Cao Huyền Trang (6) and her family stand in front of their home after a landslide triggered by Super Typhoon Yagi in Viet Nam.



# SHORT CHANGED

## Analysing the UK's child-focused international climate finance

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#### UNICEF.ORG.UK

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### **EXECUTIVE SUMMARY**

In 2023, the Intergovernmental Panel on Climate Change (IPCC) reported that between 2011 and 2020 global warming from human activity had most likely reached 1.1°C above pre-Industrial average temperatures.<sup>1</sup> The planet is already experiencing widespread adverse effects, and these are set to get worse. The UK's 2035 Nationally Determined Contribution recognises the stakes: 'there is no global stability without climate stability'.<sup>2</sup>

The window for action is closing, while the gap between need and available funding continues to grow. Children will bear the brunt of intensifying climate impacts over the course of their lifetime, with children aged 10 in 2020 set to experience five times as many extreme events as a person born in 1960 under current climate policy pledges.<sup>3</sup>

International climate finance (ICF) is critical to climate action. It is crucial to efforts to limit global heating and deliver a green transition. ICF is needed to avoid the worst impacts of climate change, so that today's children and their children inherit a liveable planet.

#### Invest in children

Children and future generations are the ultimate beneficiaries of all climate action and finance. For children to grow up and feel the benefits of this action, funding must address the specific needs and vulnerabilities they have in the face of climate change today. Investing in children and the services that they rely on has the potential to reduce their climate risk and help end child poverty.

As many countries experiencing the worst impacts of climate change have younger populations, targeting climate finance towards children can also play a role in supporting these countries to build human capital. Global evidence shows that, beyond ensuring child rights, public spending on children is a smart investment.<sup>4</sup>

This report builds on UNICEF UK's *Leave No Child Behind*, published in 2024, which assessed child-focus spending across the UK's aid budget.<sup>5</sup> This new analysis takes a deep dive into the child-focus of the UK's ICF from 2011 to 2023, looking at project-level data to analyse flows to children and to the sectors that they rely on across the UK's ICF portfolio.

The UK has played a significant role in the international response to climate change, including in securing the 2015 Paris Agreement and more recently hosting COP26 in 2021. Both the UK's domestic commitments and progress and their strategic financial pledges have helped to drive momentum internationally.

However, this analysis shows that the UK's child-focused bilateral ICF has fallen in recent years, both in absolute terms and as a percentage of total ICF. In 2023, child-focused ICF fell by over 46% from its peak in 2018. Only a small portion of this fall can be attributed to the pressures on the UK's aid budget since 2020, as the findings show that ICF was largely protected. As identified with ODA and the UK's international development policy more generally, there is no cohesive strategic approach to ensure children are prioritised. Without this, changing priorities have led to a decline in spending for children.<sup>a</sup>

On paper, the UK is committed to investing ICF in climate adaptation of services that children rely on, like health, education, water and sanitation and social protection, as part of its International Climate Finance Strategy. Yet this analysis of bilateral ICF shows that very little is invested in those sectors. Investment has also declined in recent years as key sectors like social protection and water and sanitation were deprioritised. This trend matches with a lack of strategic focus on children, both as a uniquely vulnerable group and as important stakeholders in climate action.

- The UK spent £990 million in child-focused ICF between 2011 and 2023, around 11% of total bilateral ICF spending.
- UK child-focused ICF fell to just 9.0% of bilateral ICF in 2023, after reaching a peak of 17.3% of bilateral ICF five years earlier.
- Almost all child-focused UK ICF was spent through climate adaptation programmes.
- The majority of child-focused ICF funded projects were in social protection (39%), environmental policy and administration (17%) and water, sanitation and hygiene (16%).
- Bilateral ICF spending in key sectors that children rely on was low over the entire period, £100 million in heath and £70 million in education.

Children around the world are already experiencing the impacts of the climate crisis. Children living in low- and middle- income countries, where they make up almost half the population, are most vulnerable. They are important stakeholders and agents of change in climate spaces with a right to participate in decisions that affect them. As climate shocks increase in frequency and intensity, safeguarding children's access to the services they rely on like health, education, water and sanitation and social protection is more important than ever.

<sup>&</sup>lt;sup>a</sup> A similar trend was identified in UNICEF UK's 2024 report *Leave No Child Behind*, which found that the UK's child-focused bilateral ODA fell 56% from 2016 to 2022.

#### Recommendations

The UK is already committed in their International Climate Finance Strategy to invest ICF in services that children rely on, like health, education, water and sanitation, and social protection. This is an important first step. Making sure the UK's ICF works for children is the next logical step. This means acting to increase the child-focus of the UK's ICF by:

#### **1.** Prioritise ICF investment for children by:

- Increasing adaptation funding to ensure child-critical systems like health, education, social protection, and water and sanitation can withstand climate shocks.
- Advancing and funding platforms for children and young people to meaningfully participate in decisions about climate policy and action.
- Leveraging UK influence in climate funds and other multilateral spaces to improve their child focus.

#### **2.** Adopt a new strategic approach to child rights in UK ICF by:

- Incorporating an explicit recognition of children as rights holders with unique needs and vulnerabilities resulting from the climate crisis into UK's future International Climate Finance strategies and investments.
- Conducting child rights impact assessments for all Foreign, Commonwealth & Development Office (FCDO) programmes and policies to ensure that children's unique needs and vulnerabilities are captured and addressed.
- Improving the collection of age disaggregated data as part of UK ICF impact reporting.
- 3. Scale up high-quality ICF reaching the most vulnerable, including children.
- Committing to an ambitious ICF4 package commensurate with the scale of the climate crisis and the UK's current and historic responsibility, recognising the new financial goal to provide \$300 billion and the ambition to mobilise \$1.3 trillion per year by 2035.
- Acting with urgency to secure new public-led sources of ICF that are additional to ODA flows, recognising that it is no longer tenable to fully fund ICF solely from the ODA budget.
- Prioritising grant-based funding, championing and participating in sustainable debt burden reduction and debt relief mechanisms.
- Ensuring that the methodology for capturing UK ICF is robust, transparent and accurately represents spending on climate mitigation, adaptation and, going forward, loss and damage.