UK Government

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1. UK approach to the provision of climate finance

We are delivering on our pledge to increase our International Climate Finance (ICF) contribution from £5.8 billion over 2015/16 to 2020/21, to £11.6 billion over 2021/22 to 2025/26. This commitment was reiterated by the Prime Minister at COP29. The primary objective of ICF is to help developing countries adapt to and mitigate climate change, in line with the government's mission to create a world free from poverty on a liveable planet. In October 2023, we published a Written Ministerial Statement (WMS)[1] that set out details on progress against this commitment and forecast spending figures for the remaining years. At the end of 2023/24, in line with the WMS, the UK had spent over £5.4 billion of our £11.6 billion commitment, leaving £6.2 billion to spend in the remaining two financial years. The Spending Review published in Autumn 2024 confirmed sufficient funds were available to ensure the target can be achieved. The second phase of our Spending Review for budgets from 26/27 onwards is expected to conclude in Spring 2026 and will include our climate finance spending plans over this period.

Our climate finance is of a high quality, with a significant proportion (87% from 2016 to 2022) provided in the form of grants, which enable the poorest and most vulnerable countries to tackle the impacts of climate change without incurring debt. 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 towards the doubling of adaptation finance set out in the Glasgow Climate Pact. We plan to spend at least £3 billion of our £11.6 billion ICF commitment on development solutions that protect and restore nature, including £1.5 billion on forests.

The UK has demonstrated a long-term commitment to the multilateral climate funds, including the Green Climate Fund (GCF), the Global Environment Facility (GEF) and the Climate Investment Funds (CIFs). Our pledges to these funds have been significant and increased over time. The UK gave £1.44 billion to the Green Climate Fund's first replenishment for 2020-23, making the UK the top donor to the GCF for that period, and is contributing a further £1.62 billion for 2024-27 - the UK's single largest ICF investment, demonstrating the UK's commitment to urgently tackle the climate crisis and provide public resources through the Funds in line with the New Collective Quantified Goal. In addition, the UK is contributing £330 million to the current GEF replenishment cycle 2022-26 (GEF8), supporting developing countries in tackling major environmental problems including biodiversity loss, land degradation, deforestation, chemical pollution, marine and freshwater degradation, and climate change adaptation and mitigation. At COP29, the CIF Capital Market Mechanism was announced by the Prime Minister of the UK and the World Bank, and is listed on the London Stock Exchange This could mobilise £7.5 billion in new climate finance over 10 years, potentially leveraging up to £75 billion in co-financing.

[1] https://questions-statements.parliament.uk/written-statements/detail/2023-10-17/hcws1071

The UK's climate finance goes beyond our £11.6 billion ICF commitment. The UK's development finance institution – British International Investments (BII) – has spent an additional £747 million in climate finance investments in 21/22 and 22/23; we have reported 2021 and 2022 calendar year data for this spend in our Biennial Transparency Report to the United Nations Framework Convention on Climate Change (UNFCCC). Our ICF spend has mobilised £7.8bn of private finance since 2011, and UK Export Finance, the UK's export credit agency, is increasing support to clean growth and adaptation and offering climate-resilient debt clauses[2].

Making finance flows consistent with a pathway towards low greenhouse gas and climate resilient development will be critical for delivering on the Paris Agreement, which is why from the end of 2023, all new bilateral UK ODA is now Paris aligned. The UK has been successful in lobbying extensively for other international finance institutions to increase their commitments to finance climate action in developing countries. This also includes innovative multibillion pound guarantee facilities with the Multilateral Development Banks (MDBs)[3] that are an example of how 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).

We welcome the New Collective Quantified Goal (NCQG) recently negotiated in Baku, which includes a stretching public goal in the billions. The negotiated outcome also calls on all actors to mobilise $1.3 trillion from a wider variety of public and private sources by 2035. As set out by the Prime Minister at UNGA in September, the UK will continue to be a leading contributor to international climate finance.

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, adaptable to changing circumstances and capable of driving transformational change while offering value for money.

[2] https://www.gov.uk/government/publications/uk-export-finance-sustainability-strategy-2024-29/uk-export-finance-sustainability-strategy-2024-29
[3] Room to Run Guarantee - Hansard - UK Parliament and Indonesia Just Energy Transition Partnership Launched at G20 - GOV.UK and South Africa Just Energy Transition Investment Plan: joint statement - GOV.UK and Contingent Liability Notification: India Green Guarant - Hansard - UK Parliament and https://www.gov.uk/government/news/the-uk-pushes-for-a-bigger-better-and-fairer-international-financial-system

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.

ICF works with developing countries to (i) help them reduce emissions and avoid high-emissions growth pathways to limit global warming, (ii) support communities to adapt to, prepare for and cope with the damaging effects of climate change and climate linked disasters and (iii) protect and enhance land and ocean ecosystems and tackle unsustainable production and consumption.

Within UK 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 other major donors where relevant. This means we are able to develop and strengthen relationships with partner governments at technical and Ministerial level, 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 crosscheck our map of technical assistance and capacity building support with countries' capital investment needs. 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 support delivery of national strategies and to address barriers to the implementation of the Paris Agreement, such as a lack of enabling frameworks or clear project pipelines. Country-based teams also advise on bilateral technical assistance programmes, including the Climate Finance Accelerator (CFA).[4] The CFA enhances climate finance flow by providing tailored support to projects, fostering cooperation among developers, financiers, and policymakers, and establishing a sustainable process for ongoing project development. Its collaborative approach to unlocking a steady flow of funding for climate projects at scale aims to create a pipeline of 'investment ready' low carbon projects. In December 2023, the UK government announced a £40 million extension to December 2029, aiming to support 800 more projects across 16 countries.

[4] https://www.gov.uk/government/publications/climate-finance-accelerator/climate-finance-accelerator Updated in May 2024

2.2 Addressing barriers to accessing climate finance

The UK recognises the challenges faced by some countries in accessing climate finance – not least climate-vulnerable developing countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and Fragile and Conflict-Affected States (FCAS). We continue to work with climate finance providers (including the multilateral climate funds (MCFs) and the International Financial Institutions (IFIs)), private sector finance and our delivery partners to improve access. The UK continues to push for greater transparency, efficiency, effectiveness and impact of finance that is distributed through multilateral sources, coherence across finance providers, and alignment with partner countries' own plans and priorities. 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.

During Brazil's G20 Presidency, the UK supported and welcomed the independent review of the vertical climate and environmental funds, and the recommendations to streamline access.

Taskforce on Access to Climate Finance

The Taskforce on Access to Climate Finance was launched at COP26, in response to calls from LDCs and SIDS at the 2021 Climate and Development Ministerial for an initiative to directly address these issues. Now co-chaired by the UK and Rwanda, the Taskforce aims to improve access to climate finance at country level and support reform of access arrangements at the level of the international climate finance system. This is based in the development of a new approach to access which improves predictability, flexibility, transparency and speed of disbursement, and seeks a coordinated, programmatic approach to the delivery of climate finance at scale in alignment with developing countries' own national priorities.

The Taskforce has published a set of Principles and Recommendations (P&Rs) to underpin this new approach to guide how climate finance providers and recipients might access, programme and use climate finance more effectively. The Taskforce also publishes an Annual Report capturing progress against these P&Rs and on access more broadly.

The Taskforce is testing the efficacy of its new approach to access through seven Pioneer Country trials in partnership with a range of LDCs and SIDS (Bangladesh, Fiji, Jamaica, Mauritius, Rwanda, Somalia and Uganda). The UK has committed up to £100 million to support implementation of this approach, both through the country trials and by driving system-level improvements to climate finance access.

The first phase of Pioneer Country trials is expected to take place over a three- to five-year trajectory, with a country-led focus driven by national priorities. Some examples of progress and focus of those trials already underway include:

- Rwanda: The Rwanda country trial is led by the Rwanda Green Fund, an agency established by the Government of Rwanda that is responsible for mobilising public and private climate finance and has focused on developing platforms capable of funding climate plans and priorities on a programmatic basis. The Rwanda Green Fund has established a new Rwanda Green Investment Facility (Ireme Invest) to test this approach. The model combines a Project Preparation Facility and a Credit Facility to develop bankable climate investments and mobilise private capital for their financing. The UK has committed £7m from this programme to support the operation of Ireme Invest, specifically its Project Preparation Facility. This is alongside UK funded technical assistance to establish the Ireme Invest operational manual, eligibility criteria and a dedicated Taskforce Strategic Adviser to oversee and coordinate the country trial process. Ireme Invest sits alongside a UK-supported public sector investment window, Intego.

- Uganda: The UK has supported the establishment of a Climate Finance Unit in the Ugandan Ministry of Finance to establish a cross-Government strategy for accessing climate finance, build capacity to coordinate and deliver climate finance across a range of public and private sources (including innovative forms of financing) and mainstream climate action across national development strategies, sector policies and annual budgets. We are now working with the Climate Finance Unit to support the development of a National Financing Vehicle to help deliver a step change in programmatic climate financing.
- Mauritius: The UK has worked with the Government of Mauritius to develop a series of strategic priorities for its pioneer country trial, including establishing a Climate Finance Unit within the Ministry of Finance, strengthening national policy and government finance mobilisation, de-risking climate investment from the commercial banking sector, establishing a national carbon credit scheme and promoting investment into climate-friendly industry. We are now moving into the delivery of these priority workstreams.
- Jamaica: The UK has worked closely with the Government of Jamaica and its institutions, including the Development Bank of Jamaica, and international partners including the International Monetary Fund (IMF), Inter-American Development Bank (IDB) and GCF to establish a new partnership for mobilising climate finance at scale. This platform-based approach encompasses a Blue Green Facility, Project Preparation Facilities and financing instruments. The UK has committed £7m to support this ambition as part of the trial process.

In order to share lessons learned and support the wider efforts that developing country partners take to enhance their access to climate finance, the UK has supported a Ugandan-led regional initiative, under the Taskforce. This initiative brings together Finance Directors from across East Africa to undertake peer-to-peer exchanges and support access to finance while building on the experiences of the region’s three Taskforce ‘pioneers’ (Uganda, Rwanda, Somalia) and on broader experience from elsewhere in the region. The Taskforce is considering how similar initiatives might be developed on the basis of Taskforce trials in other regions.

As part of its work under the Taskforce, the UK is supporting a new global Center for Action on Access to Climate Finance in conjunction with the NDC Partnership. The Center will be an independent voice to bring together and amplify ideas on enhancing developing countries’ access to climate finance, drawing from a range of sources including the pioneer country trials, thought-leadership, policy insights and sustained advocacy for system improvements.

At the system-level, the Taskforce has sought to enhance access to climate finance for climate-vulnerable developing countries through dialogue and engagement with the dedicated MCFs, the MDBs, and the IMF, as well as engaging with the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) to promote complementarity and raise ambition among 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.

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 climate-vulnerable small states. The UK's joint Call to Action (with Belize, Fiji, Alliance of Small Island States (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 is currently supporting ten countries from the LDC Group to enable better access, management and targeting of climate finance 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 countries (currently 45) 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 FCAS, 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 the end of 2022 was 87%.[5] By comparison, OECD analysis of 2022 climate finance flows found that grants comprised just

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[5] Calculated from UK Common Tabular Format (CTF) tables submitted under UNFCCC National Communications and Biennial Reports (August 2022), https://unfccc.int/NC8 and Biennial Transparency Report submitted at end of 2024, https://unfccc.int/first-biennial-transparency-reports

28% of public climate finance.[6] 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 – more detail in Section 5.1, Enhancing the enabling environment) programme delivers impact through a combination of grant funding for longer term capacity-building projects and the rapid mobilisation of expertise through "expert deployments". 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.

Grant financing can also be used to support countries to mobilise private sector investment into more challenging sectors and geographies. The UK ICF portfolio crowds in private finance, with £7.8 billion private finance mobilised to emerging markets and developing economies (EMDEs) to date. As part of its 2023-2030 strategy the Private Infrastructure Development Group (PIDG; for which the UK accounts for 68% of donor funding – more detail in Section 5.1, Building investment pipelines) aims to make $9 billion of investment commitments by 2030, and cumulatively mobilise over $25 billion through these. Investments are to exclusively support projects enabling climate mitigation, adaptation, or resilience. In 2023 PIDG's Emerging Africa Investment Fund provided $42 million in debt to support the construction of the 46 MW Biovea Biomass Plant in Côte d'Ivoire. This helped to mobilise $64.5 million in private investment. It is expected that this will increase income generation for 12 thousand outgrowers, increase access to affordable and reliable renewable energy for 743 thousand consumers and avoid 120 ktCO2e per year.

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

3.1 New and additional resources

The UK has committed to spend £11.6 billion of ICF between financial years 2021/22 to 2025/26. This climate finance support is new and additional to the UK's previous ICF commitment of £5.8 billion between 2016/17 and 2020/21. The UK spent £5.98 billion within the previous commitment period.

[6] OECD (2022), Aggregate trends of Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, [Climate Finance and the USD 100 billion goal | OECD]

3.2 Methodologies and assumptions used to project levels of climate finance

The UK's first Biennial Transparency Report (BTR) submitted to the UNFCCC at the end of 2024, contains detailed information on our climate finance accounting methodology, including the changes announced in the Written Ministerial Statement referenced in section 1.

Our 25/26 levels of climate finance will continue using this methodology, with the overall levels based on ICF budgets allocated as part of the Spending Review. The budgets have been set at a level based on the £11.6 billion ICF commitment with deductions for actual ICF spend (21/22 to 23/24) and forecast amounts (24/25), which leaves a remaining target for 25/26.

Climate finance from 26/27 will be dependent on outcomes of the next Spending Review.

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 from the end of 2023. This means that our bilateral ODA spend is driving progress towards mitigating our impact on the environment.

The UK is implementing this commitment through:

- 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 IFIs and 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 recognises that early and long-term certainty on forward-looking climate finance flows is important to developing countries. This is why in 2019, the then Prime Minister announced our current five-year ICF commitment and at COP29, the Prime Minister announced the new government would honour this commitment. We provided further clarity in 2023 through our Written Ministerial Statement on forecast annual budgets for the remaining years of this commitment period.

A new UK government came into power in July 2024 and set out 24/25 and 25/26 budgets as part of their Spending Review announced at end of October 2024. Budgets for 26/27 and beyond are to be announced in Spring 2025. Our ICF spending plans will be agreed as part of this wider process.

We will seek to be as transparent as possible with our climate finance, and the UK has an ambitious policy for aid transparency. Development Tracker 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, UNFCCC and to the OECD (as part of their work on analysing progress towards the $100 billion goal).

There are limitations to the degree of quantitative information contained in this communication, namely: 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 conducting due diligence checks 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.

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

4.1 Thematic Areas of support

The UK ICF portfolio is managed by four departments: the Foreign, Commonwealth and Development Office (FCDO), the Department for Energy Security and Net Zero (DESNZ), the Department for Environment, Food and Rural Affairs (Defra) and the Department for Science, Innovation and Technology (DSIT). 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.

Many ICF programmes will deliver against climate objectives whilst also making progress and delivering co-benefits on other development priorities such as health, education, humanitarian livelihoods and economic development. There is also a strong focus on delivering co-benefits for nature and biodiversity alongside climate objectives and poverty reduction. Global poverty, instability and the climate and nature crisis are fundamentally interlinked challenges with mounting evidence suggesting that a gender responsive and socially inclusive approach to climate and nature programming yields better results. Climate and development action are mutually reinforcing; without mitigation and adaptation measures we risk siloed and less effective development strategies. Unmitigated emission rises will deepen global inequality and place the UN's SDGs at risk. By 2050, more than 200 million people could be driven from their homes due to increasing water scarcity, declining crop productivity and rising sea levels. The World Bank has argued that immediate and concerted action to reduce global emissions and support green, inclusive, and resilient development could significantly reduce the scale of climate migration.

UK ICF will focus on driving transformation and the systemic shifts required to achieve the Paris Agreement goals across four thematic areas of support, detailed below. While these are presented as four separate themes, effective delivery and UK leadership will harness the overlap and common approaches across them.

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[7] There remain many regulatory, technical and market barriers to reaching significantly higher levels of renewable energy penetration, including deploying energy storage, strengthening the grid and transitioning 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, support for clean energy innovation and by leveraging co-finance at scale. This funding includes support for the:

Energy Sector Management Assistance Programme (ESMAP), a World Bank multi-donor trust fund that provides technical assistance to help shape global energy policies and leverage significant development financing. The UK ICF Energy Transitions business case has supported decarbonisation and the transition to renewable technologies. The UK has historically prioritised funding to the fastest developing economies with significant dependence on and pipelines of unabated fossil fuels, namely Bangladesh, Indonesia, India, Pakistan, Philippines, South Africa and Vietnam. ESMAP is influential in advising countries on the clean energy transition, with significant demand for its technical assistance. At COP29 the UK announced £45 million of further funding for ESMAP making the UK the largest donor to a well-established World Bank Trust Fund.

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

Mitigation Action Facility (MAF), a multi-donor fund established in 2012 by the United Kingdom and Germany (Federal Ministry for Economic Affairs and Climate Action (BMWK)). The MAF focuses on delivering permanent policy changes and deployment of novel technologies or financial mechanisms in developing country markets to achieve lasting transformational change. It prioritises action in hard to abate sectors through the provision of high value grants targeting mid-sized projects (circa £20 million) with a combination of finance and technical assistance.

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 four themes: sustainable cooling, industrial decarbonisation, smart energy and energy storage. The second phase of CEIF will focus on the piloting of innovative technologies and business models alongside TA and knowledge and capacity building. •At COP29 the UK announced £15 million of funding for Innovate UK as part of this.

Climate Investment Funds (CIF), one of the world’s largest climate finance mechanisms designed to help developing countries transition towards low carbon and climate resilient development. The CIFs are an important part of the UK’s efforts to support the mobilisation of private sector investment and innovative projects across several different thematic areas in mitigation and adaptation, such as clean energy transition, energy efficiency, forestry, agriculture and land use, industrial decarbonisation, transport and resilience. At COP29 the CIF Capital Markets Mechanism was launched; a first-of-its-kind approach to mobilising climate finance by accessing capital markets. This mechanism will directly raise up to $7.5bn over ten years and unlock up to $75bn more in further investments to help developing countries cut emissions

Nature for Climate and People

The natural world is fundamental for human survival and prosperity; it underpins food, water, health and fuel security, and is central to social, cultural and economic life everywhere. Research is increasingly underscoring the importance of ecosystems – from forests and woodlands, soils, peatlands, grass and wetlands, to tundra and the marine environment – for stabilising climate via carbon and non-carbon ‘biophysical’ pathways at local and global scales. But human activity is undermining the integrity of the biosphere and its capacity to deliver vital regulating services. The continued loss and degradation of high-biodiversity, carbon-rich ecosystems pose a profound threat to climate and broader human resilience and security globally. Climate change, in turn, is amplifying these pressures, pushing critical biomes toward potentially irreversible tipping points.

The UK’s vision for a world free from poverty on a liveable planet depends on achieving a sea-change in our shared stewardship of the natural world; a change that recognises and values the role of nature for climate mitigation and adaptation, for society, and our economy, and one that encourages the protection, restoration, and the sustainable management of ecosystems over their destruction and degradation. We are clear that responding effectively to the climate and nature crisis must also go together with improving outcomes for the most vulnerable, including by building resilience and supporting livelihoods for the rural poor, women and girls, and empowering indigenous peoples and local communities (IPLCs) as crucial stewards of the planet's remaining ecosystems.

The UK remains committed to investing at least £3 billion UK ICF from April 2021 to March 2026 in nature, including £1.5 billion for action specifically to protect, restore, and manage international forests while supporting forest livelihoods. 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 while 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 includes international marine programming, which will support developing countries to protect the marine environment and reduce poverty.

At COP29 the UK announced up to £188 million funding to the Scaling Climate Action by Lowering Emissions (SCALE) programme, to support the development of high-integrity forest carbon markets to ensure the buying and selling of carbon credits to drive emission reductions. The UK also announced up to £48 million for blended finance to unlock private investment in sustainable forest enterprises across the tropical forest belt. The Mobilising Finance for Forests programme provides financing to companies and investors to encourage them to invest more in activities that protect and restore forests.

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. We will continue to balance our climate finance between support for mitigation and adaptation and are standing by the commitment to triple adaptation spend from £500m in 2019 to £1.5bn in 2025. Our work is supporting countries increase the resilience of their people and communities to withstand climate related shocks.

Since 2011, the UK has supported over 100 million people to adapt to the effects of climate change. In addition to supporting countries through multilateral funds, the UK is directly funding a number of programmes to build climate resilience, including the Climate Action for a Resilient Asia (CARA) Programme. CARA will strengthen the resilience of climate-vulnerable communities, economies and the environment against the impacts of climate change and promote low carbon growth across the Indo-Pacific. CARA focuses on regional and transboundary challenges and aims to support at least 14.5 million people to better adapt to climate change. The programme is helping to unlock climate finance, promote better climate change policies and plans, conserve nature and biodiversity, strengthen water security, improve weather and climate information and support urban resilience and community-led adaptation, with a focus on women and girls.

The UK is also supporting the African Development Bank (AfDB) and Global Center on Adaptation (GCA) Africa Adaptation Acceleration Programme (more detail in Section 6.4), which aims to build resilience for 57 million people across 35 African countries. The programme focuses on providing transformational change across four pillars: food security, infrastructure and nature-based solutions, youth entrepreneurship and adaptation jobs, and adaptation finance.

The UK is one of the largest funders of adaptation research, providing more than £100 million to the Climate Adaptation and Research Programme (CLARE – more detail in Section 6.4). CLARE is bridging critical gaps between science and action by championing Southern leadership of research. It supports partner governments, communities and the private sector to use evidence and innovation to drive effective solutions to the climate challenge, whilst building capacity of those carrying out the research and those using the resulting evidence.

Sustainable Cities, Infrastructure and Transport

Estimates suggest that cities account for 75% of global CO_2 emissions, with transport and buildings being amongst the largest contributors therein.

Transport is fundamental to supporting economic growth, creating jobs and connecting people to essential services such as healthcare or education. In many EMDEs, however, the benefits are not being realized, where many people still live more than 2km away from an all-weather road and where lack of access is inextricably linked to poverty. There is also an urgent need to reduce the climate impact of transport – 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, which means that 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 as well as the development of safe, resilient and inclusive transport and mobility systems by funding technical assistance that supports regulatory change and development of clean technologies. UK ICF is a key donor to the World Bank's Global Facility to Decarbonise Transport (GFDT) that aims to accelerate innovation and investment in climate-smart mobility solutions, with the goal of achieving net zero in the global transport sector by 2050. Support to transport decarbonisation is also provided through the MAF which provides technical and financial assistance to implement initiatives such as battery swapping networks, electrification of public transport and guarantee funds to reduce risk of new technology uptake.

In addition, the ICF portfolio supports decarbonisation in the building sector through the Market Accelerator for Green Construction (MAGC) programme, a bilateral partnership between the UK government and the International Finance Corporation (IFC). MAGC provides concessional loans through blended finance, which enables financial institutions in 24 developing countries to offer green mortgages on new build or retrofits properties that meet the EDGE standard of 20% or more savings in energy, water and embodied energy in materials. Through the innovative use of performance-based incentives, MAGC has already mobilised $1.9 billion, from initial DESNZ funded commitments of $56.3 million, a ratio of over $33 for every $1 committed. MAGC is currently valued at £139.2 million and has provided £43.9 million ($56.3 million) in committed investments since inception in late 2018.

4.2 Balance between mitigation and adaptation in UK climate finance

We ensure a balance between support for action on adaptation and resilience - to limit the impact of climate change already locked in and prevent the undermining or reversing of development gains and on mitigation - to support delivery of the transformational change to avoid and / or reduce emissions in ODA eligible countries where emissions growth is expected to be highest, supporting the action required in the 2020s to keep global climate goals in reach.

Over the ICF period 2016-2022, we estimate that 42% of our ICF supported adaptation action. Our annual ICF results publication estimates that from April 2011 to March 2024, UK ICF has supported over 110 million people to cope with the impacts of climate change.[8]

The UK recognises that the current provision of adaptation finance remains insufficient to respond to worsening climate change impacts. The UAE consensus recognised the need to significantly scale adaptation finance beyond doubling to meet urgent and evolving needs. 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 AfDB and is supported by the European Commission. Its members have committed to a 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 climate-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 (more detail in Section 2.2).

[8] UK International Climate Finance results (October 2024), https://www.gov.uk/government/publications/uk-international-climate-finance-results-2024/uk-international-climate-finance-results-2024

4.3 Loss and damage

COP28 saw a landmark agreement on the operationalisation of funding arrangements, including a new dedicated fund, for loss and damage. The UK has committed up to £40 million to help establish and operationalise the new Fund for responding to Loss and Damage (FRLD). The UK has a full seat on the FRLD Board and is working to ensure the Fund is as effective and efficient as possible and that it targets its support to particularly vulnerable countries, including LDCs and SIDS. The UK will constructively engage with the UNFCCC, other nations and with civil society to help ensure that wider funding arrangements related to loss and damage, the FRLD and the Santiago Network deliver effectively for countries, especially those that are particularly vulnerable to the adverse effects of climate change.

We will continue to use ICF to deliver and enhance support to avert, minimise and address loss and damage alongside other relevant funding sources such as humanitarian finance. Examples of relevant programming include:

Weather and Climate Information Services for Africa (WISER) aims to help at least 24 million people across Africa, the Middle East and Asia Pacific regions to be more resilient to natural disasters and climate change by 2030 by improving early warning systems and strengthening access to weather and climate information services. This supports decision making at the local, national and regional level, and enables communities and governments to better anticipate and prepare for climate shocks and stresses, reducing their impact. 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 previous WISER programme (2015-2021) improved access to existing and innovative Early Warning Systems, enhancing the resilience of 8.2 million people in East Africa to climate impacts.

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. The UK has committed £5 million of funding for the SN.

The START Network works to transform humanitarian action through innovation, fast funding, early action and localisation. We are providing £7.1 million to the START Network to provide disaster insurance cover in Senegal, Madagascar and Zimbabwe plus funding for locally-led responses to address the impact of El Niño-driven extreme weather across multiple countries.

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

The UK will continue to deploy a broad range of delivery modalities and interventions to support developing countries in achieving their Paris Agreement aligned climate transitions.

All UK ICF spend is Paris Agreement aligned, works to alleviate poverty and aims to be transformational so that it catalyses further changes and ultimately results in timely global action to limit the harmful effects of climate change. Additionally, a significant proportion of the UK ICF budget is also directed towards nature through co-benefits.

The support provided by UK 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.
- Sustainable – ensuring capacity is built and sustained in the longer term.

5.1 Types of support

UK ICF funds over 400 different programmes and initiatives. UK ICF aims for these programmes to operate as a cohesive portfolio that works together to provide a coherent end-to-end delivery chain that supports developing countries on every step of their transition to Paris Agreement alignment – from initial steps to raise national political ambition through to mobilising the billions of dollars of private finance needed to finance that ambition. The building blocks of this delivery chain include:

- Raising ambition
- Developing implementation plans
- Enhancing the enabling environment
- Supporting innovation
- Building pipelines
- Mobilising private finance

Raising ambition

The foundational building block of the UK ICF delivery chain is supporting global partners to raise their climate ambition to be aligned with Paris Agreement temperature targets. The UK ICF portfolio provides support to countries to raise their climate ambition via programmes that include:

Climate Ambition Support Alliance (CASA)

CASA provides tailored support to developing countries’ negotiating groups, such as AOSIS, SIDS, LDC, and the High Ambition Coalition (HAC), to build the negotiating capacity of developing countries to better enable them to participate in international negotiation forum and represent their best interests. Since July 2018, UK ICF has committed £20.6m of support to negotiating groups that represent ambitious, low-income and climate-vulnerable countries via CASA, with continued funding in place until at least March 2031.

NDC Partnership Country Engagement Fund

Via the UK Country Engagement Fund delivered through and in partnership with the NDC Partnership Support Unit, UK ICF responds to demand from developing country governments, identified though the Partnership, for support in developing stretching, robust, credible, but achievable NDC ambitions. This is achieved through funding embedded advisors and facilitators to be seconded into the heart of partner governments, providing coordinating capacity and building long-term capability. Between 2019 and 2024, UK ICF has committed c.£2.9 million (out of a total £39.7 million commitment for the NDC Partnership since 2016) to fund the placement of 54 climate experts in over 30 countries, with continued funding in place until at least 2031.

Sustainable Cooling and Cold Chain Solutions (SCCCS)

SCCCS, in collaboration with UNEP and the University of Birmingham, promotes the uptake of cooling and cold-chains solutions across Africa and India. Using a 'hub and spoke' model, SCCCS establishes regional hubs and SPOKES (Specialised Outreach and Knowledge Establishments) to share research, innovation and knowledge on cooling and cold-chains for both food and vaccine supply chains. Additional workstreams focus on developing models, policies, and tools to implement global best practice and provide technical assistance. Since 2019, SCCCS has influenced cooling and cold-chains solutions in 51 developing countries and supported over 1,600 people to adapt to climate change by improving food and vaccine preservation.

Developing implementation plans

While raising political ambition is a critical first step in the global effort to transition to a Paris Agreement aligned world, developing clear, actionable, widely accessed implementation plans and other national planning documents is critical in providing assurance that ambition will be translated into action. The UK ICF portfolio meets this need via a range of programming tools, including:

GCF Readiness and Preparatory Support Programme

The Readiness and Preparatory Support Programme (the Readiness Programme) is the largest and most comprehensive capacity building programme of its kind with $635 million of approved funding operating in 142 countries over the past decade. The Readiness Programme provides grant funding to support country-driven initiatives by developing countries to strengthen their institutional capacities, governance mechanisms, and planning and programming frameworks (including NDCs and National Adaptation Plans) towards a transformational long-term climate action agenda. The support provided will help developing countries and non-governmental, public or private organisations to build transformative pipelines and increase the capacity of relevant stakeholders throughout the project cycle, with priority given to supporting African States, SIDS and LDCs.

Global Programme on Sustainability (GPS)

The GPS is a World Bank programme promoting sustainable development by integrating natural capital into political and financial decisions. It has three pillars: 1) information (global data and tools on natural capital), 2) implementation (supporting countries to integrate natural capital approaches) and 3) incentives (promoting sustainability in the financial sector). GPS provides technical assistance and tools to policymakers and the financial sector, aiming to incorporate environmental considerations into decisions. It supports implementation of Goals A, B & D of the Kunming-Montreal Global Biodiversity Framework (KMGBF).

The Climate-Compatible Growth research programme (CCG)

CCG partners with countries and international organizations, supported by a consortium of world-class UK and international researchers, to develop data, tools, and evidence to attract investment into low-carbon growth opportunities. CCG empowers Low and Lower-Middle-Income countries to develop and own their long-term energy planning, engage effectively across ministries and with IFIs, and mobilise finance for infrastructure supporting low-carbon transition and inclusive growth. It creates openly available starter data kits, supports open-source modelling tools, and builds capacity through hybrid courses, operating a range of open-source modelling tools, and building in-country capacity through running hybrid courses, online community fora, and in-country workshops.

NDC Partnership Implementation Plans

Through the NDC Partnership, developing country governments can access the tools and support necessary to create ‘NDC Implementation Plans’ that can be used to identity national priorities on climate, enable and drive cross-government coordination and provide the NDC Partnership’s implementing and development partners with a clear articulation of the support needs of countries on climate action. Through its various funding streams to the NDC partnership Support unit, the UK has (and continues to) directly supported countries to develop these implementation plans.

Enhancing the enabling environment

As well as developing implementation plans, action needs to be taken to deliver them in a way that creates a stable and predictable legislative and regulatory environment that facilitates real-economy changes led by businesses, entrepreneurs and wider society, funded by private climate investment. This enabling action includes:

Policy and regulatory reform – providing expert technical assistance to support legislators and policymakers in developing new, and reforming existing, legislation and regulation to enhance the enabling environment for investment into low-carbon climate resilient projects. This applies at a national level covering all sectors. Illustrative examples include support to introduce Climate Change Acts, remove fossil fuel subsidies support to reform grid regulations and make it easier for renewable energy providers to participate in national markets.

Capacity building of key institutions – building lasting capacity is key to the transformational change needed to address climate change. In recognition of its integral importance, much of

UK ICF capacity building support is integrated within wider climate finance programmes. Capacity building support is provided to a broad range of organisations and institutions, depending on need and demand, but typically including:

- Government departments, ministries and wider organisations (such as Climate Change Commissions, regulators, etc.)
- Non-government state institutions (such as central banks)
- State and city administrations (often responsible for building codes and regulations and procuring public transport fleets)
- Academia
- Civil society organisations

UK ICF provides wide ranging programme support to enhance the enabling environment through capacity building activities, both via standalone programmes, such as UK PACT, but also through capacity building support embedded in many programmes. In addition to the MAF (more detail in Section 4.1), other examples of UK ICF programmes that work to enhance the enabling environment include:

Accelerating Innovative Monitoring for Forests (AIM4Forests)

In April 2023, the FAO and the UK launched the £24.5m AIM4Forests Programme, a five-year global initiative to enhance forest monitoring using modern technologies, space data and remote sensing. AIM4Forests aims to address technical and institutional gaps in forest monitoring and embed National Forest Monitoring Systems (NFMS) into national institutions. Currently active in 11 countries, with plans to expand to 20, the programme supports countries with NFMS, technical gap assessments, carbon standards reporting, National Forest Inventories, emissions monitoring, deforestation-free requirements and ecosystem restoration.

Financial Sector Deepening (FSD) Africa

FSD Africa provides innovative financial products and services, transactions and new intermediaries focused on green housing and health finance, insurance and digital economy. It has a continental remit and works on policy and regulatory reform, building institutional capacity, improving financial infrastructure and addressing systemic challenges in financial markets to mobilise green finance and spark scalable, long-term change. For example, in 2023-24 the development of Kenya’s Climate Change Amendment Act for the regulation of carbon markets was supported by FSD Africa through the Climate Action Platform for Africa (CAP-A) in collaboration with the Ministry of Environment. Technical assistance supported the Southern African Development Community (SADC) green bond programme to develop green/ sustainability guidelines and the Botswana Stock Exchange (BSE) to draft Green Bond Guidelines. FSD Africa has also successfully mobilised capital through technical assistance and, as of March 2024, had mobilised a cumulative £1.04 billion in private finance, with the aim of at least £500 million per year mobilised from 2025.

Global Fund for Coral Reefs (GFCR)

The GFCR is the leading coral finance instrument and the first multi-partner trust fund for SDG 14 (life under water). It blends public and private grants and investments to support coral reefs and dependent communities. GFCR unites partners across 23 countries to bridge the coral reef funding gap and facilitates a ‘Reef-Positive Investment Ecosystem’ with financial tools to incubate, de-risk and unlock investments. Since 2020, UK funding has managed over 1,600ha of coral reefs and mobilized £73m in co-financing, increasing the resilience of 18,900 people.

Global Plastic Action Partnership (GPAP)

The Global Plastic Action Partnership (GPAP) is a multistakeholder platform accelerating the transition to a circular economy for plastics, aiming to reduce 5 million tons of municipal plastic waste by 2026. Partner countries like Panama, Viet Nam, Nigeria, Indonesia and Ghana use GPAP data for policy papers and workshops. GPAP has 18 national partnerships, aiming for 25 by 2025, with eight countries using its National Assessment and Modelling tool. GPAP members have invested $3 billion to reduce plastic waste and pollution. GPAP sub-grants have supported community initiatives focused on improving the conditions of 11,100 people working in the informal waste sector.

Nature Positive Economy

Nature Positive Economy programme supports low and lower-middle income countries to grow their economies in ways that help to protect and restore their natural capital while driving sustainable economic development. It provides practical support to governments, businesses and financial institutions to integrate nature into their economic and financial decision-making and their understanding and managing of nature-related risks to capitalise on growing opportunities to invest in their natural assets. It therefore supports low and lower-middle income countries to transition to nature positive, net zero economies and so protect the poorest communities.

NDC Partnership – Partnership Action Fund (PAF)

The UK is the largest contributor to NDC Partnership’s PAF, providing £15.7m between 2022 and 2025. The PAF is a pooled fund managed by the Partnership’s Support Unit which acts as the last-resort mechanism for addressing NDC Partnership members’ requests for support when no institutional or development partner has suitable funds or programming available to provide a first response. The PAF has two windows, one focused on delivery of embedded advisory and facilitation support for governments (i.e. deploying staff into the hearts of governments), and the other which mobilises resources for country-specific technical assistance needs relating to the development, enhancement and implementation of their climate plans. To date the PAF has mobilised support for 54 countries and is a vital source of support that ensures no country is left behind.

UK PACT

UK PACT supports ODA-eligible countries with high mitigation potential to increase their climate ambitions and implement that ambition more rapidly, more effectively and more equitably. UK PACT is demand-driven and sector agnostic, adjusting key focus areas based on partner countries' needs and sectoral priorities. UK PACT works in partnership with countries and working closely with decision makers. This is done by supporting the creation of low-carbon policy, regulations and financial mechanisms that will result in wide-spread change and leverage further public and private finance, piloting innovative ideas that can be mainstreamed by the Government and private sector, improving the capacity and capability of key institutions and sharing UK expertise (for example in areas such as climate legislation, green finance and smart energy). UK PACT also embeds gender equality and social inclusion (GESI) into everything it does. UK ICF is committing up to £340 million to fund delivery of UK PACT over the period April 2022 to March 2027.

United Kingdom Sustainable Infrastructure Programme (UKSIP)

Operating in four countries in Latin America (Mexico, Colombia, Brazil, and Peru), UKSIP has provided technical assistance through the IDB to build capacity and support the development of policies and regulations that create enabling environments for the rollout of low-carbon sustainable infrastructure. Between 2017 and 2024, UKSIP committed £26.5 million to fund public and private sector technical assistance, including among other things: capacity building to deliver Brazil's National Sustainable Finance Framework and support creation of its National Committee for Sovereign Sustainable Finance (CFSS), the development of Peru's National Infrastructure Plan and the design of renewable energy auctions in Colombia. In 2024 UKSIP expanded its scope to include 15 additional countries in Central America, South America and the Caribbean and will fund additional technical assistance projects through reflows from programme investments.

Supporting innovation

Meeting the Paris Agreement goals will require the deployment of existing and new technologies on a global scale. Existing technologies, such as solar PV, or electric vehicles, require innovative and context specific innovations to enable their deployment and further investment to reduce costs. New technologies, such as green hydrogen and processes to facilitate industrial decarbonisation, are at a more nascent phase. Both require sustained and sustainable long-term financial support to meet the need for global, equitable deployment.

UK ICF provides wide ranging support for technology-driven RD&D and early deployment to enable technology-driven innovation that will help developing countries decarbonise high-emission sectors and move towards clean energy systems. The MAF (more detail in section 4.1) and FSD Africa (more detail in section 5.1, Enhancing the enabling environment) are two examples from the UK ICF portfolio, and other examples include:

Ayrton Fund

The Ayrton Fund is an up-to £1 billion commitment by the UK government on clean energy RD&D, which is part of the broader £11.6 billion UK ODA ICF commitment between 2021 and 2026. It is jointly overseen and implemented by the UK's FCDO, DESNZ and DSIT through a portfolio of ongoing, new and scaled-up clean energy innovation programmes. Its vision is to help drive forward the clean energy transition in developing countries by creating and demonstrating new technologies and the business models to deploy them.

The Ayrton Fund focuses on a series of high priority Ayrton Challenge technology areas, which are critical but off-track for delivery of SDG 7 and 13, and where the UK is well-placed to support. These include areas such as energy storage, next generation solar, sustainable cooling, clean hydrogen, smart energy systems and more.

Examples of Ayrton programmes include:

Transforming Energy Access (TEA)

The TEA platform supports early-stage testing and scaling of innovative clean energy technologies and business models in Sub-Saharan Africa, South Asia and the Indo-Pacific. By 2024, TEA has prototyped 662 technologies, improving clean energy access for 27 million people (including 13 million women). It has created 125,000 green jobs and raised £1.5 billion in additional investment. Technologies include energy storage, clean transport, sustainable cooling, electric pressure cookers, remote network management and energy access crowdfunding.

Modern Energy Cooking Services (MECS)

The MECS programme accelerates the adoption of modern energy cooking services in developing countries, transitioning from biomass to clean fuels. It develops policy-focused research, funds pilots of new technologies, and co-funds initiatives like the Clean Cooking Fund. Targeting 2.1 billion people in Africa and Asia, MECS has improved clean energy access for 3.8 million people since 2018, leveraged £400 million in investment and published over 300 research papers. Its evidence base has informed electric cooking policies in Uganda, Kenya and Tanzania, particularly benefiting women who are primarily responsible for cooking.

A2D Facility

The A2D Facility is a £65.5 million fund designed to accelerate the commercialisation of innovative clean energy technologies in ODA-eligible countries. It provides grant support between £1 and £5 million for “lighthouse” pilot demonstration projects across four thematic areas that are critical components of the energy transition: Critical Minerals, Clean Hydrogen, Industrial Decarbonisation and Smart Energy. The programme will operate until 2029 and is delivered via UNIDO.

Beyond clean energy RD&D, the following programmes support innovation:

Global Centre on Biodiversity for Climate (GCBC)

The GCBC is an international research and development programme that works in partnership with scientists, academics and research institutions in the Global South and North to fund research into natural solutions for climate change and poverty. By strengthening global knowledge and understanding, it aims to support developing countries in shaping decision-making and developing policies that better value, protect, restore and sustainably manage biodiversity in ways that tackle climate change resilience and poverty alleviation. Through a series of research grant calls, the GCBC supports GBF Targets 8,11 & 14 by establishing a global network of research institutions and experts to support innovation and address critical research gaps in how the conservation and sustainable use of biodiversity can address climate solutions and improve livelihoods.

PROBLUE

PROBLUE, the World Bank's multi-donor trust fund, supports sustainable marine and coastal resource development. In FY 2022-23, it awarded $50 million in grants across 47 countries, focusing on maximizing finance for development (MFD) and directing 80% of national-level funding to LDCs and Lower Middle-Income Countries (LMICs). The UK contributed 13% of PROBLUE's funding. PROBLUE has enhanced 32 World Bank operations, representing $7.4 billion in investments. Key FY23 activities included developing global analytical tools like the Fisheries Sector Assessment Toolkit (FSAT) to improve fisheries sector performance, aiming to reduce extreme poverty in coastal communities through blue economies.

Building investment pipelines

There is strong demand for credible, low-carbon, climate resilient projects across all sectors from investors representing all types of finance. On the supply side, there is no shortage of project proponents, businesses and entrepreneurs seeking investment to develop and scale their projects.

Despite global action to enhance the enabling environment there remains a need to provide targeted support to build pipelines of investable low-carbon climate resilient projects that are relevant to a broad range of different investors. Building pipelines helps reduce investors' perception of risk associated with low-carbon climate resilient projects, particularly around lack of market familiarity, uncertainty over expected benefits impairing risk-reward calculations, insufficient information to assess risk or performance, currency risks, and insufficient market depth or secondary markets.

Smaller projects (those seeking less than $50m investment) can face additional challenges attracting international investment, with aggregation and intermediation services still relatively undeveloped. Large infrastructure projects face high upfront development costs, with deals taking many years to close.

To address these challenges, UK ICF has developed a range of programmes that seek to build pipelines of investable low-carbon climate resilient projects and work to match these with investors. The MAF (more detail in section 4.1), for example, enhances support across the investment chain in major emitting sectors, where the UK has invested £375 million to date, supporting over 30 projects in 25 countries. Similarly, the CFA (more detail in section 2.1) has worked in ten countries, supporting 233 projects, with the first projects closing deals that have raised $389 million. UKSIP (more detail in section 5.1, Enhancing the enabling environment) has provided private sector technical assistance to businesses in Latin America through IDB's private sector arm, IDB Invest, which funds a range of pre-investment and investment-stage activities to prepare low-carbon sustainable infrastructure projects to attract and receive investment. Other programmes include:

The Darwin Initiative

The Darwin Initiative is the UK's flagship international challenge fund for biodiversity and sustainable development that, since establishment at the Rio Earth Summit in 1992, has awarded grants to over 1,320 projects. Grants awarded aim to conserve biodiversity, reduce poverty and address climate change in low and middle-income countries through locally based projects worldwide. It consists of four grant schemes, each differing in size and objective: 'Darwin Initiative Extra' funds larger projects and scaling up of successful approaches; 'Darwin Initiative Main' funds mid-sized projects; 'Innovation' tests higher risk or more novel approaches; and 'Capability & Capacity' strengthens organisations in developing countries that protect biodiversity whilst reducing poverty.

FSD Africa Investments (FSDAi)

Through its investment arm, FSDAi, FSD Africa deploys risk capital (debt, equity, guarantees) to mobilise private investment in cutting-edge ideas with the potential to transform financial markets and drive flows of green finance. Seeking financial ventures with the potential to test and drive innovative models, FSD Africa can address market failures and provide early-stage, risk-bearing capital to breakthrough firms/ funds, thereby strengthening financial markets, breaking new ground and deepening the African financial sector.

The Global Innovation Lab for Climate Finance (the Lab)

The Lab, which was co-founded by the UK, the US and German governments in 2014, aims to mobilize private climate finance by incubating innovative financial ideas. It has supported 78 early-stage instruments, mobilizing over $4.1bn. The Lab's Secretariat, Climate Policy Initiative, runs annual cycles to select and develop these instruments, with public and private sector representatives providing pro-bono support before formal endorsement.

Mobilising Institutional Capital Through Listed Product Structures (MOBILIST)

MOBILIST has prioritised new partnerships with public financial markets as the primary tool for driving innovative financial products and solutions. Partnerships with seven stock exchanges are the main mechanism for attracting MOBILIST investment applications, proving that these partnerships can bring products into the programme pipeline. Although other development finance actors are drawing on private capital for 'blended' finance, they are not engaging public markets to mobilise this capital. In comparison, MOBILIST is doing something new and unique.

Private Infrastructure Development Group (PIDG)

PIDG, majority funded by the UK, develops and invests in sustainable infrastructure projects across Africa and South and South East Asia. It operates three business lines offering debt, guarantees, equity and technical assistance and committing c. $500 million annually to new projects, with over half in fragile and conflict-affected states. InfraCo Africa and InfraCo Asia co-develop and invest risk capital to de-risk projects during development, creating a pipeline of bankable investments. PIDG also invests equity at Financial Close to bridge financing gaps while supporting innovative infrastructure businesses to scale up, pilot products or enter new markets and demonstrate commercial viability.

Mobilising private finance

The Songwe Stern report forecasts a quadrupling of annual investment needs to $2.4 trillion per annum in EMDEs (excl. China) by 2030. UK ICF has developed and deployed a broader range of instruments that are designed to mobilise different types of finance and investors in different contexts, including grants, concessional loans, returnable loans, performance-based incentives and more sophisticated instruments, such as guarantees and insurance. For example, every £1 the MAF (more detail in section 4.1) invests in projects will leverage five to six times the amount in public and private finance, and FSD Africa (more detail in section 5.1, Enhancing the enabling environment) has successfully mobilised private finance through projects such as African Climate Ventures (ACV), which aims to accelerate the flow of local and international capital into and across Africa. Other examples of UK ICF programmes include:

Eco.Business Fund

UK ICF provided ‘first-loss’ capital to the Eco.Business Fund, a public-private partnership investment fund that aims to promote lending practices with business and consumption that contributes to biodiversity conservation, sustainable use of natural resources, climate change mitigation and adaption to its impacts. The Fund secures private sector investments and supports both financial instruments and non-financial instruments, such as technical assistance across Latin America and the Caribbean. The fund is designed to leverage existing financial sector infrastructure and promote the investment integration of conservation investment finance into mainstream financial products. Defra’s contribution to the fund has helped leverage $42 million of private and $71.8 million of public finance for climate change purposes in addition to sustainably managing 85,282 hectares of land and reducing emissions by 321,129 tonnes by 2023.

MAGC

MAGC is a bilateral programme, funded entirely by the UK government and delivered alongside IFC to accelerate transformational change in the green construction sector. MAGC provides concessional loans through blended finance, which enables financial institutions in 24 developing countries to offer green mortgages on new build or retrofits properties that meet the EDGE standard of 20% or more savings in energy, water and embodied energy in materials. Through the innovative use of performance-based incentives, MAGC has already mobilised $1.9 billion from initial DESNZ funded commitments of $56.3 million, a ratio of over $33 for every $1 committed. MAGC is currently valued at £139.2 million and has provided £43.9 million ($56.3 million) in committed investments since inception in late 2018.

Mobilising Finance for Forests (MFF)

MFF is aimed at increasing private sector investment in activities that combat deforestation and reduce other environmentally unsustainable land use practices that contribute to global climate change in tropical forest regions. The £152 million programme is delivered by the Dutch Entrepreneurial Development Bank (FMO), a development finance institution which has itself committed to invest up to EUR 1 billion in the forests and land use sector by 2030, which includes MFF as well as its own commercial capital and concessional capital from the Dutch government. This programme will seek to leverage and catalyse investments into projects that either: create value from standing forests (e.g. conservation and REDD+ projects, harvesting non-timber forest products such as nuts, seeds, coffee); or incorporate forest protection and restoration into sustainable forms of agricultural production (e.g., sustainable timber, soy, palm oil, agroforestry). It is the UK's first large-scale blended finance programme in this sector, aiming to complement the existing interventions in the government's international forests portfolio.

MOBILIST

MOBILIST is FCDO's flagship programme targeting public markets and listed financial products to mobilise large-scale investment flows towards the UN Sustainable Development Goals. Using primarily ICF-funding, MOBILIST invests with the express aim of attracting the largest global pools of capital into the financing of sustainable development in emerging and frontier markets. MOBILIST also conducts research into the barriers to these capital flows and provides technical assistance where it can either help companies or funds to complete a public market listing, or where it provides a public good. To date, MOBILIST has invested £87.7 million (of which £75.9 million qualified as ICF) and mobilised £287.4 million of private finance (of which £257 million was mobilised towards climate change purposes as a result of ICF). For example, in June 2024 MOBILIST invested £10.2 million in the Initial Public Offering (IPO) of a Philippines renewable energy company that is rapidly rolling out wind and solar, adding 2.3GW by the end of 2025 and 5GW by 2028, helping decarbonise the country's energy generation.

PIDG

PIDG has a core objective to mobilise private investment. In 2023 PIDG committed $524 million to projects that attracted $994 million of private investment and since its inception in 2002 the Group has mobilized over $24 billion of private investment through innovative uses of early-stage equity, debt, guarantees and technical assistance. Its guarantee arm, GuarantCo, provides a variety of long-term guarantee and contingent credit solutions in both hard and local currencies to unlock private sector funding from the capital markets into sustainable infrastructure projects throughout Africa and Asia. PIDG has recently launched a new strategy (2023 to 2030) that refocuses its work on climate mitigation, adaptation, resilience and nature. The strategy sets out the Group's ambition to double its investment commitments to $1bn per year by 2030 and mobilise even greater volumes of private finance, including much needed local currency financing.

UKSIP

UKSIP uses a range of instruments (including debt, guarantees, other risk mitigation instruments, equity and performance-based incentive grants) to mobilise private investment into climate projects which enable climate adaptation and resilience, finance nature-positive activities and develop low-carbon sustainable infrastructure. Between 2017 and 2024 UKSIP committed £85 million to fund these activities (in addition to the £26.5 million committed to support development of policies and regulations – see 5.1, Enhancing the enabling environment), which to-date has supported the financial close of seven transactions. These include performance-based incentive grants in Brazil to incentivise the use of low-carbon technologies for power production and water and sanitation infrastructure, the employment of members of disadvantaged communities in infrastructure development, and debt instruments in Colombia to finance the purchase of electric buses and pilot a new financing model for electric vehicle public transport concessions. To date, UKSIP has mobilised £127.7million from the private sector.

5.2 Delivery channels

UK ICF achieves its objectives by delivering through both bilateral and multilateral channels.

Bilateral programming and activities

Bilateral programming allows the UK to act responsively to specific demand for UK support. This can be linked to bilateral climate partnerships between the UK and the partner country, recognition of specific knowledge and expertise held by the UK that is in demand from partner countries, or leveraging sectors where the UK has recognised international leadership, for example as a hub of international green finance best practice and innovation. There are numerous examples of UK ICF bilateral programmes in section 5.1.

The UK coordinates delivery of its bilateral programming by working through FCDO Embassy and High Commission teams, working directly with partner governments and other relevant stakeholders.

The UK is increasingly seeking to work through ‘country platforms’ to improve coordination of programme delivery. For example, at COP28, the UK and Brazil launched two pilot country platforms: the Industrial Decarbonisation Hub (ID Hub) and Hydrogen Hub partnering with the Ministry of Development, Industry and Foreign Trade (MDIC) and the Ministry of Mines (MME) respectively. The Hubs are designed to leverage the collective capabilities and convening power of the UK and Brazil to coordinate, aggregate and simplify access to a full package of global assistance (including ICF) and wider partnerships in those sectors, thereby maximizing the collective impact. The Ministry of Finance is also engaged to explore how the Hubs can collaborate with Brazil’s Climate Transition Platform – designed to mobilise investment and finance solutions for priority green projects.

British International Investment (BII)

BII is the UK’s development finance institution. BII invests in the private sector across Africa, South Asia, and the Caribbean. Through its 2022 to 26 Strategy, BII is committed to making at least 30% of new commitments into climate finance. BII has invested nearly $3 billion in climate finance since 2017. BII has committed to Paris Alignment and reaching net zero at a portfolio level by 2050.

Multilateral Climate Funds

UK ICF continues to be a leading funder of MCFs, such as CIFs (more detail in section 4.1), which have received UK contributions of £2.7 billion since 2009 as part of the UK’s broader

ICF commitments. Working with and funding climate action via the MCFs provides benefits to UK ICF, including strengthened international cooperation, economies of scale and geographical reach, opportunities for knowledge sharing and organisational and delivery stability. Other MCFs funded by UK ICF include:

Forest Carbon Partnership Facility (FCPF)

A multi-donor Trust Fund managed by the World Bank, the FCPF has two separate but complementary funding mechanisms — the Readiness Fund (now closed) and the Carbon Fund. FCPF is designed to incentivise ambitious actions by tropical forest countries to reduce emissions from deforestation and forest degradation (REDD). The Carbon Fund does this through payments for verified emissions reductions generated by jurisdictional REDD+ programmes around the globe, whilst the Readiness Fund helped build the enabling environment in host countries to do this. The UK invested £3.5 million in the Readiness Fund and £141.5 million in the Carbon Fund.

GCF

The GCF is the world's largest international climate fund dedicated to helping countries tackle climate change mitigation and adaptation. As the main operating entity under the financial mechanisms of the UNFCCC, the GCF takes guidance from COP on its policies, programming priorities and eligibility criteria. The GCF operates in a wide range of sectors including food security, resilient livelihoods and infrastructure, sustainable forests and land use, and clean energy. Since it started programming in 2015, the GCF has committed a total $15.9 billion of funding to 286 projects in over 130 countries, of which $4.8 billion has been disbursed and over $45 billion of co-financing leveraged from project partners (as of October 2024). Overall, the UK committed £2.16 billion to the GCF between 2015-23 and is contributing a further £1.62 billion for 2024-27 - the UK's single largest ICF investment, underlying the UK's commitment to urgently tackle the climate crisis.

GEF

The GEF was set up in 1991 and 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 UK is contributing £330 million to the current GEF replenishment cycle 2022-26 (GEF8), up from £250m for GEF7. As an operating entity under the financial mechanisms of the UNFCCC, the GEF takes guidance from COP on its policies, programming priorities and eligibility criteria. At COP29 the UK announced a further £10m for the Special Climate Change Fund's (SCCF) Window A for adaptation in small island developing states, in addition to £4 million of support for 2022-24. The SCCF plays a distinctive role addressing climate change adaptation needs in Small Island Development States (SIDS), which are among the world's most climate-vulnerable countries and supports innovative adaptation projects through private sector engagement and technology support.

Multilateral Development Banks

The UK uses its diplomatic network and climate finance expertise to continue to advocate for the mainstreaming of climate and wider environmental issues within MDBs and to press for increased ambition and accelerated delivery. Examples of progress by MDBs since the last report include:

- Scaling Up Financing – MDBs are increasing their financial capacity through innovations like portfolio guarantees and hybrid capital. This is aimed at mobilising more funds to address climate challenges. At COP29, MDBs issued a joint statement stating that, by 2030, they anticipate providing $120 billion annually in climate finance for developing countries and mobilising $65 billion from the private sector.
- Paris Agreement Alignment – MDBs have developed joint principles to ensure their investments align with the Paris Agreement's mitigation and adaptation goals. This includes a framework with six building blocks:
  - Alignment with mitigation goals
  - Adaptation and climate-resilient operations
  - Climate finance
  - Policy support
  - Reporting
  - Internal alignment
- Enhanced Collaboration – MDBs are boosting their collective efforts by harmonising processes, co-financing projects and engaging more with the private sector. This collaboration aims to amplify their impact and accelerate the transition to a low-carbon, climate-resilient future.
- Country-Level Support – MDBs are enhancing their collaboration at the country level to ensure that their joint efforts deliver greater impact. This involves supporting countries in developing both short-term and long-term development pathways that are in line with the Paris Agreement.

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. 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 prioritising inclusion 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 the needs and priorities of women and girls in all their diversity, 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, UK PACT has integrated gender equality, disability and social inclusion (GEDSI) considerations throughout the programme to better address the needs of marginalised groups and maximise the inclusion co-benefits of projects. 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.

6.3. Recipient countries

Our ICF has a portfolio totalling over 400 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 the UK's international, regional and country strategies, including by placing climate change and natural resources as a priority in our partnership with 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 climate-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 LDCs and in partnership with Governments, other key stakeholders and local institutions to meet the needs of the most marginalised groups.

We will continue to deliver this support to SIDS, LDCs and Africa through the programming and funding, some of which is set out below, as well as Programmes previously referenced in this Communication, such as the WISER programme (more detail in section 4.3).

SIDS Capacity and Resilience Programme (SIDAR)

Announced at COP26 in Glasgow, SIDAR will provide up to £54.5 million over seven years to increase the capacity of SIDS to access existing climate and wider concessional funding and support them to manage and deliver programmes. This programme forms part of the overall UK contribution to accelerate climate action by, and for, the most vulnerable ODA eligible SIDS.

SIDAR works through regional bodies or other partner organisations and uses targeted interventions to address specific blockages within SIDS systems (such as low capacity). The programme seeks to address these blockages by addressing two sides of the same coin, by:

- Offering direct capacity support through regional technical providers who will work with SIDS counterparts on access and delivery. This approach responds to evidence on barriers to accessing and using finance.
- Securing improved access to finance, including operational support, from providers to their SIDS clients. This will include supporting evidence and advocacy on simplified systems that are better calibrated to low capacity and highly climate-vulnerable states.

The Sustainable Blue Economies (SBE) programme

SBE aims to enhance the resilience of ODA-eligible SIDS and their economies to the impacts of climate change and economic shocks, including through better ocean management, poverty reduction/improved livelihoods and greater use of nature-based solutions (NbS). The six-year programme, announced by the then UK Prime Minister at the Commonwealth Heads of Government Meeting (CHOGM) in July 2022, is a commitment of the UK Government to support developing countries in protecting their marine environment and reducing poverty. The work of the programme forms part of the Blue Planet Fund.

Infrastructure for Resilient Island States (IRIS) facility

A programme of the Coalition for Disaster Resilient Infrastructure (CDRI) and SIDS, IRIS will support small island states to develop resilient, sustainable infrastructure that can withstand climate shocks, protecting lives and livelihoods. The UK has committed £7.3m to the fund, supporting a technical assistance facility for SIDS, with 11 projects across 13 countries selected for funding in the first cohort. The second call for proposal is live with the projects selected for funding to be announced in COP29. The other contributors to IRIS are EU, Australia and India. IRIS won the UN SIDS Partnership Award, in the environmental category, for 2024

Africa Adaptation Acceleration Program (AAAP)

A joint initiative endorsed by African Union leaders and led by the African Development Bank, the Global Centre on Adaptation and the Africa Adaptation Initiative, the AAAP has helped to shape investments to build climate resilience for vulnerable people and generate over 700,000 jobs in Africa. The Infrastructure and Nature-based Solutions pillar influenced the adaptative capacity and climate resilience of $2 billion in investments through 10 projects in 2023, bringing the cumulative total to $4.3 billion. Once implemented, these projects are expected to have 43 million beneficiaries, with 51% being women. Under the Adaptation Finance pillar, AAAP engaged with 10 countries to improve access to adaptation finance and met its main target of mobilising $300 million.

Congo Basin Forest Action (CBFA) programme

Working with local communities across the Congo Basin region, CBFA will drive foundational shifts in the relationship between people and forests across Central Africa. It will build the evidence base on best practice and support local communities to move away from activities related to deforestation, whilst ensuring economic development is achieved.

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 and floods 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 to the Centre for Disaster Protection to improve use of early warning systems and disaster risk financing.

CLARE

A flagship £110m research programme on climate adaptation and resilience (about 90% funded by UK Aid and co-funded by Canada), is bridging critical gaps between science and action by championing Southern leadership of research in Africa, Asia-Pacific and Overseas Territories. It supports partner governments, communities and the private sector to use evidence and innovation to drive effective solutions to the climate challenge, whilst building capacity of both those carrying out the research and those using the resulting evidence. CLARE-supported adaptation research links up short- and long-term issues, providing a better understanding of the risks associated with climate and supporting early action to reduce impacts of climate variability whilst enabling long-term, sustainable and equitable economic and social development in a changing climate. This includes addressing the differential barriers experienced by the most vulnerable, which is critical for increasing resilience to climate-related risks. As of 2024, 24 research projects are underway involving 136 organisations in 38 countries, three quarters of which are in Africa and Asia.

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 at COP26, 95% of the largest developed country climate finance providers made new, forward-looking commitments, with some doubling or even quadrupling their commitments. The UK worked closely with Germany and Canada on a Progress Report on the $100 billion Delivery Plan which was published in advance of COP27. The OECD stated the $100bn target was met, and surpassed, for the first time in 2022: international climate finance totalled US$115.9 billion[9]. COP29 noted with appreciation the SCF $100bn progress report, which in turn noted the OECD's report on the goal being met in 2022

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 needed, as identified by the Third report of the Independent High-Level Expert Group on Climate Finance (published November 4, 2024)[10] 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 to unlock private capital at scale.

Contributing to progress in this space are platforms such as the country-led 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 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

[9] https://www.oecd.org/en/publications/climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2022_19150727-en.html
[10] https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/

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 supporting efforts to identify and reduce the regulatory and legislative barriers preventing the deployment of commercial finance, and by working to build capacity and capability among relevant public and private institutions needed to drive low carbon growth and economic transitions in developing countries (see 5.1 (Enhancing the enabling environment) in this report for examples on how this will be delivered).

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 (see 5.1 Building investment pipelines, and Mobilising private finance in this report for examples on how this will be delivered).

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 markets and business models for climate resilience solutions. Initiatives led by the private sector such as the 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 adaptation and resilience. 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 adaptation and resilience.

At COP28 the UK launched the coalition of climate ambition in collaboration with the UAE COP presidency, Malawi and Vanuatu, to work with donors, financial institutions, LDCs and SIDS to focus on expanding programmatic approaches to adaptation finance, improving access to adaptation finance and scaling private adaptation finance for the most climate vulnerable countries.

The UK's ambitious new guarantee mechanism – the 'Room to Run' guarantee – to the AfDB was launched at COP26, and to date 63% of the new lending approved was allocated to five climate change adaptation and resilience projects which are expected to benefit over 20 million people. Overall, the facility 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.

7.3. International organisations

Climate is a key issue in multilateral fora (such as the G7/20) and IFIs. The UK's ICF has been noted for its positive impact on enabling IFIs to better respond to the climate crisis. Climate also plays a critical role across a number of the UN SDGs and environmental agreements. We will pursue the following outcomes using our bilateral and domestic relationships, our positions in multilateral fora and institutions, and through diplomatic outreach:

- Using our position in IFIs (including the MDBs, 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.
- Working 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 in embedding 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.

As an example of using our institutional position to pursue these outcomes, in October 2021, G20 Leaders agreed to work on options for members with strong external positions to significantly magnify the impact of the allocation. They did this 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 4 billion 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 in November 2022.

7.4. Making finance flows consistent with a pathway towards the long-term goals of the Paris Agreement

To fulfil Article 2.1(c) of the Paris Agreement, which commits all Parties to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development, it is essential to mobilise finance in tandem with the development of investment-enabling policy and regulatory environments. Achieving the necessary pace and scale of change requires every institution to adjust their mandate to properly address the risks and opportunities of climate change. This can only be accomplished with strong guidance and oversight from responsible authorities, along with effective coordination and collaboration within and across jurisdictions to meet global climate and development goals.

In 2022 the UK became the first G20 country to introduce mandatory disclosure requirements aligned with the Task Force on Climate-Related Financial Disclosures (TCFD)[11] for Britain's largest companies and financial institutions to report on climate-related risks and opportunities.

The UK government has been a strong supporter of the International Financial Reporting Standards (IFRS) Foundation's International Sustainability Standards Board (ISSB) since its launch and intends to consult on economically significant companies disclosing information using future UK Sustainability Reporting Standards, which will be based on the internationally interoperable ISSB Reporting Standards. The IFRS Foundation has assumed responsibility for the UK's Transition Plan Taskforce (TPT) disclosure framework and related guidance.

The government will also consult in the first half of next year on how best to take forward the manifesto commitment on transition plans in support of its ambition to become the global hub for transition finance and ensure the UK's regulatory framework is growth-focused, internationally competitive and maintains the UK's status as a global financial hub. The government's work on transition plans will aim to mobilise finance to support the government's growth and clean energy missions, support better allocation of capital and build confidence in the market, as well as enabling business and investors to manage the risks and seize the opportunities presented by the transition to net-zero.

The UK continues to actively engage in multilateral fora and provide technical support to partner countries to support national planning and the integration of climate risks and opportunities into financial decision making. It is a priority for the UK government to support the development of investment enabling environments in developing countries and to leverage potential of the UK's financial sector to green the global system.

To support the UK's domestic transition, we have committed to establish Great British Energy, which is backed by £8.3 billion of public investment to support clean power projects across the UK. The UK has also launched the National Wealth Fund to invest in the UK's clean energy and growth industries, with at least £5.8 bn of its capital to be invested in five priority sectors (green hydrogen, green steel, ports, carbon capture, and gigafactories). This will mobilise billions more in private investment into priority sectors, including those which will support the delivery of the UK's NDC.

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

[11] https://www.gov.uk/government/news/uk-to-enshrine-mandatory-climate-disclosures-for-largest-companies-in-law

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 were previously reported against 12 Key Performance Indicators (KPIs):

- KPI 1 Number of people supported to better adapt to the effects of climate change
- KPI 2.1 Number of people with improved access to clean energy
- KPI 2.2 Number of social institutions with improved access to clean energy
- KPI 4 Number of people whose resilience has been improved
- KPI 6 Tonnes of greenhouse gas emissions reduced or avoided (tCO2e)
- KPI 7 Installed capacity of clean energy (MW)
- KPI 8 Ecosystem loss avoided (ha)
- KPI 10 Value of ecosystem services generated or protected (£)
- KPI 11 Volume of public finance mobilised for climate change purposes (£)
- KPI 12 Volume of private finance mobilised for climate change purposes (£)
- KPI 15 Extent to which ICF intervention is likely to lead to transformational change
- KPI 17 Area of land under sustainable management practices (ha)

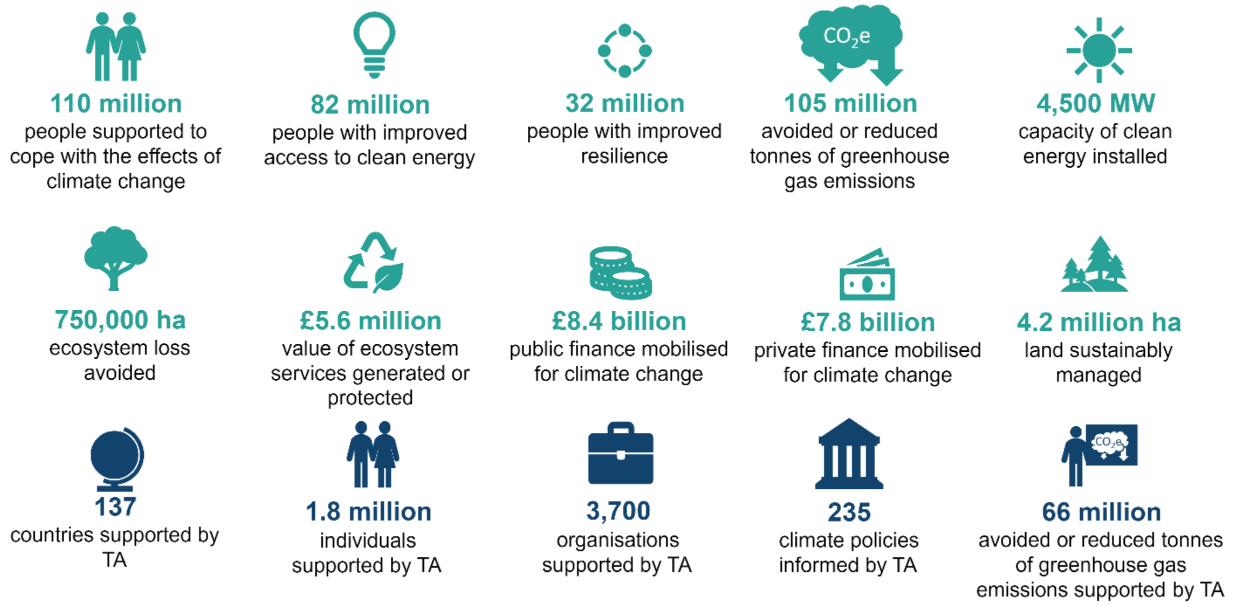
Methodology notes explain what is in scope for each indicator and how to calculate the results. Last year, we expanded the number of KPIs reported against to include:

- TA KPI 1 Number of countries supported by ICF technical assistance
- TA KPI 2.1 Number of individuals supported by ICF technical assistance
- TA KPI 2.2 Number of organisations supported by ICF technical assistance
- TA KPI 3 Number of climate policies informed by ICF technical assistance
- TA KPI 5 Tonnes of greenhouse gas emissions reduced or avoided through ICF technical assistance (tCO2e)

Each year the UK publishes results from ICF investments against the KPIs. Many of these programmes have long-lived benefits and will continue to deliver further results over the years to come. The 2024 results[12] show:

[12] https://www.gov.uk/government/publications/uk-international-climate-finance-results-2024

Cumulative Total ICF Achieved Results 2024



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
- 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."

ICF Monitoring, Evaluation and Learning (MEL) programme

ICF is one of HMG's largest and most complex ODA portfolios. Up-to-date portfolio-level evidence is required to ensure UK ICF is grounded in evidence and effective and maximises its impact and value for money. With an increasing portfolio size and limited window of opportunity to tackle climate change, the demand for portfolio-level strategic evidence on UK ICF is at its greatest. This is why high-quality evidence and learning is required to continue to shape ICF going forwards. To meet this need, the UK is developing a Portfolio level MEL Programme for its ICF spending to generate high-quality evidence and learning that ensures ICF is grounded in the most-recent evidence.

It will cover the following key activities:

- Monitoring: improving ICF monitoring framework and providing technical assistance to develop new ICF KPIs.
- Strategic evidence: building an accessible evidence-base through evidence synthesis and portfolio evaluation.
- Learning: building an integrated ICF learning system and culture.
- Technical Advisory support: supporting high priority ICF-MEL that cannot be met through internal resource.
- Capacity building: building capacity of ICF policy and programme teams.

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:

Climate Public Partnership Programme (CP3)

CP3 is a UK ICF programme that utilises an innovative approach to deploy public funds. CP3 aims to increase low carbon investment in renewable energy, water, energy efficiency and forestry in developing countries. By showing that Low Carbon and Climate Resilient investments can deliver competitive financial returns as well as climate and development impact, CP3 seeks to catalyse new sources of climate finance from institutional investors such as pension funds and sovereign wealth funds. Throughout the life of CP3 the UK has commissioned a MEL partner to provide rigorous M&E of the CP3 programme for accountability and learning, and to inform ongoing delivery whilst capturing lessons learned for future investments. M&E activities have provided evidence of CP3's impact and/or potential to achieve impact, identifying what is being delivered, what is and is not working about the programme, as well as why, how and in what contexts. The most recent findings show that[13]:

- CP3 has demonstrated that private equity can be an effective vehicle for delivering climate finance, thereby increasing renewable energy deployment in emerging economies that will deliver longer term sustainable benefits. CP3 has leveraged $10.6 billion in unattributed private finance and $3.6 billion in unattributed public finance across the different levels of the programme.
- As evidenced by the impact of attribution and additionality adjustments on programme results and when pursuing broad investment mandates within a commercially focused vehicle, there is a trade-off between investments that are able to leverage more finance and those that will deliver more additional development results. While additionality and leverage are partially competing objectives, CP3's diversified portfolio has helped to achieve both outcomes.
- Overall, while CP3 has delivered significant results through the portfolio of investments, there is less evidence of the programme's impact on wider market conditions. While the commercial model deployed has been critical to generating results, it has also limited the role CP3 has had on wider changes: for example, CP3 has a limited role in wider market developments (such as decrease in cost of solar) leading to a limited transformational effect on those markets. This shows that in order to be transformational, we might not always want to chase the highest nearer-term results (e.g. investing in higher risk areas might include more short-term failure but could result in wider scale systematic shifts if successful).

CFA

The CFA is a technical assistance programme that supports low-carbon climate resilient projects in EMDEs, with an aim to develop pipelines of bankable projects that private investors then fund. This builds on wider upstream activity, supports countries to achieve their NDCs and builds investor confidence to invest in these innovative and entrepreneurial climate projects.

The CFA has a rigorous M&E framework which includes commissioning Evaluation Partners to assess the effectiveness and impact of the programme to date. In 2022, Ipsos UK, in a consortium with SQ Consult and independent experts Charu Wilkinson and Javier Blanco, were commissioned to independently evaluate the CFA programme. In October 2023, a mid-term evaluation was produced with a final impact evaluation to follow in March 2025. The mid-term evaluation followed a theory-based approach grounded in the CFA Theory of Change and employed a realist evaluation approach to assess impact within the three case study countries: Colombia, Türkiye and Egypt.

Key findings from the mid-term evaluation:

- Relevance: the CFA is perceived to be a relevant intervention within the countries it operates in.

[13] https://devtracker.fcdo.gov.uk/programme/GB-1-201733/documents

- Coherence: the CFA presents a unique offer in the countries in which it operates and is aligned to country development agendas, thus avoiding duplication of intervention efforts.
- Effectiveness: the project proponents positively perceived the capacity building support to be valuable. The breadth of the investors involved in the CFA have shown to improve over time; however, engagement of financiers and policymakers continues to be an ongoing challenge in many partner countries.
- Impact: the quality of projects' business models and value propositions following the CFA capacity building activities are improving over time.

Recommendations and learnings from the mid-term evaluation report[14] are now informing programme delivery. A few examples of this include:

- Identifying opportunities to build on synergies between the CFA and other UK programmes, including with UK PACT and the Global Innovation Lab for Climate Finance to enhance future delivery outcomes for each programme.
- Reviewing the strategic approach to engaging financiers through CFA to ensure that the appropriate financiers are present for participating projects at the investors' events facilitated by programme, and that projects are appropriately prepared to receive international investment.
- Utilising lessons learned in the planning of the final evaluation report due in 2025.

CIF

One of the longest standing ICF programmes, the CIFs continue to make significant contributions to the ICF portfolio results, holding one of the largest shares across the reported KPIs for both achieved and expected results. CIFs have been at the forefront over the past 15 years in delivering 'climate-smart development' that both supports the world's most vulnerable and bolsters the role that they can play as 'change agents and decision makers' in mitigation and resilience-building activities. It contains several programmes and projects at different stages of maturity.

Through initial seed funding of a CIFs-wide Evaluation and Learning initiative, which was then adopted as a core-funded CIFs activity, to more recently having the donor seat on the advisory board, the UK has been highly influential in ensuring the CIFs have a set of extensive evaluation and learning activities which:

- Focus on the generation of new evidence and applied learning through collaborations and partnerships on five priority learning themes: transformational change, just transition, development impacts, mobilisation of climate finance and other sector- and program-specific topics
- Use independent consultants to deliver a range of evaluation methodologies: for example, a mixed-methods theory-based approach using contribution analysis and comparisons across cases was used by ITAD to evaluate Transformational Change in

[14] https://www.gov.uk/government/publications/climate-finance-accelerator-cfa-evaluation

the CIFs. This approach found, amongst other things, that 'CIF has contributed to shifting development trajectories in its target countries' and that 'there are signals of transformation across all four programmes'.

- Deliver an evaluation conducted by Industrial Economics Incorporated focusing on the development impacts of the CIFs, finding that: Climate Finance can play a key role in achieving development impacts, and CIFs have an important role to play in generating and disseminating lessons on its development impacts to support other climate funders.

8.3. ICF Synthesis of learning

Key findings, lessons learned and evidence gaps arising from ICF evaluations and other key documentation are summarized through a rapid evidence review in the Synthesis of Learning (2021[15]). The synthesis covers ICF3 programmes and related interventions in DESNZ, where 89% of the spend is on mitigation programming, in the period 2015-2021. The review was conducted by Ipsos Mori alongside SQ Consult on behalf of DESNZ in 2021, covering 28 evaluations, synthesis reports and performance reviews for programmes such as NAMA Facility, ESMAP, Renewable Energy Performance Programme (REPP) and UK PACT.

The Synthesis of Learning has identified that a strength of UK ICF mitigation programmes has been the ability to improve the enabling environments through support provided at a variety of levels: national, subnational and sector specific.

Examples of successes identified by the evaluations covered in the report as well as in subsequent ICF evaluations reports include the capacity of ICF to:

- Act as a cornerstone investor to mobilise co-funding
- Catalyse global action on climate change through both its funding and international influence to intensify mitigation efforts
- Represent the UK as a good partner to others, which engages effectively with stakeholders and is proactive, reliable, good to work with and a credible partner in debates.

The key cross-cutting learning from ICF Synthesis of Learning has raised a number of factors that are important to the success of ICF interventions; one of which is that a supportive enabling environment is crucial, with the buy-in of the agency or government department implementing the project and must take into account any political changes important for the success of implementing ICF programmes. Similarly, programmes should be designed in a way that recognises country or sector-specific needs. The success of interventions within a country is ultimately tied to the country context, strength of political support and alignment with national priorities and the international context.

[15] Externally commissioned review of evidence covering ICF programmes and related interventions in DESNZ in the period 2015-2021, including 28 evaluations, synthesis reports and performance reviews

Delivering technical assistance alongside capital to build capacity either at the national or subnational government level is also a key element in all interventions reviewed, and there is often lots of demand for technical assistance support. For opportunities that require long-term capacity building, expanding the duration of support has proved effective across both capital and technical assistance investments.

In countries with relatively less advanced governance systems or financial markets, investing in improved capacity and expertise is a crucial precursor to delivering mitigation. Countries need funding certainty over long periods to increase certainty and keep interest in the projects among countries and MDBs. Furthermore, effective stakeholder engagement with key parties is essential for facilitating programme delivery and impact.

The CIFs wide evaluation and learning initiative (which was seed funded by ICF) identified seven guiding Principles for Transformational Climate Finance to Advance Just and Equitable Solutions. These include a focus on varied needs and contexts, being actively inclusive, unlocking systems change, providing de-risked, small and decentralized solutions, streamlining processes, working collaboratively to mobilize finance, and creating robust systems for monitoring, evaluation and learning [CIF evaluation and learning initiative]4. Additionally, to make the most of synergies with other programmes, there is a need for a more systematic approach to identifying other donor programmes and other initiatives.

In summary, these lessons highlight the:

- Importance of building international capacity to deliver and finance net zero, alongside provision of capital, which is one of the three key missions we will pursue for mitigation and green growth with ICF4.
- Need to build on our successes and lessons learned by providing funding certainty for programmes.
- Value from ensuring programmes are tailored to operate in context-specific enabling environments, which recognise country needs.
- Synergies that exist across HMG ICF and other donor programmes.

8.4. Areas of Improvement

The UK recognises the significance of the continued improvement of Biennial Communications. The following areas were discussed at CMA5, with Parties invited to take them into account in their 2024 Biennial Communications. Since the previous biennial communications in 2022 we have provided additional information about:

- Information on the status of projected levels of climate finance stated in previous biennial communications: see Section 3.1
- Information on the challenges and limitations of providing ex ante information, particularly in relation to budgetary and legislative requirements for the allocation and approval of public climate finance disbursements: see Section 3.4

- Information demonstrating how ex ante information responds to the implementation needs of developing country Parties, as referenced in their nationally determined contributions, adaptation communications and other national plans: see Section 2.1
- Information on efforts towards achieving a balance in the provision of climate finance for mitigation and adaptation: see Section 4.2
- Information demonstrating how each of our biennial communications has improved compared with the previous one, including how areas for improvement set out in relevant decisions of the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement have been addressed: see Section 8.4
- More detailed information on strategies for scaling up the provision of climate finance, including through public interventions: see Section 5.1

As well as the above improvements in the information provided, we have demonstrated improvement in climate finance:

- The UK's support for the global $100 billion climate finance goal with £11.6 billion ICF commitment from our Official Development Assistance (ODA) budget, an additional £747 million in climate finance investments in 21/22 and 22/23 from the UK's development finance institution (British International Investments), and private finance mobilised through our ICF spend and climate eligible export credits.
- The UK recognises that early and long-term certainty on forward-looking climate finance flows is important to developing countries and so at COP29 the Prime Minister announced the new government would honour the current five-year ICF commitment. The new government came into power in July 2024 and set out 25/26 budgets as part of their Spending Review announced at end of October 2024.
- The UK continues 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. Over the ICF period 2016-2022, we estimate that 42% of our ICF during this period supported adaptation action.

This publication is available from: https://unfccc.int/Art.9.5-biennial-communications

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