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# 2018 UK Climate Finance Results



Image: TERI/Lighting a Billion Lives

July 2018



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# 2018 UK Climate Finance Results

This statistical release presents estimates, as of spring 2018, of results achieved and total results expected from UK International Climate Finance, which helps developing countries to adapt to and mitigate climate change. It provides an update to results published in July 2017, found at: <https://www.gov.uk/government/publications/2017-uk-climate-finance-results>.

Between 2011/12 and 2017/18, it is estimated that ICF programmes have:

- Supported **47 million people** to cope with the effects of climate change;
- Provided **17 million people** with improved access to clean energy;
- Reduced or avoided **10.4 million tonnes** of greenhouse gas (GHG) emissions (tCO<sub>2e</sub>);
- Installed **590 MW** of clean energy capacity; and
- Mobilised **£3.3 billion public** and **£910 million private finance** for climate change purposes in developing countries.

## The Climate Change Context

Concentrations of greenhouse gases in our atmosphere have risen sharply and as a result, our planet is getting warmer<sup>1</sup>; the last three years were the warmest on record<sup>2</sup>. Warming has resulted in an increased frequency of heatwaves, rising sea levels, stress on water resources and increased flooding, and this is projected to further increase and developing countries are likely to suffer disproportionately<sup>3</sup>. Climate change risks threaten to undermine the development gains and prospects of the world's poorest countries. 100 million people are at risk of being pushed into poverty by climate change by 2030, and 720 million by 2050<sup>4</sup>. The costs for developing countries of adapting to climate change are high and rising. The UN estimate they may be US\$ 140-300 billion per annum by 2030 and US\$ 280-500bn by 2050<sup>5</sup>.

The threat that climate change poses to development is recognised globally and highlighted by the Sustainable Development Goals (SDGs). The SDGs call for 'urgent action to combat climate change and its impacts' (SDG 13) and promote action to mitigate and become more resilient to the effects of climate change. At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first-ever universal global climate deal that is due to come into force in 2020. The agreement sets out a global action plan to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts towards 1.5°C. As part of the agreement, developed countries committed to mobilise \$100 billion a year by 2020 to support developing countries to adapt to and mitigate climate change.

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<sup>1</sup> International Panel on Climate Change, 2013; U.S. Global Change Research Program, 2017

<sup>2</sup> World Meteorological Organisation, 2018

<sup>3</sup> International Panel on Climate Change, 2014

<sup>4</sup> World Bank, 2016; Overseas Development Institute, 2015

<sup>5</sup> United Nations Environment Programme, 2016

## UK International Climate Finance

The UK has committed to spend at least £5.8 billion of International Climate Finance (ICF) between 2016 and 2021. This builds on the £3.87bn that the UK spent on climate activities between 2011 and 2015. UK ICF supports a portfolio of investments managed by the Department for International Development, Business Energy and Industrial Strategy, and the Department for Environment, Food and Rural Affairs. These investments aim to support international poverty eradication now and in the future by helping developing countries to manage risk, adapt to and build resilience to the impacts of climate change; promoting low-carbon development at scale; and supporting sustainable management of natural resources and reducing deforestation.

The UK has developed a set of Key Performance Indicators (KPIs) to capture and track results from ICF programmes. Details on KPIs are included in the KPI results information section below. The following tables set out cumulative aggregate results for the programmes that are reporting achieved or expected results. Results presented are attributable to UK ICF.

Table 1 shows **achieved results**, which covers the period 2011/12 to March 2018, reflecting reported results achieved from UK ICF spent to date.

**Table 1: ICF results achieved (2011/12 – 2017/18)**

Key Performance Indicator	Achieved Results (2011/12 -2017/18)
Number of people supported to cope with the effects of climate change	47,000,000 people
Number of people with improved access to clean energy	17,000,000 people
Greenhouse gas emissions reduced or avoided	10,400,000 tCO <sub>2</sub> e
Level of installed capacity of clean energy	590 MW
Volume of public finance mobilised for climate change purposes	£ 3,300,000,000
Volume of private finance mobilised for climate change purposes	£ 910,000,000

Table 2 sets out **expected lifetime results**, which cover the full period over which programmes are expected to deliver results and include legacy effects attributable to programmes, i.e. some programmes will continue to realise results many years after their end. For example, solar panels will continue to offer clean energy capacity and reduce greenhouse gas emissions as long as they still work, even if this is after the end of the programme. Figures presented are estimates of expected lifetime results as of March 2018.

**Table 2: ICF results expected (2011/12 onward)**

Key Performance Indicator	Total Expected Lifetime Results
Number of people supported to cope with the effects of climate change	79,000,000 people
Number of people with improved access to clean energy	36,000,000 people ^
Greenhouse gas emissions reduced or avoided	590,000,000 tCO <sub>2</sub> e
Level of installed capacity of clean energy	5,800 MW *
Volume of public finance mobilised for climate change purposes	£ 10,400,000,000
Volume of private finance mobilised for climate change purposes	£ 6,700,000,000

Periodically we quality assure how expected results are calculated and assumptions that are used, as such these estimates are subject to change.

^ While quality assuring data used for this publication, we identified an error in how expected results were calculated which has resulted in a downward revision in the expected results for the 'Number of people with improved access to clean energy' from 77million to 36million people.

\* The quality assurance process has resulted in downward revisions to the 'Level of installed capacity of clean energy' for a number of programmes which have been offset by increases in expected results from other programmes.

All numbers are rounded to two significant figures for presentational reasons.

# Key Performance Indicator Information

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

Achieved	Expected total lifetime
<b>47,000,000</b> <i>(61 programmes)</i>	<b>79,000,000</b> <i>(68 programmes)</i>

This indicator tracks the number of people who have received direct support from ICF programmes to prepare and equip them to cope with the effects of climate change, including increasing climate variability and shocks such as flooding, storms or drought.

Climate change will continue to affect the frequency and distribution of climate extremes. This is seen in changing rainfall patterns, increased heatwaves and also in the occurrence of storms, floods and droughts. The support delivered by ICF programmes is tailored to a variety of contexts, and so activities contributing to this indicator are diverse and wide-ranging and include, for example, 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 recover from weather-related shocks quickly. The results shown are restricted to people who have been directly supported, i.e. high intensity support that targets particular individuals, for example, agricultural extension services, training of individuals to develop emergency plans, or houses being raised on plinths. Many more people are indirectly benefiting from ICF projects - for example, the wider community where an individual has been trained to develop an emergency plan, or people in a region benefiting from an early warning system.

## Number of people with improved access to clean energy

Achieved	Expected total lifetime
<b>17,000,000</b> <i>(21 programmes)</i>	<b>36,000,000</b> <i>(24 programmes)</i>

This indicator seeks to measure the number of people with improved access to clean energy, which includes new connections to off-grid renewable energy sources and households with more efficient cook stoves, solar lanterns or other clean technologies which generate energy. 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.

Energy access is crucial to development and poverty reduction, enabling better access to education, and other basic services, and providing health and wellbeing benefits. For example, cleaner, more efficient cookstoves have health and time saving co-benefits. This is particularly the case for women and children who are often most affected by the negative



impact of exposure to indoor household air pollution from open fires and simple stoves burning biomass and coal, and have to spend time collecting fuel wood. Clean energy should also partly displace fossil fuels (such as kerosene for lighting or diesel for generators), resulting in lower carbon emissions and reduced deforestation caused by use of non-renewable biomass for fuel.

## Greenhouse gas emissions reduced or avoided (tonnes of CO<sub>2</sub> equivalent)

Achieved	Expected total lifetime
<b>10,400,000</b> <i>(25 programmes)</i>	<b>590,000,000</b> <i>(43 programmes)</i>

This indicator provides an estimate of the net change in greenhouse gas (GHG) emissions as a result of UK ICF interventions, compared to the 'business as usual' scenario which would have occurred in the absence of ICF support. GHG emissions benefits can accrue annually on a cumulative basis, as long

as the emissions continue to be lower than they would have been without the ICF intervention.

Greenhouse gases, such as carbon dioxide, contribute to climate change by trapping heat in the Earth's atmosphere. By helping to reduce emissions of these gases - for example, by replacing fossil fuels with renewable sources (such as solar, wind or geothermal) for energy generation, promoting cleaner, low carbon alternatives to fuelwood for domestic cooking, and reducing deforestation – UK ICF contributes to mitigation of climate change, and promotes more sustainable growth in developing countries. Many of the portfolio's interventions will continue to deliver greenhouse gas benefits for some years after programme closure, for example when energy generation is provided by a renewable source. This explains why the expected total lifetime results are much higher than the results achieved so far against this indicator.

## Level of installed capacity of clean energy (megawatts)

Achieved	Expected total lifetime
<b>590</b> <i>(18 programmes)</i>	<b>5,800</b> <i>(25 programmes)</i>

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

in megawatts (MW) of the clean energy technology.

Access to energy is the number one constraint to inclusive economic growth and job creation. Over 1 billion people lack access to modern energy, 95% of whom live in Africa and South Asia. Access to energy is a critical constraint to growth, and lack of reliable power reduces African GDP by 2-4%. A shift towards clean energy sources is essential for sustainable, low carbon development. In many cases, the generation of energy from clean sources at least partially displaces fossil fuel energy generation, resulting in reduced greenhouse gas emission.

## Volume of public finance mobilised for climate change purposes (GBP)

Achieved	Expected total lifetime
<b>3,300,000,000</b> <i>(33 programmes)</i>	<b>10,400,000,000</b> <i>(50 programmes)</i>

This indicator seeks to measure the amount of 'other' (i.e. non ICF/HMG) public money 'mobilised' or catalysed for climate change as a result of UK's ICF portfolio, recognising that delivering the UK's climate change objectives will require substantial amounts of public and private finance from other sources,

in addition to UK's ICF spending.

Mobilised finance measured under this indicator is from public sources outside of the UK. This includes finance from other donors and partner governments, UN agencies and multilateral or regional development banks and investment agencies such as UK's CDC Group. To be counted, the mobilised funds must either be additional funds, or existing funds diverted from another (more fossil-fuel intensive) use.

## Volume of private finance mobilised for climate change purposes (GBP)

Achieved	Expected total lifetime
<b>910,000,000</b> <i>(33 programmes)</i>	<b>6,700,000,000</b> <i>(46 programmes)</i>

This indicator tracks the amount of private finance mobilised for climate change purposes as a result of UK's ICF portfolio; in addition to leveraging private finance to help deliver climate change objectives, the UK needs to ensure that ICF spend does not over-subsidise a project or crowd out private

finance. This indicator also helps measure the UK's contribution to the commitment made by developed countries to mobilise \$100 billion of public and private finance per year by 2020, to help developing countries respond to climate change.

Mobilised finance measured under this indicator is from non-public sources such as banks (but not multilateral or regional development banks), private companies, private or company pension funds, non-governmental organisations, Clean Development Mechanism 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.

<b>Published on</b>	<b>5<sup>th</sup> July 2018</b>
Period covered	Estimates of expected and achieved results from UK ICF programmes as at March 2018
Coverage	Global
Publication frequency	Annual
Responsible statistician	Sehr Syed
For more information	<a href="mailto:enquiry@dfid.gov.uk">enquiry@dfid.gov.uk</a>

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# Annex 1: Data Sources and Methods

## Results Metrics

Two measures of results are presented in Table 1, these are:

- **Achieved results:** total cumulative results which have been delivered across UK's ICF portfolio to March 2018.
- **Total expected lifetime results:** results expected to be delivered over the full lifetime of current or past programmes within UK's ICF portfolio, including any benefits which will continue to be delivered after a programme's end date (for example, where installed technologies continue to reduce CO<sub>2</sub> emissions after the programme has ended). These figures are subject to change in either direction over time as programmes update factors affecting the expected results estimates such as assumptions, attribution shares, and exchange rate fluctuations.

## Data Collection and Timeliness

- Achieved results have been presented as those cumulatively achieved up to 2017/18. Due to time lags in confirming results achieved, these results may not fully represent those actually delivered by ICF programmes by the time of reporting.
- When results estimates are published, they are updated to take account of any additional information which has become available for earlier years.
- The expected lifetime results include any benefits which will be realised after the project end date, and therefore outside of the monitoring period for project results. For example, the greenhouse gas emissions reductions resulting from installing new renewable energy capacity will continue for the entirety of the infrastructure's lifetime, up to 30 years in the future. Benefits will extend in most cases beyond the lifetime of the projects.

## Methodologies, Data Sources and Accuracy

- Each ICF Key Performance Indicator (KPI) has a methodology note which is used to guide programme teams, delivery partners and analysts in measuring KPI results. The methodology notes can be found here: <https://www.gov.uk/government/publications/2017-uk-climate-finance-results>.
- The International Climate Finance (ICF) results presented here are the aggregate of those reported by individual programmes to the departmental ICF analysts in March 2018.
- For expected results, data sources include programme business cases, or information from delivery partners. Expected results are updated based on new information, and are often calculated as the total of achieved results to date and future forecast results.
- For achieved results, data is provided by delivery partners.

- The accuracy of the results data varies and is subject to the quality of the underlying data. In many cases, projects use data collected by others (e.g. partner country governments, international organisations), and therefore HMG has limited control over the quality of the data.
- We periodically review how data is calculated and underlying assumptions. Analysts in HMG undertake quality assurance of the data and attempt to minimise the source of any errors although there is a risk that errors may still exist. The types of errors which HMG attempts to minimise include:
  - Double counting – identifying unique beneficiaries and avoiding duplication in reporting between programmes.
  - Attribution – measuring the results which can be associated with HMG interventions/funding.
  - Additionality – only including results which are additional to the counterfactual that would have happened without HMG support.
- While we do everything we can to minimise errors, errors can arise in our statistical processes. Where errors do arise, we will seek to correct and republish the figures immediately or in the next scheduled publication depending on the significance of the error found.

### Attribution

- Where a programme receives funding from other donors or sources, the results attributable to the UK's ICF are calculated as a percentage share of the overall results achieved. The results percentage share is equal to the percentage share of the donor funding that HMG has provided. Results from the predecessor to the ICF, the Environmental Transformation Fund, are not included here.
- The UK's attribution share may change from year to year as new donors join a fund, or current donors adjust their funding share and therefore results attributable to the UK may change year to year even if underlying performance has remained the same.

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Published by the Department for International Development