

# **ICAI follow-up: International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss**

A summary  
**July 2023**

**The Independent Commission for Aid Impact** works to improve the quality of UK development assistance through robust, independent scrutiny. We provide assurance to the UK taxpayer by conducting independent reviews of the effectiveness and value for money of UK aid.

We operate independently of government, reporting to Parliament, and our mandate covers all UK official development assistance.

## Individual review scores and what they mean



### **An adequate score means:**

- Enough progress has been made in the right areas and in a sufficiently timely manner in order to address the core concerns underpinning ICAI's recommendations.



### **An inadequate score results from one or more of the following three factors:**

- Too little has been done to address ICAI's recommendations in core areas of concern (the response is inadequate in scope).
- Actions have been taken, but they do not cover the main concerns we had when we made the recommendations (the response is insufficiently relevant).
- Actions may be relevant, but implementation has been too slow and we are not able to judge their effectiveness (the response is insufficiently implemented).

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# Executive summary

ICAI's follow-up review is an important element in the scrutiny process for UK aid. It provides parliament and the public with an account of how well the government has responded to ICAI's recommendations to improve spending. It is also an opportunity for ICAI to identify issues and challenges facing the UK aid programme, which helps to inform subsequent reviews. For each of the reviews included in the follow-up, we provide a score of adequate or inadequate, illustrated by a tick or a cross.

This document is a summary focused only on the results of the follow-up of our review of *International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss*. The full follow-up report of all 2021-22 reviews, including overall conclusions from the process and details of our methodology and scoring, can be found on our website.

## Findings

### International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss

The UK government has made valuable progress in addressing some key challenges raised in the original review, especially through launching an International Climate Finance strategy, setting up a cross-departmental International Forests Unit (IFU), making use of more evaluation, and strengthening the approach taken to addressing gender across this portfolio. As a result, ICAI judges the government's response to this review to be adequate. Nevertheless, some notable issues still remain, including a lack of clarity over geographic and thematic priorities in relation to forests and biodiversity, challenges in making the IFU operate as a cross-departmental unit, delays in introducing new comprehensive monitoring indicators (especially for biodiversity programmes), and inconsistency in focusing on inclusion and poverty across all programmes.



ICAI's full review of *International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss* was published in July 2021, and awarded the UK aid portfolio a green-amber score. This review assessed the relevance, coherence and effectiveness of the UK's £1.2 billion in aid programmes protecting forests and biodiversity during the period from 2015 to 2020. It covered programmes delivered through bilateral and multilateral channels and the work of several departments, including the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (Defra) and the former Department for International Development (DFID), as well as the Foreign, Commonwealth and Development Office (FCDO).

The review found that most programmes were well targeted towards the drivers of deforestation and biodiversity loss, that the UK had been a strong supporter and influencer of global commitments and initiatives, and that most programmes were delivering well at output level. However, it also noted that there was no clearly prioritised strategy, limited coherence of cross-departmental work in-country, and limited evidence of impact across the portfolio.

Table 1: ICAI’s recommendations and the government response

Subject of recommendation	Government response
UK bilateral ODA support to tackle deforestation and biodiversity loss should have a tighter strategic focus, concentrating resources to increase impact.	Accepted
All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts.	Partially accepted
Independent external evaluations of the bilateral programmes should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions.	Partially accepted
UK bilateral programmes should be guided by social impact analysis and safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups.	Accepted
Gender issues need greater prioritisation in policies and programming in order to ensure women benefit from investments in forestry and biodiversity.	Accepted

**Recommendation 1: UK bilateral ODA support should have a tighter strategic focus on tackling deforestation and biodiversity loss, concentrating resources to increase impact**

In the original review, ICAI found that most aid programmes were well targeted on the drivers of deforestation and biodiversity loss, but programmes and influencing initiatives were spread across a wide range of geographies, approaches, commodities and issues, without a clear strategic approach linking them. Coordination across programmes and departments was also inconsistent at country level. ICAI therefore recommended introducing a tighter strategic focus to the portfolio to increase impact. FCDO accepted this recommendation, but did not make any commitments in response.

In March 2023 the government finally published its *International Climate Finance strategy*,<sup>1</sup> which sets out the context and planned UK support across clean energy, nature, adaptation and resilience, and sustainable cities, infrastructure and transport. This long-awaited strategy goes some way to providing welcome strategic clarity for International Climate Finance (ICF), although there is further to go in clearly setting out geographic and thematic priorities.

ICAI also spoke to the team now set up as the joint Department for Energy Security and Net Zero and FCDO International Forests Unit (IFU), which will help to coordinate and direct relevant activities. Based on interviews conducted in February 2023, it was clear that challenges remain in making this unit a single team because while the unit houses officials from both departments, they are still using the systems of their host ministries. However, the formation and operationalisation of the unit is a welcome step forward for promoting greater strategic coherence and coordination across the forests portfolio.

Overall, there has been welcome progress in putting in place the building blocks for improved strategic coherence, through the cross-government process of agreeing a new ICF strategy and in setting up the IFU to provide oversight of the programming under the £1.5 billion to be spent on forests. ICAI therefore judges the government’s response to this recommendation to be adequate.

<sup>1</sup> Together for people and planet: UK international climate finance strategy, HM government, March 2023, [link](#).

## Recommendation 2: All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts

In the original review, ICAI found that ICF had key performance indicators (KPIs) for avoiding deforestation and reducing greenhouse gas emissions, but measuring these KPIs was methodologically challenging and only a limited number of projects were reporting against them. There were also no common biodiversity indicators used to measure progress by the UK government. As a result, ICAI was concerned that it was impossible to monitor and assess the UK's portfolio-wide progress and contribution on addressing deforestation and biodiversity loss. ICAI therefore recommended that common, measurable indicators should be designed specifically for assessing deforestation and biodiversity impacts and for monitoring across the portfolio. The government partially accepted this recommendation, and noted that it was already applying some indicators relating to deforestation and biodiversity loss. The government also stated that it would consider adding to these indicators, but noted a trade-off between indicators that are broad enough to be applied across the portfolio and indicators that cater to the specific objectives and context of a particular intervention.

The government's response to this follow-up review noted that it has completed a review of the majority of ICF KPIs, and it published these KPIs in February 2023. In the case of forests and biodiversity, the government updated methodologies on KPIs 8, 10 and 17 to support a much wider range of ecosystems, therefore allowing for better tracking of biodiversity via a much larger range of habitats, and reviewed the methodologies to make these indicators much more accessible to different programmes with different reporting capacities. As a result of this action, ICAI therefore judges the government's response to this recommendation to be adequate.

## Recommendation 3: Independent external evaluations of the bilateral programmes should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions

The original review identified a range of gaps in the evaluation of the bilateral programmes addressing deforestation and biodiversity loss. It noted that external evaluation was not systematically applied across UK bilateral ODA to the same degree as demanded from the multilateral portfolio, and that there were no portfolio-wide impact evaluations. It also found limited development and communication of knowledge products and learning from programmes, and that learning and evaluation at the ICF level tended to be informal and ad hoc. ICAI therefore recommended that independent external evaluations should be carried out at programme, country and global levels. The government partially accepted this recommendation, noting that many programmes had external evaluations already commissioned or in development, and that it was considering options for future cross-cutting evaluations.

Since then, a number of evaluations have been undertaken or are in progress:

- The second phase of the Investments in Forests and Sustainable Land Use programme is being shaped by the findings of a variety of evaluations, thematic case studies and literature reviews.
- The Forest Governance, Markets and Climate programme has commissioned independent analysis and evaluations, which are informing the design of a successor programme.
- An independent evaluation of all Defra's biodiversity challenge funds<sup>2</sup> was concluded in 2022.
- A new Biodiverse Landscapes Fund has included evaluation in the programme's design.
- An ICF monitoring, evaluation and learning strategy for the third phase of the UK ICF was approved by the ICF Management Board in October 2022.

Overall, this body of activity and planning represents a substantive set of actions on evaluation and learning. ICAI therefore judges the government's response to this recommendation to be adequate.

2 These include the Darwin Initiative, Darwin Plus for UK Overseas Territories, and the Illegal Wildlife Trade Challenge Fund.

#### Recommendation 4: UK bilateral programmes should be guided by social impact analysis and safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups

The original review found that programmes providing direct support to communities undertook good-quality engagement with citizens during the implementation process. However, at the design stage, consultation with affected communities and citizens was not consistently good. ICAI found that analysis focusing on the needs of poor and marginalised groups had not been universally applied across programme design and implementation, and that some forestry projects had generated unanticipated negative social impacts on the poor and marginalised. ICAI therefore recommended that UK bilateral programmes should be better guided by social impact analysis and safeguarding measures. The government accepted this recommendation and acknowledged that it needed to do better in consulting with communities during design and in identifying and mitigating negative impacts.

The government's formal response to this follow-up review noted that FCDO has introduced rule 10 in its Programme Operating Framework (PrOF), which requires all programmes to "consider and provide evidence, wherever relevant, on how their interventions will impact on gender equality, disability inclusion and those with protected characteristics".<sup>3</sup> The government also noted a number of new or proposed projects that will focus on indigenous peoples and local communities, and that are undertaking targeted work to strengthen the considerations of social impacts in programme design. Finally, the government noted that specific personnel (including a secondee from SightSavers International) have been working in the ICF team to improve the inclusion of people with disabilities and marginalised groups across programmes.

However, we judge that social impact analysis on how interventions affect poor and marginalised groups remains variable. While programming explicitly aimed at reaching poor groups is addressing inclusion, we saw no evidence from looking at the annual reviews of programmes that broader programmes were yet adequately taking into account the needs of and impacts on the poor. We also identified more significant concerns about the monitoring of impacts on poor people of Defra-funded programming, as the evaluation<sup>4</sup> of the department's challenge funds (Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund), published in 2022, raised questions about weaknesses in tracking the poverty impacts of programmes. ICAI therefore judges that recent action taken by government on this recommendation is inadequate.

#### Recommendation 5: Gender issues need greater prioritisation in policies and programming in order to ensure women benefit from investments in forests and biodiversity

The original review noted that many of the community-focused programmes include gender analysis and women-focused programming. However, the impact of programming on women was not sufficiently prioritised in policy and strategy statements. Also, findings from ICAI's citizen engagement activities in all three case study countries showed limited participation by, and benefits for, women. This was also in keeping with findings from the literature. ICAI therefore recommended that the government should put a greater emphasis on gender issues in policies and programming. FCDO accepted this recommendation, noting that it was fully committed to the implementation of the Gender Action Plan agreed at the COP25 climate summit, and that all departments are committed to improving their impact on gender equality in the third phase (2021-22 to 2025-26) of delivering ICF.

In its response to this follow-up review, the UK government noted examples of three existing programmes<sup>5</sup> that will include an assessment of the effectiveness of gender mainstreaming in upcoming independent evaluations. It also confirmed that the 2022 ICF results collection process was the first year in which gender-disaggregated data was requested and published for programmes, although FCDO noted that "many delivery partners are at present unable to return comprehensive data". Finally, FCDO noted that specific personnel (including a secondee from SightSavers International) have been working in the ICF team to improve the inclusion of gender, among other issues, across all programming.

3 FCDO Programme Operating Framework, Foreign, Commonwealth and Development Office, June 2021, [link](#).

4 Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund scheme evaluation, Ecorys, May 2022, [link](#).

5 These include the Forest Carbon Partnership Facility, the BioCarbon Fund Initiative for Sustainable Forest Landscapes and the Biodiverse Landscapes Fund.

Overall, these actions add up to a substantive effort to address gender in forest and biodiversity policies and programming, and therefore ICAI judges the response to this recommendation to be adequate. The government will, however, need to maintain pressure on and provide for ICF partners to report results disaggregated by gender.

## Conclusion

It is clear that in recent years the UK has been pursuing a global leadership role in reducing deforestation and limiting biodiversity loss. This has been supported by significant resourcing, policy commitments and high-level convening. Since ICAI's original review was published, the government has also been working to strengthen strategic coherence, the use of evaluation, and reporting of gender impacts across the forests and biodiversity portfolio. Despite continued challenges in clarifying geographic and thematic priorities, strengthening monitoring, and addressing inclusion comprehensively, ICAI judges the government's response to this review's recommendations to be adequate.



This document can be downloaded from [www.icaei.independent.gov.uk](http://www.icaei.independent.gov.uk).

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