

UK International Climate Fund

Tackling climate change, reducing poverty



Foreword



“ As we look ahead, our role – in partnership with developing countries – must be to find a solution that tackles the challenge of climate change, while meeting development goals and facilitating long-term growth. ”

Andrew Mitchell MP, UK Secretary of State for International Development

Climate change is one of the most urgent challenges facing the world today. Whether you live in Liverpool or Lusaka, Derby or Dhaka, climate change will affect us all.

Taking action on climate change is in Britain's interest. We cannot have food security, water security, energy security – or any form of national security – without climate security.

The UK Government is committed to being the greenest government ever, and we are taking action at home and abroad. In the UK, we are implementing a wide range of policies to build a strong low carbon economy. Internationally, we are working hard for a legally binding global climate change deal that will keep the average global temperature from rising by more than two degrees.

The poorest countries of the world will be hit first and hardest by climate change, with droughts, floods and famines already taking their toll. In response to this, the UK Government has launched the International Climate Fund (ICF) to help reduce poverty and tackle climate change in developing countries.

The ICF will help poor countries to protect the lives and jobs that are most at risk from climate change. It will support poor countries to adapt farming to a changing climate, protect precious water resources, and help poor people cope with more frequent extreme weather events.

Low carbon development will help the poorest countries to boost their economies and tackle poverty, while at the same time reducing carbon emissions and the impact of climate change.

The ICF will help poor countries to seize the opportunities that a low carbon economy can bring. By transforming energy systems to use low carbon sources such as solar power, it will enable millions of poor people without electricity to access clean energy, allowing homes and businesses to thrive.

The ICF will also tackle the deforestation that takes away access to fuel, food and a living from the 1.2 billion poor people who depend on forests. Forests play an important role in preserving biological diversity, with 50-80 per cent of biodiversity located in forests. Cutting down trees also contributes 17 per cent to global carbon emissions.



“ Climate change is the definition of a global threat. A failure to act in time will affect us all. ”

**Chris Huhne MP,
UK Secretary of State for Energy and
Climate Change**

This short publication gives an overview of the purpose of the ICF, the main areas it will focus on, and an outline of what we intend to achieve. Further details can be found in the ICF Implementation Plan: Technical Paper. We look forward to sharing news of progress and results achieved by the ICF in helping developing countries tackle climate change, while lifting people out of poverty for good.

“ We are tackling climate change on a global basis because it threatens the natural world and it is vital that we protect our natural capital for future generations. ”

Caroline Spelman MP, UK Secretary of State for Environment, Food and Rural Affairs



A handwritten signature in black ink that reads "Andrew Mitchell". The signature is written in a cursive, slightly slanted style.

Andrew Mitchell, MP
UK Secretary of State for
International Development

A handwritten signature in black ink that reads "Chris Huhne". The signature is very fluid and stylized, with a long horizontal stroke at the end.

Chris Huhne, MP
UK Secretary of State for
Energy and Climate Change

A handwritten signature in black ink that reads "Caroline Spelman". The signature is written in a cursive style, with the first name being more prominent.

Caroline Spelman, MP
UK Secretary of State for
Environment, Food and Rural Affairs

The International Climate Fund: Overview

We will...

- Help millions of poor farmers to adapt to a changing climate
- Help protect millions of poor people from droughts, floods and other extreme weather events
- Help millions of poor people secure access to clean energy
- Help poor countries develop in ways that avoid or reduce harmful greenhouse gas emissions
- Work with the private sector to invest in low carbon development - securing private investment to complement public money spent
- Help to protect the world's forests and the livelihoods of 1.2 billion people who depend on them
- Build a global partnership between developed and developing countries to tackle illegal logging

The UK Government has set up the International Climate Fund (ICF) to help developing countries tackle climate change and reduce poverty. We will work in partnership with developing countries to take action to reduce carbon emissions and to help people adapt to the effects of climate change.

The ICF will focus on three priorities:

- Helping the poorest people adapt to the effects of climate change on their lives and livelihoods
- Helping poor countries develop in ways that avoid or reduce harmful greenhouse gas emissions and enabling millions of people to benefit from clean energy
- Protecting the world's forests and the livelihoods of the 1.2 billion people who depend on them

We will do this through:

- **Building evidence of what works.** We will fund and learn from programmes which demonstrate that low carbon and climate resilient development is affordable and effective
- **Innovation.** We will work with the private sector to drive and make best use of innovative approaches
- **Knowledge.** We will contribute to and share knowledge globally on how best to tackle climate change whilst reducing poverty
- **Making sure all of the UK aid budget is 'climate smart'.** We will design all our aid programmes so that they achieve value for money by withstanding the impacts of a changing climate
- **Achieving value for money.** We will rigorously monitor and evaluate the impact of the ICF to maximise value for money for the British taxpayer and help those it is intended to help

The ICF will provide £2.9 billion of climate finance from within existing aid commitments from 2011 to 2015. This meets the UK's commitment to provide £1.5 billion of Fast Start finance by 2012. For the longer term, developed countries have agreed to the goal of jointly mobilising up to \$100 billion of climate finance per year by 2020 from private and public sources. The ICF demonstrates the UK's commitment to the realisation of this goal.

Adaptation

We will...

- Help millions of poor farmers to adapt to a changing climate
- Help protect millions of poor people from droughts, floods and other extreme weather events

The challenge

Poor people need support to adapt their lives and livelihoods to cope with the impacts of climate change. For example, climate change means that farmers will need to use crops that can cope with more frequent droughts and that homes, schools and hospitals will need to be built to withstand more extreme weather, such as floods.

The ICF will undertake specific results-focused programmes that will support local communities to adapt to climate change. The UK will work with the poorest countries in the sectors that are most important to poor people's livelihoods and are vulnerable to climate change. These are:

- Agriculture (food and farming systems)
- Better preparation for disasters
- Water resources management
- Infrastructure and urban development
- Coastal areas
- Ecosystems
- Social protection (helping people manage risks, such as unemployment, sickness, disability and old age)
- Health

The ICF will also support the development of more effective global funds so that adaptation finance reaches those that need it most.



Girls and women: Bearing the burden of climate change

Poor girls and women bear the physical burden of the impacts of climate change. The rise in water and fuel scarcity will require girls and women to walk further to collect wood and water, a daily task that is often left to female family members. Women are responsible for 75 per cent of household food production in Africa and will have to work harder to meet the family's food needs as agricultural productivity declines. Women are 14 times more likely to die than men during climate related disasters – mainly because they are not given adequate warning, are not able to leave the house alone or because they are taking care of children and the elderly.

The types of programmes the ICF will support include:

Protecting food supplies in areas of climate stress: Smallholder farmers feed one third of the world's population, produce 60 per cent of global agriculture products, and provide 80 per cent of food in developing countries. Climate change will make the lives of many smallholder farmers much harder. The ICF will help these farmers cope with climate change, for example by introducing new crop varieties and new technologies that increase food production.

Preparing for extreme weather: Experts have predicted that climate change will make extreme weather events worse and more frequent, and that these effects are likely to be felt most in developing countries. Insurance can prevent a family from slipping into destitution after a drought or a flood, but in developing countries, less than three per cent of household and business losses from natural disasters are insured. The ICF will reduce the vulnerability of poor people to climate-related shocks by funding better early warning systems, building cyclone shelters, and setting up insurance schemes to protect farmers and families from losses.

15 million

The UK will help to protect 15 million people in Bangladesh against the effects of climate change and natural disasters

Managing water resources: Climate change will affect the availability of water. The ICF will help poor countries to manage their water resources. This can range from initiatives at an international level, such as cooperation between neighbouring countries on a shared water resource like a river, to local initiatives such as harvesting rainwater, and irrigation.

An example is the ICF's programme in South Asia that enables seven countries to manage their shared water resources more effectively and reduce the risk of conflict. This will improve the lives of the 700 million people living beside the great Himalayan Rivers of the Indus, Ganges and Brahmaputra.

Drought-resistant maize in Kenya

East Africa is struggling with the worst drought in more than half a century. It has ruined harvests, threatened lives and destroyed livelihoods, and the situation could worsen with climate change. Africa's most important cereal food crop is maize. The UK has supported the International Maize and Wheat Improvement Center to develop varieties of maize seed specifically for dry conditions. In 2010, 11 new drought-resistant maize varieties were released in five countries.

Philip Ngolania, an ex-schoolteacher and maize farmer in Machakos, South Central Kenya, planted the new seeds in February this year. Compared with his neighbours, who planted Mbembasitu, the traditional seed, Philip saw his maize thrive, despite the scarce rainfall. Philip will produce four 90-kilogram bags from the maize grown on his farm. 'I am very happy with this maize,' he says, 'It will feed me and my family for nine months.'

Other local farmers have not fared as well. The lack of rainfall has stunted the growth of the traditional maize plants, leading to few or no cobs. For these farmers, there will be no harvest. The failed crops generate no food and no income. Farmers will be forced to buy maize at the market at inflated prices in order to feed their families.



Low Carbon Development

We will...

- Help millions of poor people secure access to clean energy
- Help poor countries develop in ways that avoid or reduce harmful greenhouse gas emissions
- Work with the private sector to invest in low carbon development, securing private investment to complement public money spent

The challenge

Global economic growth has lifted unprecedented numbers of poor people out of poverty in recent decades. But along with this growth has come increasing emissions of greenhouse gases and the potentially catastrophic effects of climate change which threaten to undermine this success.

We want to keep global warming to within two degrees of pre-industrial levels to avoid the worst effects of climate change, and the best way to achieve this is through a legally binding international climate change deal. We also need to find new ways of raising the money needed to invest in low carbon growth, particularly through new partnerships with the private sector.

The ICF will help reduce poverty by helping developing countries to grow and prosper in a way that reduces or avoids dangerous climate emissions.

We will do this by:

- Testing different approaches in a range of countries, which will help to demonstrate that a low carbon development path is feasible, affordable and desirable. For example, finding ways to generate energy in a cleaner way and using it more efficiently
- Building knowledge and innovation through research and development
- Working with the private sector to find new ways of financing low carbon development
- Encouraging the multilateral development banks to move from 'dirty' to 'clean' investments

3.3 million

The UK will work with the private sector to help ensure that up to 3.3 million households in sub-Saharan Africa have access to clean energy

The types of programmes the ICF will support include:

Access to clean energy

Globally 1.4 billion people still do not have access to electricity. We will help to bring clean energy to millions of poor communities who are not on the grid – helping to light homes, cook food, and power businesses. This will mean that children can do their homework in the evening, people can conduct business more easily and health clinics can use modern equipment.

In sub-Saharan Africa, the ICF will explore providing public finance to support Green Africa Power (GAP), which could leverage investment to bring clean electricity to more than three million households. It will work with the private sector to invest in large-scale renewable energy generation, which could result in 500 megawatts (MW) of additional installed capacity annually by 2015, avoiding emissions of up to 909,000 tonnes of carbon dioxide equivalent a year.



Solar energy in India

In India, solar energy offers huge potential for clean and cheap energy for businesses and homes. We are working with the Asian Development Bank to unlock this potential and generate greater private sector investment in solar energy.

Our support will reduce the costs of investing in solar power by sharing risks with commercial lenders to provide lower cost loans to Indian solar farm developers. This is expected to stimulate an estimated £265 million of private sector investment in clean energy generation, which should lead to around 130 MW of solar power capacity, avoiding 4.9 million tonnes of carbon dioxide going into the atmosphere over the next 25 years.

Clean energy

We are already providing support to the global Climate Investment Funds (CIFs) which are piloting new and innovative approaches to tackling climate change. The CIFs are helping 45 developing countries to pilot low carbon, climate-resilient development, boosting growth and reducing poverty. Our support to the Clean Technology Fund is helping, for example, to catalyse clean energy production on a large scale in the Middle East and North Africa. This is through a project which proposes to support the construction of ten new concentrated solar power plants, which could double current global capacity of concentrated solar power and create 4,500 new jobs. We will consider options for providing further support to the CIFs under the ICF.

Working with the private sector

Climate change offers real opportunities to drive innovation and new ideas for action. We aim to create new partnerships with the private sector to increase the amount of finance available for 'clean' investments and to move away from 'dirty' investments.

For example, we will work with international partners to establish a climate public private partnership (CP3) platform. The platform will combine public financing from the ICF and other public sector partners with private sector finance from pension and sovereign wealth funds. We will share the risks of climate-resilient investments and show that they can be profitable.

Experience suggests that up to £8 of private investment may be secured for every £1 of public money invested in this kind of project.

Forests

We will...

- Help to protect the world's forests and the livelihoods of 1.2 billion people who depend on them
- Build a global partnership between developed and developing countries to tackle illegal logging

The challenge

Forests are crucial to the livelihoods of 1.2 billion of the world's poorest people, including 60 million indigenous people who depend on forests for their survival – for food, shelter and medicine.

2 million

In Nepal, supporting two million households to protect community forests, helping them to raise their basic living standards by at least 25 per cent

Deforestation deprives people of their livelihoods, harms biodiversity, and causes conflict, as well as generating almost a fifth of carbon emissions. It is the third largest source of greenhouse gas emissions – larger than the entire global transport sector.

The UK's vision, and the EU's target, is to help support global efforts towards a 50 per cent reduction in global deforestation by 2020. Tackling deforestation offers big opportunities to reduce poverty, reduce emissions and protect biodiversity.

A global partnership to tackle deforestation and illegal logging

Deforestation and illegal logging deprive poor people of their livelihoods affecting the 350 million poor people who live in and around forests in Indonesia. The UK will continue to support the EU Forest Law Enforcement Governance and Trade Action Plan (FLEGT) – a partnership with companies, communities and civil society to tackle the problem.

Frederick Sagisola, a village elder of the Knasaimos people in West Papua, Indonesia is one of the voices for change in the partnership.

“ Forests are our main asset, that is why we use this resource in a simple way, for us we don't see nature as something to be destroyed. But big logging companies are taking out the Merbau trees to export for wood flooring without permission. Our concern is that the Knasaimos area is very small and in about five years there will only be grass, no trees will be left. But government officials have been working with us to solve this problem. Now we manage our own forest sustainably. We are responsible. My village invests the money we earn from timber and forest products in building the village school and clinic. ”

With UK support, communities like that of Frederick Sagisola are working in partnership with business and governments, to manage forests more sustainably, enforce the law, build greater security and tackle illegal logging. The UK is tackling the illegal trade of timber by putting in place tracking systems, which trace its journey from forest to flooring.



The types of programmes the ICF will support include:

The Forests Governance, Markets and Climate Programme will build a global partnership of developed and developing countries, businesses and civil society to reduce deforestation. Over the next ten years this global partnership will protect 39 million hectares of forest; avoid billions of tonnes of carbon (CO₂e) emissions; protect the livelihoods of tens of millions of forest-dependent communities, and increase the incomes of 50 million farming men, women and children reliant on farming.

The Forest Investment Programme will help to protect forests in Burkina Faso, Laos, Peru, Indonesia, Mexico, Ghana, Brazil and DRC. The ICF will fund the Forest Carbon Partnership Facility which is helping 37 countries to put in place the plans, the systems and the institutions they need to reduce emissions from deforestation.

In Nepal we will support two million households, which are managing 800,000 hectares of community forests. By helping communities to manage the forest more sustainably, the ICF will enable them to capture one million tonnes of carbon by 2020 and support them to increase their incomes by 25 per cent or more.

Working with the private sector and other partners, the ICF will help make significant reductions in emissions, improve livelihoods for forest dwellers, and conserve biodiversity by supporting the global effort to reduce emissions from deforestation and forest degradation (REDD+).



Picture credit: Clare Brogan/theDLgroup Ltd

Tackling illegal logging

In Ghana, the ICF is working with the government, private sector and communities to tackle illegal logging and help ensure that timber exports meet European market standards. Ghasan Bitar's timber company supplies timber products to both domestic and export markets. This provides jobs for about 2,700 people. New legislation which will be implemented in the UK and Europe by March 2013 will make it an offence to sell timber and wood products in the UK that have been illegally logged elsewhere.

As Ghana strengthens its forest governance and puts in place legal assurance systems, Ghasan will be able to demonstrate to UK consumers that the African mahogany and Iroko veneers he sells for wooden doors and cupboards we buy, are legally and sustainably harvested and also provide benefits to local communities.

Global Action

We will...

- Help to build global knowledge on how best to tackle climate change and reduce poverty
- Work to achieve a legally binding global deal on climate change
- Make sure that all of the UK's development investments are climate smart

Building global knowledge

The ICF will help to build global knowledge on how best to tackle climate change and reduce poverty. For example, the ICF will:

- Support global research initiatives such as the development of climate-resilient crops, tree species or new emerging technologies
- Support the Climate and Development Knowledge Network to work with developing countries to build nation-specific knowledge and develop response strategies on climate change
- The lessons learnt from the ICF will be used to help shape the future international climate architecture, including the design of the new Global Green Climate Fund

Scuba rice in Bangladesh

When Mohammad Shahidul Islam saw his neighbour's fields, he couldn't believe his eyes. A 15 day flood had covered the land and he wasn't expecting his friend's latest rice crop to survive. "I saw Mostafa's field flooded, and then I saw the rice recover," he recalls. "I was surprised – it was like magic." But the crop's recovery is all thanks to a new variety of rice rather than wizardry or magic tricks. The rice, known as scuba rice, is flood resistant. It can survive underwater for up to two weeks and recovers once the waters subside.

Mohammad's neighbour, Mostafa Kamal, is one of a group of farmers who are testing this new strain in Rangpur District in north-western Bangladesh. Every four out of five years, Mostafa's farm suffers heavy losses because of flooding. But the scuba rice means that Mostafa can produce enough rice every year to feed his family, as well as producing extra grain that can be traded at local markets.

Scuba rice was developed by the International Rice Research Institute (IRRI) with support from the UK, and is the type of research that the ICF will prioritise. Although rice thrives in wet conditions, it can't survive if the whole plant is completely submerged. But scuba rice is special. It responds to complete submersion by effectively becoming dormant, saving energy until the floodwater recedes when it can continue growing again.



A global deal

The UK government is working hard towards a legally binding global deal on climate change that will keep the average global temperature from rising by more than two degrees. But an effective global deal will only be achieved if countries can fully participate in the negotiations.

The ICF will support an Advocacy Fund which will help the very poorest countries to take part in international negotiations by providing access to legal, technical and logistical support.

Climate smart aid

We will ensure that all of the UK's development investments achieve value for money because they can withstand a changing climate. For example, a new road in Malawi won't be built in an area prone to floods.

We will also work with our partners such as the Multilateral Development Banks and the EU to speed up the 'greening' of their developments assistance. For example, encouraging the World Bank to increase the percentage of their energy lending to clean energy.