



Department
for International
Development



Department for
Business, Energy
& Industrial Strategy



BEIS and DFID Response

April 2019

BEIS and DFID Response to the Independent Commission on Aid Impact Performance Review of International Climate Finance Aid for Low Carbon Development in Developing Countries, February 2019

BEIS and DFID welcomes the Independent Commission for Aid Impact's (ICAI) performance review and its recommendations.

We welcome ICAI's recognition that the UK has made a strong commitment to international action on climate change, and the good results delivered through our ICF. We are pleased that ICAI awarded a green/amber score.

Domestically and internationally the UK is a leader on climate change. The UK is fulfilling its pledge to provide at least £5.8bn of International Climate Finance (ICF) between 2016-2020, as part of the developed countries' commitment to mobilise \$100bn climate finance annually by 2020 from a range of sources. This aims for an even split between mitigation and adaptation and places us amongst the world's leading providers of climate finance.

The ICF has already assisted 17 million people to access clean energy, helped 47 million people to cope with the effects of climate change, and reduced or avoided 10.4 million tonnes of CO₂. These positive impacts will continue to drive clean growth as we deliver new and ambitious programmes and, alongside these primary objectives, we will continue to harness the depth and breadth of British expertise and UK commercial leadership.

Recommendation 1: UK International Climate Finance should refresh its strategy, including a clear approach to promoting low-carbon development and to integrating low-carbon development principles across the UK aid programme.

Accept

The 2011 ICF strategy and high-level narrative, published on the gov.uk webpages¹, describes ICF objectives.

ICAI recognises that, under that strategy, the ICF has been successful in promoting low carbon development in developing countries and delivering results. The ICAI review also says that the ICF meets the needs of developing countries, and demonstrates the viability of low carbon initiatives. We also welcome ICAI's findings that the UK uses its influence with multilateral climate funds well, and is influential on how others' climate finance is spent, such as MDBs and the Green Climate Fund.

BEIS and DFID have continued to develop complementary approaches to ICF.

We agree however that a cross-departmental update of the ICF approach would be timely and useful, drawing on experience to date, as we are determined that the ICF has as much impact as possible. So BEIS and DFID will be refreshing the ICF strategic approach through the forthcoming government spending review, and that will include our approaches to low-carbon development.

Through the Paris Agreement, the UK is committed to the global goal of aligning all finance with a pathway to low emission, climate resilient development. DFID guidance is clear that climate risk should be considered in all programmes. We will be updating the guidance, and looking more broadly at how we continue to build our internal capacity and expertise.

Recommendation 2: DFID should adopt a more structured and deliberate approach to integrating low-carbon development across its programming.

Accept

We note that ICAI says that DFID has a convincing approach for low carbon investments in the energy sector, which has made up the majority of spending on low-carbon development. It has been important to make progress on energy as it is the most significant sector for reducing emissions internationally, contributing 70% to all global greenhouse gas emissions. Energy is crucial for development – for economic growth, for public services and for improvements in making modern energy available to poor people.

We accept that more is needed in other sectors, and we will give that attention as we refresh our strategic approach. DFID is strengthening its internal guidance for programme design, including how low carbon development can help achieve aspects of the SDGs and meet wider development objectives. For example, guidance on urban development will include low-carbon and climate resilient development, as rapidly growing cities are an increasingly important focus for future emissions.

¹ <https://www.gov.uk/guidance/international-climate-finance>

Recommendation 3: UK International Climate Finance should present a clear public narrative about the ambition and value of the UK's climate investment to support its demonstration and influencing objectives, as well as to improve visibility and public accountability.

Accept

ICAI recognises that the UK is one of the best donors in the transparency of our programme information. We publish all ICF business cases and programme reviews so that anyone can see what we are funding and the progress being made. The ICF website www.gov.uk/guidance/international-climate-finance also contains a narrative for the ICF and its achievements.

There have been events at which we have publicised our work. The most recent includes a DFID hosted event on access to clean energy on 7th March at the Royal Geographical Society in London, which brought together African energy ministers, companies providing innovative clean energy technologies, and City of London financiers.

BEIS used last year's Green GB Week as an opportunity to raise the profile of the UK ICF with a range of UK and international businesses, institutions and civil society organisations through information stands and videos about some of the programmes we support with our climate finance. The UK's international climate work is also publicised at international events, especially the UN climate change Conference of Parties (COP).

We agree however that more can be done to publicise our work and increase its visibility, and we will be considering how best to do this.