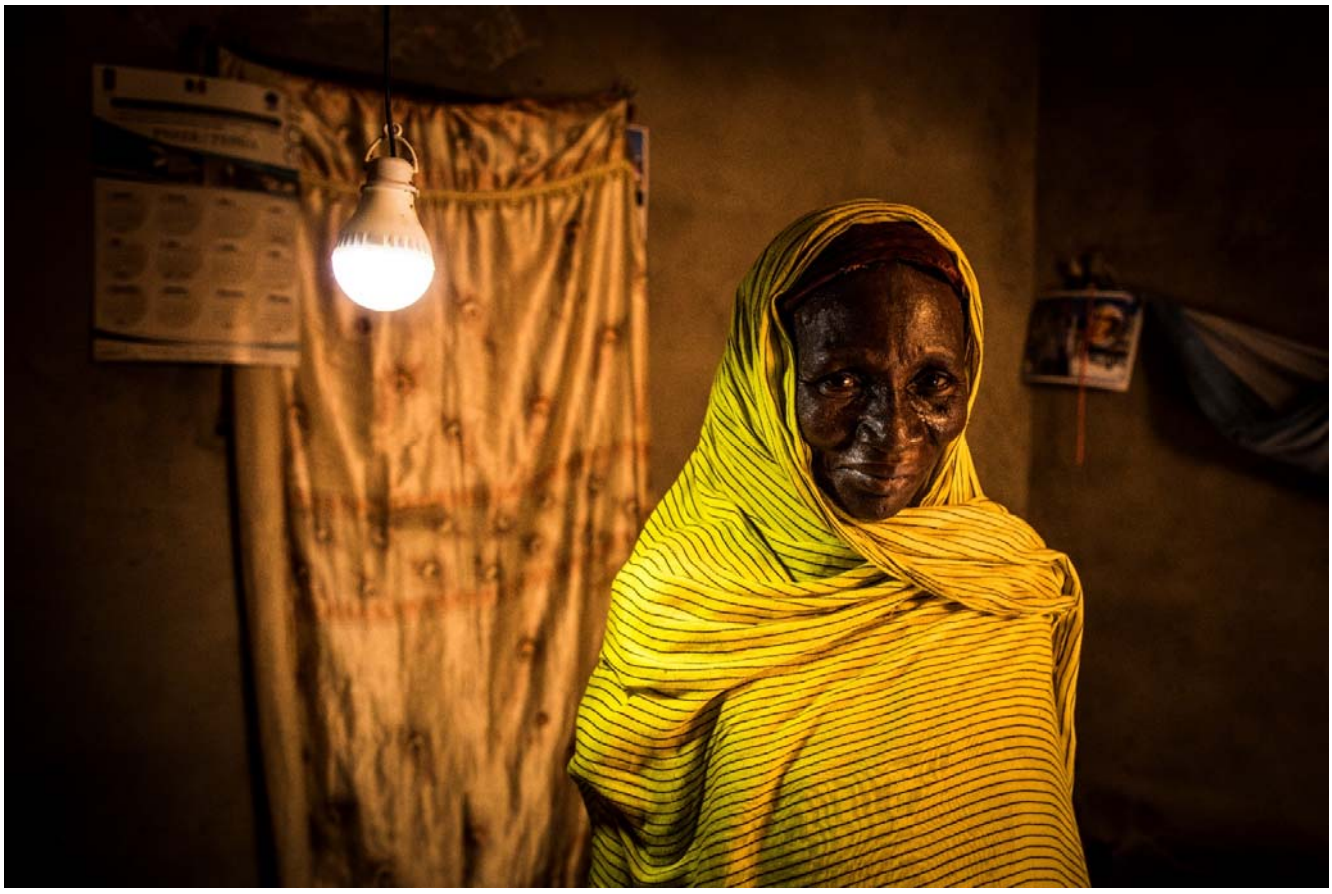
UK Government

2021 UK Climate Finance Results



Aicha Diouf recently got electricity in her home, Senegal.
Photograph by Vincent Tremeau. Copyright World Bank, 2019.

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International Climate Finance

International Climate Finance (ICF) is Official Development Assistance (ODA) from the UK to support developing countries to reduce poverty and respond to the challenges caused by climate change and environmental degradation. These investments help developing countries to:

- adapt and build resilience to the current and future effects of climate change
- pursue low-carbon development
- support sustainable management of natural resources
- increase access to clean energy
- reduce deforestation

The 2021 UK Integrated Review of Security, Defence, Development and Foreign Policy identified addressing climate change and biodiversity loss as the UK government's top international priority[1]. In support of this, the UK has committed to doubling ICF to £11.6 billion between April 2021 and March 2026, compared with the previous 5-year commitment of £5.8 billion between April 2016 and March 2021. These amounts follow on from the £3.8 billion ICF spent between April 2011 and March 2016. Of the current budget, £3 billion will be invested in climate change solutions that protect, restore and sustainably manage nature.

The ICF portfolio of programmes is delivered by 3 UK government departments: the Foreign Commonwealth & Development Office (FCDO); the Department for Business, Energy & Industrial Strategy (BEIS); and the Department for Environment, Food & Rural Affairs (Defra). Results are presented against 6 key performance indicators (KPI), which measure a range of benefits from the different types of programmes.

This statistical release is one of a series of annual results reports produced for the purpose of accountability to the UK public for ICF investments.

From April 2011 to March 2021, it is estimated that ICF programmes have:

- directly supported 88 million people to cope with the effects of climate change
- provided 41 million people with improved access to clean energy
- reduced or avoided 51 million tonnes of greenhouse gas emissions
- installed 2,400 megawatts of clean energy capacity
- mobilised £4.8 billion public and £3.2 billion private finance for climate change purposes in developing countries

Many of these programmes have long-lived benefits and will continue to deliver further results over the years to come (see Annex 2)

[1] UK government, 2021. Global Britain in a Competitive Age - the Integrated Review of Security, Defence, Development and Foreign Policy

Climate change

Climate change, caused by human activity, has warmed the atmosphere, oceans and land[2]. Gases such as carbon dioxide and methane, known as 'greenhouse gases', contribute directly to global warming by trapping heat in the earth's atmosphere. Greenhouse gas concentrations reached new highs in 2019 and continued to increase in 2020 despite the effects of the coronavirus (COVID-19) pandemic[3]. This is resulting in weather and climate extremes – such as heatwaves, flooding, droughts, and tropical cyclones – in every region of the world[2]. Developing countries are suffering disproportionately, including through food and water insecurity, as climate change undermines development gains. By 2030, the effects of climate change on productivity, food prices, health, and natural disasters could push between 68 million and 132 million people into poverty if effective action is not taken[4]. The annual cost for developing countries of adapting to climate change is estimated at $70 billion[5]. This is expected to rise to $140–$300 billion by 2030[5].

Over 2.6 billion people globally still rely on polluting fuels and technologies for cooking[6]. Household air pollution, mostly from cooking-smoke, is linked to around 2.5 million premature deaths per year[6]. Around 760 million people worldwide lack access to modern energy[7]. A shift towards clean energy sources is essential for sustainable, low carbon development.

The Sustainable Development Goals (SDGs) call for 'urgent action to combat climate change'[8]. At the 21st United Nations (UN) climate change 'Conference of the Parties' in Paris in December 2015 (COP21), the first-ever global binding agreement on climate was made, to limit warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit warming to 1.5°C above pre-industrial levels. The earth's average surface temperature was 1.2°C above pre-industrial levels in 2020[3]. The period from 2011 to 2020 was the warmest decade on record[3]. Limiting global warming to 1.5°C, compared with 2°C, could reduce the number of people both exposed to climate-related risks and susceptible to poverty by up to several hundred million by 2050[2].

It will not be possible to limit global temperature rises to 1.5°C without radical action on nature and land-use. Natural systems are both affected by climate change, and help us adapt to rising temperatures and store carbon. However, nature is unable to sustain the economies and livelihoods that rely on it. Rising temperatures are reducing the resilience of forests and the productivity of agricultural lands. There is an immediate need to protect and restore ecosystems such as coastal wetlands to reduce risks from storms and floods. At least 40% of the global economy is significantly dependent on biodiversity[9].

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[2] Intergovernmental Panel on Climate Change, 2021. Climate Change 2021: The Physical Science Basis
[3] World Meteorological Organization, 2021. State of the Global Climate 2020: Unpacking the indicators
[4] World Bank, 2020. Poverty and Shared Prosperity 2020: Reversals of Fortune
[5] United Nations Environment Programme, 2021. Adaptation Gap Report 2020
[6] International Energy Agency, 2020. SDG7: Data and Projections
[7] World Bank, International Energy Agency, International Renewable Energy Agency, United Nations, and World Health Organization, 2021. Tracking SDG7 The Energy Progress Report 2021
[8] United Nations Department of Economic and Social Affairs, 2015. Sustainable Development Goals 13
[9] UK Government, 2021. The Economics of Biodiversity: The Dasgupta Review

At COP21, developed countries reaffirmed their commitment to mobilising $100 billion per year by 2020 to support developing countries to adapt to and mitigate climate change. In November 2021, the UK will host the UN climate change conference COP26 in Glasgow, in partnership with Italy. This will provide an opportunity for the world to come together and commit to urgent climate action. Guided by science, the UK's COP26 presidency will promote a clean, inclusive and resilient recovery from COVID-19 which creates sustainable jobs and addresses the urgent and linked challenges of climate change, biodiversity loss and public health.

2021 achieved results

Overview

Achievements from the portfolio of ICF investments are reported against 6 key performance indicators:

- KPI 1 Number of people supported to cope with the effects of climate change
- KPI 2 Number of people with improved access to clean energy
- KPI 6 Greenhouse gas emissions reduced or avoided (tCO2e)
- KPI 7 Level of installed capacity of clean energy (MW)
- KPI 11 Volume of public finance mobilised for climate change purposes (£)
- KPI 12 Volume of private finance mobilised for climate change purposes (£)

These are described briefly in the following sections. The technical details of how to calculate results against each of these indicators are explained in a series of methodology notes[10].

Achieved and expected results are collected annually, using a bespoke web-based platform. Since 2011, 202 ICF programmes from FCDO, BEIS and Defra have contributed results. Where the UK co-funds a programme with other donors, only 'UK-attributed' ICF results are included, in proportion to the UK's donor share. For each key performance indicator, results are added together across all relevant programmes and over time, to give cumulative results across the whole ICF portfolio. Table 1: shows achieved results for the period April 2011 to March 2021.

[10] UK government, 2020. Climate Finance Results

Table 1: ICF results achieved from April 2011 to March 2021

Key Performance Indicator	Achieved Results	Number of programmes
Number of people supported to cope with the effects of climate change	88,000,000	100
Number of people with improved access to clean energy	41,000,000	40
Greenhouse gas emissions reduced or avoided (tCO2e)	51,000,000[a]	49
Level of installed capacity of clean energy (MW)	2,400	36
Volume of public finance mobilised for climate change purposes (£)	4,800,000,000[a]	56
Volume of private finance mobilised for climate change purposes (£)	3,200,000,000[a]	53

All numbers are rounded to 2 significant figures for the purpose of presentation

[a]Result was updated on 1 November 2021 following the discovery of an error after publication.

Compared with results reported in 2020[10], the ICF portfolio has delivered increased benefits on all 6 key performance indicators. This increase is expected, as we have included results from a further year's programme activity. Explanations of the main drivers of big increases in cumulative results, and revisions to historical results, are given under the relevant key performance indicator in the following sections.

It is important to note that the cumulative results achieved in consecutive years cannot be used to infer annual results. This is because data lags or non-aligned programme reporting cycles may mean that ICF results are reported more than a year after they have been achieved (and therefore not counted in the annual results publication of the same year). Another factor is that revisions are sometimes made to historical results. Reviewing historical reporting helps to ensure that the cumulative results remain accurate over time, as new information is used to refine estimates and assumptions.

Estimates of achieved results on a newly developed key performance indicator on sustainable land management practices are presented in Annex 1. Including the results as an annex, rather than in the main body of this report, reflects their less robust status due to lower portfolio coverage and programme teams' unfamiliarity with the new indicator. We intend to formally report on sustainable land management practices in future publications.

Programmes often deliver results for many years. Achieved results do not reflect the full benefits of spend committed to date. Estimates of total programme benefits, which include achievements expected after programme closure as well as during implementation, are presented in Annex 2. Including expected results as an annex, rather than in the main body of this report, reflects the greater uncertainty associated with projections which are updated over time.

Progress against a fuller range of climate benefits achieved in specific contexts is published in individual programme monitoring frameworks[11].

Number of people supported to cope with the effects of climate change

Achieved (April 2011 to March 2021)
88,000,000 *(100 programmes)*

This indicator tracks the number of people who have received direct support from UK ICF interventions to equip them to cope with increased climate variability and shocks. This supports the achievement of SDG target 13.1 on strengthening resilience and adaptive capacity to climate-related hazards.

The support delivered by ICF programmes is tailored to context. Activities contributing to results on this indicator include supporting farmers to grow crops that can adapt to changing weather conditions; improving irrigation systems and preserving water catchments in areas facing increased drought risk; strengthening defences against floods and storms; and ensuring that social protection mechanisms are in place to make sure that people are able to cope with, and quickly recover from, weather-related shocks. The results presented are restricted to people who have been directly supported by UK ICF rather than those in the wider community receiving indirect benefits.

Cumulative results against this key performance indicator increased by 32% compared with 2020. Programmes making up a large proportion of the increase were the 'Global Agriculture and Food Security Programme', 'African Risk Capacity', 'Infrastructure for Climate Resilient Growth in India', 'Adaptation for Smallholder Agricultural Programme', and 'Transboundary Water Management in Southern Africa'. These represent a mix of programmes reporting for the first time, and programmes reporting increased results building on previous years. Fifteen programmes were reporting results on this indicator for the first time.

Number of people with improved access to clean energy

Achieved (April 2011 to March 2021)
41,000,000 *(40 programmes)*

This indicator tracks the number of people and social institutions with improved access to clean cooking or clean electricity as a result of UK ICF interventions. This directly contributes to progress on SDG 7.1, ensuring universal access to affordable clean energy.

Where clean energy replaces fossil fuels (such as kerosene for lighting or diesel for generators), carbon emissions are reduced. Where clean energy replaces fuel from 'non-renewable biomass' (organic material from sources which are being depleted over time), deforestation is reduced. More efficient cookstoves have health- and time-saving co-benefits, particularly for women and children

[11] UK government, 2021. Development Tracker

who are often most affected by exposure to indoor air pollution from open fires and simple stoves, and spend time collecting firewood.

This indicator only measures access from off-grid energy sources, because it is not possible to determine the energy source once on-grid, or whether there is improved access from additional clean energy connected to the grid.

Cumulative results against this key performance indicator increased by 27% compared with 2020, with large increases reported in the 'Transforming Energy Access' and 'Low Energy Inclusive Appliances' programmes as well as further historical results reported for 'Renewable Energy and Adaptation Climate Technologies (Africa Enterprise Challenge Fund)'.

Greenhouse gas emissions reduced or avoided

Achieved (April 2011 to March 2021)
51,000,000 tCO2e *(49 programmes)*

This indicator estimates the reduction in greenhouse gas emissions as a result of UK ICF interventions, compared with expected emissions in the absence of this support.

UK ICF contributes to reducing emissions of greenhouse gases by: replacing fossil fuels with renewable energy sources (such as solar, wind or geothermal); promoting low carbon alternatives to non-sustainably-sourced wood for domestic cooking; and reducing deforestation. This indicator is aligned with SDG indicator 13.2.2, which measures the change in annual greenhouse gas emissions.

Benefits on this indicator can continue to accrue after programme closure, if emissions continue to be lower than they would have been without the ICF intervention. For example, solar panels will continue to generate clean energy and reduce greenhouse gas emissions after the end of the programme which funded installation, for as long as they continue to function. This explains why the expected total lifetime results (Annex 2) are much higher than the results achieved so far against this indicator.

Cumulative results against this key performance indicator increased by 66% compared with 2020. This was primarily due to the 'Global Environment Facility' reporting achieved results for the first time. Large increases were reported for programmes 'Low Carbon Agriculture and Avoided Deforestation in Brazil' and 'Climate Investment Funds – Clean Technology Fund'.

Level of installed capacity of clean energy

Achieved (April 2011 to March 2021)
2,400 MW *(36 programmes)*

This indicator measures clean energy capacity installed as a result of UK ICF interventions. It tracks both on- and off-grid clean energy sources, such as wind, solar, or geothermal energy; and clean cookstoves. Installed capacity refers to the rated power output when the clean energy source is operational.

Access to energy is the primary constraint to inclusive economic growth and job creation. In many cases, the generation of energy from clean sources avoids the need for construction of new fossil fuel generation capacity, or at least partially displaces fossil fuel energy generation, resulting in reduced greenhouse gas emissions. This supports SDG target 7.b, to expand infrastructure and technology to supply modern, sustainable energy for all in developing countries.

Cumulative results against this key performance indicator increased by 16% in 2021 compared with 2020. Large increases in results were seen in 'Climate Investment Funds - Clean Technology Fund' and 'UK Climate Investments'. For some programmes reporting on this indicator, historical data were revised to reflect the best available information on achievements. Downward revisions occurred for the 'Climate Public Private Partnership', and the 'Global Climate Partnership Fund'. 'Climate Public Private Partnership' is an investment fund with a large portfolio of downstream investments, creating challenges for reporting. The results calculation methodology was overhauled to reflect changes to the composition of the programme; improved knowledge of how it is operating; and latest best practice developed by the independent monitoring and evaluation partner. The new methodology was then retrospectively applied to all previously reported programme results from the start of implementation in 2016.

Volume of public finance mobilised for climate change purposes

Achieved (April 2011 to March 2021)
£4,800,000,000 *(56 programmes)*

This indicator seeks to measure the amount of money from non-UK public sources mobilised for climate change as a result of UK ICF interventions. Delivering the UK's climate change objectives requires substantial amounts of finance from elsewhere.

Mobilised finance measured under this indicator is from public sources including partner country governments, UN agencies and multilateral or regional development banks. To be counted, the leveraged funds must either be additional funds, or existing funds diverted from a more fossil-fuel-intensive use.

Cumulative results against this key performance indicator increased by 17% compared with 2020. The largest contribution to this increase came from the 'Cities and Infrastructure for Growth' programme, which reported achieved results for the first time. Several other programmes reporting for the first time made significant contributions, including the 'Renewable Energy Performance Platform', 'Low Energy Inclusive Appliances' and 'The eco.business Fund', and there were also large increases in annual results for the 'Climate Public Private Partnership' and 'Transforming Energy Access' programmes. For the 'Climate Investment Funds – Clean Technology Fund', a high volume of mobilised public

finance reported this year was cancelled out by substantial downward revisions to historical results, because of improvements in data quality, giving an overall reduction for this programme.

Volume of private finance mobilised for climate change purposes

Achieved (April 2011 to March 2021)
£3,200,000,000 *(53 programmes)*

This indicator tracks the amount of private finance mobilised for climate change purposes as a result of UK ICF interventions.

Mobilised finance measured under this indicator is from non-public sources such as banks (but not multilateral or regional development banks), private companies, pension funds, non-governmental organisations, Clean Development Mechanism[12] financing, voluntary carbon credit market, insurance companies, private savings, family money, entrepreneurs' own capital and sovereign wealth funds. It includes all types of finance such as equity, debt and guarantees.

This indicator helps measure the UK's contribution to the commitment made by developed countries to mobilise $100 billion of public and private finance per year to help developing countries respond to climate change, as set out in SDG target 13.a.

Cumulative results against this key performance indicator have increased by 45% compared with 2020. The main drivers of this increase were the 'Transforming Energy Access' and 'UK Climate Investments' programmes; in-year and historical results increases in the 'Climate Public Private Partnership Programme'; and first-time reporting for the 'UK–INDIA Partnership on National Investment and Infrastructure Fund – Green Growth Equity Fund'.

Data quality

Results accuracy is dependent upon the quality of the underlying data. For ICF, data sources include routine monitoring by implementing partners, management information systems of partner country governments, and household surveys. Verifying data quality is not straightforward in fragile and conflict-affected states due to access difficulties. COVID-19 compounded existing monitoring challenges through public health measures to avoid unnecessary moving around or social contact, as well as from staff illness and bereavement.

Results against the ICF key performance indicators are quality assured at programme or country level before submission. For programmes with a high volume of results, or high spend, results are quality assured again at the portfolio level by climate analysts in FCDO, BEIS and Defra. These quality assurance steps improve adherence to prescribed methodologies, and minimise errors such as counting the same beneficiary more than once

[12] The Clean Development Mechanism (CDM) is a way to finance emissions mitigation projects by selling certified emission reductions, or CERs. For further information, see https://cdm.unfccc.int/

across different years; claiming more results than can be directly attributed to ICF; and claiming results which would have occurred without ICF support.

ICF results are not designated as official statistics. But, where possible, FCDO, BEIS and Defra voluntarily apply the UK Statistics Authority's Code of Practice for Statistics in their production. To enhance transparency, the 3 departments have published a joint statement of voluntary compliance describing how the ICF results demonstrate trustworthiness, quality and value. This statement is published at https://www.gov.uk/guidance/international-climate-finance#our-results.

Corrections

If an error in these results is discovered after publication, a proportionate response will be made depending on whether or not the incorrect value would lead to a materially different conclusion. If it would, FCDO will issue an 'unscheduled revision' as soon as possible after the error is discovered. Errors which are smaller in magnitude will be corrected in the next annual update.

An unscheduled revision was made to this publication on 1 November 2021. An error was noticed in the reported results on KPIs 6, 11, 12 and 17 for one programme. These had been mistakenly included as achieved results rather than expected total programme benefits. The effect of the error was to inadvertently overstate achievements on each of these indicators. For KPI 6 (greenhouse gas emissions reduced or avoided), this overstatement was substantial. The error has now been corrected.

If you have an idea to improve this publication, please get in touch at fcdo.correspondence@fcdo.gov.uk.

Annex 1: New indicator on sustainable land management

A new ICF key performance indicator 'Area of land receiving sustainable land management practices' was developed in 2020. Land degradation, caused by human activity and exacerbated by climate change, reduces the benefits people receive from natural resources. This indicator monitors the total area of land and ocean where ICF supports the management of natural resources to meet human needs, while maintaining their long-term productive potential and environmental functions. Sustainable land management covers afforestation and reforestation; agroforestry; sustainable forest management; forest protection; forest restoration; water management; marine protection and management; soil and vegetation management; animal management; and wetland and peatland protection, management and restoration.

Achieved (April 2011 to March 2021)
510,000 Ha (7 programmes)

Preliminary results are presented in this annex in preparation for formally incorporating the new indicator in the main body of the report from 2022 onwards. This reflects their less robust status due to lower portfolio coverage; programme teams' unfamiliarity with the new indicator; and not being subject to the same level of quality assurance as the 6 established indicators in this publication series.

Seven programmes have begun to report on 'Area of land receiving sustainable land management practices' in time for this 2021 publication. An estimate of their aggregate achieved results is 510,000 hectares.

Published on	**1 November 2021**
Period covered	April 2011–March 2021
Coverage	Global
Publication frequency	Annual
Responsible statistician	Jo Abbotts
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Annex 2: ICF expected total programme benefits

Definition

Expected total programme benefits include all past and future benefits from current or previous ICF programmes. Benefits include those expected to be delivered while a programme is operational, and those expected to be delivered after a programme has closed. Results delivered after a programme has closed typically arise from climate change mitigation programmes, where, for example, a clean energy technology has been installed that will continue to deliver emissions reductions during the technology's lifetime. Adjustments are made to reflect risks such as the technology breaking down.

How to use expected results

Expected results can be used to estimate the longer-term achievements of UK international climate finance by taking account of projected future benefits. At the planning stage of a programme, expected results are modelled based on assumptions about the context and the effectiveness of interventions. These estimates are revised during implementation. As programme monitoring finishes at programme closure, counting the total programme benefits allows a fuller assessment of the overall achievements of ICF.

2021 expected total programme benefits

Table 2 presents expected total programme benefits of ICF programmes at March 2021. These cover the full period over which current programming is expected to deliver results, including after programme closure.

Table 2 Expected total programme benefits (April 2011 onwards), as at March 2021

Key Performance Indicator	Expected total programme benefits	Number of programmes	Increase since 2020
Number of people supported to cope with the effects of climate change	260,000,000	108	138%
Number of people with improved access to clean energy	71,000,000	45	75%
Greenhouse gas emissions reduced or avoided (tCO2e)	960,000,000	66	28%
Level of installed capacity of clean energy (MW)	7,500	43	45%
Volume of public finance mobilised for climate change purposes (£)	12,000,000,000	72	6%
Volume of private finance mobilised for climate change purposes (£)	9,100,000,000	69	33%

All numbers are rounded to 2 significant figures for the purpose of presentation

Two-hundred-and-forty-six programmes contributed towards these expected results in 2021. Expected total programme benefits on all 6 key performance indicators have increased since 2020. This increase is due to updates in expected results from established programmes, and programmes reporting for the first time in 2021.

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