Assessing UK International Climate Finance Actions Against the Global Goal on Adaptation

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KEY MESSAGES

- The UK is one of the world's leading providers of climate finance and the co-host of the 2021 UNFCCC climate negotiations (COP26), which means that its approach to reporting on climate finance is particularly important.
- Public reporting on climate change adaptation by the UK's ICF is not commensurate with the level of funding being committed.
- The extent to which the ICF portfolio is contributing to the Global Goal on Adaptation (GGA) cannot be independently assessed at the present time.
- The Development Tracker web portal is deficient as a public reporting tool for programme-level information that would demonstrate ICF's contribution to the GGA.
- A longstanding emphasis on the value-for-money metric appears to have come at a cost of far less attention being given to the metrics of equity, subsidiarity, equitable participation, 'do no harm', and environmental sustainability in ICF climate investments.

SUMMARY

This paper addresses a pressing concern: how does international action funded by developed countries contribute to the global goal of adapting to climate change? The paper focuses on the UK's International Climate Finance (ICF) and examines whether ICF actions are supporting the Global Goal on Adaptation (GGA) of the Paris Agreement. The UK is one of the world's leading providers of climate finance, with a commitment to an even split in support for mitigation and adaptation. Scrutiny of this commitment is therefore important as the UK prepares to host the 2021 UNFCCC COP meeting in Glasgow.

An introduction and some background context are provided in **Sections 1 and 2**, and the paper then examines the publicly available information to assess whether the ICF is transparent in its public reporting and therefore accountable to citizens in the UK and in ICF partner countries.

Section 3 introduces an assessment framework as a means of judging whether ICF investments are consistent with the GGA. This is achieved through the development of a hierarchy of principles, criteria and indicators. The framework draws on principles listed in internationally agreed text for climate and development action. The authors identify 12 principles of action and use these as a basis from which to develop criteria and a set of indicators that can be applied to ICF programmes and the overall ICF portfolio.

The application of this framework can quickly demonstrate strengths and weakness of climate change adaptation investments that cannot be gained from current public reporting.

The Global Goal on Adaptation (GGA) of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change.

CLIMATE PROTECTION
UNFCCC text, Articles 3.1 & 4.1 (g)

NATIONAL OWNERSHIP
Paris Agreement, Articles 7.5 & 9.3

SUBSIDIARITY
Paris Agreement, Article 7.5

EQUITABLE PARTICIPATION
UNFCCC text, Articles 3.1 & 4.1 (i)

TRANSPARENCY
Paris Agreement, Articles 7.5 and 9.7

ACCOUNTABILITY
Busan principles, Paragraph 23

PREDICTABILITY OF FUNDING
UNFCCC text, Article 4.3

TIMELINESS
Busan principles, Paragraph 26 (c)

ENVIRONMENTAL SUSTAINABILITY
Paris Agreement, Article 7.5

DO NO HARM
UNFCCC text, Article 3.4

EQUITY
UNFCC text, Article 3.1

GENDER EQUALITY
Paris Agreement, Article 7.5

Section 4 considers public reporting of the ICF portfolio, focusing on three of the ICF Key Performance Indicators (KPIs) relevant to climate change adaptation: adapting to climate change (KPI 1), resilience (KPI 4), and transformation (KPI 15).

Public reporting at the portfolio level in the last five years has been limited to the first of these and is restricted to the sole measure of "number of people supported to better adapt to the effects of climate change as a result of ICF". As a result, the extent to which the ICF portfolio is contributing to the GGA cannot be assessed using this paper's proposed framework based on the information that is publicly available. This would require additional documentation on where this funding is being spent, whether it responds to recipients' concerns and, critically for funding categorized as development assistance, whether it addresses the needs of the most vulnerable by contributing to a reduction in poverty.

> As a result, the extent to which the ICF portfolio is contributing to the GGA cannot be assessed using this paper's proposed framework based on the information that is publicly available.

Section 5 reviews the evidence reported from four ICF programmes, with investments in Uganda, Madagascar and Ethiopia – all climate-vulnerable countries – together with a global programme. Public information provided by the UK government through its Development Tracker web portal is reviewed against each of the paper's indicators.

The Development Tracker web portal is found to be deficient as a public reporting tool that would allow the ICF's contribution to the GGA to be independently assessed. Some elements of our proposed framework for reporting actions are well documented at the programme level, including predictability and timeliness of funding. Others, such as the principles of equity, subsidiarity, equitable participation, 'do no harm', and environmental sustainability receive far less attention in public reporting. That is not to say that such principles are not addressed in programme design and implementation, but rather the public reporting that the UK government choses to provide about them in ICF programmes is deficient.

The paper concludes that ICF public reporting on climate change adaptation is not commensurate with the level of funding being committed to international climate action. With committed spending of approximately £5.8 billion of ICF between 2016/17 and 2020/21, this represents a significant lack of transparency and accountability of public expenditure. With a projected major increase in ICF spending happening at a time when public spending is coming under considerable strain as a result of the Covid-19 pandemic, much improved transparency is urgently needed to respond to the increasing societal concern over climate change.

A longstanding emphasis on the value-for-money metric appears to have come at a cost of far less attention being given to the metrics of equity, subsidiarity, equitable participation, 'do no harm', and environmental sustainability in ICF climate investments. What ICF funds are spent on, who is supported, and the processes by which intended beneficiaries engage with development initiatives supported by the ICF are all important for public reporting if the UK is to demonstrate international leadership in climate change adaptation actions.

The authors make five recommendations to improve the visibility of the ICF as a major bilateral contributor to the GGA. Additional benefits would include providing much greater opportunities for lesson learning and strengthened accountability.

1 Public reporting and knowledge management need significant and immediate improvement for ICF funded programmes. The UK government should undertake a rapid review of how the ICF currently reports, and should then develop a strategy for improved visibility of its funded actions for climate change adaptation.

2 The proposed framework developed in this paper for reporting on actions that aim to support the global goal on adaptation should be considered for both programme and portfolio reporting of ICF investments. This framework would complement the established value-for-money metric.

3 The ICF KPI framework should be subject to external evaluation to determine whether it is fit for purpose in terms of the function it is intended to fulfil. This paper's assessment is that the present KPIs cannot be used to assess the UK's contribution to the GGA.

4 A separate web portal to the Development Tracker portal should be created for the ICF, with each funded programme fully documented. This would make the wealth of knowledge gained through the considerable analytical work financed by the ICF readily accessible for lesson learning and public scrutiny. With internet access improving globally, such a portal would help strengthen accountability to the direct beneficiaries of ICF investments.

5 The ICF should learn from the reporting norms of the global climate funds, where the UK has been a longstanding major player (e.g. the Green Climate Fund). For example, in terms of the reporting process, the GCF has a specific mechanism for civil society observers to follow Board decision-making, whereas the ICF does not.

Photo: Charmaine Chitate

CONCLUSIONS AND RECOMMENDATIONS

> The strategy of devolving ICF indicator measurement and reporting to the project level appears a high risk and ineffective approach for global climate action that leads to inconsistent reporting across programmes.

> At the programme level, the UK government Development Tracker portal, as the principal source of public programme-level information, is deficient as a public reporting tool. Reporting is not commensurate with the level of public funding being committed.

This paper aimed to assess whether public reporting on the UK's ICF could demonstrate its contribution to the global goal on adaptation, which is part of the Paris Agreement. An analytical framework of principles, criteria and indicators was developed by the authors to assist with this task, and employed at both ICF portfolio and programme level. The framework, whilst not offered as a general assessment tool, draws on principles listed in internationally agreed text for climate and development action.

The results are stark. The annual publication of ICF KPIs provides a very incomplete measure of the performance of the UK's ICF. Reporting is not commensurate with the level of public funding being committed to international climate action. Specifically, the contribution of the ICF towards the global goal on adaptation cannot be independently verified. The strategy of devolving ICF indicator measurement and reporting to the project level appears a high risk and ineffective approach for global climate action that leads to inconsistent reporting across programmes. As the need for speed of response to climate change adaptation becomes more pressing with each passing year, this represents a major failing in ICF portfolio management and limits the UK's ability to demonstrate the efficacy of its spending on adaptation – and hence its climate leadership – in the run up to the 2021 COP 26 meeting in Glasgow.

At the programme level, the UK government Development Tracker portal, as the principal source of public programme-level information, is deficient as a public reporting tool. For the programmes assessed in this paper, documentation appears incomplete, some evidence appears anecdotal and lacking in detail, independent evaluations are not listed, and investments made in research and learning are lost. How much this is indicative of the entire portfolio would require more in-depth analysis that was outside the scope of this paper. The absence of a separate web portal for the ICF means that public reporting continues to be limited, in both the UK and in partner countries. The contribution of the ICF programmes to the GGA cannot be ascertained from information in the Development Tracker portal, and as this represents the official source of publicly available information on ICF programmes, this represents a major gap in transparency. This is despite the portfolio likely containing significant innovation and examples of good practice in what is a rapidly evolving field of development.

A longstanding emphasis on the value-for-money metric appears to have come at a cost of far less attention being given to the metrics of equity, subsidiarity, equitable participation, 'do no harm', and environmental sustainability in ICF climate investments. The framework developed in this paper has highlighted gaps in public reporting at portfolio and programme level reporting through the use of an explicit framework that directly relates to the ultimate goal of ICF investments, namely more climate resilient societies. The value-for-money metric rose up the agenda of development agency reporting in response to large ODA commitments warranting assurance of 'money well spent'. However, money well spent goes beyond financial controls and minimising costs: what the money is spent on, who is supported, and the processes by which beneficiaries engage with development initiatives matter just as much to the many tax-paying citizens who support climate action.

A longstanding emphasis on the value-for-money metric appears to have come at a cost of far less attention being given to the metrics of equity, subsidiarity, equitable participation, ‘do no harm’, and environmental sustainability in ICF climate investments.

Recommendations

The following recommendations are targeted at both the inter-ministerial Board of the ICF for their consideration as the ICF moves into its next funding cycle and the individual government departments undertaking strategy development at the programme level for ICF investments.

1 Public reporting and knowledge management needs significant, and immediate, improvement for ICF funded programmes. The UK government should undertake a rapid review of how the ICF currently reports and then develop a strategy to improve the visibility of its funded actions.*

2 The proposed framework developed in this paper for reporting on actions that aim to support the global goal on adaptation should be considered for both programme and portfolio reporting of ICF investments. This framework would complement the established value-for-money metric.

3 The ICF KPI framework should be subject to external evaluation to determine whether it is ‘fit for purpose’ in terms of the function it is intended to fulfil. This paper’s assessment is that the present KPIs cannot be used to assess the UK’s contribution to the GGA.

4 A separate web portal to the Development Tracker portal should be created for the ICF, with each funded programme fully documented. This would allow the wealth of knowledge gained through the considerable analytical work financed by the ICF to be readily accessible for lesson learning and public scrutiny. With internet access improving globally, such a portal would help strengthen accountability to the direct beneficiaries of ICF investments.

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With a projected major increase in ICF spending happening at a time when public spending is coming under considerable strain as a result of the Covid-19 pandemic, much improved transparency is urgently needed to respond to the increasing societal concern over climate change.

* This recommendation mirrors a similar recommendation made by the 2019 Independent Commission for Aid Impact report on the ICF: “UK ICF should present a clear public narrative about the ambition and value of the UK’s climate investment to support its demonstration and influencing objectives as well as to improve visibility and public accountability” (ICAI, 2019). This recommendation was written with a focus on ICF climate mitigation investments, but it holds equally true for adaptation investments.

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