

## Department for Business, Energy and Industrial Strategy (BEIS), Allocation of Official Development Assistance (ODA)

2016 - 2021

The Government has legally committed to spend per calendar year 0.7% of Gross National Income on ODA. Critical to achieving this target are the Global Challenges Research Fund (GCRF), the Newton Fund, and International Climate Finance (ICF), which are ring-fenced research and innovation (GCRF and Newton) and climate change (ICF) spend.

### **Global Challenges Research Fund (GCRF)**

The [GCRF](#) was announced as part of Spending Review 2015. It provided an additional £1.5bn of spend over the Spending Review Period to ensure that UK research takes a leading role in addressing the problems faced by developing countries.

The GCRF focuses on challenges that are particularly relevant within countries on the OECD (Organisation for Economic Co-operation and Development) Development Assistance Committee (DAC) list. The Fund supports UK universities and research organisations in undertaking challenge-led research where it can add greatest value and has the greatest potential for impact. Delivery partners therefore have oversight of the portfolio to ensure that, in line with the UK aid strategy, the potential for impact on countries where development challenges are most acute is realised. While it is not a requirement, the GCRF may support bilateral or multilateral programmes with partners in other countries. GCRF will complement rather than duplicate activities that are most appropriately supported under the Newton Fund and other ODA initiatives.

### **Newton Fund**

The [Newton Fund](#) promotes the economic development and social welfare of partner countries. It does so through strengthening partner country science and innovation capacity to address their development priorities. We partner with 17 partner countries on the OECD DAC list of ODA recipients. Newton Fund activities are chosen and developed in collaboration with partnering governments, this ensures the activities offered meet their development priorities. All open calls are on our [website](#).

There are currently 17 active partner countries under the Newton Fund. These are:

- [Brazil](#)
- [Chile](#)
- [China](#)
- [Colombia](#)
- [Egypt](#)
- [India](#)
- [Indonesia](#)

- [Jordan](#)
- [Kenya](#)
- [Malaysia](#)
- [Mexico](#)
- [Peru](#)
- [Philippines](#)
- [South Africa and wider Africa](#)
- [Thailand](#)
- [Turkey](#)
- [Vietnam](#)

### **International Climate Finance (ICF)**

Climate change is a global challenge that affects us all. No country is projected to be spared from the impacts of further global temperature increases and we are already facing serious challenges to the natural environment; to food production; and to water resources. Without concerted global action to limit and manage the impact of climate change, we could reverse the huge gains in global poverty reduction which the UK has helped achieve over the last 3 decades.

[UK ICF](#) plays a crucial role in addressing this global challenge. Three government Departments (DFID, BEIS and Defra) have responsibility for investing the UK's £5.8bn of ICF between 2016 and 2021. ICF helps developing countries mitigate and adapt to the impacts of climate change, reduce deforestation and pursue clean and sustainable growth.

BEIS ICF is spending £2bn between 2016/17 and 2020/21 primarily on large scale mitigation projects, focusing on three broad thematic areas where we think the UK can best make a difference – Making the Markets Work (mobilising private investment to tackle climate change), Halting Deforestation, and Accelerating Decarbonisation (building capability, and demonstrating and deploying the technologies and policies critical for achieving the Paris Agreement temperature goals). This funding targets programmes designed to bring about catalytic change in developing countries, across a range of critical mitigation sectors including clean energy, cities, buildings, infrastructure, forests and land use.

BEIS ICF operates as a portfolio of different programmes that each have their own allocation processes. A number of these have open calls for proposals that organisations or countries can apply directly to (e.g. the [Nationally Appropriate Mitigation Actions Facility](#); the [Global Innovation Lab for Climate Finance](#), [UK Partnering for Accelerated Climate Transitions](#)) others, for example those delivered by the multilateral development banks have allocation processes managed by their country investment teams or offices, and multilateral climate funds operate according

to their published eligibility and allocation criteria. Specific delivery arrangements are set out in the Business Case for each programme, published on [DevTracker](#).

A large proportion of BEIS ICF funding will be spent through multilateral channels on interventions with a programmatic focus (e.g. on climate action in cities, or driving private investment in clean energy) which span multiple countries or regions, with funding allocated to projects by our delivery partners and a limited amount going to bilateral projects through our climate partnerships (no funding is directly allocated to governments).

ICF spending decisions are based on evidence and analysis of what offers the best value for money for achieving the strategic objectives. This is determined through the Business Cases prepared for each ICF programme. The Business Case provides a consistent approach to choosing from design and/or delivery options for an intervention, and for setting out the need, value for money and rationale for BEIS intervention.

The UK is a board member and major contributor, through our ICF, to all of the major multilateral climate funds (e.g. the Green Climate Fund and the Climate Investment Funds). These funds, which play a cornerstone role in global climate finance, have well-developed demand-led pipelines, and can deliver at scale.

BEIS ICF priorities are updated over time in line with evolving information about climate mitigation priorities, specific support countries need in order to implement and raise the ambition of their Nationally Determined Contributions (NDCs) under the Paris Agreement, where the UK can have the greatest impact, and in line with global technological advancements and cost reductions.

In addition to its dedicated ICF spend, the UK is one of the largest core contributors to the multilateral development banks (MDBs) and the largest contributor to the International Development Association (IDA). MDBs have collectively committed almost \$200bn in climate finance over the last seven years, with 2017 seeing a 28% increase (to \$35bn) in collective MDB finance provision compared to 2016.

Together, Newton Fund, GCRF and ICF will enable BEIS to achieve its objectives under the UK Aid Strategy of 2015, which aligns the government's global efforts to defeat poverty, tackle instability and create prosperity in developing countries.