



International Development Committee

Oral evidence: Climate change, development and COP26, HC 99

Tuesday 20 July 2021

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Members present: Sarah Champion (Chair); Theo Clarke; Mrs Pauline Latham; Chris Law; Mr Virendra Sharma.

Questions 78 - 129

Witnesses

I: Dr Amal-Lee Amin, Director of Climate Change, Value Creation Strategies team, CDC Group; Colin Buckley, General Counsel and Head of External Relations, CDC Group; Dario Kenner, Lead Analyst on Sustainable Economic Development, Catholic Agency for Overseas Development (CAFOD).

II: The Rt Hon. Lord Goldsmith of Richmond Park, Minister for Pacific and the Environment, Foreign, Commonwealth and Development Office (FCDO) and Department for Environment, Food and Rural Affairs (Defra); Vel Gnanendran, Climate and Environment Director, FCDO.



Examination of witnesses

Witnesses: Dr Amal-Lee Amin, Colin Buckley and Dario Kenner.

Q78 **Chair:** I would like to start this session of the International Development Select Committee. This is our third session looking at climate change and the UK's responsibility and commitment towards it. We will be having two panels today. The first panel is Dr Amal-Lee Amin and Colin Buckley from CDC, and Dario Kenner from the CAFOD organisation. Could I ask you to introduce yourselves and your organisations?

Dario Kenner: Thank you for the opportunity to speak. I am Dario Kenner. I am the lead analyst on sustainable economic development at CAFOD. CAFOD is an international development agency. We have been working with partners since the 1960s across the Global South. Many of those have been seeing and feeling the impacts of extreme weather events of increasing frequency and intensity. I have been working with CDC for the last four years and I am very interested in its energy investments. We really are keen for ODA not to be anywhere near fossil fuels. I have engaged with a lot of CDC staff over the last years, from board members to lower down.

Dr Amin: Good afternoon and thank you. My name is Amal-Lee Amin. I am director of climate change and head of the climate change team at CDC Group. I am also seconded one day a week by CDC to the COP26 Unit, advising on public finance ahead of Glasgow. I will let Colin introduce CDC, as our chief operating officer.

Colin Buckley: I am Colin Buckley. I am the general counsel and head of external relations at CDC. CDC is the UK's development finance institution. We are funded by FCDO and we represent the UK's development arm for private sector development. It is delightful to be here and sharing a panel with Dario and with Amal-Lee.

Q79 **Chair:** Could I start, Dario, with a question to you? How do you rate the UK's new fossil fuel policy compared to that of other high-income countries?

Dario Kenner: Our position is more whether ODA is going towards fossil fuels or not, rather than the UK's fossil fuel policy, which has quite a few exemptions in it, including some for gas and also for petrochemicals. Our position is that ODA, which is precious and has become more so since the aid cuts, really needs to be going to where it is needed, which is into the low-carbon transition, and particularly in low-income countries.

Q80 **Chair:** Are we not doing that?

Dario Kenner: There is the future climate finance spend, which the Government talk about and project into the future. Because we are here with colleagues from CDC, we are also interested in existing investments and existing ways that ODA has been used. That is why we feel it is really important for ODA not to be, as I said, anywhere near fossil fuels. That



includes, for example, in oil, gas and coal investments, which CDC still has. For example, we have seen from its website that it has active investments in coal in India, which are from its legacy portfolio, and it would be good to see divestment from those, particularly from GMR Energy in India, which runs huge coal-powered plants. It really matters when we are talking about past use of ODA as well as future use.

Q81 Chair: Amal, thinking about the future fossil fuel policy, does it support a shift towards low-income countries to a greener and more sustainable model of development?

Dr Amin: Yes, absolutely. CDC's fossil fuel policy is fully aligned with the Government's. We take a presumption against all fossil fuels, with some very limited exceptions.

Q82 Chair: They are quite broad exceptions, to be fair.

Dr Amin: The way in which we have interpreted that through our gas guidance tool is very specific. We have, from what we hear, what is considered best practice in terms of tools to assess the extent to which a gas-power investment could be Paris-aligned or not. This really is for the lowest-income countries, where there really is going to be no alternative to help build up their energy sector in a way that will enable them to bring in more renewables and transition to net zero over time. I would not agree that they are broad. We have interpreted that through the gas guidance note in very specific terms.

Q83 Chair: Dario, do you agree with that assessment?

Dario Kenner: In our research, which we published last September and also subsequently, we found that there are quite a few exemptions in CDC's fossil fuel policy, as well as the UK Government policy that I just mentioned. They can still invest in fossil fuels but, like I said, past investments really matter. There are hundreds of millions of pounds of taxpayers' money still in oil, gas and coal, and that needs to come out.

Q84 Theo Clarke: My question is first to Dario and then Colin. What opportunities does COP26 bring for rethinking the strategic direction of the UK's climate policy towards lower-income countries?

Dario Kenner: It is a great opportunity. What we would suggest to the Government—because it is the Government that can mandate what CDC should do in this case, and we are talking about CDC today—is that, ahead of COP26, the Foreign Secretary could instruct CDC to stop all new fossil fuel investments and also to divest from its existing investments. This would also be good timing because, currently, FCDO is writing CDC's business case for the next five years and making decisions on how much money to give it and for what.

If the Foreign Secretary was to do this before COP26, it would very likely increase trust with developing nations that are going through the pandemic and an increasing debt crisis. It would increase trust that the



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UK was serious about using its ODA in ways that support the low-carbon transition. It could also possibly encourage other countries to match that climate ambition.

Colin Buckley: With your permission, I am going to pass this to Amal-Lee, who is uniquely qualified to speak about the benefits of COP26.

Dr Amin: COP26 presents an incredibly important opportunity for pivoting the world away from unsustainable practices. Through our new climate strategy, which includes our new fossil fuel policy but also our approach towards Paris alignment, CDC aims to do exactly that. We are investing in renewables as much as we possibly can, such as utility-scale storage. We are very excited that we are going to be investing in the first commercial-scale battery storage investments this year in Mozambique. We are also looking to do the same in a number of other countries in Africa.

COP26 is marking a pivot for all of us and, through our climate strategy, we are leading the way with many of our DFI peers. You may have seen the climate and energy statement last year by the European DFIs, which sets out an approach more or less aligned with our climate strategy. It also commits all European DFIs to the Task Force on Climate-related Financial Disclosures for the first time. It was only us and one other DFI prior to that.

In that, we have also managed to get other DFIs to commit to align with the fossil fuel policy that the UK Government have set out. We are showing a very strong commitment and are doing our absolute utmost to take the opportunity that COP26 provides to not only deliver on our climate strategy but bring our DFI peers along with us. I would love to say a bit more about what we are doing on adaptation finance as well, if I may.

Chair: If we have time, we will bring you back. If not, you could write to us on that, because we would be fascinated by that. Dario wanted to come back in.

Dario Kenner: I just wanted to raise the point that you were asking about ahead of COP26. It is a really crucial time to make sure that that summit is as much of a success as possible. In terms of UK ODA, how it is used and CDC's role, it is really important to respond to what countries in the Global South are calling for, and particularly those climate-vulnerable countries.

There was a V20 communiqué issued very recently. The V20 represents 48 countries, many of which CDC invests in. They are the most climate-vulnerable countries. Just to quote what it put in its communiqué, it said: "The high capital costs in the climate vulnerable countries are already estimated to be 10% greater because of the disproportionate climate risks we face, which are likely to worsen rapidly."



This is where we see that CDC could play a really positive catalytic role, by responding to that call from low-income and climate-vulnerable countries and trying to push for, build and transform nascent green markets, which sometimes do not exist but have potential to grow. It is really crucial, ahead of COP26, to listen to what countries in the Global South are calling for.

Q85 Chair: Amal, what factors influence the Government's decision making on climate change policy, specifically towards low-income countries?

Dr Amin: I do not really want to comment on Government policy decision making from CDC's perspective. We align ourselves with Government policy.

Q86 Chair: Tell us from your perspective. I was struck by what Dario was saying about that call and what CDC could be doing, so how do you interpret that and how are you responding to that?

Dr Amin: The point that Dario made was exactly what I was about to follow up with on the previous point, but I realised I was talking for quite a while. On the issue that Dario mentioned, we are acutely aware of the physical climate risks to the geographies that we support and finance. We know that they are the most vulnerable in the world, particularly in sub-Saharan Africa, as well as India and the rest of South Asia.

Last year, we worked to launch a new initiative that was recognised in the G7 foreign and development ministerial earlier this year. We are working with other DFIs and with other public development banks and multilateral development banks to look at how we can accelerate finance for adaptation in the developing world. As Dario said, that means ensuring that we really help those countries manage climate risks and build resiliency in a way that ensures that they will not then be penalised in terms of trying to raise costs of capital. That means investing more in businesses that can bring those types of solutions.

One investment that we made quite recently in India was in CropIn, which is a fantastic company that uses artificial intelligence to provide climate risk data services to 4 million farmers in India. That is exactly the type of investment that we want to do more of. As Dario said, though, a lot of these are very early stage, nascent types of businesses, so that is exactly why we are working with our DFI peers to collaborate on accelerating adaptation and resilience, where we are looking to really step up commitments globally from all our peers in Europe and the US. The DFC has joined and taken a very active role in that, as has FinDev Canada. This is absolutely a key priority for us at CDC.

Q87 Mr Sharma: Are the Government doing enough to encourage and support countries in transitioning away from fossil fuels?

Colin Buckley: It is hard to define what "enough" is. What the climate change strategy shows is a significant step up in at least the CDC's efforts at doing that. In just the one year that we have had the climate



change strategy, we have doubled the amount of renewables that we have in our portfolio. As Amal-Lee pointed out, moving forward, we would expect that well over 90% of our energy investments would be in renewables.

Increasingly, we are not just doing energy production but a much broader slice of the climate pie. We are doing everything from enormous utility-level renewable investments, like a solar park in Egypt that is so large that you can see it from space, down to M-KOPA, which are small, off-grid solar home installations that have brought energy to about 38 million people in Africa. At the same time, we are working on battery storage and on mangroves and forestry. We are trying to come at this in as many ways that we can.

Chris Law challenged me on this the last time: are we doing enough? We all feel we are never doing enough but we are doing a lot more than the last time I was before this Committee.

Dario Kenner: As I have already said, it is really important to look ahead. In terms of what CDC is doing, we see many positive changes in terms of the outlook and the intention, and particularly the catalyst portfolio and the investments in resilience that Amal referred to.

We also see the contradictions, like the coal investments that are still on the books. That directly contradicts the UK's announcement in 2013 that it would not invest in coal anymore. The UK is a co-chair of the Powering Past Coal Alliance. It is important where CDC money is still invested, because it could be undermining that same transition that CDC could play a role in being part of. It really matters what is happening with all of the portfolio, not just what is happening in the future.

Q88 Mrs Latham: To what extent does the UK's new climate change strategy facilitate a transition to greener and better jobs in low and middle-income countries, especially for women?

Dr Amin: I will say a bit about CDC's climate strategy, which follows the UK's approach. We have set ourselves three main building blocks for how we are already aligning with the goals of the Paris agreement. The first is that we have set ourselves the objective to be net zero by 2050. That is looking at the portfolio level, but we are also looking at each individual project to assess the extent to which that is also aligned with that pathway to net zero.

We are also investing in a way that supports a just transition. It is quite a unique focus of our climate strategy. We have a particular focus on ensuring that we can provide workers with the necessary skills to be part of the transition and also look at how we can help minimise some of the potential negative implications of the transition—for example, a transition out of sectors that will no longer be viable on that pathway.



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As Colin referred to, we have a particular focus on gender. We are a leading member of the 2XCollaborative, which is around increasing gender finance. In that investment in India, for example, we trained over 600 women to take on more senior roles within the renewables sector in India. That is very much part of how we see this agenda in terms of a just transition.

The third building block is a focus on adaptation and resilience. We know that climate change disproportionately affects women and girls in the poorest countries. By investing and focusing more on how we increase the resiliency of our investments as well as those types of projects that can bring the necessary countries, we also are working to ensure that we are protecting women and more vulnerable parts of society as communities, as well as bringing those into jobs, including into leadership positions, which is a big focus of the 2XCollaborative.

This year, we are leading, with the European Investment Bank and the EBRD, a Gender and Climate Finance Taskforce to develop a toolkit on how to best integrate gender and climate. We launched the first part of that a few weeks ago, but it will be formally launched at COP26.

Dario Kenner: It is a great question in terms of setting out what needs to happen with that green transition, and particularly reaching marginalised women. I am sure that Colin and Amal will bring this up anyway, but there is an investment that will potentially have a really positive impact, which is Ayana Renewable Power. It specifically tries to skill up women from marginalised backgrounds, who maybe would not have those opportunities. It is related to solar power. What we like about the intention behind that investment is that it was deliberate, and CDC played a really catalytic role in making that investment happen. Using that example, that is what we would like to see across the CDC portfolio.

I wrote a briefing on this, which I published last year, and I engaged with many CDC staff, including board members, about this. It was looking at how to take those positive examples and scale them up, but also make them apply across the portfolio. In that same briefing, I set out how that could happen. It is the FDCO and the Government that can set the parameters for how CDC invests, to make sure that those positive examples are replicated across the portfolio. CDC does the day-to-day investments. They are the experts—I fully recognise that—in identifying the investments, making sure they happen, monitoring them and working with the investees.

In terms of the parameters—as you said in your question, for example, to reach marginalised women—they come from the shareholder, which is the FCDO. What really matters is the choice of company. I have had many conversations with colleagues at CDC about development impact and measuring it. That is often after the fact, as it were. What really matters is the choice of company.



I understand that it is difficult in the environments that CDC operates in, in terms of quality jobs, et cetera, but I still really think, as I set out in that briefing, that companies that have a higher likelihood of creating quality jobs and of enabling green goods and services are the kinds of companies that FCDO should be instructing CDC to invest in, to ensure that it does not continue to invest in fossil fuel companies, which, unfortunately, it is still doing in gas and petrochemicals, et cetera.

Dr Amin: The Ayana platform was exactly the example I referred to. What was also really valuable in that case was the partnership that CDC had with DFID offices in India to help design that programme and to bring that training for women and underserved, marginalised communities. It was very much a partnership approach.

Q89 **Chris Law:** Dario, we all know that time is against all of us and our planet. The Government list a fairly large number of exemptions for continued fossil fuel support. Some would argue that their approach is both half-hearted and half-baked. Are these not loopholes and, if so, does the UK Government's position on fossil fuels reduce their credibility as the host of COP26 as far as low-income countries are concerned?

Dario Kenner: Yes, there are loopholes in UK Government policy and also in CDC policy. Yes, they do reduce the credibility of the COP26 host. If you want me to elaborate, I am happy to do so.

Chris Law: Please do, yes.

Dario Kenner: We can talk about the future, and CDC is definitely moving in the right direction, but if we look at one of the biggest investments that CDC has, it is in a company called Globeleq. As I understand, it has about a 70% shareholding, so it is the majority shareholder. When it comes back to this question that you are asking about credibility as COP26 president, it really matters how this ODA is being used and how this UK development finance institution is operating.

We still do not know—it would be useful if CDC colleagues could clarify this today—the level of interaction between CDC and Globeleq. The reason I ask is that Globeleq has around 70% of its portfolio invested in fossil fuels and is investing in more fossil fuels—gas-powered plants, et cetera. It would be useful to know what their relationship is, as well as the level of involvement.

Something that will come up in this session, I am sure, is energy access. It is about who gets the energy. Again, as we know, there are many people without energy access in countries in the Global South. Resolving that would help those particular people and would help improve the economy in those countries. It does matter who is getting the energy. In the case of Globeleq, from what we can see—and it would be useful to have it confirmed—it is providing grid support to many users, but we have seen power plants in Nigeria, for example, supplying electricity to British American Tobacco, Pepsi and Coca-Cola. It really is important



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that, when we are talking about how ODA is used, which has a poverty mandate and that credibility as COP26 host, we are talking about how it is used for energy access particularly for the poorest.

Q90 **Chris Law:** Perhaps we could have a response to that question from a member of the CDC here today.

Dr Amin: I do not believe that there are loopholes in the fossil fuel policy, and certainly not in how we are interpreting that through particularly the use of our gas guidance tool, where gas power is really the only major exception. There are also some exceptions for liquefied petroleum gas for cooking, which can address very significant development needs in terms of shifting not just from kerosene but also, very importantly, from fuelwood, which can significantly reduce deforestation in many countries. There are some exceptions but they are not loopholes, and they are only exceptions where a very particular development case can be made for their use, as our gas guidance note sets out very clearly.

Globeleq is also applying the gas guidance tool. We are a major shareholder in Globeleq and it is now fully applying the gas guidance note. Earlier this year, it developed its own climate strategy, and that gas guidance note is a core part of its strategy moving forward. We are seeing it investing more and more in renewable energy, where it can, and that is now very much part of its climate agenda moving forward.

Q91 **Chris Law:** You say that they are exemptions and not loopholes, but is it not the case that these exemptions could lead to new investments in fossil fuels that are not aligned with the 1.5-degree trajectory that we all agree upon here?

Dr Amin: Our gas guidance tool is very clear that we need to look at the potential for an investment being aligned with the 1.5-degree scenario and the extent to which it will be consistent then with a country's pathway to net zero by 2050, which is what the IPCC is saying is needed for meeting the 1.5° temperature goal. We can share a lot more details with you about the tool, because there are a number of criteria that we use to assess exactly that point to ensure that, where an investment passes through the tool, we have confidence that it can be consistent with a pathway to net zero.

Q92 **Chris Law:** Dario, if you have further information to share on that, it would be really helpful.

Dario Kenner: I can share some of that information now. The reason I was asking about Globeleq is that it is still investing heavily in fossil fuels. It has solar and wind projects as well, primarily in South Africa, but that is the smaller portion of its portfolio. It is developing new gas-powered plants in places like Nigeria and Mozambique.

I was asking about the relationship because, if we are talking about CDC going forward, in the annual review published at the start of July, in the



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list of its commitments in 2020 is £95.6 million in Globeleq, but there is no further information about what that money went to.

If we look at what Globeleq has done over the past year, the gas-powered plant that I mentioned, which is supplying electricity to British American Tobacco and the bottling companies, was acquired in January 2021—CPGNL Limited. That was January 2021. It would be interesting to know what influence CDC, as the majority shareholder, has over Globeleq and whether it is ensuring that Globeleq no longer invests in fossil fuels, or the percentage of that.

Q93 Mr Sharma: What change would you like to see to the UK's strategy and policy as regards fossil fuels and the transition to renewable energy in lower-income countries?

Dr Amin: Our new strategy that we launched last year takes a whole-of-economy approach. We have talked quite a lot about the energy sector, but we are also very much looking at all sectors and how we can work to invest in and decarbonise all sectors as well as increasing the resiliency of those investments and contributing towards the solutions needed for countries. This approach is very much what we are already doing now and builds on our previous climate strategy, which was heavily focused on the energy sector. We are now shifting to focus on a whole-of-economy decarbonisation approach, and that is really what is now needed in low-income countries.

Dario Kenner: There is lots of positive change in terms of the UK Government making climate change and biodiversity a foreign policy priority in the Integrated Review. In terms of looking ahead, there are lots of positive things that can be done.

In terms of UK policy and ODA in the past, ODA should be nowhere near fossil fuels. Each tonne of carbon dioxide that is added pushes us further towards going above 1.5° and we have already seen the impacts on our partners and local communities that we work with, whether that is hurricanes in Mozambique or flooding in central Africa. We are responding to those humanitarian situations, but ODA should not be fuelling the climate crisis. It is really important that FCDO instructs CDC to divest immediately from all fossil fuel investments.

Q94 Theo Clarke: I just wanted to pick up on Dario's point about private sector investment. I have visited one of Globeleq's projects in Kenya to see its major solar farm in Malindi, which is a very good example of ODA being spent on investing in renewables in Africa. Given the scale of the reduction in the UK aid budget, are the Government going to need to rely more on the private sector, particularly in order to commit to the agreements we made in Paris?

Dario Kenner: The private sector has a role alongside public sector climate finance. Grant-based climate finance is particularly important at this time when the Covid pandemic has exacerbated the debt crisis in



many countries in the Global South. That grant-based climate finance is really crucial.

In terms of the private sector, it definitely has a role to play. As I mentioned before, the V20 communiqué was about countries in the Global South in vulnerable climate situations specifically asking for more support to stimulate more private-sector investment, because they are highlighting that it is difficult. The private sector clearly has a role to play.

In terms of the aid cuts, we would say that it is really important for CDC and ODA not to be used for fossil fuels. It is really important for ODA to be prioritised to deal with the climate crisis and to facilitate that green energy transition.

Dr Amin: I fully agree that, as Dario said, it is essential to work to bring private sector solutions to the poorest countries, so that they can grow and benefit economically and socially from those private investments, as well as to bring many of the innovative solutions that are going to be needed to tackle the climate crisis, in renewables, battery storage and those more innovative types of solutions that are critical in helping adaptation to climate impacts that we know are already being felt and are only going to worsen over time.

Q95 **Chair:** Amal, if you could write to us about adaptation, it is something that this Committee is interested in and that this inquiry is particularly focusing on. Colin, could I direct the last question to you? One of the problems that we have had as a Committee, and that the sector has had as a whole, is getting the data to really understand CDC's investment strategies, both retrospective and going forward. It is quite opaque trying to get the information from you. I wonder if that is something that you plan to change in the future, or is it a deliberate strategy?

Colin Buckley: It is certainly not a deliberate strategy. Two years ago, we were among the first DFIs to sign up to the climate financial disclosure rules. We have all that information now online. Increasingly, we are also putting information up about the climate aspects of individual transactions. I will let Amal-Lee speak about the disclosure that we are doing moving forward.

Dr Amin: This year, we did what we would probably say is our full disclosure under the Task Force on Climate-related Financial Disclosure, but it is very much an evolving process. In the private sector, whether that is corporates or the financial sector, there is still no real best practice in that respect, but, being modest, we are leading the way with respect to our DFI peers in terms of the way we are reporting under TCFD.

Getting the right kind of data from our geographies and markets, particularly as we start to look at some of the climate impacts and scenarios in our geographies, is also one of the biggest challenges, without a doubt. However, we are partnering with relevant initiatives that



are bringing forward different types of solutions that will help improve that data, including the new UK centre for greening the financial sector, which has a particular objective to increase relevant data and analytics for managing climate and environmental risk more broadly, globally; obviously we are interested in the developing and emerging world.

Q96 **Chair:** Dario, you get the last word. We like a fair fight on this Committee, and it is two against one, so that is why you get the last word. Amal-Lee said that we are leading the way in terms of transparency of data. We are looking at 75% of the investment being taxpayers' money. Do you agree with that assessment or could more be done? If so, do you have comparators? What would you like to see in the public domain, understanding market sensitivities, of course?

Dario Kenner: We have noticed that CDC's website and the information on it has improved a great deal in the past few years, so there is definitely more disclosure. However, there is room for improvement, particularly in the area of financial institutions and intermediaries, where it becomes very difficult to assess what is happening with CDC's money, so ODA. That is where the improvements can be made.

To give one example of that, in the 2020 commitments that were just released a few weeks ago, there is £100 million in Absa bank, but there is no further detail on what that money is being used for. That bank does many things, but in terms of just a quick search on whether Absa bank is invested in fossil fuels, it did a media interview recently saying that it invests in oil and gas and was even hiring someone to work on oil and gas. There is room for improvement in terms of explaining to people like us and civil society, who are going through the annual report and accounts, where money is actually going.

Chair: Thank you very much. CDC is always very open and transparent in front of the Committee, and I am grateful for that. Dario, thank you for all of your contributions. It has been very helpful. Amal, if you could follow up on that, we would be really grateful. Thank you very much to my first panel.

Examination of witnesses

Witnesses: Lord Goldsmith of Richmond Park and Vel Gnanendran.

Q97 **Chair:** I would now like to turn to our second panel of the day. We are very fortunate to be joined early—thank you for that—by the right hon. Lord Goldsmith and Vel Gnanendran, both from FCDO. I wonder, though, if you could explain your job titles and roles.

Lord Goldsmith of Richmond Park: First of all, thanks very much for having me. I cross two Departments—Defra and FCDO. In Defra, half of it is a domestic role—forests, trees, animal welfare and so on. Beyond that, my role in Defra is in international conservation, international climate and



our positions on multilateral fora in relation to conservation, climate and the environment. In FCDO, I have the geographical focus of the Pacific, but my thematic focus is on climate change and the environment.

Vel Gnanendran: Good afternoon. I am Vel Gnanendran. I am the director for climate and environment at FCDO. In that role, I have responsibility for our climate, environment and energy work, so that is strategy, policy, some programming and also the tasking of the global network.

Q98 **Chair:** Minister, could I just ask one question? You work across two Departments. BEIS is also involved in this. How do you maintain a joined-up approach when it comes to climate change across the Government?

Lord Goldsmith of Richmond Park: I have been lucky in the sense that I have one team, which was a choice at the very beginning, rather than two teams. I often do not know whether who I am talking to belongs to Defra or FCDO. They have managed things in such a way that it is, from my point of view, seamless between those two Departments.

I do not have a direct authority in relation to BEIS, but I often work with BEIS officials whenever the issues cross over into BEIS. BEIS has a great track record when it comes to international forest issues, for example—anything around REDD+. It has a supersonic team and I work very regularly with it. I can honestly say that there has never been a moment where I have felt any kind of departmental limitation. I have been able to talk to who I need to talk to, and the Government are, on this issue, increasingly behaving as one.

If I could just add one further point, there was a new innovation in relation to nature, which is the international nature board. It is the coming together of relevant officials from across Government to ensure that the whole Government understand the international nature strategy and contribute to pursuing it, whether that is Defra officials negotiating at CITES, BEIS officials working with Amazon countries to try to tackle the increasing problems there, or the FCDO through its programming.

It feels to me that that innovation has worked really well and is helping us to position ourselves to take maximum advantage of the new commitment that we made, having doubled international climate finance to £11.6 billion, that around £3 billion of that would be invested in nature-based solutions. The international nature board has been really valuable in terms of ensuring that we have a single, coherent and consistent approach.

Q99 **Chair:** I know that Alok Sharma is spearheading COP. At Cabinet level, is there a Minister who is responsible for climate change, or does it fall across everyone's portfolios?

Lord Goldsmith of Richmond Park: Alok attends Cabinet, so he is effectively a Cabinet Minister. He is the first responder on international climate. It depends on the issue. The Secretary of State for Defra will



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represent Defra. We are quite a small ODA Department, as you know, but the focus that we have on nature and biodiversity is an incredible one. It really depends on the questions that are asked.

I am not in the Cabinet but I will report to it, when invited to, on these issues. I will then bring all the various strands together in as effective a way as I possibly can. It really depends on the issue. If it is energy-related and domestic, you will have BEIS. If it is COP, you will have Alok. If it is biodiversity and nature, you will have George Eustice.

Chair: I am sure that you are aware that my line of questioning is about who the champion for it is and who is making sure that there is that joined-up approach.?

Q100 **Mr Sharma:** The impact of climate change on low and middle-income countries is increasingly visible. Why did the Government not set earlier targets for discontinuing investment in the fossil fuel energy sector abroad in their strategy?

Lord Goldsmith of Richmond Park: I am going to say that I wish the Government had, many years ago, taken the position that they have. We have known for a long time about climate change, but I am relieved that the Government have taken the position that they have. The value in having done so is that it has, without a doubt, had an impact on other countries' policies and has led to other countries reviewing their own subsidies for international fossil fuel investment.

We are in the right place now. There were a few examples where export finance in particular was almost obliged to make investments in fossil fuels as a consequence of the structures governing it, and those structures needed to be changed. Some of those examples were particularly egregious, and that hastened the move towards making that decision that we were not going to be investing in any fossil fuels overseas. I caught the very last part of your last panel, and I think you had representatives from the CDC, which has also ended all investments in fossil fuels, except in specific circumstances. We are in the right place now, but I am not going to pretend that I do not wish we had got there earlier.

Chair: We will come back to specific circumstances in later questions, if that is okay.

Q101 **Chris Law:** Thank you, Lord Goldsmith, for being here this afternoon. Given what many would describe as the sheer stupidity of the recent cuts, without any consultation with partner NGOs, vital projects on combating climate change across the world are now being immediately cancelled, even when the projects are only midway through their completion. Can you tell me how these aid cuts have been applied? Is it more work on climate adaptation or climate mitigation?

Lord Goldsmith of Richmond Park: I will come back to the cuts in a second, but our policy approach is that we want, more or less, an even



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split between adaptation and mitigation. There are very important reasons for that, the obvious one being that, even if we manage to keep within 1.5°, we are still going to see, as we are already seeing, extremes. The people who are most affected by them will likely be the world's poorest people, so mitigation matters for that reason.

It also matters because there is a sense among many countries, particularly climate-vulnerable countries, that there is an injustice in what is happening. Their contribution to climate change has been minimal but they are on the frontline when it comes to the effects of climate change. There has been a lot of discussion around loss and damage, compensation and so on. We know that, in relation to that language, that is a red line for a lot of big donor countries. By focusing on adaptation, we are, in a sense, helping countries to become more resilient to changes that are inevitably going to happen. In a sense, that is a proxy for loss and damage, without crossing any red lines. That is our policy.

In terms of our approach on the quantum, the amount of money, we made the commitment that we would spend £5.8 billion up until the end of this financial year. We made a commitment that we would double that to £11.6 billion for the next session, and we have maintained that. We have not gone back on those obligations and commitments, so the total amount of investment that we are putting into tackling climate change remains the same.

As you imply in your question, there has been disruption, undoubtedly and unavoidably, as a consequence of the temporary shift from 0.7% to 0.5%. Your question was whether those disruptions have affected the mitigation bit or the adaptation bit. If you will allow me, I am going to ask Vel. I hope that that is not unfair, Vel, but on the numbers you are probably better placed than I am.

Vel Gnanendran: I would say two things. First of all, we are not seeing so many projects cancelled. We are seeing slowdowns in activity. That is the first thing to say, which is relevant to meeting the future commitment that the Minister spoke about.

Secondly, where activity has slowed, there has not been a disproportionate impact on either mitigation or adaptation. It is broadly the same across both areas.

Q102 **Chris Law:** Can I possibly stop you there? You say that it is not as bad as it seems, but I can give you an example. Alok Sharma was in Indonesia in May, talking about getting a move on with protecting forests in the region. Only weeks later, the funding for that was completely cut, which brought a complete end to a five-year project after three years. It was described as one of the most highly effective green programmes in Indonesia. How do you square that with what you are suggesting just now, Vel?



Vel Gnanendran: Undoubtedly, there have been reductions and cuts. I am not implying that there has been no pain across the organisation. I was simply trying to say that the idea that lots of programmes have stopped across the entire global network is not what we have seen. We have seen some of that happening, and the example you have given is perhaps one of those. We also have seen programmes slowing down.

Lord Goldsmith of Richmond Park: Would you be happy for me to jump in on that as well?

Q103 **Chris Law:** Yes, but I will add a point to this. Should this work not be protected at the very point when we have COP26 this autumn? If they are not happening now, cuts are going to come down the line as a result of this indefinite reduction in ODA.

Lord Goldsmith of Richmond Park: As I say, the quantum is staying the same, so there will not be a measurable reduction in the amount of money we are spending. On the contrary, that amount will double. That is a pledge that was made, and that pledge is being protected.

You mentioned Indonesia, and what Vel has said is correct. At the same time and alongside that, we are now working with our teams in Indonesia and with our experts here, and talking to other donor countries. We are working on some really big packages alongside the Indonesian Government, with a view to doing much more than we have ever done before in relation to forests in Indonesia. We have a good partnership there. Our partnership with Indonesia on this issue is probably better than any other donor countries, and we are building on that. The direction of travel is the right one.

What I have just said in relation to Indonesia is true of other key forest regions of Earth as well. As a consequence of this commitment to spend much more on nature-based solutions, which includes forests at the heart—it is not just forests—we are in the wonderful position of being able to develop new, much more ambitious and really significant interventions. Although I cannot guarantee it, I hope that we will be able to tell the story of what we are going to be doing with those programmes this side of COP, but that is an aspiration, not a pledge.

Q104 **Chris Law:** No, I appreciate that, Lord Goldsmith. I just want to emphasise the green economic growth programme, which I would really like to see a reverse on. It was intended to preserve 90% of Papua's forest cover. A letter that went to the ambassador last month said that the UK will no longer continue its support for the programme. It said: "I understand that the closure of" this programme "will be unwelcome news and it is a decision we are very disappointed to have to make". That was just last month, so please come back to me and see if that could be reversed.

I would like to move on to my next question, Lord Goldsmith. May I first welcome your colleague to her unelected place in the House of Lords,



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Baroness Ruth Davidson of Lundin Links, who described her Tory colleagues last week as a “bloody disgrace”—her words, not mine—for condemning millions of the world’s people to this Government’s death sentence of cuts last week, which, of course, includes climate. Do you share that view, Lord Goldsmith?

Lord Goldsmith of Richmond Park: Like any normal person, I wish we had not been in the position where the cuts happened.

Q105 **Chris Law:** It was a political choice.

Lord Goldsmith of Richmond Park: We are in an unparalleled and unprecedented situation in terms of what has happened to our economy.

Q106 **Chris Law:** That is accepted, but so is every other economy. All G7 economies are not cutting but increasing their budgets.

Lord Goldsmith of Richmond Park: You are not going to find any Minister who tells you that they welcome the cuts. I am not going to pretend that this is a good thing, but I can tell you that there is a very clear rationale for it. People outside of politics might imagine that our aid budget has been completely destroyed. The reality is that we are still among the most generous countries in the world as a proportion of our GNI, even despite the move from 0.7% to 0.5%.

When it comes to climate change, I am convinced that we are world leaders in terms of our contribution. On the back of that, we are able, with moral authority, to talk to the rest of the world and to other donor countries and ask them to step up. We can do so without being embarrassed, and it is having an impact. I am very optimistic about the pathway we are seeing to COP in relation to some pledges that we and other countries have made in terms of the total amount of money that needs to be spent per year on climate change. The UK has really done a lot of heavy lifting and its diplomatic efforts are paying off.

Of course, I am not going to say I am happy about the cuts—I do not think that any Minister or politician, or at least very few, would tell you that they are happy about the cuts—but we are in a position of moral authority, notwithstanding those cuts. On climate and environment, we are leading the way. With no doubt at all, we are world leaders.

Q107 **Chris Law:** High rates of poverty and gender inequality drive vulnerability to climate change. We also know that there are underlying drivers of vulnerability to climate change such as high rates of poverty and gender equality. Do you accept that cutting ODA has undoubtedly reinforced such vulnerability—yes or no?

Lord Goldsmith of Richmond Park: Aid is a very good thing and I hope that we will be able to return as soon as we can to 0.7%. I know that that is the policy position of Government. We are learning all the time how to spend the money that we are spending more effectively. My view is that, by committing to spend £3 billion of climate finance on nature-



based solutions, that money will go much further than it would otherwise have done. You tend to get much more bang for your buck investing in nature-based solutions. You tend to be dealing with mitigation, adaptation, poverty and a whole bunch of other issues when you invest in nature as your default position to solve problems.

All the time, our challenge is to get the absolute most out of the money that we are spending. The gap between the amount of public money that is being spent and the amount of money that needs to be spent to tackle climate change or biodiversity loss is huge. Even if every country were to double their contributions, we would still be a long way off from where we need to be, so we need to get as much leverage as possible from the money that we are spending, and the UK is pretty good at that. We have a lot to learn and a lot more to do, but we provide a pretty good model for other donor countries to follow.

When it comes to the issues that we are talking about today, my limited experience—I have been a Minister for not quite two years—is that other Governments, including very generous ones that have a particular interest in climate and the environment—are happy to weigh in behind us on programmes, on the basis that we have a very good track record. We are in a place where we do get bang for our buck, and we have some very talented people in BEIS, FCDO and Defra to ensure that we do.

Q108 Mrs Latham: Good afternoon. It is good to see you. Can you tell us what concrete steps the UK Government are taking to facilitate access to climate finance for applicants to multilateral climate funds, most notably the Green Climate Fund?

Lord Goldsmith of Richmond Park: This is a really good point. As Minister for the Pacific, a lot of the countries that I deal with are small island developing states. As we have seen with Covid, small island developing states are particularly vulnerable to shock, whether from Covid or climate change, much more so than their income peers. Even though, on a bit of paper, they might look like they are in good shape, in reality they have particular vulnerabilities. We are working on improving our SIDS strategy, so that we can learn lessons from Covid and step up our support for small island developing states in the face of changing climate and environmental damage. There is a direct approach there through our ODA.

At the same time, we are one of the most generous countries in relation to the multilateral system. We are getting better at using our leverage to change the way those multilateral organisations function. One recent example, though not the only one, of where we have had a big impact is with the global climate fund, where we have managed to push it to such a point where more than half of its funding is now targeted towards climate-vulnerable nations; Vel, correct me if I am wrong. That is something that, having pushed and secured that, we continue to push to go even further.



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We have set up, with Fiji, the Taskforce on Access to Climate Finance, which is a direct recognition of the problems that some of these smaller countries face. They have acute issues and real needs, but the process is so cumbersome, bureaucratic and long winded that they are often not in a particularly good place to tap into those multilateral institutions, so this taskforce is designed to come up with solutions for the multilateral funds, so that they simplify and streamline the process to make it easier for those climate-vulnerable nations to access finance.

I have been talking to other donor countries only in the last few weeks to ensure that we are all on the same page. I am pleased to say that we are. This is something that has been recognised by the main contributors to the GCF, and I am hoping, therefore, that we will continue to see progress.

Q109 **Mrs Latham:** How long will it be before it is easier for people to access green finance?

Lord Goldsmith of Richmond Park: I would say that it is already easier in the sense that a greater share of the finance is now specifically available to most climate-vulnerable nations and small island developing states—there is a big overlap between the two—but it is a journey. I am not sure that there will ever be a particular endpoint. The GCF is going to have to work continuously on improving the manner in which it relates to the grantee countries. It is going to have to make the process simpler. It is going to have to work on its selection of projects to fund. That is true of all aid organisations and of FCDO. We are always trying to improve the way we invest money. We are always trying to make it easier and more effective.

I may have given you an incomplete answer there, but in terms of the GCF, that is probably all I can say. If you are happy to, check in with Vel to see if he wants to add anything, because a key commitment is access to finance.

Vel Gnanendran: It is a really important question and concern that you have raised. I just wanted to add to what the Minister said. The next GCF council is in October. For that meeting, we are hoping to directly raise some of these access issues—for example, the possibility of simplified access procedures for the GCF, which will potentially take about 100 days off the application process. Hopefully, that will be approved, but it will take some time to be implemented. As the Minister said, it is a journey, but we are constantly pushing to try to make incremental progress on this.

Q110 **Mrs Latham:** If 100 days are being taken off, what will it end up being? That sounds like a very long time to me. If 100 days are taken off the process, what length of time is it currently?

Lord Goldsmith of Richmond Park: I cannot give you that answer. Vel, do you know the answer to that?



Vel Gnanendran: It varies. They have set time limits for certain things, so two weeks to do due diligence or three weeks to do the fiduciary risk assessment. They are shaving some of those timeframes off. It would still vary, but they think it would take at least 100 days off.

Lord Goldsmith of Richmond Park: If I can add, the other issue is that the process has been opened up so that decisions around funding can be made in between those board meetings, which means that, if there is a particularly urgent request or application, it can be dealt with in a way that, until now, it has not been able to be dealt with. It has all been a little too rigid and inflexible. That is another thing that we are pushing to change with the GCF.

Q111 **Chair:** Lord Goldsmith, in the last panel that we had on this inquiry a couple of weeks ago, the local organisations were saying that it could take up to two years. I am not sure if that sounds like a realistic timescale to draw down funds. I wonder if you could write to us, if you have this set timetable of how long each stage takes. We would be very interested to find that out, if that is okay, because some things do not have two years.

Lord Goldsmith of Richmond Park: Is that specifically GCF?

Chair: No, I do not think it was. It was a discussion on funding going to local organisations in general. I do not know which particular funds he was referring to, but we could find that out.

Lord Goldsmith of Richmond Park: We will certainly put that in writing to you. We will also tell you what our position is, from a negotiating point of view, in terms of what we are asking of the GCF and other organisations such as the World Bank, where we are, as I say, increasingly flexing our muscles and trying to move things along, particularly in the run-up to COP.

Chair: Again, that information would be really helpful, because, if we could reinforce that sort of message, we would be very keen to do that as a Committee.

Q112 **Theo Clarke:** Lord Goldsmith, just picking up on your remarks on nature-based solutions, I would like to know what the Government are doing to ensure that nature-based solutions are not increasing the vulnerability of local communities.

Lord Goldsmith of Richmond Park: It is a really important question. The simple answer is that there is no contradiction between investing in nature-based solutions, and protecting livelihoods and improving the resilience of vulnerable communities.

On the contrary, all the evidence suggests that investing in nature-based solutions, first, provides you better value for money; in other words, the solution is often cheaper. Secondly, the solutions tend to be, pound for pound, better in terms of the number of local people employed, and there



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is stacks of evidence for that. By investing in nature-based solutions, you tend to be solving lots of different problems. The ugly term “solution multiplier” applies perfectly to nature-based solutions.

If you plant mangroves, for example, you protect communities on the coasts against unpredictable storm surge, you provide fuel, you provide breeding grounds for the fish that communities along the coast tend to depend on, and you are doing adaptation and mitigation. There are so many different layers of solutions that you are providing.

I gave you the example of mangroves, but probably a better example is water. Traditionally, aid has always focused on enabling people to access clean water, which is crucial for life; it is about as important as it gets. The nature-based-solution approach is one that deals not only with access to water but with the quality of the water, the pollution that is in the water and, even more important than any of this, the source of water, so protecting water towers by planting in certain areas in order to ensure more water in the dry seasons and slower water in the wet seasons and, therefore, reduced flooding. Again, it is a cascade of solutions through one investment. That is why nature-based solutions are so important.

The last point is that, as you know from your work both while and prior to being an MP, the people who are most affected when we destroy nature and undermine those free services that nature provides are the people who depend most on those free services; they tend to be the poorest. If you do not have much income, you are going to rely on your environment to provide at least some of your sustenance, whether for fuel, food or anything else. As we undermine those free services that nature provides, it is the most vulnerable communities that are hit hardest. There is a direct link between protecting those free services and protecting nature so that she can continue to provide those free services and secure livelihoods.

No matter which NGO, science organisation or computer model you reference, there is no clear pathway to net zero that does not involve a serious increase in our support for nature, both in terms of protection and of restoration. We know that climate change is perhaps the biggest threat of all to the most vulnerable people in our world.

For so many different reasons, that focus is absolutely crucial. I am pleased to say that, because of the position that the UK Government have taken—and particularly the Prime Minister, where he began this agenda, in a sense, through an important speech at UNGA two years ago—we have seen a very significant movement from other donor countries towards an appreciation of the importance of nature-based solutions. It feels like the debate has moved quite considerably in the last 18 months or two years.

Q113 Theo Clarke: Thank you. Those were some helpful examples. We also heard from our previous panel that adaptation projects can exacerbate



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the vulnerability of local communities to climate change. We would be interested to hear how FCDO is responding to the increasing calls to ensure that adaptation focuses more specifically on the social causes of vulnerability rather than simply the physical risks such as the ones that you have already described.

Lord Goldsmith of Richmond Park: That is, again, a really important point. I do not know if this is in line with protocol, but I would love to see the examples of where investing in nature-based solutions as part of our adaptation has undermined communities. I do not say that in a sceptical manner; I just would love to see the examples.

FCDO's approach is generally a pretty robust and holistic one, so we will look at our investments and at all the different implications before making a decision as to whether to back a particular programme. I can say with absolute certainty that, if there was a sense that, by doing a particular thing to tackle one problem, we were going to be generating another problem, that would show up in the comprehensive process that FCDO pursues. Again, I can only speak from experience of the last 18 months to two years, but I have been impressed by the completeness of the approach that FCDO and Defra take.

Vel, do you have anything in particular on this issue or any examples that you can think of?

Vel Gnanendran: Not in terms of causing maladaptation, which Theo was referring to. I would just reinforce your point, Minister, that the "do no harm" principle is fundamental to how we do all development, and our processes are designed to ensure that we do no harm. That includes some of those social issues. For example, every business case has to have a gender equality assessment, and social development advisers are involved in some of the social implications of all programmes.

Q114 **Theo Clarke:** Since the merger of DFID with FCDO, I would like to know what the continuing legacy is in the Department on poverty reduction and adaptation. At DFID, it was a major focus, so I would like to know if that has continued post merger.

Lord Goldsmith of Richmond Park: That is the underlying purpose and mission of our ODA budget. Everything feeds into that. Where we invest in something that is going to have a good impact, for example on biodiversity, whatever that project is has to have an impact in terms of livelihoods as well. We cannot do pure biodiversity for the sake of it. There are budgets outside of ODA where that happens, but, within ODA, everything effectively points back towards poverty prevention and alleviation. There has been absolutely no policy change at all.

Where we have had a change, it is by focusing. As you will know from the Integrated Review, we have put nature and climate as a top international priority, but the context there remains poverty. We regard those things as perhaps the biggest threat to people around the world, particularly to



vulnerable people, and we have therefore decided to increase our efforts in terms of tackling them. Again, the basis is poverty.

Q115 **Chair:** Lord Goldsmith, I declare an interest. I am on the APPG for zoos and conservation. I wonder if you could comment on how conservation work could, does and should go hand in hand with the climate agenda and the projects that you fund and support.

Lord Goldsmith of Richmond Park: It is a really important point. We are developing programmes. One that has only recently been announced is a good example that would answer this question, and that is the biodiverse landscapes fund. It is a £100 million fund. We are looking at five landscapes and, hopefully, we will be able to scale that up. In each of the areas, we are looking at ways in which we can maximise the opportunities for nature revival and recovery—everything from habitat to individual species, like the iconic elephant. At the same time, we are trying to ensure that, in doing so, we create opportunities for employment, with the view that, if nature is going to last in the long term—in other words, if we are not just going to see our work dashed against the rocks as a consequence of some sudden change of regime in a given country—the only way to do that is to ensure that the livelihoods of people, the economies in which they live and the natural world are completely intertwined, so that it becomes an economically nonsensical thing to do to destroy the environment.

This has always been the challenge, and this is true on a really big scale as well. The Congo Basin has extraordinary forests and biodiversity. If we want those ecosystems to be protected for the long term, the only sure way of doing that is by ensuring that the economies of the countries presiding in the Congo Basin benefit and are imbued with the natural world around them.

One example of that where they are getting it right is Gabon. It is really extraordinary. It has massively reduced deforestation. It has 89% forest cover. It has greatly reduced the number of trees that are cut down, while, at the same time, increasing the number of people working in the timber sector. It has increased the proportion of the Gabonese economy that comes from timber from what it was before. It has massively reduced harm. It has managed to level at 89%—and there are no signs that it is going to go beneath 89%—while, at the same time, making timber a much more significant part of its economy. It has done that by banning the sale of raw timber and by requiring the processing to happen in Gabon. It has reconciled its economy and its need for development with the need to protect its environment as well. It is not finished, but I would say that is one of the best examples, certainly in Africa.

Costa Rica is another example where you have seen nature growing and the forest cover doubling in the last century. At the same time, that country has gone from being one of the poorest in the continent to one of the most prosperous and stable. Nature has grown alongside the



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economy. Ultimately, that is what we need to do everywhere. That is the only way that we are going to resolve this issue.

Chair: Your passion is coming across loud and clear, and is one that I share.

Q116 **Mr Sharma:** I will give Lord Goldsmith a little rest and ask Vel what the challenges have been in merging the FCO and DFID in the midst of the preparations for COP26.

Vel Gnanendran: It is a very important question. The first thing I would say is that the two legacy organisations had different roles in terms of preparing for COP. DFID, as was, was very focused on some of the issues that this Committee has spoken so strongly about in terms of adaptation and development, with a focus on the policy and programming around all of that.

That was to caricature slightly the ex-DFID role, whereas the ex-Foreign Office role was different and was much more around the tasking and management of the global network to lobby other countries and deploy Ministers behind COP priorities. The two roles were quite different and, when we merged, we were able to bring those two together in a relatively straightforward way, because the functions were so different and complemented each other. Over time, we have increasingly integrated those functions at HQ level.

That is not to say that it was not without challenge. I would say that we are still in the process of merging cultures. It takes time and the investment of management time to bring all of that together, but I would generally say that, on the climate side, which is the one that I can speak for, it has been relatively straightforward, because the functions were so different and complementary, and we have been able to keep our heads focused on COP26 delivery.

Q117 **Mrs Latham:** Women and girls are among the most marginalised and vulnerable groups, despite their pivotal role in responding to climate change. Will the significant cuts in aid to important measures for the wellbeing of women and girls reduce their capacity to adapt effectively to climate change?

Lord Goldsmith of Richmond Park: It is impossible to say that the cuts in aid will not have an impact. One of our principal focuses—it is a key priority that the Prime Minister set pretty much on day one, alongside climate change and nature—was education for women and girls. Through successful programmes of educating particularly girls, but women as well, there is a cascade of benefits that flow from that, including in relation to the environment and climate change.

Although we are undoubtedly world leaders in that regard, I cannot tell you that there is going to be no impact in this, hopefully, very short window where the benefit has gone from 0.7% to 0.5%. It remains a top



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priority for the UK from the point of view of ODA as well as our diplomatic efforts, and that is clearly right.

When it comes to COP, which provides a very helpful focal point for us, we are doing everything that we can to maximise the possibilities for women particularly, as well as for young people, to have a more meaningful role when it comes to those key negotiations. Historically, the negotiations have been conducted by a very narrow bunch of people who tend to be men, and it tends to be quite lacking in transparency. We are trying to change that. Now that we are, effectively, in charge of COP, we are steering that ship and putting a lot of emphasis on getting other types of hands on the steering wheel. It is a big part of the focus.

Women are at the top of the list, but we are also attempting the same in relation to indigenous people, who have such an important role to play and are so often overlooked, except in a very superficial, box-ticking manner.

Q118 Mrs Latham: You mentioned negotiators there. The UK Government were sponsoring a mentoring scheme to support these women negotiators. Has that scheme been protected from the cuts or not?

Lord Goldsmith of Richmond Park: I believe it has, but I do not want to misinform you. I do not know whether Vel knows the answer to that; if not, we will follow up in writing. When last I saw it, it was protected. Vel, do you have any updated information on that?

Vel Gnanendran: If it is the same scheme that I am thinking about, it is protected. We can perhaps follow that up offline.

Q119 Mrs Latham: Yes, if you could, because that is a really key thing for women to be involved in. If you could, just let us know in writing if it has definitely been protected.

Lord Goldsmith of Richmond Park: I can tell you for sure that we continue to fund it, and I am almost certain that it remains at the same level as before, but we will get back to you if it has been reduced. It definitely continues.

Q120 Mr Sharma: To what extent are the UK Government relying on the private sector to support their aim in increasing funding for climate adaptation in particular?

Lord Goldsmith of Richmond Park: As I said before, there is no way that public money is ever going to be enough, no matter how generous countries are. We continue to work on Governments to get them to increase their finance for climate and nature, but even if we are wildly more successful than we even think we can be, there is not going to be enough, so we need the private sector.

Before we focus our attention on the private sector, there is a middle bit that does not get enough attention but that is more important than any



of this, which is making sure that, when Governments spend taxpayers' money, they do so in a way that does not subsidise destruction.

If you consider that the top 50 food-producing countries in the world spend, each year, \$700 billion subsidising often very destructive land use, a major part of our campaign in the run-up to COP is to try to persuade as many of those countries as possible to rethink their subsidies in the way that we are attempting here in the UK, and to shift it so that that money goes towards renewal rather than destruction. If we do that, that is going to be much bigger than whatever we can pull out of the hat from public sources, and it is probably bigger than what we can get in terms of direct finance from the private sector as well. That is a really important part of it.

When it comes to the private sector, we are doing everything we can, working on two levels. As Dasgupta recommended in that seminal piece of work that he produced, we are trying to get the private sector to commit en masse to mainstreaming nature through their portfolios, their investments and the decisions that they make. That is essential. We are pushing the multilateral development banks to do the same. We want a clear commitment that this will happen by a certain date. Alongside that, we are trying to encourage some big financial players to join us in a public-private venture to raise really significant sums of money to protect forests in the key areas of the world. You may have heard of the LEAF programme. So far, there is no publicly available specific number, but I can tell you that the commitments that we have secured exceed £1 billion, and I think that we can go very many times further than that as well. That is a combination of Governments and the private sector.

I am looking forward, in the next few weeks, to putting in a lot of begging phone calls to try to get Governments and companies on board. If we grow it to the extent that I think we can, that could become a gamechanger in terms of providing a really clear economic incentive for those countries to work with us and to protect the forests that they have, without losing out in terms of livelihoods. The private sector has a very big role.

Q121 Mr Sharma: Given the announced ODA cuts, are the Government going to rely on the private sector to fulfil their commitment to the Paris agreement?

Lord Goldsmith of Richmond Park: No, not because of the cuts. The answer is that, as I said before, our climate finance is doubling and our nature finance is mushrooming from where it was originally, in significant sums, to the £3 billion that I mentioned earlier. Notwithstanding that, yes, we are relying on the private sector to step up. At COP, we will want to have some really significant moments, where the private sector demonstrates that they have finally understood and got their head around this problem, and that they are acting not in a corporate social responsibility sense or in a PR sense, but in a meaningful sense. We need



the private sector to step up, and that will be a big focus of what we hope to be able to showcase and achieve at COP.

The answer is yes, we rely on the private sector for delivery of all these ambitions. The private sector has a massive role. Reconciling our economies and our businesses with nature and climate change is the paramount goal that we all face. That is not a consequence of the cuts; it is a separate thing.

Q122 Chris Law: Thank you for all the answers you have given to the questions this afternoon, Lord Goldsmith. I have another one for you with regard again to the cuts, coming up to COP26. The director of the International Centre for Climate Change and Development in Bangladesh said at the weekend that the Chancellor has cut the COP26 President off at the legs, and that he will not have any credibility asking other countries to be more ambitious on climate change. You suggested earlier that he sits in on the Cabinet every week. How do the Government intend to persuade other Governments to provide more ambitious nationally determined contributions, or indeed plans to address climate change, when they are reducing UK ODA?

Lord Goldsmith of Richmond Park: If you look at the staging posts that have happened since we got the presidency up until today, we had the Climate Ambition Summit in December, and there have been other moments since then, the G7 being a particularly important one. We have demonstrated that we have been able to cajole countries into raising their ambition. The environmental commitments that came out of the G7 massively exceed anything that has ever happened at a G7 before. We had some really serious commitments, whether it is the 30x30, protecting 30% of our land and ocean by 2030, tackling the perverse subsidies that I mentioned earlier, or breaking the link between commodities and deforestation. We had some really big commitments from the G7.

At the Climate Ambition Summit, we saw countries coming to the table with pledges that were much greater than people were expecting at the time, all the way from China's sudden commitment to net zero by 2060, which we think will come forward, to Pakistan's commitment to stop financing coal. They have decided that, other than the ones already in the pipeline, there will be no new coal plants. That sent a massively powerful message throughout that region.

We have demonstrated that we are in a position of leadership in terms of our commitment to double climate finance; our commitment domestically in terms of being the first country to legislate for net zero; our NDC being the most ambitious of any developed economy; our commitment to stop investing in fossil fuels overseas using public money; and our commitment to legislate to prevent the import of commodities grown on illegally deforested land. All these things are world firsts. We were the first country to do these things, and that has given us an authority that we have needed in order to persuade the rest of the world to do things that perhaps they were not ready to do before.



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I do not say this just as a mad Government loyalist. I will tell you with all sincerity that I am surprised by how effective our teams have been in persuading countries to raise their sights and their ambitions. We have a long way to go between now and COP, and there is much more we are going to need to deliver, but the UK has done some very serious and impressive heavy lifting.

By the way, that is also recognised by a lot of other countries in my dealings with them. I often talk to my counterparts in the United States. We have a new Administration now; everything changed with the election. Suddenly we have a partner in the United States on this issue. The US recognises that it has a lot of catching up to do. The US has been increasingly looking to the UK as a natural partner when tackling climate change and biodiversity loss. We are increasingly walking in lockstep.

Q123 Chris Law: That is really helpful, and I know you are very positive about the direction the Government are going in, which is good, but should we not reach the target of \$100 billion a year for the next five years by November, when it was set to be done years ago for this year, will you accept that perhaps the leadership of the UK Government is not credible when they are cutting UK ODA at the same time?

Lord Goldsmith of Richmond Park: On the \$100 billion, that is a really important pledge that was made.

Q124 Chris Law: We are now at roughly \$80 billion. Is that correct?

Lord Goldsmith of Richmond Park: It is more than \$80 billion. I am not sure whether they have been released or are public, but I saw figures yesterday in terms of what we expect, assuming that there are no big advances. We are, without a doubt, moving absolutely in the right direction. I was reassured by the numbers that I was given yesterday that we are on track, but what we cannot do is tell you what other countries are telling us in private. They have to make their announcements and their commitments publicly, but there is a lot of stuff happening there and I am pretty confident. As you imply, it is really important that we get to that number, but I am confident that we will.

Ultimately, we cannot force countries to step up financially, but we can apply as much pressure as we are able to. We can persuade and bring countries along with us and, by and large, that is what we are doing. I never know what I am and am not allowed to say, so I am going to go to Vel and ask whether I have said enough or whether there is anything he can add without me breaking any kind of ministerial codes.

Vel Gnanendran: You are right. It is \$80 billion, but that is for 2018, which is the last year for published data. It does not capture new commitments. We have done modelling on what that means, which is probably what Lord Goldsmith is referring to. It is fair to say that, for COP, we are unlikely to be in a position where we can evidence that the \$100 billion has been met for 2020, because the data is lagged, but what



we want to be able to do is to show a credible pathway by which that is going to be achieved.

Q125 Chris Law: Lord Goldsmith, I know that I am taking up quite a bit of your time, but you mentioned earlier the red lines around loss and damage, and that mitigation and adaptation were the only two areas where it would be okay to delve into. Can you tell me why that is the case? For example, the Scottish Government brought forward climate justice from 2012 and has just doubled the budget this year from £3 million a year to £6 million a year. Why are the UK Government so reticent, to put it politely, to bring forward something that would match that ambition, which will absolutely benefit the poorest and most vulnerable in the world who are most impacted by both loss and damage?

Lord Goldsmith of Richmond Park: First of all, I do not doubt the premise of where you are coming from, in the sense that there is no doubt that countries that have done very little to contribute to climate change are already suffering and will continue to suffer disproportionately as a consequence of climate change. That is the basis of the argument that you are putting forward, and I and the Government agree with that.

Our job is to try to get as much finance and as many commitments from Governments as we possibly can to tackle climate change—both adaptation and mitigation, for the reasons that we have already talked about. I can tell you that, although I am confident that we will get the \$100 billion that we were just talking about in the previous exchange, the idea that we would be able to create a whole new class of finance alongside that from donor countries to put into loss and damage, as opposed to adaptation and mitigation, is highly unlikely. I know that the reaction from a number of other leading Paris donor countries would be such that that concept is quite a long way away from being on the agenda.

I guess the answer that I have given you is a political one, but it is a political issue. If countries wanted to step up, they could, but it is hard enough getting countries to step up on existing climate commitments for adaptation. Mitigation is firmly on the agenda. We are pushing really hard to get countries to come up with plans around adaptation. We have a long way to go. I do not see how, given those difficulties, we are going to be able to go out and get the main donor countries to agree a whole new chapter.

Q126 Chris Law: On that note, what are the UK Government doing? They do not need to wait for other countries. Why do we not lead on this?

Lord Goldsmith of Richmond Park: The reality is that, instead of doubling our climate finance, we could have increased our finance and created a separate pot for loss and damage. If you look at the numbers in relation to our GNI, we are among the most generous donors when it comes to tackling climate change overseas. I am not sure that we are the most generous—we may well be—but we are certainly pretty close to the



top of the list, so I do not think that anyone doubts our commitment to put our money where our mouth is.

Our approach of pushing very hard for a clear, even split between adaptation and mitigation is, in a sense, probably the most elegant way through what would otherwise be an impasse, by getting countries that may not accept the language of loss and damage, or compensation, to accept the idea that we need to help those frontline countries that are most vulnerable to climate change to prepare, to become more resilient and to adapt to climate change. The difference between that and loss and damage, as normally understood, is pretty narrow.

It feels to me that, in terms of maximising what we can bring to the world and the ambition that we can generate, it is probably the case that we have struck a pretty nuanced but correct balance. That is not a very scientific answer that I have given you there, because I have not been involved directly in the politics, but I am going to encourage you, cruelly, to turn that question to Vel, because he might be able to fill in some gaps. As I see it, that is why we have adopted the position that we are in, and I think it is broadly the right position.

Q127 Chris Law: I accept that, Lord Goldsmith. Vel, on that point, it was a recommendation in our climate change report in 2019 for climate justice to be looked at separately. Can you tell me why the UK Government have so far chosen not to set up a separate fund or even a separate category under climate justice to look at how we can impact the world outlook and lead the world on climate change?

Vel Gnanendran: The issue of climate justice is absolutely one that we recognise. It is the idea that climate impacts disproportionately affect both the countries and the communities that have done the least to cause it. That issue is one that we absolutely recognise, and through a range of programmes. At an international level, the £11.6 billion is partly to support building those low-carbon, resilient futures, so trying to, in some way, support that. Also, within our programmes in countries, we really try to target the most marginalised and vulnerable groups with our programmes.

We do not tend to set up standing funds that do these sorts of things, but I just wanted to say that we completely agree with the principle of trying to focus our effort on the groups that are bearing the heaviest burdens, and we do that through the bilateral programmes as well as the umbrella commitment to climate finance and to supporting developing countries.

Q128 Chair: Lord Goldsmith, if I could follow up on that point, climate justice is the thing that really rankles with me, in that the wealthiest countries have done the most damage and it tends to be the poorest in the world that are dealing with the consequences of that. With the funding and support that comes from our Government, how are you making sure that the voices of the local communities are embedded in the decision making, the delivery of the project, and then physically getting the cash that they



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need to run the projects themselves? It does stick in my throat that the world's wealthiest make the decisions around where this money is going to go, and the local people tend not to even get the contracts to deliver on it.

Lord Goldsmith of Richmond Park: It is a point that is often made when I talk to, for example, counterparts in small island developing states, particularly in the Pacific but also the Caribbean and other areas. The same point is raised all the time, and it is a completely valid and correct point to raise.

When it comes to the UK's positioning, we are still figuring out exactly what it means, but we very publicly committed to small island developing states and climate-vulnerable countries that their involvement in COP will be a meaningful one. We are not just talking about creating platforms where things can be said, speeches landed and everyone moves on, but that there is a real sense along the small island developing states and climate-vulnerable nations that it has been their COP and that they have been listened to.

It is a moment in the calendar where their voice is loudest and where they have most authority. Normally, they are dwarfed by other countries in most negotiations, but, when it comes to climate and the environment, it is right that their voice should be among the loudest.

We are very determined to do that. We are still figuring out what that means. One of the people who we have been talking to a lot, who I am sure you have had talking to you before, is former President Mohamed Nasheed of the Maldives. I am not sure of his technical title but he has been asked by Bangladesh, as chair of the climate-vulnerable nations, to co-ordinate things, and he is one of the great climate leaders. I have been talking to him a great deal about what he thinks we should be doing in the UK, as President of COP, to ensure that that voice is properly captured. We have made the commitment. We are still figuring out what it means.

The other area, which I briefly mentioned earlier, is indigenous people. You often get the dazzling moment at UNGAs and COPs where people have made the difficult journey over, say some colourful things, get a few headlines and then go. The truth is that 80% of the world's intact ecosystems are lived in by indigenous people, which is not a coincidence. They have enormous moral authority when it comes to talking about these issues and, again, tend to be politically the least advantaged. They tend to be the people who lose out first, who feel the brunt of climate and environment change first and sometimes hardest, and who are often swatted aside by various Governments. We see conflicts between indigenous people and Governments all over the world.

We are also trying to work out how best we can elevate and amplify the voice of indigenous people in a meaningful way, so that they too feel that this is an international moment where they have been able to fairly have



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their say. I am not convinced that that has happened before, and we are not yet completely settled on what that means, but it is a commitment that we have made and I am happy to make it again.

Q129 Chair: I am very glad to hear that commitment, but you are giving people a platform for a week, potentially once every five years. You are in control of where the cash goes, and so, with the portfolio that you oversee, are there concrete actions that you are taking to make sure that local communities and indigenous people, rather than just Governments and big organisations, have the say and have the cash as a result to make some changes?

Lord Goldsmith of Richmond Park: Sorry, I misunderstood your question; I was talking specifically about COP. We are in the process now of developing this new pipeline on the back of that £3 billion commitment. We are absolutely determined that that money goes to the grassroots and that it helps support meaningful change on the ground.

Whether that is the Blue Planet Fund helping the fishing community to develop a sustainable fishing plan, to tackle illegal fishing that is threatening them off the coastline, or to create marine protected areas that are ultimately going to benefit the fishing communities more than anyone, or whether that is the biodiverse landscapes fund that I mentioned earlier, which is all about supporting the work that is already being done but making it worthwhile financially for communities to accelerate that work, it is all about working with local communities.

If we are going to do something really meaningful in the Congo Basin, which I mentioned earlier, it is not going to be by dumping loads of cash on the Governments of the Congo Basin, but by trying to ensure that, from the ground up, economies and communities directly benefit from, and therefore have a vested interest in, being part of the overall endeavour to protect that extraordinary ecosystem. Without that, it is not going to work. Governments come and go, but the communities do not.

The answer is yes. Vel will give you the same answer in a more eloquent way, but I know that he shares that commitment.

Vel Gnanendran: I completely agree with that. I was just going to add one point. The UK has also endorsed the locally led principles, which focus on adaptation particularly, but it is about how we hold ourselves to account on exactly what the Minister has talked about, which is involving communities in programme design and making sure that funds flow to the lowest levels possible.

Chair: Thank you both very much for your time. Lord Goldsmith, you kindly came early, but we have still managed to keep you for an hour, so hopefully you can now go and have a cup of tea before your next meeting. We will be writing up this report over the summer and look forward to sharing it with you, because I think that we do have common goals here, but they sometimes get lost a little in delivery, so we will try



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to hold you to account on that side of it, too. Thank you all very much.