The UK's International Climate Fund

Independent Commission for Aid Impact

Report 38 – December 2014

Contents

The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgement on each programme or topic we review.

G	**Green:** The programme performs well overall against ICAI's criteria for effectiveness and value for money. Some improvements are needed.
G A	**Green-Amber:** The programme performs relatively well overall against ICAI's criteria for effectiveness and value for money. Improvements should be made.
A R	**Amber-Red:** The programme performs relatively poorly overall against ICAI's criteria for effectiveness and value for money. Significant improvements should be made.
R	**Red:** The programme performs poorly overall against ICAI's criteria for effectiveness and value for money. Immediate and major changes need to be made.

Executive Summary

This review assesses the International Climate Fund (ICF). This is a five-year (2011-2016), £3.87 billion fund managed jointly by DFID, DECC and Defra. It is a central part of the UK's climate change response. Its goal is to support international poverty reduction by helping developing countries to adapt to the impacts of climate change, take up low-carbon growth and tackle deforestation. We reviewed the ICF at three levels: international, national (Indonesia and Ethiopia) and intervention level (15 programmes). We assessed emerging impacts and whether the ICF is likely to succeed in catalysing global action on climate change.

Overall *Assessment: Green-Amber*

The UK has made a major policy commitment to supporting international action on climate change. It has catalysed positive action, taking a leadership position on the need to shape and deliver an effective international agreement. The ICF is both a significant contribution to climate finance and a tool for influencing action at the international and national levels. After a challenging start, it has built up significant momentum and is now well placed to deliver on its ambitious objectives. While many of its investments have had long lead times and remain unproven, there is evidence of early impact in a range of areas. It has pioneered new approaches in the measurement of results.

Objectives *Assessment: Green-Amber*

The ICF has set itself the ambitious goal of transforming the global response to climate change. While its objectives are closely linked to the UK's international policy commitments, they would benefit from greater clarity and precision. The ICF took some time to develop a coherent overall theory of change and allocation strategy but it is now clearer in its direction.

Delivery *Assessment: Amber-Red*

Delivery has become more strategic with repeated course corrections. The ICF initially relied heavily on the multilateral development banks as spending channels but is now beginning to diversify its partnerships. When operating in middle-income countries, it relies primarily on loans and equity investments, rather than grants, which limits its delivery options and the activities it can support. It is trying to engage with the private sector but needs a more granular and nimble approach.

Impact *Assessment: Green-Amber*

While it is too early to assess overall impact, the ICF has already had significant influence on the international climate finance system. There is also evidence of promising results from many of its activities at country level. The ICF is not, however, doing enough to ensure coherence and build synergies across its portfolio, particularly between multilateral and bilateral initiatives. Deeper engagement with recipient countries to build national capacity, policy and regulation would also enable stronger results.

Learning *Assessment: Green-Amber*

The ICF is supporting the development of and has contributed to building global knowledge on climate change. It has helped the multilateral climate funds to become more effective. It has pioneered new approaches to measuring results. It is helping to bring climate into the mainstream of development, including in the UK's bilateral aid programme. Improvements to results reporting and verification are, however, needed. The ICF also needs to become more transparent in its strategies, priorities and results with better reporting.

Recommendations

Recommendation 1: The ICF should work through a wider range of delivery partners at the international and national levels, with a stronger understanding of their comparative advantages.

Recommendation 2: More flexibility in the allocation of resource and capital expenditure is needed. DECC and Defra would benefit from access to more flexible and direct resource and capital expenditure.

Recommendation 3: The ICF should develop a more differentiated strategy for working with the private sector, focussed on the particular conditions and approaches required to attract different forms of private capital.

Recommendation 4: The ICF should deepen its engagement with developing country governments and national stakeholders, including through greater emphasis on capacity development. This is likely to require greater access to grant and technical assistance resources, including for middle-income countries.

Recommendation 5: The ICF should strengthen coherence across multilateral and bilateral delivery channels and programmes and implement a common, country-level planning process and tracking system.

Recommendation 6: The ICF should be more transparent and inclusive, publishing its strategies, activities and progress on an ICF website, in a coordinated reporting format in partnership with other climate finance data providers.

1 Introduction

Background

1.1 The International Climate Fund (ICF) is a £3.87 billion fund running from 2011 to 2016, jointly managed by the Department for International Development (DFID), the Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (Defra). Its goal is to support international poverty reduction by helping developing countries to adapt to the impacts of climate change, take up low-carbon growth and tackle deforestation. The governance summary and financial contributions per department are provided in Figure 4 on page 5.

1.2 The ICF is the UK's primary instrument for funding international action on climate change. It is also an instrument for influencing others, to support global action on climate change.

The objectives of tackling climate change and global poverty reduction are closely linked

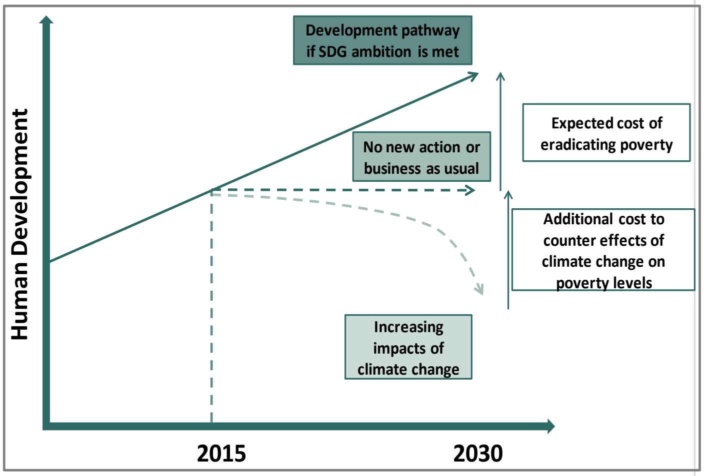
1.3 As a signatory to the Kyoto Protocol under the United Nations Framework Convention on Climate Change (UNFCCC),[1] alongside 191 other countries, the UK has committed itself to taking action to stabilise greenhouse gases (GHGs)[2] at a level that will keep average global temperatures from rising by more than two degrees. The UK Government has made a strong commitment to leading international action to mitigate the effects of climate change and to help affected communities to adapt.

1.4 Since the 1950s, unprecedented changes have been observed in the global climate system. The atmosphere and oceans have warmed, the volume of snow and ice has diminished, sea levels have risen and concentrations of greenhouse gases have increased. Each of the last three decades has been warmer than any preceding decade since 1850.[3]

1.5 Poor people and poor countries are particularly vulnerable to the impacts of climate change, through threats such as water shortages and increased incidence of extreme weather.[4] Changing rainfall patterns are disrupting agricultural production, threatening the livelihoods of the rural poor and reducing food security. Through these and other processes, climate change has the potential to undermine progress in tackling global poverty.[5]

1.6 The two policy objectives of tackling climate change and reducing global poverty are, therefore, closely intertwined. Unchecked climate change is likely to have a dramatic, negative impact on poverty reduction efforts. At the same time, if developing countries meet their growing energy needs through conventional technologies, it will result in significant increases in GHG levels. Figure 1 is a graphical representation of how the two challenges relate to each other.

Figure 1: The impact of climate change on poverty reduction[6]



[1] *United Nations Framework Convention on Climate Change*, United Nations, 1992, http://unfccc.int/files/essential_background/background_publications_htmlpdfpplication/pdf/conveng.pdf.

[2] A gas that contributes to the warming of the earth's atmosphere by absorbing infrared radiation. Carbon dioxide and chlorofluorocarbons are examples of greenhouse gases. This atmospheric warming drives climate change.

[3] Summary for policymakers. In Field, C.B. et al. *Climate Change 2014*: *Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).* IPCC, 2014, pages 1-32, http://ipcc-wg2.gov/AR5/images/uploads/WG2AR5_SPM_FINAL.pdf.

[4] The World Economic Forum definition of global risk is that it: 'may cause significant negative impact for several countries and industries over a period of up to ten years'.

[5] *The geography of poverty, disasters and climate extremes in Geography of Poverty, Disasters and Climate Extremes in 2030.* Overseas Development Institute (ODI), Met Office and Risk Management Solutions (RMS), 2013, http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8633.pdf.

[6] Gutierrez et al., *Zero Poverty: Think Again – The Impact of Climate Change on Development and Poverty*. ODI, 2014, http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8862.pdf.

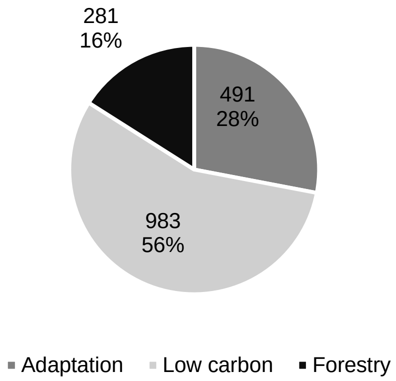
1 Introduction

The ICF's contribution to global climate finance

1.7 The ICF was given an initial funding allocation of £2.9 billion, for the period 2011-12 to 2014-15.[7] In the most recent Spending Review, this was increased to £3.87 billion and extended by a year, to 2015-16. While this contribution is significant within the UK aid budget, it represents only a small fraction of the US$ 100 billion (£60 billion) in climate finance that the international community has agreed to mobilise annually, from public and private sources, by 2020.[8]

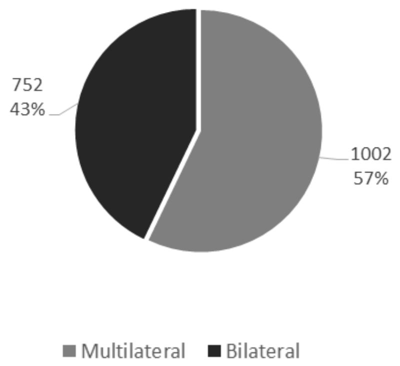
1.8 By the end of the 2013-14 financial year, the ICF had spent £1.75 billion: 45% of its funding. Many of its individual activities, however, have long lead times and remain in their infancy. So far, more than half of its funding has gone towards climate change mitigation – that is, promoting low-carbon development. 28% has gone towards adaptation – that is, helping poor communities cope with the impact of climate change (see Figure 2).

Figure 2: UK ICF spending by theme, 2011-12 to 2013-14, £ millions



1.9 The ICF directs around three-quarters of its funding through multilateral channels (see Figure 3). Much of this goes to a series of World Bank-administered multi-donor trust funds, called Climate Investment Funds (CIFs), which the UK helped to establish. The CIFs consist of four separate funds, promoting clean technology, renewable energies, reduction in deforestation and the integration of climate resilience into national development planning. With total funding commitments of US$8 billion from 14 donor countries, they operate in 48 developing and middle-income countries, providing a mixture of grants, loans and equity investments. They aim to leverage an additional US$55 billion from other sources.[9] The international architecture for climate finance continues to evolve and new multilateral channels, such as a new Green Climate Fund, are under development.[10]

Figure 3: UK ICF spending by channel, 2011-12 to 2013-14, £ millions



1.10 The ICF's bilateral programming works with recipient countries to strengthen their capacity to promote low-carbon development, reduce deforestation and respond to climate change. It also funds a range of individual interventions at the national level.

1.11 The ICF is also a tool for influencing others. It works to strengthen the international climate finance architecture and to attract more global finance. It seeks to influence particular sectors of the global economy, such as the market for clean energy technologies. It helps to promote international knowledge and expertise on climate

[7] The DFID bid letter proposed an increase to 5.75% of UK official development assistance (ODA) by 2014-15, whereas the settlement letter agreed a rise to at least 7.5% of ODA by 2014-15.

[8] The Copenhagen Accord of 2009 was an international agreement among 25 nations at the UNFCCC Conference of the Parties, Conference of the Parties (COP) 15. It committed to US$30billion of "Fast Start Finance" over the period 2010-12 and US$100 billion a year by 2020, to address the needs of developing countries.

[9] See, https://www.climateinvestmentfunds.org/cif/aboutus.

[10] *Update on the Green Climate Fund's Readiness and Preparatory Support Programme*, Green Climate Fund, July 2014, http://www.gcfund.org/fileadmin/00_customer/documents/Readiness/GCF_Readiness_Presentation_18_Jul_2014.pdf.

1 Introduction

change, by promoting innovation, generating evidence and promoting mechanisms for sharing knowledge. It also aims to ensure that the UK's own development assistance is 'climate smart'.

1.12 With its multiple objectives and delivery channels, the ICF operates at a larger scale and over longer time frames than any individual aid programme. For example, developing large-scale wind and solar power capacity can take a decade or more. Helping developing countries to move to a low-carbon development pathway is an objective with no fixed end date, requiring considerable flexibility.

1.13 This review assesses the operations of the ICF across its three levels:

- the international level, including its policy advocacy and its influence on international systems and processes;
- the national level, through its work to build the capacity of priority countries; and
- the programme level, through its funding of specific activities and interventions.

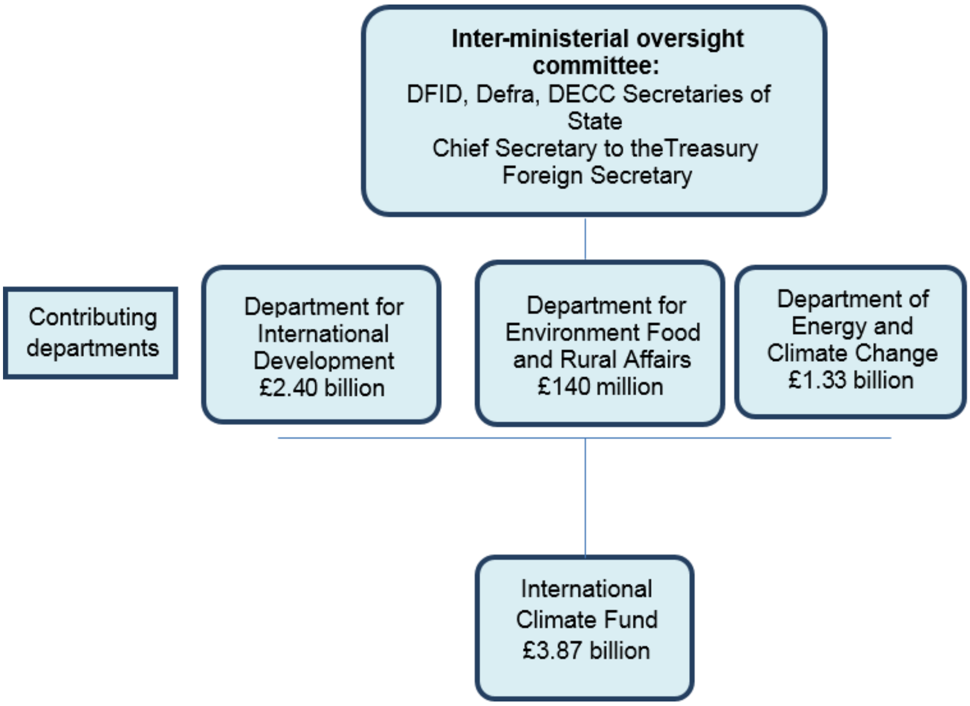
1.14 We assess whether the ICF has coherent strategies and objectives, whether its funding strategies and choice of delivery partners are appropriate and whether it is on track to deliver its intended impacts at international and national levels. We consider both the direct effects of its funding and its ability to catalyse and influence action by others.

1.15 Our methodology included various components, including:

- a literature review;
- interviews with decision makers and stakeholders in the UK and internationally;
- a portfolio review of the 15 largest programmes, including reviews of business cases, evaluations and other documentation and interviews with people involved in their delivery. The sample, which included nine multilateral and six bilateral programmes, spans all of the ICF's thematic objectives and accounts for more than half of its expenditure to April 2014. The sample is summarised in Figure 5 on page 6; and
- visits to Indonesia and Ethiopia, where we looked at the full range of multilateral and bilateral programming, to assess coherence and likely impact.

1 Introduction

Figure 4: ICF governance summary and financial contributions



1 Introduction

Figure 5: UK ICF spending 2011-12 to 2013-14 with departmental contribution

Country / Region	Thematic Area	Programme Title	Contribution from UK ICF (£ millions)	Share in Total ICF Spending to date	DECC	Defra	DFID
9 largest multilateral programmes							
Global	Low carbon	Clean Technology Fund (CTF) - Climate Investment Funds (CIF)	425	24%	90%	0%	10%
Global	Adaptation	Pilot Program for Climate Resilience (PPCR) - CIF	100	6%	15%	0%	85%
Global	Adaptation	Support to the Least Developed Countries Fund (LDC FUND)	80	5%	0%	0%	100%
Global	Forestry	BioCarbon Fund Initiative for Sustainable Forest Landscapes	75	4%	67%	33%	0%
Global	Low carbon	Global Environment Facility (focus on climate change)	63	4%	0%	0%	100%
Global	Low carbon	Scaling-up Renewable Energy Program - (CIF)	50	3%	50%	0%	50%
Global	Forestry	Forestry Investment Program (FIP) - CIF	25	1%	100%	0%	0%
Global	Adaptation	Support to the Adaptation Fund for developing countries to build climate resilience	10	1%	0%	0%	100%
Global	Low carbon	Partnership for Market Readiness Fund	7	0.4%	100%	0%	0%
6 largest bilateral programmes							
Global	Adaptation	Adaptation for Smallholder Agricultural Programme (ASAP)	115	7%	0%	0%	100%
Global, China, South Africa, Indonesia	Low carbon	Global Carbon Capture and Storage (CCS) Capacity Building	60	3%	100%	0%	0%
Global	Low carbon	Climate Public Private Partnership	50	3%	76%	0%	24%
Global	Low carbon	Nationally Appropriate Mitigation Action (NAMA) Facility	50	3%	100%	0%	0%
Global	Cross-cutting	Climate and Development Knowledge Network (CDKN) - Outputs and Advocacy Fund	46	3%	0%	0%	100%
Bangladesh	Adaptation	Bangladesh Climate Change Programme I - Jolobayoo-O-Jibon	42	2%	0%	0%	100%
Total 9 multilateral + 6 bilateral programmes			1,198	68%[11]	54%	2%	44%
Other bilateral programmes (not reviewed)			556				
Total ICF spending for all programmes			**1,754**				

[11] The Forest Carbon Partnership Facility was initially included in our sample but subsequently removed owing to its lack of spending. Differences due to rounding.

2 Findings: Objectives

Objectives *Assessment: Green-Amber*

2.1 This section considers the ICF's objectives at the international, national and intervention levels. We review its strategy and evolving theory of change.

The objectives of the ICF reflect the UK's far-reaching international commitments

2.2 Successive UK governments have made strong commitments to promoting international action on climate change. To support these commitments, the ICF's goals are necessarily very ambitious.

2.3 The Fund's thematic priorities mirror internationally agreed priorities for climate finance, namely:

- to help poor people adapt to the effects of climate change (adaptation);
- to reduce carbon emissions by promoting low-carbon development and enabling poor countries to benefit from clean energy (mitigation); and
- to reduce deforestation.

2.4 The ICF also supports a number of UK policy interests, including demonstrating the feasibility of low-carbon and climate-resilient growth, supporting UK positions in the UNFCCC negotiations and driving innovation, including through new partnerships with the private sector.[12]

2.5 The ICF has outlined a series of far-reaching goals, including:

- helping developing countries to adopt low-carbon development pathways;
- ensuring that poor and vulnerable people in developing countries are supported to respond effectively to existing climate variability and future impacts of climate change;
- supporting global efforts towards a 50% reduction in global deforestation by 2020; and
- mobilising of US$100 billion per annum for low-carbon, climate-resilient development.[13]

2.6 The strategy acknowledges that, to achieve these goals, the ICF will need to wield an influence that far exceeds the direct impact of its own spending.[14] Its 'theory of transformational change' (see Figure 6 on page 8) identifies four mechanisms for transformational change: delivery at scale; replication by others; promoting innovation; and leveraging additional financial flows. It also stresses the need for political will and local ownership. By catalysing action at both international and national levels, the ICF hopes to achieve a critical mass of activity, leading to a decisive shift towards low-carbon and climate-resilient development (see Figure 7 on page 8).

2.7 The ICF's 2011 strategy links these objectives to global poverty reduction. It notes that adaptation helps poor people to protect their livelihoods through better management of climate change risk and increases their ability to cope with climate-related events like droughts and floods. Climate change mitigation can help developing countries to reduce poverty by making low-carbon technologies and approaches more widely accessible, while reducing the rate of deforestation can help sustain the livelihoods of the 1.2 billion people around the world who depend on forestry, reduce emissions and protect biodiversity.[15]

[12] *ICF Implementation Plan 2011/12-2014/5*, Technical Paper, www.gov.uk/government/uploads/system/uploads/attachment_data/file/66150/International_Climate_Fund__ICF__Implementation_Plan_technical_paper.pdf.

[13] *ICF Implementation Plan 2011/12–2014/5*, Technical Paper, www.gov.uk/government/uploads/system/uploads/attachment_data/file/66150/International_Climate_Fund__ICF__Implementation_Plan_technical_paper.pdf.

[14] *International Climate Fund (ICF) Implementation Plan 2011/12–2014/15*, ICF, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67454/uk-International-Climate-Fund-techncial-working-paper.pdf.

[15] *The UK International Climate Fund*, DFID, October 2011, www.gov.uk/government/uploads/system/uploads/attachment_data/file/48217/3389-uk-international-climate-fund-brochure.pdf.

2 Findings: Objectives

Figure 6: The ICF theory of change for transformational change[16]

Figure 6, below, provides a high level summary of the ICF transformational theory of change, finalised in April 2014. This identifies the need for innovation, replication and leverage, taking place at scale, in order to achieve transformational change. The ambition is for this change to enable a transformed pattern of development that is low carbon and climate resilient. How the ICF is trying to achieve this is discussed in the Delivery section: this includes the range of delivery partners, the role of returnable capital and working with the private sector.

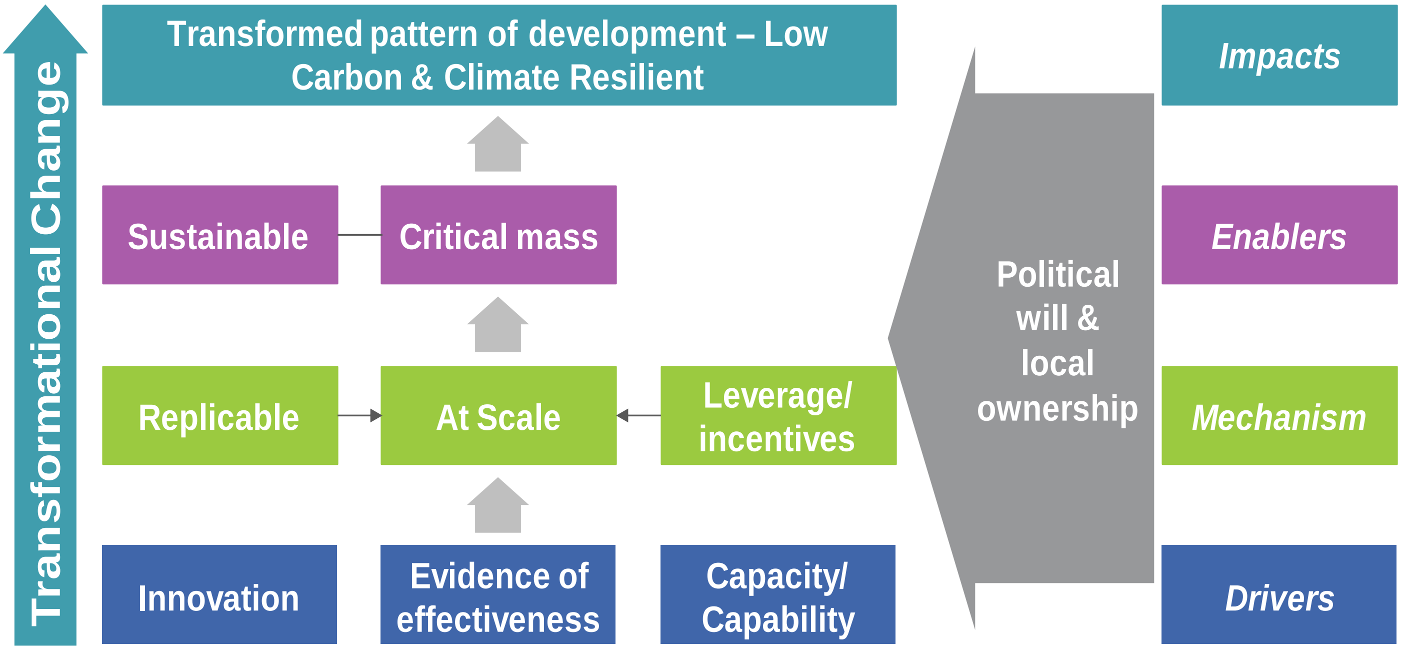


Figure 7: The ICF criteria for transformation

ICF criteria indicate whether or not the intervention is likely to change incentives to shift from one state to another; for example, from fossil fuel dependent energy systems to systems where renewable energy is prominent. Transformation may also increase the pace of change, for example by accelerating reductions to deforestation. These criteria are:

Scale: National, sectoral or economy-wide programmes, including institutional and policy reform, for example energy sector reform; large-scale deployment of a technology so that it reaches critical deployment mass or provision of technical assistance to support a country to reduce national fossil fuel subsidies;

Replicable: Programmes which others can copy, leading to larger scale or faster roll out, for example key policy change or helping to drive technology down the learning curve;

Innovative: Piloting new ways of achieving objectives that could lead to wider and sustained change. These programmes are often high risk but with high potential returns; and

Leverage: Programmes that leverage others to increase the impact also increase the likelihood of their being transformational, by unlocking scale and replication potential. Examples of leverage include domestic flows from recipient country and private sector or other aid flows. Leveraging should be considered to be an addition to existing funding sources, provided they are not crowded out.[17]

[16] ICF paper received from DFID. The box "Transformed Pattern of Development" incorporates poverty reduction.
[17] *What criteria must a programme follow to be transformational?* DFID briefing pack of documentation to ICAI review.

2 Findings: Objectives

2.8 To achieve these goals, the ICF has defined five main areas of activity:

- building knowledge and evidence;
- developing, piloting and scaling up innovative activities;
- supporting country-level action;
- creating an enabling environment for private sector investment; and
- mainstreaming climate change into UK, EU and other development assistance.

2.9 We find these objectives to be largely appropriate, reflecting a holistic approach to the challenges of climate change. This is, however, a rapidly evolving field. The ICF's objectives and approaches will need to be regularly updated. We take the view that there is now scope for the ICF to adopt a more focussed approach, to maximise its potential for impact. A narrower set of objectives and a clearer definition of the role that multilateral and bilateral delivery channels play in realising them would be helpful. There is also room for the ICF to do more to support innovation on low-carbon and climate-resilient approaches to development and to pilot new approaches to engaging the private sector.

The ICF's overarching theory of change took time to emerge

2.10 Each of the three ICF themes (adaptation, low-carbon growth and forestry) has its own theory of change. These theories of change were approved by the ICF Board in July 2011, together with an overall Implementation Plan.

2.11 It took until April 2014, however, to develop a fully articulated, overarching theory of change showing the connections between outcomes, outputs and activities. The responsible departments have acknowledged that establishing an integrated theory of change earlier in the process would have helped to guide the development of a strategic portfolio. As it was, pressure to meet spending targets meant that early spending decisions were taken without a coherent, overarching strategy in place.

Country allocation of ICF finance has been appropriate

2.12 Within the internationally agreed list of ODA-eligible countries, DFID has established a list of 28 priority countries for UK development assistance. The ICF initially established a list of 32 priority countries. The two are compared in Annex A4.

2.13 There is a high level of overlap between the two. The ICF list, however, also includes a number of middle-income countries that offer major opportunities to mitigate climate change, including Brazil, China and Indonesia. In these countries, UK support is helping to integrate climate change mitigation into national development processes.

2.14 We regard the inclusion of these middle-income countries in the ICF portfolio as appropriate. Continuing emissions growth in these countries will adversely affect all countries, with low-income countries particularly vulnerable. It does, however, pose some operational challenges. The ICF will need to continue to strengthen its collaboration with the Foreign and Commonwealth Office (FCO), including in places where there is no DFID country office.

Influencing national priorities

2.15 To achieve its goal of transformational impact, the ICF needs to influence the policies and investment priorities of its priority countries. It is, therefore, working to support national climate policy and target setting. For example, it is helping Ethiopia to develop a Climate- Resilient Green Economy Strategy. In Indonesia, it is supporting efforts to implement national climate change mitigation and adaptation strategies.[18] It is working with the Government of Ethiopia to set up a national fund, supported by strong systems, to help deliver the Climate- Resilient Green Economy and attract further international climate finance. It is also working with the Partnership for Market Readiness,

[18] *Guideline for Implementing Green House Gas Emission Reduction Action Plan* (RAN/RAD-GRK), Ministry of National Developing Planning/National Development Planning Agency, 2011. http://www.paklim.org/wp-content/uploads/downloads/2012/05/Guideline-for-the-implementation-of-GHG-emission-reduction-action-plan.pdf and *National Plan for Climate Change Adaptation (RAN-API),* Republic of Indonesia, 2013. https://gc21.giz.de/ibt/var/app/wp342deP/1443/wp-content/uploads/filebase/programme-info/RAN-API_Synthesis_Report_2013.pdf.

2 Findings: Objectives

a World Bank-administered grant-making fund, to support developing countries to develop and pilot carbon pricing policies. We have some concerns, however, as to whether ICF programmes have secured sufficient support from national stakeholders. In Indonesia, for example, while government departments were broadly supportive of UK efforts, they expressed confusion about the diverse objectives of UK-supported programmes through bilateral and multilateral channels.

2.16 At the activity level, we found the processes by which national governments, the private sector and civil society stakeholders contribute to the design of ICF programmes to be inadequate. While improvements have been made to design processes, the ICF acknowledges that it needs to deepen its engagement with national governments and other stakeholders. We are also concerned about the ICF's approach to mobilising private sector investment and whether its focus on leveraging private investment creates the right set of incentives for investors.

3 Findings: Delivery

Delivery *Assessment: Amber –Red*

3.1 In this section, we consider whether the management structure of the ICF facilitates the effective delivery of its programme. We assess how capitalisation of the ICF affects its operations. We examine the ICF's selection of delivery partners and its overall approach to portfolio management.

The structure of the ICF enables working across sectors

3.2 As a tri-departmental instrument managed jointly by DFID, DECC and Defra, the ICF brings together the development expertise of DFID with the sector experience of DECC and Defra. It also includes the FCO and HM Treasury within its governance. This represents a 'whole-of-government' approach to addressing climate change, harnessing diverse expertise and capacity across UK government departments. The ICF's structure, therefore, mirrors the recommendation[19] often made to developing countries that they should bring together key agencies in support of their efforts to pursue low-carbon and climate-resilient development.

3.3 Ministerial oversight of the ICF is provided by the Secretaries of State of DFID, DECC and Defra, together with the Chief Secretary to the Treasury and the Foreign Secretary in a consultative role. These departments, occasionally joined by the Cabinet Office, attend ICF Board meetings, which are chaired by DFID.[20] Figure 4 on page 5 illustrates the ICF's governance structure, together with the financial contributions made by the main departments.

3.4 The FCO has been characterised as a 'fourth partner'[21] in the ICF by DFID. This relates to the role of the FCO's Prosperity Fund[22] and its overseas network in delivering programmes, particularly in countries with no DFID bilateral aid programme.

3.5 The ICF Secretariat is led by DFID and supported by DECC and Defra staff. Their current role is to manage routine processes and provide support to the Board. There is a need to improve oversight and management of ICF information and data by the Secretariat, who remain dependent on programme leads.

Pressure to spend ICF funds quickly has not always been conducive to effective delivery

3.6 The ICF's funding is significant, within the expanding UK aid budget. This translated into substantial pressure to spend rapidly, which has sometimes come at the cost of strategy development and considered programming choices.

3.7 The UK government's four-year spending review set an ICF target of £425 million in its first year of operations (see Figure 8 on page 12). This put considerable pressure on DFID and DECC to establish the ICF's structures and processes and to begin spending. Concerns about the implications of this pressure were raised by the departments at the time. In our view, pressure to spend rapidly has contributed to some of the delivery challenges observed in this review.

The ICF's programming and delivery options are constrained by its reliance on capital expenditure

3.8 The ICF is funded from a combination of capital (investment) and resource (recurrent expenditure) budgets, according to a proportion agreed by departments with HM Treasury in each Spending Review.[23] DFID's contribution is divided approximately equally between capital and resource, while DECC and Defra provide only capital (see Figure 8 on page 12).

[19] *Defining climate compatible development,* Climate and Development Knowledge Network, Policy Brief, November 2010, http://r4d.dfid.gov.uk/pdf/outputs/cdkn/cdkn-ccd-digi-master-19nov.pdf.
[20] The Secretaries of State and the Foreign Secretary are represented by their respective Director Generals. See: *International Climate Fund (ICF) Implementation Plan 2011/12–2014/15*, Technical Paper, ICF, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67454/uk-International-Climate-Fund-techncial-working-paper.pdf.
[21] Senior DFID official.
[22] The Prosperity Fund Programme is the FCO's fund to tackle climate change, strengthen energy security and promote an open global economy in key emerging economies. It includes a number of ICF countries such as Brazil, China, India, Mexico and South Africa. In 2013-14, its allocation was £19.55 million, of which £14.9 million is ODA-eligible (£19.02 million in 2012-13).
[23] *International Climate Fund Spending Papers*, ICF, June 2011, September 2011, November 2011, HM Treasury note on spending beyond this Spending Review, July 2012; *Next steps on spending on adaptation to climate*, April 2013.

3 Findings: Delivery

Figure 8: DFID, DECC and Defra ICF allocations

Dept. Resource/ Capital split	Base line 2010-11 £m	2011-2012 £m	2012-2013 £m	2013-2014 £m	2014-2015 £m	2015-2016 £m
DFID Resource & (up to 50%) Capital	400	275	410	445	670	600
DECC Capital	250	140	240	400	220	329
Defra Capital	0	10	20	30	40	40
Total	**650**	**425**	**670**	**875**	**930**	**969**

3.9 This in turn influences how the ICF spends its funds. The DECC and Defra capital funds must be spent in accordance with HM Treasury guidance. This requires that a capital asset is created on the balance sheet.[24] This budget is, therefore, not available for items requiring recurrent expenditure, such as grants for technical assistance or research, unless DFID agrees to exchange resource for capital with DECC or Defra from within ICF departmental allocations (since DFID is the only holder of ICF resource budget of the three departments). In some cases reaching agreement has taken three to five months. This can delay delivery. For 2015-16, HM Treasury has agreed a 5% 'pre-authorised switch' between the DFID resource budget and DECC and Defra capital funds. This should provide greater flexibility in investment choices.

3.10 Capital expenditure is used to support private-sector investment in low-carbon and climate-compatible development. This can be effective where viable investments are available and where there is sufficient capacity within the private sector to take advantage of the opportunities. For example, the IFC invests at close to commercial rates, to avoid market distortions.[25]

3.11 Capital expenditure is not, however, well suited to building institutional capacity or helping to put in place the policies, regulations and governance arrangements required for low-carbon and climate-resilient development. Capital is also not well suited to meeting upfront project development needs, such as feasibility studies. In many instances, grant funding must be used in a strategic way to unlock large-scale investment flows, by reducing risk or the cost of finance.

3.12 Furthermore, capital expenditure is only suitable where the recipient institutions have the capacity to make and manage investments that can earn a return soundly. This has been an important influence on the ICF's choice of delivery partners.

3.13 In our view, a more flexible approach to the balance between capital and resource funding is required, in order to make the most effective use of ICF funds. In Indonesia, for example, we found that better results could have been obtained by combining capital and resource expenditure in strategic ways, with the former provided through multilateral channels.

The ICF's partnerships with multilateral development banks have been fruitful

3.14 The ICF is substantially dependent on the multilateral development banks (MDBs) to deliver its assistance – in large part because they have the capacity to manage returnable capital. Figure 9 on page 13 shows the intermediaries through which the ICF works.

3.15 Over 64% of ICF funding has gone through a small group of trusted MDBs, in particular the World Bank. The World Bank plays a prominent role in 9 of the 15 largest ICF programmes, either as fund manager or implementer.

[24] If the asset is deemed to sit on the departmental balance sheet then it would be categorised as 'returnable capital', that is loans or equity investment or a returnable grant. If an asset is created on a third party balance sheet then this is not considered to be returnable but still scores to the departmental capital budget.

[25] *ICF Implementation Plan 2011-12-2014/5*, Technical Paper, www.gov.uk/government/uploads/system/uploads/attachment_data/file/66150/International_Climate_Fund__ICF__Implementation_Plan_technical_paper.pdf.

3 Findings: Delivery

Figure 9: UK ICF Intermediaries 2011-2014

Intermediaries	£ millions	%
Climate-dedicated fund, usually including MDBs as implementing agencies	769	44%
Multilateral development banks	358	20%
Multilateral agencies	216	12%
Other* (e.g. private firms)	235	14%
Bilateral development agencies	126.5	7%
Civil society organisations	29.5	2%
Research institutions	18	1%
Miscellaneous (small programmes)	2	0%
Total	**1,754**	**100%**

* Includes programmes with multiple intermediaries.

3.16 We take the view that this was an appropriate choice by the ICF, particularly during its early years of operation. It allowed the ICF to harness the MDBs' substantial knowledge and experience in the area and their capacity to manage large investments. It also enabled the ICF to influence the MDBs' programming choices and to push for the mainstreaming of climate change across their investment portfolios. ICAI will be undertaking a review of DFID's funding through multilaterals in 2014-15.[26]

3.17 The ICF Mid-Term Evaluation found that multilateral investments 'bring the benefit of being able to programme large amounts with delegated management and administration.'[27] The 2013 Multilateral Aid Review (MAR) update and the Multilateral Organisations Performance Assessment Network (MOPAN) also reported favourably on the multilateral channels used by the ICF.[28] We have not conducted an independent assessment of the MAR and MOPAN ratings.

3.18 While working through the MDBs was a logical choice, we found variations in their performance. Several of their programmes have been substantially delayed as they went through a process of learning how best to target low-carbon and resilience enhancing investment opportunities. As Annex A1 shows, there has now been some course correction in many of the ICF's delivery channels, including major programmes funded through the CIFs.

The ICF has had a positive influence on multilateral institutions and climate funds

3.19 The ICF has made substantial investments in multilateral climate funds as delivery instruments, particularly the CIFs. As we discuss below under Impact, the CIFs have piloted new approaches to climate finance and had significant influence on international policy processes. The ICF has helped to drive reforms and to promote more inclusive decision-making processes.[29] The UK has a seat on all CIF Trust Fund Committees as one of usually eight donor members.[30] Examples of ICF influence include:

- Results: strengthening results frameworks;
- Private sector: targeted development programmes;
- Gender: comprehensive review of approach and recruitment of a specialist; and
- Increasing transparency and inclusiveness: project documents are now published, governing committee sessions are now open to the public.

[26] *Annual Report to the House of Commons International Development Committee 2013-14*, ICAI, 2014, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-13-14-FINAL.pdf.
[27] *Mid-Term Evaluation of the UK's International Climate Fund* (draft report), ICF-GFK, 2014. We understand that the Mid-Term Evaluation will be published before the end of 2014.
[28] *Multilateral Aid Review Ensuring maximum value for money for UK aid through multilateral organisations*, DFID, 2011, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf; *Multilateral Aid Review Update: Driving reform to achieve multilateral effectiveness*, DFID, 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/297523/MAR-review-dec13.pdf; *Main Findings* from the assessments of The International Fund for Agricultural Development (IFAD), The World Health Organisation (WHO), World Food Programme (WFP), MOPAN, 2013, http://static.mopanonline.org/brand/upload/documents/MOPAN_Annual_report_2013_1.pdf.
[29] Nakhooda and Amin, *The Effectiveness of Climate Finance: A Review of the Clean Technology Fund*, Working Paper, ODI, October 2013, http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8643.pdf.
[30] For example CTF Trust Fund Committee donor members are Australia, Canada, France, Germany, Japan, Spain/Sweden, UK and USA.

3 Findings: Delivery

3.20 A recent evaluation of the CIFs[31] highlighted the importance of continuing to deepen engagement with government, private sector and civil society organisation stakeholders. This is necessary in order to ensure that programming aligns with national priorities and that recipients have a strong commitment to effective implementation.[32] In the case of the Global Environmental Facility (see Figure 14 on page 20), the UK has also supported national portfolio formulation exercises that enable more engagement of national stakeholders and better alignment with country priorities.

There is scope for using a wider range of delivery partners

3.21 There is now scope for the ICF to use a wider range of delivery partners, including civil society and the private sector. In 2013, DECC commissioned an external review of how the range of delivery options could be increased.[33] The review identified three potential vehicles: the UK Green Investment Bank, the Private Infrastructure Development Group and CDC Capital Partners PLC (CDC).[34] Work is now in progress with regard to the UK Green Investment Bank. UK engagement with the Green Climate Fund, the new multilateral channel through which a growing share of international climate finance is expected to flow, should also help with this.

3.22 Initially, the ICF did not make much use of CSOs as delivery partners. One exception was its establishment of the Climate and Development Knowledge Network (CDKN), through a consortium of three companies and three CSOs.[35] More recently, CSOs have become more involved in the delivery of ICF programmes. For example, the Building Resilience and Adapting to Climate Extremes and Disasters (BRACED) programme has made 21 project development grants to CSO-led consortia in 15 countries.[36]

3.23 We found, nonetheless, that the ICF could make greater use of the influence and outreach of major international CSOs. DFID already works with many of these organisations in other fields.

The ICF's approach to the private sector is evolving

3.24 The ICF's private sector engagement strategy recognises that private firms play a growing role in the sectors that are most closely linked to climate change in developing countries, particularly energy and transport.[37] Available data suggest that the private sector accounts for 57% of climate change-related investment in developing countries, compared with 88% in developed countries.[38]

3.25 One of the ICF's objectives is 'to build an enabling environment for private sector investment and to engage the private sector to leverage finance and deliver action on the ground'. It has various ways of engaging with the private sector. For example, it has devoted significant effort to developing the Capital Markets Climate Initiative – an international platform for promoting the sharing of knowledge and experience amongst governments, firms, NGOs and research institutes.[39] We also saw examples of engagement with entrepreneurs and SMEs at the micro-level (see Figure 10 on page 15).

3.26 In June 2014, the UK, the USA and Germany, in collaboration with other major donors, launched the 'Global Innovation Lab'. This is a new global public-private platform to work with development finance institutions, including export credit agencies, private banks and others, to encourage private investment in low-carbon, climate-resilient infrastructure in developing countries. This is a welcome attempt to find new ways to engage

[31] *Independent Evaluation of the Climate Investment Funds,* CIFs, June 2014, http://www.cifevaluation.org/docs/cif_evaluation_final.pdf?utm_source=website&utm_medium=homepage&utm_content=full_eval&utm_campaign=cifevaluation.
[32] *Draft response to the Independent Evaluation of the Climate Investment Funds*, CIFs, June 2014, http://www.cifevaluation.org/index.html.
[33] Vivid Economics, *Delivery options for the International Climate Fund,* report prepared for ICF spending departments, January 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318874/delivery_options_icf.pdf.
[34] Formerly the Commonwealth Development Corporation.
[35] See www.CDKN.org.
[36] See https://www.gov.uk/international-development-funding/building-resilience-and-adaptation-to-climate-extremes-and-disasters-programme.
[37] ICF, *Private Sector Strategy*, April 2012; ICF, *ICF capacity to deliver through the Private Sector*, February 2013.
[38] Vivid Economics, *Delivery options for the International Climate Fund,* report prepared for ICF spending departments, January 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/318874/delivery_options_icf.pdf.
[39] See https://www.gov.uk/capital-markets-climate-initiative.

3 Findings: Delivery

mainstream investors around climate-related opportunities.

3.27 Despite these initiatives, we are not convinced that existing programmes in the ICF portfolio have engaged the private sector sufficiently. This echoes the mismatch in the scale of ambition and ability to deliver as identified by the ICAI Private Sector Development review.[40] There is still a significant shortfall of finance available for early-stage entrepreneurial investment.[41] There is also continued need for financing for high-risk investments in technological development, to improve the viability of low-carbon technologies.[42]

Figure 10: Ethiopian Climate Innovation Centre

The Ethiopian Climate Innovation Centre (CIC), a World Bank-managed programme, is one of eight centres that support innovative green-growth entrepreneurs and SMEs by providing finance, access to high-end technical facilities and business advisory services. ICF has provided funding of £5 million to this centre in a joint investment with Norway.

The first tender resulted in 186 bids, of which 26 were shortlisted and eight received funding, with awards ranging from US$25,000 to US$37,500. Examples of projects include the conversion of indigenous miscanthus grass into biomass pellets for use in energy production and the distribution by women of silver-coated ceramic water filters, to reduce bacterial disease.

One recipient of CIC support, which we visited, is a small hotel that is piloting rainwater harvesting, the recycling of wastewater, biomass heating for kitchens and the use of recycled materials for construction and solar panels.[43]

3.28 This shortfall is recognised by the departments involved, who have been testing a range of new approaches, including potential spending through the UK's own Green Investment Bank on international programmes. We see potential synergies between the work of the ICF and DFID's new Economic Development Strategy process. We encourage DFID to promote exchange of experience between the two.

3.29 Private sector people who were interviewed for this review stressed the need for the ICF to work through a more nimble set of financial channels, so that it can respond within the tight timelines on which private investors need access to capital.[44] They also highlighted the growing diversity of agents that are now interested in low-carbon development opportunities, including private funds and banks in developing countries, who could be useful partners in future ventures.

Portfolio management has strengthened

3.30 Despite the pressure on the ICF to spend quickly, we found a range of appropriate measures in place to safeguard the quality of investments. Many of DFID's investments were scrutinised under the climate pillar of the 2010 Bilateral Aid Review. Multilateral bids were scrutinised through the Multilateral Aid Review process.

3.31 The ICF Board comprises members at Director-General level from DFID, DECC, Defra and HM Treasury. Figure 11 on page 16 outlines the revised management structure. Initially, the Board scrutinised all proposals for funding; this function was later delegated to a sub-committee. Projects were rejected at this stage if they did not meet the ICF's objectives. In the first nine board meetings, 31 concept notes were accepted, 13 were sent back for further development and two were rejected.[45]

3.32 Since November 2011, the ICF sub-committee meets two weeks prior to each ICF Board meeting to review papers, take working-level decisions and identify the issues on which the Board should focus. In our view, this was an important and welcome change, enabling the Board to strengthen its strategic oversight role.

3.33 This process was further improved with the introduction of competitive bidding rounds in Spring 2012. This has helped to drive value for money.

[40] *DFID's Private Sector Development Work*, ICAI, May 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/05/ICAI-PSD-report-FINAL.pdf.
[41] Confirmed in interviews with stakeholders from the private sector, including in Indonesia and Ethiopia.
[42] Network *Deep Decarbonisation Pathways,* UN Sustainable Development Solutions, July 2014, http://unsdsn.org/what-we-do/deep-decarbonization-pathways/.
[43] ICAI team site visit to Asham Africa Hotel, Lake Bishoftu, near Addis Ababa, Ethiopia.
[44] Interviews with members of the Capital Markets Climate Initiative network conducted in the course of this review.
[45] Internal ICF project documents and further correspondence with ICF staff.

3 Findings: Delivery

Technical panels from the three departments, including members drawn from outside the ICF, gave each concept note a 'RAG rating' for potential for transformative impact, strategic fit and value for money (VFM). In the first bidding round, this resulted in £300 million in proposals given a 'green' rating for endorsement, £240 million scoring 'amber' and £186 million scoring 'red', which led to them being rejected.

The shifting focus of ICF delivery causes delays

3.34 After two bidding rounds, additional guidance on the ICF's priorities was provided through the 2013 ICF Strategy Refresh. Ministers agreed that ICF interventions should be strategic in nature and focus on the delivery of larger outcomes. The Strategy Refresh also concluded that bilateral spending on climate change adaptation should focus on low-income countries. Bilateral programmes in middle-income countries would be supported with returnable capital or technical assistance. Multilateral spending on both adaptation and mitigation could continue in all ODA-eligible countries.

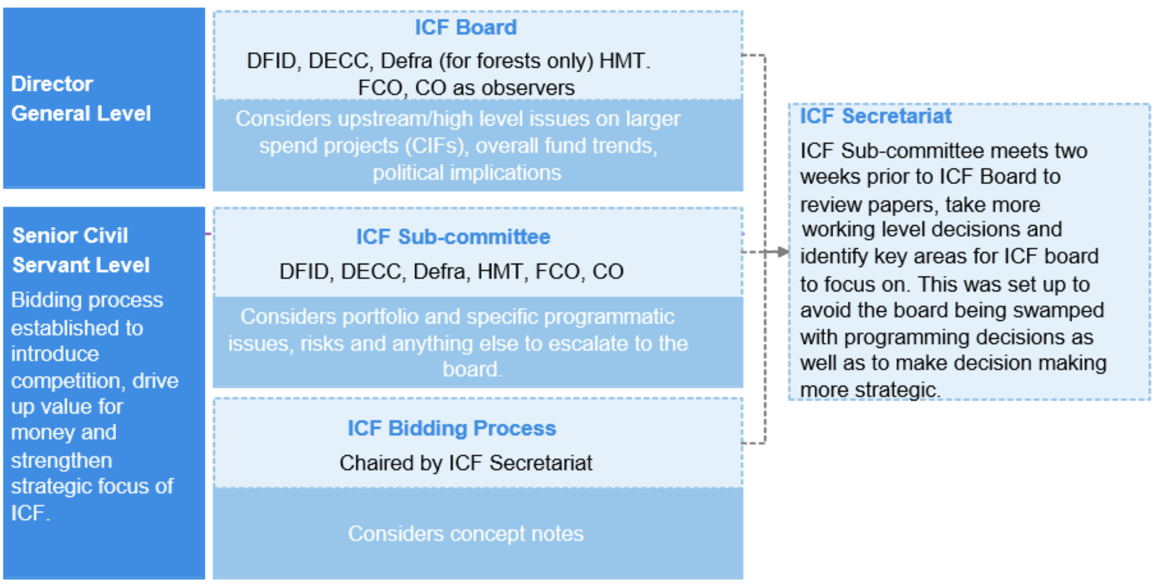
3.35 During the recent Resource Allocation Round to set 2015-16 budgets, DFID has set a target that country and regional programmes should account for 50% of DFID's ICF spending by 2015-16.[46] This amounts to a substantial change of direction. While it will help with mainstreaming climate investments into DFID country programmes, we have not seen a clear rationale for why this will deliver greater impact than the present multilateral channels.

3.36 We are concerned about the number of course corrections that have occurred over the life of the ICF (for example, the delay to establish an integrated, overarching theory of change and the heavy dependence on the MDBs as a delivery channel). While a measure of learning-by-doing was necessary, the on-going changes in emphasis suggest that pressure to spend quickly at the outset may have compromised strategy setting.

Financial oversight appears to be sound

3.37 Independent assessments have found that the ICF's financial oversight of its partners is appropriate and in proportion to the level of risk. In 2012, the ICF was subject to an internal audit

Figure 11: the ICF revised management structure



[46] Final ICF bidding round information note for project teams, Spring 2014.

which identified a number of weaknesses. In a follow-up audit in 2013, these had been addressed. For example, new operational procedures for programme design and the prevention of fraud and corruption were introduced.

3.38 Multilateral climate funds (which have spent over £1 billion of ICF funds to date) use the financial management systems of the responsible MDB. DFID's Multilateral Aid Review (MAR) demonstrated high confidence in their level of financial oversight.[47] Earlier ICAI reviews of both the World Bank and Asian Development Bank scored Green-Amber overall. ICAI will be undertaking a further review of DFID's engagement with the multilaterals in 2014-15.

3.39 At the portfolio level, there is a risk register that is reviewed at quarterly board meetings. Each risk is rated for probability and impact, with a corresponding mitigation plan. On the recommendation of the mid-term evaluation, the ICF is now developing a risk-reward matrix to track risks across the portfolio and inform risk management. The Mid-Term Evaluation found no cases of fraud and corruption relating to on-going programmes. Overall, we find the level of fiduciary control to be appropriate.

[47] The World Bank and Asian Development Bank were also rated very good value for money by the MAR. The African Development Bank was rated good value for money.

4 Findings: Impact

Impact *Assessment: Green-Amber*

4.1 In this section, we consider the evidence of impact from the ICF's programmes to date and the trajectory of the ICF as a whole. We examine impact at three levels: international, national and intervention.

There is clear evidence of ICF influence on international climate finance

4.2 The ICF has been a significant element of the UK's international climate policy, supporting its negotiating position within the UNFCCC. The ICF has allowed the UK to be clear about its climate finance contribution between 2011 and 2016.

4.3 We find that the ICF has had a significant influence on international climate finance. Through its main multilateral channel, the CIFs, the ICF has supported new approaches to delivering climate finance at scale. As Annex A1 makes clear, after some adjustments, these programmes are beginning to deliver results. The ICF has blended concessional lending with grant funding and, in some cases, private finance to facilitate new types of investment.

4.4 These innovations in the delivery of large-scale climate finance have entailed a steep learning curve. This learning has been reflected in the design of new funds. For example, the Green Climate Fund (GCF) has been established under the UNFCCC, with the goal of taking on the good practices of existing funds and avoiding some of their mistakes. The design of the new GCF has borrowed extensively from the CIFs. It will support programmatic approaches to climate change, using a diversity of instruments to mobilise private investment, with an inclusive and gender-sensitive approach to programme development.[48] As we discuss in paragraph 5.13 (on page 25) in Learning, the ICF has been an important player in facilitating this knowledge transfer.

[48] As stated in the Governing Instrument of the Green Climate Fund.

We saw a range of emerging impacts at national level

4.5 The ICF is working with national governments to help them integrate climate change objectives into their national development plans, as well as providing finance for capacity building and individual investments. We saw early results from this engagement in both the countries we visited.

4.6 Indonesia is one of the key countries for climate change mitigation and, as a result, most of the multilateral instruments funded by the ICF are active there. The Government has made ambitious commitments to moving towards a low-carbon development pathway.[49]

4.7 Figure 12 on page 19 summarises our findings in Indonesia. Further information is provided in Annex A2. In summary, we found good evidence of positive national impact in the areas of land-use planning and forestry governance. ICF support to The Asia Foundation (TAF) is enabling changes in national, provincial and district legislation and law enforcement in the forestry sector. It is also directly assisting poor communities through recognition of their rights to land and forest resources.

4.8 In Ethiopia, where fewer global funds are active, the ICF has invested in a number of bilateral programmes. The Ethiopian Government has made a strong commitment to reducing its vulnerability to climate change through climate-resilient, carbon-neutral development and is recognised as a leader on the issue among African countries.[50]

4.9 This commitment is being well supported by ICF funding, complemented by policy dialogue with the DFID country office. DFID works in close partnership with both the Government and other climate finance partners, such as Norway and the World Bank.

[49] Indonesian President Susilo Bambang Yudhoyono (2004-2014) stated that Indonesia is committed to reducing GHG emissions by 26% in 2020 from the 'Business as Usual' method of evaluation with its own efforts. Indonesia is committed to reaching a 41% reduction if it secures international support (*Indonesia's Guideline for Implementing Green House Gas Emission Reduction Action Plan* (RAN-GRK), 2011, https://gc21.giz.de/ibt/var/app/wp342deP/1443/wp-content/uploads/filebase/programme-info/RAN-API_Synthesis_Report_2013.pdf.)

[50] For example, the Prime Minister of Ethiopia led the African Delegation to the Copenhagen UNFCCC COP in 2009 and also co-chaired the UN high-level Advisory Group on Climate Change Financing in 2010.

4 Findings: Impact

Figure 12: Results from Indonesia

Indonesia is a priority country for the ICF but not for DFID's bilateral programme. In Indonesia, the ICF uses a mixture of multilateral instruments and bilateral programmes to deliver its support. These are beginning to deliver a range of impacts.

The Climate Change Unit (CCU), run from the British Embassy in Jakarta, is working effectively but could link up better with multilateral programming. The CCU has good relations with the Government of Indonesia, donors, some CSOs and the private sector. While it is well placed to deliver the ICF, it would benefit from more expertise in the important low-carbon/clean energy sectors.

The Asia Foundation's SETAPAK programme (meaning 'pathway' in Bahasa Indonesia) is improving the governance of land use and forestry, through £7.6 million in investments from November 2011 to March 2015. It is strengthening the rule of law, improving recognition of community rights and increasing transparency and accountability of land permitting. In East Kalimantan, we visited ICF programmes working with poor communities who depend on forest resources for their livelihoods. We found that the SETAPAK programme has also strengthened the voice of poor and indigenous peoples, through media outreach, regulatory reforms, freedom of information processes (now available to 2.3 million people in 6 districts), training of judges and support to the national anti-corruption agency. Though small in scale, the programme is producing multiplier effects by giving disadvantaged groups the ability to report infringements on their rights and interests. Six cases have so far been brought to the Corruption Eradication Commission.

4.10 The results that we observed in Ethiopia are summarised in Figure 13. At this stage, these are focussed mainly on putting in place national policies, legislation and financing instruments. In both countries, we found that a more joined-up approach across the ICF portfolio, including a combined tracking system for results, would enable greater impact.

There is evidence of early impact at the programme level

4.11 The results of our review of the 15 largest ICF programmes are presented in Annex A1.[51] While many of these programmes are still at early stages, we nevertheless found evidence of a range of early results that are likely to lead to substantial impact in the future. The results are presented here under the three thematic areas of low-carbon development, adaptation and avoided deforestation.

Figure 13: Results from Ethiopia

Ethiopia is both an ICF and a DFID priority country, giving the UK a strong history of engagement and influence. We observed that the UK is treated as a trusted advisor by the Government and that ICF technical assistance and policy dialogue was a welcome input into national decision making.

The two main bilateral ICF programmes have a shared learning programme which supports sharing of lessons and feeds into the wider country programme. The country office is also trying to mainstream climate responses into its other programmes, including the large Productive Safety Nets Programme.

The ICF is helping the Government to realise its Climate-Resilient Green Economy initiative, including through its support for the CRGE Facility as a window for coordinating climate finance from all sources. Wider impact may occur through the mainstreaming of the CRGE into the Government's next five-year Growth and Transformation Plan. Support to the private sector and civil society is more limited and could be expanded.

At the local level, we saw a range of local impact, such as increased use of drought-resistant crops and planting methods.

Implementation has been slow to start under the low-carbon development theme (mitigation)

4.12 In many cases, implementation of low-carbon initiatives has been slower than expected, even after allowing for the longer time frames involved in these types of programmes. The ICF delivery partners have in some cases struggled to tailor their programmes to specific national needs and contexts.

4.13 An independent evaluation of the CIF found that its investments will over time deliver a substantial increase in the share of renewable energy generation capacity across its recipient countries – at least doubling and in some cases quadrupling

[51] The table is based on our review of programme documentation, complemented with interviews with a range of programme staff, stakeholders and beneficiaries and supported by a review of the literature.

4 Findings: Impact

their current installed renewable energy capacity.[52] This offers the potential for significant transformational change (see Figure 14).

Figure 14: Low-carbon development: CTF and GEF

The ICF has contributed £425 million to the World Bank-administered £3.3 billion Clean Technology Fund (CTF),[53] which is developing opportunities to achieve large-scale emission reductions on financially viable terms. The CTF investments in concentrating solar thermal power (CSP) plants will account for 40% of global installed CSP capacity. In Morocco, the cost of clean energy will be substantially reduced. Implementation was slow initially, as national policies and regulations were not always fully considered. So far, with many of the projects still in the construction phase, just 2% of the intended results have been delivered. Early indicators of progress, however, are promising, such as private leverage – which is 21% of expected outcomes – and installed capacity – which is 25% of expected outcomes.

Low-carbon development programmes typically have up to a 30-year lifespan. Impact should increase dramatically once the major infrastructure investments are in place. The CTF is now in a position to deliver results on a much larger scale, having completed much of the early work on feasibility studies, planning, tendering and commissioning.

The ICF has also invested £63 million in the £668.8 million Global Environment Facility (GEF). This provides grants to help to develop new policies and institutions. The GEF often provides complementary support to larger CTF investment. In Ukraine, for example, the GEF supported the development of a renewable energy policy regime; the CTF is now providing low-cost finance to enable businesses to invest in the renewable energy opportunities created by this new policy regime.

Adaptation programmes are more directly addressing the needs of the poor

4.14 We found that the adaptation programmes focus on vulnerability and ensuring that the needs of the poor are addressed (see Figure 15). At country level, there is some encouraging evidence that the ICF is supporting integrated approaches to dealing with climate risk, as part of national development planning. For example, in Bangladesh, the ICF is supporting a bilateral adaptation programme that is raising awareness across government on climate change and creating linkages with disaster risk management programmes.

Figure 15: Adaptation: PPCR and the Adaptation Fund

The ICF has contributed £100 million to the World Bank-administered £780 million Pilot Programme on Climate Resilience (PPCR). It funds a group of programmes that develop and execute large-scale initiatives to strengthen resilience. It has successfully encouraged national ministries of finance to respond to climate-related risks. It has then helped, for example, to identify budgetary resources for more resilient infrastructure and community-level agriculture resilience. It has also pioneered a new approach to assessing the impact of adaptation programmes, which is now being adopted by other funds.

The ICF has also invested in the Adaptation Fund. This works directly through national institutions, including ministries of environment and NGOs, on practical adaptation initiatives. In Senegal, for example, the Adaptation Fund is supporting a coastal protection programme administered by the Centre de Suivi Ecologique (CSE), an NGO.

[52] *Independent Evaluation of the Climate Investment Funds*. ICF International, 2014, Evaluation Report, Vol. 1, http://www.cifevaluation.org/docs/cif_evaluation_final.pdf?utm_source=website&utm_medium=homepage&utm_content=full_eval&utm_campaign=cifevaluation&utm_source=CIF+Evaluation+announcement&utm_campaign=CIF+Evaluation+Available&utm_medium=email.

[53] Implementing partners include the International Bank for Reconstruction and Development, International Finance Corporation, European Bank for Reconstruction and Development, Asian Development Bank and African Development Bank.

4 Findings: Impact

DFID's long experience in forestry is supporting innovation and collaboration

4.15 We observed that the ICF's forestry initiatives have drawn on long UK experience with strengthening forest governance and law enforcement (see Figure 16). While often politically challenging, this engagement is necessary in order to create the institutional capacity to slow the rate of deforestation.

Figure 16: Avoiding deforestation

The ICF is providing £75 million to the BioCarbon Fund Initiative for Sustainable Forest Landscapes, managed by the Carbon Finance Unit of the World Bank. It will support programmes that reduce carbon from changes in land use in priority areas. It will pilot the use of performance-based payments to national institutions that succeed in reducing emissions from deforestation and degradation. It will help countries to develop new approaches to reducing pressures on forests and other lands and helping to scale up successful initiatives.

The BioCarbon Fund has some promising approaches to engaging with the private sector. It is looking to partner with private companies that wish to strengthen their supply chains with more sustainable agriculture and forestry products.

There may be an opportunity to link the business case with a cross-cutting ICF programme in Papua, Indonesia. The Papua programme proposes a plan for the implementation of spatial planning and low-carbon development. More joined-up support for this ambitious bilateral programme in Papua may improve effectiveness. Long-term multilateral support can provide continuity for this more limited time frame programme and strengthen coordination to work on the area that is politically sensitive and new to the UK.

Linking climate-related investments to poverty reduction

4.16 We found good evidence that the ICF's investments in climate change mitigation and adaptation are also supporting international poverty reduction. There are, however, some tensions between the need for long-term investments, particularly infrastructure and the goal of achieving direct poverty reduction.

4.17 For example, large-scale, low-carbon development programmes have the potential to deliver significant long-term impact on climate change but necessarily take many years to show results. By contrast, short-term, smaller-scale initiatives, such as promoting clean cook stoves and solar lanterns, deliver immediate clean energy benefits to the poorest but more modest impacts on GHG emissions.

A more coherent approach to portfolio management could increase impact

4.18 In our country visit to Indonesia, we found missed opportunities for synergy and coherence between programmes with complementary aims. For example, advisors to the Indonesian Ministry of Finance were not aware of the Clean Technology Fund's (CTF) US$400 million low-carbon investment programme.[54] As a result, the technical assistance provided by bilateral programmes was not actively supporting the larger-scale investments being made through multilateral channels.

4.19 We also found that the multilateral Forest Investment Programme and the Forest Carbon Partnership Facility programmes in Indonesia have faced challenges as a result of poor stakeholder engagement and a lack of attention to governance. They would benefit from learning from ICF's bilateral projects on forest governance, which are building on much stronger consultative processes.

4.20 Overall, there is a need for stronger portfolio management at the country level, to ensure that bilateral initiatives managed by country offices work effectively with multilateral programmes managed from the centre. In the most recent ICF bidding round, countries and regions are now required to submit their plans to the ICF Board, which should encourage a more considered approach to portfolio management.

[54] Interviews with Ministry of Finance and their advisors.

4 Findings: Impact

Programmes are closely monitored but there is a need for more verification of results data

4.21 The ICF is actively monitoring its progress and tracking interim outputs. Its business cases include expected outcomes, based on available data sources, which are tested for bias and reduced to allow for error. ICF programme leads report every six months on progress and anticipated impact.

4.22 Expected and actual outcomes are generated through regular monitoring by ICF partners, either directly or through third party monitors. Data may also come from household surveys and management information systems in partner countries. We find that the accuracy of the programme data varies according to the quality of the data collection and management by the ICF partners. ICF programme managers are often several steps removed from the data collection process and have little influence over quality.

4.23 In the light of this, more third party verification of data would be appropriate. The ICF Board could also give greater attention to ensuring the consistency and rigour of programme monitoring and evaluation systems. These issues are recognised to some degree, as the ICF has recently approved a new initiative to strengthen its results and evidence processes. It is unfortunate that the Mid Term Evaluation (MTE) of the ICF proved to be poorly executed and was not able to address some of these points (see paragraphs 5.20-5.21 on page 29 in Learning). The issues of DFID's design, commissioning and management of the MTE and its outcome do not materially affect the overall findings of this review. They do reflect on the resourcing and management of the evaluation function in DFID. This challenge has already been recognised by DFID in its Embedding Evaluation rapid review in February 2014.[55] Similar issues were found by ICAI in its review *How DFID Learns.*[56]

[55] *Rapid Review of Embedding Evaluation in UK Department for International Development*, DFID, February 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/292210/Embedding-Evaluation-Review-exec-summary.pdf

[56] *How DFID Learns,* ICAI, April 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/04/How-DFID-Learns-FINAL.pdf

5 Findings: Learning

Learning *Assessment: Green-Amber*

5.1 This section considers how well the ICF is promoting learning at the global, country and fund levels. First, we assess whether the ICF is influencing the global climate finance architecture and supporting global knowledge. Second, we explore how well the ICF is supporting learning in priority countries. Third, we examine whether learning is bringing about the mainstreaming of climate change within development assistance. We consider whether lessons are being shared across government departments and the benefits of strategic investments in smaller projects. Finally, we consider the ICF results framework and reporting systems.

The ICF has promoted learning within key multilateral partners

5.2 The ICF is working to ensure that the MDBs incorporate an effective response to climate change into their investment portfolios. We saw, for example, that learning from the ICF has resulted in reforms to the CIFs in the areas of risk management, private sector engagement, gender equality, transparency, innovation and the use of results frameworks. Each CIF now has dedicated staff dealing with gender and risk, as well as strategies for engaging with the private sector. As a result of the ICF's efforts, the CIFs have developed a range of learning products, some of them in partnership with leading analysts and think tanks. This is an early example of a transformational outcome for the ICF.

5.3 We also observed that learning from the ICF is being fed into the work of the Green Climate Fund (GCF), which is likely to become a leading channel for international climate finance in the coming period. The UK also participated in a small working group of GCF Board members to strengthen the GCF's results framework. As a result, several indicators were agreed that either match or very closely resemble the ICF indicators.

5.4 We found, however, that more could be done to disseminate learning experiences, particularly at the level of practical difficulties with project implementation. For example, many early learning products related to the CIF focus on high-level objectives, often glossing over implementation challenges, in order to avoid creating an impression that programmes had not gone smoothly.[57] Effective learning requires implementers to reflect on their failures, as well as their successes.

The ICF is supporting global knowledge initiatives

5.5 The ICF has invested in learning and research on climate and development issues, in keeping with its objective of building the global knowledge base. The work of the Climate and Development Knowledge Network (CDKN), described in Figure 17, has been particularly important. Through the CDKN, the ICF has helped to build an international network of climate change specialists, promote analytical work and influence policy development.

Figure 17: The Climate and Development Knowledge Network

CDKN was established in 2010 to support research and policy making for climate change. It is delivered by a consortium of providers, led by PricewaterhouseCoopers (PwC). DFID's initial investment in CDKN was £46 million, with an additional £15 million from the Dutch Ministry of Foreign Affairs. DFID has added a further £10 million for the management of climate-related activities in DFID's Advocacy Fund, bringing total funding to over £70 million for 2010-15.

CDKN was established to offer developing countries better access to high-quality research and information relevant to climate change policies and programmes. It provides advice and services on demand, working in 74 developing countries in Africa, Asia, Latin America and the Caribbean. Our recent review of DFID's use of contractors found this to be 'a ground-breaking concept'.[58] We also noted that 40% of CDKN's work is being won by suppliers from developing countries. The Governments of Ghana and Kenya were early adopters of its services. Following a mid-term review, this programme has been extended to 2017.[59]

[57] UK Comments on the CIF Independent Evaluation. http://www.cifevaluation.org/docs/uk_feedback.pdf.
[58] *DFID's Use of Contractors to Deliver Aid Programmes,* ICAI, May 2013, http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-REPORT-DFIDs-Use-of-Contractors-to-Deliver-Aid-Programmes.pdf.
[59] *External Evaluation Review: Final Report*, Climate Development Knowledge Network, ITAD, March 2013, http://cdkn.org/wp-content/uploads/2010/10/2012-077-CDKN-MTR-Final-Report-15March-2013.pdf.

5 Findings: Learning

5.6 The ICF also supports regional and pan-African initiatives such as the African Climate Policy Centre, a hub for demand-led knowledge generation on climate change in Africa. This is summarised in Figure 18.

Figure 18: The African Climate Policy Centre

The ICF has contributed £6 million to the African Climate Policy Centre (ACPC). ACPC is an African-led and owned initiative addressing the need for improved climate information for Africa and strengthening the use of evidence to inform decision-making. The Centre is part of the Climate for Development in Africa programme, a joint initiative of the United Nations Economic Commission for Africa, the African Union Commission and AfDB.

Its work to date includes support for Ethiopia, Tanzania and the Gambia to strengthen their hydro-meteorological monitoring systems and to integrate their climate records with satellite data. This will improve weather forecasting, including early warning of extreme weather events, as well as improve the quality and accuracy of weather and climate modelling. Efforts are being made to increase the use of this information in key sectors, starting with health (for example, malaria mapping).

The ICF supports learning in DFID priority countries

5.7 A key part of the ICF's work in developing countries is the promotion of knowledge and learning. During our visit to Ethiopia, we saw how the ICF has worked with the DFID country office to help the Government realise its ambitious green economy strategy. The ICF has also prioritised support to Ethiopia's Climate- Resilient Green Economy initiative (see Figure 19).

Figure 19: Promoting country ownership in Ethiopia through the CRGE Initiative and Facility

The Climate- Resilient Green Economy initiative and associated funding facility aim to promote resilience and green growth across key sectors in Ethiopia, such as water, energy, transport, agriculture and urban development. The ICF has committed up to £15 million, together with capacity building and technical assistance. Its support has helped to attract interest from a range of other bilateral donors. An operational manual is now complete and fast-track investments of approximately £12.8 million have been approved across six ministries.

The ICF is helping to support the mainstreaming of climate into development

5.8 One of the ICF's key objectives is 'to mainstream climate change into development assistance' – including in DFID's bilateral aid programme. Its efforts are beginning to show results. The BRACED programme, for example, demonstrates a promising approach to merging climate change goals with other development priorities (see Figure 20).

Figure 20: Mainstreaming through the BRACED programme

The BRACED programme is expected to benefit up to five million people, particularly women and girls, by building their resilience to climate extremes such as droughts and floods. It will work in more than ten countries, including six in the Sahel. In its first phase, it has up to £140 million in funding from the ICF.

Building on earlier learning, BRACED seeks to integrate disaster risk reduction and adaptation into its programme. Its approach also incorporates gender assessment (how these approaches impact on women and girls), beneficiary involvement (how to involve beneficiaries and stakeholders in design and implementation), community-friendly knowledge exchange mechanisms (such as local radio and SMS texts) and conflict sensitivity.[60]

5.9 The ICF recently developed a paper on mainstreaming climate funding within DFID's activities.[61] It highlights the benefits of considering climate change and development assistance jointly. A senior DFID official commented, 'the ICF has given us a framework that has helped DFID to understand that building resilience to climate change is just good development'. We saw this thinking at work in our study of DFID's livelihoods work in Odisha, India.[62]

5.10 DFID launched its 'Future Fit' programme in 2013. This seeks to ensure that building resilience to climate change is a core part of its operations. Under this initiative, ICF spending will be

[60] KPMG is programme managing this contract. No one from KPMG was involved in this aspect of the review.
[61] *Mainstreaming Climate Funding*, April 2014.
[62] *DFID's Livelihoods Work in Western Odisha*, February 2013, ICAI, http://icai.independent.gov.uk/wp-content/uploads/2013/12/ICAI-Report-DFIDs-Livelihoods-Work-in-Western-Odisha.pdf.

5 Findings: Learning

integrated more closely with DFID's core programming in sectors such as food, water, energy and cities.

5.11 This mainstreaming approach is also apparent in DFID's new Country Poverty Reduction Diagnostic tool.[63] This treats resilience as an aspect of poverty and treats climate change as a key development risk. This will help country offices to link up climate change and poverty reduction. We saw evidence of this beginning to occur in Ethiopia (see Figure 21).

Figure 21: Mainstreaming climate into development in DFID country offices

DFID's country office in Ethiopia has sought to ensure that green growth and adaptation are incorporated into its broader portfolio. Examples of this include:

- the national social safety net programme, which responds to chronic food insecurity and short-term climate shocks such as droughts, is being made 'climate smart'. This will strengthen its existing efforts to help the poor deal with the effects of climate change;
- the Private Enterprise programme, which provides access to finance for priority economic sectors, has been set a target of providing 20% of its funds to 'green' companies or activities; and
- a new programme to increase land tenure security and facilitate land market development is based on the assumption that more secure tenure will encourage smallholder farmers to invest in more environmentally sustainable practices.

The availability of ICF funding has helped to create incentives to engage with issues that were not previously prioritised.

5.12 We note that the Climate and Environment cadre in DFID has increased from 50 staff members in 2011 to approximately 65 in 2014. This increase in capacity should support the mainstreaming of climate issues, since the cadre works on both the ICF and other DFID programming. Joint management of the Climate Change and Wealth Creation teams is also supportive.

Lessons are being shared effectively between the three core departments and the FCO

5.13 We observed that the ICF has promoted increased understanding of the linkages between climate and development across DFID, DECC, Defra and the FCO. This is a good example of inter-departmental learning and compares well with the experiences of the Conflict Pool.[64] All four departments work together on technical panels assessing proposals to the ICF. All four reported developing a clearer understanding of the benefits of and opportunities for addressing climate change, as a result of working on the ICF. Some positive examples of joined-up programming and lesson learning across departments include:

- DFID, Defra and DECC are working together on integrated policy-making.[65] This includes using DFID country offices' information and expertise. In Nepal, for example, the involvement of the DFID country office in discussions with the Government of Nepal and other stakeholders over the Forest Carbon Partnership Facility Carbon Fund has helped to inform policy engagement at the international level;
- ICF's investment in the BioCarbon Fund was supported by joint DECC and Defra consideration, joint discussions with the World Bank (which administers the fund) and joint negotiations to join the fund. Both departments report that the cross-fertilisation of ideas was useful;
- DECC and DFID work closely together on the Climate Public Private Partnership (CP3),[66] including setting the investment framework, selecting the fund manager and maintaining the risk register; and
- in Uganda, DECC (68%) and DFID (32%) have jointly allocated £34.6 million to catalyse private investment in small-scale renewable energy

[63] This tool is being used by DFID country offices to develop strategies for its next funding allocation round (2015-16 to 2017-18) that tackle the most important constraints to poverty reduction and actively support countries' transition from grant aid.

[64] *Evaluation of the Inter-Departmental Conflict Pool*, ICAI, July 2012, http://icai.independent.gov.uk/wp-content/uploads/2012/07/Evaluation-of-the-Inter-Departmental-Conflict-Pool-ICAI-Report1.pdf.

[65] Notably covering policy for 'ecosystem services'.

[66] CP3 aims to demonstrate that climate-friendly investments in developing countries, including in renewable energy, water, energy efficiency and forestry, are not only ethically right but also commercially viable.

5 Findings: Learning

projects through the GET FiT programme. The programme consists of a combination of financial incentives, risk guarantees, technical assistance and capacity-building support to the Ugandan energy regulatory authority.

Small investments in knowledge can at times deliver large impacts

5.14 While we recognise that the efficiencies of large-scale spending are attractive for an instrument like the ICF, it is our view that some of the smaller programmes in the portfolio have the potential for significant impact. The 2050 Calculator is an example of a small investment delivering widespread impact (see Figure 22). It is important that, alongside its large-scale programmes, the ICF retains the flexibility to support smaller, strategic interventions. There is a risk that this capacity is lost in the move towards larger investments.

The ICF results framework

5.15 Like other climate funds, the ICF has found the measurement of aggregate results across its portfolio to be a major challenge. It has now developed an overall results framework that continues to evolve in the light of lessons learned. We found this to be a good example of adaptive learning.

5.16 Approved in July 2012, the results framework (see Figure 24 on page 28) reflects the ICF's theory of change, with 15 Key Performance Indicators (KPIs) spanning its thematic and cross-cutting areas. The KPIs capture both immediate impacts and progress towards longer-term goals. While results measurement in areas such as climate change adaptation is challenging, the ICF is taking an iterative approach to developing its methodology. For example, its approach to measuring the KPI on 'transformation' is being tested in Kenya, before being introduced at the portfolio level.

5.17 Each ICF project reports on its own individual performance indicators and should be able to report on at least one KPI. Although they do not capture all results, the KPIs enable results from over 120 programmes to be aggregated and communicated in a way that would not be possible through project and programme-level indicators alone. The table of ICF achieved and expected outcomes is at Figure 26 on page 31.

Figure 22: The 2050 Calculator

The ICF has supported a UK-developed interactive energy and emissions model, the '2050 Calculator'. The model supports better policy, planning and implementation for energy production and emissions reductions. The FCO reports that the Calculator has strengthened its engagement with the Government of China. DECC and the FCO are assisting ten other developing country governments (including big GHG emitters such as Brazil, Indonesia, Mexico, Nigeria and South Africa) to build similar calculators. Work is also underway on a global version of the calculator, which will enable users to explore options for reducing global emissions associated with land, food and energy systems in the period to 2050.

The calculator has been replicated by several developed and developing countries as it is such a useful tool. These include:

- China in 2012 (China 2050 Calculator, English language version and China 2050 Calculator, Chinese language version);
- South Korea in 2013 (My2050 simulation);
- Taiwan in 2013 (the Taiwanese Ministry of Economic Affairs and the Industrial Technology Research Institute published their calculator as an Excel spreadsheet);
- India in 2014 (India Energy Security Scenarios 2047);
- South Africa in 2014 (South Africa 2050 Calculator webtool); and
- Belgium in 2011 (the Wallonia 2050 Pathways analysis).

The Calculator won the 2013 Analysis and Use of Evidence Civil Service Award for the joint DECC and FCO team.[67]

[67] See http://www.civilserviceawards.com for further information on the awards.

5 Findings: Learning

How the ICF measures adaptation impact

5.18 The reporting in the results framework finds that, under Adaptation, 3.2 million people have already been supported to cope with the effects of climate change. How the ICF defines 'support' has been the subject of detailed work, illustrated in Figure 23. There is an improved understanding of the methodological challenges related to monitoring and evaluation that are particularly relevant for adaptation. A recent DAC paper highlights the three key challenges:[68]

- assessing attribution;
- establishing baselines and targets; and
- dealing with long-term time horizons.

5.19 The ICF results framework has shaped DFID's corporate reporting framework, which supports the mainstreaming of climate change into UK development assistance. ICF KPIs – including the numbers of people supported to cope with the effects of climate change and who have improved access to clean energy and the total area where deforestation has been reduced – are included in DFID's Departmental Reporting Framework (DRF).[69] Figure 25 on page 29 presents the nested performance framework, which captures relationships between these different indicators.[70]

Figure 23: An example of how the ICF defines support in its results framework

- **Support:** defined as direct assistance from the programme in question, with the explicit intention of helping people deal with climate change impacts. It could include, for example, financial resources, assets, agricultural inputs, training, communications (such as early warning systems) or information (such as weather forecasting). There are two dimensions of 'support':
- **Targeted:** defined as whether people (or households) can be identified by the programme as receiving direct support, can be counted individually and are aware they are receiving support in some form. This implies a high degree of attribution to the programme; and
- **Intensity:** defined as the level of support/effort provided per person, on a continuum but broad levels may be defined as:
  - Low: for example, people falling within an administrative area of an institution (such as Ministry or local authority) receiving capacity building support or people within a catchment area of a river basin subject to a water resources management plan;
  - Medium: for example, people receiving information services such as a flood warning or weather forecast by text, people within a catchment area of structural flood defences, people living in a community where other members have been trained in emergency flood response; and
  - High: for example, houses raised on plinths, cash transfers, agricultural extension services, training of individuals in communities to develop emergency plans.

There are two categories for reporting:

- **Direct:** targeted and high intensity. This must fulfil both criteria, for example people receiving social protection cash transfers, houses raised on plinths, agricultural extension services, training of individuals in communities to develop emergency plans and use early warning systems; and
- **Indirect:** this covers targeted and medium intensity, for example, people receiving weather information and text message early warnings.

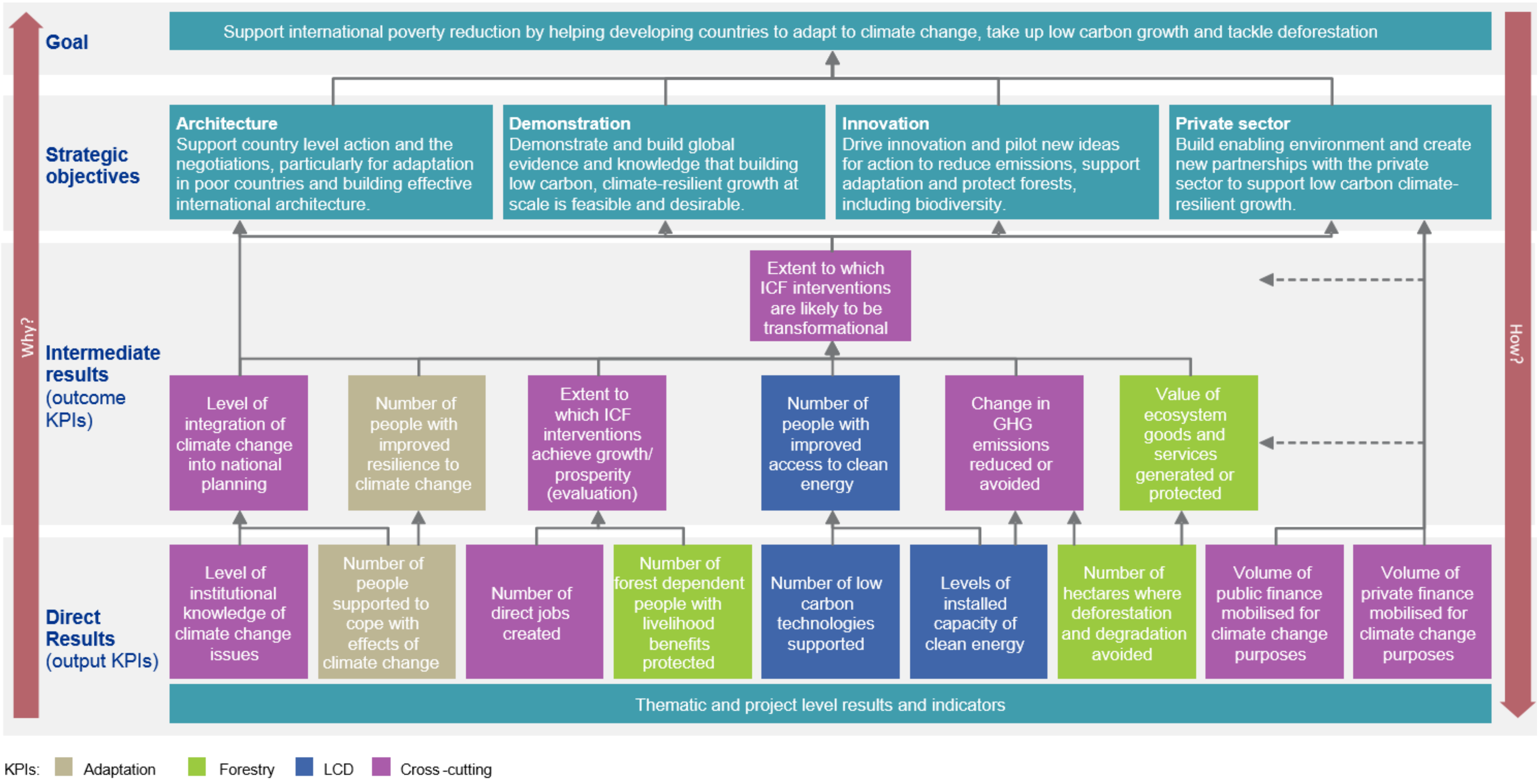
[68] Monitoring and evaluation of climate change adaptation: methodological approaches, ENV/EPOC/WPCID (2014) OECD, http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ENV/WKP(2014)12&docLanguage=En.

[69] KPI 1: Number of people supported by DFID funding to cope with the effects of climate change; KPI 2: number of people with improved access to clean energy as a result of DFID programmes; and KPI 8: number of hectares where deforestation and degradation have been avoided.

[70] It is important to note, however, that the numbers reported against the ICF and DRF for these indicators will always be different. This is for two reasons: 1. ICF results include results from DECC and Defra programmes; and 2. DRF results include results from programmes in DFID that are not funded under the ICF.

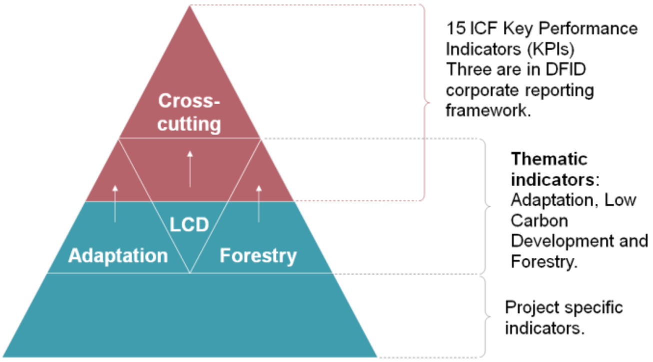
5 Findings: Learning

Figure 24: The ICF results framework with 15 KPIs



5 Findings: Learning

Figure 25: The ICF nested performance framework



5.20 The ICF commissioned a Mid Term Evaluation (MTE) in 2013. As of November 2014, it was clear that there were still weaknesses in the MTE. The ICF has decided to publish the MTE, with a UK Government assessment and separate commentary by the Advisory Panel.[71] At the time of the publication of our report, we have been informed by DFID that the UK Government assessment will include text which states that, although it will publish this report for transparency, it is not satisfied that the report meets the standards DFID requires from formal independent evaluations. For this reason, less weight should be put on the report than on evaluations that do meet the minimum standards; DFID does not consider this an evaluation as normally defined. According to DFID's evaluation policy, its programmes need to be evaluated in accordance with the standards recommended by the Organisation for Economic Co-operation and Development's Development Assistance Committee. The ICF does not have an MTE that meets this standard: a situation which requires significant improvement and which would attract an Amber-Red rating for Learning, were the MTE to be the only form of learning applied to the ICF. This outcome increases the need for a comprehensive evaluation at the end of the ICF cycle, for example including verification of the Results Framework reporting. The Terms of Reference for this will need to reflect better the scope and nature of the portfolio and the availability of impact information and data.

5.21 The challenges encountered by the MTE (and this review) are common across climate funds, for example portfolio analysis, establishing baselines and data availability.[72] Given the many technical challenges involved in measuring progress on climate change, the ICF has been active in promoting new approaches at the international level. It has commissioned research and stakeholder engagement on how to monitor and evaluate climate finance across more than 25 institutions and countries.[73] In 2011, DECC and DFID commissioned PricewaterhouseCoopers (PwC) to prepare a low-carbon development results framework for the ICF. This was then used to promote international agreement on a range of indicators.[74] On adaptation, work has been done to prepare a tracking and measuring development framework, which is being tested in Nepal, Kenya, Ethiopia, Mozambique and Pakistan.[75] As a result, there is increasing convergence of concepts and approaches across funders, which is being captured by the OECD.[76] The ICF has recently put in place a further programme, the Monitoring, Evaluation and Learning Programme, to support its

[71] DFID informed ICAI during the finalisation of this review that the MTE had been judged not to meet the standards required of a formal independent evaluation following advice from an independent panel of experts. This Advisory Panel had been asked to comment on the quality of the analysis in the MTE. After questioning from ICAI, DFID confirmed that it would publish the MTE with the UK Government assessment and the advisory panel's commentary annexed. We think that the panel's concerns were justified but note that the MTE will still provide much useful information when it is published.

[72] For further information, see www.climate-eval.org.

[73] PwC internal report, *Monitoring Results from Low Carbon Development*, 2012; Final Report for HM Government, December 2011, DFID project number: 40047473.

[74] PwC internal report, *Monitoring Results from Low Carbon Development*, 2012; Final Report for HM Government, December 2011, DFID project number: 40047473.

[75] The Tracking Adaptation and Measuring Development (TAMD) framework offers a 'twin track' framework for use in many contexts and at many scales to assess and compare the effectiveness of interventions that directly or indirectly help populations adapt to climate change. TAMD differs from other assessment frameworks by emphasising the need to assess development interventions in the light of changing climate risks. This is to avoid missing effective interventions whose outcomes are obscured by increasing risks and vulnerability. Brooks, N., Anderson, S., Burton, I., Fisher, S., Rai, N. and Tellam, I., *An operational framework for Tracking Adaptation and Measuring Development (TAMD)*, 2013, IIED Climate Change Working Paper No. 5, http://pubs.iied.org/pdfs/10038IIED.pdf.

[76] *Monitoring and evaluation of climate change adaptation: methodological approaches*, ENV/EPOC/WPCID (2014) 12, OECD, July 2014, http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ENV/WKP(2014)12&docLanguage=En; and *National monitoring and evaluation of climate change adaptation: lessons from developed and developing countries*, ENV/EPOC/WPCID (2014) 11, OECD, July 2014, http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ENV/WKP(2014)11&docLanguage=En.

work in this area. This is not before time, given the need to establish what works and why and improve monitoring, verification and benchmarking.

The ICF needs to become more visible

5.22 We found that the ICF would benefit from becoming more visible and transparent in its operations. The ICF's approaches, programmes and projects are not readily available online in a single place. We found it surprising that the ICF has no dedicated website accessible to the public. It is also difficult to identify ICF-supported programmes in published budgets. A number of civil society and private sector actors expressed to us their frustration in trying to understand and engage with the ICF. Greater visibility and transparency would increase accountability and reduce misunderstanding.

5 Findings: Learning

Figure 26: Achieved and expected ICF outcomes

Section	Achieved outcomes against KPIs by March 2014	Expected outcomes by 2015[77]	Lifetime expected outcomes based on current estimates[78]
Adaptation KPI			
2.1	3.2 million people directly supported to cope with effects of climate change.	18 million people	29 million people
2.2	Methodology for the number of people whose resilience has improved is still under development.		
Low-carbon Development KPI			
3.1	550,000 people with improved access to clean energy.	1.7 million people	25 million people
3.2	9,000 units of low-carbon technologies installed.	240,000 units	4 million units
3.3	Not yet reporting against the level of installed capacity of clean energy.		
Forestry KPI			
4.1	Methodology for the number of forest dependent people with livelihood benefits protected or improved is still under development.		
4.2	Methodology for the number of hectares where deforestation and degradation have been avoided is still under development.		
Cross-cutting KPI			
5.1	15,000 jobs created.	29,000 jobs	50,000 jobs
5.2	1.4 million metric tonnes of carbon dioxide equivalent (MtCO2Eq) reduced or avoided.	4.6 million tonnes	150 million tonnes
5.3	£800 million of public finance mobilised.	£900 million	£2,600 million
5.4	£113 million of private finance mobilised.	£270 million	£2,200 million
5.5	Methodology for the value of ecosystems services generated/protected is still under development.		

[77] Results are expected to be achieved by 31 December 2015 and reported in 2016.
[78] Lifetime estimates will be updated as new programme information becomes available and additional programmes are supported.

6 Conclusions and Recommendations

6.1 We find that the ICF has made a substantial contribution to catalysing global action on climate change**.** The ICF is central to UK efforts to meet its own global commitments to act on climate change. It has encouraged developing countries to adapt, take up low-carbon growth and reduce deforestation. It has influenced or enabled other funders and institutions involved in development to do more on climate change.

6.2 The ICF's ambitious objectives are timely and important. Many of its programmes (such as large-scale renewable energy) will take years to implement. Their full impact will only be clear well after the current life of the ICF.

6.3 The ICF has faced several delivery challenges, many of them related to the initial pressure to spend money quickly. It has since made good progress on addressing those challenges. There is still scope to improve the pace of implementation on what are often long-term investments.

6.4 The ICF's extensive reliance on capital finance constrains its choice of activities and delivery partners. Capital has been appropriate for many of its core objectives, including scaling up public investments and attracting private investment into low-carbon opportunities. It has been less well suited to building capacities, knowledge and incentives for partner countries to invest in mitigation and adaptation. It has constrained investments in more innovative technologies and high-risk investments. A more flexible balance of resource and capital expenditure across the three departments would enable a more nimble approach to these issues.

6.5 ICF activities on adaptation have been slow to take off. They are now gathering momentum, for example through increased programming through country offices. There have been repeated course corrections, as the ICF has learned by doing. There was a heavy initial reliance on the MDBs as a delivery channel. This provided benefits in relation to expertise, management competencies, the opportunity to pool capital and the reach of programmes. There have, however, also been delays in spending. Questions have also been raised about the cost effectiveness of some of these channels and their agility in engaging the private sector. The ICF is expanding its range of delivery partners in response to these concerns. This includes a wider use of UK government country offices, particularly to support adaptation.

6.6 There has been considerable learning on how to make multilateral climate funds more effective. The ICF has taken a leadership role in improving global knowledge on climate and development. It has brought other donors and institutions into these efforts, particularly through its work with the CIFs. The ICF results framework is forcing a focus on specificity of results.

6.7 The Green Climate Fund is now poised to become operational. Its design reflects many lessons from the ICF's experience. Like the ICF, it has the capacity to work through a range of delivery partners, including national institutions and the private sector.

6.8 The ICF has also influenced other institutions working on climate change and development. At the global level, it has worked with and influenced multilateral development banks, many development agencies, think tanks, CSOs and private financial institutions. It has worked across the MDBs to incentivise the incorporation of an effective response to climate change into their mainstream investment activities. Its use of funding, technical support and board-level advocacy has helped to make climate change a major priority for the MDBs. This represents an early transformational outcome for the ICF.

6.9 At the country level, it has worked with governments, CSOs and some private sector entities to incorporate mitigation and adaptation goals into their development programming. We found good evidence of emerging impact on the ground in our two country visits to Indonesia and Ethiopia. At the national level, the ICF is helping to create incentives for climate action. At the programme level, it is helping poor communities to adopt climate-resilient land management practices and protect against infringements on their land that would result in deforestation or degradation.

6.10 The ICF is supporting efforts to mainstream climate change into DFID's bilateral aid programme. There has also been significant improvement in inter-

6 Conclusions and Recommendations

departmental collaboration. There is an emerging shared understanding of how to make climate and development finance mutually supportive.

6.11 Ensuring ownership by national institutions and alignment with national priorities remains a challenge. We saw examples of the ICF strengthening national policies and regulations to become more climate-compatible and empowering the local civil society. The ICF is also providing tools and knowledge that are being incorporated into national planning processes. It is important to increase the range of partners through which the ICF works to include national investors and funds and to scale up engagement with local civil society and private sector actors.

6.12 The ICF recognised early on the importance of driving change through the private sector. Much of its low-carbon spending has tried to engage the private sector and a number of approaches have now been piloted. It is time to take stock of these efforts and to take a more segmented approach to the vast arena of the private sector, with more understanding of the needs and roles of the different parts of the investment chain. The ICF could do more to bring together supportive government policies, financial resources and risk mitigation measures in a timely manner.

6.13 There is a particular need to address early stage financing constraints and support entrepreneurship, as well as to support technological innovation and improvement. Clearer communication around available support and their terms would be useful. A focus on leverage as an indicator of success may impede the ICF's ability to engage with the major risks and impediments to private sector investment. Delays in procurement on some programmes have not been helpful.

6.14 The ICF is hard to comprehend as a whole. Its outreach has been variable. Improved transparency would lead to improvements in accountability, learning and influence. A more consistent, sophisticated outreach plan would support achievement of ICF goals, which all have a communication element. While better reporting is an important step, it will not be enough to meet this need.

Recommendations

Recommendation 1: The ICF should work through a wider range of delivery partners at the international and national levels, with a stronger understanding of their comparative advantages.

6.15 The ICF should establish clear criteria for its choice of delivery partners, while pursuing a wider range of delivery options. There are opportunities to make more use of both existing and emerging UNFCCC funds and to support their delivery capacity. There are also opportunities to make climate change a more central consideration for the CDC and Private Infrastructure Development Group. The ICF could partner more with CSOs, including those that liaise between government and the private sector. It could work more with the private sector directly, including agents that can work with returnable capital.

Recommendation 2: More flexibility in the allocation of resource and capital expenditure is needed. DECC and Defra would benefit from access to more flexible and direct resource and capital expenditure.

6.16 Increasing flexibility in allocation of capital and resource funds across the three departments would enable more flexible and joined up working and increase responsiveness.

Recommendation 3: The ICF should develop a more differentiated strategy for working with the private sector, focussed on the particular conditions and approaches required to attract different forms of private capital.

6.17 The ICF now needs to develop a more detailed private sector strategy, identifying the conditions and strategies needed for attracting different forms of private capital for low-carbon, resilient growth. These might include foreign direct investment, foreign bank lending and institutional investment. This would enable more effective use of public finance in the ICF's priority countries and thematic areas by amplifying and accelerating capital flows.

6 Conclusions and Recommendations

Recommendation 4: The ICF should deepen its engagement with developing country governments and national stakeholders, including through greater emphasis on capacity development. This is likely to require greater access to grant and technical assistance resources, including for middle-income countries.

6.18 If the ICF is to support country-level action more effectively, it is vital that it explicitly seeks to strengthen national institutions and leadership and support country-level priorities. More emphasis on partnerships with national and regional institutions is required. This should be an express objective of efforts to diversify delivery partners (Recommendation 1): the ICF should seek to work with those who are well embedded in national processes and priorities. This is likely to require greater access to grant and technical assistance resources, including for middle-income countries, rather than sole reliance on returnable capital. It also requires working through delivery partners that have strong local knowledge and grounding. A wider engagement would increase confidence in the process.

Recommendation 5: The ICF should strengthen coherence across multilateral and bilateral delivery channels and programmes and implement a common, country-level planning process and tracking system.

6.19 The ICF needs a more coherent, joined-up approach to its multilateral and bilateral programming at the country level, in order to increase its impact and effectiveness and facilitate timely delivery. A combined country-level tracking system would be a useful first step. Better information-sharing and dialogue with stakeholders would support this. Continued efforts to improve the processes and systems that multilateral partners, including development banks and climate funds, use to engage national stakeholders would also help. In addition, bilateral programmes should be clear about how they complement multilateral programming in the same countries. They should be directed to engage and share information with multilateral actors.

Recommendation 6: The ICF should be more transparent and inclusive, publishing its strategies, activities and progress on an ICF website, in a coordinated reporting format in partnership with other climate finance data providers.

6.20 The ICF should be more transparent about what it is funding and why. Its strategies, funding priorities and progress should be publicly and clearly communicated. Robust reporting on the status of its financial commitments is necessary. An ICF website and a coordinated reporting format, in partnership with other climate finance data providers, would support this. A more considered and consistent outreach programme would be beneficial. For example, the ICF Secretariat could organise a periodic update on the progress made and invite input from interested stakeholders every year.

Annex

This Annex provides more detailed background information to the review. This includes:

1. Summary review of the 15 largest ICF programmes (Annex A1);
2. ICF in Indonesia (Annex A2);
3. ICF in Ethiopia (Annex A3);
4. DFID and ICF priority countries (Annex A4);
5. ICF integrated theory of transformational change (Annex A5);
6. Bibliography (Annex A6);
7. List of consultations (Annex A7); and
8. Glossary (Annex A8).

Annex

Annex A1: Summary review of the 15 largest ICF programmes[79]

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Clean Technology Fund (CTF) Multilateral: MDBs ICF contribution is £425 million; total UK contribution since 2008 is £810 million,[80] 25% of the £3.3 billion (US$5.242 billion) global contribution.[81] **Time Frame for results:** 2010 – 2042[82]	■ Provides concessional finance to target large-scale emission reduction opportunities, particularly in middle-income countries. ■ Seeks to support transformational change, using least concessional funding where possible. ■ Seeks to engage the private sector in delivery. ■ In practice has focussed on large scale renewable energy deployment, sustainable transport and energy efficiency. *Contributes to ICF objectives 1, 2, 3, 4 and 5.*	■ Relies on the programming capacities of the partner MDBs. ■ Transparency, stakeholder participation, monitoring and evaluation and attention to gender have all been improving. ■ Programming has nevertheless been slow, in part as a result of a lack of up-front attention to country context, policies and regulations. ■ Plans have been revised to better reflect needs and programming is now well underway.	Results reported to date compared with cumulative targets for the 28 projects to date include: ■ 10 million MtCO2Eq. Total expected once programmes complete: 582 million tonnes; ■ 1,696 megawatts (MW) of renewable energy installed (25% of target); ■ 6,819 gigawatt hours (GWH) of energy savings (5% of target); and ■ no reporting on uptake of sustainable transport yet.[83] Programme completion may take as much as 30 years in some cases.	*Trajectory: after course correction, positive.* ■ We find that the CTF has focussed global attention on existing opportunities to realise large scale emission reductions on financially viable terms. ■ Substantial low-carbon energy is now installed and the CTF is helping national banks increase investment in climate change activities. ■ Large-scale investments in renewable energy are on track; investments in CSP are likely to increase installed capacity by 40% globally relative to 2009. ■ There is evidence of increasing momentum: new efforts to support private sector investment are getting underway through 'set aside' programmes; risk appetite is being managed to allow investment in higher-risk approaches (for example local currency lending).

[79] Targets and results reported for these programmes are reported to include more significant numbers than is usual. This is because these are compiled from reporting from five MDBs who all report on the CIFs, drawing upon an agreed results framework for each fund. These include the core indicators summarised here. For further detail on, for example, the CTF results framework, see: https://www.climateinvestmentfunds.org/cif/measuring-results-framework-and-monitoring-toolkit

[80] *Report on the Financial Status of the CTF* (prepared by the Trustee), CIF, 25 June 2014, https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_12_Inf.2_Report_on_the_financial_status_of_the_CTF.._0.pdf.

[81] This is the current value of the CTF including pledges and contributions in US dollar equivalent as of 31 March 2014 from the *Report on the Financial Status of the CTF* (prepared by the Trustee), CIF, 25 June 2014, https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_12_Inf.2_Report_on_the_financial_status_of_the_CTF.._0.pdf.

[82] *CTF First Round of Monitoring and Reporting on Results,* CIF, 28 October 2013*,* https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_TFC.12.Inf_.2_First_round_of_monitoring_and_reporting_on_results.pdf*, page 3*

[83] *CIF Monitoring and Evaluation Reporting,* CIF, 2014.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Pilot Programme on Climate Resilience (PPCR) Multilateral: MDBs ICF contribution of £100 million. Total UK contribution since 2008 of £325 million is 45% of the £721 million (US$1.154 billion)[84] that has been pledged or contributed in total by all donors. **Time Frame for results:** Estimated: 2010 – 19	■ A pilot programme using grants and concessional loans at large scale to help vulnerable countries strengthen resilience to climate change. ■ Encourages mainstream investment in adaptation at scale as part of development planning, using programmatic approaches where possible. *Contributes to objectives 1, 3 and 5.*	■ Relies on the implementation capacity of MDBs who have engaged ministries of finance in programming. ■ For example, in Zambia and Samoa the Ministries of Finance are now leading national climate change response efforts. New arrangements to engage other key line ministries through a climate change council are emerging. ■ Implementation remains in early stages as a result of efforts to engage national stakeholders around priorities.	■ New baselines and targets created by countries using a score card approach based on a revised results framework in November 2013.[85] ■ Complete reporting expected in November 2014. Targets are set at country level to reflect national focus of programmes. ■ Reporting so far against seven projects suggests that 2.5 million people are likely to benefit.[86]	*Trajectory: after course correction, positive.* ■ Our interviews and analysis indicate that the PPCR has transformed many countries' understandings of what it takes to deliver finance for adaptation. ■ It is too early to assess the implications of this approach in delivering direct benefits to the poor. ■ Learning from the PPCR is reflected in the design of new adaptation finance programmes, including the Green Climate Fund (GCF). The GCF will take a programmatic approach using a range of instruments tailored to country needs.

[84] This is the current value of PPCR including pledges and contributions in US dollar equivalent as of 31 March 2014 from the *Report on the Financial Status of the SCF* of 5 June 2014, https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_12_Inf.3_Report_on_the_financial_status_of_the_SCF.pdf.
[85] 11 pilot countries submitted baselines and targets against the five core indicators in this first round.
[86] First Round of Reporting and Expected Results, PPCR, 2013.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Least Developed Countries Fund (LDCF) Multilateral: various (GEF serves as secretariat) The UK has provided £80 million, 15% of the £519 million committed to the LDCF from 2002 through to May 2014.[87] **Time Frame for results:** This is a rolling programme and therefore will get expected results like this every year since results are reported on an annual basis.	A grant fund created under the UNFCCC to support Least Developed Countries to adapt to climate change. It has supported: ■ identification of key vulnerabilities and adaptation needs; ■ raising awareness of climate change in the poorest countries; and ■ systematic learning and building knowledge on adaptation and climate change in developing countries. *Contributes to objectives 1 and 3.*	■ The LDCF is a UNFCCC Fund under the UNFCCC financial mechanism (accountable to the Conference of the Parties). ■ The Global Environment Facility serves as the Secretariat of the Fund and projects are managed by its implementing agencies, which include UN agencies and MDBs. ■ Funding is equally distributed across least developed countries. The initial focus was on funding projects identified in National Adaptation Programmes of Action which identified near-term priority adaptation measures.	All projects identify sector-specific outcomes and outputs, including total number of beneficiaries. Annual Impact Reporting states: ■ 238,431 people as direct beneficiaries; and ■ 28,672 people trained in climate change adaptation projects and programmes.[88]	*Trajectory: positive.* ■ We find that the LDCF has raised awareness of climate change within the poorest countries of the world and has set important policy development and planning in motion to deal with climate risk. ■ Developing country governments value the influence they have over programming.[89] ■ Contributions to the LDCF are consistent with UK efforts to secure agreement to ambitious global action on climate change.

[87] See http://www.thegef.org/gef/.
[88] *GEF Annual Reporting and Evaluation Office studies, GEF, (2014).*
[89] *Joint External Evaluation: Operation of the Least Developed Countries Fund for Adaptation to Climate Change*, 2009, COWI and IIED, http://pubs.iied.org/pdfs/G02586.pdf.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Global Environment Facility (GEF): climate change only Multilateral: ICF contribution to Fifth Replenishment of the GEF (2010-14) of £84 million (40% of total UK contribution to GEF5). 13% of the £668.75 million pledged to GEF 5 (2010 – 2014).[90] **Time Frame for results:** See Reported and Expected Results column. Full results may take more than a decade in many cases.[91]	The GEF is the principal agency supporting developing countries in implementing international agreements on climate change, biodiversity, land degradation, international waters, dangerous chemicals and protection of the ozone layer. It provides finance for technical support and training and to meet the incremental costs of innovative pilot investments that yield global and local benefits, for example, in renewable energy. *Contributes to objectives 1, 2 and 3.*	■ The GEF was the first fund established under the financial mechanism of the UNFCCC. ■ GEF implementing agencies have expanded from an original reliance on the World Bank, UNEP and UNDP to include more than ten MDBs and UN agencies. Implementing partners were recently further expanded to include NGOs and development banks in developing countries. ■ Capitalisation of the Fund, which only provides grants, has however been modest and programmes are at a relatively small scale as a result. ■ A System for Transparent Allocation of Resources links funding to potential for achieving global benefits.	Since its inception, GEF has allocated a total of US$3.3 billion to 615 projects that address climate change mitigation. Of this, US$3.1 billion has been allocated to 547 projects with explicit mitigation targets. The total amount of direct and indirect mitigation expected from these 547 projects is 2.6 billion and 8.2 billion MtCO2Eq respectively or 10.8 billion MtCO2Ee combined (as of 30 June 2013).[92] Projects approved during the Fifth Replenishment of the GEF are expected to provide 500 MtCO2Eq direct mitigation and 1,929 MtCO2Eq indirect mitigation (as of 31 December 2013).[93] The target for the Sixth Replenishment of the GEF is mitigation of 750 MtCO2Eq.	*Trajectory: positive with substantial successes to claim.* ■ We recognise that the GEF has made important investments in climate change responses in many developing countries. ■ UK leadership has played a valuable role in strengthening its operations. This learning is, in turn, informing the GCF. ■ Projects have been successful; more than 80% of projects are found highly satisfactory by evaluators.[94] ■ Programmes have not consistently been well linked to wider national development and investment priorities. ■ Efforts to expand delivery partners to include developing country based financial institutions and NGOs are now underway.

[90] This will be repeated for the Sixth Replenishment of the GEF (2014-18).
[91] *Updated Verification Note on The Realization of GEF-5 Targets*, Prepared by GEF Independent Evaluation Office in Consultation with the GEF Secretariat, 16-17 April 2014, http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF-R6-Inf13-Verification-IEO-Paper.pdf.
[92] *GEF Climate Change Mitigation GHG Analysis,* Fifth Overall Performance Study of the Global Environment Facility, OPS5 Technical Document #20, 2014, http://www.thegef.org/gef/sites/thegef.org/files/EO/TD20_GEF%20Climate%20Change%20Mitigation%20GHG%20Analysis.pdf.
[93] *Updated Verification Note on The Realization of GEF-5 Targets*, Prepared by GEF Independent Evaluation Office in Consultation with the GEF Secretariat, 16-17 April 2014, http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF-R6-Inf13-Verification-IEO-Paper.pdf.
[94] *5th Operational Assessment of the GEF, 2014.* The 5th Operational Performance Report is based on an in-depth review of independent evaluations of GEF-financed projects and termination reports and is completed by the GEF's Independent Evaluation Office. OPS5 is published under the guidance of an independent expert advisory panel.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Forest Investment Programme (FIP) Multilateral: MDBs £25 million from the ICF of a total UK contribution of £100 million. The UK provides 27% of the £374 million[95] committed to date. **Time Frame for results:** 2010-2025	The FIP offers concessional finance at scale to support developing countries' efforts to reduce emissions from deforestation and forest degradation and to promote sustainable forest management in eight pilot countries including Brazil, the Democratic Republic of the Congo and Indonesia (developing countries with the largest remaining tropical forests). It also includes a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities with £31.25 million (US$50 million) in grant resources allocated. *Contributes to objectives 1, 3, 4 and 5.*	■ Pilot countries for the FIP were selected through an expert driven process, which considered potential for climate change impacts. ■ Agreement on investment plan priorities has been contentious at the trust fund committee and, in most cases, programming and spending have been slow. ■ Agreement on a simplified results framework for the fund has also been difficult, resulting in delays in impact reporting.	■ A first round of reporting on baselines and targets was due in October 2014. ■ The agreed indicator themes include measures of: GHG emissions reductions and enhancement of carbon stocks, livelihoods co-benefits, biodiversity and ecosystem services, governance, tenure, rights and access, capacity development and stakeholder engagement. The Business Plan aims for: ■ 17,418 net jobs created; ■ 426 MtCO2Eq reduced or avoided (exclusively forestry); ■ 19 million hectares where deforestation and degradation are avoided; ■ US$821 million of public finance mobilised for climate change purposes; and ■ US$66 million of private finance mobilised.	*Trajectory is not clear due to delayed implementation.* ■ No results reported to date; agreement on a streamlined results framework has been contentious but now approved. ■ Concerns have been raised over whether FIP programmes optimally complement other REDD+ related initiatives at country level. ■ The extent to which programmes are poised to have significant impact is unclear.[96] Programmes remain in their early stages.

[95] This is the current value of FIP including pledges and contributions in US dollar equivalent as of 31 March 2014 from the *Report on the Financial Status of the SCF* of 5 June 2014, p.12. https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_12_Inf.3_Report_on_the_financial_status_of_the_SCF.pdf.
[96] This finding is highlighted in the recent independent evaluation of the CIF and was also flagged in civil society inputs to the ICAI review team.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Adaptation Fund (AF) Multilateral: various (GEF serves as Secretariat). £10 million from the ICF is 4% of the total £262 million in the Adaptation Fund since 2009. UK finance contributed to the Adaptation Fund from 28/09/2011 - 01/10/2013. The AF can only report on results that are being delivered by approved projects that are currently under implementation.[97] **Time Frame for results:** Rolling programme; many results will take more than 15 years to manifest.	The Adaptation Fund supports concrete adaptation projects in developing countries. It covers the full cost of these projects with grants. These include funding for: ■ improved agricultural practices (such as crop diversification, livelihood diversification and soil and water conservation); ■ flood control and hydraulic management systems; and ■ improved weather monitoring and early warning systems. *Contributes to ICF objectives 1, 2 and 3.*	■ Works in direct partnership with national institutions to strengthen their ability to plan and manage adaptation programmes. ■ Progress from impact reports is encouraging, although most programmes are in early stages and no fund level evaluations have been completed as yet (planned for 2014-15).	The 2013-14 financial year impact report notes the following preliminary expected results: ■ 2,126,381 people as direct beneficiaries; ■ 85 early warning systems; ■ 39 policies to address climate change risks; ■ 30 projects supported to conduct risk and vulnerability assessments; ■ 7,000 staff trained to respond to and mitigate impacts of climate-related events; ■ 80,000 hectares natural habitats created, protected or restored; and ■ 82,000 metres of coastal area protected.[98] Project monitoring missions and project reporting suggest generally good progress towards achieving goals.	*Trajectory: positive* ■ Supports a wide range of programmes which are strengthening early warning systems in developing countries, supporting improved food security and better coastal protection systems to reduce risks from climate change. ■ We found that developing countries have strong ownership of the Fund and contributions are consistent with efforts to secure agreement to ambitious global action on climate change. ■ Good systems for monitoring of programme implementation are in place, including through quarterly project reporting, field visits and annual reports summarising aggregate results.

[97] The Fund itself will continue to operate and deliver further results, in part using UK finance. Monitoring and lesson learning from the Adaptation Fund will therefore continue as part of wider DFID climate work.
[98] *Annual Performance Report, FY2013*, Adaptation Fund, 2013, https://www.adaptation-fund.org/sites/default/files/AFB.EFC_.13.3.Rev_.1%20Annual%20Performance%20Report%202013_0.pdf.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Climate Public Private Partnership (CP3) Bilateral: ADB and IFC £130 million overall investment: ■ £50 million IFC Catalyst Fund (already committed); ■ £60 million Asia Fund (not committed yet); and ■ £20 million TA (UNEP Seed Capital Assistance Facility (SCAF) IFC Advisory Services projects in West Africa and Monitoring and Evaluation). **Time Frame for results:** 2012 – 2048[99]	Anchor investment in two commercial private equity funds, aimed at catalysing private investment (particularly from institutional investors) and leveraging additional private debt financing. The funds invest directly in projects and create a track record of sub-funds to support investments in energy efficiency, renewable energy and clean technology in developing countries. *Contributes to objectives 2, 4 and 5*	■ The programme is now managed by the ADB and IFC as two separate funds. ■ The IFC Catalyst Fund has reached 'final close' and has raised a total of US$418 million. It is one of the largest funds exclusively focussed on both climate and emerging economy investments. It has already started investing in sub-funds. ■ The ADB programme will make direct equity investments. It has been substantially delayed pending the recruitment of a suitable asset manager. ■ Dedicated monitoring specialists will support interim reporting on impact.	Progress against outputs will only be measured from 2017. Targets include: ■ £9.3 billion of public and private and MDB equity finance mobilised; ■ 53 million MtCO2Eq avoided; ■ 2.1 million GW of low-carbon energy infrastructure deployed; and ■ 34,000 new jobs created.	*Trajectory of the ADB programme is not yet clear due to delivery challenges resulting in delayed implementation. The Catalyst Fund is progressing.* ■ We found that most elements are in very early stages of implementation (and some have not even started). ■ The design model includes detailed analysis of market barriers in target countries and a strategic effort to use technical assistance and equity finance to unlock viable low-carbon investment opportunities together with the private sector. ■ Efforts to improve design partially explain slow implementation along with problems in the appointment of an asset manager in the case of the ADB.

[99] On the assumption that the funds will be investing over seven years and that renewable energy and energy efficiency investments will have a lifetime of 25 and 10 years respectively but that there is some delay between investment and actual results.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Climate and Development Knowledge Network (CDKN) Bilateral: NGO private sector consortium £116.7 million: ■ £95.8 million - DFID contribution for main CDKN outputs; ■ £1.8 million – DFID country office funding for country-specific objectives; ■ £4.0 million target funding on research on risk assessment and early warning system; and ■ £15.1 million (co-funding from the Netherlands for main CDKN outputs). **Time frame:** 2008 – 2017 for delivery of main CDKN outputs with a further two years to deliver in full.	CDKN supports research and technical assistance to support developing countries to integrate climate change into development efforts. It assists developing country governments to establish the institutions and standards to manage finance for climate change effectively, for example support in Rwanda to the establishment of a national climate and environment fund. It also supports country policy and programmatic change, such as in Colombia and Kenya through systemic, multi- dimensional programmatic engagement. It provides technical, strategic, legal and administrative support to developing country governments and negotiators. *Contributes to objectives 1 and 3.*	■ CDKN is a network managed by PricewaterhouseCoopers that includes the Overseas Development Institute (research lead), South North (Africa), FFLA (Latin America) and Lead Pakistan (Asia) as regional leads to support the development of practical knowledge and technical assistance to help developing countries respond to climate change through their development efforts. It represents an innovative public private partnership to make practical knowledge available to support climate and development policy. It was previously positively assessed by ICAI in its review of DFID's work through contractors.[100] ■ The costs of the consortium are capped at 25% (consortium members also participate in developing and programming research) and the remainder is used to provide grants and TA in service of developing countries. Much of its work is delivered through organisations based in developing countries and it has expanded the reach of the ICF.	■ Influenced changes in policies and programmes in 28 countries. ■ Worked with or supported 322 climate change related organisations through technical assistance projects. ■ Recorded 60 changes in understanding and commitments by national and city level decision makers. ■ Trained 350+ developing country climate negotiators and delegates to improve their ability to engage effectively in international climate negotiations. ■ Supported the development of 88 submissions to the UNFCCC by developing countries and groups, many of which have influenced final negotiating texts. ■ Leveraged approximately £37 million in funding from a range of sources. ■ Supported 80 research projects across 54 countries in Asia, Africa and Latin America. ■ Facilitated partnerships between leading northern and southern-based organisations, including 28 UK universities and institutes.	Trajectory: *Positive.* ■ We found that its demand-led model targeted at developing countries is filling an important need. ■ Its move from a breadth to a depth model has allowed greater impact. ■ With knowledge programmes of this nature, it is difficult to measure results or establish causal links.[101]

[100] *DFID's Use of Contractors to Deliver Aid Programmes*, ICAI, May 2013, http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-REPORT-DFIDs-Use-of-Contractors-to-Deliver-Aid-Programmes.pdf.
[101] For example, *How DFID Learns*, ICAI, April 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/04/How-DFID-Learns-FINAL.pdf. This review found that in the case of DFID, 'learning during implementation will require new approaches' and 'DFID is not building in sufficient opportunities for continuous learning as part of its day-to-day tasks'.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Bangladesh Climate Change Programme I - Jolobayoo-O-Jibon Bilateral: Bangladesh Climate Change Resilience Fund (BCCRF) managed by the World Bank; Comprehensive Disaster Management Programme II (CDMP) managed by UNDP; Strategic Fund £75 million commitment **Time frame:** Sept 2008 – Dec 2014	Supports implementation of the Bangladesh Climate Change Strategy and Action Plan, through funding for a climate change and resilience trust fund, a comprehensive disaster management programme and support for a number of strategic interventions, including Bangladeshi participation in international policy processes. *Contributes to objectives 1, 2, 3 and 5.*	■ The programme is delivered through the DFID Bangladesh office in partnership with the World Bank in Bangladesh and UNDP. ■ It has helped support coherence across diverse adaptation programming in Bangladesh, through focussed engagement in Government of Bangladesh co-ordination mechanisms across the wide range of climate adaptation actions, including other ICF supported programmes such as the PPCR.	■ The disaster and climate change vulnerability of 3 million people (half of them women) has been reduced. ■ 1,085 community risk reduction schemes were completed. 1,081 risk reduction schemes under implementation. ■ 15 days' work was created for 160,000 people, of which 60,000 were women. ■ 500,000 people are getting better access to safe drinking water after the Aila cyclone contaminated drinking water with salt. ■ 250,000 families received livelihood support. ■ Flood forecasting and early warning lead time has been increased from three to five days. ■ Over 110 million people gained access to an early warning dissemination system available through mobile phones. ■ Protected or restored 40,000 hectares of agricultural land by constructing 153 km of embankment.[102] Expected impact: ■ 15 million people will have increased their resilience to climate change; 1 million people will be protected by gender-sensitive infrastructure; 27 million people will be covered by improved early warning systems; improved knowledge and capacity on climate change adaptation; and disaster risk reduction in 12 key government ministries.	*Trajectory: positive.* ■ We find the programme provides a good framework, building on past DFID programming. ■ It is helping to mainstream climate change in government programmes, including in cities. ■ DFID Bangladesh and DFID's headquarters in London are learning from its experience. ■ We found evidence that the CDMP project has become a model programme and is informing approaches in Myanmar, Uganda and Afghanistan.

[102] All of these figures are taken from CDMP annual reports of 2012 and 2013.

Annex

The following programmes are at too early a stage of implementation to assess impact.

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Carbon Capture and Storage (CCS) capacity building Multilateral: Total contribution of £60 million - £25 million to the World Bank CCS Trust Fund and £35 million to the ADB CCS Trust Fund **Time Frame for results:** 2012 - 2020	■ ICF finance will support CCS capacity-building activities in emerging economies, including China, South Africa, Mexico and Indonesia. ■ The aim of the programme is to raise the level of technical understanding of CCS within these countries, to strengthen policy frameworks and incentive structures and ultimately accelerate deployment. ■ Most programmes have been implemented through state-owned enterprises. This is appropriate given their dominance of energy in target countries. This raises questions, however, about the relevance and achievement of the private sector finance mobilisation objectives of the programme. *Contributes to objectives 1 and 2.*	■ The ICF is providing grant finance to support the development and deployment of carbon capture and storage technology. ■ The grants are managed through the World Bank's CCS Trust Fund (which also receives funding from the Global CCS Institute and Norway) and the ADB Trust Fund (also funded by the Global CCS Institute). ■ The choice of the ADB's programme reflects the rapid expansion of coal use in Asia and the region's major contribution to emissions.	Expected impacts are: ■ at least one country establishes a legal framework for CCS (some progress observed to date) Target date: 2020; ■ at least one country takes forward a full chain CCS demonstration project. This is being developed in China; ■ a pilot storage project is developed in Indonesia; a capture pilot in Mexico; and a test pilot storage in South Africa. Target date: 2020; ■ increased private investment in CCS R&D. Target date: 2016; and ■ at least one country adopts a policy framework for CCS.[103] Target date 2020.	*Too early to assess achievements or trajectory.* ■ Results are still emerging. Achievements to date include getting four pilot and demonstration projects underway in China, Indonesia (we collected some evidence of progress on our visit), South Africa and Mexico. ■ Some provinces in China are exploring regulatory measures to support CCS. ■ Reporting to date raises questions about the transformational impact of the programme and recognises the high risk of this investment.

[103] CCS Business Case.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Scaling Renewable Energy Programme (SREP) Multilateral: MDBs £50 million contribution from the ICF. Total UK contribution of £100 million is 29% of £344 million since 2009. **Time Frame for results:** 2010-2025	■ To scale up renewable energy deployment in eight pilot, low-income countries; new pilot programmes are under consideration. ■ Focusses on extending access to energy in low-income countries. ■ Brings stakeholders together to address policy and regulatory barriers to scaling up renewable energy investment. *Contributes to objectives 1, 2, 3, 4 and 5.*	■ The SREP provides grants and concessional loans to programmes implemented by MDBs. The MDBs also provide co-finance. ■ The SREP was the last of the CIFs to be fully capitalised so investment planning did not begin until 2010. ■ A strong emphasis has been placed on up-front stakeholder engagement, including with the private sector, in the design of investment plans and the execution of programmes.	Annual reporting commenced in 2014.[104] Expected results from approved projects include: ■ three projects approved as of April 2014 would increase installed renewable energy by 250 MW;[105] and ■ eight projects include energy access for 10,051,000 people.[106] Some of the results indicators have very different time frames. Baselines will be established in one to two years.[107]	■ SREP is poised to increase installed renewable energy substantially and to increase access to energy. ■ It will also increase the number of households with access to modern energy but the choice that some countries have made to focus on centralised energy raises questions about whether there will be adequate direct impact on energy poverty. ■ The programmes are attracting substantial additional finance, particularly from other donors.

[104] In February 2014, the CIF Administrative Unit, in collaboration with the MDBs, produced a toolkit for SREP monitoring and reporting. The toolkit, based on the revised SREP results framework, provides guidance on the SREP's three core indicators and will be used for SREP results monitoring and reporting starting in 2014.

[105] *Rooted in Learning. Growing with Results*, Annual Report 2013, CIF, https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/cif-AR2013-07-Scaling%20Up%20Renewable%20Energy%20in%20Low%20Income%20Countries%20Program.pdf and *Learning by Doing: The CIF's Contribution to Climate Finance*, A Five-Year Retrospective Report, https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF-Retrospective_full.pdf.

[106] *SREP Semi-Annual Operational Report*, 31 October, 2013, https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP_SC.10_3_Semi_annual_report.pdf. Although it should be noted that not all of these figures would count towards the ICF KPI on Clean Energy Access since some are attributed to centralised power plants.

[107] True impact reporting will be possible in 10-15 years. As further projects are approved by MDB Boards, these will be included in subsequent rounds of annual results reporting so that both the actual results and targets will increase over time.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
BioCarbon Forest Fund: Initiative for Sustainable Forest Landscapes (ISFL) Multilateral: World Bank £75 million, 43% of £175 million committed to date.[108] Fund still in design stage. **Time Frame for results:** Results from initial capacity-building and enabling measures will begin in 2015. Payment for results phase will commence in 2018 and is scheduled to run until 2028.	■ ISFL aims to reduce greenhouse gas emissions from the land sector in developing countries, through REDD+ (reducing emissions from deforestation and forest degradation), sustainable agriculture and smarter land use planning, policies and practices. It will provide finance for results to incentivise changes at the landscape level. ■ The initiative recognises the important role that the private sector plays in spurring innovation, leveraging cutting-edge expertise and knowledge and mobilising the capital necessary to scale up successful land use practices and accelerate the greening of supply chains. *Contributes to objectives 2 and 4.*	■ The programme is housed in the carbon finance unit of the World Bank group. ■ The initiative began in December 2013 and was in the design stage at the time of drafting this report.	■ ISFL will bring together a number of land use projects across a large area to achieve a bigger, landscape sized, transformation (for example State or District, minimum 100,000 hectares). The approach will target opportunities that sequester or conserve carbon in forest and agro-ecosystems while promoting biodiversity conservation and poverty alleviation.	■ Programming is getting underway. Investments are being explored in Oromia, Ethiopia, for example (the most forested region of the country). ■ We found that the programme is innovating by working at a jurisdiction level, so that competing uses for forest land can be managed sustainably. ■ There is potential for innovation by working with supply chains to mobilise private finance for sustainable land use and agricultural practices.

[108] Norway (48 %) and the United States (9%), https://www.gov.uk/government/news/norway-uk-and-usa-come-together-to-pledge-approximately-280-million-to-sustain-the-worlds-forests.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Partnership for Market Readiness (PMR) Multilateral: World Bank ICF contributes £7 million, just under 9% of £79 million committed to the PMR. **Time Frame for results:** 2012 - 2030	▪ The PMR is a World Bank-managed facility that provides large-scale (£1.8-5 million) technical assistance to help countries develop knowledge and capacity to implement market-based climate response strategies, such as domestic emission trading systems, crediting mechanisms or carbon taxes. It also provides a platform for technical discussion and lesson learning. Preparatory activities are now underway in 16 countries. ▪ Objectives have had to be adjusted to focus more on tools and learning. *Contributes to objectives 1, 2, 3, 4 and 5.*	▪ Managed by a secretariat anchored in the World Bank's carbon finance unit. ▪ Decisions are made through the Partnership Assembly, which includes Contributing Participants (donors to the PMR trust fund) and Implementing Country Participants and Technical Partners. ▪ Programme implementation has been delayed in many countries. ▪ A first evaluation of the experience of the PMR to date is forthcoming.	▪ Impacts are not expected to be realised until the late 2010s. ▪ Intended impacts originally included quantifiable emission reductions (in MtCO2Eq) resulting from implementation of market mechanisms and revenue raised from carbon-related market mechanisms. Indicators are now revised to be more realistic within the programme time frame, with a greater focus on tools and learning.[109]	▪ We found that the PMR is providing substantial technical assistance resources (£1 million -£3 million) to support the design of market-based policies and regulation in developing countries. ▪ We found that it is supporting the design of relevant policy proposals in major countries, although progress and scope in target countries vary. ▪ The focus on market-based mechanisms is consistent with the UK's commitment to supporting programmes that put a price on carbon.

[109] *World Bank's Partnership for Market Readiness*, Annual Review, 2012, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/233145/World_Bank_PMR_Annual_Review_2012_21_August_2013.pdf and Annual Report FY2013, Partnership for Market Readiness, 2013, https://www.thepmr.org/system/files/documents/PMR%20Annual%20Report_2013_FINAL.pdf.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
Adaptation for Small Holder Agricultural Programme (ASAP) Multi-donor programme supported through IFAD. £115 million. UK's share in global contribution to ASAP £220 million (US$353 million):[110] The UK may contribute an additional £32 million, depending on results and additional co-finance. **Time Frame for results:** 2012 – 2020	■ International Fund for Agricultural Development (IFAD) programme will work in more than thirty developing countries to make its rural development programmes more climate-resilient. ■ ASAP has become the largest global financing source dedicated to supporting the adaptation of poor smallholder farmers to the impacts of climate change. ■ A core objective is to integrate climate change into IFAD's overarching operations. It is encouraging mainstream investment in the agriculture sector at scale as part of development planning and incorporation of climate change into IFAD programming. *Largely focussed on objectives 1, 2 and 5.*	■ Delivered through IFAD, harnessing its implementation capacity and deployed through its country programming processes. ■ Significant evidence of stakeholder engagement in the design of programmes and their delivery. ■ The programme remains in its early stages but interim reporting suggests steady progress to date and very strong internal assessments by ICF leads.	Limited reporting, as implementation is in the early stages.[111] Target results by 2020 include: ■ increased climate resilience of 8 million poor smallholder household members, including 4 million women and girls; ■ double new investments in environmental and natural resource management by IFAD during the IFAD Ninth Replenishment period (2013 – 15) relative to the previous (Eighth) Replenishment period; ■ 30% increase in number of non-invasive on-farm plant species (perennial/ annual) per smallholder farmer supported; and ■ 80 million MtCO2Eq to be avoided and/or sequestered.[112]	■ We found that ASAP was well regarded both in internal performance reviews and in interviews with stakeholders from recipient countries, because it is flexible and responsive. ■ Its innovative approaches have been recognised, such as through a UNFCCC award and prizes.[113] ■ It has already developed new indicators on complex technical issues, such as soil carbon, that can be widely used. ■ The programme has a focus on the needs of the poor and many programmes also work closely with local communities in design and execution, with participatory design and monitoring.

[110] As of February 2014. Other donors include Belgium, Canada, Finland, the Netherlands, Norway, Sweden and Switzerland.
[111] A progress report on ASAP is provided in the annual report on IFAD's Development Effectiveness. These results refer to the programme level, not those solely attributable to the ICF.
[112] ASAP Business Case and Log Frame, http://iati.dfid.gov.uk/iati_documents/3685612.xls.
[113] Received a Momentum for Change Award in 2013.

Annex

Programme	Objectives	Delivery	Reported and Expected Results	Impact Trajectory
NAMA Facility Bilateral: £50 million towards a total contribution of £100 million since 2013, with remaining funding from the German Government. **Time Frame for results:** Projects will move to implementation stage within a year of being pre-approved. Projects supported for up to 5 years but will deliver results beyond that time frame.[114]	The NAMA Facility aims to support the practical implementation of highly ambitious projects in developing countries that fit into the context of a broader NAMA (nationally appropriate mitigation action). Projects are selected on a competitive basis through annual calls for projects. The programme has strong links to the UNFCCC provisions to support countries to develop NAMAs and strengthen capacity to monitor, report and verify GHG emission reductions in developing countries *Contributes to objectives 1, 2 and 3.*	■ Delivered through KfW with support from GIZ. ■ A comprehensive website with robust reporting on the progress of the initiative has been created.	No reporting to date as implementation began in 2014. Expected impacts are specified at intervention level. For example: ■ the Indonesia SUTRI NAMA: 0.6 to 1.5 million MtCO2Eq per year in 2020; ■ Costa Rica: 3.6 million to 5.5 million MtCO2Eq by 2040; and ■ Chilean Self-supply Renewable Energy: 2 million MtCO2Eq. Impacts on populations, poor people and climate to be monitored when the projects are operational.[115]	■ The first round of programmes was only approved in November 2013. ■ There is strong participation in the programme from developing countries. ■ Most programmes target mitigation opportunities that will result in significant poverty and developmental impacts. So early indications are promising. It is, however, too early to assess.

[114] For the first call of projects, results will manifest between 2014 and 2018. For the second call of projects, results will manifest between 2015 and 2019.
[115] Projects selected for in-depth appraisal, NAMA, http://nama-facility.org/projects/projects-selected.html.

Annex

Annex A2: ICF in Indonesia

Context

Indonesia is a growing middle-income country with a fast-growing economy. Deforestation is proceeding at a rapid pace,[116] leading to a substantial increase of GHG emissions. This poses significant challenges for middle-income countries with high-carbon economies, where a large number of people still live in substantial poverty. Despite the intensifying environmental and development challenges, Indonesia has made ambitious national commitments[117] to shift towards a low-carbon pathway. Since the 13th Conference of the Parties (COP13) in Bali in 2007, the country has demonstrated international leadership. It shows efforts to secure more ambitious global action on climate change.

In 2010, DFID closed down its Indonesia country office. Subsequently, the UK Climate Change Unit (CCU) was established in 2011, co-located in the British Embassy in Jakarta. CCU supports Indonesia's development and low-carbon priorities.[118] The UK ICF has delivered £50 million in mainly bilateral grants to Indonesia through the CCU. Approximately another £150 million has been delivered through other bilateral and multilateral programmes in a combination of grant and returnable capital.

We reviewed all ICF programmes in Indonesia. Indonesia benefits from several of the key ICF programmes, including SETAPAK, Multi-stakeholder Forestry Programme II, support to the Ministry of Finance on low-carbon policies, the Clean Technology Fund, the Forest Carbon Partnership facility, the Global Carbon Capture and Storage Capacity Building programme, the NAMA Facility and the CDKN. In addition, there are bilateral initiatives such as the 2050 Calculator.

We conducted 6 focus group discussions and 117 key informant interviews, of which 77 were held in East Kalimantan and 9 in Gianyar, Bali. In East Kalimantan, we visited Balikpapan and Samarinda and visited an abandoned coalmining site. We met 18 forest dependent people and community leaders, a group of grass root NGO representatives, academics and local and provincial parliamentary members. The community leaders asked us to inform the UK Parliament of their requests to improve their environment by stopping British companies investing in extraction in Indonesia and buying certain Indonesian forest products.

In Gianyar, we interviewed key stakeholders in key parts of the supply chain of sustainable timber production. We met and had an in-depth closed interview with the head and the deputy head of the Department of Trade and Industry in Bali Province. We also visited one of the main ports in Bali, where we interviewed a representative of a private shipping company and a representative of the provincial unit within the Ministry of Forestry. We continued gathering data and interviewed two private small-to-medium wooden craft and furniture manufacturers.

The evidence gathered from field visits improved our understanding of how ICF programmes are performing where they aim to strengthen governance in the context of efforts to reduce GHG emissions from deforestation and land degradation. The MFP2 programme promoted the sustainable use and trade of timber and improved the capacity of small and medium enterprises across Indonesia. Its benefit extends to supporting the implementation of FLEGT VPA under EU regulation. The SETAPAK programme ('Pathway' in Bahasa Indonesia), delivered by The Asia Foundation (TAF), is one of the programmes we reviewed in detail. Through SETAPAK, we saw how the ICF is benefitting the

---

[116] 6.2% gross domestic product growth in 2012 (*World Development Indicators*, World Bank, 2014) and deforestation rate as follows: -1.75% (1990-2000), -0.31% (2000-05), -0.71% (2005-10), Global Forest Resources Assessment and the Food and Agriculture Organization of the United Nations, FRA FAO, 2010.

[117] Indonesian President Susilo Bambang Yudhoyono (2004-2014) stated that Indonesia is committed to reducing GHG emissions by 26% in 2020 from the 'Business as Usual' method of evaluation with its own efforts. Indonesia is committed to reaching 41% reduction if it secures international support (as stated in Indonesia's *Guideline for Implementing Green House Gas Emission Reduction Action Plan* (RAN-GRK), 2011, http://www.paklim.org/wp-content/uploads/downloads/2012/05/Guideline-for-the-implementation-of-GHG-emission-reduction-action-plan.pdf.

[118] Indonesia's seven priority sectors are: 1. sustainable peat land management; 2. reduction of deforestation and land degradation levels; 3. carbon sequestration development; 4. promoting energy saving; 5. alternative and renewable energy resource development; 6. solid and liquid waste reduction; and 7. shift to low-emission transport modes (RAN-GRK, 2011), http://www.paklim.org/wp-content/uploads/downloads/2012/05/Guideline-for-the-implementation-of-GHG-emission-reduction-action-plan.pdf.

poorest and forest dependent peoples. Other interviews were held in Jakarta, where we met the Government of Indonesia, CSOs and investors, including representatives from the international donor community.

Missed opportunities

The legacy of DFID's work in Indonesia has been carried forward by the CCU. Most of the CCU's projects in its early years were related to land use management, in spite of Indonesia having abundant low-carbon development opportunities related to the energy sector. It is unfortunate that technical expertise in clean energy and low-carbon development has only been strengthened recently. The absence of in-country energy expertise has reduced the early effectiveness of CCU operations. To date, there has been less direct involvement of the CCU in energy-related investment projects such as renewable development activities. There is a particular need for grants to finance feasibility studies of green generation projects. CCU relies heavily on the low-carbon development framework of its counterpart *Agence Française de Développement* (AFD), whom we met. We also met the Ministry of Energy and Mineral Resources, the Ministry of Finance and the Climate Change Office.

There is a policy clash between the Government's commitment to reduce GHG emissions and Government subsidies to fossil fuel use. Whilst the ICF can help in increasing energy efficiency and access to clean power, dealing with the subsidy issue requires a political solution which is taking time to determine.

Risk management

The ICF is supporting ambitious plans to preserve the largely intact rainforest in the Papua region. We note that the risks to this project are high and that the proposals for delivering alternative sources of wealth generation for poor inhabitants are still in the early stages of development. Whilst we recognise the need for action in this area, the combination of risks together with the reservations expressed by interlocutors in Jakarta about donor support to this distant region with a separatist history, create particular challenges to success.

Ownership, coherence and coordination

The CCU management is lean: its staff have a high degree of ownership of ICF bilateral funding and have developed good working relationships across the Government of Indonesia. We noted, however, that UK investments channelled through multilateral organisations are not always understood to derive from ICF contributions, including from some staff in the CCU.

We found that ICF bilateral and multilateral programmes could work in a more coherent and collaborative manner. For example, CCU-supported programmes are pioneering cutting-edge multi-stakeholder consultation processes. This harnesses important information tools and builds on a longstanding engagement on forest governance issues. The learning from this work could feed across into some of the multilaterally delivered forestry programming such as the Forest Investment Programme in Indonesia. The inter-channel arrangement, such as the nested MFP3 programme within the Forest Governance Markets and Climate Programme, opens doors for all other programmes across channels to improve engagement with wider stakeholders in the relevant arena.

We observed a need for more concerted, proactive and informed communication and outreach to trusted partners within the Government of Indonesia and other stakeholders in order for the ICF to give more effective support to collaboration with key developing countries on climate change.

Varied oversight

We found that oversight of bilateral programmes managed by the CCU varies widely. This reflects, in part, the capacities and expertise of CCU staff. For example, we observed high oversight of the smaller civil society programme run by The Asia Foundation (TAF). By contrast, oversight of the much larger programme implemented by the AFD was rather light. We were impressed by the transformational potential of the delivery of ICF programme by TAF and the impact it is having on the poor. The impact of the AFD programme, however, appears less evident. We conclude that management and oversight should be more balanced and systematic across the programmes.

Multiplier impacts for some of the poorest beneficiaries

We met many ICF programme beneficiaries. We found that the ICF, through the SETAPAK programme (see Figure 12 on page 19) has delivered multiplier impacts and strengthened the voice of poor and indigenous peoples; for example, through media outreach, changes in regulation and legislation and specialist training of judges for the 'Green Bench'. There is support for and excellent co-operation amongst the Anti-Corruption Commission, the National Audit Office and the Supreme Court. This small programme is resulting in multiplier effects for some of the most disadvantaged people in remote areas.

Conclusion

The CCU's delivery of the bilateral ICF programme is largely effective. There is a need to link this with the ICF multilateral programming in Indonesia. The CCU is well established in-country with good relations with the Government of Indonesia, donors, many grass root CSOs and some private sector actors. It is well placed to deliver further ICF funding going forward. It would benefit from a 'whole-of-ICF approach', supported with more expertise in the important low-carbon and clean energy sectors. There are significant opportunities to both assist the poorest and achieve countrywide impact through programmes such as SETAPAK.

Annex

Annex A3: ICF in Ethiopia

Context

While Ethiopia is the twelfth-fastest growing economy in the world, it remains one of the ten poorest. It has the second largest population in Africa, at 85 million, with 25 million still living in extreme poverty. Aid provides almost 11% of Ethiopia's GDP. It is also highly vulnerable to climate change. Its economy depends heavily on agriculture (contributing 46.6% to GDP with 80% of the population predominantly employed in small-scale, rain-fed agriculture). Current climate change forecasts include as much as a 3° Celsius increase in temperature by the 2090s with significant impacts on Ethiopia, including with increased climate events, such as droughts and flood and increased uncertainty in rainfall. Damage induced by climate change is projected to result in a 2-10% loss of GDP by 2045, relative to baseline growth.[119] The progress the country has made to date in lifting people out of poverty is now at risk, given the challenge of climate change. A recent report, *The geography of poverty, disasters and climate change,* ranks Ethiopia as the 11th country most at risk of disaster-induced poverty.[120]

Ethiopia is recognised as a leader among African nations in its response to climate change.[121] The Government of Ethiopia launched the Climate-Resilient Green Economy initiative (CRGE) during the 17th COP, in Durban in 2011. The initiative outlines Ethiopia's aim to achieve middle-income status before 2025 in a carbon-neutral way. GHG emissions in Ethiopia are relatively low; less than 2 tonnes CO_2e compares to 4.5 tonnes per person for Asia and 23.1 tonnes per person for North America. Access to green finance, international donor commitment and Ethiopia's own significant green energy resources can contribute to achieving this aim and its ambition to be an exporter of green energy to the region.

In Ethiopia, we met with beneficiaries of the second phase of a Climate Smart Initiative pilot in the Fayo kebele in the Mieso woreda facilitated by Farm Africa. We also met with members of the Chiro woreda planning committee, which had drafted a District Level Investment Plan with support from a consortium managed by Oxfam (Africa Climate Change Resilience Alliance) and funded through the DFID bilateral programme. In Addis Ababa, interviews were held with representatives of the Government of Ethiopia, CSOs and donor-funded technical assistance providers within government ministries.

Coherence between bilateral and non-bilateral ICF

Ethiopia is a beneficiary of ICF bilateral (£45 million), multilateral (£3.6 million), regional and global (£17.1 million) climate finance contributions. Apart from the bilateral programmes, Ethiopia receives resources from several multilateral funded ICF programmes including the Biocarbon Fund, the CDKN, the Climate Development for Africa project and the Geothermal Risk Mitigation Facility. As with Indonesia, there is good oversight of bilateral ICF programming. Staff demonstrated, however, a greater understanding and awareness of ICF programmes delivered through other channels. In Ethiopia, we saw closer working ties with other donors in-country and with ICF staff in the UK than in Indonesia. These internal networks support an informal mechanism for tracking all ICF-funded activities. A combined tracking system for all ICF-funded programmes in-country would enable country offices to implement a more joined-up approach, develop in-country programming synergies and improve the overall oversight of ICF funding.

Supporting the Government of Ethiopia to realise its Climate-Resilient Green Economy initiative

DFID Ethiopia has two main ICF-funded bilateral programmes: the Climate High-Level Investment Programme (CHIP) and Strategic Climate Institutions Programme (SCIP). There is coherence between the two programmes supported by a

---

[119] *Turn down the heat,* World Bank, 2010, http://www.worldbank.org/content/dam/Worldbank/document/Full_Report_Vol_2_Turn_Down_The_Heat_%20Climate_Extremes_Regional_Impacts_Case_for_Resilience_Print%20version_FINAL.pdf
[120] *The geography of poverty, disasters and climate extremes in 2030*. ODI, Met Office and Risk Management Solutions (RMS), 2013, http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8633.pdf.
[121] For example, the Prime Minister of Ethiopia led the African Delegation to the Copenhagen UNFCCC Conference of Parties in 2009. He also co-chaired the UN high-level Advisory Group on Climate Change Financing in 2010.

combined learning component for them. ICF contributions have prioritised support to Ethiopia's CRGE initiative through investment in and capacity-building of its CRGE Facility as discussed in Figures 13 and 19 (on pages 19 and 24, respectively). The ICF mid-term review highlights the CHIP as a leading example of an ICF programme and it notes the potential for CRGE to be a 'highly transformative strategy' which will offer significant benefits if it succeeds. The Government has recently signalled its strong commitment to mainstream the CRGE into the Government of Ethiopia's next Five Year Growth and Transformation Plan, which is currently being developed. It is important that, as part of the integration, parallel systems and processes are not maintained around the Facility but that it is fully integrated into government processes.

While ICF funds prioritise government systems, there is a wider portfolio to ensure that impact is delivered faster where possible and that opportunities for learning and gathering evidence are exploited. One such component of the wider portfolio is the £9.7 million SCIP Fund (£5 million from the ICF) designed to support the Ethiopian government to build capacity for Climate-Resilient Green Economy implementation. The Fund has taken an approach of ensuring that all projects need to be structured as partnerships between different stakeholders. The Fund, therefore, supports building stakeholder capacity and strengthening national coordination, whilst ensuring collaboration between government, academia, civil society and the private sector. There is a strong learning strategy within the SCIP Fund and grantees are regularly brought together. This is an important way of supporting different sectors to work together and an acknowledgement that solutions to the challenge will require cross sector partnerships.

Support to the private sector at small scale

The CRGE Strategy welcomes private sector contributions and has explicit ambitions to leverage funding from the private sector. Whilst the government is in discussion over a potentially large Foreign Direct Investment with a consortium led by Reykjavik Geothermal in the energy sector, the opening of the regulatory environment to allow investment has generally been slow. Support to the private sector through ICF contributions is therefore mainly limited to SMEs through the CIC (Figure 10 on page 15) and those funded by SCIP. DFID Ethiopia is monitoring wider opportunities to support the green growth agenda through scaled-up economic development funding, which may provide an opportunity to explore more significant transformative opportunities in this space.

Risk Management

The ICF is supporting ambitious programmes, many of which aim to deliver transformational change. Awareness of potential risks is high and at the time of our visit the standard of acceptable safeguard measures had been agreed in the Memorandum of Understanding for the CRGE Facility for gender, social and environmental issues but there had been delays in putting these in place. Integrating the CRGE into the Government's Growth and Transformation Plan supports the commitment to this agenda. Successful integration will require the international community to ensure that it does not create or maintain parallel systems. In the area of safeguards, it will be important to ensure that these meet appropriate standards for government and donor partners.

We had some specific concerns regarding the ability of the Food and Agriculture Organization to manage the £2.1 million Improved Agricultural Solutions programme, which aims to pilot innovative ideas and identify improved disaster risk management activities in agriculture in order to inform national policy and programmes. These included long delays to begin, poor governance and the lack of a monitoring and evaluation programme so far. The country office has taken steps to address this. These include meetings with the FAO Representative in Ethiopia, contact with the FAO Finance and Procurement team to deliver a procurement plan in time for this year's planting season, a change of IAS Project Manager and development of a monitoring and evaluation framework, including a methodology for setting baselines. These actions were followed by field visits to project sites by both the FAO project manager and the country office. The FAO has now made strong efforts to overcome earlier delays and to get the IAS programme back on track.

Annex

Monitoring and Evaluation

We saw strong learning components within both bilateral programmes, such as the SCIP Fund learning strategy, as well as overall through the contract with the provider, LTS, which is substantially involved in the set-up of monitoring and evaluation systems, data collecting and evaluation. There is a strong appetite to monitor and measure progress and to learn. There was some confusion between the role of LTS at the portfolio level and the role of those contracted to support monitoring and evaluation at a programme level. The ICF MTE noted that the KPIs for reporting between SCIP and CHIP, including five ICF KPIs, need to be broadened to include a process of consultation and engagement with communities. This could include suggestions from intended beneficiaries as to indicators that are meaningful to them and involving communities in monitoring. Given the top-down nature of planning and delivery by the Government of Ethiopia, this could be a check to ensure that risks are managed and that progress is on track.

Conclusion

The ICF programme in Ethiopia is engaging at a high level with country policy and is directly contributing to achieving this through a range of broadly coherent programming. The DFID Ethiopia country office is a trusted advisor to the Government of Ethiopia and it has good relations with other key in-country donors, both multi and bilateral. We saw evidence of sound programme management overall.

Annex

Annex A4: DFID and ICF priority countries

The ICF initially established a list of 32 priority countries as a focus for bilateral programming. This is a broader range of countries than DFID's priority countries, as it includes middle-income countries with high or rapidly growing GHG emissions. Just focusing mitigation efforts in the poorest countries will not work in terms of mitigating global climate change. This was not intended as an exhaustive list and ICF spending has not been restricted to these countries.

Over 80% of future emissions growth will be in middle-income countries (MICs). Over 55% of cost-effective emission reduction measures required by 2030 are in middle-income countries, compared to only 3% in low-income countries. ICF ODA is used, therefore, to leverage additional private, public and domestic finance and expertise to support low-carbon growth paths in these countries.

DFID priority countries/regions[122]	ICF priority countries
Afghanistan	Bangladesh
Bangladesh	Brazil *
Burma/Myanmar	Cambodia*
Caribbean	Chile *
Democratic Republic of the Congo	China *
Ethiopia	Colombia *
Ghana	Ethiopia
India	Ghana
Kenya	India
Kyrgyzstan	Indonesia *
Liberia	Kenya
Malawi	Malawi
Mozambique	Malaysia *
Nepal	Mexico *
Nigeria	Mozambique
Occupied Palestinian Territories	Burma/Myanmar
Pakistan	Nepal
Rwanda	Nigeria
Sierra Leone	Pakistan
Somalia	Peru *
South Africa	Rwanda
Sudan	Sierra Leone
Tajikistan	South Africa

[122] DFID Bilateral Aid Review 2011 and DFID Annual Report and Accounts 2011-2012.

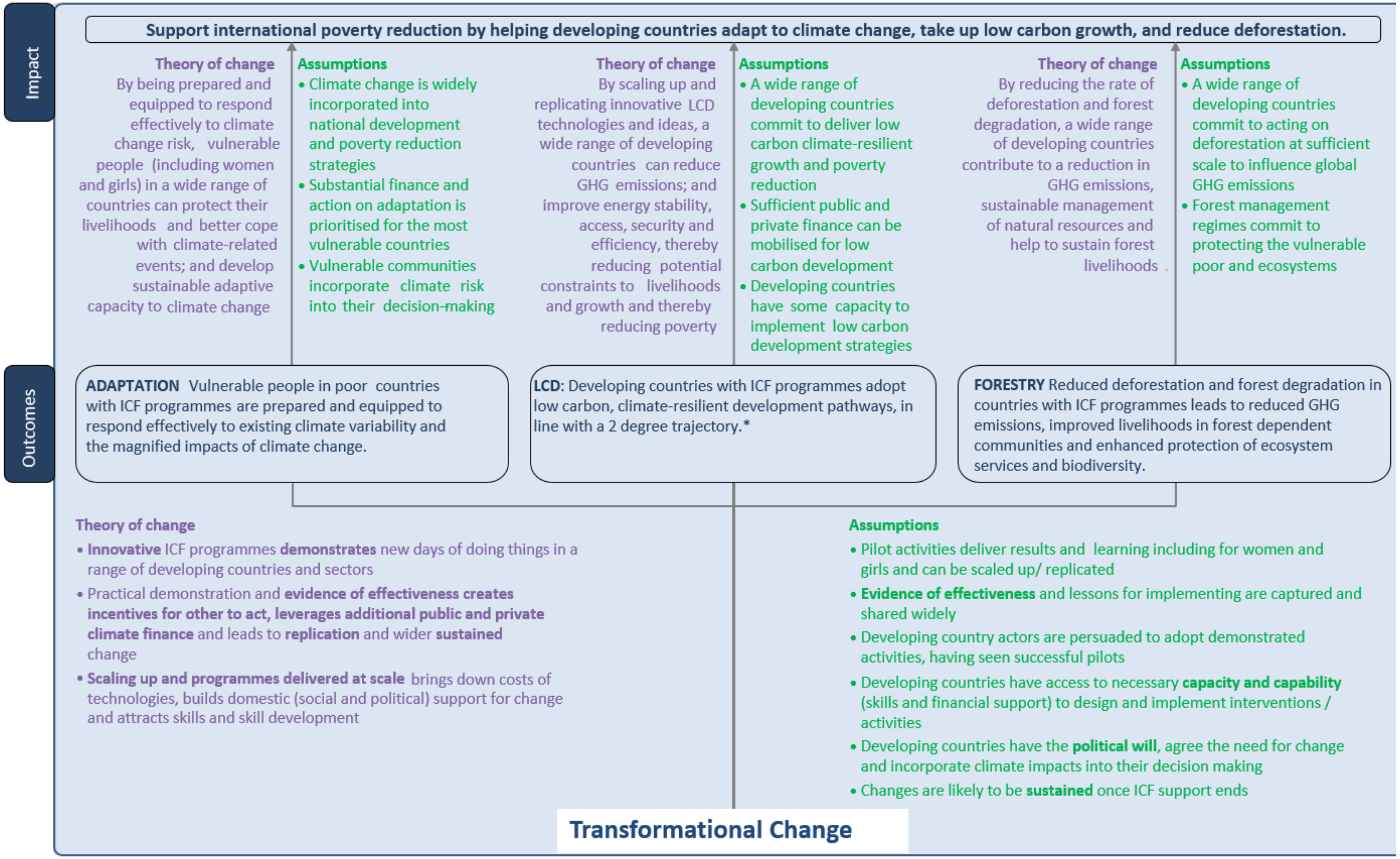
Annex

DFID priority countries/regions[122]	ICF priority countries
Tanzania	Sudan
Uganda	Tanzania
Yemen	Thailand *
Zambia	Uganda
Zimbabwe	Uruguay *
	Yemen
	Vietnam *
	Zambia
	Zimbabwe

* ICF priority country that is not a DFID priority country

Annex

Annex A5: ICF Integrated theory of transformational change (diagram spans two pages). Source: ICF Board paper



*a 2 degree centigrade is the agreed international limit towards which countries are working

Annex

Transformational Change

Outputs

DEMONSTRATION
Change facts on the ground, delivering results that demonstrate that low carbon, climate resilient development is feasible and desirable.

ARCHITECTURE
Improve the international climate architecture and finance system to increase the scale, efficiency and value for money of climate spend.

INNOVATION
Pioneer innovation to test out new approaches to delivering climate finance that have the potential to achieve bigger and better results in the future.

Theory of change
Practical examples across a range of sectors and countries will help fill evidence gaps and provide transferable learning about design and implementation of interventions (including how they benefit vulnerable groups, including women and girls) to encourage scaling up and replication

Assumptions
- Projects will have strong monitoring and evaluation built in, so that learning and evidence can be captured and shared
- The evidence is communicated effectively and persuasively, and transferable lessons can be drawn out

Theory of change
When climate change is incorporated in planning and investments not only as risk but as integral to poverty reduction and sustainable development, it addresses the priority needs of vulnerable people, including women and girls

Assumptions
- Development partners are convinced of the rationale for mainstreaming climate change
- Resources are allocated to instituting mainstreaming

Theory of change
Support in negotiations, capacity building and knowledge will increase awareness of potential and benefits of change and help identify cost-effective and politically acceptable options to help countries adopt the most effective low carbon, climate resilient strategies

Assumptions
- There is persuasive evidence and a strong consensus supporting the case for low carbon, climate resilient development
- Climate finance and support helps build political will in developing countries to act on climate change, both domestically and internationally

Theory of change
Public action and investment will be insufficient to keep global emissions in line with a 2 degrees trajectory and ensure adaptation, so this should be directed at levering private finance into low carbon investments and supporting appropriate adaptations to climate impacts

Assumptions
- The private sector is able and willing to mobilise the required level of investment if risk and market failures can be offset through public funds
- Private finance shifts from 'dirty' to 'clean' investments and increases in scale, with a greater focus on developing countries
- ICF interventions generate a return for the private sector

Activities

Strengthen the evidence base and generate knowledge about which approaches to deploying climate finance work best.

Mainstream climate change into UK overseas development assistance, EU development assistance and MDB lending.

Strengthen UK relationships with key countries, including those with rising emissions potential and those showing strong political leadership in international negotiations.

Drive change through the private sector by building new partnerships and tipping technologies to commercial scale and viability, to ramp up low carbon investment.

Annex

Annex A6: Bibliography

We reviewed the programme documentation across the nine multilateral and six bilateral funds and the programmes in the country visits. This included the business cases, terms of reference, memorandums of understanding, annual and semi-annual reviews, logical frameworks, external reviews and any associated communication documents. We also reviewed policy and management documentation produced in the lifetime of the ICF and the UK Climate Change Unit in Indonesia. For example, submissions to the ICF Board, ICF Board meeting minutes, internal audit reports, ICF Key Performance Indicators, monitoring and evaluation strategies, and its mainstreaming and low-carbon development strategies.

General literature

B. Buchner, A. Falconer, M. Hervé-Mignucci, C. Trabacchi, C. and M. Brinkman, *The Landscape of Climate Finance*. Climate Report, Climate Policy Initiative, October 2011.

A. Halimanjaya, *Climate Mitigation Finance: what are the major determinants?,* Climate Policy, 2014.

Climate Change 2014: Mitigation of Climate Change, IPCC, 2014.

Climate Change 2014: Impacts, Adaptation, and Vulnerability, IPCC, 2014.

S. Nakhooda, T. Fransen, A. Wenzel, A. Caravani and K. Stasio, *The UK Fast-Start Finance Contribution*, Working Paper, ODI and WRI, 2012.

S. Nakhooda, T. Fransen, T. Kuramochi, A. Caravani, A. Prizzon, N. Shimizu, H. Tilley, A. Halimanjaya and B. Welham, *Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period*, ODI, WRI and Institute for Global Environment Strategies, 2013.

Monitoring and Evaluation of Climate Change Adaptation: Methodological Approaches, ENV/EPOC/WPCID (2014) 12, OECD, 18 July 2014.

National Monitoring and Evaluation of climate change adaptation: lessons from developed and developing countries, ENV/EPOC/WPCID (2014) 11, OCED, 17 July 2014.

World Economic Forum, *The Green Investment Report: The Ways and Means to Unlock Private Finance for Green Growth*, Report, Green Growth Action Alliance, 2013.

World Energy Council, *World Energy Issues Monitor 2014*, WEC Inside June 2014, Indaba briefing, February 2014.

Indonesia

S. Endi, *In Land Share, Industry is King*, The Jakarta Post, Pontianak, 23 September 2013.

N. Natahadibrata*, Forestry, Mining Graft Costs More Than Resources*, The Jakarta Post, Jakarta,13 June 2013.

Environmental Governance in Indonesia, The Asia Foundation, 2012.

NGOs Report Forestry and Mining Graft to KPK, The Jakarta Post, Jakarta, 15 June 2013.

Land And Forest Governance Index: *The Performance of District Governments in Land and Forest Governance in Indonesia (A Case Study of 9 Districts)*, 2013.

Measuring Commitment: An Analysis of National Budget and Planning Policies on Land and Forest Governance in Indonesia, 2013.

Uncovering Regional Wealth: An Analysis of Budget Policies for Land and Forest Government in 3 Provinces and 6 Districts in Indonesia, 2013.

A. Rosenberg and J. Wilkinson, *Demonstrating Approaches to REDD+: Lessons from the Kalimantan Forests and Climate Partnership*, Climate Policy Institute, November 2013.

Annex

Ethiopia

Natural Resource Management Aide Memoire, World Bank, 2014.

Ethiopia's Climate-Resilient Green Economy Strategy, Federal Democratic Republic of Ethiopia, 2011.

Ethiopia CRGE Climate Resilience Strategy for Agriculture, Global Green Growth Institute, 2011.

Green Economy Plan, *2011-2015*, Government of Ethiopia, 2011.

End-Of-Project Evaluation Report of Ethiopia Country Programme Climate-Resilience Phase II, Global Green Growth Institute, 2013.

L. Jones and E. Carabin, *Exploring Political and Socio-Economic Drivers of Transformational Climate Policy: Early Insights From The Design Of Ethiopia's Climate- Resilient Green Economy Strategy*, Working Paper, ODI, October 2013.

Ethiopia, Overview of REDD+ Process in Ethiopia, REDD+ Secretariat and Ministry of Environment and Forest, 2014.

Real-time Evaluation of Norway's International Climate and Forest Initiative Contribution to Measurement Reporting and Verification, Report 5/2013, NORAD, 2013.

D. Fikreyesus, N. Kaur, M.E. Kallore and L.T. Ayalew, *Public Policy Responses for a Climate-Resilient Green Economy in Ethiopia*, International Institute for Environment and Development and Echnoserve Consulting, 2014.

Federal Democratic Republic of Ethiopia Country Strategy Paper 2011-2015, African Development Bank, April 2011.

Annex

Annex A7: List of consultations

Location	Organisation	Numbers Interviewed
Global		
Global (MDBs)	IFC	4
Global (MDBs)	Inter-American Development Bank	1
Global (MDBs)	World Bank	4
Global (MDBs)	AfDB	1
Global (MDBs)	ADB	4
Global (MDBs)	Caribbean Development Bank	1
Global (MDBs)	European Investment Bank	1
Global – private sector related	Range of representatives including Anglia Ruskin University, Bank of America-Merrill Lynch, CDC, Climate Change Capital, CDP, Deutsche Bank, Green Investment Bank, Global Reporting Initiative, HSBC, IFC, PoW International Sustainability Unit, Sustainable Development Capital LLP, Smith School of Enterprise and the Environment (Oxford University), Finance Initiative of the United Nations Environment Programme, WRI.	16
Global – NGO	Heinrich Böll Foundation	1
Global – NGO	GermanyWatch	1
Global – NGO	WWF - US	1
Global – NGO	WRI	2
Global – NGO	Sierra Club	1
Global – NGO	Transparency International	2
Germany	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety	1
Germany	Ministry for Cooperation and Development	1
US	Treasury	1
US	State Department	1
Netherlands	Ministry of Finance	1
Colombia	Advisor	1
South Africa	Advisor	1

Location	Organisation	Numbers Interviewed
India	Advisor	1
Ethiopia		
Ethiopia	DFID Ethiopia	7
Ethiopia	Royal Norwegian Embassy	2
Ethiopia	Ministry of Environment and Forests (Minister, State Minister, Director of Strategic Planning)	6
Ethiopia	Ministry of Finance and Economic Development	2
Ethiopia	Climate Innovation Centre	1
Ethiopia	World Bank Country Office	1
Ethiopia	Global Green Growth Institute, Ethiopia	1
Ethiopia	Ministry of Agriculture	2
Ethiopia	Food and Agriculture Organization of the United Nations	2
Ethiopia	KPMG SCIP Fund Team	3
Ethiopia	Oxfam	1
Ethiopia	Farm Africa	2
Ethiopia	CDKN	1
Ethiopia	Mieso *woreda*; Fayo *kebele*	45
	Chiro *woreda* Task Force Members	9
Indonesia		
Indonesia	The Asia Foundation	5
Indonesia	Article 33	1
Indonesia	Center for Social Forestry, Mulawarman University	4
Indonesia	District House of Representatives, Kutai Kartanegara (DPRD Kukar)	1
Indonesia	District House of Representatives, Berau (DPRD Berau)	1
Indonesia	Epistema	1
Indonesia	ex-government official of Kubu Raya, West Kalimantan	1
Indonesia	FDM (Forum Dayak Menggugat)	3

Annex

Location	Organisation	Numbers Interviewed
	- Dayak Claim Forum	
Indonesia	Forestry office of Pasar	1
Indonesia	Forest Watch Indonesia	1
Indonesia	Head, Telake Forestry Management Unit, Pasar district	1
Indonesia	Indonesian Center for Environmental Law	2
Indonesia	Indonesia Corruption Watch	1
Indonesia	Indigenous people of Berau	2
Indonesia	Indigenous people of Ketapang	2
Indonesia	Indigenous people of Malinau	2
Indonesia	JARI Borneo-West Kalimantan	1
Indonesia	JATAM-BUMI-East Kalimantan	6
Indonesia	KPK - The Corruption Eradication Commission	3
Indonesia	Law Faculty, Mulawarman University	1
Indonesia	Law Faculty, Mulawarman University (and Director of Prakarsa Borneo)	1
Indonesia	Makroman community	11
Indonesia	Makroman community leader	1
Indonesia	MENAPAK-East Kalimantan	1
Indonesia	National House of Representatives (DPR-RI)	1
Indonesia	PADI-East Kalimantan	2
Indonesia	PINUS-south Sumatra	1
Indonesia	Plantation office of East Kalimantan province	1
Indonesia	PRAKARSA BORNEO-east Kalimantan	3
Indonesia	Regional Development Planning Board (BAPPEDA), South Sumatera	1
Indonesia	SAMPAN - West Kalimantan	1
Indonesia	Seknas Fitra	2
Indonesia	Silvagama	1
Indonesia	STABIL-East Kalimantan	3
Indonesia	State Audit Board (BPK RI)	2
Indonesia	Supreme Court (MA RI)	1

Location	Organisation	Numbers Interviewed
Indonesia	The Nature Conservancy	1
Indonesia	Tropenbos International	1
Indonesia	UKP4	1
Indonesia	WWF	1
Indonesia	CIFOR	1
Indonesia	APP	1
Indonesia	PT. Daemeter	1
Indonesia	Representative of the provincial unit within the Ministry of Forestry, Denpasar Bali	1
Indonesia	Shipping company	1
Indonesia	A Gianyar small furniture manufacturer	1
Indonesia	A Gianyar wooden handicraft manufacturer	1
Indonesia	SVLK clinic	2
Indonesia	Department of Trade and Industry, Bali Province	3
Indonesia	Yayasan Wisnu	2
Indonesia	DNPI (National Council on Climate Change)	1
Indonesia	A regional parliamentary representative of East Kalimantan	1
Indonesia	GIZ	2
Indonesia	BAPPENAS, State Ministry of National Development Planning	2
Indonesia	Secretary General at Ministry of Forestry	1
Indonesia	Ministry of Finance, Fiscal Policy Agency	3
Indonesia	Ministry of Energy and Mineral Resources	2
Indonesia	Papua Bappeda team	4
Indonesia	Oxford Policy Management Ltd.	2
Indonesia	PwC Indonesia	4
Indonesia	Provincial Information Commission (KID)	3
Indonesia	ADB representative	2
Indonesia	AFD representatives	2
Indonesia	World Bank Country Office	2

Annex

Location	Organisation	Numbers Interviewed
United Kingdom		
UK	ICF Secretariat	2
UK	FCO	3
UK	DFID	20
UK	DECC	12
UK	Defra	3
UK	HM Treasury	1
UK	Cabinet Office	1
UK	LTS	2
UK	GHK International (consulting)	2
UK	CSOs including Bretton Woods Project, Oxfam, UNICEF, International Institute for Environment and Development	4

Annex

Annex A8: Glossary

Term	Explanation
Adaptation	Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities.
Avoided deforestation	The prevention or reduction of forest loss in order to reduce emissions of global warming gases.
Clean energy or renewable energy	Power generated from resources such as sunlight, wind, tides and geothermal heat which are naturally replenished.
Clean Technology Fund (CTF)	A fund set up alongside the Strategic Climate Fund in July 2008 to provide finance for low-carbon energy projects or energy technologies in the South that reduce greenhouse gas emissions.
Climate change	Refers to any change in climate over an extended period of time, typically decades, whether due to natural variability or as a result of human activity.
Conference of the Parties (COP)	The supreme body of the United Nations Framework Convention on Climate Change. It currently meets once a year to review the Convention's progress. The word ‘conference’ is not used here in the sense of ‘meeting’ but rather of ‘association’. The ‘Conference’ meets in sessional periods, for example, the ‘fourth session of the Conference of the Parties.’
Dedicated multilateral climate fund	Multilateral institutions that channel funding from various donors to finance activities to address climate change in developing countries.
Deforestation	Conversion of forest to non-forest.
Energy efficiency	The ratio of useful energy output of a system, conversion process or activity to its energy input.
Fossil fuels	Carbon-based fuels from fossil hydrocarbon deposits, including coal, peat, oil and natural gas.
Global Environment Facility (GEF)	The GEF is a trust fund that provides grants to developing countries for projects that benefit the global environment and promote sustainable livelihoods in local communities. It acts as a financial mechanism of the UNFCCC and is accountable to its Parties. Replenishment takes place every four years and the COP reviews its performance every four years.
Green Climate Fund (GCF)	The Green Climate Fund was designated as an operating entity of the financial mechanism of the UNFCCC. The Fund is governed and supervised by a Board that will have full responsibility for funding decisions and that receives the guidance of the COP. The Fund will play a key role in channelling new, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private and at the international and national levels.
Greenhouse gases (GHGs) commonly referred to as ‘carbon emissions’	The atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). Less prevalent – but very powerful – greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF_6).
Intergovernmental Panel on Climate Change (IPCC)	A global scientific body for the assessment of climate change, established in 1988 by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO). Its purpose is to report on the current state of scientific knowledge about climate change and its potential environmental and socio-economic consequences. The preparation of the Assessment Reports on Climate Change is a key activity of the IPCC, reviewing and assessing the most recent scientific, technical and socio-economic information produced worldwide relevant to the understanding of climate change. There have been five of these to date, from the first in 1990 to the fifth in 2014.

Annex

Term	Explanation
Least Developed Countries Fund (LDCF)	The LDCF was established to address the special needs of the LDCs under UNFCCC. Specifically, the LDCF was tasked with financing the preparation and implementation of National Adaptation Programmes of Action (NAPAs). The LDCF focusses on reducing the vulnerability of those sectors and resources that are central to development and livelihoods. These sectors include: water; agriculture and food security; health; disaster risk management and prevention; infrastructure; and fragile ecosystems.
Mitigation	In the context of climate change, a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to solar energy or wind power, improving the insulation of buildings and expanding forests and other ‘sinks’ to remove greater amounts of carbon dioxide from the atmosphere.
Multilateral	Multilateral programmes are executed in partnership with other governments and may be managed by multilateral institutions such as development banks or UN agencies.
Nationally Appropriate Mitigation Action (NAMA)	NAMAs refer to any action that reduces emissions in developing countries and is prepared under the umbrella of a national governmental initiative. They can be policies directed at transformational change within an economic sector or actions across sectors for a broader national focus. NAMAs are supported and enabled by technology, financing and capacity-building and are aimed at achieving a reduction in emissions relative to 'business as usual' emissions in 2020.
Reducing Emissions from Deforestation and Forest Degradation (REDD)	REDD is a mechanism that has been under negotiation by the UNFCCC since 2005, with the twin objectives of mitigating climate change through reducing emissions of greenhouse gases and removing greenhouse gases through enhanced forest management in developing countries.
Reforestation	Replanting of forests on lands that have previously contained forests but that have been converted to some other use.
Stern Review	Shorthand for The Stern Review on the Economics of Climate Change published by the UK Treasury in 2007. Led by the economist Lord Nicholas Stern. Its main messages were that there is still time to avoid the worst impacts of climate change, if we take strong action now and that the costs of stabilising the climate are significant but manageable.
Strategic Climate Fund (SCF)	One of two funds of the Climate Investment Funds set up in July 2008, together with the Clean Technology Fund. It serves as an overarching framework to support three targeted programmes with dedicated funding to pilot new approaches with potential for scaled-up, transformational action aimed at a specific climate change challenge or sectoral response. These are: the Forest Investment Programme (FIP); the Pilot Programme for Climate Resilience (PPCR) and the programme for Scaling-Up Renewable Energy in Low Income Countries Programme (SREP).
United Nations Framework Convention on Climate Change (UNFCCC)	Signed at the Rio Summit in 1992 by over 150 countries, this sets an overall framework for intergovernmental efforts to tackle the challenge posed by climate change. Its ultimate objective is the ‘stabilisation of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system’. The Convention now enjoys near universal membership, with 196 Parties.

Abbreviations

Abbreviation	Full name
ADB	Asian Development Bank
AfDB	African Development Bank
CCS	Carbon Capture and Storage
CDC	Commonwealth Development Corporation, now CDC Capital Partners PLC
CDEL	Capital Departmental Expenditure Limit
CDKN	Climate and Development Knowledge Network
CDP	Carbon Disclosure Project
CIC	Climate Innovation Centre
CIF	Climate Investment Fund
COP	Conference of the Parties
CRGE	Climate-Resilient Green Economy initiative/strategy
CSO	Civil Society Organisation
CTF	Clean Technology Fund
DECC	Department of Energy and Climate Change
Defra	Department for Environment, Food and Rural Affairs
DFID	Department for International Development
DRF	Department Reporting Framework (DFID)
ETF	Environmental Transformation Fund
FCO	Foreign and Commonwealth Office
FIP	Forest Investment Programme
FSF	Fast-Start Finance
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse gas
GWH	Gigawatt hours
ICAI	Independent Commission for Aid Impact
ICF	International Climate Fund
IFC	International Finance Corporation
IPCC	Intergovernmental Panel on Climate Change
KPI	Key Performance Indicator
LDC FUND	Least Developed Country Fund
MAR	Multilateral Aid Review
MDB	Multilateral Development Bank

Abbreviation	Full name
MtC02Eq	Metric tonnes of carbon dioxide equivalent
MTE	Mid-Term Evaluation
MW	Megawatts
NAMA	Nationally Appropriate Mitigation Action
ODA	Official Development Assistance
ODI	Overseas Development Institute
PPCR	Pilot Programme for Climate Resilience
SCIP	Strategic Climate Institutions Programme
SDG	Sustainable Development Goal
SME	Small and medium enterprise
SREX	Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation
TAF	The Asia Foundation
TAMD	Tracking Adaptation Measuring Development
UK	United Kingdom
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
WEF	World Economic Forum
WRI	World Resources Institute
WWF	World Wildlife Fund

This report was prepared by ICAI with the assistance of KPMG LLP, Agulhas Applied Knowledge, Center for Effective Global Action (CEGA) and the Swedish Institute for Public Administration (SIPU International).

Any enquiries regarding this publication should be sent to us at enquiries@icai.independent.gov.uk.