Annual Reviews

Title: Climate Investment Funds (CIF) Annual Review 2024/25		
Programme Value £ (full life): £2,762.9m (FCDO £854.5m, DESNZ £1,908.5m)		**Review date: (1 Jan 2024 to 31 December 2025)**
Programme ID: GB-GOV-13-ICF-0004-CIF	**AMP start date:** 11/05/2009	**AMP end date:** 31/03/2024

Summary of CTF/CIF Programme Performance

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Overall Output Score	A	A	A	A	A+	A+	A+	A	A	A	A	A
Risk Rating	Med	Med	Med	Mod	Mod	Mod	Mod	Mod	Mod	Mod	Mod	Mod

DevTracker Link to Business Case:	DevTracker Programme GB-GOV-13-ICF-0004-CIF
DevTracker Link to results framework:	DevTracker Programme GB-GOV-13-ICF-0004-CIF

A. SUMMARY AND OVERVIEW

Completing the Annual Review for the Climate Investment Funds (CIF) has historically been a joint effort between the 'Department of Energy Security and Net Zero' (DESNZ) and the 'Foreign, Commonwealth and Development Office' (FCDO).

As with last year, the departments are undertaking different approaches to the publication of the CIF Annual review. This is due to the business case period for FCDO's CIF contributions having come to an end, and as such FCDO is undertaking a comprehensive Programme Completion Report (PCR) in place of an Annual Review (scheduled for completion in Q2 2025).

For the DESNZ 2024/25 Annual Review, DESNZ will undertake a streamlined CIF Annual review to report on both the CIF's Clean Technology Fund (CTF) and the CIF's Strategic Climate Fund (SCF), which will be drafted in coordination with FCDO's PCR, in order to ensure that DESNZ is providing information on the CIF on a regular basis. The DESNZ Annual Review will then be published after the publication of FCDO's PCR, and during the internal review process for the DESNZ Annual Review, the two reports will be reviewed in tandem.

This approach ensures and allows both departments to maintain transparency and accountability while complying with different procedural requirements and so optimise our available resources.

Going forward from 2025, DESNZ will produce annual reviews for the CIF.

Overall score and Risk rating

The overall score for the CIF Annual Review 24-25 is an A. CIF programmes continue to deliver on expectations, and we assess the risk rating to be moderate. This is consistent with previous ARs.

Description of programme:

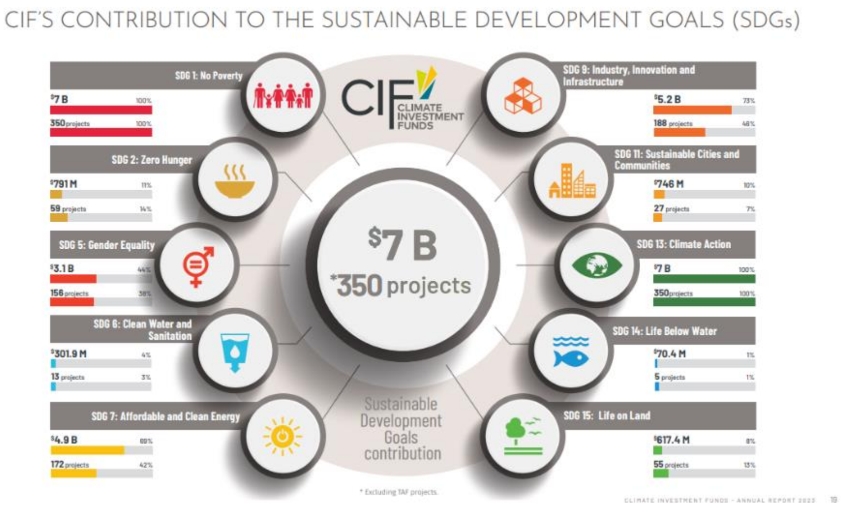
The **Climate Investment Funds (CIF)** were created in 2008, to incentivise multilateral development banks (MDBs[1]) to pilot new approaches to low carbon and climate resilient growth in developing countries. Established with an initial $8 billion of contributions from 14 contributor countries, including the UK, the CIF have since financed over 400 projects in 72 countries through two sub-funds:

- The **Clean Technology Fund (CTF)** supports middle income countries to demonstrate and deploy low carbon technologies at scale. The CTF also provides targeted funding 'windows' that support: the private sector through its Dedicated Private Sector Programmes (DPSPs); battery storage technology through its Global Energy Storage Programme (GESP); and also covers the Accelerating Coal Transition (ACT) Programme.

- **The Strategic Climate Fund (SCF)** supports mainly lower income countries. It contains a mix of older sub-programmes in forestry (the Forest Investment Programme - FIP), clean energy technology (the Scaling Renewable Energy Programme - SREP), and adaptation (the Pilot Programme for Climate Resilience - PPCR). It also has provided countries with technical assistance through its COVID-19 Technical Assistance Response Initiative for Green and Climate Resilient Recovery. The SCF also hosts some of the newer CIF programmes such as the Renewable Energy Integration (REI), the Industrial Decarbonisation (ID) and Nature, People and Climate (NPC) programmes. It is also due to host the Climate Smart Urbanisation (CSU) programme whose establishment has been agreed in principle.

Through these programmes, the CIF work in partnership with MDBs and with governments, the private sector, civil society, and local communities, to reduce the cost of financing, reduce the risk for investors, lower barriers to piloting new technologies, scaling up proven solutions, and build sustainable markets for climate action. The programmes also deliver results across at least ten of the Sustainable Development Goals as seen below. Please note the results below have not been subject to any UK attribution or additionality adjustment and therefore will differ from those quoted throughout this review.

[1]MDBs: World Bank Group (IBRD/IDA and IFC); Asian Development Bank (AsDB); African Development Bank (AfDB); Inter-American Bank (IaDB); European Bank for Reconstruction and Development (EBRD).



Source: [CIF Annual Report 2023]

To date the CIF have approved over $7 billion of initial funding which is expected to mobilise over $64 billion[2] in co-financing with up to $20bn of that amount from private sector funding to help climate change mitigation and adaptation projects in developing countries. This equates to a co-finance ratio of around 1:9.

To date the UK has provided approximately $3.1bn (£2.7bn) to the CIF making it one of the largest contributors with an overall burden share of around 29%. DESNZ funding has traditionally focused more on middle income countries through the CTF with FCDO funding focusing primarily on lower income countries through the SCF. As of 2021 DESNZ and FCDO had contributed £1,308.5m and £854.5m respectively. Since then, it is only DESNZ that has pledged an additional £500 million to support the new CIF programmes: contributing £200m for CIF Accelerating Coal Transitions (ACT), £150m for Renewable Energy Integration (REI), £65m for Nature People and Climate (NPC), £65m for Industrial Decarbonisation (ID) and earmarking a further £20m for the CIF REI programme. This brings the total DESNZ funding to approximately £1.8bn.

The quantitative results captured in this annual review have been generated from the Clean Technology Fund and the Strategic Climate Fund.

The new programmes will be captured in an upcoming Annual Review following the CIF updated reporting and Theory of Change.

Summary supporting narrative for the overall score in this review

As in 2023, 2024 saw the culmination of multiple multi-year efforts by the CIF to develop and agree key new financial modalities and governance milestones, as well as the approval of a

[2] Note these figures are prior to any UK attribution or adjustments for additionality.

range of new programme Investment Plans across multiple programmes and geographies. The Funds also welcomed the new CEO, Tariye Gbadegesin, in the role (following the departure of previous CIF CEO, Mafalda Duarte in 2023). Notable achievements included:

1. The commencement of the new CIF CEO, Tariye Gbadegesin, in her role in March 2024;
2. The formal launch of the new CIF's Capital Market Mechanism (CCMM) onto global capital markets, as announced by Prime Minister Starmer at a COP29 event with World Bank President Banga and in the UK's National Statement;
3. Securing the London Stock Exchange as the chosen location to launch CCMM bonds in a strong signal of support for the UK's green finance leadership;
4. The launch of the new CIF *Industry Decarbonisation* Programme's country selection platform at the 15th Clean Energy Ministerial in Foz do Iguaçu, Brazil in October, with DESNZ's Minister McCarthy giving the opening keynote speech;
5. Commencing the development of the CIF's strategy for the next 5 years;
6. The approval of allocating funds to multiple high-impact investment plans across three different CIF programmes, totalling $892m. which included:
   a. the $500m ACT Investment Plan for the Philippines and the $85m ACT Investment Plan for North Macedonia;
   b. the Türkiye REI Investment Plan for $70m and the Kenya REI Investment Plan for $70m;
   c. the first five NPC Investment Plans, with Investment Plans for Rwanda ($31m), the Dominican Republic ($34m), Zambia ($34m), and Ethiopia ($37m), bridging the gap between adaptation and mitigation via Nature-based Solutions.
7. The agreement to reorganise the CIF's Trust Fund Committees into a three-committee structure (by removing Sub-committees): the Joint TFC, the Clean Technology Fund TFC, and the Strategic Climate Fund TFC (which absorbed the GCAP Sub-Committee). This was agreed to streamline decision-making and governance processes, both within each of the TFC Committees themselves and across the CIF's governance and strategy as a whole;
8. The agreement for flexibility between CTF SCF programme funding with respect to REI country Investment Plans, al;
9. A series of wide-ranging CIF Learning Platform events and research publications, and a new series of events being launched for the NPC dedicated Learning Platform;
10. The ongoing development of a new, fit-for-purpose DESNZ Logframe for internal CIF monitoring, learning and evaluation processes, with the aim for it to be used for the 2025/26 Annual Review next year.

In terms of strategic policy, the UK continues to play a strong leading role within the CIF community. In 2024, the UK's two co-chairing roles (of the joint CTF-SCF Trust Fund Committee and the Ad-Hoc steering Committee) have enabled a high degree of influence in working with the CIF members to secure productive outcomes across major programming decisions, core governance processes, and new programme design. In these roles the UK has also provided critical support to the CIF Secretariat, particularly during the first three months of the year before the arrival of the new CIF CEO, Tariye Gbadegesin, in March 2024. Publicly, the UK has shown its political leadership at high-profile international events such as spearheading support for the CIF's launch of the Country Selection Platform for the new CIF Industry Decarbonisation programme and the launch of the CIF Capital Markets

Mechanism (CCMM) by the UK Prime Minister at COP 29. In terms of wider impact, the CIF is continuing to build on its outreach work to engage climate practitioners across recipient countries. This includes the CIF Learning Platform and the first series of events from the dedicated NPC Learning Platform (which focuses on collecting, producing and disseminating its learning on the emerging thematic area of nature-based solutions). With the latter's joint focus on both North-South and South-South learning events to facilitate tailored, recipient-led learning, the NPC Learning Platform is continuing to build and support its wider community, including NPC long-listed programme applicants who can still benefit from the NPC community's wealth of knowledge and research despite not receiving programme funding. Through these platforms, the CIF Secretariat conducted multiple in-person and hybrid knowledge events throughout 2024 across a range of thematic areas, engaging both recipient and developing countries as well as facilitating South-South dialogues enabling country representatives and specialists to exchange knowledge.

Progress against recommendations from the previous review

Recommendation Grouping	Recommendation	Progress
New Programmes and Modalities	1. Previously we expected CCMM to launch in late 2023/2024. However, we now expect CCMM to launch in late Q3/ Q4 2024. Due to delays in developing the CCMM model and structure. CIF Secretariat is working at pace with CIF member countries and MDBs to meet this deadline. **Due: CCMM launch in late Q1 2025.**	**Complete** CCMM has now launched as of Q1 2025.
HMG Future Reporting and Governance	1. As per good practice, the DESNZ-FCDO MoU should be refreshed and agreed to help confirm or clarify internal accountabilities and share UK responsibilities with the CIF. **Due: Agreement of MOU by Q4 2025**	**Ongoing.** Revised MOU is in development and is expected to be completed by Q4 2025 following publication of FCDO's PCR.
	2. The current envelope of finance reviewed in this annual review provided over the last 10 years by two UK departments is due to receive a PCR in 2023-24. The programme teams should confirm the options of either: a) An early PCR by December 2022 to close off this current spending reporting phase, with one Annual Review to cover new spending in 2023.	**Ongoing.** FCDO requested a No Cost Extension until September 2025 and will

	b) A PCR by December 2023 with an additional Annual Review for the current envelope and a separate Annual Review for the new envelope. **Due: End of 2023/early 2024**	finalise the PCR in 2025.
	3. HMG should conduct a systematic update of DESNZ's Theory of Change (ToC) and Logframe for the CIF, given that it has embarked in a new era of programming. This update should also address annual milestones, and the methodology used to calculate attribution and additionality. **Due: Late 2024**	**Ongoing** DESNZ began this work in 2024 and is now engaging with FCDO and the CIF Secretariat to finalise the new Logframe for use for the 2025/2026 Annual Review. To be completed by September 2025.
Operational	1. HMG will continue to work with the CIF SEC and the CIF Trust Fund Committee to prioritise the reprogramming of cancelled and unallocated funds in the CIF to ensure both efficiency and strong value for money, as well as continuing to encourage timely disbursement of funds. Success will be measured by the amounts of funding reallocated towards new projects/programmes. **Due: Ongoing**	This is ongoing. The Government of India confirmed in Q4 2024 that they would no longer be developing an IP under CIF ACT. Discussions on how to reallocate the ear-marked $500m are to be included as part of a wider discussion on the implementation of the new transitional investment plans due in June 2025.
	2. Increased monitoring of COVID-19 related operational risks (including disbursement and project implementation) should be maintained into 2023. **Due: Ongoing**	Ongoing

Recommendations for the year ahead:

Recommendation Grouping	Recommendation	Due
New Programmes and Modalities	1. With the successful launch of the Industry Decarbonisation (ID) programme's Country Selection Platform in October 2024 and the recipient country engagement exercise progressing at pace, we are on track to announce the successful candidates in Q2 - Q3 2025. We should continue to work with the CIF Secretariat to support this process and subsequently the development of the successful candidates' Investment Plans in the next stage.	By Q3 2025
	2. Regarding the Climate Smart Urbanisation (CSU or 'Smart Cities') programme, given that both CIF Secretariat and TFC member capacity is already significantly stretched across the rest of the portfolio, and as no further donors have come forward with additional funding commitments, we should review the programme strategy and ensure that the UK's £20m funding commitment made in the 2021 Business Case is being targeted to maximise value for money.	December 2025
	3. Building on the Strategic Directions work led by the CIF Secretariat, with input from the UK, we should support the development of the 'Transitional Investment Plans' (TIPs) as the next step in the evolution of the CIF programme modal for maximised ambition and innovation in multi-government, regional-level investment planning.	December 2025
HMG Future Reporting and Governance	1. As per good practice, the DESNZ-FCDO MoU should be refreshed and agreed to help confirm or clarify internal accountabilities and share UK responsibilities with the CIF.	December 2025
	2. The current envelope of finance reviewed in this annual review provided over the last 10 years by two UK departments is due to receive a PCR by early 2025. FCDO should seek to finalise the PCR by June 2025 and clarify their future role and responsibilities in relation to the CIF by the financial close of the programme in March 2026.	June 2025

	3. Given that the CIF has evolved significantly since HMG has last contributed to the CIF, is undertaking a greater number of activities and interventions, and is embarking on a new phase of work through the new programmes which include innovative financial mechanisms (such as CCMM) the revised MEL strategy, etc. HMG should conduct a systematic update of DESNZ's Logframe for the CIF and ensure cohesion with the latest CIF Theory of Change (published May 2022). This update should also address annual milestones, and the methodology used to calculate attribution and additionality.	September 2025
	4. Noting that the proposed improvement of the CIF funding proposal and sub-project approval process has largely stalled since UK efforts to drive this forward in 2024 began, in 2025 the UK should continue to push for a re-engagement with this process to ensure a more sustainable and workable process for the UK policy and analyst teams, as well as to facilitate greater engagement with the approvals process on the part of other TFC members.	December 2025
Operational	1. HMG should work with the CIF SEC to prioritise the reprogramming of cancelled and unallocated funds in the CTF in order to ensure both efficiency and strong value for money, as well as continuing to encourage timely disbursement of funds. Success will be measured by the amounts of funding reallocated towards new projects/programmes.	December 2025

B. THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

The CIF SEC developed a new Theory of Change that was approved in 2022. The programme Theory of Change seeks to capture the entire programmatic and policy work that is undertaken.

Describe where the programme is on/off track to contribute to the expected outcomes and impact. What action is planned in the year ahead?

Impact

As indicated above, the logframe impact is measured through the extent to which interventions are likely to have a transformational impact.

The following indicators enable progress against the outcome to be assessed. The achieved results are cumulative numbers which represent increases from previous years. These results have been adjusted in line with ICF KPI methodologies to ensure that claimed results are additional i.e. that they are beyond the results that would have occurred in the absence of the ICF-supported intervention. Therefore, the total (unattributed) results will differ from those published at https://www.cif.org/.

Results which have been attributed to the UK represent a percentage of the total (unattributed) results reported by the CIF, which are proportional to the UK's share of CIF funding relative to other donors.

Expected results* over the lifetime of CIF projects		
Fund	Attributed[3] to the UK	Total (Unattributed)
Indicator: GHG emissions reduced or avoided (tC02e)		
CTF	142.16 million	797.61 million
GESP	11.95 million	16.26 million
SREP	25.05 million	66.54 million
FIP	16.09 million	58.44 million
Indicator: Clean Energy Installation (MW)		
CTF	2,159	12,115
GESP	362	493
SREP	369	980
Indicator: Number of people supported to cope with the effects of climate change		
PPCR	1.68 million	9.96 million
FIP	0.70 million	2.55 million

** Results presented here have been adjusted in line with ICF KPI methodologies to ensure that claimed results are additional i.e. that they are beyond the results that would have occurred in the absence of the ICF-supported intervention therefore total (unattributed) results will differ from those published at https://www.cif.org/.*

Cumulative achieved results* delivered up to the 2024 reporting period						
Fund	**Progress to 2022**		**Progress to 2023**		**Progress to 2024**	
	Attributed[4] to UK	Total (Unattributed)	Attributed to UK	Total (Unattributed)	Attributed to UK	Total (Unattributed)
Indicator: GHG emissions reduced or avoided (tC02e)						
CTF	10.97 million	60.95 million	13.30 million	73.77 million	15.68 million	87.15 million
SREP	0.10 million	0.27 million	0.14 million	0.36 million	0.19 million	0.50 million
FIP	3.71 million	13.64 million	3.78 million	13.87 million	3.83 million	14.05 million
Indicator: Clean Energy Installation (MW)						
CTF	808	4,589	820	4,654	907	5,146
SREP	58	150	85	222	102	269
Indicator: Number of people supported to cope with the effects of climate change						

[3] Results which have been attributed to the UK represent a percentage of the total (unattributed) results reported by the CIF, which are proportional to the UK's share of CIF funding relative to other donors.
[4] Results which have been attributed to the UK represent a percentage of the total (unattributed) results reported by the CIF, which are proportional to the UK's share of CIF funding relative to other donors.

PPCR	1.32 million	7.98 million	1.32 million	7.98 million	1.41 million	8.51 million
FIP	0.29 million	1.08 million	0.38 million	1.41 million	0.43 million	1.57 million

** Results presented here have been adjusted in line with ICF KPI methodologies to ensure that claimed results are additional i.e. that they are beyond the results that would have occurred in the absence of the ICF-supported intervention therefore total (unattributed) results will differ from those published at https://www.cif.org/.*

<u>CTF</u>

CTF's progress to 2024 shows that GHG emissions reductions are attributable primarily to renewable energy projects (58%), followed by projects which cover both renewable energy and energy efficiency (25%), energy efficiency (16%), and transport (1%). Despite the large number of projects under CTF, five projects account for over 50% of the cumulative GHG emissions reductions: Private Sector Renewable Energy and Energy Efficiency Project in Turkey (World Bank), Shared Infrastructure for Solar Parks Phase I in India (IBRD), Renewable Energy Financing Facility in Mexico (IDB Group), Private Sector Bank-Intermediated Project in Turkey (EBRD), and Private Sector Geothermal Energy Program in Indonesia (ADB).

The installed clean energy capacity under CTF also continues to increase. Similarly to the GHG emission reductions, the projects driving this increase are the Shared Infrastructure for Solar Parks Phase I in India (IBRD), Private Sector Renewable Energy and Energy Efficiency Project in Turkey (World Bank), and Renewable Energy Financing Facility in Mexico (IDB Group).

CTF's achieved results remain relatively low compared with expected results. The sub programme has achieved 11% and 42% of its GHG emission reductions and clean energy installation expectations, respectively. This is unsurprising for the CTF as it will continue to deliver emissions reductions beyond the programme's lifetime but during the technology's lifetime. CTF has reduced 87.15 million tCO_2e of its 797.16 million tCO_2e lifetime target (unattributed), which is the equivalent to over a fifth of the emissions produced by the UK in 2023[5].

<u>GESP</u>

GESP is still in the early stages of results reporting with data being reported as soon as the project portfolios advance in implementation and start producing results on the ground. To date, expected results against GHG emissions reductions, MW of clean energy installed, and public and private finance mobilisation have been reported. Achieved results have only been reported for GHG emissions and public finance mobilisation.

<u>SREP</u>

For SREP, emissions reductions are mainly driven by 3 projects: Extended Biomass Programme in Nepal (World Bank), the Renewable Energy Financing Facility in Honduras (IDB Group) and the Caucasus Green Economy Financing Facility in Armenia (ERBD). However, increases over the last year were driven by the 'Upscaling Rural Renewable Energy - Solar PV' and 'Sustainable Rural Energization (ERUS)-Part I & III: Promoting Sustainable

[5]https://www.gov.uk/government/statistics/final-uk-greenhouse-gas-emissions-national-statistics-1990-to-2022#full-publication-update-history

Business Models for Clean Cookstoves Dissemination' projects which reported reductions for the first time.

Achieved results remain relatively low compared with expected results; so far, of the 43 projects with a GHG emissions target, only 18 projects are reporting GHG savings. That said, more progress has been made with the installation of clean energy (MW); the SREP has installed 269MW of its 980 MW lifetime target (unattributed), which is the equivalent of over 50 average-sized UK offshore wind turbines[6].

FIP

After the CTF, FIP is the sub-fund with the second largest achieved GHG emissions reductions. With only 14 of the 54 MDB-approved projects reporting non-zero results for cumulative GHG emissions reductions, FIP has achieved around a quarter of its expectations.

The following projects make up over 75% of FIP's GHG emissions achieved results to date: Improved Forested Landscape Management Project (IFLMP) in the DRC, Financing Low Carbon Strategies in Forest Landscapes in Mexico, Enhancing Natural Forest and Agroforest Landscapes Project in Ghana, Decentralized Forest and Woodland Management in Burkina Faso, and Community-Focused Investments to Address Deforestation and Forest Degradation (CFI-ADD+) in Indonesia.

FIP has achieved over 60% of the expected number of people supported to cope with the effects of climate change, showing that it is making good progress against this indicator. Five projects are currently making up over half of the cumulative achieved number of people supported, namely, Decentralized Forest and Woodland Management, Environmental Regularization of Rural Lands in the Cerrado of Brazil, Gazetted Forests Participatory Management Project for REDD+ (PGFC/REDD+), Improved Forested Landscape Management Project (IFLMP), and Forests and Climate Change Project. Of the achieved results which can be disaggregated by sex, 44% of people supported were women.

PPCR

PPCR's cumulative achieved results against the number of people supported to cope with the effects of climate change make up 84% of its expectations. These achieved results are driven by the Roads & Bridges Management and Maintenance Project - APL2 in Mozambique, Community Action Project for Climate Resilience (CAPCR) in Niger, and Coastal Climate Resilient Infrastructure Project in Bangladesh which make up over 60% of results. Of the achieved results which can be disaggregated by sex, 48% of people supported were women.

C. DETAILED OUTPUT SCORING

Output 1: Increasing value for money through co-financing

Output Title	*Increasing value for money through co-financing*		
Output number:	1	Output Score:	***A***

[6] https://www.renewableuk.com/energypulse/ukwed

Impact weighting (%):	10	Weighting revised since last AR?	No

Fund	Finance Mobilised (£m)	Expected results* (over project lifetime)		Cumulative achieved results*					
				Up to 2022		Up to 2023		Up to 2024[7]	
		Attributed[8] (UK)	Total (unattributed)	Attributed (UK)	Total (unattributed)	Attributed (UK)	Total (unattributed)	Attributed (UK)	Total (unattributed)
CTF	Public	2,872	16,113	1,308	7,312	1,352	7,555	1,497	8,367
	Private	1,267	7,110	362	2,053	502	2,822	536	3,014
GESP	Public	710	967	-	-	34	49	34	49
	Private	174	237	-	-	-	-	-	-
SREP	Public	509	1,352	129	339	147	385	192	505
	Private	106	281	5	13	34	91	57	151
FIP**	Public	140	510	-	-	-	-	-	-
	Private	5	19	-	-	-	-	-	-
PPCR**	Public	165	977	-	-	-	-	-	-
	Private	6	37	-	-	-	-	-	-

**Results presented here have been adjusted in line with ICF KPI methodologies to ensure that claimed results are additional i.e. that they are beyond the results that would have occurred in the absence of the ICF-supported intervention therefore total (unattributed) results will differ from those published at https://www.cif.org/. Expected lifetime results are estimated in line with each projects technology lifespan which will vary by project.*
***The FIP and PPCR do not report achieved figures for private and public finance mobilised.*

Key points

To date the CIF trust fund committee has approved $7.4 billion of donor funds, which is expected to mobilise approximately $64.6 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources[9]. This represents a co-finance ratio of around 1:9, which means that for every £1 invested by the UK in the CIF, a further £9 is invested by other sources of finance. The largest source of co-financing comes from MDBs, and the private sector followed by bilateral and other sources, and governments.

Describe any changes to this output during the past year, and any planned changes as a result of this review.

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[7] The year stated refers to the CIF reporting year but the underlying data is from the previous year (1 year data lag).
[8] Results which have been attributed to the UK represent a percentage of the total (unattributed) results reported by the CIF, which are proportional to the UK's share of CIF funding relative to other donors.
[9] https://www.cif.org/. Note these figures are prior to any UK attribution or adjustments for additionality.

None

Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

Last year, there were no relevant recommendations for this Output. This year, the data has shown that the programmes have performed as expected with co-financing. While we have no recommendations for this Output for the year ahead (in part owing to the logframe update), we believe there is scope to build on the achievements of the CIF in this area with the view to increase the volume of co-financing. HMG intends to engage with the various CIF members, committees and MDBs to explore how CIF co-financing can be increased in different ways, e.g. through a range of the financial instruments on offer and consider whether new pilot approaches could be developed that attract further co-financing.

Output 2: Delivering on reform priorities (Output Completed in 2018)

Output Title	*Delivering on reform priorities (Output Completed in 2018)*		
Output number per LF	2	**Output Score**	A
Impact weighting (%):	30%	Impact weighting % revised since last AR?	N

Indicators	**Progress 2014 (Jan-Dec)**	**Progress 2015 (Jan-Dec)**	**Progress 2016 (Jan-Dec)**	**Progress 2017 (Jan – June)**	**Progress 2018 (Jan – June)**
By programme percentage of projects approved over each period with: gender analysis/ women-specific activities/ Sex disaggregated indicators (from 2016).	PPCR: 30%/53% FIP: 29%/53% SREP: 47%/40% CTF: 22%/18%	PPCR: 88% / 75%. FIP: 67% / 67%. SREP: 100% / 88%. CTF 40%/25%.	PPCR: 100%/100%/ 100% FIP: 100%/ 84% /67% SREP: 100% /100%/71% CTF 80% / 70%/ 40%	PPCR: 67%/ 67%/ 67% FIP: 100%/ 67%/ 67% SREP: 100%/ 67%/ 100% CTF: 14% /43% /14%	PPCR 100%/100%/ 100% FIP 100%/100% 50% SREP 57%/86%/71 % CTF 50%/50%/50 %

Key points

CIF have continued to progress work in these areas since 2018. This includes the ongoing CIF governance review, which HMG supports, which is evaluating aspects such as:

- Is the CIF's fund structure, governance and organisational arrangements maximising the CIF's potential to fulfil its current mandate;
- Are the existing CIF frameworks fit for purpose, and do they serve the future needs of the CIF, particularly given anticipated CIF mandates connected with market-facing structures (including the CCMM) and new energy programmes.

Significant progress to date on the 'first phase' of the CIF Governance Review includes the establishment of a new Hosting Arrangement with the World Bank (June 2023), the selection of a new CIF CEO (late 2023) Tariye Gbadegesin and the renaming of the CIF Administrative Unit to the CIF Secretariat in recognition of the evolving roles and growing responsibilities that have been undertaken by them. As the CIF continued work on the 'second phase' of its Governance Review in 2024 and into 2025, which includes reviewing the implementation of the CIF Hosting Arrangement and deciding the future of the Standing Committees, and given the continued importance HMG places on further strengthening the functioning and capability of the CIF, officials will make updating this indicator as part of the scheduled CIF logframe overhaul process a priority, as there are several activities that are not being captured by the current version of the HMG logframe. This should therefore enable us to accurately capture the impacts the CIF.

Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

The UK should continue to use its influence and standing in the CIF to ensure the updated strategic modalities reflect the lessons learned by applying a programmatic approach, and are fit for purpose with CCMM changing the way the CIF can plan on a multi-year basis, as well as taking forward the second phase of the Governance Review to ensure robust oversight processes around the same. HMG's CIF logframe is important in this context to capture the breath of activities in this area, along with other key themes such as Just Transitions, and gender and social inclusion.

Output 3: Improving Programme Efficiency

Output Title	*Improving Programme Efficiency*		
Output number per LF	3	Output Score	A
Impact weighting (%):	30%	Impact weighting % revised since last AR?	N

Indicator(s)	**Progress 2020**	**Progress 2021**	**Progress 2022**	**Progress 2023**	**Progress 2024**
Number of projects approved by MDBs	As of 30 June 2020 CTF 113 projects	As of 30 June 2021 CTF 138 projects	As of 30 June 2022 CTF 161 projects	As of June 2023 CTF 152 projects	As of June 2024 CTF 130 projects

Funds disbursed as a percentage of the total portfolio approved at the committee level.	CTF 46%	CTF 55%	CTF 55%	CTF 61%	CTF 66%
Projects under implementation and remaining on track.	CTF 103 out of 113 projects rem ain on track 91% of portfolio on track	CTF 105 out of 113 projects remain on track 93% of portfolio on track	CTF 105 out of 113 projects remain on track 93% of portfolio on track	CTF 137 out of 150 projects remain on track 91% of portfolio on track	CTF 125 out of 154 projects remain on track 82% of portfolio on track

Key points

The CTF portfolio continues to mature, with a mix of longstanding large-scale infrastructure projects and newer, smaller initiatives—especially from newer CIF programming such as GESP and CIF ACT programme. Many projects are drawing funds as planned, with disbursements increasing by USD 164.4 million to achieve a 66% disbursement ratio, which is a strong indicator of progress. This improvement reflects accelerated sub-project agreements and a streamlined approval process, which in turn are driving down the proportion of undisbursed funds.

At the same time, while the overall number of projects under implementation has grown, there has been an increase in the percentage of projects flagged for implementation risk. Specifically, 29 projects have been identified as delayed because they have either not reached their key effectiveness milestones or have unallocated funds remaining—often due to restructuring challenges, prolonged negotiations, or disruptions such as the fallout from COVID-19 and the Ukrainian military conflict, slow policy adoption and geopolitical uncertainty which have slowed down contract approvals. In these cases, when projects are flagged as delayed and not disbursing funds, the CIF Trust Fund Committee has engaged with the CIF Secretariat and MDBs to understand the mitigating actions and have pressed for funds to be returned to the CIF so that they can be reallocated to other projects or activities under the guidance of the CIF Trust Fund Committee.

It is important to note that earlier CTF projects generally involve large-scale infrastructure, like solar farms or mass grid connections, which naturally take longer to become operational and reach full capacity. Conversely, more recently approved projects are smaller and quicker to implement, delivering more immediate, albeit smaller, annual GHG emissions reductions that gradually build over time. The recent move towards smaller projects is driven partly by the reduced volumes of CIF funds in the existing CTF, the decentralisation of energy systems, and the overall aim to achieve impacts sooner. With the launch of new programmes such as GESP and CIF ACT, we expect the portfolio to also include larger infrastructure projects again.

Overall, progress is largely meeting expectations. The significant improvement in disbursement rates has contributed to an overall A score for progress. However, there is some disappointment with the delayed projects, which are under active review and for which remedial actions are being taken. We will continue to work closely with the CIF and MDBs to ensure that these delayed projects either accelerate toward operational milestones or are restructured or cancelled as appropriate, so that the funds can be efficiently redeployed.

Disbursement

As of June 2024, the latest figures indicate that cumulative MDB-approved funding reached USD 4.699 billion, out of which USD 3.129 billion has been disbursed. This translates into a disbursement ratio of 66.6%, reflecting an increase of USD 164.4 million (or about 5.5%) over the previous period.

Additionally, 53 projects—equivalent to approximately USD 1.76 billion in CTF commitments—are fully disbursed, demonstrating strong progress in moving projects from approval to operational status.

Projects on Track

Overall, compared to other large multilateral funds, the approval and disbursement rate of the CIF remains good and has shown improvement. The majority of approvals have now occurred and therefore the numbers of approvals have marginally slowed as expected. Overall, progress has been good and meets expectations. Based on the progress above, we score this Output an A based on expectations.

It is also important to note that over 20 percent of the CTF projects approved between 2009 and 2019 saw delays for a variety of reasons, ranging from project restructuring to procurement or operational delays. They requested and were granted extensions in order to execute and complete activities. These projects are still expected to achieve their final targets, based on the fact that almost all completed CTF projects have met or exceeded their targets. For example, the Wind Power Development Project (Transmission) T&D (World Bank) was extended twice due to procurement delays, but it surpassed its annual GHG emissions reductions target of 820,000 tCO2, reaching 1,300,000 tCO2 in its first year of operation, nine years after it was approved[10].

Describe any changes to this output during the past year, and any planned changes as a result of this review.

There were no changes to this output in 2024. However, as part of the HMG CIF logframe update, we envisage wholesale changes to this output which will also include the development of milestones.

[10] Note these figures are prior to any UK attribution or adjustments for additionality.

Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

The CIF Secretariat has been able to monitor the risk posed by the pandemic and identify projects which are impacted by the pandemic and projects which have more inherent issues affecting their progress. Going forward, we expect the risks to lessen as we become more familiar with COVID-19 and learn from projects throughout implementation.

Indicator(s)	Progress 2021	Progress 2022	Progress 2023	Progress 2024
Relevant and appropriate evaluation & learning strategy developed	The CIF Secretariat continues to apply a mixed methods approach to generate appropriate evidence and advance learning to inform strategic and operational decisions. The work plan for evaluation and learning for 2021 was focused around three main objectives: 1. Applied learning to catalyse climate action in countries and institutions 2. Generation of new evidence to optimise new CIF programme investments 3. Engagement in collaboration, planning, and partnership for collective impact. Within these objectives the thematic focus areas remained the same as 2020 with a particular emphasis on supporting the development of new CIF programmes.	In FY22, the E&L Initiative continued to demonstrate how evidence-based learning can address key challenges and catalyse more impactful climate action. Increasing focus on operationalising work on the themes of transformational change and just transition. This was done through the development of guidance and tools and the inclusion of relevant dimensions in the investment criteria, operational guidance, investment plan clinics, and integrated results frameworks	In FY23, the E&L Initiative began developing toolkits for each of CIF's new programmes, titled Maximising Transformational Impact. These aim to embed transformational change, just transition, and development impact considerations into planning, implementation, and evaluation.	Independent mid-term evaluation of Forest Investment Program (FIP) and Dedicated Grant Mechanism (DGM) completed and PPCR independent evaluation ongoing (expected to conclude January '25); Publication of 6 studies (evaluation and guidance notes);
Appropriate evaluation and learning activities commissioned in response to	14 studies, 2 evidence gap maps, 4 podcasts, and 8 summary briefs, 3 knowledge newsletters and 5	Important thematic studies and guidance were delivered on priority themes, particularly on transformational	With the return of in-person engagement, there was increased emphasis on South-South knowledge	Delivery of over 15 virtual, hybrid, and in-person workshops/events; launch of new E&L toolkits

needs from priority audiences	guest commentaries were developed in this reporting year. Over 20 learning events with participation from over 1,500 people were also hosted.	change, just transition, and development impacts. They include case studies exploring just transition in non-energy sectors and practical guidance identifying signals of transformational change in projects. 16 new studies and knowledge briefs were published, generating new evidence in areas relevant to new CIF programmes and broader climate action. Over 16 virtual learning events were held, involving more than 750 participants, along with broad communications and strategic learning engagements to reach new audiences. The focus on online engagements, due to pandemic-enforced travel restrictions, continued with high participation rates across stakeholder groups.	exchange as a form of applied learning. Three regional events were held in Egypt, Côte d'Ivoire, and Mozambique, focusing on resilience, forestry, and nature-based solutions. Collaboration with other climate funds deepened, including: Quarterly meetings and joint activities with GCF IEU, GEF IEO, and AF-TERG. A Senior Advisor from the GCF IEU has joined the E&L Advisory Group	Just transition MDB pilot activities in Angola, Colombia, Egypt, Mongolia, Türkiye, and Uganda with project completion expected in FY25. Several in-country workshops were held in partnership with CIF MDBs in Zambia CIF Observers evaluation capacity development continued with five webinars and two in-person workshops. To support applied learning, five, competitively selected, evaluation studies, funded by the E&L Initiative, are being implemented by CIF Observers
Timely, effective and relevant consultations and ways of working are established to share learning with priority audiences including the GCF	The CIF Secretariat formalised a number of partnerships with priority institutions. These include: Powering Past Coal Alliance; IRENA; the Just Energy Transition Partnership for South Africa; the Global Centre on Adaptation; and Green Climate Fund.	The CIF launched its new cif.org website listing results and impact to date. Feedback is welcomed via the homepage or by subscribing to the monthly newsletter. In partnership with EBRD, CIF held its first youth in climate finance workshop. Organised and facilitated by young	CIF conducts knowledge exchanges between South-South countries and South-North countries to facilitate learning and share experiences that may be useful to other countries facing similar challenges. In this fiscal year, the Initiative built on the success of the previous	Launch of two Learning Platforms, for the Renewable Energy Integration (REI) and the Nature, People, and Climate (NPC) programs. Activities that included virtual and in-person events that engaged 160 people from 50 countries and 385 people from 25 countries, respectively.

	The CIF Secretariat is about to engage in extensive consultations with over 100 stakeholders to shape learning priorities for the upcoming five years. The insights from these consultations will be shared through its next business plan to be presented to the Trust Fund Committee (TFC) in June 2022.	people and using case-based learning, it covered basic knowledge of climate finance; the climate finance architecture and how major climate funds and Multilateral Development Banks (MDBs) mobilise finance for climate action.	Africa Knowledge Exchange, held in Abidjan, in March 2023.	Partnership with other climate funds was deepened through joint studies, collaboration on COP28 events, joint activities at the GEF Independent Evaluation Office Conference, and other activities. CIF conducts knowledge exchanges between South-South countries and South-North countries to facilitate learning and share experiences that may be useful to other countries facing similar challenges. In this fiscal year, the Initiative held a workshop in the Asia-Pacific region (2024).
Evidence that evaluation and learning activities are informing decisions in the CIF community and among other priority audiences through surveys and qualitative feedback	The CIF have had over 65 engagements with over 3,700 participants to disseminate knowledge with a range of stakeholders, including recipient countries and local stakeholders. The concepts, methods, and tools developed through TCLP are used within CIF and by others, including the Green Climate Fund (GCF), the Swiss Agency for Development and Cooperation (SDC), GiZ, the Nationally Appropriate Mitigation Actions (NAMA) Facility, the	This year CIF launched the Climate Delivery Initiative (CDI) — an analytical platform to identify, study, record, workshop, and respond to barriers and solutions often associated with climate finance programs. It aims to support policymakers and operational teams in designing and deploying more primitive, nuanced, and responsive climate interventions. Two case studies were produced: the first on the Rwanda	This year the CIF launched: • The Just Transition toolbox • The ReACT tool Both these tools have been well received, with subsequent engagement from several country governments on these important topics, and which are expected to feed into country investment plans that are being developed under the CIF/ national strategies.	The CIF have focused their efforts on the initiatives launched, and where we are seeing countries actively using this information to inform their country investment plans. For instance, the Dominican Republic’s CIF ACT IP has proactively embedded Just Transitions within its investment plan for the CIF ACT programme.

	Overseas Development Institute (ODI), Wilton Park, CIF client country governments, and local non-profits. The just transition framework is being used in many prominent contexts externally to advance conversations around the topic, such as the transition-related work by the Presidential Climate Change Commission in South Africa and the work of MDBs through the Paris Alignment Working Group's subgroup on just transitions. The key findings from the local stakeholder engagement evaluation informed the new CIF observer selection and onboarding processes, as well as planned improvements for the local stakeholder involvement in CIF's programmes throughout the project lifecycle.	Renewable Energy Fund's challenges and highlights of the project team's adaptive management; and the second on climate-smart agriculture among farmers in the coastal regions of Bangladesh. During the 7th Global National Adaptation Plan (NAP) Expo 2022 held in Botswana, CIF joined over 300 participants to exchange experiences and foster partnerships between a wide range of actors and stakeholders on how countries can advance their national adaptation plans. The session on investing in transformational climate-resilient development elevated perspectives of country representatives working with the CIF's Pilot Program Climate Resilience (PPCR). The private sector plays a significant and transformative role in helping communities and developing countries adapt and build resilience to climate change. This was the main theme that emerged from the South-South knowledge exchange workshop cohosted by CIF and		

		Egypt's Ministry of International Cooperation (MOIC) in Egypt.		

Our current focus is on accelerating project implementation and ensuring that project timelines are clearly defined and rigorously scrutinised. HMG officials should drive increased engagement and oversight to further enhance project performance and timely delivery.

Output 4: Capture and share evidence and lessons learned to inform future climate investments

Output Title	*Capture and share evidence and lessons learned to inform future climate investments*		
Output number per LF	4	Output Score	A+
Impact weighting (%):	30%	Impact weighting % revised since last AR?	N

Key points

The CIF's knowledge work is dedicated to its mandate as a learning laboratory for scaled-up climate finance, ensuring accountability for the results of its investments. In FY24, the Evaluation & Learning (E&L) Initiative demonstrated a comprehensive, integrated approach that has expanded beyond traditional MEL to incorporate robust evidence generation, applied learning, and strategic partnerships.

Its knowledge work now spans key thematic areas including clean energy, energy access, sustainable forestry, climate resilience, and emerging priorities such as just transitions, development impacts, and transformational change. The CIF's knowledge activities cut across E&L, Monitoring and Reporting (M&R), and Knowledge Management (KM), resulting in a rich portfolio of publications, toolkits, and case studies. Notable outputs include independent evaluations of the forestry portfolio (FIP and DGM), guidance notes on transformational climate finance and evaluating transformational change, and newly launched E&L toolkits for emerging programmes like Renewable Energy Integration (REI) and Nature, People, and Climate (NPC).

These efforts have been further bolstered by dynamic capacity development initiatives for CIF Observers, innovative regional and South-South knowledge exchanges, and close collaborations with multilateral development banks and other climate funds. In doing so, the CIF not only informs its own investments, and programme designs but also actively disseminates lessons learned to enhance the broader climate finance community's effectiveness, and especially – in the CIF context, the development of country investment plans where:

- **Support for New Investment Plans:** The E&L Initiative reviewed and provided inputs on deepening Just Transition and transformational change components into country Investment Plans for new CIF programmes. This includes plans for the North Macedonia ACT Investment Plan, Kenya REI Investment Plan, Mali REI Investment

Plan, and Costa Rica REI Investment Plan. Additionally, the Initiative presented on transformational change and just transitions during scoping missions for NPC Investment Plans in Brazil, Dominican Republic, Namibia, and Zimbabwe, as well as during the ACT Investment Plan development in the Philippines.

- **Special Support for the Zambezi Regional NPC Investment Plan:** The Initiative provided deep technical support for this regional plan. A workshop on transformational change was conducted in July 2023 as part of the pre-scoping mission in Harare, Zimbabwe. This was followed by a multi-day workshop in February 2024—organised in partnership with the Zambezi Watercourse Commission (ZAMCOM) and the AfDB—using a back-casting approach to enhance the plan's focus on nature-based solutions, transformational change, and just transitions. Eight riparian states participated, with around 80 participants in total.
- **Investment Plan Close-Out Workshops:** The documents also detail how the E&L Initiative contributed to workshops designed to formally close out Investment Plans in various regions, including Zambia (PPCR), Indonesia (FIP), parts of the Caribbean (across several countries under PPCR), and the Maldives (SREP). These workshops aimed to build consensus on the outcomes, compile key lessons for future programmes, and integrate transformational perspectives into the assessment of Investment Plan results.

These elements demonstrate how Investment Plans are not only critical planning tools but also integral to the CIF's broader strategy of embedding transformational change and just transition principles into climate finance operations.

The team also developed case studies which include:

- Just Transition Pilot Activities: These comprise six projects led by various MDB partners. They include:
  - Egypt: An AI-powered guidance project for reskilling and redeploying workers affected by the energy transition.
  - Colombia: A study devising strategies for upskilling and reskilling workers impacted by the low-carbon transition.
  - Angola: A case study on easing the impacts of planned fossil fuel subsidy reforms through improved strategic communications and enhanced social registries.
  - Mongolia: A project that channels local finance to support communities affected by the transition to sustainable agriculture.
  - Türkiye: A participatory methodology developed to assess regional employment and livelihood risks and opportunities during the green transition.
  - Uganda: An analysis of the socio-economic impacts linked to transitioning towards low-carbon transportation.
- Transformational Change in Kenya: A case study on Kenya's County Climate Change Funds demonstrates how transformational climate finance can drive systemic change at the sub-national level.
- Regional and Country-Specific Initiatives: Additional case studies—such as those from Rwanda—highlight innovative approaches to engaging the private sector and integrating local community insights into CIF's broader climate finance strategies.

Above are some of the elements that were set out and presented as part of the FY23-27 Work Plan (this was approved by the CIF board). This plan was developed through extensive consultations with over 100 CIF stakeholders and experts in the climate finance sector and supports an increased ambition in addressing core issues related to scaling up climate finance.

Based on the progress above and the response received from the wider climate community (e.g. countries under the new CIF programming deeply embedding important topics such as Just Transitions and Gender, which make for more sustainable and impactful investment plans) we can score this output an A+.

Lessons identified this year, and recommendations for the year ahead linked to this output

In terms of lessons learnt CIF's Evaluation and Learning (E&L) Initiative identifies strategic lessons across CIF's portfolio enabling learning that is timely and relevant which helps inform decisions and strategies for CIF and the wider climate finance sector.

Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

We have no recommendations for this Output for the year ahead but note that DESNZ will be updating the HMG CIF logframe in the coming year.

In terms of lessons learnt and the achievements had:

- The E&L team have fed back that the UK played a significant role in some of the successes had, for example, the UK worked closely and shared its expertise on Just Transitions with the CIF during the development of the Just Transition toolbox, which resulted in the toolbox being well received by various stakeholders. The UK has been a continued champion of the CIF's E&L work and as part of the last UK contribution to the CIF, had earmarked funds for continued E&L efforts (up to £5 million)
- The E&L team understanding stakeholder needs through previous engagements, establishing a strong stakeholder network that includes observers, using a targeted approach in disseminating information in partnership with key stakeholders (e.g. MDBs and Observers) and deepening collaboration with other climate funds such as the GEF on conducting joint studies on various themes.

D: PROJECT PERFORMANCE NOT CAPTURED BY OUTPUTS

N/A

E: RISK

Overview of risk management

Risks are reviewed by the programme team on a monthly basis and are included in the monthly Programme Delivery Plan updates. The CIF Secretariat flag risks to us proactively as they emerge and consolidate them into various reports which are presented at each Trust Fund Committee meeting. We also engage regularly with Multilateral Development Banks (MDBs) through the CIF project approval process and via ad hoc meetings.

Current risks

Risk	Description	Mitigating action	Rating
HMG CIF Logframe overhaul	The current CIF logframe has had minimal updates in the past few years, and given the new era of CIF programming, will require an overhaul to ensure that the new logframe develops new indicators where required and has actual milestones/ clear expectations for the enormous number of interventions the CIF undertakes (which has massively increased since its inception). This will ensure that we are accurately monitoring progress and impact made and use this information to set future direction and work plans; ultimately ensuring the achievement of the programme's intended impact. However, this is a new approach for the CIF which may prove difficult to operationalise.	HMG will engage with CIF Secretariat during the development of new indicators and the establishment of relevant milestones.	Moderate
Russia's Invasion of Ukraine	The ongoing war in Ukraine presents material risks to CIF projects through the destruction of energy infrastructure, the impact on the economy, and civil and political instability.	The programme team will engage with the CIF Secretariat and other donors to coordinate on the projects affected from the conflict. This includes those that have currently been lost due to military destruction, and those with a potential for rescope and revisiting.	Moderate

F: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Summarise the performance of partners and FCDO, notably on commercial and financial issues, and including consideration of VfM measures of economy and efficiency, effectiveness and equity.

Generally, the CIF Secretariat has performed well in terms of the financial management of the funding at its disposal. They have been particularly proactive in engaging on risk management, and have played a strong facilitation role.

As the CIF programmes are implemented by MDBs, each project follows the MDB's procurement policies and procedures. The 2014 DFID Business case highlighted that the MDB approach to procurement aims to ensure open and fair competition in all tenders, and to procure high quality goods and services at the lowest cost. Procurement of goods and services goes through International Competitive Bidding (with limited exceptions).

The UK has significant influence as one of the original designers of the CIF and, as a member of all of the TFCs and Sub-Committees, the UK continues to provide substantial contributions and a strong focus on driving improvements in the operations of the CIF at the governance level. In 2024, the UK was the co-chair of the joint meeting of the CTF and SCF Committees (i.e. the 'Joint TFC'). The UK has a keen interest and strong influence in maintaining reasonable administrative costs of the CIF and was able to influence this through the annual business plan and budget prepared by the CIF Secretariat and the discussions in Committee during the year.

Economy

Administration and management fees are the two main economy indicators considered. These are broken down in the table below. CIF procedures are purposely designed to be light touch, reflecting the intention to not duplicate but leverage MDB governance frameworks (where the UK is also represented at the board level). This is a major driver for securing good economy in regard to the administrative costs, especially when compared against comparable institutions.

The management fees also compare well against similar organisations such as the GCF and GEF. This suggests that CIF operates in a comparatively economic manner. Furthermore, the CIF Boards scrutinise all relevant budgets and workplans and are presented with budgetary information through operational reports twice a year. This helps ensure that strong levers are available to ensure continuing good economy.

Management Fees

Programme	CIF	GCF	GEF
MDB Project Implementation Services Costs as % of Cumulative Funding Decisions	0.70% - 3.9%	7.95%	9.5%

Admin Fees

Programme	CIF	GCF	GEF
Admin Costs as % of Cumulative Funding Decisions	2.6%	3.4%	3.7%

Table 1: *illustrates fees within other major multilateral programmes*.

Efficiency

Efficiency has been measured by assessing the co-financing rates and the speed of delivery (disbursements).

The CIF's average co-financing ratio is round 1:9 (contributor country fund: co-financing from public and private sectors), which compares favourably against similar multilateral climate funds such as the GCF:

Programme	CIF	GCF	GEF

Co-finance ratio	1:9	1:3.6**	1:6

***figure only for mitigation activities.*

Speed of disbursements is a proxy for measuring the time taken to convert inputs to outputs. Most projects involve planning and construction of new and innovative large-scale infrastructure, so the time lag from CIF's approval to full disbursement is typically over five years. CIF's disbursement rate has been on par for a multilateral fund[11] and continues to improve over time. This is in line with our expectations and reflects the CIF's maturing operational status. Several policy and procedural changes have been introduced recently with the aim of further improving efficiency. These include the revision and upgrading of the CIF's risk reporting framework to improve the tracking of implementation risks; and an update to the project pipeline management policy which has both shortened the time given to develop projects and restricted the use of project extensions.

Effectiveness

The CIF contain several programmes and projects at different stages of maturity. However, based on the current pipelines we can be confident that the CIF are demonstrating effectiveness in their utilisation of funds. The CIF generally perform well against various cost effectiveness metrics when compared to other multilateral climate finance programmes. Cost effectiveness metrics (such as cost per tonne, co-finance ratios, cost per MW installed, cost per HA and per person supported) all fall within a reasonable expected range across the various sub funds. The CIF as a whole expects to deliver substantial levels of mobilised finance. On average CIF projects expected to deliver a 1:9 co-finance ratio, made up of 1:6 public and 1:3 private. This is especially the case for the mature CTF programme which has been able to demonstrate strong progress against the expected results that were forecasted through the programmes result framework. For the CTF, the expected co-finance ratio is around 1:10, the expected cost per tonne is around £25 and the expected cost per MW installed is around £1.45m. These metrics all compare favourably against other programmes in the ICF portfolio working in similar sectors. The CIF also continues to make significant contributions to the ICF annual results publication, holding one of the larger programmes shares across the reported KPIs for both achieved and expected results.

Equity

An increase in climate-related disasters is having a disproportionate impact on the world's most vulnerable, such as women and indigenous people in developing countries. It is imperative that 'climate-smart development' both supports the world's most vulnerable and bolsters the role that they can play as 'change agents and decision makers' in mitigation and resilience-building activities. The CIF have been at the forefront in tackling and mainstreaming these issues over the past 15+ years. They have used their experience to develop:

- A dedicated indigenous populations policy to ensure CIF projects include them as active stakeholders where relevant – the policy has been recognised as best practice by civil society and is being used to inform design of the next generation of DESNZ ICF REDD+ programming.
- A Dedicated Grant Mechanism (DGM) initiative which provides direct financing to empower indigenous and local communities to sustainably manage natural resources,

[11] The GCF has an average disbursement ratio of 53%.

restore land and better cope with the impacts of climate change. In Peru, DGM is supporting the legal recognition of 310 native communities across 780,000 hectares. In Burkina Faso, 32 communes are deploying DGM resources to increase their participation in environmental governance.

- The CIF Gender Policy, which is now on 'stage 3'. After making progress on mainstreaming and targeted impacts, stage 3 commits to institutionalising gender considerations across its stakeholders.
- The CIF supports the equitable provision of climate finance in several other ways, including through:
    - Ensuring equal representation for recipient countries in board meetings, which strengthens their voice in the direction of the programme and its spending and
    - The participation of observer groups and NGO network in the governance. As part of its broad based and inclusive governance structure, the CIF also invites stakeholders from outside these two groups to participate in committee meetings as active observers to help promote sound and transparent decision making, efficient use of resources, and complementarity with other sources of financing. Observers are drawn from civil society organizations (CSOs), the private sector, and indigenous peoples' groups. Representatives from the GEF, the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Development Program (UNDP), and the United Nations Environment Program (UNEP) are also invited to observe meetings.
- The CIF have launched a 'Just Transition Initiative'12 that uses the same mainstreaming approach used for mainstreaming Gender and local community issues. A 'just transition' seeks to ensure that the substantial benefits of a green economy transition are shared widely, while also supporting those who stand to lose economically. It also considers that a rapid increase in the speed and scale of actions required to reduce the risks of climate change will create new economic opportunities. The Just Transition initiative is strongly aligned to UK efforts in this area, and focuses on the socio-economic transformations required to accelerate efforts to combat climate change.

Compliance table – This table must be completed and included in the body of your AR

Paris alignment pillar	**Description of activity**
How have you taken a proportional approach to climate and environment risk assurance?	Rigorous climate and environment risk assessments are conducted at the project and programme level by MDBs and at the portfolio level by the CIF Secretariat according to their respective policies. We evaluate alignment with HMG policies for individual projects and programmes via the approval process and at the fund level.

[12] CIF Just Transition webpage

How have you taken a proportional approach to using shadow carbon pricing?	MDBs calculate carbon emissions abatement and reduction figure for each project or programme which are then evaluated by HMG analysts during the approvals process. Programmes must demonstrate how they will reduce carbon emissions, directly or indirectly, to qualify for CIF funding.
Does the programme adhere to HMG's fossil fuel policy?	Yes. CIF programmes do not include elements relating to fossil fuel support and thus does not go against the fossil fuel policy.
Are you ensuring the programme does not undermine impacted countries climate plans?	CIF programmes will not undermine impacted countries' climate plans. The funding will contribute towards the host countries' NDC commitments.

Date of last narrative financial report	
Date of last audited annual statement	

Commented [NM1]: @Cotta, Sherwin (Energy Security), do you have these dates?

Commented [SC2R1]: I'm not sure of this as I don't think we've seen it before - did you get guidance on this should be?

Commented [NM3R1]: Krissie mentioned that we should have this, but did not provide details. Perhaps PMO colleagues will be able to clarify prior to publication.