

United Kingdom

How are development programmes systematically integrating climate and environment objectives post-COVID-19?

Political commitments, strategies and tools

United Kingdom's political commitments

The UK government has stated that tackling climate change and biodiversity loss is its top priority in the [Integrated Review for Security, Defence, Development and Foreign Policy](#) (Integrated Review), aligning official development assistance (ODA) spend with the Paris Agreement. In the [Government Response to The Economics of Biodiversity: The Dasgupta Review](#), the UK government committed to ensuring that all new UK bilateral aid spending does no harm to nature. This is a step towards delivering on the UK commitment in the Integrated Review to investing in nature and a nature-positive economy. The United Kingdom also reiterated this commitment through the [G7 2030 Nature Compact](#), where alongside other G7 countries, they are committed to working to ensure that their international development assistance does no harm to nature, and delivers positive outcomes overall for people, climate and nature.

Targets

The United Kingdom has committed to doubling its International Climate Finance (ICF) to GBP 11.6 billion over five years from 2021/22 to 2025/26 (ICF3). Within this, at least GBP 3 billion will be invested in climate change solutions that protect, restore, and sustainably manage nature, delivering strong outcomes for poverty reduction, biodiversity and climate (mitigation and adaptation), creating jobs and sustainable economic growth for those communities acutely at risk.

The United Kingdom will continue to aim for a balance between adaptation, helping countries and people build resilience to the current and future effects of climate change; and mitigation, reducing greenhouse gas emissions and supporting clean growth.

The United Kingdom monitors the ICF portfolio's contribution to Paris Agreement goals through the ICF monitoring framework. This comprises a set of 11 key performance indicators (KPIs), covering benefits on adaptation and resilience; low carbon development and sustainable energy; deforestation and sustainable resource management; and mobilised finance. ICF KPI 11 on mobilised public finance, and ICF KPI 12 on mobilised private finance track progress towards developed countries' commitments to collectively mobilise USD 100 billion annually by 2020 to support developing countries adapt to climate change. [Results](#) are compiled annually, and published under voluntary compliance with the UK Statistics Authority's Code of Practice for Statistics.

Strategies and policies for systematic integration

The Integrated Review builds on strategies already being delivered within UK policy, such as the [Green Finance Strategy](#) (GFS). The GFS stipulates that all UK ODA will start to align with the Paris Agreement (“Paris alignment”). Through the G7 Presidency, the United Kingdom has championed the need to support countries in building their resilience to climate change, through increased support for disaster risk finance and increased investment in adaptation and resilience by bilateral Development Finance Institutions (DFIs).

The introduction of the [United Kingdom’s Fossil Fuels Policy](#) from 31 March 2021 will end UK support to the fossil fuels energy sector overseas, with a few limited exceptions. These efforts, alongside the United Kingdom’s domestic commitment to net-zero and the Ten Point Plan for a Green Industrial Revolution, are significant evidence of the United Kingdom’s commitment to action.

The United Kingdom is also working with multilateral development banks (MDBs) on how their spending aligns with the Paris Agreement and how they can mainstream nature across all their operations, including by scaling up finance, better valuing natural capital, and developing tools and methodologies to track “nature-positive” finance.

UK International Climate Finance from 2021/22 to 2025/26 (ICF3) is focused on driving the systemic shifts required to achieve the Paris Agreement goals on clean energy; nature; resilience; and sustainable cities, infrastructure and transport. It supports international climate and environment policy objectives, including the United Kingdom’s commitments to the Convention on Biological Diversity, the Call to Action on Adaptation and Resilience and the Global Oceans Alliance.

The United Kingdom’s Green Finance Strategy commits the Government to Paris alignment of ODA, and in the UK government response to Dasgupta, includes the commitment that all new UK bilateral aid spending does no harm to nature.

CDC, the UK Development Finance Institution, is at the forefront of encouraging climate-resilient investments. In July 2020, CDC published an ambitious [Climate Strategy](#), which set out a comprehensive approach to aligning all of CDC’s investing activities with the Paris Agreement, based on the core principles of reaching net-zero by 2050, strengthening adaptation and resilience and enabling a just transition.

Key provisions and pillars

The UK Fossil Fuel Policy commits the United Kingdom to no longer providing any new direct financial or promotional support for the fossil fuel energy sector overseas. This applies to any new ODA and investment, including support provided by UK Export Finance. The policy also determines the United Kingdom’s voting position at the boards of MDBs and is used to influence the investment policies of other development financial institutions (such as CDC Group PLC and the Private Infrastructure Development Group) that receive UK government funding. There are a few limited exemptions allowed for activities that support health and safety improvements, form part of wider clean energy transitions, support decommissioning, or are associated with a humanitarian response.

Following the policy announcement, the United Kingdom has been engaging closely with key affected countries, and influencing MDBs and international partners to make a similar move away from funding fossil fuel projects in third countries.

The Green Finance Strategy commitment on Paris alignment of ODA specifically states that the United Kingdom will:

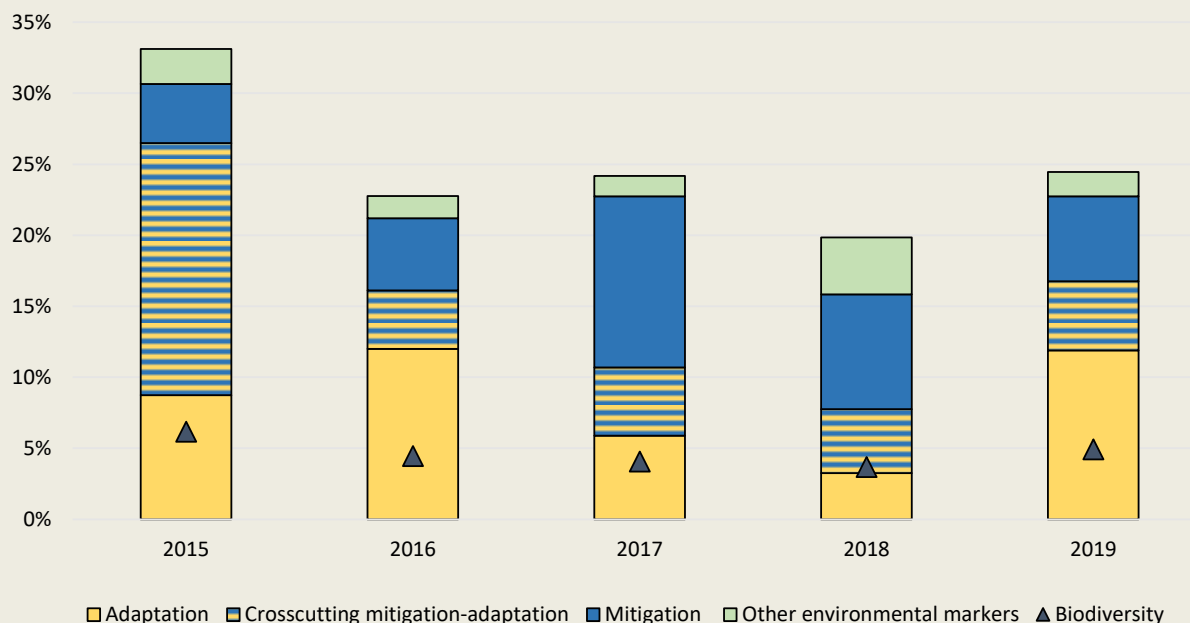
- use an appropriate carbon price in relevant bilateral programme appraisal
- ensure any investment support for fossil fuels affecting emissions is in line with the Paris Agreement temperature goals and transition plans

- implement a proportionate approach to climate risk assurance
- ensure that relevant programmes do not undermine the ambition in countries' Nationally Determined Contributions (NDC) and adaptation plans.

Box 1. Creditor reporting system's environmental and climate markers

Figure 1. United Kingdom's integration of climate objectives

As a share of bilateral allocable aid (commitments)



Note: "Other environmental markers" include biodiversity, environment and desertification that do not overlap with mitigation and adaptation. Biodiversity-related ODA is integrated in the columns, as well as presented separately for better visibility.

Source: OECD (2021), Creditor Reporting System (database), <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>

Operational tools for systematic integration

The Foreign, Commonwealth and Development Office (FCDO) has taken steps to implement Paris alignment and do no harm to nature for UK ODA through the FCDO Programme Operating Framework (PrOF).

They have undertaken internal training sessions on the PrOF within the FCDO and with other ODA-spending UK government departments to ensure that the approach is being embedded throughout all geographic and thematic activity.

To support delivery of key international nature policy in the lead up to COP26 (2021 United Nations Climate Change Conference) and beyond, FCDO is running the International Nature Learning Journey. This is a series of sessions delivered by experts with the aim of increasing knowledge and capacity, across UK government. To date, sessions have covered thematic areas such as deforestation, agriculture, the ocean, finance and mainstreaming nature.

CDC also has a Climate Change Strategy that is aligned to the Task Force on Climate Related Financial Disclosures (TNFD) international framework for integrating climate change opportunities and risks in management systems of financial institutions and businesses.

Monitoring, evaluation and learning frameworks

Under the new UK FCDO PrOF, new bilateral and multilateral programmes wholly or partly funded by ICF are required to include all relevant portfolio KPIs in their monitoring framework. This is a more stringent requirement for ICF3 than previously, which they have introduced to improve the coverage and comprehensiveness of reported results. Where possible, beneficiary counts for ICF KPI 1 (people supported to cope with the effects of climate change), ICF KPI 2 (people and social institutions with improved access to clean energy) and ICF KPI 4 (people whose resilience has been improved) are disaggregated by sex, age, disability and geography, in line with commitments under the Inclusive Data Charter (2018).

How are development programmes supporting country-owned transitions to environmentally sustainable, low-emissions and climate-resilient development pathways?

Supporting national transition plans that are commensurate with international objectives

The United Kingdom is playing a leading role on the Taskforce on Access to Climate Finance, as Co-Chair with Fiji. The Taskforce aims to deliver a step change in accessing international climate finance by delivering a new, programmatic approach to support the delivery of countries' national climate action plans and priorities. The approach should enable partner countries to access longer term, predictable funding with which to implement their national climate, growth/development and investment plans, while ensuring climate action is mainstreamed into these other national strategies and budgeting/fiscal frameworks. The Taskforce is working on a set of principles and recommendations on access to climate finance to be agreed by COP26, where there will also be an announcement of the five pioneer countries, who alongside providers of climate finance, will trial the new approach.

Through the UK COP26 and G7 Presidencies, the United Kingdom will seek to secure greater global ambition including through increased net-zero commitments; enhanced adaptation action – driving greater action on the ground; and raising more finance to support climate action. For example, the G7 have reiterated their commitment to the collective developed-country goal of jointly mobilising USD 100 billion annually through to 2025.

The United Kingdom's COP26 Nature Campaign is driving forward global action to protect and restore forests and critical ecosystems, and global reform of agriculture and sustainable land use.

The United Kingdom is supporting this transition through its support for a number of investments, including the NDC Partnership, CDC and Partnering for Accelerated Climate Transitions (PACT).

Examples of projects to support national transition plans

- The United Kingdom is currently Co-Chair with Jamaica of the NDC Partnership – a membership group bringing together 115 countries, 44 institutions and 38 associate members (as of September 2021) to help developing countries implement their NDC climate plans and to access climate finance. The NDC Partnership has already supported more than 70 countries on the submission or enhancement of their NDCs. The NDC Partnership co-ordinates major climate donors' technical assistance support on NDC implementation, for example co-ordinating NDC facilitators who support with planning, reporting and implementation, and embedding economic advisors into

finance/planning ministries to support with green recovery packages in response to the coronavirus (COVID-19) pandemic. The United Kingdom is also one of the major funders of the NDC Partnership and directly provides funding to countries for embedded advisors, including supporting economic advisors in Antigua and Barbuda and the Dominican Republic, and facilitators in Dominica, Grenada and Saint Lucia.

- The United Kingdom has approved an allocation of GBP 4.8 million to the World Bank's Climate Support Facility (CSF). Among other things, the CSF provides technical assistance to World Bank country offices and partner country governments to help develop plans for a green recovery from the pandemic.

Implementing the transition to environmentally sustainable, low-emissions and climate-resilient development pathways

As set out above, the United Kingdom remains committed to aligning its ODA spend to the Paris Agreement and supporting the transition to environmentally sustainable, low-emissions and climate-resilient development pathways. The United Kingdom's approach to the use of ODA in this regard will be outlined in the upcoming UK International Climate Finance Strategy.

Support for sustainable, quality infrastructure

The United Kingdom's infrastructure work helps tackle climate change, build resilience and accelerate a global transition towards net-zero emissions, strategic priorities set out in the Integrated Review. The FCDO supports sustainable, quality infrastructure by:

- Co-ordinating action among G7 countries to promote adoption of higher standards and improved disclosures that build on agreed standards on quality infrastructure, such as the G20 Principles for Quality Infrastructure Investment.
- Providing technical advice, supporting governance institutions and accelerating investment in research and new technologies.
- Improving the investment climate and accelerating the development, demonstration and deployment of high-quality, low-carbon and climate-resilient urban and wider infrastructure and transport projects.
- Utilising UK expertise in conjunction with UK Export Finance to realise major high-quality infrastructure investments and create opportunities to UK firms, as outlined in the UK Infrastructure Strategy.
- The CDC, as mentioned above, is at the forefront of encouraging climate-resilient investments, including for quality infrastructure through the implementation of their ambitious Climate Strategy.
- The United Kingdom is the largest funder of the Private Infrastructure Development Group (PIDG), which encourages and mobilises private investment in infrastructure in Sub-Saharan Africa and South and Southeast Asia. PIDG is committed to the goals of the Paris Agreement and takes climate change into account in every investment and operation decision.
- The United Kingdom is supporting the Coalition for Climate Resilient Investment (CCRI), a United Nations Climate Action Summit and COP26 flagship initiative representing the commitment of the global private financial industry, in partnership with key private and public institutions, to foster the more efficient integration of climate risks in investment decision making.
- Finally, UK businesses, universities, professional bodies and government organisations are world leaders on planning and design as well as better use of data, and developing new technologies – for example, around building information modelling (BIM), smart cities, digital twins, etc.

Examples of projects in support of environmentally sustainable, low-emissions and climate-resilient transitions

- UK PACT is a GBP 70 million programme that works with ODA-eligible partner countries, supporting them to accelerate their clean growth transitions.
- The United Kingdom is also supporting post-COVID-19 green recovery efforts, such as through its support of the World Bank Climate Support Facility.
- The Transforming Energy Access (TEA) project 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 Just Rural Transition initiative, launched at the United Nations Climate Action Summit (UNCAS), aims to drive a global transition towards sustainable and climate-resilient agriculture.

How are development programmes supporting SIDS to achieve sustainable development?

Responding to the particular needs of SIDS

The United Kingdom is currently Co-Chair with Jamaica of the NDC Partnership, which has recently approved funding to continue supporting Small Island Developing States (SIDS), including supporting advisers in Jamaica, Antigua and Barbuda and Saint Lucia, and funding for a new adviser in the Maldives, in fiscal year 2021-22.

At the 2018 Commonwealth Head of Government Meeting, Commonwealth leaders endorsed the establishment of the Commonwealth Blue Charter (CBC) to help protect the oceans of the Commonwealth and their surroundings. The UK has provided funding to the CBC from 2018 to 2021. The CBC consists of ten (10) Action Groups covering different ocean-related themes. Each of the action groups has a Commonwealth champion or co-champions. The UK are co-champions of the Commonwealth Clean Ocean Alliance (CCOA) with Vanuatu.

The United Kingdom has a GBP 30 million Commonwealth Marine Economies Programme, which is assisting SIDS to develop climate-resilient, sustainable economies while safeguarding their marine environment.

The United Kingdom is also scaling up its support, establishing a new GBP 500 million Blue Planet Fund, launched by the Prime Minister at the G7 Summit, to help countries protect and restore the marine environment and reduce poverty, including in SIDS.

The United Kingdom is a leader in disaster risk finance (DRF), and there is strong appetite for DRF support from climate vulnerable countries such as those in the Caribbean. The United Kingdom announced new support for DRF alongside the G7 at Carbis Bay (GBP 120 million from the United Kingdom, EUR 125 million from Germany). This will allow the United Kingdom to continue to expand its support – for example, enabling Caribbean and Pacific countries to increase their cover against hurricanes.

Supporting SIDS' access to finance

The Commonwealth Climate Finance Access Hub (CCFAH) was established at the Commonwealth Heads of Government Meeting (CHOGM) 2015 in Malta and began its operation in October 2016 with the central hub located at Port Louis in Mauritius. The CCFAH embeds Commonwealth National Climate Finance Advisers within governmental institutions to work specifically with ministries and other stakeholders focused on climate change to strengthen institutional capacity by bridging gaps in institutional and financial

knowledge, skills and technical capabilities. Since 2018, the United Kingdom has supported advisers in Jamaica, Antigua and Barbuda and Saint Lucia, and these advisers have helped to secure over USD 36 million of climate finance across these countries, with further projects under development. The United Kingdom has recently approved funding to continue supporting the advisers in Jamaica, Antigua and Barbuda and Saint Lucia, and funding for a new adviser in the Maldives, in fiscal year 2021-22.

As mentioned above, the United Kingdom is co-chairing the Taskforce on Access to Climate Finance with Fiji. The approach should enable partner countries to access longer term, predictable funding with which to implement their national climate, growth/development and investment plans, while ensuring climate action is mainstreamed into these other national strategies and budgeting/fiscal frameworks. The Taskforce is working on a set of principles and recommendations on access to climate finance to be agreed by COP26, where there will also be an announcement of the five pioneer countries, who alongside providers of climate finance, will trial the new approach.

Since the SIDS Summit (United Nations General Assembly [UNGA] 2019), the United Kingdom has worked with Belize and Fiji (and now the Alliance of Small Island States [AOSIS]) on a SIDS Access to Concessional Finance Roundtable process that has focused on three major themes raised by SIDS: eligibility criteria (e.g. Gross National Income [GNI] per capita), debt, and overly bureaucratic funding mechanisms.



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