature-based solutions.

Our ICF contribution will focus on: direct assistance to help countries protect and restore critical ecosystems; support for integrating nature in public and private decision-making; technical assistance to innovative new low-carbon farming and forestry businesses; scaling them up by connecting them with private capital; and partnerships with industry and key forest countries to strengthen land monitoring and governance. Additionally, our contribution to nature will include £500 million to the **Blue Planet Fund**, which will support developing countries to protect the marine environment and reduce poverty.

Adaptation and 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.

For example, UK funding of up to £274 million for the **Climate Action for a Resilient Asia (CARA) Programme** announced at COP26 will strengthen the resilience of vulnerable communities, economies and the environment against the impacts of climate change, and promote low carbon growth across the Indo-Pacific CARA is a seven-year programme which will work to deliver projects in areas known to strengthen climate resilience. This includes funding projects that mobilise climate finance, strengthen water security, conserve ecosystems and biodiversity, and help vulnerable communities lead local adaptation efforts. The programme aims to support up to 14.4 million people to better adapt to climate change, generate approximately £1.4 billion of public and private finance for climate resilience, and protect up to £130 million worth of natural ecosystems and biodiversity.

Sustainable Cities, Infrastructure and Transport

Estimates suggest that cities are responsible for 75% of global CO^2 emissions, with transport and buildings being amongst the largest contributors therein. Global transport has the highest reliance on fossil fuels of any sector. While substantial progress is being made to accelerate the transition to zero emission vehicles (ZEV), progress is particularly concentrated in advanced and leading markets, creating a growing risk of a two-track ZEV transition where Emerging Markets and Developing Economies (EMDEs) are unable to fully benefit from the growth, health and security opportunities that an accelerated transition can bring. This in turn risks undermining our shared climate goals as reliance on fossil fuels is perpetuated.

The ICF portfolio supports transport decarbonisation by funding technical assistance, supporting regulatory change and supporting development of clean technologies. UK ICF is a key donor to the World Bank's **Global Facility to Decarbonise Transport (GFDT)** that aims to achieve carbon neutrality in transport by 2050 in ODA eligible countries supporting high-quality public transport, cleaner technologies and non-motorised transport options.

4.2 Balance between mitigation and adaptation in UK climate finance

Over the ICF period 2016-2020, the UK sought a balance between adaptation and mitigation funding, and we estimate that 47% of our ICF during this period supported adaptation action. The International Development Strategy re-affirmed that we will ensure a balanced split between mitigation and adaptation finance. Our annual ICF results publication estimates that since 2011 the UK ICF has supported 95 million people to cope with the impacts of climate change.[7]

The UK recognises that the current provision of adaptation finance remains insufficient to respond to worsening climate change impacts. In the cover decision of the Glasgow Climate Pact, developed countries were urged to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025. The UK is committed to scaling up its provision of climate finance for adaptation and will make an ambitious contribution in this regard, at least tripling our provision of adaptation finance for developing countries from 2019 levels, to £1.5 billion in 2025.

As a founding member of the **Champions Group on Adaptation Finance**, the UK is working in partnership with climate finance providers to improve the quality, effectiveness and accessibility of adaptation finance. The Champions Group comprises 13 developed countries and the African Development Bank, and is supported by the European Commission. Its members have committed to balance between adaptation and mitigation in their climate finance spending. In April 2022, the Champions Group on Adaptation Finance published a statement of commitment outlining their intentions to work with climate action leaders from the most vulnerable countries and key players in multilateral institutions to turn political ambition into tangible action. The Champions Group is working to take forward a range of actions, including: championing the development of a collective plan to at least double climate adaptation finance from 2019 levels by 2025; building a shared understanding of the role of and pathways to mobilise private sector finance; and working to enhance synergies with other initiatives working in the context of climate finance, such as the Taskforce on Access to Climate Finance.

4.3 Loss and damage

The UK recognises that more investment and faster action to help vulnerable countries adapt to climate change and minimise and address loss and damage is needed to prevent further catastrophe and suffering. The UK spent £2.4 billion of our ICF in 2016-2020 on adaptation and investments in areas needed to address loss and damage. This included around £303 million on humanitarian assistance (directly linked to climate change and building resilience to it), £396 million on social protection, and £196 million on financial protection and risk management. Following the progress made at COP27, the UK will constructively engage with the UNFCCC, other nations and with civil society to help ensure that wider funding arrangements related to L&D, the future L&D fund and the Santiago Network for Loss and Damage, deliver effectively for countries, particularly those that are most vulnerable to the adverse effects of climate change.

[7] UK International Climate Finance results (October 2022), https://www.gov.uk/government/publications/uk-climate-finance-results-2022.

We will continue to deliver and enhance this type of support in line with the Glasgow Climate Pact, including through our ICF. This funding will help support efforts to avert, minimise and address loss and damage alongside other relevant sources such as humanitarian finance. Examples of relevant programming include:

- **WISER (Weather and Climate Information Services for Africa):** WISER aims to help at least 24 million people across Africa to be more resilient to natural disasters and climate change by 2030 by improving early warning systems. An example of this is delivering early warning products and services to populations and sectors in Tanzania via the Multi-Hazard Early Warning Tanzania project.
- **The Santiago Network (SN) for Loss and Damage** aims to bring together and enhance the technical assistance available to developing countries suffering from the worst impacts of climate change. At COP27 the UK announced £5 million of funding for the SN.
- The **START Network** works to transform humanitarian action through innovation, fast funding, early action, and localisation. For example, **Start Fund Bangladesh** (SFB) is a £10 million rapid emergency response fund that was created in 2017 with support from UK aid. Modelled on the Start Network's successful Start Fund, which activates funding within 72 hours of a crisis alert, it fills a crucial gap in humanitarian funding. It is accessible to local, national, and international member non-governmental organisations (NGOs) operating in Bangladesh to respond early to under the radar emergencies.

5. Types of support to be provided by UK ICF and delivery channels and instruments utilised

The UK will use a range of delivery channels and types of support to ensure we can enhance developing countries' adaptation or mitigation capacity. 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.

5.1. Types of support[8]

The types of support that UK ICF will provide include:

- System strengthening

[8] There are additional programme specific examples of capacity building and technology transfer support in sections 6.5 and 6.6 of the UK's 8th National Communication to the UNFCCC (August 2022), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1097124/CCS0222379472-001_00_UKs_8th_National_Communication.pdf.

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

Capacity building

Building lasting capacity is key to the transformational change needed to address climate change. 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. 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.

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. Our portfolio is designed to support across all levels needed by partner countries, for example:

- Increased ambition: The **Climate Ambition Support Alliance (CASA) Programme**, **2050 Calculator**, and the **NDC Partnership;**
- Policy and regulation: The **NDC Partnership**, and **UK PACT.** UK PACT provides short-term "skill-shares" between partner governments and UK experts from the private and public sectors, to help countries meet their climate goals through peer-to-peer exchange. This includes development of climate laws and national decarbonisation strategies, energy regulation, low carbon transport and green finance.
- Financial advisory services: The **Market Accelerator for Green Construction (MAGC)**, a partnership between the UK and the International Finance Corporation (IFC) aims to build demonstration portfolios of green construction at scale, reducing emissions, mobilising new finance and inspiring markets to shift towards the new energy efficient buildings of the future. Country-level capacity building to strengthen enabling environments is a key component of this programme.

Capacity building for adaptation

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

- The UK's high ambition **Africa Regional Climate and Nature Programme (ARCAN)** will help more than 6 million people build resilience to climate change and support clean and resilient economic growth in Africa. An important element of this programme is capacity-building with a range of African stakeholders to better understand, adapt to and mitigate the drivers and impacts of climate change and natural resource degradation, integrating evidence-based approaches into policy, planning, and programming.
- The **Adaptation Research Alliance**, formally launched at COP26 by the UK, promotes action-orientated research that will inform more effective adaptation to reduce the risks from climate change, particularly for countries and communities that are most vulnerable. The ARA is a global, collaborative, multi-stakeholder effort, including funders and researchers. 152 organisations are now members of the ARA (52% from Global South and 48% Global North) with over 50 joining since its launch at COP26.

Capacity building for negotiations

The UK provides support for developing countries to develop negotiations capacity and capability internationally.

- The UK's **Climate Ambition Support Alliance (CASA) Programme** was launched in 2018, running to March 2025. It aims to increase the capacity and capability of climate-vulnerable country negotiators to engage in international climate negotiations, helping to preserve and enhance the rules-based international system and increase appetite for higher ambition. To date CASA has been providing in situ support to the LDC Group, the Alliance of Small Island States (AOSIS), the Republic of the Marshall Islands, the High Ambition Coalition (HAC) and individual developing country negotiators.

Technology transfer

The UK integrates support for technology development and transfer throughout several ICF programmes. In doing so, the UK recognises the cross-cutting and multi-sectoral needs of developing countries requiring integrated support covering technology, capacity building and finance to ensure efforts to mitigate and adapt to climate change are impactful on-the-ground.

The UK's ICF portfolio will continue to place an emphasis on research, development and deployment (RD&D). Examples of this include:

- The **Ayrton Fund**, announced by the UK Government in 2019, was a commitment to spend £1 billion on ODA-funded RD&D for innovative clean energy technologies and business models for developing countries. Through research, development and demonstration of new solutions and business models, the fund aims to strengthen capacity and unlock opportunities in developing countries for cleaner growth and better access to clean energy.

- The UK provided a £1 million voluntary contribution in 2021 to the **Climate Technology Centre and Network** as the implementation arm of the UNFCCC's Technology Mechanism. The UK values the work of the CTCN in delivering tailored assistance and advice at the request of developing countries to meet their technology needs.
- At COP26, the UK announced £40 million in funding for a new **Global Centre on Biodiversity for Climate** to support applied research on how countries can protect and restore biodiversity in ways that deliver strong outcomes for climate change mitigation and adaptation.

5.2. Delivery Channels

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 Institution, British International Investment (BII).
- 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 2.1.

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.

Multilateral Climate Funds

A key element of the UK's support to developing countries is our commitment to multilateral climate funds. The UK is one of the largest contributors to the major multilateral climate funds:

- The UK is contributing £1.44 billion to the **Green Climate Fund (GCF)** between 2020 and 2023, making the UK the largest donor. The GCF, as the largest international climate fund, is the UNFCCC's primary Financial Mechanism. It has a key role to play in supporting developing countries' adaptation and mitigation efforts at scale, and in actively contributing to the wider alignment of financial flows needed to address the climate emergency that we face. The UK is working closely with the Fund's Board, Secretariat and stakeholders to help shape the GCF's updated strategic plan ahead of the next replenishment to drive a paradigm shift towards low-emission, climate-resilient development.

- The **Global Environment Facility (GEF)** is the largest global financial mechanism tackling major environmental challenges including climate change, biodiversity loss, land degradation, unsustainable food and agriculture, deforestation, chemical pollution, marine and freshwater degradation. The GEF is replenished on 4-yearly cycles. The UK has pledged £330 million to the current replenishment cycle which runs from 2022 to 2026.
- The UK provides support to the $8 billion **Climate Investment Funds (CIF)**. The CIFs will accelerate climate action by empowering transformations in clean technology, energy access, climate resilience, and sustainable forests in developing and middle-income countries. The CIF's large-scale, low-cost, long-term financing lowers the risk and cost of climate financing. It tests new business models, builds track records in unproven markets, and boosts investor confidence to unlock additional sources of finance.
- In our COP Presidency role, we catalysed USD $356 million in new support from contributing national and regional governments for the **Adaptation Fund,** almost triple its previous resource mobilisation. This included a UK contribution of £15 million. The Adaptation Fund offers developing countries direct access to funding. Half of the Fund's 34 national implementing entities are located in Least Developed Countries (LDCs) and Small Island Developing States (SIDS) and about half of the funds in its project and programme portfolio are allocated to LDCs and SIDS.

Multilateral Development Banks

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. The UK has worked closely with the MDBs to increase their green finance and Paris Alignment targets, and as COP Presidency, have led regular MDB Working Groups on climate to ensure they deliver on their COP26 commitments. Examples of progress by MDBs include:

- All major MDBs have now agreed timeframes for aligning their operations with the Paris Agreement by 2025 at the latest, up from just one bank when the UK assumed the incoming COP26 Presidency.
- The MDBs presented their Paris alignment joint methodology for direct finance ahead of COP26. The methodology sets out high level guidance which is now being translated into individual Banks' policies and operationalised.

- The UK is encouraging all MDBs to finalise and make public robust methodologies for Paris alignment for indirect finance and policy-based lending, and to set out how they collectively plan to report on the alignment of their portfolios. The MDBs are moving from concept to practice, and continue to road-test the joint methodologies ahead of implementation.
- Nine MDBs also committed to mainstreaming nature in all their operations and support client countries to implement their nature and biodiversity commitments.
- Almost all major MDBs have also now committed to stretching targets of ensuring that between 30% and 50% of their total financing is green finance.

We will continue to work with the MDBs to scale their mobilisation of private finance for climate projects, in particular by encouraging innovations which more effectively build the pipeline of bankable projects and unlock investment at scale.

Private Sector Instruments

We will continue to work through **British International Investments** (BII), the UK's development finance institution, which invests in the private sector across South Asia and Africa. Over the past decade, BII has taken significant steps towards addressing the climate emergency by investing in renewable energy and resource efficiency across equity, debt, and intermediated funds. In 2021, BII committed £479 million in climate finance projects, with £330 million in renewable energy.

In July 2020, BII released a new Climate Change Strategy that goes further in terms of both ambition and scope. BII committed to invest at least 30% of its commitments in climate finance over its new five-year strategy (2022-2026). 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, BII 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.

In June 2022, BII announced they will invest $200 million into the Norwegian DFI's Joint Venture with Scatec, a leading renewable energy solutions provider, to invest in hydropower projects across Africa. The Joint Venture's investments are expected to support the creation of 180,000 jobs, avoid at least 270,000 tCO_2e of GHG emissions annually, and could provide enough clean energy to meet the equivalent demand of over 3 million people. This is the largest investment in hydropower in BII's 74-year history, showing their increased commitment to boosting the continent's renewable energy.

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 BII 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.

6. Recipients of UK climate finance including support for the most vulnerable

6.1. Beneficiaries

Our ICF will support marginalised groups to be active agents of change in addressing climate and environment issues. In so doing, we will champion women and girls, Indigenous Peoples and local communities, persons with disabilities and other key groups as decision-makers, educators and climate leaders to deliver effective, long-term solutions to climate change. This includes involving them in the design, implementation and monitoring of disaster risk reduction, post-disaster management and climate change mitigation and adaptation strategies.

6.2. Inclusion and gender responsiveness of climate finance

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. Our ICF will seek to increase ambition on inclusion and gender equality by integrating gender responsive and inclusive approaches into the design, delivery, and assessment of our programmes. For example, our flagship **UK PACT** programme has developed gender equality and social inclusion (GESI) guidance for its country programmes. 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.

The FCDO has also made commitments on disability inclusive climate action as an emerging area of work through its **Disability Inclusion and Rights Strategy** (2022-2030).

6.3. Recipient countries

Our ICF has a portfolio including over 200 programmes working around the world, and it will continue to support developing countries as they seek to adapt to the impacts of climate change and reduce their emissions, in line with their needs. We will pursue the following outcomes as part of our wider efforts to deliver international climate action:

- 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 our Strategic Approach to Africa.
- 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.

6.4. 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 marginalised groups.

As set out in our **Integrated Review of Security, Defence, Development and Foreign Policy,** published in March 2021, we are prioritising the strengthening of adaptation to the effects of climate change, supporting in particular those most vulnerable to shocks worldwide.[9] Delivering on behalf of SIDS, LDCs and Africa formed a key pillar of our COP26 Presidency, and we will continue to deliver this support through the programming and funding set out below, as well as Programmes previously referenced in this Communication:

- **Small Island Developing States Capacity and Resilience Programme (SIDAR):** This five-year programme aims to respond to pressures on the governments of Small Island Developing States arising from climate change and the unique disadvantages created by small population sizes, remoteness, and vulnerability to economic shocks and natural disasters. It will focus

[9] Integrated Review of Security, Defence, Development and Foreign Policy (March 2021), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975077/Global_Britain_in_a_Competitive_Age-_the_Integrated_Review_of_Security__Defence__Development_and_Foreign_Policy.pdf.

especially on sustainable and inclusive capacity, the UK Partnership for economic development, access to affordable finance and impacting the policy environment.

- **Infrastructure for Resilient Island States (IRIS) facility:** This joint initiative with the Coalition for Disaster Resilient Infrastructure (CDRI) and SIDS will support small island states to develop resilient, sustainable infrastructure that can withstand climate shocks, protecting lives and livelihoods. The UK is contributing to the fund, which will support a new technical assistance facility.
- **Africa Adaptation Acceleration Program (AAAP):** The UK is contributing to this $25 billion joint initiative endorsed by African Union leaders and led by the African Development Bank, the Global Centre on Adaptation and the Africa Adaptation Initiative, to support African countries in designing and implementing transformational adaptation of their economies and post-COVID recovery development paths.
- **Shock Response Programme (SRP):** The SRP will strengthen government systems in the Sahel so they can better anticipate and mitigate the impacts of severe shocks, including climatic shocks such as drought, that result in recurrent food insecurity. This will include support to the World Bank to strengthen government social protection systems in Burkina Faso, Chad, Mali, Mauritania and Niger that improve people's ability to cope when shocks occur; and support to the Centre for Disaster Protection to improve use of early warning systems and disaster risk financing.
- **Climate Adaptation and Resilience research programme (CLARE):** The UK's commitment to this jointly funded Canada-UK programme will support action-focused research to inform development in a changing climate in Africa. It will generate new knowledge, practical tools and approaches to support those most vulnerable to the impacts of climate change and related natural hazards, such as floods, droughts and heatwaves.

7. Catalysing wider action

7.1. Public climate finance providers

The adequate provision of climate finance by developed countries is critical for supporting the delivery of commitments under the Paris Agreement. Under the UK's Presidency, 95% of the largest developed country climate finance providers made new, forward-looking commitments, with some doubling or even quadrupling their commitments. COP26 also saw $350 million pledged to the Adaptation Fund and $412 million to the Least Developed Countries Fund.

Also at COP26, developed countries confirmed that they would meet the annual $100 billion climate finance goal as soon as possible, setting out a future trajectory through the $100 billion Delivery Plan.[10] The Plan communicated that the goal would be met in 2023 at the latest and exceeded thereafter through to 2025. The UK has been working closely with Germany and Canada on a Progress Report on the $100 billion Delivery Plan to be published in advance of COP27. And in the historic Glasgow Climate Pact, developed countries were urged to at least double their collective provision of adaptation finance to developing countries by 2025, from 2019 levels.

7.2. 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.

At COP26 firms committed, through sector-wide coalitions such as the **Glasgow Financial Alliance for Net Zero (GFANZ)**, to accelerating the development of capital to enable EMDCs to decarbonise. An unprecedented level of international public-private collaboration will be required in order to unlock private capital at scale.

Contributing to progress in this space are platforms such as the country-led **Just Energy Transition Partnerships (JETPs)**, which help to tailor coordinated international support for countries by bringing together domestic resources with support from developed countries and MDBs, alongside private sector investment. The partnerships are a new model for long term collaboration that simultaneously enables increased climate ambition, delivers social benefits, and channels finance to catalytic actions that accelerate clean transitions in developing countries. JETPs are an important step in building a financial architecture equipped to mobilise the investment needed. The UK has been working with groupings such as GFANZ to convene the private financial sector around the JETPs and to support partner countries in creating the right environments to enable investment.

The UK will also use its 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.

Private finance for adaptation and resilience accounts for a very small fraction of tracked climate finance, partly owing to the limitations in data availability and characterization of adaptation, but also, essentially, because of lack of well-developed

[10] *Climate Finance Delivery Plan: Meeting the US$100 Billion Goal* (October 2020), https://ukcop26.org/wp-content/uploads/2021/10/Climate-Finance-Delivery-Plan-1.pdf.

markets and business models for climate resilience solutions. Initiatives led by the private sector such as th**e Coalition for Climate Resilient Investment (CCRI)** or by DFIs such as the **Adaptation and Resilience Investors Collaborative (ARIC)** continue to act to increase investment in A&R. CCRI aims to help integrate climate risks in investment decision making and is piloting the development of systematic tools in countries to that end. ARIC pursues work notably on tracking, disclosure, impact, instruments and best approaches to encouraging investment in A&R.

Additionally, at COP26 the UK announced an ambitious new guarantee mechanism – the **'Room to Run' guarantee** – to the African Development Bank (AfDB). This is expected to unlock up to £1.45 billion ($2 billion) worth of new financing for projects across the continent, half of which will help countries adapt to the impacts of climate change. For example, this finance is expected to support the AfDB's work on generating high-quality climate data to help countries plan for future impacts, building resilient infrastructure and helping farmers increase their resilience to drought. This will support the objectives of the Africa Adaptation Acceleration Programme.

7.3. 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.[11] 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 IMF) to seek stronger mainstreaming of climate, nature and wider environmental considerations. This includes the better incorporation of climate and environment risk, and encouraging additional, urgent action and scaling up of new instruments and approaches.
- For example, in October 2021, G20 Leaders agreed to work on options for members with strong external positions to significantly magnify the impact of the allocation by voluntarily channelling Special Drawing Rights (SDRs) to vulnerable countries, with a global ambition to reach USD $100 billion for countries most in need. Of the USD $100 billion ambition, around $80 billion has been pledged, including 4bn SDRs (~USD $5.5 billion) from the UK. One of the options for channelling SDRs includes the IMF's newly established Resilience and Sustainability Trust which provides long-term, affordable finance to support countries bolster their resilience to structural issues including climate change. The first RST programmes were approved by the IMF Board

[11]" International Climate Finance: UK aid for low-carbon development: new review" (2019), https://icai.independent.gov.uk/report/international-climate-finance.

in November 2022.

- We will also work with the MDBs to encourage innovation in scaling their mobilisation of private finance for climate projects. See section 5.2 of this document for more detail on our approach.
- Working through the IFIs, our in-country presence, and in fora like the Coalition of Finance Ministers for Climate Action to support developing countries to embed climate change into economy-wide transitions.
- Maximising synergies between climate finance and Financing for Development (e.g. through the Addis Ababa Action Agenda) and multilateral environmental agreements.

7.4. 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**, the UK will champion both the systemic greening of the financial system and mobilising finance towards green and resilient sectors globally. The UK will continue to show leadership as we work to update our Green Finance Strategy building on the positive finance outcomes at COP26**.**

The UK was the first country to commit to making climate reporting aligned with the **Task Force on Climate-Related Financial Disclosures (TCFD)** mandatory, with measures now in place across the economy. The UK is also moving towards mandatory climate transition plans for UK companies based on the standards in development by the Transition Plan Taskforce launched at COP26. Furthermore, through our international engagement, shareholdings and financing we continue to support programmes and initiatives to build regulatory capacity in other jurisdictions and to encourage alignment and interoperability of high-ambition standards. We will also work to catalyse similar action on nature through the **Taskforce on Nature-related Financial Disclosures (TNFD).**

The financial year 2021/22 marked the successful launch of the UK's **Green Financing Programme** with a total of £16.4 billion in green proceeds being raised via green gilts. Building on the establishment of the **Green Finance Institute** in 2019 which works to identify scalable financial solutions to support net zero, the UK has created the **UK Infrastructure Bank** which will operate UK-wide and make clean energy the largest sector for investment.

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 action 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 Foreign Direct Investment (FDI) into developing countries, driving inclusive and low-carbon economic growth.

8. Monitoring, evaluating and learning

8.1. Monitoring and evaluation

Designing effective programmes that respond to the needs of developing countries is a priority of UK ICF. We will continue to draw on evidence from commissioned studies and from our ICF monitoring and evaluation framework to enable continuous improvements in project selection, design, and implementation. Our ICF monitoring and evaluation framework includes programme and portfolio results-reporting, annual reviews of all programmes, and independent evaluations and evidence reviews at both programme and portfolio level.

Achievements from the portfolio of ICF investments have previously been reported against 6 key performance indicators.

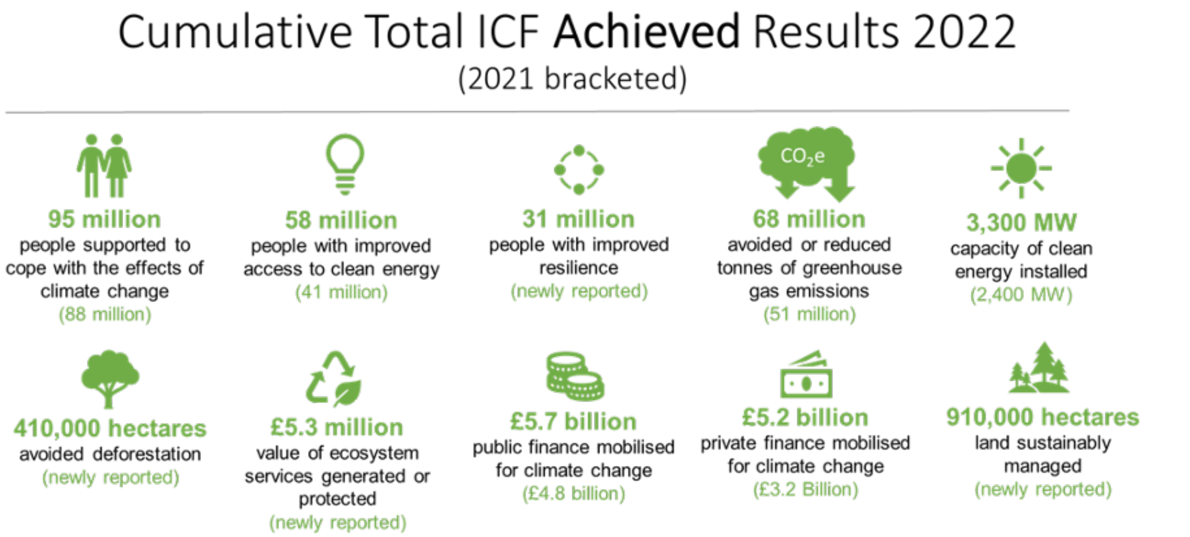
- KPI 1 Number of people supported to cope with the effects of climate change
- KPI 2 Number of people with improved access to clean energy
- KPI 6 Greenhouse gas emissions reduced or avoided (tCO_2e)
- KPI 7 Level of installed capacity of clean energy (MW)
- KPI 11 Volume of public finance mobilised for climate change purposes (£)
- KPI 12 Volume of private finance mobilised for climate change purposes (£)

Methodology notes explain what is in scope for each indicator and how to calculate the results. The latest published results are presented in Figure 1, below. This year, we have expanded the number of KPIs reported against and improved the usefulness and transparency of our ICF results publication by presenting graphs to illustrate progress over time, and including disaggregated data.

New KPIs include:

- KPI 2.2 Number of social institutions with improved access to clean energy
- KPI 4 Number of people whose resilience has been improved
- KPI 8 Area where deforestation has been avoided (Ha)
- KPI 10 Value of ecosystem services generated or protected (£)
- KPI 15 Extent to which ICF intervention is likely to lead to transformational change
- KPI 17 Area of land that has received sustainable land management practices (Ha)

Figure 1: Total ICF Achieved Results 2022



Our ICF monitoring and evaluation framework increases the impact of climate finance by filling key evidence gaps. It achieves this through the following objectives:

- Evaluate and monitor programmes to understand why, how and in what contexts our programmes are successful (or otherwise) in achieving their aims;
- Develop and use the evidence base to improve decision-making within the UK Government and influence the wider climate finance landscape; and
- Provide accountability for our ICF through understanding whether programme results are being achieved.

The UK's ICF welcomes regular scrutiny from both the UK's Independent Commission on Aid Impact and the International Development parliamentary oversight committee. In particular, the UK's monitoring and evaluation framework has been well regarded by the UK's Independent Commission on Aid Impact, which stated in the 2019 review that: "other actors in the climate finance area look to the UK as a thought leader on the monitoring and evaluation of climate finance."

8.2. Evidence-based learning

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 monitoring and evaluation is fed back into programme design decisions through the annual review process and analytical appraisal.

Programmes receiving UK ICF are reviewed annually. Results are compared with expected milestones and targets, and the opportunity is taken to reflect on evidence generated over the year – such as from independent evaluations. Lessons are documented and applied, and shared more widely across the portfolio as appropriate.

The UK's ICF monitoring and evaluation framework increases the impact of climate finance by filling key evidence gaps.

The evaluation aspect of the framework ensures independent scrutiny and learning from a range of commissioned evaluations. At portfolio level, independent evaluations provide evidence and learning to increase the effectiveness and to measure the impact of the UK's international climate finance. At programme level, independent evaluations are commissioned to understand contextual factors around the effectiveness and value-for-money of interventions and to inform programming decisions such as whether to scale-up.

Examples of UK programming that has taken a robust approach to evaluation include:

- Our **Carbon Market Finance Programme**, implemented through the World Bank's Carbon Initiative for Development (Ci-Dev) programme. The UK published an independent evaluation of our Carbon Market Finance Programme in 2020.
- Between 2017 and 2021 the UK commissioned an evaluation manager to deliver a number of evaluative studies, synthesis papers and literature reviews to develop the knowledge base around our **Partnerships for Forests** programme. These reports have all been published to ensure that lessons learnt can be used by the broader climate finance community.