

Practical Action response to the International Development Committee (IDC) inquiry into climate change, development and COP26

0. About us

- 0.1. This response is submitted on behalf of Practical Action, a charity registered in the UK.
 - 0.2. Practical Action¹ puts ingenious ideas to work so people in poverty can change their world. We believe in the power of small to change the big picture. We bring people together in bold collaborations, combining knowledge and innovation to bring about lasting change. We're problem solvers. We work hand in hand with local communities, publish the best thinking from the brightest minds and provide technical expertise to the change-makers. We believe societies and economies can work for the benefit of all. That we can live within the planet's means. That ingenuity and cooperation can conquer any challenge.
- 1. The extent to which the Government has made progress on implementing the Committee's recommendations, particularly those on climate finance, climate justice, the use of ODA to support fossil fuels and making climate change a strategic priority in all aid spending;**

- 1.1. The Government has made some key steps including increasing their commitment to climate finance to £11.6Bn, committing to a 50:50 split between Mitigation and Adaptation and encouraging other major donors to follow suit. The UK has also dedicated considerable although unclear amounts to Nature Based Solutions. But the increase in climate finance has been at the expense of a reduction of the Official Development Assistance (ODA) budget. Following the UK government's decision to renege on a legally binding commitment to provide 0.7% GNI as ODA, reduced to 0.5%, this has had devastating impacts for ongoing and planned development programmes. Climate finance is now coming at a cost to other development and humanitarian priorities.
- 1.2. Despite the increase in Climate Finance, too much of this money risks being accounted for as climate finance but not delivering climate action on the ground. A recent report by Care International² assessed 112 projects with a total budget of \$6.2Bn and found that \$2.6Bn has been over reported, thus in reality climate adaptation finance only accounts for about 58% of what donors are reporting. As a result, those whose livelihoods are being disrupted – the communities hit first and hardest by climate change – are receiving inadequate levels of support. And even where financial resources do exist, communities struggle to access and utilise them. The UK needs to do more to increase allocations to climate finance, ensure at

¹ <https://practicalaction.org/>

² https://www.care-international.org/files/files/CARE_Climate_Adaptation_Finance_Fact_or_Fiction.pdf

least 50% of this is dedicated for adaptation projects, ensure that loans are restricted to bankable Mitigation projects and ensure that other donors and especially the Multilateral Financial Institutions follow this lead.

- 1.3. UK government's interpretation of "new and additional" in regards to climate finance is problematic. The standard interpretation is for countries to provide 0.7% GNI as ODA. The UK has repeatedly justified as new and additional the increase in the aid budget as the economy has grown. This position is no longer tenable in light of cutting the ODA budget especially with climate finance commitments increasing. Climate finance is now coming at a cost to other development and humanitarian priorities.
- 1.4. The UK government has been a major contributor to the development of the energy access sector, pushing it through research grants, support to the private sector and through large programmes to catalyse markets. However, an area that requires more focus are the most vulnerable and poorest communities, which are still far from accessing or being able to afford the type of clean energy technologies which these programmes have been promoting.
- 1.5. Water is a critical component of climate action. The cuts to ODA will lock millions into extreme climate vulnerability and exacerbate loss of water ecosystems and water related biodiversity. The UK should advocate for global water security and universal WASH access as a priority across UK government and our global partners, including through our leadership of COP26 and the upcoming G7 Summit. An estimated 3.6 billion people worldwide now live in areas that are potentially water scarce at least one month per year. That will increase to 4.8–5.7 billion people by 2050, thus creating unprecedented competition among water users and across political boundaries³.

2. Any gaps that remain between what the Government has done and what it committed to do;

- 2.1. The Paris Agreement has a clear target to limit warming to well below 2°C with the ambition to limit global temperature rise to 1.5°C above pre-industrial levels. Limiting temperature rise to 1.5°C is a matter of survival for many vulnerable countries and communities, especially small island developing states. The world has already warmed by more than 1°C, and is on course for more than 3°C by the end of the decade according to current UNFCCC estimates. But we must highlight that no level of warming is 'safe' – considerable loss and damage is already happening, some of it irreversible – but beyond 1.5°C the stakes get considerably higher.
- 2.2. Faced with a climate emergency not of their making, developing countries have a reasonable expectation of extra support, and under the UNFCCC countries including the have UK committed to provide this. In 2021 the UK's role as COP26 President has placed an emphasis on the role of climate

³ <https://www.unwater.org/publications/world-water-development-report-2018/>

finance in responding to climate breakdown. We know the International Development Committee has previously called for the government to make use of the concept of 'climate justice' to ensure "climate finance brings maximum benefits for addressing both the causes and impacts of climate change whilst promoting sustainable development". We welcome the Committee's call for this approach but feel the government needs to do more to put this principle into practice.

- 2.3. Central to a Climate Justice principle will be an inclusive approach to the COP26 agenda. This means investing UK diplomatic efforts across the full spectrum of issues to be discussed, not just on Mitigation, Adaptation or Climate Finance. It is vital that the UK makes progress before Glasgow on facilitating the technical discussions on the Global Goal for Adaptation, the Paris rulebook and especially relating to an inclusive and cross society approach to the Global Stock Take. The UK must address a long overdue weakness in its Climate diplomacy and invest the skills necessary to make progress under Article 8 on loss and damage. This includes recognising the limited progress of the Warsaw International Mechanism (WIM) to address loss and damage established in 2013 and investing the diplomatic energy necessary to develop an inclusive and comprehensive proposal to operationalise the Santiago Network on Loss and Damage (SNLD).
- 2.4 The UK government has been a strong advocate for the use of insurance as a mechanism to reduce climate risk and respond to climate impacts. However when Hurricane Maria struck Dominica in 2017, insurance from the Caribbean Climate Risk Insurance Facility covered less than 2% of the total damages. Insurance is an important tool in managing the impact of climate disasters. However, prevention and preparedness measures are the most effective ways to reduce fatalities and limit damage. In the poorest developing countries many communities are unable to afford an insurance product, the UK priority should be on supporting these measures and not trying to make insurance work when all available evidence indicates it will fail.
- 2.5 We shouldn't expect the international Humanitarian system to be the best place to respond to escalating climate emergencies. International fundraising appeals to help countries respond to climate emergencies are ineffective to tackle the long term underlying drivers of climate vulnerability. In the case of Southern Africa, emergency assistance provided in the aftermath of Cyclone Idai kick started the recovery of 1.8 million affected people, the strongest storm to ever hit the country has left many more facing an uncertain future. 2.1. The UN reported 12 months after the disaster⁴that many of the people who lost everything when Cyclone Idai swept through central Mozambique a year ago continue to face devastating hardship
- 2.6 In the aftermath of Cyclone Idai the call for international relief raised less than 50% of the target and fell far short of what was actually needed on the

⁴ <https://news.un.org/en/story/2020/03/1059411>

ground. This deficit forced Mozambique to borrow from international institutions, locking it into further debt. Mozambique is not unique. Many other countries are trapped in a similar spiral of worsening climate impacts which they cannot address because of the burden of debt. The UK government under its policy to support countries to create more fiscal space to generate climate finance, should explore long term and equitable solutions to countries unsustainable debt burden. The impacts of climate change will only exacerbate developing countries reliance in international credit, but this needs to be administrated in a fair and transparent way that helps these countries escape poverty not get caught in a perpetual cycle of unsustainable debt.

3. The extent to which the Government's work to date on climate change and development has taken the UN Sustainable Development Goals and the needs of low-and-middle income countries and vulnerable groups into account;

- 3.1. Ending subsidies for fossil fuels could free up resources to help fund a global just transition. It could also help it meet its responsibilities as a signatory to the United Nations Sustainable Development Goals (SDGs). This includes SDG7: access to affordable, reliable, sustainable and modern energy for all by 2030. There is currently a financing gap to achieve SDG7 for countries with the largest populations living in energy poverty - only half the \$30.2bn needed in these countries has been collected. Below we also explore how ending fossil fuel subsidies links could help provide vital funds for loss and damage.
- 3.2. The UK government as the COP26 presidency should champion the calls of the Climate Vulnerable Forum and the Alliance of Small Island States for an open, inclusive and transparent discussion of loss and damage at COP26. The UK should be seen as a champion of the climate impacted, openly speaking about climate impacts as they impact on geographies, as well as the most marginalised and excluded. As the champion of 'leave no-one behind' and the advocate for gender and development the UK should highlight that climate resources should be targeted at the most climate vulnerable countries and are dedicated to reach the most excluded and marginalised, those who are the most vulnerable to climate impacts.
- 3.3. The link to the SDGs and 'leave no-one behind' is problematic in light of the massive aid cuts. Historically the UK has been seen as a champion of women's rights and women's empowerment, as well as a leader in the disability-inclusion space. We know from the 'climate justice narrative' that climate change is impacting existing inequalities, and those that are doing the least to contribute to the issue are paying the highest price. The current ODA cuts compromise the UK's contribution to 'leave no-one behind', as does the alignment of ODA with 'British foreign policy interests' via the DFID-FCO union – climate change in turn will undermine 'leave no-one behind'.

4. The potential of COP26 to address these remaining challenges effectively and the steps the Government needs to take if COP26 is to succeed in tackling them.

- 4.1. The UK as the COP President must make the necessary diplomatic efforts to facilitate a constructive process that concretely advances action on loss and damage before and at COP26. This requires the presidency to respond to developing country calls, one way to do this would be to nominate an ambassador for loss and damage in the COP26 presidency team. In addition use this as an opportunity to increase the diversity and representation of the UK senior negotiating team. Having an ambassador for loss and damage would show solidarity with the poorest and most climate impacted developing countries and could greatly facilitate progress at COP26.
- 4.2. But political progress will only be possible if it is adequately resourced. Having a champion without resources – this will require scaling up finance to address loss and damage, and acknowledging loss and damage as the third pillar of climate action on a par with mitigation and adaptation.
- 4.3. To reinforce progress on loss and damage the UK government as the COP26 presidency should support the calls of the Climate Vulnerable Forum and the Alliance of Small Island States for a regular item on loss and damage to be included in the COP/CMA agendas. If we do not talk about loss and damage we will not be able to make progress on tackling the outcome of climate inaction, and the failure of climate action to date.
- 4.4. Put establishing new and additional sources of finance for loss and damage on the agenda for COP26, and using UK expertise in the financial sector explore how a range of options could be advanced – including debt cancellation, shifting subsidies, and a climate damages tax. Ensure these sources of finance are new and additional to existing climate finance and Official Development Assistance (ODA) commitments, to avoid stretching money to meet different priorities. This will require the acceptance that insurance is not a catch all solution, and recognising its limitations provide suggestions on what a comprehensive package of support might look like that includes social protection and other grant-based finance to ensure those most at risk are not bearing alone the financial burden of the consequences of climate change.
- 4.5. Driving ambition to the level necessary to meet the targets of the Paris Agreement should be the priority of the COP26 presidency team. The UK must use every diplomatic effort, and mobilise political leadership at the highest level, to ensure countries close the gap between existing NDCs and what is needed to keep the goal of limiting global temperature rise to 1.5°C with every country recognising their fair share. As host of COP26 and G7, the UK must lead high-level international discussions on ensuring economic recovery packages drive rapid and deep decarbonisation of

economies in the near-term, thus setting the scene for more ambitious 2030 NDC targets.