

2019 UK Climate Finance Results



A client of Gedi Mohammed fills a water bottle with fresh camel milk in Hadado, Kenya, June 30, 2018. Thomson Reuters Foundation/Zoe Tabary

Camels are more durable than cows in drought prone areas. Through an ICF funded programme infrastructure is put in place to distribute and cool the camel milk as well as selling it from vending machines. This makes camel milk a thriving business in Kenya and supports local communities' drought resilience.

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2019 UK Climate Finance Results

This statistical release presents estimates, as of spring 2019, of results achieved from UK International Climate Finance (ICF), which helps developing countries to adapt to and mitigate climate change. It provides an update to results published in July 2018, found at: <u>https://www.gov.uk/government/publications/uk-climate-finance-results</u>

Between 2011/12 and 2018/19, it is estimated that ICF programmes have:

- Supported 57 million people to cope with the effects of climate change;
- Provided 26 million people with improved access to clean energy;
- Reduced or avoided 16 million tonnes of greenhouse gas (GHG) emissions;
- Installed 1,600 MW of clean energy capacity; and
- Mobilised £3.8 billion public and £1.4 billion 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 warmer¹; the last four years were the warmest on record². 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 disproportionately³. 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 2050⁴. The costs for developing countries of adapting to climate change are high and rising as the pace of warming increases and climate change effects materialise. The UN estimate the costs may be US\$ 140-300 billion per annum by 2030 and US\$ 280-500bn by 2050⁵.

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' and promote action to mitigate and become more resilient to the effects of climate change⁶. At the Paris climate conference (COP21) in December 2015, the first-ever universal global climate deal was made to reduce climate change. The agreement sets out a global action plan to avoid dangerous climate change by limiting warming to well below 2°C above pre-industrial levels and pursuing efforts towards 1.5°C warming. Developed countries also committed to mobilising \$100 billion a year by 2020 to support developing countries to adapt to and mitigate climate change.

¹ Intergovernmental Panel on Climate Change, 2013; U.S. Global Change Research Program, 2017

² World Meteorological Organisation, 2019

³ Intergovernmental Panel on Climate Change, 2014

⁴ World Bank, 2016; Overseas Development Institute, 2015

⁵ United Nations Environment Programme, 2016

⁶ United Nations Economic and Social Council, 2019

The Intergovernmental Panel on Climate Change (IPCC) Special Report, "Global Warming of 1.5°C" published in October 2018 highlights how serious the effects of 1.5 degrees warming, let alone 2 degrees, would be – concluding that "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"⁷.

In June 2019 the UK became the first major economy to pass a law committing the UK to become a net zero emitter of greenhouse gasses by 2050⁸. This means any residual emissions would be balanced by removal of an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage.

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, Department for 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 monitor results from programmes that spend ICF. Information about the indicators can be found in the next section. It should be noted that these KPIs do not capture the full breadth of climate or development benefits delivered by programmes that spend ICF. Programmes monitor a wider range of benefits through their programme specific monitoring plans – which can be seen on DevTracker (<u>https://devtracker.dfid.gov.uk/</u>); a platform that contains detailed information on international development projects funded by the UK Government. Table 1 shows **achieved results** against a number of the KPIs for the period 2011/12 to March 2019. These are aggregate results for programmes that have reported achieved results. Results presented are attributable to UK ICF.

Table 1: ICF results achieved (2011/12 – 2018/19)

Key Performance Indicator	Achieved Results (2011/12 -2018/19)
Number of people supported to cope with the effects of climate change	57,000,000
Number of people with improved access to clean energy	26,000,000
Greenhouse gas emissions reduced or avoided, tCO2	16,000,000
Level of installed capacity of clean energy, MW	1,600
Volume of public finance mobilised for climate change purposes, £	3,800,000,000
Volume of private finance mobilised for climate change purposes, £	1,400,000,000

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

⁷ Intergovernmental Panel on Climate Change, 2018

⁸ Department for Business, Energy and Industrial Strategy, 2019

^{2 | 2019} UK Climate Finance Results

Estimates of total **expected lifetime results**, which cover the full period over which programmes are expected to deliver results, can be found in Annex 1.

Key Performance Indicator Information

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

Achieved (2011/12 to 2018/19)

> **57,000,000** (76 programmes)

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 that are not included in these results – 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 (2011/12 to 2018/19)

> **26,000,000** (27 programmes)

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 nonrenewable biomass for fuel.

Greenhouse gas emissions reduced or avoided (tonnes of CO₂ equivalent)

Achieved (2011/12 to 2018/19)

16,000,000 (34 programmes)

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)



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. Around 840 million people worldwide lack access to modern energy, a large majority of which live in sub-Saharan Africa and Central and Southern Asia – with 68% in sub-Saharan Africa⁹. Access to energy is a critical constraint to growth. 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.

⁹ IEA, IRENA, UNSD, WB & WHO, 2019

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

Achieved (2011/12 to 2018/19)

3,800,000,000 (44 programmes)

This indicator seeks to measure the amount of 'other' (i.e. non ICF/Her Majesty's Government) 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 mainly includes finance from partner governments, UN agencies and multilateral or regional development banks. 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 (2011/12 to 2018/19)

> **1,400,000,000** (38 programmes)

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.

Published on

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Coverage Publication frequency Responsible statistician For more information

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Estimates of achieved results from UK ICF programmes as at March 2019 Global Annual Sehr Syed enguiry@dfid.gov.uk

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Annex 1: ICF total expected lifetime results

In previous publications the total expected lifetime results were published alongside the achieved results. Following a review of HMG's approach to monitoring climate results the expected results will no longer be published in the main body of the document with achieved results but published in an annex. This change is incorporated to reflect the greater uncertainty associated with expected results as they are typically based on projections which are updated over time. In the future we will be looking to continuously improve how we publish climate results, taking into consideration who they are used by and for what purpose.

Definition

Here, when referring to **expected results**, we mean 'Total Expected Lifetime Results' – this is all the benefits against an indicator delivered so far, and expected in the future, due to current or previous programming (149 programmes contribute to these expected results; numbers of programmes reporting against each indicator can be seen in Table 2). 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 typically made to reflect risks such as the likelihood of the technology breaking down.

How to use expected results

Expected results can be used to estimate the overall impact that the UK will have through its international climate finance against a set of key results areas.

Expected results are not an appropriate benchmark against which to assess achieved results. This is because after a programme closes, benefits are typically no longer monitored by HMG, and so the achieved results reported in this publication will likely be a floor for total benefits achieved (particularly for the climate change mitigation indicators). Also, at the start of a programme expected results are modelled based on assumptions held in the planning stage; these are revised while the programme is in implementation to reflect updated information, as such expected results can fluctuate significantly.

Like achieved results, expected results do not reflect the full set of a programme's benefits; programmes deliver many other benefits that are monitored through their own programme level log frames.

The latest expected results from ICF programmes

Table 2 sets out estimated **expected lifetime results** as of March 2019. These cover the full period over which current programming is expected to deliver results, including results expected to be delivered after a programme closes. For example, solar panels will continue to offer clean energy capacity and reduce greenhouse gas emissions for many years after the end of the programme that funded installation, as long as they are functional.

Table 2: ICF results expected (2011/12 onward), estimates as per March 2019

Key Performance Indicator	Expected Lifetime Results (2011/12 onward)	Number of programmes
Number of people supported to cope with the effects of climate change	82,000,000	83
Number of people with improved access to clean energy	43,000,000	31
Greenhouse gas emissions reduced or avoided, tCO ₂	590,000,000	52
Level of installed capacity of clean energy, MW	5,900	30
Volume of public finance mobilised for climate change purposes, ${\bf \hat{z}}$	11,000,000,000	57
Volume of private finance mobilised for climate change purposes, $\boldsymbol{\pounds}$	6,200,000,000	54

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

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

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