HOUSE OF COMMONS

International Development Sub-Committee on the Work of the Independent Commission for Aid Impact

Oral evidence: ICAI's review on International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss, HC 730

Wednesday 20 October 2021

Ordered by the House of Commons to be published on 20 October 2021.

Watch the meeting

Members present: Theo Clarke (Chair); Mr Richard Bacon; Sarah Champion; Brendan Clarke-Smith.

Questions 1 - 46

Witnesses

I: Dr Tamsyn Barton, Chief Commissioner, ICAI; Nigel Thornton, Review Team Leader, ICAI, Director, Agulhas.

II: Lord Goldsmith of Richmond Park, Minister for Pacific and the Environment, FCDO; Sally Taylor, Deputy Director, Climate and Environment, FCDO; Maggie Charnley, Deputy Director, International Climate Finance: Forests, Land Use and Carbon Markets, BEIS.

Examination of witnesses

Witnesses: Dr Tamsyn Barton and Nigel Thornton

Q1 **Chair:** Welcome to our witnesses for this evidence session on the Independent Commission for Aid Impact's review into UK aid for halting deforestation and preventing irreversible biodiversity loss. Could I ask the first panel to introduce themselves?

Nigel Thornton: Good morning, Chair. My name is Nigel Thornton. I am the team leader of this particular review. I also happen to have worked with ICAI over several years and this is the 15th review that I have led.

Dr Barton: My name is Tamsyn Barton. I am the chief commissioner of the Independent Commission for Aid Impact and the lead commissioner for this review.

Q2 **Chair:** Dr Barton, why did you decide to carry out this review? What were ICAI's main findings?

Dr Barton: At ICAI, we always try to select our reviews based on criteria like strategic relevance and materiality, so that we are looking at the most important things. This was an area that has actually been relatively neglected within climate finance. In 2018, the World Resources Institute noted that, if tropical deforestation were a country, it would be the third largest source of emissions after the US and China. Nevertheless, it has received only about 3%, or it had in 2018, of international climate finance.

When ICAI did its review of international climate finance, we deliberately left this part to get due consideration later. In the meantime, the UK has certainly given much greater attention to deforestation and to biodiversity more broadly. We have seen that that has impacted the materiality, basically the amount of taxpayers' money that we are looking at.

We looked back over the five years from 2015 to 2020, during which time £1.3 billion was spent. Now, as part of their pledge to double climate finance, the Government have promised to spend £3 billion, so looking ahead from this year for the next five years. It is obviously a really important time to bring our advice as to how they can best use those new resources.

Essentially, it is strategic importance and materiality that were the key criteria for decision-making here. This area was relatively neglected until recently. Now it is seen much more as key to tackling climate change and wider environmental problems. During the last years that we looked at, 2015 to 2020, we estimate that £1.3 billion was spent, so that is very material, but now the Government have promised, as part of their doubling of climate finance, that £3 billion will be spent over the five years starting from this year. That is a very significant increase and we feel this is the right time to bring forward our recommendations as to

how that can be best used, based on the experience of the last five years. Obviously it is the run-up to COP, so a good opportunity while it is a topic of Government priority.

Q3 **Chair:** Were you satisfied with the Government's response to your recommendations?

Dr Barton: To be honest, we felt the Government response was a bit of a mixed bag. They did agree, or partially agree, to all our recommendations, but we felt that there were some real missed opportunities because of that context I just mentioned. This seems like the right moment to look back over the history of the last five years and do things for the best, to make the most of those resources.

Our first recommendation, to ensure the money is best used, is to concentrate the resources where they are going to have the most impact. Even a relatively big bilateral donor like the UK is still small in comparison to the challenges we are facing with deforestation and biodiversity loss. It is really important that such a key player, which also has such a big influence internationally and through its funding of multilaterals, concentrates on where there has been success, scaling up pilots and what has worked.

We feel at the moment there is a bit too much scattered activity, with efforts to take action across a huge range of areas—different commodities, different issues, different geography. The biggest successes have been where there has been concentration in a small number of countries over a long time, with the right range of stakeholders. We would like to see less new pilots and more building on success.

Q4 **Chair:** What were the main challenges that you faced while conducting this review during the Covid-19 pandemic?

Dr Barton: Our previous review of international climate finance was desk-based. There is a certain amount you can do, particularly for rapid reviews, to give you an overall picture. For this full review, we felt it was really important to have direct engagement with stakeholders on the ground, whether it is Government, private sector or citizens—people directly affected by the UK-aided projects. We had hoped that we would be able to do this in person.

This was the first review where we had a very major exercise in remotely talking to citizens. In our own visits, we were able to speak to twice the numbers of a recent review in modern slavery and we could hear from people we would not have heard from otherwise. It was quite amazing to hear an indigenous people's leader from West Papua, for example, which is a rather dangerous place to visit, so it is unlikely we would have got there ourselves.

Of course, it is very difficult to get the full perspective that you get when you visit somewhere, you see the context, you can observe directly and you can have the side conversations that are less formal where you can

learn more. However, for all our reviews now, the work that is to hear directly from people will be done only partly by us directly, because we have local teams on the ground, people who would be trusted by communities, who are undertaking the interviews for us. We will, to an extent, observe. For the most part, we need to make that happen, as it has in this case.

Obviously, there are travel restrictions in-country and there were particular challenges adding to the pandemic in Colombia, where, unfortunately, there is still conflict going on. Some of the work was actually compromised and made more difficult by the fact that people were afraid, because of the conflict going on, that there might be reprisals for what they said, or it was simply not possible to get to them for a while, so we had some delays.

We overcame the challenges very well insofar as it was possible to do so, given the limitations of Covid. I would always prefer, if we can, to ensure more in-person interaction, but I think we got very good evidence. We heard from 291 people directly affected and others, so more people than we would hear from normally—200 stakeholders whom we spoke to otherwise.

Chair: Mr Thornton, would you like to respond to either of those questions?

Nigel Thornton: To add to Tamsyn's final point there, in fact in Indonesia we were able to work across I think three time zones and five different parts of the country. The teams that we had on the ground working for us, because there were travel restrictions there—as Tamsyn said, we were not able to move—were able to get to a very broad representation of the programme and representation of different communities that were dealing with a whole range of issues.

That was the same in Colombia. Our teams were able to go, as Tamsyn said, into areas where there was a certain degree of instability. From a technical point of view, we are confident that the findings are robust and representative.

Q5 **Brendan Clarke-Smith:** Good morning. Dr Barton, you found the UK's work on biodiversity and deforestation lacked a coherent, overarching strategy. I think those were your words. What could FCDO do to make its work in this area more strategic and more focused?

Dr Barton: It is worth reminding ourselves that this is not just FCDO, although it plays more of a leading role, perhaps, than at the beginning of our evidence gathering over a year ago. There are the three Departments involved—BEIS and Defra as well. In some ways, that is part of the reason why you actually have a surfeit of strategies because there are already so many different contexts in which the Government need to co-ordinate in relation to climate change.

At ICAI, we have been waiting for some time for the new strategy for international climate finance, which we know is under preparation. There is the old one from 2011 and there should be, within that, specific strategising. As mentioned, this is £3 billion out of the £11.6 billion, one of the three pillars of that work, so we would expect it there, although some of the biodiversity work falls outside international climate finance.

Also coming, we hear, is an international nature strategy. That should cover nature-based solutions for climate change and broader biodiversity. We are really asking for not so much a bit of paper as concentrating the resources where they are really needed. That is the key for us. It will require perhaps doing fewer things, but concentrating on the things that make the most difference. We think that could best be done with an independent evaluation of the portfolio, so that there is learning from what has been done in the past.

Q6 **Brendan Clarke-Smith:** Following on from that with FCDO, do you think it has sufficient capacity and skills to effectively use that ODA money on projects that relate to biodiversity and deforestation?

Dr Barton: It certainly has some really expert people—very respected experts. That is not only in FCDO, although the experts on forests and biodiversity there are important. I would say that Defra is the Department that really holds the expertise on biodiversity. BEIS has the experts when it comes to carbon finance. It also has an important role in terms of UK business, although Defra has a role there too when it comes to due diligence and standards for business. What business does has a huge impact on what happens to forests. They all have something to bring to the table.

My only worry about the skills and activities is that we know that there is this commitment to increase resources in this area, so are the current resources going to be enough if there is so much more focus on climate and, in particular, on deforestation and biodiversity? That is the only question mark for us.

Nigel Thornton: Yes, we have extremely capable people across the piece. Our feeling when we were looking at this was that actually the UK was not making the most of the resources it had, which are excellent, to leverage the potential change that it could achieve. As we see in the report, there are excellent resources at the centre in London. There are excellent resources in-country. It is using those individuals and skills to maximum effect that is the priority we are trying to point to here.

Q7 **Sarah Champion:** This is to both of you, but I will start with Nigel, please. You found the co-ordination of programming was "held back by a lack of shared strategies, management arrangements and learning mechanisms". What do you think the reason for this is?

Nigel Thornton: There are various ways of answering the question. One is to step back slightly and say that the co-ordination externally is very

good. There is very good external coherence in the way that the UK approaches its work on the global scale. We saw that there was very good focus on working with international organisations to achieve priorities that the UK has set externally.

When you look internally at the way the machinery of Government works, across and between Departments, and then particularly between London and in-country, you then see variation. You see different approaches. For instance, we would see Defra not necessarily being as engaged at country level in somewhere like Ghana as we might expect. Even though there is clarity between Departments about their relative strengths, we would also see some overlap, for instance engagement with the private sector. There is a lack of clarity necessarily about who does what and a degree of duplication.

The lack of co-ordination could be dealt with by that strategic clarity that we are talking about and a little more operational effectiveness about how co-ordination takes place between in-country activity and back at Whitehall.

Q8 **Sarah Champion:** Tamsyn, what actual impact has this lack of co-ordination had on UK action on biodiversity and deforestation?

Dr Barton: Again, it is a case of missed opportunities. We have seen a lot of successes in these programmes. Overall, they are directed at the relevant drivers. It is just that you can achieve more with the same resources if the co-ordination is better. As Nigel mentioned, in some countries, for example Colombia, Defra was really missing opportunities of combining with the local expertise that was there in the embassy, which BEIS was not.

That was a pity, because they were missing out, and that meant it was not so driven by the priorities in-country. That carried greater risks of duplication and overlap, because the embassy was not really sighted on the Defra programmes in Colombia. For the most part co-ordination was good, but we sometimes saw overlap. That is where you would have different private sector programmes, which, in a way, cut across each other. That money could have been better used if it was better co-ordinated so it was directed to areas where it was more needed.

Q9 **Sarah Champion:** Tamsyn, you also found that the Government engagement with communities that were affected by UK aid programmes was not always consistent. I am assuming it is part of the continuation of the same lack of co-ordination. How could FCDO and other Departments improve their engagement with people affected by their programmes?

Dr Barton: I am not sure how much it has to do with a lack of co-ordination. FCDO has a long track record and some very good examples of good practice on engagement with communities. In fact, we found inconsistencies also with FCDO, as well as the other Departments.

It is worth saying that not all the programmes are directed at that community level, but some of the most effective, like the Forest Governance, Markets and Climate programme, are effective because they are working at every level. It is working at that international level, in line with Government priority, but it is going to be effective only because it works effectively with local people and gives them a voice.

It is essential, because they are all stakeholders in the forest. They themselves can have a negative impact on deforestation and biodiversity, but of course the negative impacts can happen to them. We actually felt there needed to be consistent safeguards. One of our recommendations is about that, ensuring that there is the social analysis and the safeguards.

I do not know if you want me to deal with this separately, but probably the most glaring thing that came out of hearing from people on the ground directly was that women in particular were being marginalised. Even where programmes felt that they were taking gender difference into consideration, even where it was evident that there were women farmers who wanted to benefit from the programmes, somehow it was not happening. There is a combination of factors at that local level that prevents it happening and needs that extra effort to make sure it happens.

Q10 **Sarah Champion:** Nigel, could I ask you to maybe give us some examples of good practice of working with local communities? Also, I am always incredulous, because it is the local communities that know their environment best and what interventions would be most effective. Why is it that they are not at the centre of all these programmes?

Nigel Thornton: On the first, you would see something like the work in Congo, for instance, which is Improving Livelihoods and Land Use in the Congo Basin Forests. That would be a good example of engagement with local communities. The aim of that programme is to improve the livelihoods of forest-dependent communities. It is a very clear focus, but that would be a good example where the design and then the implementation has been done working alongside those communities, using the local NGO capacity as well to engage effectively. You are working with people who have those longstanding relationships. We saw similar examples in Indonesia. We saw slightly less in Colombia, but again there would be examples of that.

Why does this happen? One of the patterns we saw was that there is a lack of consultation at the design stage. Often, when a programme is being implemented, the general pattern is that there is a good engagement, but the missing piece often was that there is insufficient attention paid at the design stage to engaging with the local communities, to understand what the needs are and, most fundamentally, what the drivers are of deforestation and biodiversity loss.

That is where one of the issues perhaps is that the programmes sometimes are trying to achieve things in a very short amount of time.

The most successful programmes are a bit more patient; they really try to understand what those drivers are and then move into that implementation. The focus has to be, as we say in the report, on getting the design stage right.

Q11 **Mr Bacon:** Dr Barton, could you say to what extent your review focused on the social and economic challenges that vulnerable people face, and how that might result in deforestation and damage to biodiversity?

Dr Barton: The challenges are huge and you see great variation around the globe depending on what the important commodities are, whether these commodities are part of international supply chains, which would then have an impact on local people, whether it is logs, soya or palm oil, or whether it is about local people needing access themselves for their own livelihoods to grow crops.

I was just struck reading the stories that we were told at the time we consulted people in Colombia. People were complaining that, because of cocoa being an illegal crop, their lands were being sprayed with pesticides by the Government. Then they felt they had no option but to go further into the forest, because their soil was completely useless for use. That is just one example of the many different challenges that can arise.

Ironically enough in Colombia, it was the case that, while the conflict was going on, the deforestation was actually reduced, because it prevented access of outsiders and, to a degree, people who were coming from outside the areas of forest. It is usually varied, but I cannot stress enough how dependent people are who live in and next door to forests. It is their big insurance scheme, if you like, that there is a way they can get food for themselves or income based on what they can get from the forest. That is hugely important.

When they lose the forest, they suffer all kinds of negative impacts. Diseases increase like malaria, zika virus, or parasitic disease. We heard from people about how they were losing access to fish because of pollution. The impacts of deforestation on people are, I am afraid, an endless, very sad story. For the most part, we are only seeing perhaps a slowing down of the rate of these impacts, rather than an actual halt to deforestation.

Mr Bacon: Mr Thornton, did you have anything to add?

Nigel Thornton: I would reinforce the point that the economic drivers of deforestation and biodiversity loss are contextually dependent. They vary. In Colombia, as we have mentioned, the cattle ranching as well would be important. In Ghana, there is smallholder farming, but also mining, for instance, which one would not necessarily think about as a driver. Equally, in Indonesia, there is large-scale agriculture. We are aware of palm oil as well.

Therefore, what you see there is the interrelationship of different economic drivers that are affecting it, which are also driven by global

changes and global issues. The interdependency is something that we were very aware of. One of the interesting things that the UK has been very successful at, where it has focused its energy, for instance, on timber, is looking at those global drivers.

Q12 **Mr Bacon:** Mr Thornton, you mentioned in your review that ICAI has seen unfinished working papers on the highly anticipated and overdue updates to the international climate finance strategy. What was your response to the content of those papers?

Nigel Thornton: We would not usually comment on unfinished documents, I am afraid.

Q13 **Mr Bacon:** Perhaps I can rephrase the question. What do you think about international climate finance and its strategy?

Nigel Thornton: ICAI has asked in the past and in its past review for greater clarity. That is consistent with our findings here about the need for greater strategic focus. As Tamsyn said in her earlier comments, there was a degree of anticipation for that strategy to be finalised. We were expecting it to have been done and it has not. I suppose that is the headline.

Q14 **Mr Bacon:** Can you unpack where the tension points are? In any big policy involving many billions of pounds, there are bound to be various inflection points and various things where different competing interests or countervailing factors come into play. Can you unpack for us a little bit that terrain and what it looks like in relation to the package?

Nigel Thornton: In the report, we say that an area that the UK has the potential to do more on, and we would have wished it to do more on, is engagement with the private sector and some of the large commodity drivers. We made the point earlier on that the UK has historically been very good around the area of timber, engaging over many years with regulation and on both supply side and demand side.

That pattern, which we know the UK is good at working through, has not been replicated with other large commodity drivers of deforestation and biodiversity loss. We mentioned some of those in our report here. Those are the kinds of areas we would be looking for.

Q15 **Chair:** I wanted to pick up on something we have not addressed yet. I note in your recommendations that you thought gender issues should have greater prioritisation in policies. I wondered if you could explain a bit more about the policies and programming to ensure that women should benefit from investments in forests and biodiversity.

Dr Barton: Thank you very much for that further opportunity. We certainly hope that, once the ICF strategy arrives, they will remember our words on this one. In relation to gender, it was striking to us that we often heard that this was something that was being addressed, from people involved in the programmes. You could even see it in the design,

but we were hearing directly from people on the ground that women were being marginalised and not given opportunities to take part in the programme.

As I mentioned earlier, this is a result of a combination of factors and ways in which you are going against the grain by specifically trying to ensure that women take part. Even in our own citizen engagement exercises, because we did not have people who were well known in the communities themselves, if you look at Colombia, for example, we ended up with two thirds of our respondents being men, because those were the people put forward. That was one of the challenges that, even despite our efforts, we did not succeed in overcoming. The social norms block those opportunities.

We heard from a woman who wanted to be a pioneer and was convinced that there were real opportunities from learning new, sustainable ways to grow cocoa, which would benefit her directly. She said that she had not been given those opportunities. She was just one of many examples that we heard about. That illustrates that it is not that it was not initially a priority, but you need to maintain the priority and to be monitoring closely.

In particular, I think the gamechanger for this would be—and this would help the broader question of how people are impacted from different social groups—if there were grievance response mechanisms in play. Some of the programmes are known as the REDD+ programmes, which are about reducing deforestation and forest degradation. Because UNFCCC has this as part of its standard procedures, there are these grievance mechanisms, so people can speak to someone if they have an issue. Even women can do that, but we did not find that as a standard feature very often in bilateral programmes.

That would be a way that would help. It basically needs that continued focus to go against the grain and ensure women are included. When we reviewed the wider literature, we saw that this is a phenomenon that occurs everywhere. It is not just a matter of the 300 people we have talked to. This is a global problem. Unfortunately, it harms women and, ultimately, it harms forests and biodiversity.

Chair: Mr Thornton, would you like to add anything on gender?

Nigel Thornton: No, what Tamsyn has said is exactly right, in terms of the patterns we saw. That is entirely consistent. In spite of what Tamsyn says—and she is absolutely right of course; the majority of people we spoke to were men—what was quite good is that we heard women's voices in the exercise. That was great.

Q16 **Chair:** I wanted to pick up on my colleague Sarah Champion's points about lack of co-ordination between different Government Departments. We have heard that a lot, particularly since the merger of FCDO and DFID. In terms of biodiversity and deforestation specifically, did you find

specific examples of where that co-ordination is not being effective? Do you think that the nature of cross-party Government working is adequately set up at the moment to ensure we are having effective ODA programming?

Dr Barton: The first thing to say is that there is a history of good co-ordination in this area. It is one where, even in the days where the old Department, DFID, had a much greater share of the official development assistance programming, there was close working for 10 years or more with the various Departments, such as DECC, in relation to climate change programming. This was part of it. Defra is a more recent entrant.

There is quite a long history of good co-operation. There was one phenomenon going on while we were doing our review, because the review started in July of last year and went to July this year. That was that, in the middle of our review, Dominic Raab announced that the FCDO would take over more of an oversight role. That was all still being worked out at the time we were having our interviews.

We cannot say for certain exactly what the situation is now, but one of the ways in which it was not an obvious way of organising things, due to the history, was that BEIS was the main Department involved in Latin America, because DFID for some time had not had programmes there. That was under overhaul.

Having said that, we saw very good co-operation in Colombia, which was one of our key visits, between BEIS and FCDO. The one HMG system was clearly functioning in all the three countries we were in. In Indonesia, there was a very strong focus on climate across the piece. Again, there is a long history of good co-ordination.

The specific problems, I would say, were where one Department was not involved with the embassy work. I mentioned before that, in Colombia, we did not realise until we looked at our programme that there were no Defra programmes on it. That was because the embassy was not really sighted on those programmes. The risks there obviously are overlap and cutting across. The most effective is where the embassy or the high commission has that overview and can bring its local knowledge and expertise to bear.

Q17 **Mr Bacon:** I must say, when you originally said that the embassy was not really sighted on the Defra programme in Colombia, I wrote it down because I was so surprised by that. I take it that the embassy in-country should always be sighted on programmes of any Department of Her Majesty's Government in that country. That would be your view, yes?

Dr Barton: That is the system that, particularly post the merger, is coming more to the fore. There is definitely an opportunity for Defra to work in a different way. Historically, because of its more limited resources, it has a more centralised form of programming. However, if

you have a joint platform, one HMG, there is an opportunity to do it better.

Q18 **Mr Bacon:** Who should be responsible for making sure not just that what is going on is co-ordinated, but that there is a clear line of sight that can be reported back to Parliament and to our constituents, as taxpayers? Who should be responsible for ensuring that there is a clear line of sight from what goes on in-country and that the embassy is sighted on everything that is going on? Who should be responsible for that?

Dr Barton: Ultimately, of course, it is Ministers who are accountable to Parliament.

Q19 **Mr Bacon:** I am talking about in-country. I suppose I put the question badly. Who should be responsible in the country for ensuring that the embassy is sighted on everything that the Government of this country is doing in that country, whichever one it is, Colombia or any other? Who should be responsible for ensuring that is the case?

Dr Barton: In practice, there is a kind of double responsibility, because it is difficult for the embassy to get sight of what it does not have information about. It is important that the Department, in this case Defra, ensures that it provides the information and liaises with the embassy. I do not think we saw reluctance on the part of the embassy. It was simply that it did not have the information and, with the limited resources it had, it was focusing on programmes it was clearly responsible for.

Q20 **Mr Bacon:** So Defra was basically swanning around in-country without telling the embassy what it was doing. That is what you are saying.

Dr Barton: It was delivering programmes in-country without co-ordinating as much as would have been good to ensure full join-up. As I say, it obviously did not know enough about the programmes to put any of them on our interview list. We were obviously guided by the embassy making sure we could speak to the right people.

Q21 **Mr Bacon:** When you say "enough", you mean anything. You make it sound as though they really were not aware of it, right?

Dr Barton: I am going to pass to Nigel to check whether there was any prior information, but it certainly came as a surprise to me that we were not going to visit virtually any of the Defra programmes during our country visit.

Q22 **Mr Bacon:** It sounds like it came as a surprise to the embassy that there were Defra programmes. That is really what I am getting at.

Dr Barton: No, it was aware there were programmes. It is just that it was not following them or was not being kept informed.

Nigel Thornton: To reinforce, we were not informed that they were operating in-country prior to us engaging, so we were surprised by that,

or the team was. To add to what Tamsyn said, to be clear about how some of the activities work, there are some programmes that are centrally managed, as it were. They are centrally managed programmes or managed from Whitehall. Those work in a range of countries. Then there are other programmes where there is more direct accountability to staff in-country, which are managed out of the high commission or the embassy.

Where the centrally managed programmes operate, it has been a problem—and I will use the word "problem"—for many years, not just in this sector but in many sectors, to get a clear attribution of how much is being spent in-country and missions in country having a clear sight of what is being spent. That is something that ICAI has highlighted over the last decade at least, and is something that what is technically called the Aid Management Platform is meant to identify and capture.

That is now being rolled out across HMG to capture all of ODA. I am not sighted yet on whether Defra's ODA spend has been put on to that for all countries, but I am aware that that process is underway. This is an issue that has been identified. Officials certainly were working on it. I am not up to speed on where they are now.

Mr Bacon: That is a fascinating insight and thank you for that. I would love to say I was surprised, but, having spent 20 years in this Parliament and 16 years on the Public Accounts Committee, the idea that Government spend money without really knowing what they are spending it on comes as no surprise at all. Thank you for identifying it yourself.

Chair: If colleagues have no further questions, I will suspend this session briefly while we wait for our second panel and the Minister.

Examination of witnesses

Witnesses: Lord Goldsmith of Richmond Park, Sally Taylor and Maggie Charnley.

Q23 **Chair:** Thank you very much to everyone on our first panel. We now move to our second panel. I am delighted that we have with us Lord Goldsmith, who is the Minister for Pacific and the Environment, plus the deputy director from the FCDO and the deputy director for the international climate finance fund. Minister, thank you very much for joining us today. ICAI's review found that the UK lacked a clear overall strategy on biodiversity and deforestation or clear strategies for the relevant countries. Do you agree with that assessment?

Lord Goldsmith: I am going to preface my answer by saying that there is a new commitment that the Government have made on international climate finance. It was only a year and a half or so ago when the PM committed us to doubling our ICF. Then, much more recently, we committed that nearly a third of that would be spent on nature-based solutions. That is about £3 billion, which is lightyears away from the kind

of money that has been invested in nature-based solutions before then. As you know, a minuscule proportion of global climate finance is spent on nature.

Although there is some fantastic work, and I have seen it with my own eyes more recently, that BEIS, the FCDO and Defra do in relation to nature and biodiversity, we do not have a huge pipeline that we can point to and say, "This is what we are going to be doing for the next five years". We are scaling up massively. That means looking at the stuff we have done that works, looking at what other countries are doing, looking for the best opportunities and the best value for money. There is no doubt that those opportunities are out there.

Based on the work we have done, we are in a pretty good place now to know what works and what does not. We certainly have a strategy. We have cross-departmental working of the sort that, before becoming a Minister, I never thought was possible. Maggie and I, for example, are not part of the same Department, but we speak very regularly. We are old friends now. The same is true of our nature and forest people across Government. It feels to me that the Government are working very well together, that we have a shared vision, but there is a huge amount of work to do to scale up to that £3 billion and to do it properly.

Q24 **Chair:** You mentioned there about having strategy on this across Government. Can I ask specifically what consideration you have given to developing a specific biodiversity and deforestation strategy.

Lord Goldsmith: I am going to preface this as well actually, if you do not mind, by saying that quite a lot has happened in the last year that was not foreseen, not least Covid, but also the merger of the two Departments. There has been a lot of stuff happening. More recently, it has been this frantic, desperate effort to make sure that what we deliver at COP comes close to matching people's hopes and expectations, which requires an enormous amount of work, as you can imagine.

Having said that, we have set up an international nature board within Government at a high level—at official level. I liaise with it regularly and that board sets the programme, sets the direction and makes sure that what is happening across the Departments is coherent and complementary. That nature board is working well. I think we have a shared view on where we need to go, but there are a lot of questions that still remain to be answered, geographical focus for example.

The FCDO has its views on which areas of the world we should be focusing on generally. Those do not always overlap with the areas we should be focusing on in relation to climate and nature. I am very keen that we do not put ourselves into a straitjacket there. Ultimately, this is about buying as much solution as we can. It is a lot of money, but it is nothing compared to what is needed. It is about getting the best possible return.

This is not a done deal. The strategy continues. In terms of timing for an ICF strategy, which would include nature-based solutions, I know we had planned to do it this year, but, for the reasons I gave earlier, we have not been able to. Can I ask Sally for a timing on that?

Sally Taylor: It will be early next year.

Lord Goldsmith: Everything is early next year—excellent.

Q25 **Chair:** Minister, you mentioned there the upcoming COP 26 summit, which the UK is about to host. Can I ask what the Government's priorities are in the areas of biodiversity and deforestation for the summit?

Lord Goldsmith: This is the first COP where nature has been front and centre and not just a secondary, ancillary, even box-ticking thing on the side. We recognise that any net zero plan that does not include nature is not a proper plan. It is not possible to stay within one and a half degrees or to get to net zero using technology alone, no matter how clever that technology is. It is just not possible.

There are gigantic, important ecological systems that are being destroyed. If that continues, in many different ways life on earth becomes that much more difficult and climate change becomes even more of a fact. This is an absolutely central part of our climate response domestically, but also internationally.

In terms of what we are going to do at COP, the choreography is that, at the very beginning, we are going to have the world leaders' summit. That is where, as you can imagine, the most ambitious world leaders will be given a platform to talk about the commitments that they have made and the record that they can be proud of. Within that process, we have a forest and land use event, which will be very prominent, where we are in the process now of delivering some really big commitments.

I cannot go into the details. I am just not able to; I would love to. We are not there yet. We have a lot of other discussions to be had and there will be many today, tomorrow and every other day. We are looking to produce some real game-changing commitments on finance—private finance, public finance. We are looking for some really significant commitments from the private sector, the business sector, because Governments are not going to be able to do this on their own.

Businesses are recognising that their supply chains matter, and that they are directly or indirectly responsible for much of the destruction that is happening around the world and need to get with it. There is hopefully going to be a big commitment there. There will be a big commitment there.

I am trying to say what I can say without going too far. We are looking for some big, overarching global commitments that we hope will, because they will be backed up with finance, policies and really powerful initiatives, give people confidence that this is actually a turning point in

terms of the natural environment. There is a lot we are hoping for from COP on nature and I am optimistic that we will be able to deliver that.

Can I add one further point on that, if you do not mind? As you know, Kunming happens just a few months later. It is one of the three Rio conventions. It is as important as COP; it has a massively lower profile, unfortunately. A good climate COP will have a direct impact on the biodiversity COP and vice versa. We are doing everything we can to create that bridge between the two or connecting the two, so that the one flows naturally into the other. There will be a lot of talk about the CBD at COP. There will be a lot of commitments that have a direct link to CBD but also climate change.

Q26 **Sarah Champion:** Lord Goldsmith, your passion for this comes out loud and clear. I wonder if you could give us your opinion on who the most ambitious world leaders in this field are.

Lord Goldsmith: That is a good question. There are obvious countries that are providing a model for others to follow. Costa Rica has to be pretty high on the list, as a country that has made protecting nature part of its identity and its economy. It has doubled its forest cover in a generation at the same time as growing its economy. It has gone from pretty low in the rankings economically to being pretty high in the rankings in that part of the world. It is a stable country and a country that takes enormous pride in what it does. What they are doing there on nature restoration is hugely exciting. It is not just one or two maverick Ministers there; it is a whole-Government approach, although there are some brilliant Ministers.

I have just come back from Colombia. I was massively inspired by the commitment from the very top all the way down to local political leaders, mayors and so on. They really all seem to be speaking with one voice, using the same language, and there are results on the ground. In large part, that is supported and boosted by the work that BEIS has been doing through our post there. The commitment there from the President is absolutely authentic and passionate.

On the back of that visit and the discussions we had, we have the ability now to really scale up our ambitions, in Colombia particularly, but the wider region. Obviously the goal is to stop deforestation of the Amazon. If the Amazon goes, we are finished. That is very high up there on the list.

Then you have Gabon with 89% forest cover, not by accident but as a decision of policy. It is a country where they decided to ban the export of raw timber, because they could see what damage it was doing to their forests. Instead, they sell processed timber, which means that there are—the figures are not forensically assessed—around 10 times more people employed in the sector. It has become a much more significant part of their economy, which used to be oil. Oil is still part of it. They have managed to stop deforestation, so they will keep their forest cover at 89%. They are doing so in a way that creates livelihoods and stability,

and provides many other benefits as well. They are pretty high on the list.

I am going to stop there, because there are a lot of countries doing good. There are a handful of countries doing fantastic things, but the truth is that the majority of countries are miles behind. We have a lot of work to do.

Q27 **Sarah Champion:** Our previous panel criticised the lack of local involvement in UK development's biodiversity projects. The examples you gave are all where the country has complete ownership and the local communities are involved in the design of the project. The increased funding that the UK Government are going to be giving to this field is very welcome, but how are you going to ensure that local people are involved in both the design and the delivery? By local people, I do not just mean politicians; I mean the people who are directly affected.

Lord Goldsmith: That is crucial. I am looking at it here because I have some figures I want to give you, but I am not sure I will be able to find them. Obviously you need Government support from the top down. Without that, you do not deal with governance issues. You do not deal with capacity issues. You need to have that framework, but the real work comes from the grassroots. That is true of all the places that I just mentioned and more that I could have mentioned.

One area where there has been not nearly enough effort by anyone, really, in the donor community is around land tenure and land rights, particularly in relation to indigenous people and local communities. We know that indigenous peoples occupy lands that I think harbour around 36% of biodiversity—no, more than that. Sorry, it is 36% of intact ecosystems, with commensurate volumes of biodiversity, carbon sequestration value, carbon storage and so on.

That is not a coincidence. We know, for generations and generations, they have known how to look after land, on the whole. There is massive, I would say unarguable, evidence that, when you empower local communities around issues of land rights and land tenure, when you enable them to assert their rights on land that they have lived in forever, the ecological benefits are very easily measured. Despite all that, I think only about 2% of climate finance has gone towards IPLC, in short. That is something that we hope also to change at COP.

We are looking to be able to produce something really meaningful at COP. Here in the UK—again, I am probably not going to be able to go into too much detail—our teams are working up how we might improve dramatically our offer in relation to indigenous people and land rights. Aside from the ethics, which are obvious, it is a pretty cheap way of saving a lot of land, so it makes sense for us to be focusing on that.

Finally, indigenous people tend to be at the bottom of the pecking order politically and often do these amazing things in the face of terrible

danger. We have seen lots of people killed. We have seen people displaced. We have seen lands just simply removed. That is a global problem where indigenous people inhabit those valuable ecosystems. We think that the best way to deal with that is through land tenure and land rights, working also with the host Government so that the programmes are not undermined. I do not know if either of you want to add to that, because you have done a lot of practical work on this.

Sally Taylor: There are examples where we have really focused on this issue. One of the programmes that the ICAI team looked at was the Forest Governance, Markets and Climate programme, which has inclusive policymaking, supporting communities to assert their rights and take part in policy discussions. That is very much central to how we approach the issues around governance and how we run that programme. That has been a really important part of the work.

There have been other examples where we have tried to think about different types of groups. How are women doing? How are indigenous people being involved? It is something we are very strongly committed to. It is always something where we challenge ourselves to do better and try to think about how to do it. Also, you are up against societal norms and some of those things are difficult, entrenched issues to try to overcome.

We take it seriously. Where the team had questions or provided feedback, we are looking at that. We welcome that challenge and try to work on it.

Q28 **Sarah Champion:** Can I give you a challenge now? Rather than thinking about the indigenous people, do you actually ask them?

Sally Taylor: Do we ask them? In each and every case and on every issue, I would think almost certainly not, but there are mechanisms and processes where we would do that. I would need to have a think about how we could answer that a bit more in detail for you. I can come back to you on that, if you like.

Q29 **Sarah Champion:** I find that, if you ask people, they usually have the best solution and it tends to be the simplest, cheapest and most sustainable. If that was something we could embed in, I think that one question at the start of all projects would probably reap rewards on so many levels.

Lord Goldsmith: Can I jump in on that point, only because I have just had the huge privilege of seeing some of these projects in Peru and Colombia? I can say that the answer is unambiguously yes in relation to the projects that I saw there, which are working. There are amazingly small sums of money delivering really big results, in terms of livelihoods, preventing environmental damage and so on.

They have actually been a consequence of relatively small individual investments by us, working with the private sector, so the Iquitos plan

for example, which is one of your projects. We have matchmade a big South American drinks company and got them to commit to guaranteeing a market for all the sustainable produce that comes from harvesting a coconut plant, whose name I cannot remember because it is very complicated, without chopping down the trees and while also regenerating the land.

It is an ecological success story by any measure, but it is also a livelihood success story. I went there and spoke to the community, and it is a community that is clearly benefiting and very much in love with this project, led entirely, I would say, by the community. They do their own negotiations, talk to the company and are extremely good ambassadors for the work they are doing. They are making our job easier in terms of scaling up. Sorry, it was your project and I am taking credit for it without having any reason to do so. That is just one example and there are many of them.

Q30 **Sarah Champion:** Minister, is that something you could commit to embedding in all our projects?

Lord Goldsmith: Yes, completely. That is absolutely right.

Sarah Champion: Thank you very much.

Q31 **Mr Bacon:** Can you say how much of the £11.6 billion international climate finance is made up of ODA spend?

Lord Goldsmith: I think it is all ODA, is it not? There is some non-ODA. Sorry, no, it is all ODA in fact. The nature spend in Defra is not all ICF, so there is more money being invested beyond the £11.6 billion, but the vast majority is ODA in terms of nature. All of ICF is ODA.

Q32 **Mr Bacon:** What proportion of it will be channelled through multilateral organisations?

Lord Goldsmith: In my view, it is too much, but that is a live discussion within Government. I am going to defer to one of my colleagues in terms of the percentage. As we get closer to COP, it becomes clearer to me why it is important that we are at the table.

One of our campaigns is to try to get the big multilateral development banks, like the World Bank, to whom we contribute a great deal, to commit to aligning their portfolio not just with Paris commitments but also with nature. That is something that very few of them have done. The consequence is that, through their activities, even though they might be aligned with our climate goals, they might be undermining nature and therefore livelihoods.

Using our leverage, as one of the biggest contributors, we are able, we hope, to move them, as a bloc, into a place where they are not supporting the destruction of nature and consequently livelihoods. The impact of that would be clearly transformative. We are not there yet. Any

pressure you can apply to the World Bank would be much appreciated. I am probably not meant to say that either, but that would be very much appreciated.

Percentage-wise, I do not know if either of you can answer that question.

Sally Taylor: Around about 20%—I do not know the exact percentage—of ICF goes to core funding of the green climate fund and the GEF—the global environment facility. We do not count all of it; it is slightly complicated. We only count that in terms of the core funding we provide multilaterals. It comes from our international climate finance. We also contribute to initiatives that the banks or others run through two trust funds, for example, around clean energy and clean technology. I do not know off the top of my head what that number is, but we could come back to you on that, if that is useful.

Q33 **Mr Bacon:** Lord Goldsmith, you said at the beginning of your answer "too much". I heard you correctly, did I not?

Lord Goldsmith: Yes, you did. With things like the GCF, this is an incredibly valuable piece of apparatus. It is the biggest funder of climate projects around the world. In those circumstances it is right that we should be a significant contributor, as we are, and be very actively involved in decision-making. We are currently working very hard with them to improve access to finance for small island developing states, for example, which is massively important for all the obvious reasons that Covid has exacerbated, the global environment facility likewise. These are real partners. Although of course we want to influence them and improve things wherever we can, and that will be true forever, they are valuable organisations.

My concern is that sometimes we historically put too much through the really big multilateral development banks. I do not mean to single out the World Bank, but it is the obvious example. I personally think—and this is not just my view; I think it is shared by many colleagues—that there is more scope for us to work on bilateral programmes with the key countries in a way that allows us to be more directly involved and that benefits our relationship as well, which is worth something.

In addition to that, we have partnerships with other countries, like Norway, Germany, France and so on, where, collectively, we can use each other's leverage to increase the amount, but not necessarily going through a multilateral.

Q34 **Mr Bacon:** Right, so it is not necessarily a high-level multilateral. It is a specific partnership with Norway or others. I am very pleased to hear you say that. Some of us from the Committee were in Geneva a few weeks ago. We met the Global Fund, an example of multilateral funding. We asked them, "Have you suffered cuts from the DFID/FCO programme of cuts?" They said no, and the reason is—we assumed and they more or less confirmed this—that we are collectively, as a Government, so

impressed with what they do.

It is a fine example of multilateral funding that really works, but we saw a lot of evidence on the Public Accounts Committee for many years of multilateral funding that was, essentially, mandated because of the EU, but really did not work. I remember the Permanent Secretary once saying it: "We know it is not as good as it could be, but there is nothing we can do about it". That is no longer true, is it? We can structure and shape this exactly the way we wish to.

Lord Goldsmith: Capacity for us is also an issue. One of the benefits of COP is that we have had to scale up. We probably have a bigger diplomatic team globally than has ever been the case for any country in relation to climate and the environment. I do not know all of them; I know many of them and they are a really impressive and show-up team, doing a lot of incredible work.

There is a lot of crossover between their climate advocacy in those countries, engaging with local politicians and leaders, and the projects we are supporting, using our money. I am very keen for us to maintain, improve and fine tune that extraordinary network we have around the world. That will enable us then to not be too dependent on the big multilateral development banks.

Q35 **Mr Bacon:** You led directly into my last question, which was how you will ensure that the funding gets used to help recipient countries take a sustainable approach.

Lord Goldsmith: That is the issue. It is about capacity. I got to know our Colombian team, for example, and they are doing extraordinarily valuable work. If we are able to scale up, as I hope we can in Colombia, that would probably require us to do some more recruitment. We have to make sure that we have the people on the ground.

It is an incredibly complex world, funding something or trying to turn around what is effectively a giant tanker that has been going in the same direction for decades. It is not that you can just push a button here or write a cheque there. It requires a really sophisticated understanding of the drivers of damage and the whole complexity of the solutions involved. It takes a while to build that knowledge up, so protecting what we have and building upon it is absolutely crucial. You cannot cut one year and rebuild the next year when it comes to that kind of skills base.

Q36 **Mr Bacon:** ICAI found that the co-ordination between Government Departments on biodiversity and deforestation work is not always effective. We heard a witness actually say that, in relation to one Defra programme, the embassy was not really sighted on it at all and thus did not inform ICAI that it needed to add it to its list of things to scrutinise. Is the nature of cross-Government work on these issues adequately set up to ensure effective ODA programming?

Lord Goldsmith: If we are talking about nature principally, so nature-based solutions to climate change, the join-up is pretty good. The teams work incredibly well together. Whenever I trespass into directors' meetings, I am always impressed by how it works. When I want answers, it is not always clear to me which Department is even answering. It is fairly seamless and it works well.

When it comes to nature as opposed to nature-based solutions to climate change, so biodiversity work, which does not necessarily have a bearing on climate, that is mostly Defra. That is not really work that is done by the other two Departments. Although, of course, there are interactions between the other Departments, it is probably true that the other Departments are not as sighted on the pure nature biodiversity work as they could be. I do not know whether that is correct, but it does not really cross your paths in the FCDO and BEIS in the same way. That may not be entirely accurate.

I do not think it is a huge problem, incidentally, because that is where the expertise is. It is in Defra, but some of that nature work has a direct bearing on climate. Some of it is ICF and the example you have just given is probably something we want to avoid.

Maggie Charnley: It is probably worth saying that, under the integrated review that was published earlier this year, our ambassadors in our embassies were charged with having a single funding plan for their country. I think that is going to help bring some real coherence or even stronger coherence. We have really good examples of that across the board.

Certainly in relation to Latin America, which is where a lot of BEIS's focus is, there is now a regional board focused right across the piece. It looks at nature but also energy, economy and all the other interests, headed up at director level by the FCDO regional director, but with representation from all the Departments with an interest, not just ODA-spending Departments but the Department for International Trade and the Treasury are represented, among others. That is helping to bring all those interests together. Where we have seen a need for improvement in some areas, that additional governance will help to bring all those interests together.

It is probably worth adding that, with Sally's and my team, and our sister team in Defra, the informal working relationships are extremely good. At least prior to Covid, when we were able to sit in the same space, there was joint working in a literal way as well. We have days of the week where our teams come together and sit actually next to each other. We are just bringing those practices back.

Q37 **Mr Bacon:** Michael Barber, in his book on Government, *Instruction to Deliver*, said routines and relationships were the two most important things. Can I ask you about the single funding plan for the ambassador? You are saying not that your Permanent Secretary in FCDO, or the

Permanent Secretary in BEIS, will not have the accounting officer responsibility—that still sits there—but simply that the ambassador is responsible for painting a clear, transparent and complete picture of where the money is and where it is going, where it has come from and where the lines of accountability back to Whitehall end up going. It is all in one place, so that all of it can be seen. That is what you are saying.

Maggie Charnley: Correct, and taking a much more strategic view across all of the pieces. We have seen some really good examples of that anyway and Colombia is an example that the Minister has just mentioned, where we have a new programme that was not looked at by ICAI. It is a £64 million programme looking at sustainable forests. That draws not only on ICF but also on UK PACT, which is one of our technical assistance programmes, and with the peace and security fund.

It is different elements of Government funding but bringing them together under a single umbrella, in order to be able to deliver against different Colombian and UK priorities for those peace and security issues, the environmental crime and addressing deforestation and livelihoods in one collective effort. That is very much about our embassy bringing together a strategic picture of what is needed for systemic change across the piece in their country.

Lord Goldsmith: That is exactly right, but I was going to give one example of that. Most issues are cross-cutting. A good example of the three main Departments coming together was around the whole issue of commodities. Defra commissioned the GRI, under Michael Gove, to give us advice on how we can break that link between commodity production and deforestation. It is responsible for about 80%. On the back of that, we developed the legislation, which is currently going through Parliament, coming back to you in a few days' time in the Commons, on due diligence for companies importing. You will know the issue.

In order to make real that domestic commitment we are making, and knowing that we are not a big enough market globally to flip the whole market, we are building alliances overseas. We have the FACT dialogue, which I think you are in charge of mostly, are you not? The FACT dialogue is bringing producer and consumer countries together to try to reach a joint understanding and agreement on how they might, more or less, do what we are doing.

The work of the FCDO on FGMC, and the work of Neil Scotland, who I know has appeared before you in the past, on the just rural transition, is the stuff that is going to make it possible for countries to make the shift that we are going to need them to if we are going to reconcile that kind of intensive global agriculture with the environment. You have three Departments perfectly complementing each other in order to deliver on what is one of the biggest nature challenges we face. That is just an example of how this stuff works.

Q38 **Sarah Champion:** Lord Goldsmith, we know that nature-based solutions

are not the silver bullet for solving climate change and are no substitute for rapidly phasing out fossil fuel. Could you tell us what the Government are undertaking additionally to nature-based solutions to reduce biodiversity loss and deforestation in the global south?

Lord Goldsmith: In addition to the £3 billion, as I said earlier, we are trying to use what we have done as leverage to get other donor countries to do something similar. We want that 2% or 3% that I mentioned earlier to grow considerably. On the back of a lot of work that has been done by that diplomatic team that I mentioned earlier, including Ministers, France is pretty much in the same place. We think that Germany will end up in the same place. Canada is moving in the same direction. Japan is not far off the commitments that we have made. Under the leadership of John Kerry, the US is really wanting to escalate its own investment in nature-based solutions.

At the end of COP, we will be in a place where that 3% is very different. I do not know exactly where we are going to end up. In addition to that, we are working with philanthropists. You had the announcement about a month ago from the Bezos Earth Fund. We are expecting other really big announcements—that was a big announcement—at COP around philanthropy. We are hoping for some of the biggest players in commodities and agriculture globally to send a very clear signal as well. I am going to stop there, because that is all ongoing at the moment.

There are a lot of different things. Can I make one final point? Even if all the donor countries do what we have done, and even if we then double it, it is still not going to be enough to transform the world in the way that we need to from a nature point of view. There is a lot of money that is already out there that is just being spent in the wrong way. If you think that the top 50 food-producing countries spend around $700 billion supporting or subsidising land use, usually destructive land use, if we can persuade those countries to begin the process that we are in the middle of, which is scrapping our old system and replacing it with a system that is conditional upon good stewardship of the land, that is $700 billion.

Coincidentally, that is the number that scientists use when you ask them how much it is going to cost to turn things around. I do not know where that number comes from, but it is a gigantic figure. If we were to succeed with our aims there, we would, theoretically, have the capacity to flip the global market in favour of sustainability. It cannot all be about donor money. It has to be about not doing things that are taking us in the opposite direction. It is fine, investing a bit in nature here and doing a bit of climate there, but, if the rest of the portfolio is taking us in the wrong direction, it is not going to be much use. We are always going to be playing catch-up.

Q39 **Sarah Champion:** Can I push you a little bit on that? The driver behind the deforestation, the demand for agricultural land, would be things like meat, palm oil, our demand for strawberries in December. This Government could make some big changes in the culture and eating

habits that we have here. You could be looking at taxing food that is not locally sourced and environmentally produced, for example. Do you have any ambitions to do that sort of changing cultural attitudes work?

Lord Goldsmith: I will start by just referring back to the due diligence legislation, because that is going to have an impact. At the moment, each and every one of us in this room now, and anyone watching this session, are part of the problem, unwittingly. People do not know. Very few people want to be involved in deforestation, but we all consume commodities, the sort that you just described, if not one then the other.

By cleaning up our supply chains in the way that we are getting really serious about for the first time, we will ensure that, when people make those decisions, they are not inadvertently contributing to deforestation. That principle can go much further than commodities. We asked the GRI to look at the finance sector to see what we can do there. We have not had its recommendations yet, but I expect they will be the same quality as the ones we had before and the Government will take them very seriously.

There is a lot we need to do, in terms of our international footprint, and that will have a direct impact on the choices individuals make. When it comes to starting with the consumer rather than the systems, it is obviously a lot harder. Governments would struggle to change those kinds of cultural patterns. You have to be very careful with environmental policy not to be clumsy. I have seen myself examples in the past, as we all have, of clumsy environmental policy that has upset people en masse and exhausted their appetite for solutions. We cannot afford to do that.

Whatever solutions we find, it is incumbent upon Government to do so in a way that does not alienate people who perhaps are not as committed environmentalists as members of Extinction Rebellion. We have to be very careful about it, but the premise of what you are saying is correct, clearly. Our consumption of beef comes with a huge environmental tag: water, forests et cetera. A lot of the forests that are cleared are cleared to grow feed to feed cows to feed us the meat. There is a real problem there. If we are going to lighten our footprint, that is clearly an issue that we need to address, partly through our due diligence and systemic changes, but there will probably be other things we need to look at as well.

Q40 **Sarah Champion:** The Government have control over food labelling, for example, and giving consumers the information so that they can make informed choices. For example, in Chile, they put a black mark on ultra-processed food packaging, so that people know it is there. You could do a similar thing for an environmental footprint that a product has. Do you think that there is an appetite within Government to do that sort of thing?

Lord Goldsmith: Yes, very much so. Defra is leading on labelling. The difficulty with labelling is that, the moment you talk about rethinking our labelling, everyone wants their issue to be reflected in labels. You will end

up with something that is just too complicated and therefore has no meaning. The issue is simplifying it as much as possible, making it as user friendly as possible and as honest as possible. If there is a sign there, telling you it is ecological or sustainable, it is.

There are people asking the same questions in relation to methods of slaughter. There is a lot on carbon footprint and environmental footprint. We are getting our heads around this in Defra. There is a huge amount of work being done. There is a consultation; I cannot tell you whether it has actually gone out or whether it is about to go out, but it is all happening. That will answer the questions, but, in principle, 100%, I want people to be able to know, as they are buying produce, that they are part of the solution and not the problem.

Sarah Champion: Thank you. That is hugely reassuring.

Q41 **Chair:** I actually have a question for Maggie to start, as you have been sitting there very quietly. The integrated review identified climate as one of our top international priorities for the UK. I would be interested to know if the efforts on climate and nature are aligning with the UK's other international strategic priorities.

Maggie Charnley: I am going to look to Sally. I am really sorry. The integrated review is an FCDO lead.

Sally Taylor: It is a cross-Government review.

Maggie Charnley: Apologies, it is, absolutely.

Sally Taylor: Am I understanding? Are you asking me whether climate is being integrated into our wider strategy?

Chair: Yes, exactly.

Sally Taylor: I think so. We have multiple interests internationally and there is a whole range of things. In FCDO, you see a process where teams will think about all those different objectives. Climate, nature and biodiversity are very much part of that mix. As the Minister was saying earlier, the whole process around COP and that scaling up of the capacity that we have now within the Department and overseas has raised the capacity of the organisation to understand that, and to think through what matters for us in our own interests and how it plays out in our international engagement.

It has been very much top of the list for lots of countries. This is a thing that, certainly for the next two or four weeks, everybody is focused on. I am not quite sure how else to answer.

Q42 **Chair:** I have an additional question for you, Sally. In your response to ICAI's review, you said that you were considering options for future cross-cutting evaluation work of FCDO's programmes. I wanted to check in and ask how that work was progressing.

Sally Taylor: We have been doing some workshops in fact with colleagues in BEIS and in Defra to really think through what this future strategy looks like, particularly around forests, looking at what evidence we have and what evaluations are already in play. We have a number of things we have already commissioned or programmes.

One of the programmes that the ICAI team did not look at but is a really big investment is around investments in forests and sustainable land use. That has a big evaluation component as part of the programme. We are mapping out where we think we have good information. We have some work out for review at the moment by externals to challenge us and say, "Yes, you got that right", or "No, you missed a whole load of things on this". We will come back to that after COP, look at that, take stock and decide what it is we want to do.

It is important there to really think about what issue it is that we want to tackle. I think we will look at how we are addressing particular themes through all our levers probably, rather than just through our spending, and so how we are really doing around tackling deforestation in agricultural production, for example.

Let us look at the range of things we have and see where we are, what we want to do in the future and how we get enough information as things are being designed and in implementation that we adjust, so that we have programming that can flex and respond as we find things out, particularly in areas that are a bit newer to us, where there perhaps is not a lot of evidence about how to do things very effectively. Once you have years and years of evidence, you can say, "Okay, this is the way to do it". On those programmes in particular, we build in flexibility, evaluation and assessment.

Q43 **Chair:** Minister, one of the issues that ICAI raised in its report was on gender and the greater need for prioritisation in the UK's policies and programming. I am interested to know your thoughts on how we can make sure that women are benefiting from investments in forest and biodiversity.

Lord Goldsmith: The importance is clear. I am going back to the point that Sarah Champion made about asking questions of local communities. If a core of our programme is enabling communities to be empowered, either through land tenure or through ownership of programmes, you necessarily therefore are looking at taking a whole-community approach. There are direct and measurable implications there, in terms of gender and female empowerment, however it is described, which have been quite well documented. ICAI also commented on that.

There are various lenses, which have been legislated for, that decisions made about ODA are required to be tested against. You have the gender equality Act. Is it the gender equality Act? Is it the gender ODA Act? I forget what it is called now. That requires us to test our programmes against the criteria set within the Act to ensure we are using whatever

opportunity, not in an artificial sense, but, where there is an opportunity to empower people in a way that takes gender differences into account, we must do so. That is quite readily measured and documented.

This potentially sounds like a bit of a complacent answer. From the discussions I have had around all the new programming that is coming through, including those that I inherited when I became a Minister, so the concept notes had already been signed off and I was looking at the business cases, I am yet to come across a programme where there is not an authentic discussion within the programme about what the implications are in terms of gender. I do not have anything to compare it to, because I did not go through all the business cases before, but it feels to me that this is an area where we are doing some good work.

Can I quickly go back to the other question? When it comes to Paris compliance of our ODA, that is a commitment that we have made and we are moving to that. It is probably true to say—I really hope it is true to say—that all new programming going through since we made that commitment is tested against it for climate impact. We are becoming Paris compliant. Are all our legacy programmes Paris compliant? They are probably not; in fact, they are certainly not, but that is changing. It is changing pretty quickly and that is working quite well.

The real challenge is the nature bit, to make sure that not just our nature-based solutions but the whole portfolio is consistent with a sustainable environmental future. That is so much more complicated than measuring carbon; you are talking about ecological systems that are so complex. It is a much harder piece of work, but we know that has to happen. We are working on that now. Partly, we are doing that in order to be able to then really push other aid departments around the world, and other organisations, to do the same. There is a lot of work happening on that.

On the gender question, I do not know whether either of you has anything you want to add.

Maggie Charnley: Only that the FCDO is intending to publish a refreshed gender strategy by the end of the year. We have learned from our legacy programmes. Where we might not have done as well as we should, that is now being picked up within new programming. As far as we can, it is being built in. We have the iterative process for those already in hand. Those wider points around the need to engage with communities in the design of programmes can be no more true than for women in particular.

Seeing where ICAI has identified areas for improvement and, in particular, in relation to programmes where we have ambitions but those are not reflected in the field interviews they have given, that suggests that there is more we can do, in terms of building in at design phase. We will be looking at that very seriously.

Q44 **Chair:** Minister, I am also interested to know how the Government see the role of tackling deforestation and protecting biodiversity in reducing poverty.

Lord Goldsmith: That is a key question. All ODA, whether it is ICF, biodiversity or whatever, has to have a poverty component. It has to be used in such a way that it improves people's livelihoods and prevents poverty. We are in a place now, as opposed even to two years ago, where the recognition is there and mainstream. You cannot tackle poverty if you are not also tackling sustainability.

We are all quite well insulated from the natural world. We think perhaps we are more insulated than we are. If food does not come from one place, we manage to source it from somewhere else. The world's poorest communities are much more directly dependent on the free services that nature provides. A billion people or so depend on forests for their livelihoods. Around 250 million people depend on fishing for their livelihoods. About a billion people depend on fish for their main source of protein.

When you start destroying these ecological systems, it is those people who are plunged headfirst into really base poverty, even if we do not immediately notice it ourselves. Protecting those ecosystem services, to use a very ugly term, is absolutely core if we want to prevent continuation or mushrooming of poverty around the world. That is now accepted. I cannot think of any other projects that we are doing where the direct impacts on people and livelihoods cannot easily be measured.

That could be the biodiverse landscapes fund, which we have just begun, which is all based on modelling and projection, but people are absolutely at the heart. It is safe passage for wildlife, but it is also green jobs for people. It could be the shift in the manner in which we approach infrastructure, so outside of our direct nature funding.

I have been talking a lot to our water experts in FCDO. Whenever we look at a project, whenever we try to address a water problem, we ask ourselves first, "Is there a nature-based solution?" Can we improve the quality of water through planting trees or improving Ramsar sites, wetlands and so on? Can we improve defences? Instead of going for the concrete, which deals with one part of the problem, let us go for mangroves, which deal with many problems much more cheaply and endurably, and provide many more benefits.

Quite a lot of models have been done, not by us but externally, showing that, when you go the nature-based solutions route, as opposed to the grey infrastructure route, you end up in a place where you are generating a disproportionate number of jobs, as well as dealing with a whole bunch of other issues that a grey solution might not deal with. People are absolutely at the heart of this.

The last point I would make on that is that it is one of the reasons why we take seriously the UNFCCC's very strong guidance that we should put equal focus on adaptation as well as mitigation. The reason for that is that, even if we do what we really hope we can do and slow down climate change, there are still going to be changes around the world. The small island developing states and the climate vulnerable countries are already feeling that, and feeling it very profoundly in many respects.

Adaptation is key and, within adaptation, there is a particular role for nature. One of the things that I saw in Colombia—I saw it in the sense that I spoke to the Minister and saw his pictures; I did not go there—was an area that was battered by a recent hurricane, about 18 months ago. Those homes that were protected by healthy mangroves and coral reefs were not destroyed. Those homes that were not protected, where those reefs and mangroves had been removed, were obliterated. It was black and white, absolutely crystal clear. The case is pretty bullet proof. In my view, it is a lens that any aid Department anywhere in the world should be judging its work through.

Maggie Charnley: I was just going to complement that. We also look at the drivers of deforestation. Agriculture is one of the largest and that varies enormously from context to context, whether it is subsistence agriculture and the need to feed your family or commodities agriculture and those deeply complex supply chains that end up in the global north. In either of those, we really need to see a just transition for those people whose livelihoods depend on those things.

It is quite tempting perhaps, as a consumer country, to sometimes say, "We should just stop buying from those people. We should just be shifting where we buy from". Actually, it is much more complicated and very related to poverty, livelihoods and income. A lot of our programming is very focused on what the alternatives are, engaging with other Governments, as the Minister spoke about through the FACT dialogue, but also with companies across the whole supply chain, at the retailer end within the UK, as well as with the traders, all the intermediaries throughout and the Governments at the other end.

We ask what is needed, whether it is from private sector, investors, philanthropists or our ODA spend, that enables those small farmers to transition to a model of agriculture that moves away from deforestation and that reliance into something where they can provide sustainability and an income for their families. It is those two parts, where we know both domestically and internationally that nature-based solutions are among the greatest-value options for mitigating and adapting to climate change. There is then a tackling of the drivers that lead to deforestation, but always mindful of the need to ensure we are not leaving people behind.

Q45 **Sarah Champion:** I challenged Sally earlier. Maggie, I am going to challenge you. I think it is about 10 multinational food producers that

produce 80% of the ultra-processed food. A lot of those are the people who are contributing to the agricultural practices that you spoke about. I would argue that changing their practices is where we ought be focusing our attention. I find these smaller, local farmers tend to care for their land, because it has been with them for generations, are not getting a fair wage for their products anyway and are having to be overly reliant on pesticides, for example.

It is the same argument that I hear of why we continue to invest in fossil fuels in the global south, particularly in Africa, when we could be focusing instead on micro-plants, solar, renewables et cetera. Do you think we have the potential to be bold and tackle the big companies while still supporting the small producers?

Maggie Charnley: Yes, in short. The Minister has already spoken about the due diligence legislation. That takes a very strong focus on supporting producer Governments, which have their own legislative frameworks, with often very robust rules on legal and illegal deforestation. The due diligence legislation will place an emphasis on requiring companies that sell into the UK to meet those legal requirements in the country of production.

Complementing our ODA spend, we do a lot of work with big business. You are absolutely right in lots of respects. That is where the power sits, but also it is a lot easier to get 10 CEOs in a room than it is 90,000 or 100 million farmers, so we are working with those companies. No doubt partly due to consumer pressure, there is a really genuine ambition to change. They are introducing much better transparency, supported by things like the move towards TCFD and TNFD, which will require companies to report on their supply chains, also driven by things like due diligence.

They are seeing that pressure and there is a real commitment to change. We are seeing the majority, for some of those companies, of their supply chains really transforming. It is working together with them to identify what support Government can provide to help with the long tail, in terms of support for the smallholders, but also in helping them to comply, even, with regulations and ensuring we know all the way along the supply chains where products come from. There are often very many stages. Even with those big companies, there will be several companies between them and the end producer.

Do I think we can do it? Yes, I think we can. Those companies are very big players. The Minister also referred to the investors. That is also really critical. If you look at where the biggest chunks of cash flow to the agriculture sector, it is banks; it is not Governments. That is where we really need a full sector ambition and change.

Lord Goldsmith: I have two things to add on that. One is for any campaigners out there who are listening. On getting the due diligence stuff through Government, Defra, BEIS and FCDO are very enthusiastic.

Not everyone is as enthusiastic as we are on this panel. One of the things that enabled us to sell the concept through Government was the fact that the businesses that were most likely to be affected actively lobbied us. It was not just WWF and organisations that were campaigning on these issues and did a brilliant job.

It was that the businesses said, "We can do it and we need to do it, so the framework will at least mean we are all doing it on the same level playing field." They were incredibly helpful. Lobbying businesses to lobby Government is not a bad way to go about things.

The second thing is that we have been doing a lot of work in the run-up to COP. COP provides us with an incredible hook, a unique, one-off hook to engage with people who otherwise we might struggle to engage with. We have been doing a lot. I say "we" in the broadest possible sense. I have been doing a lot, but other Ministers and senior civil servants have been talking to big banks, big financial institutions, big businesses of all sorts, trying to persuade as many of them as possible to recognise that they are either part of the problem or part of the solution on environment. We are trying to get as many as possible to make the commitment to remove deforestation, as a start, from their supply chains.

It began as a very difficult programme. We were not making very much progress, but things have loosened up a lot in the run-up to COP and because of the pressure that they feel, like we feel as politicians, like I am sure you feel as politicians as well, from the people we represent, or I used to represent, to get serious about these issues. It is beginning to happen, but that is another area where pressure from all areas of society is massively important.

Q46 **Sarah Champion:** Minister, why do you think it is that children understand the climate crisis and, quite often, their parents and those in power do not?

Lord Goldsmith: It is true. You are generalising, but I agree with you. As you will have done, I have spoken at hundreds and hundreds of schools. I do not remember ever having gone to a school to talk about whatever the issue is that I have been asked to talk about where, in the Q&A, the environment has not come up. It could be the whale that was seen floating down the Thames. It could be plastic rubbish somewhere else. It could be the series "The Blue Planet".

Whatever issue sparks it, it always comes up and everyone then listens and wants to know: "We are looking to the Government for reassurance. What are you doing about it?" I do not see any sign of that going and it is not just true of young kids; it is kids all the way through the system. It is probably true of people at university age now who have been aware of these issues in a way that perhaps we were not at that age. That is a big political muscle that is there to be flexed if politicians shirk their responsibilities.

I do not think it is possible to imagine a political party today commanding a majority of the country where that party does not take these issues authentically and seriously. That would not have been the case, say, 10 years ago, so things have changed. That is a very good thing.

Chair: Thank you. If colleagues do not have any further questions, I call this meeting to an end.