

August 2023

Sources of information on UK climate finance

Annex to blog

Annex A

While for many countries which give aid lack of good data on ICF prohibits analysis, there are no fewer than four ways of assessing the UK's overall climate finance. These sources are all slightly different and require time-consuming cross-checking to understand which figures count toward the UK climate finance target. This annex describes each in turn along with their limitations, and outlines some of the inconsistencies between them.

Four definitions of UK climate finance projects

Biannual assessments

The UNFCCC tracks climate finance in [biennial assessments](#). These assessments are viewed as the most 'official' data. However, they are also the least timely, and data for 2022 will not be available until at least 2024. According to the [fifth biennial assessment \(BR5\)](#) the UK spent £985 million and £804 million in 2019 and 2020 respectively.

Rio markers

The most commonly used source of information on the UK's climate finance comes from the [Rio markers](#), which are applied to finance reported to the Organisation for Economic Co-operation and Development's Development Assistance Committee Creditor Reporting System (OECD-DAC CRS). These have [widely known problems](#), but because the CRS contains information on marked projects for every donor, they give the impression of comparability. In 2019 and 2020, the UK spent £3.2 billion and £2.3 billion respectively on projects that have been tagged as climate finance using the Rio markers.

However, in the UK only a specific percentage of these designated projects are classified as climate finance. Unlike most countries where a uniform coefficient representing 'principle' or 'significant' is applied, the UK evaluates projects individually. While this case-by-case assessment likely yields a more precise representation, the UK does not disclose the exact coefficient they employ when finance is marked with one of the Rio markers. Consequently, it becomes challenging to ascertain the proportion of each project that is categorised as principle or significant. In addition, these markers were never intended to be quantitative.

International Climate Finance (ICF) results page

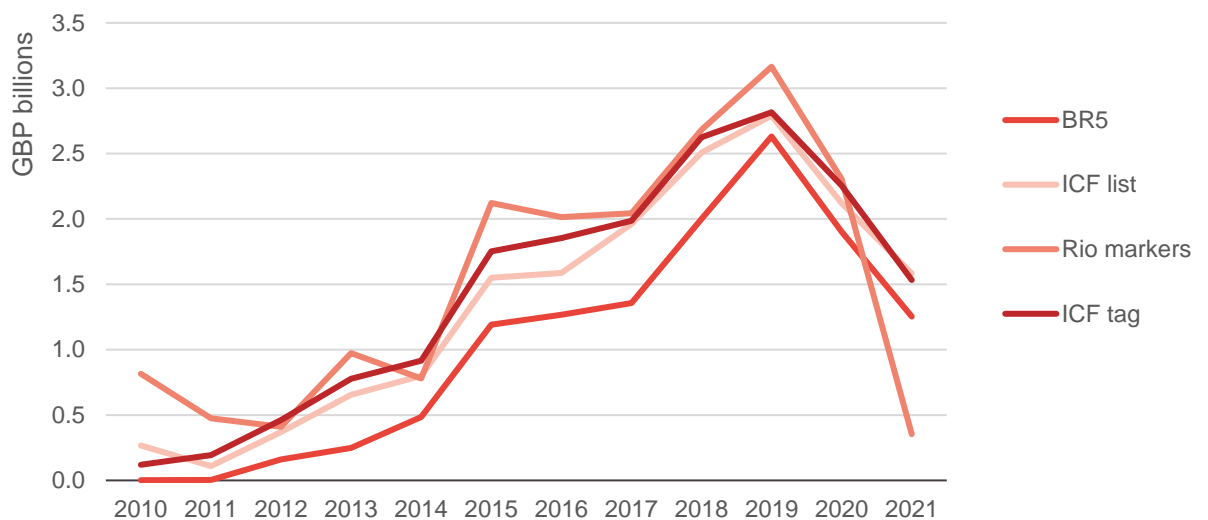
The UK reports a list of projects that count as climate finance as part of its [International Climate Finance \(ICF\) Results](#) report. However, the ICF has the same problem as the markers: it does not specify the amount of each project which is counted as climate finance. In fact, it does not report any data on spending against each project. This has to be calculated by matching projects to other databases. What's more, there are puzzling differences between projects included in the UK's Biennial Report submission and the ICF list. For example, the ["Future Climate for Africa"](#) programme is climate finance according to BR5, but not ICF. Conversely, the ["Nepal Climate Change Support Programme"](#) is counted as ICF but was not included in the BR5 submission.

International Aid Transparency Initiative (IATI)

Finally, as part of the [International Aid Transparency Initiative \(IATI\)](#) dataset, the UK includes a tag denoting if transactions are counted towards ICF (or in the case of the Department for Business, Energy and Industrial Strategy (BEIS), there is a [separate page](#) dedicated to ICF projects). This can be applied to parts of projects, rather than the whole. Given that IATI data is published in near real-time, this makes it a valuable source for assessing up-to-date climate spend; it is the only source to provide spending information beyond 2021.

However, IATI data is incomplete in most years, and in addition, there are inconsistencies between the IATI data and the ICF results page. Several projects have transactions tagged as ICF but do not appear on the results page, and several projects listed on the results page do not appear to have any transactions tagged as ICF.

Figure A1: Total bilateral spend on projects with a climate component, current £ billion



Sources: DI analysis of UNFCCC BR5, OECD CRS, IATI, UK ICF results page

Notes: The BR5 series is naturally lower for years other than 2019–2020 because it only includes expenditure on projects that were reported in those years. For prior years (from previous BR submissions), project identification codes were not provided.

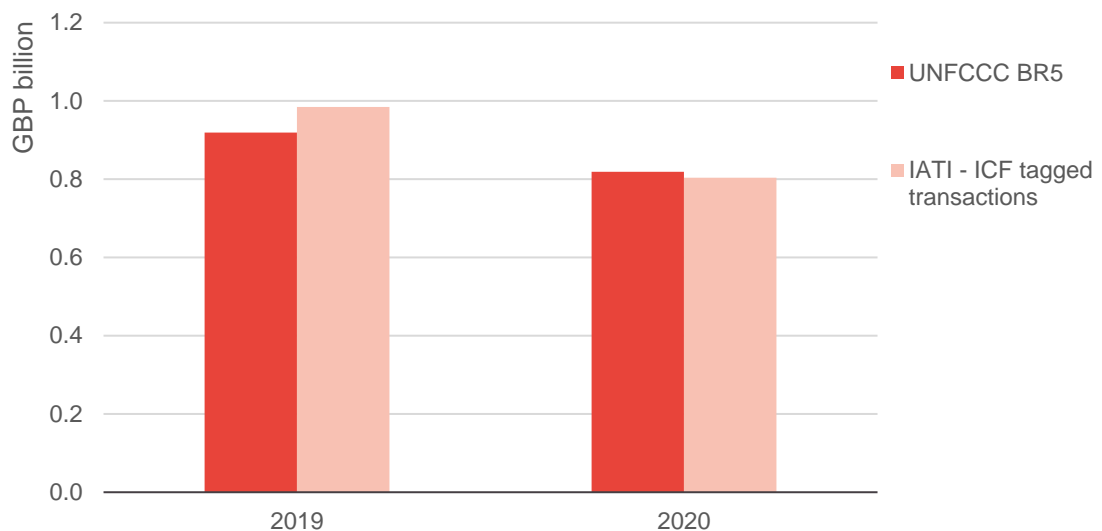
Figure A1 shows how spending has evolved for projects that are included in BR5 or ICF, are tagged with Rio markers, or include ICF-tagged activities. Spending on activities included in BR5 is likely to be lower than other series outside the years 2019–2020, as it does not include projects that ended before, or started after these dates. In each case, there has been a substantial increase in the ten years to 2019, and then a decline thereafter, both in absolute terms and as a percentage of bilateral ODA. In 2012, climate finance was around 7–9% of bilateral ODA depending on the measure, and by 2019 this had increased to between 25–30%. By 2021, this had fallen back to between 17–22% (excluding the marker, which is an outlier that year).

However, project spending tagged with Rio markers has been more erratic, generally been recorded as higher than the other measures, and shows a sharp decrease since 2019. The decline in ODA tagged with Rio markers of 89% between 2019 and 2021 looks implausible: spending on projects that were included in BR5 up to 2020 only declined by only 52%, and this ignores any additional projects that began in 2021. The discrepancy between the marker and other sources in 2021 further highlights the issues in using the markers to assess climate finance.

Each of these sources has pros and cons. The Rio markers and the ICF results page are easily accessible but only give an indication of what projects have a climate component, and not what actual ICF spend is (see below). IATI is the only up-to-date source but is incomplete. The BR submissions are arguably the most official but are only available up until 2020.

For the purposes of calculating actual ICF spend, rather than total spending on projects that have a climate component (however small), IATI is the only source that provides up-to-date information. Therefore, while it is incomplete, this is the source that we use to assess the UK's progress towards its ICF target. Figure A2 shows that for years 2019 and 2020, the ICF-tagged transactions match reasonably well to figures submitted to the UNFCCC.

Figure A2: UK bilateral climate finance, according to UNFCCC BR and IATI data, £ billion



Sources: DI analysis of UNFCCC BR5, IATI,

Notes: "Tagged" transactions include transactions from BEIS ICF page

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