



HM Government

UK International Climate Finance

A UK Government commitment to building resilience and accelerating transition



November 2021

Acknowledgements

Cover image: Promoting nature and biodiversity in Indonesia through Partnerships for Forests. Credit: Feri Latief/Partnerships for Forests

Image 1: Rwanda, Credit: World Bank

Image 2: Noor's concentrated solar power plant in Morocco is among the largest in the world. Credit: Climate Investment Funds 2018

Image 3: A woman stands next to the electricity counter that was installed in her house so she could get access to light at home, Credit: World Bank

Image 4: Wind turbine, Credit: PWC

Image 5: Solar power action in Africa, Credit: Climate Investment Funds

Image 6: Ladies harvesting as part of sustainable seeds project, Credit: Partnerships for Forests

Image 7: The inaugural Climate Finance Accelerator, Credit: Climate Finance Accelerator

Image 8: Portrait of workers at an illipe nut processing facility in Sintang, West Kalimantan, Indonesia, Credit: Partnerships for Forests

Image 9: View of a forest in Sintang regency, West Kalimantan, Indonesia, Credit: Partnerships for Forests



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The UK Commitment to ICF

The UK is at the forefront of addressing the challenges associated with climate change and biodiversity loss. This is the top priority for Government over the next decade as outlined in the Integrated Review of Development and Foreign Policy and the recently published UK Net Zero Strategy. The UK is leading by example and submitted its revised Nationally Determined Contribution (NDC) in December 2020 which commits the UK to reducing greenhouse gas emissions by at least 68% by 2030 on 1990 levels. This is a significant step forward as the UK accelerates towards meeting its legally binding commitment to net zero by 2050 as part of its Long-Term Strategy (LTS).

This commitment and leadership can also be seen in the support the UK has given to international partners through UK International Climate Finance (ICF). ICF is the primary instrument the UK has to support developing countries as they seek to adapt to the impacts of climate change and reduce their emissions. It is a vital tool in the Government's commitment to tackle climate change internationally. The UK committed to spend £5.8 billion over the previous five years and has now doubled that to spend £11.6 billion between April 2021 and March 2026, £3bn of which will contribute to protecting and restoring nature. The UK recognises that adaptation funding is a priority for many developing countries and that it is currently underfunded. Over the period 2016-2020, an estimated 47% of UK ICF supported adaptation action. The UK will continue to seek a balance between adaptation and mitigation funding.

Cumulative Total ICF Achieved Results 2021 (2020 bracketed)



88 million

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



41 million

people with improved access to clean energy
(33 million)



51 million

avoided or reduced tonnes of greenhouse gas emissions
(31 million)



2,400 MW

capacity of clean energy installed
(2,000 MW)



£4.8 billion

public finance mobilised for climate change
(£4.1 billion)



£3.2 billion

private finance mobilised for climate change
(£2.2 Billion)

What is UK International Climate Finance

ICF is Official Development Assistance (ODA) from the UK to support developing countries to respond to climate change. ICF supports both adaptation (helping countries and people to build resilience to the current and future effects of climate change) and mitigation (reducing greenhouse gas emissions and supporting clean growth).

This money supports a range of programmes delivered by the Foreign, Commonwealth and Development Office (FCDO), the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (Defra).

Central to the UK's approach is a commitment to ensuring it addresses the key asks and needs of developing countries, including capacity building, technology transfer and easier access to finance.

The UK ICF portfolio includes over 200 programmes around the world, meeting different local needs through bilateral activities and partnerships as well as coming together to coordinate action at an international scale through multilateral climate funds and initiatives. Among these are many capacity-building projects, supporting countries to plan and deliver ambitious climate action and where appropriate sharing learning and skills from the UK's own experience delivering on climate and net zero. The UK is a major contributor to the multilateral climate funds and multilateral development banks (MDBs), supporting delivery at scale to address the challenge of climate change. This approach builds the resilience of the poorest people and communities, helps drive the clean energy transition, works to ensure that cities, infrastructure and transport are clean and green and helps halt deforestation and adopt nature-based solutions to climate change.



Image 2

Programme Examples:

The Climate and Resilience Framework Programme (CLARE) supports effective disaster risk management and recovery efforts such as the **Weather and Climate Information Services for Africa initiative (WISER)**. This delivers actionable weather forecasts to 14 million people across East and West Africa and has supported an approximate 30% reduction in weather-related deaths on Lake Victoria, saving around 300 lives per year.

Forest Governance Markets and Climate (FGMC) helps countries tackle illegal logging, illegal deforestation and weak governance and trade their way out of poverty with a goal to change the way timber and other products are bought and sold across the globe. The success of this programme means that today 100% of Indonesia's timber exports are sourced from independently audited factories and forests. In 2005, just 20% of Indonesia's timber was legal. FGMC works with Indigenous People and Local Communities (IPLC) to strengthen guardianship of their forest lands and will provide a major contribution towards the IPLC pledge announced at COP26.

The UK is the biggest contributor to the **Green Climate Fund (GCF)**, the largest dedicated climate fund, mandated to support developing countries' climate plans and strategies towards low-emissions and climate-resilient pathways. It serves as part of the financial mechanism, supporting the implementation of the Paris Agreement. The GCF now has 190 approved projects operating in 127 countries. This includes a \$33 million project in Bangladesh to strengthen the adaptive capacities of coastal communities, by addressing the availability and quality of drinking water and managing climate-resilient water supply.

The **UK Partnering for Accelerated Climate Transitions (UK PACT)** acts through a combination of grant funding for longer term capacity-building projects and the rapid mobilisation of short-term expertise for skill-shares and secondment opportunities. In Mexico, UK PACT is supporting the development of a Climate Finance Hub which will help mobilise the capital needed to support Mexico's low carbon transition by enabling institutional investors to identify green investment opportunities. UK PACT has also recently committed to mainstreaming Gender Equality and Social Inclusion considerations throughout its programming to increase equality of opportunity for women and marginalised groups. The UK recently announced a further £200m funding for UK PACT to allow the programme to continue its work and partner with new countries.

"This programme will help us advance our goals to combat climate change, promote the conservation of biodiversity and reduce deforestation rates."

Sayda Melina Rodríguez Gómez, Secretary of Sustainable Development of the State of Yucatán, Mexico

"Building capacity at national level is key to the fulfilment of Colombia's climate commitments. It contributes directly to compliance with NDC targets, action on mitigation and the development of GHG reporting methodologies, rules and processes."

Yolanda González, General Director Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), the Ministry of Environment and Sustainable Development, Colombia

Gender and inclusion

Climate change will impact hardest and soonest those communities and groups who are already the most disadvantaged. The Government is committed to ensuring that the transition to net zero does not negatively impact disadvantaged groups.

Women and girls in developing countries are often more vulnerable than men and boys to the impacts of climate change and have less opportunity to effect change due to pre-existing gender inequalities regarding political leadership, access to information and resources, and mobility and voice. They are more likely to be dependant for their food and income on threatened natural resources, to be responsible for securing increasingly scarce water and fuel, and to die or be displaced during climate-related disasters.

Through the presidency of COP26, the UK will continue to scale up climate solutions that put equality of opportunity and human rights into action, under the Gender Action Plan agreed by all countries at the last summit. The UK will strengthen the gender responsiveness of its climate finance and will aim to empower women and girls and support transformational change wherever possible. The UK aims to increase the proportion of climate finance that has gender equality as a principle or significant objective, as defined by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC)¹.



Image 3

Programme examples:

Partnerships For Forests supports women to take on a bigger role in rural supply chains by highlighting women's role in traditional rubber-tapping and enabling greater female participation in designing 'payment-for-ecosystem-services' systems for the community.

The UK provides £3.8 million through the World Bank's **Energy Sector Management Assistance Programme (ESMAP)** for technical assistance to support coal phase out in South Africa. This includes assessing socio-economic impacts and how to provide a just transition to those communities who will be disadvantaged by the transition away from coal.

¹ [OECD DAC gender equality policy marker](#)

Leading at home and internationally

We cannot wait to act against the threat of climate change. All countries must act urgently to accelerate delivery of the Paris Agreement goals. Developing countries are particularly vulnerable to suffering from climate impacts, such as food and water insecurity, and seeing climate change undermine hard won 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.



Image 4

With the Government's £11.6 billion ICF commitment, the UK is helping nations respond to climate change and deploy innovative solutions, such as developing renewable energy to ensure developing countries are not left behind and are able to share in the benefits of clean growth.

Whether scaling up finance to deliver on the \$100 billion goal or accelerating decarbonisation, the UK is building on its experience at home. Clean growth is the way forward and the only credible growth model for the UK and the world if we want to meet the Paris Goals. Over the past three decades, the UK has driven down emissions by 44% – the fastest reduction of any G7 country, whilst growing the economy by 78%. In 2020, the UK announced a new NDC which commits to reducing greenhouse gas emissions by at least 68% by 2030 on 1990 levels. The level of the NDC is consistent with advice from the independent Climate Change Committee (CCC).

The Government's recent landmark UK Net Zero Strategy, building on this track record and the Prime Minister's Ten Point Plan, sets out a comprehensive economy-wide plan for how British businesses and consumers will be supported in making the transition to clean energy and green technology. It details how, as well as delivering on the UK's Paris commitments, the UK will secure 440,000 well-paid jobs and unlock £90 billion in investment in 2030 by pursuing clean growth. This plan commits to helping develop and deploy the latest low carbon technologies – from heat pumps to electric vehicles – and create thriving green industries in the UK's industrial heartlands – from carbon capture to hydrogen. The Government is committed to supporting families to make the transition practical with their lifestyles, whilst setting a clear direction for industry, providing the certainty to invest, grow and set out clear pathways to net zero. As part of this endeavour, the UK is also boosting biodiversity, creating new woodlands, and driving forward sustainable farming, alongside our pledge to protect 30% of our land by 2030, so we can restore nature, safeguard our environment for future generations, and support sustainable rural communities.

Coal has no part to play in our future power generation and will be phased out by 2024 – a year earlier than planned, which is on top of important steps we are taking to decarbonise industries that still rely on coal.

The UK has clear plans to cut emissions further as explained in the recently published set of strategies: Energy White Paper, North Sea Transition Deal, Transport Decarbonisation Plan, Industrial Decarbonisation and Hydrogen Strategies.

Leading the way on tackling climate change internationally underpins the Green Industrial Revolution in the UK. The UK works through multilateral fora such as the G7, G20 and OECD to drive up global climate ambition and foster a global, green, inclusive and resilient recovery from COVID-19.

The UK Hydrogen Strategy lays the foundations for a hydrogen economy by 2030 – setting out how government will support innovation and stimulate investment in low carbon hydrogen in the 2020s. The Hydrogen Strategy and consultation package sets out how the Government is supporting the production and use of low carbon hydrogen across the economy, including through flagship programmes such as: the Net Zero Hydrogen Fund which will provide up to £240m of support to new hydrogen production projects; a Hydrogen Business Model to stimulate private investment in new low carbon hydrogen projects; and the development of a UK standard for low carbon hydrogen to ensure that this is consistent with our path to net zero.

Countries are coming together at the crucial COP26 conference in Glasgow to commit to urgent global climate action. Every fraction of a degree makes a difference but we need all countries to commit to net zero carbon emissions by the middle of the century.

Progress towards the COP goals

Goal 1: Secure global net zero by mid-century and keep 1.5 degrees within reach

To secure global net zero by mid-century and keep 1.5 degrees within reach, countries need to come forward with specific targets and plans to cut their carbon emissions by 2030 to set them on course for net zero.

To deliver on these stretching targets, countries will need to:

- accelerate the phase-out of coal
- curtail deforestation
- speed up the switch to electric vehicles
- encourage investment in renewables.



Image 5

These actions require developing long-term delivery plans and capability to implement them. This is why the UK is helping countries implement and raise ambition of NDCs through bilateral partnerships and long-term support through programmes such as UK PACT, NDC Partnership and the Climate Finance Accelerator.

UK ICF contributes to reducing emissions of greenhouse gases globally. For example, by supporting countries to replace fossil fuels with renewable energy sources; promoting low carbon alternatives to non-sustainably sourced wood for domestic cooking; and reducing deforestation.

There is no pathway to net zero without a massive escalation of efforts to protect and restore nature, which will in turn protect livelihoods, reverse biodiversity loss and tackle climate change. At the One Planet Summit in January 2021, the Prime Minister committed to investing at least £3bn of ICF in climate solutions that protect, restore, and sustainably manage nature.

Programme Examples:

Transforming Energy Access (TEA) accelerates access to clean and affordable energy, enabling sustainable and inclusive growth. It targets areas of sub-Saharan Africa and South Asia with no or unreliable access to clean, modern energy services and limited opportunities to participate in the energy sector through employment and income generation opportunities. The programme has helped improve access to clean energy for around 10 million people, create over 74,000 long-term jobs and avoid around 1 million tonnes of carbon dioxide emissions.

The UK is the largest investor in the \$8.3 billion **Climate Investment Funds (CIFs)**, which operate across 72 countries and have a total portfolio of 310 projects delivering significant development benefits. The CIFs have reported strong results providing clean energy access to 10 million people, creating 6 million green jobs, and putting over 44.7 million hectares of forest under sustainable management. This includes work on the Noor Solar Complex in Morocco, which supplies clean energy to nearly 2 million homes. The UK recently announced a further £350m funding for the CIFs to pilot and scale climate solutions in developing countries, particularly supporting their energy transitions.

Goal 2: Adapt to protect communities and natural habitats

The climate is already changing, and it will continue to change even as we reduce emissions, with devastating effects. We need to work together to enable and encourage countries affected by climate change to protect and restore ecosystems, while building defences, warning systems and resilient infrastructure and agriculture to avoid loss of homes, livelihoods and even lives.

Climate change and biodiversity loss, together, are undermining nature's capacity to sustain healthy life, nutritious diets and national economies. The two are inextricably linked. Progress against our global poverty, climate and biodiversity goals cannot be achieved without transforming the way in which we value, use, and protect nature. Rising temperatures are reducing the resilience of forests and the productivity of agricultural lands. For vulnerable



Image 6

countries and communities, there is an immediate need to protect and restore ecosystems, such as coastal wetlands, to reduce risks from storms and floods.

The Government's commitment to invest £3 billion of ICF on solutions that protect and restore nature will include some of the Blue Planet Fund's work supporting marine conservation and protecting habitats such as mangroves that help protect communities from the impacts of climate change.

The Leaders' Pledge for Nature was launched at UNGA on 28th September 2020 and sets out ten urgent actions to put biodiversity on a path to recovery by 2030. The Pledge has so far been signed by 92 world leaders, including the EU and over 100 non-state actors. Together, these endorsers represent 38% of global GDP and over 2 billion people, signifying a groundswell of action to tackle the twin crises of climate and biodiversity loss.

Programme examples

The Blue Forests Initiative tackles the systemic drivers of mangrove forest loss across Madagascar and Indonesia with a community led approach to natural resource management. It establishes sustainable livelihoods and green business opportunities while supporting community health and more equitable forest and natural resource governance.

The UK is one of the leading contributors to the **Global Environment Facility (GEF)**, having committed £250 million for the 2018-2022 period. Since its inception, GEF has helped to improve the management of 3,300 protected areas covering an area of about 860 million hectares, an area larger than Brazil.

Goal 3: Mobilise Finance

To deliver on the goals of achieving global net zero and adapting to protect communities and natural habitats, developed countries must make good on their promise to mobilise \$100 billion in climate finance per year from 2020 to 2025.

International financial institutions have an essential part to play, and we need to work towards unleashing the trillions in private and public sector finance required to secure global net zero.

The UK has already committed to providing £11.6 billion ICF over the next five years, and many ICF programmes are designed to create environments supporting further investment from private sources.

Programme examples

CDC – the UK’s development finance institution has committed more than \$1 billion of climate finance over the last four years. Recent investments include Greenlight Planet, which provides solar home systems across sub-Saharan Africa, and Tata Cleantech Capital, which will fund resource-efficiency businesses in India that are taking steps to combat climate change.

The **Market Accelerator for Green Construction (MAGC)** helps to catalyse markets for green housing, including successful investments in Indonesia, South Africa and Egypt. It also helps to make affordable green housing finance available to low-income communities in India.

The **Climate Finance Accelerator (CFA)** helps partner countries design infrastructure projects that can attract private investors, sharing UK expertise on green finance. The programme works across eight countries, including South Africa, where a call for proposals identified a climate mitigation pipeline of over 120 projects worth \$10 billion.

“It is imperative that policy makers deepen their capacity to engage the private sector in order to mobilize investment needed for NDC implementation. The CFA can help accelerate the understanding of what is required to deliver bankable projects that can attract private investors.”

Amal-Lee Amin, Chief Climate Change and Sustainability Division, Inter-American Development Bank



Image 7

Goal 4: Work together to deliver

We can only rise to the challenges of the climate crisis by working together. UK ICF has played a key role in accelerating action to tackle climate change by supporting collaboration through both multi-donor and bilateral initiatives.

The UK works through multilateral fora such as the G7, G20, the International Energy Agency (IEA), the International Renewable Energy Agency (IRENA), the OECD and MDBs to drive up global climate ambition and foster a global green, inclusive and resilient recovery from COVID-19.

Under the UK's G7 presidency, the first net zero G7 saw all countries commit to significant targets to reduce greenhouse gas emissions in the 2020s and to phase out government funding for fossil fuel projects internationally, starting by halting all new finance for coal power by the end of 2021.

The UK is accelerating collaboration between governments, business and civil society to deliver on our climate goals faster. We must work together to finalise the outstanding technical elements of the Paris Agreement, such as finding solutions on carbon markets and transparent reporting.



Image 8

Programme examples:

NDC Partnership (NDCP) is an initiative that seeks to raise ambition globally by supporting developing countries to create and implement ambitious NDCs. It provides a co-ordination mechanism that brings together different ministries and donor agencies in a country to build a climate action plan. This partnership has supported more than 70 countries to implement and enhance their NDCs.

The **Global Innovation Lab for Climate Finance** is designed to identify, develop and support transformative sustainable finance ideas to drive private investment in the low-carbon economy. From 2015 to 2021, instruments that passed through the Lab mobilised \$2.5 billion.

The road to net zero beyond COP26

The UK is ready to lead and help move the agenda forward as a country that is already seeing the benefits of embracing a greener future.

Throughout the UK's COP presidency year, the UK Government wants all nations to commit to reaching net zero carbon emissions by the middle of the century, with as many as possible pledging to meet the target by 2050, and to make ambitious commitments to reduce emissions by 2030 to get us there, including accelerating the transition to electric vehicles, ending unabated coal power, and halting deforestation.

In 2022 the UK Government will publish a 2030 Strategic Framework, which will establish a common vision and clear priorities to guide UK international climate and nature action over the next decade. This will form an action plan against the Integrated Review, with the UK continuing to play a leadership role in tackling climate change and biodiversity loss through our ambitious and strategic action.

It is with ambition, courage, and collaboration that we can seize this moment together to recover cleaner, rebuild greener and restore our planet for future generations.



Image 9

For more details about the UK's International Climate Finance, please contact us at:

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w: <https://www.gov.uk/guidance/international-climate-finance>