

International Development Committee

Oral evidence: UK aid for combating climate change , HC 1432

Wednesday 6 March 2019

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Members present: Stephen Twigg (Chair); Richard Burden; Mr Nigel Evans; Mr Ivan Lewis; Mark Menzies; Lloyd Russell-Moyle; Paul Scully; Henry Smith.

Questions 159 - 212

Witnesses

I: Professor Dirk Messner, Director of United Nations University Institute for Environment and Human Security.

II: Rt Hon Claire Perry MP, Minister of State for Energy and Clean Growth, Department for Business, Energy and Industrial Strategy; Harriett Baldwin MP, Minister of State for Africa at the Foreign and Commonwealth Office and Minister of State for International Development; Dr Thérèse Coffey MP, Parliamentary Under-Secretary of State for the Environment, Department for Environment, Food and Rural Affairs; Sally Taylor, Head of Climate and Environment, Department for International Development.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]

Examination of witness

Witness: Professor Dirk Messner.

Q159 **Chair:** Good afternoon, everyone, and welcome to this final oral evidence session as part of the International Development Select Committee's inquiry looking at issues around United Kingdom aid for combatting climate change. We have two panels. I am delighted to welcome Professor Messner, who is to give us evidence for the first panel for about half an hour, and then we have a panel of three Ministers for an hour at 2.30.

Professor Messner, thank you for joining us. We have five areas that we are going to seek to cover with you over the next half an hour. Could I just start with a quite general opening question and give you the opportunity to introduce yourself as well? What did you find the most striking finding of the IPCC's special report on the impacts of a 1.5 degrees Celsius temperature rise? Thank you.

Professor Messner: First of all, thank you very much for inviting me. I feel very honoured to have the discussion and to interact with you. I am the director of the United Nations University in Germany, which is based in Bonn at the United Nations campus there. I have been the director of the German Development Institute for the last 15 years, co-operating with ODI, IDS and other research institutions in the United Kingdom. Development, climate change and sustainability are what I focus on.

I would make three points here. The first one is that the 1.5 degrees report demonstrates again the risks that are already related with global warming beyond 1.5 degrees, even below 2 degrees. It is showing that with 1.5 degrees of global warming, a considerable number of small island states will move into a very difficult situation.

It is also emphasising that there is new evidence now from natural science, which came up during the last two years, that at around 2 degrees Celsius the Greenland ice sheet might irreversibly melt down already. This is something that we cannot stop then if it really starts. This would imply seven metres of sea-level rise. The 1.5 degrees Celsius report makes us aware that the risks are already high at this level of global warming and then the result of that is, if we would accept that, we need to move towards zero carbon emissions by mid-century, around 2050. If you would accept that, this would imply that during the next decades to come towards 2050, we need to halve global emissions every decade during the next three decades to come.

If we accept all this panorama there are some imperatives that we can derive from that. The first imperative is that we need to build the next infrastructures worldwide and, therefore, DFID and our international co-operation activities are very important. Our next investments in infrastructures need to link these infrastructures to zero carbon



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orientations, because infrastructures and long-term infrastructures are path dependent. Number one is infrastructure. This is about cities, mobility, energy and other long-term infrastructures.

This implies, secondly, that investment streams need to move in this direction also. On the one hand, we need to accelerate our investments in zero-carbon infrastructure. On the other hand, we learn in our all societies, which might be even more difficult, that we need to move out of the existing infrastructure step by step towards 2050. As you know, in Germany we have a very difficult discussion about moving out of coal.

The third imperative that I would derive, finishing the answer to this question, is that if we think about this, it is not only about economic activities. It is also about associated change in our societies and, therefore, I would recommend that big organisation activities need to be linked with heavy investments in social cohesion, so looking at people being affected by the impacts of decarbonising and the impact of making a zero-carbon economy possible.

Q160 Chair: Do you think it is still possible we can limit the global rise to 1.5 degrees or less?

Professor Messner: 1.5 degrees is very difficult, because halving the global emissions every decade is a challenge and would imply accelerating and scaling up at very high speed, because if we look at the global panorama we still did not peak. We had two years where we moved down very slowly, but now we are moving up again, so the peak is not done. 1.5 degrees is an incredible challenge. Between 1.5 and 2 degrees is still possible.

Q161 Mr Lewis: Good afternoon. How do you think that we can best support developing countries to develop low-carbon economies, while at the same time expecting them to reduce poverty and promote prosperity? What are the potential trade-offs and how could they be managed? Do you feel as though middle-income countries are starting to move down low-carbon paths or are too many still choosing fossil-fuel-dependent growth?

Professor Messner: I have four points to make here. The first point is that, as we all know and as the science is demonstrating, global warming is impacting most severely the most vulnerable and the poorest—smallhold farmers, for example, and other vulnerable people depending on their land and depending on access to water, sea level rise impacts, et cetera. The poorest are the ones that drive global warming very little but feel the impacts very clearly. Climate protection from this perspective is investing in capabilities of poor people. Climate protection is driving pro-poor development. This is number one.

Secondly, because you asked about the tensions between growth, employment and decarbonisation investment, here my point would be that in the short term we could invest in business-as-usual growth patterns, so high emission growth patterns, for example, and create



employment also for the poor, but in the mid and long term, this would imply the impact of global warming on the same poor that I just talked about. This might work in the short term. It will not work in the mid and long term. In the mid and long term there is no tension between climate protection and protecting poor people. This is coming together. If we do not get global warming right, if we do not get climate protection right and if we do not get poverty reduction right, we will see the number of poor people rising again.

The third point I wanted to make is something that I already mentioned in my first answer to your question, Stephen. We need to bring better together than in the past climate protection and what we do in this field with social justice issues. This is also self-criticism. I am chairing the German Advisory Council on Global Change. We are the climate advisers to the Government. In 2011 we presented a study called "The Transformation towards Sustainability", looking at what a zero-carbon economy would look in 2050. This is 500 pages about the economy, investments, infrastructure, R&D and all the rest of the incentive schemes needed, but we only had 10 or 15 pages about the social implications. We focused too much on the emissions only.

The point here is that if we do not get the cohesion and social justice issue right, we will not get the legitimacy for the needed climate protection policy. Therefore, linking the two is very important. We are just publishing a policy paper called, "Just & In-Time Climate Policy". It needs to be just but also in time. We differentiate three different groups that are impacted and that we need to link to the justice issues. On the one hand, it is about the people impacted by global warming, so the vulnerable and the poor. The second is the people impacted by decarbonising economies, in our countries but also in middle-income countries, poor countries and emerging economies. Group number three is future generations, of course.

My fourth point is that adaptation to climate change dynamics also is related directly to fighting poverty. These are the four elements that I would emphasise, reflecting on poverty issues, social dimensions and climate protection.

Q162 Mr Lewis: Is there any role for fossil fuels in low-carbon development, for example cutting emissions by replacing coal with gas? How do you feel about Ban Ki-moon's recent criticism of the United Kingdom, in terms of its continued investments in upstream oil and gas in developing countries? Do you have a view on that?

Professor Messner: There are two answers to that. If you look at the emissions of different fossil fuels, coal is worse and gas is better, so for the transition period gas stills play a role. If we reflect upon and then develop, for each country, roadmaps towards decarbonisation, gas in this transition period towards decarbonisation is the better alternative compared to coal. This is the problem in Germany, but also in many developing countries. This is answer number one.



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Answer number two is about whether we should still invest in gas infrastructure. This goes back to my first answer to Stephen's question. The next generation of infrastructures in the energy field need to be linked with decarbonisation towards zero in 2050 and this implies that from country to country we need to think about how to make these transitions possible. Gas can play a role as a transition investment, but in 2050 it needs to be phased out then, if we would like to make it compatible with 1.5 to 2 degrees global warming.

Q163 **Mr Lewis:** What about the Bank Ki-moon comments?

Professor Messner: What were the Bank Ki-moon comments?

Mr Lewis: Sorry, he criticised the UK specifically for continued investments.

Professor Messner: When you invest with ODA money in developing countries you need to make sure that your investments contribute to zero carbon emissions towards mid-century, and if gas is part of this transition period towards zero carbon this might make sense. The general point and the general argument is that all longer-term infrastructure investments now need to have the zero-carbon option in mind.

Q164 **Chair:** We took evidence from the development finance organisation, the CDC, and they gave pretty much the same answer you have given to justify them continuing to provide some financial support to gas as a transition.

Professor Messner: It is a transition, having in mind the zero-carbon option.

Q165 **Henry Smith:** In terms of those developing countries that are already affected by climate change, how do you advocate helping them and supporting them?

Professor Messner: When it comes to the adaptation side of things, I would have in mind a three-step approach. The first one is doing as much as possible to mitigate. This is what we have just discussed. The second one is then, even with 1.5 degrees or 2 degrees, you will see the impacts of global warming, so adaptation investments are very important. Both need to come in parallel and we do have good knowledge of how global warming will impact different types of countries. The knowledge to reflect upon adaptation measures is there. This is number two.

Number three is then loss and damage. This goes even further. The most drastic cases are small island states. Some of those might already irreversibly disappear in the future, but we also might see in parts of sub-Saharan Africa regions where, as a result of global warming and desertification, living conditions erode drastically. What happens in cases when people cannot live any longer in the regions they have been living in? The World Bank talks about 150 million displaced people in



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sub-Saharan Africa in 2050 under the given conditions of global warming moving forward, so displacement is then an issue.

We suggested for these kinds of situations having an emphasis on the small island states, because 2 degrees global warming will probably already translate into 1 million to 2 million displaced people from islands losing their territories. We suggest a climate passport for these kinds of situations, knowing that this is a very difficult issue in our European societies currently because we have a huge refugee discussion in all our countries, so we know about that. Our argument is that we cannot ignore what is happening there. If islands disappear and people lose their territories, what can we offer? How can we react? The reaction to that is a human-rights-based approach. We suggest a climate passport.

This is about a humanitarian perspective, so giving people a chance to survive in dignity. This is about stability of regions, because people moving around in regions is what we see in Europe currently or have been seeing. This is about instability. This might be about security and peace. We published a study about climate change as a driver of security threats in 2008 already, where we demonstrated, based on a 3 degree to 4 degree global warming scenario that this might have security implications. Looking at that, we suggest a climate passport.

The historical analogy to this is the Nansen passport, which you might have heard about. This was an international passport, which was invented by Fridtjof Nansen. He was a natural scientist and in 1921 he became the commissioner for humanitarian affairs and refugees in the League of Nations. He invented this passport that then has been called the Nansen passport for people who had been moving around during and after World War One in Europe, because they became stateless, for example Russians after the Russian Revolution. He became, for this social invention, the Nobel Peace Prize laureate in 1922. This is our historical analogy and this is what is coming to my mind regarding your question.

Q166 **Henry Smith:** This is very interesting. Further on climate passports, could you say a little bit more on how you feel they would operate in practice in the 21st century?

Professor Messner: Our suggestion is easy, based on the assumption of polluter pays, so those who are responsible for driving global warming. We know the consequences. We have good science around this. Knowing the consequences, we suggest those who drive climate change and global warming should be responsible for offering the passport. This implies that OECD countries, but also China, would be those being asked to offer such a climate passport and organise the necessary legal conditions for that to make this possible.

We would suggest building something like an international club of countries moving forward in this regard. This is how the Nansen passport also emerged. It started with a few countries. In the end, 52 countries



agreed to offer the Nansen passport for stateless people after World War One, and it saved probably several hundreds of thousands of lives after World War One. This is a good model for the 21st century, because we cannot ignore that, for certain groups of people and certain territories, the situation will be very severe or even territories will disappear.

Q167 **Henry Smith:** Would you advocate that on a United Nations basis or another international organisation?

Professor Messner: Yes, United Nations based, but not as a global comprehensive regime. We will not make progress fast enough. We would suggest building clubs around this idea.

Q168 **Chair:** Can I just tempt you to say a bit more about the eligibility for the passports? You gave the example of small islands that might be literally disappearing and that seems to me, frankly, an unarguable case that if the place you live is not going to exist you have to live somewhere else, but presumably there is a spectrum, and at the other end of the spectrum you could potentially have hundreds of millions of people whose livelihoods are affected by climate change. If you were talking about that number of passports it would be a very difficult sell politically, I imagine. Where do you see this on that spectrum?

Professor Messner: We are not at all naïve. In the policy paper that we are developing we are making these points and arguments also. The case is pretty clear for people losing their territories. Our point is we should show international solidarity, because there are people and countries driving the process of those leaving their territories, so this is relatively easy.

Under other circumstances, the literature on migration and environmental change shows us that we always have multiple drivers of migration. We presented, for example, our passport idea to people from small island states. The important thing and interesting thing is that those people do not want to be seen as victims. Therefore, I started saying that priority number one is mitigation. Priority number two is adaptation and helping to adapt. Number three is then, if nothing else helps, this last option. This is something that people from islands accept. They do not accept being seen as victims only.

Then we have the broader spectrum when we look at sub-Saharan Africa and situations there, where we might see, in some countries, average temperatures around 40 degrees for weeks and weeks, so very difficult circumstances to survive there. We would suggest working as long as possible with any adaptation strategy that we can think about and that we can make possible, but we also suggest that we have to calculate and to think about preventative action, because people will start thinking about moving.

We do not have exact numbers about that, but take the numbers of the World Bank, which are 150 million by 2050 in sub-Saharan Africa



displacement locally, regionally and then across boundaries. We need concepts for that. The passport is one option to think about in severe situations. We would suggest global science committees to think about standards. We have an IPCC who gave us answers to many questions. We needed something similar to figure out under which circumstances a climate passport is a good instrument.

Q169 Lloyd Russell-Moyle: What are your reflections on COP24, and particularly do you think the Paris rulebook agreed at the COP previously is ambitious enough and should it be improved?

Professor Messner: I was at COP24, as I have visited many COPs before also. My general assessment was that the overall atmosphere is that we are lacking rapidly forward-moving pioneers currently. Look at the United States, look at Russia and look again now at Saudi Arabia. The front that we built in Paris in 2015 is eroding and under stress. We are lacking these pioneering groups. This is the overall observation.

Observation number two is that technically Katowice was a success. The rulebook that we now have to measure, to monitor and to get transparency into the process of climate protection is more than helpful. Based on that, the next activities might now be considered and this could be something that DFID and international co-operation organisations in the UK and elsewhere should think about. The first point is that the action plans that have been presented by Governments in Paris to decarbonised economies can now be linked to the Katowice rulebook, and this will help us to measure what is really being done. This is number one and we should help countries to do so.

Number two is that we need investments in statistical capacities and statistical offices in many countries, most importantly so in southern Asia and in sub-Saharan Africa, to invest in the capability to build this kind of data that we need for getting transparency right, monitoring right and measurement right. This is number two.

Number three is that we should train public administration, city actors and private actors to then implement the actions plans, because in most countries the action plans presented in Paris in 2015 are not implemented at the speed necessary. Implementing now, helping to implement now and training people to do so would be number three.

We know that with the promises on the table currently, which have been presented in Paris, if we look to 1.5 degrees to 2 degrees global warming, we only have 50% of the solution on the table. We need to even be more ambitious and this would be number four, helping countries to be more ambitious and to develop the next generation of action plans.

Number five, and the last point, would be that, as we discussed regarding your first question, we need new investments in new infrastructures and we need to scale those up. International co-operation and ODA could play an important role in this regard.



Q170 **Lloyd Russell-Moyle:** You have identified the areas of things that we still need to try to implement and achieve. From your perspective, are there any political hurdles that maybe need to be got over to achieve the implementation of the Katowice rulebook and the Paris agreement by 2020, which is the operational date? Are there political hurdles that you could identify in that?

Professor Messner: I would emphasise again what I already mentioned when we discussed about poverty and social dimensions of climate protection. In many countries the social dimension of decarbonisation is not developed well, so we need to put an emphasis on that, because this has a justice dimension, but this also has, as I argued, a legitimacy dimension to get support for climate protection. This is a political constellation that I see very clearly in many developing countries and emerging economies, but also in our own countries.

There is another point that is important. If you look at Katowice and at the actions plans that have been presented in Paris, you can see that some elements are missing. One of the most important elements missing is urban areas. We do not have good plans for decarbonising urban areas and for building zero-carbon cities towards 2050. As we all know, the global urban population from now to 2050 will more or less double from three-point-something billion people to 7 billion in 2050. This is a black hole. Urban and climate protection is not well covered in the action plans of most countries. It is also not well covered in international development co-operation.

We did a report on that towards habitat in Ecuador two years ago on global urbanisation and sustainability transformations, and we presented it to most regional development banks, to the World Bank and around the world and the picture was always the same. If you look at energy departments, for example, in development banks they are strong. They have a clear roadmap in mind. They are well organised. If you look at urban activities in the World Bank, at UNDP and in German development co-operation structures—you know better about your development co-operation structures—there are no strong city departments, city teams or city perspectives. It is fragmented, but we are doubling the urban population by 2050. The strongest and most rapid process will be seen in Africa, so therefore you need to have an eye on that.

Q171 **Mark Menzies:** What outcomes would you like to see from the UK session on climate resilience at the UN Secretary-General's climate change summit this year?

Professor Messner: You have a competitive advantage in this field as the UK. I looked at the concept papers that DFID has been developing and I looked at the programmes that you are implementing, and resilience is a strong field that you have been investing in as one of the pioneering actors. Therefore, it is very important that the UK is heading and leading in this regard during the summit in New York, because we know a lot about how to think about decarbonisation. We know a lot



about how to think about decarbonising processes and the circular economy, but the concept of resilience goes beyond.

The concept of resilience is trying to understand how institutions and governance might be linked to the concept of resilience, how the investments in people, health and education are linked to resilient societies, how investments in healthy ecosystems are part of the equation and how social cohesion needs to be strengthened. It is a concept of trying to understand the associated dimensions of resilient societies.

Two things are very important for the summit. One is to bring best examples to the summit, demonstrating that this is a concept that might work: "Here are good examples where we can demonstrate that in country X, in region that or in city A, B or C, we can demonstrate how resilient structures have been emerging".

Secondly, you should emphasise that we still lack knowledge in this field. Much more needs to be done to understand what resilient structures are about, because there are still debates on that. If you talk about trade patterns, there are far fewer debates and controversies in the science communities in comparison with the debate about resilience. It is still a vague concept. The goal is very good, but the goal is not only about reducing emissions and reducing stress on ecosystems; it is about resilient associated structures that we need to build in several domains.

Q172 **Mark Menzies:** If the UK is successful in its bid to host COP26 in 2020, what expectations should it set for the conference and what key issues should it focus on?

Professor Messner: Maybe a combination of what we discussed during the last 25 minutes. I gave you four imperatives regarding the first question on what needs to be done to get 1.5 to 2 degrees right. I gave four points and I could repeat those, but this is one field. These are very ambitious orientations that we need to work hard for to build international coalitions to make them possible.

We also talked about the adaptation and loss and damage side. We know that investments in these fields are equally important. You also know that still the loss and damage dimension is being avoided. We suggest to not any longer avoid it, but to make it explicit in order to not run into crisis situations without having thought about measures to manage these kinds of crises. Loss and damage will create displacement and will create societies under stress and, therefore, thinking about this and thinking about preventive action is something that is very important.

The elements that we have been discussing during the last 25 minutes are what I would bring together as a package and make it the programme of COP in London. For that, strong international alliances need to be built and those are relatively weak now, as I said. Looking at Katowice, we have technically interesting outputs there, but politically the



needed process towards acceleration of scaling up in the field of climate protection is in a turbulent process.

Chair: Can I thank you very much indeed for coming to us today and for your evidence? We have three Ministers from the British Government giving evidence next. You are very welcome to stay in the public gallery to hear that, but thank you very much indeed, Professor.

Examination of witnesses

Witnesses: Rt Hon Claire Perry MP, Harriett Baldwin MP, Dr Thérèse Coffey MP, and Sally Taylor.

Q173 **Chair:** Thank you all for joining us here this afternoon. It is great to have Ministers from three different Departments as part of our inquiry looking at UK aid for combating climate change. We have about an hour with you and we are going to seek to cover 11 questions in that time. Some will be aimed at all of you, but some will be aimed at specific Departments.

I will kick off with a general opener, which I will invite each of you to respond to briefly. Looking at the findings of the 2018 IPCC special report on the impacts of a 1.5 degrees Celsius temperature rise, how are these being considered and reflected upon in terms of the International Climate Finance spending and programming going forward? Perhaps I can invite Harriett to answer first on that.

Harriett Baldwin: Thank you very much for having this inquiry, because it does allow us to shine a spotlight on something that we would like to be communicating more about. As you know, our commitment in terms of the current spending period is to spend £5.8 billion on International Climate Finance. I am sure the Committee will be asking us, as we go forward, to say how much we are going to put in in the next spending review period, but we will not be able to tell you that until nearer the time.

What the report has done is increase the focus and the urgency, in terms of the work that we are doing. I know the three of us work very closely across Government on that work. It has also meant that, as we look forward in terms of our programming, we can shift more of our projected future spending in that direction, but, again, I will not be able to be drawn by the Committee today in terms of specific sums.

It also gives us a greater sense of urgency in terms of what we can do to make sure that, for example, in the very poorest countries that DFID works in, there is enough expertise in the DFID team in each of those countries to make sure that those poorest countries have the expertise to bid into that £5.8 billion. That is something that I feel very strongly



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about and I hope the Committee does as well. The risk otherwise is that it will tend to go to the countries with the more sophisticated bureaucracies, and I really want to try to level the playing field on behalf of the very poorest countries. We will be increasing the number of people that we have located in those countries to help them be more successful in bidding into those funds.

The Committee should just look at what came out of the Green Climate Fund announcements at the last board meeting, because I was really pleased to see that that was the direction of travel in terms of the allocation, and I am sure other Ministers were as well.

Dr Coffey: It was alarming, and I can assure you the Government have already been in the place of getting ahead of the game. For me, as the Environment Minister, there is a growing awareness, which we are desperately trying to shout from the rooftops, of the impact it is having on the natural environment. Oceans are a huge issue. They basically have been absorbing carbon for free, but the price or the cost is now coming through in a very clear way. That is why I am pleased that there will be a report coming out, I understand, from the IPCC later this year, but the United Kingdom has played a key role at COP in escalating the issue of oceans in that regard.

We also understandably focused on things like forests and sustainable land use, in terms of what we are doing on nature-based solutions, which are going to be absolutely critical to addressing the challenges of tackling the 1.5 degrees that we have ahead of us. At the moment they receive comparatively little finance, but I am very conscious of why that might be the case and we need to argue that more. Blue carbon is key to the future. I have become obsessed with mangroves. They are wonderful things. In fact, I am trying to rename them blue forests to get them more prominence and try to get them into some of the funding streams that they cannot currently get into. They save communities on coastal erosion, on resilience to hurricanes, as well as developing the right culture.

There is another angle of Defra's work that may not be known to the Committee, in that we have the responsibility for the Montreal Protocol and the Kigali amendment that came into effect at the beginning of this year. That in itself is half a degree, if everybody follows through. It is something of which we should be very proud, and just at the Environment Council yesterday I was reminding people that sometimes, when a lot of people do a lot of talk, we should look back and see what has been hugely successful, and the Montreal Protocol really stands out.

I could talk more about ocean acidification, but I will not.

Chair: That is a really good answer. Thank you very much indeed.

Claire Perry: Thank you for the chance to give evidence on a topic on which we are so passionate. The report, which had excellent



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contributions from UK scientists, was welcome in the sense of being so technically capable. It was the biggest meta-analysis of all the data that has been done. It was also very alarming in its conclusions.

It has led us to be the first industrialised nation to ask for specific advice on how we will achieve net zero from our own Committee on Climate Change, with a report expected in May. To be clear, what we have asked them for is how, when and how much, because their last advice to us was that it would not be technically possible or, indeed, financially achievable to aim for net zero; that was the last time they gave us advice on this.

I honestly believe, Mr Twigg, from all the conversations with other Ministers, that we are far in advance of other countries, who are setting ambitions because that is politically a nice thing to do but not following it up with a detailed plan. As we have done with our carbon budgets and with the Clean Growth Strategy, we are not in the business of setting targets without a very robust set of actions behind them, and that is what I would expect as and when we see the workstream to be.

I also, though, want to back up what Harriett and Thérèse said. Much of this thinking has already been embedded in our international climate work. I want to pay tribute to our officials from the different Departments behind us. We are really globally leading the charge in taking this extremely valuable source of change and focusing it on the most pressing problems and in particular, as Thérèse was saying, thinking about how we join up earth, water, biosphere and atmosphere and thinking a bit more holistically.

In a way, this report has just amplified all of our ambitions and desire to go faster and, in particular, to sort out some of the impediments. One of the things I am really proud of is how we have really engaged with the challenges of, say, the governance of the Green Climate Fund, where, again, we are very much trying to steer that fund to make the right investment decisions. It has accelerated our commitments, it has caused us to think very hard in the UK about how we might continue to lead in this space domestically, and it has forced us all, if we were not already doing it across Government, to think about a much more holistic approach to solving the problem.

Q174 **Chair:** Does the latest report have implications for the strategy itself? Do we need to revise the Government's ICF strategy in the light of it?

Claire Perry: In terms of the report itself, I am not aware that we have particularly changed programme emphasis. I am looking to my other Ministers.

Q175 **Chair:** My understanding is that ICAI has said in a recent review that the strategy has not been formally updated since 2011.

Harriett Baldwin: Just watch this space, Mr Twigg.

Dr Coffey: I will certainly be pitching for more money for mangroves.



Q176 **Chair:** Excellent. Thank you. If I could just ask one supplementary to Harriett, beyond International Climate Finance, what about implications for some of DFID's other strategies? One example would be the economic development strategy and where climate change fits into that. In our first panel, we had Professor Messner and he spoke very powerfully about urban areas and the importance of focusing decarbonisation strategies on urban areas, where he felt this was a "black hole" in policy generally at the moment. Might that be something DFID would consider in some of the countries that DFID focuses on?

Harriett Baldwin: Yes, we can provide the Committee with lots of examples of where we are working extensively in our programming, particularly our bilateral programming in urban areas to work on these kinds of workstreams. I am sure that is something we are doing a lot of. We all will have seen them when we have travelled to see some of the work that is happening in urban and peri-urban areas.

Q177 **Chair:** Sorry to interrupt, but what about specifically around decarbonisation?

Harriett Baldwin: Specifically around decarbonisation, exactly. There will be a range of different projects and I am sure we will be able to give you a long list about that.

Chair: It would be really useful if you could send us a memo just with some examples of that. It would be very useful to know.

Harriett Baldwin: The important thing for the Committee to appreciate as we work increasingly with countries as they move up the income scale in terms of prosperity is how important it is to build in or mainstream the whole approach to tackling the factors that were highlighted in the IPCC report.

For example, you will appreciate that across the whole piece everything is informed by the Sustainable Development Goals. To give you a great current example, Claire and I will be going along this evening to host a range of African energy Ministers, who are invited here to focus on how they can work with the capital markets in the City of London to help them meet goal 7. That will be in these kinds of urban settings as well, to emphasise the work that has already been happening at the G20, where the UK has been able to develop this market for green finance. Already in the City of London we have had 78 bonds worth \$24.5 billion that have raised capital for this kind of investment, often in urban and peri-urban areas.

We think that the UK should be the first point of call for developing urban settings, where they are seeking to expand, for example, access to electricity and then into rural areas for that technical expertise, but also access to finance.

Q178 **Mark Menzies:** This is to Claire. The UK is currently committed to providing £1.76 billion for International Climate Finance in 2020, marking



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a spending uplift from previous years. Will this become the new minimum climate finance spend after 2020?

Claire Perry: It is part of the \$100 billion goal and it all needs to be put into that context. We have a goal that we wanted to achieve and what we are trying to do is leverage private sector investment. This is very much a leverage strategy and that has worked. We are absolutely committed to that goal.

The challenge is that this needs to be a conversation in the spending review and a conversation about whether this is delivering the leverage that we want. It does remain the case that in some areas it works very well and in other areas there is a shortage of fundable projects. There is a challenge about how you bundle projects and how you derisk them. We had our first ever Green Great Britain Week last year. There was tonnes of interest from the financial sector. There were lots of messages and there is a wall of global money wanting to invest in this space, yet we hear on the ground that it is not necessarily getting through. There is a huge role for us not only to commit capital or equity in many cases, but also to be involved in structuring and derisking those projects, so we can unlock much of the green finance we know wants to invest.

Q179 **Mark Menzies:** Considering the scale of the challenge, what is the minimum climate finance contribution that the UK should be making?

Claire Perry: Forgive me again. We have a commitment now. We have the £5.8 billion that is set out over this Parliament, which is generous and I believe among the top three donor levels in the world focused on this area. That is very much a conversation for the spending review going forward. I do not want to lose the leverage point and how we can bring UK expertise in the financial sector to accelerate that leverage, because the evidence is that the private sector capital committing to the space is growing very rapidly.

Q180 **Mark Menzies:** To Harriett, some evidence to the inquiry has suggested that International Climate Finance should largely be drawn from outside of the ODA budget to allow the UK to increase ambition on climate change without diminishing the aid budget. Do you have any plans to seek new and additional sources of public finance for ICF?

Harriett Baldwin: We certainly have ambitions to use the ODA budget, as I outlined just now in my response, to help particularly DFID-focused countries to crowd in additional financing from a range of other sources. I highlighted the green finance impact, in terms of the \$24.5 billion. We can specifically point to another £980 million that we have managed to leverage in from other investors to some of our ODA projects.

All the ODA in the entire world, if we are focused on this, would not be enough, so that is why we think an important part of our role and our leadership is making sure that we are helping people tap into the pools of capital that Claire alluded to and ensuring that we shift the dial in terms of making these projects investable. Where we are able to provide that



technical expertise, through, for example, the Private Infrastructure Development Group, DevCo or CDC, we are able to find more ways to bring more money to bear on this issue. That is very much what we see as part of our role, on top of ODA.

Q181 Mr Evans: One of the things that is startling when we look at contributions of rich countries around the world to international development is that some are very good and they hit the 0.7, or some even higher, but then there are a lot of others who simply do not come anywhere near. They do not take their responsibilities. They do not step up to the plate. On climate change, we are talking about leverage within the United Kingdom, but on a worldwide front is there anything that we can do to get some of these other countries to start taking their responsibilities very seriously and ensure that they themselves are doing what the United Kingdom appears to be doing very well.

Claire Perry: That is a really good question. If I just digress very briefly, I was really struck, when I became the Minister for Climate Change, by how little we talked about the UK's progress. If you look at the global indices, no country has cut emissions more, relative to its economic growth, than us since 2000. We are absolutely top of the leader-board, and nobody ever talks about it. What we have done is, first, become much more confident in talking about that, which is why, for example we are bidding to host the climate change talks in 2020 in the UK. We have other countries involved, but we think we would be a good host.

Secondly, very specifically, part of that success has been in the energy transition, where we have increased renewables, increased gas usage and stopped using coal, which has gone from 40% of energy generation in 2010, is now down to about 2% or 3% and will be at 0% by 2025. On the back of that, we have set up with Canada, through a chance conversation with my counterpart, the Powering Past Coal Alliance, which is a global alliance committed to helping other countries get off coal, which is the dirtiest fossil fuel. So far we have 87 members signed up. Big countries, big states and cities are all saying they will be off coal. Germany has now pledged to come off coal by 2038.

Some people say, "We do not need the UK preaching to us, thank you very much. We are not doing that", but we are trying to show that we can do this. We have been very successful. We have tonnes more to do, but we are much stronger if we work together.

Q182 Lloyd Russell-Moyle: This is particularly to Harriett. Witnesses to the inquiry have expressed concern that DFID increasingly appears to be reluctant to a commitment in climate change programmes that are staffed intensively, even if they have high impact. We saw a bit of this maybe in Kenya, where we saw some really good programmes but the specialist adviser is being discontinued, so there will not be a specialist climate adviser for the country for further programmes going forward. How confident are you that DFID has significant staff resources,



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particularly specialists, across both its central and country offices to deliver effective climate change programmes?

Harriett Baldwin: Again, I really welcome the opportunity to refute that, because it is not a picture that I recognise. We are very much trying to increase our emphasis, particularly in some of the very poorest countries that DFID works in. We are in the process of looking to increase the number of climate experts, for the reason that I mentioned at the beginning. One of the things we want to make sure is that where we are contributing so much International Climate Finance, we do enable some of the very poorest and most climate-vulnerable countries to be able to be successful in bidding into that. I have the stats somewhere in here, have I not, Sally, on how many people we have currently?

Sally Taylor: 60.

Harriett Baldwin: We have 60. We are planning to increase the number of posts across the network, particularly focused in Africa, where we think we can really make a difference in terms of bringing together all the programming that we do and that we do through organisations like CDC, our DevCo, and others.

Q183 **Lloyd Russell-Moyle:** Are these full-time equivalents?

Harriett Baldwin: Yes.

Q184 **Lloyd Russell-Moyle:** So some of them might be part-time.

Harriett Baldwin: I am sure they might be, yes.

Q185 **Lloyd Russell-Moyle:** I am just trying to work out if it is 60 people or if it is a bigger number of people but with some of them just working part-time; that is why I asked about the FTE number. When we went to Kenya, our information was that the single person who was specialist in just climate change was being discontinued for, instead, a set of advisers who would cover multiple areas, of which each one would cover a little bit of climate change. The feeling by some, though not all, people that we spoke to there was that that diluted it. I know there is this ongoing discussion about mainstreaming versus silo-ing, and we can go round and round on that, but there was a concern that that mainstreaming approach meant that, yes, you had more people covering climate change, but in terms of full-time equivalents and specialist knowledge, you watered that down.

Harriett Baldwin: Obviously, there will be specific examples. You have obviously spoken to a specific case, but I can assure you that we are, as an organisation, going to be increasing the number of climate experts that we have and many of them will be in posts.

Q186 **Lloyd Russell-Moyle:** I would appreciate if you could write to me on the full-time equivalents spread versus individual officer roles. It would be useful to get clarity on that.



Harriett Baldwin: Again, I will just repeat that whatever that number turns out to be in terms of full-time equivalents, we do aim to be a very good employer, as you know, and so we may well have some people who are working part-time, but we are also aiming to increase the number of those people in the future, which is what the Committee will be very pleased to hear.

Q187 **Lloyd Russell-Moyle:** On forests, we have heard similar concern. This time the concern is not just about whether it is concentrated or spread out, but is overall. The evidence that we have heard is that it is under-resourced and it has been hollowed out—their words, not mine, in the evidence session—with regard to staff expertise in forests. Has the forest expertise in DFID been scaled down?

Harriett Baldwin: I do not think I have the full-time equivalents in my pack. Sally, you might want to correct me on this, but we certainly think it is very important that we continue to spend, in terms of programming, on forestry programmes. We have five bilateral forestry programmes, which are over £400 million that are currently programmed. As the Committee will know, along with Germany and Norway, we were the people in 2015 to commit \$5 billion and pledge to have ambitious action to halt deforestation. We also work alongside the sustainable supply chains and sustainable land use, making sure that we get the balance right between managing forests, growing crops, protecting habitat and leveraging private investment.

Q188 **Lloyd Russell-Moyle:** If you look at ICF, 20% of the ICF budget is on forests. Do you feel that there is sufficient staffing to be able to implement and ensure effective delivery of that?

Harriett Baldwin: I know they are a very good team. Sally, do you have any plans to increase the number of people in your excellent team?

Sally Taylor: Thank you, Minister. We have expertise ourselves, but also BEIS has expertise and Defra has expertise, and it is run as a collaborative team effort across Government to make the best use of everybody's expertise, so we can really generate.

One of the differences, perhaps, just to add to the Minister's remarks, is that we are increasingly working through partnerships and mobilising others and doing fewer, if you like, projects ourselves. That is partly the difference in terms of the way we are set up, are staffing and so on.

Claire Perry: This is a very important question. We have realised that it is not just about, "Do you have lots of arborists who know how to plant trees?" It is, "Do you understand how industry wants to create a sustainable supply chain? Can you work with them if they are doing no GM or no soil? Are they able to audit themselves on that basis?" The most successful projects we are collectively involved in are those that are taking a slightly more holistic approach, rather than simply looking at how many trees are planted. Of course, it is not just planting; it is also



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growing and nurturing and, again, there is lots of work going on as to how to incentivise the community to recognise this as a really valuable resource and ensure that they can benefit from that. I feel really proud of what we have done in the forest space collectively, but it is very much a cross-government issue.

Harriett Baldwin: Again, just to emphasise, one of the programmes that was funded by the recent announcement of the Green Climate Fund was around clean cook-stoves. I know I speak for the three of us in saying that we are all really passionate about finding ways in which we can address something that is causing a lot of deforestation and that is very harmful to health. It is probably one of the worst killers in the world. Please, if the Committee can come up with recommendations in terms of more things we should be doing on clean cook-stoves, we really feel very strongly about this.

Q189 **Lloyd Russell-Moyle:** I would be particularly interested in how your Department co-ordinates with DFID so that you are feeding in expertise but also you are learning from the expertise of managing in-country programmes from DFID. How is that relationship between the two Departments? You have separate expertise, but it is so important to work together.

Dr Coffey: We have seven people working on international private finance out of a total of 15 in the Department overall working on ODA projects. All our projects are done with delivery partners. We do not do any direct management ourselves. There is an ongoing review that we have. We have an outside panel that also assesses and helps us not only make the initial decisions but the progress reports. I monitor those on an annual basis and I will take a sample of the different ways that we do that.

We do link across Government as well, because forestry is something that we all embrace, in one way or another. We try not to duplicate our efforts, but we do work together. There is a programme DFID and Defra have supported called KNOWFOR, which is particularly focused on Peru, and we have just completed quite a significant project in the Brazilian Cerrado. Overall, from the Defra angle, it is about half a million hectares of improvement of restoration and about 70 million tonnes of carbon dioxide.

Q190 **Lloyd Russell-Moyle:** You said that you award certain sets of projects. Of course, DFID has expertise in monitoring projects and the fulfilment of delivery partners. Do you work together at all in making sure you are taking the best practice for delivery fulfilment from DFID? Is that a civil servants' discussion that happens?

Dr Coffey: Priti Patel initiated something, when she was Secretary of State, to try to bring that closer together in terms of our learnings from each other. We have only recently had an increase in budget. I believe



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that we do an effective job, and I know that our officials are in regular contact, certainly with DFID and BEIS, so there is that cross-learning.

Chair: We are going to have to move on. We are a quarter of the way through the questions and half way through the time—terrible chairing. I am sure you will find a way of mentioning what you want to in a later answer.

Q191 **Mr Lewis:** Good afternoon. My question is to Harriett. Some evidence to the inquiry has criticised how DFID has used its climate finance budget to support the mainstreaming of climate across DFID's portfolio, rather than as a strategic tool in terms of transformational programmes. Why has the Department chosen to use the climate finance budget in that way? Have you assessed the overall impact of integrating climate finance across these wider programmes compared to the impact of using it for specific transformative programmes?

Harriett Baldwin: We would have received criticism were we not mainstreaming this, because it is very important that, in literally everything that we programme, we are ensuring that we take into account the impact of climate goals. I would agree that where things are done very centrally, through things like the International Climate Fund and the Green Climate Fund, it is very important that we make sure we are looking at those specific initiatives and having a strong influence in terms of what the funding goes on. As I mentioned earlier, there is more we can do in making sure that some of the poorer countries in the world are able to tap into these. I would hope that you, as a Committee, would want us to be making sure that we take into account the impact of climate in everything that we do.

Claire Perry: This is a really important question. I am afraid this is perhaps not written down in my brief, but if I look at the SDGs, all but 15 of them are influenced by climate change: gender inequality; we talked about cook-stoves, and this is young girls and women who are walking to get the fuel for these stoves.

Harriett Baldwin: Water; education.

Claire Perry: I had this conversation with Richard Curtis and others, about this idea that climate is separate rather than fundamental, both in the UK Government's decision-making and globally. This is just a thread that runs through everything. I take the Minister's point about whether this is being mainstreamed, but if we are thinking about everything that we do, there is a climate element to all of this decision-making.

Q192 **Richard Burden:** My question is also principally to Harriett, and it is about the length of programmes. We have had concern expressed to us—and we have mentioned this to you in a previous evidence session—about DFID's tendency towards shorter project cycles and an apparent reluctance to either extend projects or to scale them up, even when they are being shown to be achieving good results. Does DFID have a view



about the ideal term for an adaption-based climate programme?

Harriett Baldwin: That is a great question, because we do have the luxury of being able to programme over quite a long period of time. The average programming that we have, for example, within International Climate Finance is six to seven years. That seems to me to be a reasonable length.

In terms of whether or not we renew, obviously it will be dependent on whether or not the programme has come to a natural and appropriate end, or whether or not it has been successful in achieving its goals, and whether or not there is a continuing need to address that particular issue. I would look at those on a case-by-case basis. As you know, there is a very rigorous annual process of reviewing each of the projects we have and we are, rightly, expected by the British public to be spending the money on things that offer the best outcomes and the best value for money in this area.

Q193 **Richard Burden:** It is interesting that you say the average length of programme is six to seven years. Certainly Christian Aid put to us that the impression it gets is that projects are generally looked at as being right at four to six years, in terms of DFID's view. I can give you some examples that have been put to us on that. The Building Resilience and Adaptation to Climate Extremes and Disasters programme was a three-year programme. The Programme Partnership Arrangement was a three-year programme cycle, extended twice, now closed. Strengthening Adaptation and Resilience to Climate Change in Kenya Plus—the StARCK+ programme—was a one to three-year cycle with multiple extensions.

The concern that is being put there is that the length of programme is being set at the start and there is not enough attention paid to, first, whether it is delivering and, secondly, if it is delivering, whether extension might be the right thing to do. Some people have put to us also that the way DFID often reacts to that is by closing a programme and then starting up another one, with all the waste that that involves in terms of the costs, financial and otherwise, of closing a programme and then having to ramp up another one. Is that an area that is on your agenda as something to address?

Harriett Baldwin: I would go back to what I just said, which is that the average duration is six to seven years. I know we have just extended the first programme that you mentioned for a further period.

Chair: Which one?

Harriett Baldwin: The BRACED programme has been extended. The process of making sure that we are rigorously evaluating how programmes are performing is one I am sure the Committee would wholeheartedly endorse. I do not particularly recognise or accept those points or criticisms.



Dr Coffey: The Defra portfolio is anywhere between four and 15 years, but our average is about six and a half years.

Q194 **Henry Smith:** To Claire and Thérèse, if I may, how confident are you that the ICF funding is ultimately reducing poverty and benefiting the most vulnerable and marginalised?

Claire Perry: This is often the heart of the climate debate, because you can either focus on countries that have emissions you can help reduce or you can focus on countries where there are no emissions but where there are very poor populations. Of course, China and India, which are home to 50% of the world's poorest people, are also some of the world's largest emitters, so there is an overlap there. The view is that a molecule of CO₂ is the ultimate tragedy of the commons; it does not care where it is emitted or where it has an impact.

Solving the climate change problem by focusing on reducing global emissions arguably benefits the world's poorest and most vulnerable people and, I think, women most. We have an estimate that 100 million people are at risk of being pushed into poverty by 2030 and 720 million by 2050 as a result of the climate change impacts. It is a constant balancing act, but one that we are reasonably confident we are getting right so far. We cannot reduce emissions if there are none there.

What we can do, which goes back to the conversation about powering past coal, is, if we know some of the world's poorest countries are being driven down an energy pathway—say there is a coal-intensive pathway or one that involves deforestation—we can help them to leapfrog that. We can help them avoid future emissions by thinking a bit more creatively about what their future development trajectory might be.

Chair: We will come back to fossil fuels a bit later, but thank you.

Dr Coffey: The health of the natural environment underpins the livelihoods of some of the poorest and most vulnerable people in the world. In terms of our focus on, say, the world's most biodiverse forests, we still will seek to focus our funding on the poorest or most vulnerable communities in a region. If I think of Brazil, we work in the Caatinga region, it has the lowest Human Development Index in the country. We also work in Madagascar, in particular, in Tahiry Honko in the south-west and Ambanja Bay in the north-west. We are looking at some of the poorest places.

Claire is right to talk about middle-income countries. In middle-income countries you have 73% of the world's poor, you have over half of the world's emissions and 80% of expected future emissions growth. Unless we focus a lot of effort on middle-income countries, we will not be helping the poorest people in the world. I was in the South Pacific very recently and for people in Kiribati and Tuvalu, the actual existence of their countries is under threat. They need our help there, but they also



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recognise we need to help countries around the world to stop this carbon expansion.

Q195 **Henry Smith:** How does each of your respective Departments measure the impact of ICF funding reducing the poverty of the most vulnerable?

Dr Coffey: That is a good question. I do not know the specific answer to that, I must admit. When I think of the reviews that I do, obviously they are all in line with the UK aid strategy, but we are focusing on what the outcomes are in terms of carbon. I am conscious that in our selection process on where we invest is where we may have considered that, but I do not recall specifically me looking then at what that then means. I have visited projects with other aid money where we are working on illegal wildlife trade with some of the poorest places, but I cannot bring that directly to mind apart from our overall aim.

Q196 **Chair:** If that analysis is done and you can share it, it would be great to have a memorandum on that.

Dr Coffey: I will check.

Claire Perry: It may be project by project.

Harriett Baldwin: We have tried to come up with an aggregate in terms of DFID countries. Since 2011, International Climate Finance has supported 47 million people to cope with the effects of climate change. By having that flag in all our programming, that is the best that we have been able to come up with, if we look at aggregating everything we have done with this flag checked, as it were.

Claire Perry: In BEIS, we have a number of measures, like access to clean energy and access to jobs, as poverty indicators and therefore can track those changes.

Q197 **Paul Scully:** Harriett, if ICF is allocated to DFID programmes on a bottom-up demand basis, how does DFID maintain a strategic overview to ensure that the ICF spending is targeted at those countries and communities with the greatest needs?

Harriett Baldwin: Within bilateral programming, obviously it would come bottom-up from each of the posts that we work in and the expertise that I have mentioned, which we are hoping to increase.

When it comes through the multilateral spending, we will have influence in terms of our membership of the board and we will have the ability, through officials, to be able to tilt things in favour of the kind of aims that I mentioned at the front, which include that more of the spending, we would hope, would go into some of the poorest and most vulnerable countries.

On top of that, there will be the work that we are doing in trying to bring in other sources of funding, so there will be a specific, again bilateral focus on where we feel we can make a difference. There is still more that



we need to do. For example, if you look ahead at some of the most vulnerable places on the planet and DFID programming, we do need to be changing and uplifting in certain areas. One of them, for example, would be Madagascar, which is likely to be a country where a lot of poor people will continue to live with amazing environmental challenges. That will be an area where, in our strategic programming, we would hope to be increasing our focus.

I did promise I would try to get in the point that I was making earlier, which is again around forestry and mainstreaming and the work we did last year in terms of the illegal wildlife trade and how linked that is to illegal logging and illegal timber and how much of the discoveries and the prosecutions have come by finding tusks and pangolin scales inside illegal logging. Just joining together all these things and making sure that we are working in a holistic way is incredibly important.

Q198 Paul Scully: Good work; that was seamless. ICAI recently reported that ICF did not have clearly enough articulated geography and sectoral priorities. Notwithstanding when you are looking around the various countries, how can you ensure that it is reaching the people who are most in need if you do not have that geographical focus?

Harriett Baldwin: Claire spoke about the tension between the particles of carbon and where they are emitted and the work that we do within DFID, where we aim for 50% of our spending on the poorest countries. ICAI did highlight this. We are able to show that the 50% of what we are doing in terms of the International Climate Fund is ending up in those poorest focused countries. In terms of tracking that and our forward planning, we are comfortable that that strategic focus of at least 50% of all of the DFID spending is happening in this area, as well, in those poorest countries.

Q199 Paul Scully: The International Institute for Environment and Development suggested to us that the UK should develop a target for the amount of climate finance that must reach local levels. What is your view on that?

Chair: This is getting to local communities as distinct from more generic.

Paul Scully: Yes, bringing it down to a very local level.

Harriett Baldwin: We would agree with that. Whether it is through the work we are going to be highlighting tomorrow with mini-grids or the work that we are doing making sure that we have climate-resilient research into crops that can be planted in some of these very vulnerable areas, I am confident that all the top-level numbers do find their way down to very specific local mitigation and action, but I am not quite sure what the criticism means.

Claire Perry: There has definitely been a direction of travel to move away from multilateral to bilateral, which arguably is moving it down to a more par level. Looking at the numbers, country-specific ICF has gone



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up from 10% in 2011 to 37% last year. Of course it is a tension, because people say it is much more efficient to do it multilaterally, but certainly in my Department we do look for opportunities to work bilaterally. On the REDD programme, in our forestation work, we are working with states in Mexico, for example. You are looking for the best governance to deliver you the outcome, so you can, if you like, be specific about, "We want to work with that area because it has a problem and there is a structure to tackle the problem". We are looking for that, but we always need to make sure we are delivering projects that are measurable and can be governed.

Q200 Paul Scully: So you do not want to set a target. They were more talking about setting a specific target.

Claire Perry: It is difficult in this space. You end up often with unintended consequences. What we have to do is show that we can do it and we are doing it locally, indeed at a state or even city level in some cases. The checklist is: can this money be delivered effectively? Is there a governance structure to ensure you get the results you want? Can it be replicated? There is a tension. I feel that balance is getting better. Personally, I like doing bilateral or smaller group activities, because you can measure the results better, but of course there is efficiency in the multilateral approach as well.

Q201 Chair: Harriett, I understand that the proportion that goes to the poorest, least developed countries is in the 50% to 60% range. That sounds a bit low. I appreciate the point around where emissions are highest and that is understandably given some priority, but is DFID comfortable with that 50-something-percent position?

Harriett Baldwin: Overall, in terms of the DFID ODA spending, we aim to spend 50% of that in the poorest and most conflict-afflicted states. The International Climate Finance is ending up to be in approximately the same proportions, so I do think that feels about right.

Q202 Paul Scully: Talking about the poorest and most vulnerable, the Scottish Government have been really explicit about adopting a climate justice approach. Is that something that we have considered from Westminster, from the UK Government?

Harriett Baldwin: I understand the climate justice approach is recognising the fact that the poorest countries did not contribute to the accumulated amount of carbon that exists. It does go back to the tension that was highlighted earlier by Claire, between what is the best thing that we can do as a world. As I say, 50% is being spent in the poorest and most conflict-affected countries, in helping them adapt and helping to mitigate and build resilience. That absolutely needs to happen, but also it does make sense to be working in middle-income countries, where you tend to see emissions growing the fastest. I do not know if my colleagues want to elaborate on that.

Dr Coffey: I entirely agree.



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Claire Perry: The language that governs us more is “leave no one behind”, because there are issues of transition in developed countries too; you have tens of thousands of coalminers in Poland who are worried about what they will do as the country moves away from coal. It is important, but our actions have spoken really loudly in this space. We have been very committed as a financier of ODA and on the climate agenda. Our auditing of what we do is good and there is a strong sense, as we were talking about earlier, of taking the UK’s leadership, as one of the first countries to industrialise, and turning it into a global movement and then trying to energise other countries to participate.

Q203 **Richard Burden:** The Government submission to this inquiry says that they attempt to utilise the comparative advantages of the respective ICF spending Departments. Obviously, you have appeared before us today as a triple act and that is good.

Chair: Quadruple act.

Richard Burden: I mean triple in Department terms. Present company excepted, what would you say the main challenges are to cross-Government working and cross-departmental working on climate finance?

Claire Perry: It is nice that you think of us as the Three Degrees; maybe it is the three 1.5 degrees.

First of all, you can see we genuinely have a very good working relationship, but of course that is a function of our personalities; that may not necessarily survive into the dim and distant future. There are clearly challenges of co-operation and collaboration. I am very struck by how much our excellent officials have moved around between the different Departments. There is a huge amount of institutional knowledge that has come out of various Departments and is shared across the Departments.

I was very struck, when we were talking about the COP—the Conference of the Parties—that we tended to have just a climate approach. It was very clear, in the last couple of years, that the approach has been increasingly focused on oceans and on biosphere. Particularly this year, we had a fantastic joined-up approach with our COP Pavilion and our presentations there, and it was really great to see. We can always improve, but, collaboratively and behind us with our excellent officials, it does seem to work well.

Dr Coffey: The ICF management and strategy boards meet several times a year, so there is that collaboration that exists. As Claire and Harriett have already alluded to, we are not short of talking to each other on these key matters.

Claire Perry: Obviously, in light of the spending review, there is an evolution in the way that people think about climate finance and what we



need to do, and we need to refresh that strategy in light of the spending review.

Dr Coffey: You will see it coming even more. The Prime Minister is leading one strand of the Climate Summit this year. It is public knowledge that we are bidding to host COP26 and that will be an entirely cross-Government approach.

Q204 **Lloyd Russell-Moyle:** Evidence to the Committee has highlighted data on ODA and non-ODA spend and support for fossil fuels. It has questioned the coherence between these investments alongside our climate fund spend that you are talking about here today. Do you agree with that concern and criticism? I have a few sub-questions. For Claire, the sub-question is about whether the UK Government's investments in upstream oil and gas projects in the developing world are not seriously undermining your Department's efforts to promote low-carbon development.

Claire Perry: It is an excellent question. I believe another committee is conducting an inquiry; this is very much of the moment. We have been absolutely clear in terms of the movement away from the most polluting fuels. ICF does not fund any fossil fuel projects. Through our export guarantees we have, I believe, moved almost entirely away from coal, with the exception of the odd project. Of course they tend to be demand led, so you will have exporters bidding into that programme and someone will make a determination based on the economic value to the UK economy. We have not funded any new coal-fired power-plants overseas since 2002; the ones that are opening are done through domestic action. Through things like Powering Past Coal, we have really tried to move the dial.

I was interested to look at the numbers, which show that, yes, our support for fossil fuel exports is still there, but it has dropped fourfold between 2017 and 2018, whereas our support for exports for renewables has tripled.

It gets to a broader debate about what the role of oil and gas in the transition is. As you will know, the CCC is very clear that in every pathway there is a role for gas; gas is a lower-carbon fossil fuel; we can decarbonise it using carbon capture and storage. It is a very fair challenge and I would personally like to see—and there are letters flying around—a coal-free HMG, but that is something that we need to put in the context of each Department's own requirements.

Q205 **Lloyd Russell-Moyle:** Harriett, I will ask your follow-up question now, because we are tight for time. The CDC has told us that it is divesting from fossil fuel investments that were included in its portfolio prior to the change of focus in 2012. The CDC says that its investments now in fossil fuels are only about supporting that transition. Are you happy that that is happening swiftly enough? Are you happy that the approach CDC has taken is being adopted across other parts of Government?



Harriett Baldwin: Speaking for DFID, I can say that that is happening. With CDC, as you know, it has not made any new investments in anything coal-related since 2012, but, on Claire's point about a pathway, for example, we were talking about clean cook-stoves. One of the solutions to clean cook-stoves could be cooking on liquefied gas, which would be better than cutting down a forest and poisoning yourself with those fumes, but it would still be a fossil fuel.

What we have to do is support that direction of travel by the world and, as I said, in terms of DFID programming and CDC programming, that is clearly going in the right direction. Where I see a company in Ghana, for example, that is looking to bring in liquefied gas so that it can help move people off charcoal as a cooking medium, I think that is progress. We need to recognise that there may be examples like that and, therefore, we should look at it on a case-by-case basis.

Q206 Lloyd Russell-Moyle: That is very positive. Do you have a concern that sometimes these investments lead us to a dead end, however? It is all fine saying that gas is part of a transition, but only if we have already planned what will be then the transition from gas to the next one. If you invest in very big infrastructure, you might dead-end us for 20 or 30 years, or beyond the mid-century point. Is there a requirement when those investments are happening, either through export credit or through CDC or DFID, that there is some "beyond" planning about how you would invest in this as a medium-term thing only, rather than a long-term thing?

Claire Perry: I cannot answer that specifically, but I can say that obviously the projects are considered on their economic merits. We are really talking about export finance rather than our financial portfolios, which do not really invest in these large-scale infrastructure projects, and of course that risk of stranded assets must be baked into the economic analysis of those projects.

There is a thing that does concern me, though, and we were alluding to this in terms of some of the world's poorest countries that do not have a reliable energy source. What they are being sold is coal-fired power-plants, right now, from other countries. There is a massive export move going on in the world to sell coal. Most of the power-plants being opened in south-east Asia at the moment are less than 10 years old. In this area, we are always evidence led and we do soberly look at the need for lower carbon fossil fuels, like gas, as part of the transition.

To Harriett's point, if we could somehow save a million women's health and security by allowing Calor Gas-powered stoves to be economically viable rather than charcoal, that would be a good thing both for the climate and for our poverty alleviation goals.

Lloyd Russell-Moyle: We have seen some very good projects about not just transferring to different fuels but also using different mechanisms to keep the heat in.



Chair: We saw that in Kenya. It was very impressive.

Harriett Baldwin: The pots.

Lloyd Russell-Moyle: Yes.

Claire Perry: Yes, it is so important. One of the things I am passionate about is the role of carbon capture, usage and storage in this whole decarbonisation mix. We are a leader of the Mission Innovation CCUS strand. We have a £70 million international CCUS programme where we are trying to drive that technology, which also has benefits for us in the UK as it drops the cost of it for us to use. It is a way of using fossil fuels in the mix, but at a much lower carbon commitment.

Q207 **Lloyd Russell-Moyle:** I know there is still a debate about the effectiveness of carbon capture and storage at the large scale. I do not want to particularly go down that line, but I just want to put it in there, to acknowledge that there is still that discussion to be had, probably in another session.

It has been suggested that maybe the UK, particularly with ODA, should introduce requirements like we have with the Gender Equality Act—that an assessment should be made of how each investment or each ODA spend would meet our climate commitments. What does Harriett in particular, but anyone on the panel, think about that as something that might aid spending and programme delivery to ensure those long-term plans and that there are no dead ends with our investment?

Harriett Baldwin: Certainly as far as CDC investments are concerned, we have tasked it to do some further work in terms of its investment guidelines. I am sure the Committee, that suggestion and the work that Claire has commissioned will all be taken into account in the work that we are doing. As I have said, watch this space.

Dr Coffey: Instinctively, Lloyd, I would not do that myself. I appreciate this may not be Government policy; we have not discussed this. Making a judgment call on what you are doing about Ebola has nothing to do with climate. There are things you can do from a holistic approach, but having to do another exercise for every single thing I just think is over the top.

Claire Perry: It gets back to the local project level. What I am finding in the climate space is everybody starts from a different place. We start, for example, in the UK, with a highly gas-intensive economy and there are certain pathways that are more effective than others. Other places start with no centralised power generation at all. The Paris commitment, I believe, was about seeing the glide path of CO₂ decline, and I do think that, for example, things like the Renewable Energy Directive—which drove lots of investment in renewable energies but led to lots of stranded assets in parts of the EU because the cost just became wildly uncompetitive—can rather frustrate the endgame. If you know what carbon reduction goals you have—in our case, we have statutory ones—



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you can pick and choose from a number of ways to get there as long as you are always on that reduction trend.

One of the things our Departments do really well is to be innovative in how we help countries. Rather than having a formulaic thing that says we will only do solar panels, we are looking at all sorts of measures. I am with Thérèse in terms of looking at the outcome rather than trying to measure the targets along the way. The outcome being the most important thing does work best.

Q208 Chair: I just have a couple more questions. This one is principally for Harriett. On the Green Climate Fund replenishment, some of the evidence we have had suggests that lower capacity, often poorer countries struggle with the processes, particularly to get support at an early stage from the GCF. What are we doing to address that?

Harriett Baldwin: That has absolutely been a passion of mine from the get-go. That is why I was so pleased to say right at the beginning, in my opening remarks, that we are aiming to use our increased resources in this area precisely with that view in mind. The event that we are holding today and tomorrow, inviting African energy Ministers to come to the UK to find ways that they can not only work on some of these bids but also find access to that bigger pool of funding that we are privileged to have here in the UK, is incredibly important. I was really pleased, when I saw the board decisions last week from Green Climate Fund, that there was a really good tilt towards exactly the kind of projects that I was hoping we would be able to achieve. It has made a good start and we continue to try to make sure that it steers in that direction.

Q209 Chair: What do you see as the balance between the Green Climate Fund and the Climate Investment Funds? We have had different evidence from different experts about them; probably most are very favourable to the Green Climate Fund, but there are some alternative voices. How does the UK plan to balance our support for these two rather different mechanisms going forward?

Harriett Baldwin: That is something that will be very much part of the way that we go forward in terms of the replenishments and the future spending decisions. It certainly makes sense to try to rationalise and make sure that we have the right expertise and right governance in terms of the funds. Sally, is there anything you want to add?

Sally Taylor: The Climate Investment Funds were originally set up as an interim arrangement; they were something before the international community was ready to agree what eventually became the Green Climate Fund. The Green Climate Fund is the mechanism under the Paris agreement and it is, if you like, the long-term institutional delivery vehicle for the Paris finance. The Climate Investment Funds did a really good job and we have put a lot of effort into ensuring that they think about results and lessons and that they pass those through to the GCF,



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as well, to try to accelerate improvements. That is an important part of it.

The other big part of the multilateral agenda is also working with the multilateral development banks and the UN agencies. Are they in the best place? Are they really doing the most they can to accelerate?

Q210 **Chair:** Claire, you spoke about leadership earlier and, as has been referenced, this year we have the UN Secretary-General's Climate Summit. Can I ask you about a very specific issue that we have had raised in evidence, which is around loss and damage? Will the UK use the summit as an opportunity to engage with this quite contentious conversation around loss and damage? What can we do to demonstrate a commitment to addressing loss and damage?

Claire Perry: I would love to be able to write to you, Mr Twigg, on that. Again, it does cut across several Departments. The constant question of loss and damage comes up a lot in the negotiations, but I feel it would be wrong of me to speak and perhaps we could write to you in answer to that question.

Chair: That is absolutely fine.

Dr Coffey: The Committee should be assured that we take every opportunity, when meeting Ishii from GEF, when we are seeing Patricia from UNFCCC and when we are seeing the World Bank that absolutely the priority is to get the smaller countries able to access these funds. The same is true for the Montreal Protocol. I can assure you we worked flipping hard to make sure that the replenishment was done, recognising the US was cutting their budgets. We went around banging the tin with our other G7 countries; I can assure you of that.

Q211 **Chair:** You have anticipated my final question, which was about the US. Addressing climate change and, in particular, International Climate Finance in the context of the shift of US policy with the current President is, I guess, challenging. I just wanted to invite each of you to say something about that.

Harriett Baldwin: I would say I am very happy to be answerable for UK Government policy.

Q212 **Chair:** That is a very diplomatic answer. Claire, can I invite you to be less diplomatic?

Claire Perry: No. Again, this is an area where there is a lot of inaccurate thinking. It is the case that the US is decarbonising faster than many countries in the EU. We often hold up the heroes and villains. If you take a view in the round of a whole economy, the US, for example, has introduced tax credits to stimulate carbon capture, usage and storage, which is starting to work. You will know from the We Are Still In campaign that there is a huge, galvanised movement, below the federal level, of states, cities and companies that are desperate to pick up the



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slack. It is disappointing when funding is removed and, as the Minister said, we have pitched in, where necessary, along with international partners, but oddly I am finding it has had a galvanising effect on the rest of the international community and also the non-federal-level actors, who want to be part of this transition.

Dr Coffey: Certainly the US is doing a heck of a lot of work on the impact on the ocean of climate, so ocean acidification and different elements like that. The US is very big, and we hope, will become even bigger, on mangroves. We do use our opportunities to work with the US to, dare I say, find areas on which we strongly agree rather than constantly fighting about areas where we might not be quite as aligned as we once were.

Chair: I congratulate you on getting mangroves into almost every single one of your answers. That is impressive message discipline.

Dr Coffey: I hope they will make it into your report.

Chair: Can I thank all four of you very warmly for your evidence here this afternoon? It has been really fantastic, thank you.