



Christian Aid Submission to the International Development Committee

Climate Change, Development, and COP26

May 2021

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Introduction

Christian Aid is the official relief, development and advocacy agency of 41 sponsoring churches in Britain and Ireland. We carry out our work by working with more than 500 local organisations, which are close to the people and communities we seek to help with an understanding of local needs and context.

Christian Aid's engagement with this inquiry arises from an interest in the UK government's action on climate change, particularly as the host of G7 and COP26. High ambition, stronger short-term action, equitable participation, and climate justice must be put at the heart of COP26. The UK has a critical role, leading by example, to secure a successful outcome in November.

Q1. 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.

In the year of COP26, with the responsibility as a host and significant emitter, all eyes are on the UK to lead the world in stepping up ambition on climate action. The tasks facing this climate conference are vast and complex: build the world's climate resilience post Covid-19; deliver policies to close the emissions gap; and agree financial measures to support the poorer countries for the damage climate change is already causing. The UK and other rich countries led the world in fossil-fuel powered growth, so they bear a particular responsibility to lead the way towards a global green recovery, based on equity and social justice for all.

Overall, the UK has not yet shown the level of leadership necessary to make substantial progress on the financial commitments, both domestically and on the global stage, required to combat climate change. Reducing the ODA budget undermines the UK's credibility as hosts of G7 and COP26, as well as undermining efforts towards the sustainable, just, and resilient future envisaged in the Paris Agreement and SDGs. This is even more the case, given the government's recently published Integrated Review which placed climate as "the UK's foremost international priority".

1. Climate Finance

Climate finance is a deal breaker for many of the countries where Christian Aid works. There is a real risk that the poorest and most climate-vulnerable countries will walk away from the COP26 talks in Glasgow if there is no tangible progress on climate finance. Since the publication of the IDC's predecessor report *UK aid for combating climate change*, on the issue of climate finance, there are important policy announcements and positions the government has made important policy announcements and positions. These include:

- Committing £11.6bn over the next five years to climate finance¹
- The publication of their priorities for public climate finance for this year²
- Using its convening power to bring together ministers from the developed and developing world, stakeholders and Multilateral Development Banks (MDBs) at the Climate and Development Ministerial to discuss and design policy solutions on climate finance

Of most concern is that UK climate finance continues to be drawn from the aid budget. Cutting the aid budget, while at the same time using development aid to finance climate finance, in every sense is like robbing Peter to pay Paul. Redirecting UK development funding to pay for climate action covers up the fact that there has in fact been no expansion of funding for climate and development. Furthermore, this decision effectively means that climate finance now comes at a cost to other development and humanitarian priorities.

The decision to slash overseas aid from 0.7% of GDP to 0.5%, from this year means that that much of the climate finance commitment cannot meaningfully be described as new and additional, despite the committee's previous recommendation that the government should consider the options for additional climate finance. Moreover, the diplomatic capital required to press rich countries to step up their climate finance contributions have been severely undermined by these cuts. This create serious challenges for the UK in winning over and building trust with developing countries in advance of COP. **The government should provide new and additional climate finance additional to the ODA budget, particularly in light of cuts to the aid budget.**

2. Climate Justice

The IPCC report points to the role of social justice and equity as 'core aspects of climate resilient development pathways' that aim to limit warming as they address the challenges and opportunities between and within countries and communities 'without making the poor and disadvantaged worse-off'. We are already witnessing the impacts of climate shocks on the world's most vulnerable and

¹ <https://www.gov.uk/government/news/uk-aid-to-double-efforts-to-tackle-climate-change>

² <https://2nsbq1gn1rl23zol93eyrcj-wpengine.netdna-ssl.com/wp-content/uploads/2021/01/PRIORITIES-FOR-PUBLIC-CLIMATE-FINANCE-IN-THE-YEAR-AHEAD.pdf>

poorest communities. Seeking 'justice and equity' is therefore crucial and necessary to the success of COP.

In Copenhagen, developed countries promised to provide developing countries with \$100bn in climate finance per year by 2020. with \$30billion in 'fast-start climate finance' balanced between adaptation and mitigation. According to the latest OECD data, only \$78.9bn has been provided, over \$20bn short of target³. Of the support offered (mainly in loans, rather than the necessary full-grant provision), it is concerning that only a small proportion of the overall finance was made available for adaptation and resilience building for vulnerable communities and countries, and of that only 20% was in the form of grants, not loans⁴.

Climate finance, given in the form of loans, risks exacerbating the worsening debt crisis faced by many low-income countries. This is an issue of transparency around the quality of climate finance, as well as a matter of justice, because the funding promised to these countries to tackle a crisis they did not cause, should not leave them more indebted. To ensure climate finance brings maximum benefits for addressing both the causes and impacts of climate change whilst promoting sustainable development, it must be given in the form of grants. **The government should lead the way on delivering all climate finance as grants and ensuring that the most vulnerable countries are prioritised not marginalised. They should also be transparent about the composition of the £11.6bn of climate finance already committed.**

3. The use of ODA to support fossil fuels

On 12 December 2020, the Prime Minister announced the end of UK support for fossil fuels overseas, which was welcomed by Christian Aid, civil society, academia, industry and others supporting action on climate change, as a contribution to a just energy transition that ensures clean energy access for all. However, some elements of the proposed policy have raised concern that public finance (a large proportion coming from the aid budget) could still fund the use of fossil fuels. This would be incompatible with keeping global warming below 1.5C, alleviating poverty and the government's own hopes of appropriately addressing climate change ahead of, and at, the COP26 climate summit. The concerns relate to the exemptions, which only 'influences the investment policies' of CDC Group and Private Infrastructure Development Group (PIDG)⁵.

With these exemptions, as it stands, the CDC Group and PIDG Group would continue to hold significant investments in fossil fuels (worth well over £1 billion)⁶. They would also be permitted to continue making new investments in coal, oil and gas projects via the private equity funds and financial institutions that they support. Indeed, recent parliamentary questions have revealed that CDC has committed to fund two new gas power generation projects in Africa which are expected to

³ <https://www.oecd.org/newsroom/climate-finance-for-developing-countries-rose-to-usd-78-9-billion-in-2018oecd.htm>

⁴ <https://www.oecd.org/environment/cc/Climate-finance-from-developed-to-developing-countries-Public-flows-in-2013-17.pdf>

⁵ Justifications by the government is that CDC is a public company with its own board and FCDO is not directly involved in its investments, and PIDG is a multi-donor funded institution, and the UK is just one donor.

⁶ https://1bps6437gg8c169i0y1drtgz-wpengine.netdna-ssl.com/wp-content/uploads/2021/05/IDC_Closing-loopholes-on-UK-overseas-fossil-fuel-finance-IDC-inquiry_FOE-US.pdf

reach financial closure in 2021. Neither the government's nor CDC's policy commits to divestment from existing investments in fossil fuel projects. **In order to guarantee the success of the government's policy, and that it sets a bold precedent for other countries to follow, the government should ensure it is applied consistently across all government institutions and forms of ODA.**

Q2. 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.

1. Sustainable Development Goals and the UK's Voluntary National Review

The UK government in 2015 committed to the UN's Sustainable Development Goals (SDGs), and as part of this process in 2019 the government published its Voluntary National Review (VNR), a report which detailed the status of the implementation of the SDGs. The UK's VNR⁷ detailed what had been accomplished in the UK and the devolved nations in terms of strengthening resilience and adaptation, what frameworks and policies have been used to integrate climate measures, and the UK's international climate finance commitments.

However, there are clear gaps in the report⁸, as it only set out historical and current activity on the SDGs, and failed to commit to an implementation plan for the UK domestically and internationally. Without this comprehensive plan, it was unclear on where accountability lies for the delivery. **A joint approach to climate action across government was stressed by civil society, and the Cabinet Office and the FCDO should be in the 'driving seat'⁹ of the SDGs (it was previously held in the now disestablished DFID), to ensure action is met across government.**

The UN report⁷ on the impact of COVID 19 highlights the significant risk that the finite financial resources of developing countries could be diverted to responding to the pandemic and away from the implementation of their Nationally Determined Contributions (NDCs) and achieving the SDGs. **The government have recognised the importance of an 'SDG-aligned recovery'¹⁰, and to that effect, it is crucial that the UK ensures achieving the SDGs is central to a post pandemic recovery. There must be clearly defined goals which address gaps in areas such as: progress being made towards more sustainable consumption patterns in the UK (beyond mitigation for emissions), how goals are interrelated, and the UKs impact on the ability of poorer countries to make progress on theirs. These steps are critical to poorer countries achieving their SDG commitments.**

2. Synergies between SDGs and climate action

Under the IPCC Special report on 1.5°C¹⁰ there are clear synergies between the SDGs and climate action. The impacts and the responses to climate change are closely linked. The report notes that

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816887/UK-Voluntary-National-Review-2019.pdf

⁸ <https://www.bond.org.uk/news/2019/06/has-the-uk-missed-an-opportunity-for-global-leadership>

⁹ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/uk-progress-on-the-sustainable-development-goals-sdgs/oral/103370.pdf>

¹⁰ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/uk-progress-on-the-sustainable-development-goals-sdgs/oral/103370.pdf>

SDGs have provided the 'framework for assessing the links between global warming of 1.5°C or 2°C' to enable the 'transitions and transformations' required to limit global warming to 1.5°C by ensuring climate resilience works in conjunction with reducing inequalities and poverty eradication (D.2.1).

However, these complimentary SDGs are poorly represented in NDC commitments, and Climate Action (SDG13) should be seen as the entry point to link the effects of climate change, climate action and the achievement of the SDGs. **To this end, the UK government should explicitly link climate goals and sustainable development goals at every opportunity.**

Q3. 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.

1. Mitigation

Mitigation remains a challenging issue in the COP process, since the introduction of what is effectively a pledge and review system under the Paris Agreement, whereby countries pledge Nationally Determined Contributions (NDCs), which are reviewed in aggregate in the Global Stock take of the Paris Agreement. The world has already experienced more than 1°C of warming, and current NDCs put us on course to a devastating 3°C or more. COP26 must be the COP that delivers on the Paris Agreement: it must deliver enhanced NDCs and long-term strategies that are consistent with pursuing efforts to limit global temperature rise to 1.5°C, in line with equity and justice. According to the IPCC, this means global emissions need to halve between now and 2030. The IPCC has highlighted that a 1.5°C world is much less dangerous than a 2°C world for people and nature, since hundreds of millions fewer people would be faced with climate-related poverty and water stress, and 10 million fewer people affected by sea-level rise by 2100.

The UK should work with countries around the world to increase the ambition presented in enhanced NDCs in advance of COP26, with countries taking their fair share of global action – particularly major emitters. Action also needs to be taken on how to achieve the proliferation of net zero targets well.

2. Adaptation and resilience

Adaptation has played second fiddle to mitigation in climate finance that has been delivered so far, at about 20% of overall climate finance. As temperatures continue to rise, and impacts fall greatest on those people whose poverty makes them inherently less resilient, COP26 needs to deliver urgently scaled up finance, particularly ensuring finance gets to poor and vulnerable communities on the frontline of climate impacts. The UK's commitment of 50% of climate finance for adaptation is positive and should be retained and used as leverage on others, including countries and MDBs, in the lead-up to COP26. **The UK should use its COP presidency to secure a mandate for a post-2025 climate finance target specifically for adaptation. Countries should also agree principles that strengthen the decision-making powers of the societally marginalized.**

3. Loss and damage

Loss and damage (L&D) payments for climate impacts that go beyond the scope of adaptation has been a sidelined issue in the climate talks. L&D refers to the effects of climate change that go beyond people's capacity to adapt to it: it is the outcome of not taking enough action to cut climate pollution, and not investing enough in adaptation. It disproportionately falls upon those who have not caused it, and is an existential and irreversible threat. However, it is an integral part of the Paris

Agreement, and an important aspect of climate justice in the UNFCCC process, as the poorest and most vulnerable are those that are impacted most disproportionately through loss of life, livelihoods and possessions. The Climate Vulnerable Forum estimates that developing countries could face financial losses of US\$4 trillion per year by 2030¹¹. Low-income countries are exposed to some of the most severe climate impacts, have the least capacity to adapt, and find it hardest to recover from the loss and damage caused by devastating floods, droughts, heatwaves, cyclones, and rising sea levels.

Virtually no progress has been made on the issue to date. At COP26, this needs to change. This will require the UK to develop and implement a strategy to unlock the L&D negotiations, to ensure good progress into COP27 held in Africa, to truly progress this agenda. By COP26 the Santiago Network on L&D needs to have been adequately resourced. **As an issue above and beyond mitigation and adaptation, the government should push for progress at COP26 for new and additional sources of finance for L&D. The government should explore and engage in good faith with options that have been proposed by various actors in the climate policy field. It is vital that insurance is not seen as the answer, despite the government's enthusiasm for it as a mechanism for addressing L&D.**

4. Financial flows

The UK's announcement to end the use of public finance in support of fossil fuels overseas was very positive and has set a precedent for others, including the US. However, important loopholes in the UK's announcement remain, including the non-inclusion of CDC and PIDG in the policy. The UK must ensure that the policy to end fossil fuel support overseas is robustly implemented and enforced, and includes direct and indirect support through all channels of UK public finance. **The UK should further the aims of Article 2.1c of the Paris Agreement through its diplomatic engagement, including on the boards of the Multilateral Development Banks, and through using its position as a global financial center to pressure private finance actors.**

5. Nature-based solutions

There are considerable potential co-benefits for people, climate and biodiversity if nature-based solutions (NBSs) are done well, and huge potential for disastrous outcomes should a holistic view not be taken. Natural ecosystems are important stores of carbon but should not be seen as an alternative to ending the use of fossil fuels. NBSs should be included in all countries' Nationally Determined Contributions, Long Terms Strategies and National Adaptation Plans, so that considerations to maximize the potential co-benefits of NBSs are made. **The government should push for clear standards and safeguards for NBS projects to guarantee Indigenous Peoples' rights, natural biodiversity, and carbon storage and capture through photosynthesis.**

6. Article 6

Carbon markets and other flexibility mechanisms have the potential to significantly undermine emissions reduction efforts and thus the integrity of the whole Paris Agreement. We strongly welcome the UK's statement that it intends to achieve its legally binding 2050 net zero goal without the use of international credits, a precedent followed by the EU. However, it is imperative that the UK helps to guide a strong conclusion at COP26. **The government should ensure that COP26 rises to**

¹¹ https://www4.unfccc.int/sites/SubmissionsStaging/Documents/201910251036---GRI_WIM%20Submission.pdf

the challenge of agreeing implementation guidelines for the Article 6 mechanisms to ensure that parties avoid all forms of double counting in their internationally transferred mitigation outcomes; adopt environmental safeguards and ensure the protection of human rights; phase out Kyoto Protocol flexible mechanisms and do not recognise any Kyoto emissions units for compliance with non-Kyoto mitigation commitments.

