



IIED Submission to the UK International Development Committee inquiry on *climate change, development and COP26*

The International Institute for Environment and Development (IIED) welcomes the opportunity to provide this submission to the inquiry by the UK International Development Committee (IDC) into [climate change, development and COP26](#).

In the context of the IDC's previous 2019 report on [UK aid for combating climate change](#), this new inquiry will be critical for influencing strong outcomes for climate, nature and people at COP26 and other major meetings taking place during the 2021 Super Year.

IIED is a policy and action research organisation. We promote sustainable development to improve livelihoods and protect the environments on which these livelihoods are built. We specialise in linking local priorities to global challenges. IIED is based in London and works in Africa, Asia, Latin America, the Middle East and the Pacific, with some of the world's most vulnerable people. We work with them to strengthen their voice in the decision-making arenas that affect them — from village councils to international conventions.

We agree with the committee's previous findings that climate change is one of the biggest threats to stability and wellbeing in some of world's most vulnerable nations, and we continue to witness this directly through our extensive work with local partners in some of the most vulnerable countries to climate change.

Building on our experience, IIED has produced research and evidence relevant to the Terms of Reference for this inquiry which are outlined from page 2.

IIED responses to Terms of Reference

Term of Reference 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.

IIED offers the following analysis of progress and additional work still needed against the following recommendations from the Committee's 2019 inquiry:

IDC 2019 Recommendation A: UK should focus investment on high-quality, risk-taking early finance that builds country institutions and climate capabilities. Commitments need to be for a minimum of five years. This would go back to DFID's early principles, which recommended seven years' minimum commitment for programmes.

- Some limited progress has been made, but more work is needed to fully implement this recommendation.

Progress/status

- The UK has been instrumental in supporting the LDCs to develop and lead the [Least Development Country \(LDC\) Initiative for Effective Adaptation and Resilience](#) (LIFE-AR) – and along with 7 other donors signed the LIFE-AR compact at COP25 in Madrid for a ten year partnership. Though UK funding to date has been on an annual basis despite the LDCs request for longer-term investments under their [2050 Vision](#).
- However, on the whole the UK continues to provide climate funding for periods of 4 years or less with many programmes being cut earlier than planned due to changing ministerial priorities rather than the performance or quality of the programme. For example:
 - The [Building Resilience and Adaptation to Climate Extremes and Disasters](#) (BRACED) initiative was funded for 4 years of what was meant to be the first phase of an 8-year programme, then had a one year no cost extension and was closed. This was despite recognition that the potential of transformational outcomes from the interventions under this programme taking much greater than 4-5 years.
 - The UK's [Partnering for Accelerated Climate Transitions](#) (PACT) is a 3-year programme. A recent EOI process from October 2020 offered funding for projects in Malaysia of less than 12 months duration.
 - The UK's AIM-4-Resilience initiative in Tanzania to scale up a previous climate change project was cancelled in mid-2018, three years into the five-year initiative.
 - The BEIS-funded [Climate Ambition Support Alliance](#), which seeks to build the capacity and capability of climate-vulnerable country negotiators has a 3-year implementation period from 2019-2022, with a recent decision not to extend.
 - The DFID-funded Building Resilience in Ethiopia programme is a 3-year programme to 2022 seeking to build the long-term capacity within the Ethiopian government to plan, finance and manage climate and humanitarian shocks better.
- The challenge of achieving the transformation needed with predominantly short funding cycles was raised by vulnerable countries at the recent UK-hosted Climate and Development Ministerial event in March 2021 (see [Chair's Summary](#)).

- Vulnerable countries highlighted concerns with a lack of long-term commitments from donors and intermediaries - and stressed that truly transformative projects need to be supported over 7-10 years. Further, they highlighted that longer-term funding is needed to both test and upscale projects and enable buy in from across stakeholders – from the communities up to the government.
- Vulnerable countries raised a number of broader challenges with accessing climate finance at the Ministerial, which continues to be a major barrier to progressing action on climate change in their countries. Importantly, they proposed a series of solutions to these challenges, which include:
 - Developing a clear and shared definition of climate finance and its function to enable transformation of systems, to experiment and take risks to find new solutions and influence wider investment behind this
 - Harmonising, streamlining and simplifying procedures to improve direct access to climate finance that is aligned across the multilateral funds
 - Moving to 'business-unusual' approaches, where solutions are developed by countries and communities and taken to scale
 - Shifting to longer-term commitments for truly transformative change, and providing predictable and patient finance
 - Focusing on grants, and not loans, to fund adaptation
 - Ensure the \$100bn per year in climate finance is delivered by COP26, and that this serves as a floor rather than a ceiling
 - Increasing the transparency of climate finance, including better quality data connected to detailed project information, and clear reporting rules
 - Setting rules for international intermediaries to build national and local institutional capacity on climate finance, thus working themselves out of a job, and
 - Setting targets for delivering finance at the local level, and according to the [Principles for Locally Led Adaptation Action](#).
 - The Principles were developed with donors, funds, delivery partners, Southern governments, social movements and NGOs and highlight what needs to happen to shift power into the hands of local stakeholders. They aim to give vulnerable and excluded communities greater agency over prioritising and designing adaptation solutions, shifting them from being beneficiaries to empowered agents of change.
- A new Taskforce on Access to Finance was initiated following the Climate and Development Ministerial event to progress some of these solutions. The UK needs to continue its work with Fiji and engage wider vulnerable countries to finalise the [draft concept note](#) released in May 2021. The Task Force, while welcome overall, needs strengthening to ensure meaningfully progress on the practical solutions identified by the vulnerable countries above as well as the wider vision for climate finance.

Additional work needed to implement recommendation

- Many of the solutions identified by vulnerable countries are beyond the sole control of the UK Government. They need to be addressed in partnership with other countries, climate finance providers, multilateral development banks and intermediaries. However, the UK Government can play a strong role in progressing these solutions in the following ways:

- Use its COP26 and G7 Presidency to continue to highlight the issues and solutions raised by vulnerable countries and show solidarity with them in helping to overcome the challenges.
- Ensure the new Task Force on Access to Climate Finance is established such that it can meaningfully tackle critical issues of access to climate finance. This includes strengthening the draft concept note as outlined above.
- Leverage its roles on the Board of the Green Climate Fund and the Council of the Global Environment Facility to progress the issues raised by vulnerable countries during the Climate and Development Ministerial.
- Work with the DAC under their processes with progressive donors to be clearly listening to the vulnerable countries and demonstrate good intentions on improving transparency and the accounting rules of climate finance through a political commitment by at least a group of donors prepared to test potential improvements.
- Through its own climate finance investments, lead by example and commit to:
 - Greater transparency in how UK climate finance is invested, including reporting on how much of their finance is reaching the most vulnerable countries and communities.
 - Support independent verification of donor reporting on delivering the \$100bn per year in climate finance by COP26, ensuring there is accountability that this serves as a floor from 2020 rather than a ceiling, and that flexible finance reaches the most vulnerable countries and communities.
 - Improve the quality of UK climate finance through shifting to longer-term climate finance investments, that are driven by country needs and contexts to build national climate capabilities and enable direct access to global funds.
 - Implement the Principles for Locally Led Adaptation Action (including by mainstreaming them across climate and development finance), and promote the Principles to other countries, donors, multilateral organisations and intermediaries through forums including the G7, G20 and COP26 and through the Adaptation Action Coalition.
 - Set UK's own target for delivering climate finance at the local level, and support LDCs through the LIFE-AR Partnership Compact to channel 70% of finance to the local level in their countries.
 - Provide direct support to organised communities to enable investment in the political capabilities of women, children, young and disabled people and Indigenous Peoples to create the spaces for meaningful engagement in locally led adaptation and for the social transformation required for a just transition.
- Reinstatement of its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA).
 - The aid cuts undermine the UK's ability to ask other countries to step up, as well as reducing the resources available for the just transition to low carbon, climate resilient development in poorer countries.

IDC 2019 Recommendation B: UK should commit to requiring international experts to deliver in partnership with and to coach national institutional partners, so they leave behind skills and knowledge.

- Progress has been made, but more work is needed to fully implement this recommendation.

Progress/status

- The following initiatives highlight examples where the UK Government has sought to build national institutional capability through innovating in the provision of technical support at the core of a project.
 - [Nigeria Infrastructure Advisory Fund](#) - a demand-led technical assistance programme supporting the Federal Government of Nigeria and potentially sub-national governments, to improve the delivery and management of Nigeria's infrastructure. Has included training and support on climate-smart infrastructure to support national and sub-national agencies and ministries.
 - [Action on Climate Today](#) - operational from 2014-2019, the Action on Climate Today (ACT) programme was a five-year initiative funded by the UK Department for International Development aimed at providing direct technical assistance to 10 national and sub-national governments in Afghanistan, Bangladesh, India, Nepal and Pakistan. ACT was designed to develop institutional capabilities for mainstreaming adaptation in plans, policies and budgets. This was done through developing strong relationships with government departments, working with local experts, understanding contextual priorities, managing adaptively and employing a range of capability development approaches beyond training. It focussed on a set of sectors that included climate resilient agriculture; climate-resilient water management; accessing and managing adaptation finance; and organisational development for adaptation.
 - [ICF China Green Finance Technical Assistance](#) - to support and incentivise China's transition to a more environmentally sustainable growth model through green finance and contribute towards the goal of developing a commercially-driven and sustainable global market for green finance.
 - While not climate focused, the approach developed by the DFID-funded [International Growth Centre](#) could be used as a vehicle for delivering enhanced local capacity and understanding to support countries to achieve their climate ambition.
- IIED observes that the UK has designed a range of technical assistance programmes that international partners could usefully learn from.

Additional work needed to implement recommendation

- Learning from these examples, all UK Government climate funding should put a requirement on any intermediaries to coach and support both national and local partners; in effect to "work themselves out of the job" through the life of the project. This should be built in as a requirement of the funding selection criteria and delivery outputs but is not currently embedded.
- The UK should share their experience and lessons with the UN, MDBs and other climate finance providers to encourage them to draw on the insights of political astute technical assistance and incorporate these features in their own initiatives. As G7 and COP26 President, the UK is well placed to influence this in 2021.

IDC 2019 Recommendation C: UK support should focus on LDCs, most vulnerable communities and target for the international development finance that must reach local levels.

- Progress has been made, but more work is needed to fully implement this recommendation.

Progress/status

- The UK has made progress, for example by endorsing the Principles for Locally Led Adaptation Action, supporting LIFE-AR and hosting the Climate and Development Ministerial event which had a strong focus on identifying practical solutions with vulnerable countries.
- The UK has not set a target for the amount of development finance that should reach local levels. It has however set a target for 50% of UK's climate finance to be for adaptation and has achieved 47% overall to date. It provides 89% of climate finance in the form of grants. And the [UK has now committed](#) for all ODA to be aligned with the Paris Agreement.
- But the UK needs to build greater support to these issues across donors as there is still a major gap in adaptation financing in more vulnerable countries. Only [20% of climate finance supports adaptation activities, only 15% and 2% of climate finance supports least developed countries \(LDCs\) and Small Island Developing States](#) respectively and over half of this finance is in the form of loans (66% loans to LDCs, 50% to SIDS (IIED research forthcoming)).
 - Vulnerable countries noted this financing gap as a priority issue at the recent Climate and Development Ministerial and called on climate finance providers to prioritise direct access for vulnerable countries, ensure at least 50% of climate finance delivers for adaptation and the need for additional support for loss and damage finance.

Additional work needed to implement recommendation

- The UK can continue its work against this recommendation by:
 - Implement the Principles for Locally Led Adaptation Action (including by mainstreaming them across climate and development finance), and promote the Principles to other countries, donors, multilateral organisations and intermediaries through forums including the G7, G20 and COP26 and through the Adaptation Action Coalition.
 - Set its own target and plan for delivering climate finance at the local level, and support LDCs through the LIFE-AR Partnership Compact to channel 70% of finance to the local level in their countries.
 - The UK Government should commit to and influence climate finance providers to scale up the amount of finance available for adaptation and resilience projects, by providing at least 50% for adaptation, providing additional support for loss and damage, prioritising direct access for vulnerable countries and increasing the proportion of flexible finance reaching the local level.
 - Reinstate its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA).
 - The aid cuts undermine the UK's ability to ask other countries to step up, as well as reducing the resources available for climate action in poorer countries.

IDC 2019 Recommendation D: UK should have more joint units that support countries, integrating the expertise of BEIS, Defra and DFID.

- Progress unclear, but likely that some steps have been taken.

Progress/status

- The merger of FCO and DFID to become FCDO has effectively raised a new set of questions, particularly if – as is expected - FCDO then takes all or most of the climate finance back from BEIS and DEFRA. This could support building a coherent approach by bringing all the expertise into one department.
- The risk is that without separate leads for mitigation, adaptation and nature-based solutions, the balance of the agenda is lost. Mitigation is easier to understand for Ministers and Heads of Mission and could become the priority by default.

IDC 2019 Recommendation E: UK has an opportunity to fund work through carefully designed coalitions of government and non-government actors, training institutes and delivery partners with a common purpose that have vertical and horizontal integration of actors.

- Progress has been made, but more work is needed to fully implement this recommendation.

Progress/status

- This recommendation has been partially met to our knowledge through UK's support to the LDC Initiative For Effective Adaptation and Resilience (LIFE-AR) which deliberately aims to support these vertical and horizontal integration of actors, as well as support to Nepal's local adaptation plans of action which should also enable this.
- However, the UK's pioneering support for Ethiopia's Climate Resilient Green Economy fund and for the Devolved Climate Finance work in Kenya, Tanzania, Mali and Senegal has all been cut or reduced. Suggesting overall that whilst the UK has the skills and processes capable of this work, internal incentives do not sufficiently reward maintaining innovation for long enough for it to pay off.

IDC 2019 Recommendation F: UK should consider developing, with consultation, a target for the international development finance that must reach local levels.

- Recommendation has not been met.

Progress/status

- The UK has endorsed the Principles for Locally Led Adaptation Action and signed up to the LIFE-AR compact both of which call for appropriate subsidiarity, with the LIFE-AR Partnership Compact requesting donors support the LDCs' ambition that 70% of climate finance is invested behind local actors' priorities. However, the UK but has not itself set a target to guide the level of climate and development finance that needs to reach local levels.

Additional work needed to implement recommendation

- To implement this recommendation, the UK should:

- Implement the Principles for Locally Led Adaptation Action (including by mainstreaming them across climate and development finance), and promote the Principles to other countries, donors, multilateral organisations and intermediaries through forums including the G7, G20 and COP26 and through the Adaptation Action Coalition.
- Set its own target and plan for delivering climate finance at the local level, and report to the LDCs through the LIFE-AR Partnership Compact on how well it is channelling 70% of finance to the local level in their countries.
- Reinstate its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA).
 - The aid cuts undermine the UK's ability to ask other countries to step up, as well as reducing the resources available for climate action in poorer countries.

IDC 2019 Recommendation G: UK should create a requirement for all overseas development aid to deliver Paris-compatible development, along the lines of the Gender Equality Act.

- Recommendation has been met as a commitment, but there is scope to take it further and require reporting against this in all programming documentation as with the Gender Equality Act.

Progress/status

- In 2019, the UK was the first major economy to commit to aligning all aid funding to the goals of the Paris Agreement. This will include strengthening existing provisions in the UK Government's guidance on considering climate and environmental factors. This requirement is embedded in the Green Finance Strategy, which highlights the following practical options to support Paris alignment:
 - Using an appropriate carbon price in relevant bilateral programme appraisal
 - Ensuring any investment support for fossil fuels affecting emissions is in line with the Paris Agreement temperature goals and transition plans
 - Implementing a proportionate approach to climate risk assurance
 - Ensuring that relevant programmes do not undermine the ambition in countries' Nationally Determined Contributions (NDC) and adaptation plans.
- The importance of aligning climate and development finance to the Paris Agreement was also raised by vulnerable countries at the Climate and Development Ministerial event.
- ICAI is undertaking a rapid review that will look at how the government is taking forward its' commitment to align UK ODA with the Paris Agreement. The results of this review may also inform opportunities to strengthen this alignment.
- Also related to this recommendation, the UK has also announced that it will end export finance, aid funding and trade promotion for new crude oil, natural gas or thermal coal projects, with very limited exceptions. This major policy shift is another step towards aligning the UK governments overseas aid with the goals of the Paris Agreement.
- The UK has also been working with likeminded donors to encourage the MDBs to commit to Paris Alignment across all areas of investment.

Additional work needed to implement recommendation

- The UK could do more to set out their plan for becoming Paris Aligned across sectors and instruments as well as how they will monitor progress and work with other countries to share experience. The success of this work currently falls to too few individuals and greater internal accountability is needed.
- The UK can continue its efforts with aligning overseas aid funding to the Paris Agreement by:
 - Developing guidance notes and governance arrangements to support the civil service to integrate the Paris Agreement into policies, programmes and operations across multiple sectors and portfolios, including monitoring of progress.
 - Continue the work on pushing for multilateral development banks to be Paris Aligned, whilst also leveraging its role as COP26 and G7 President and a leading country in becoming Paris aligned to share experience and work with other countries to encourage them to also have requirements and plans for becoming Paris aligned in their aid funding.
 - In addition to pursuing alignment with the Paris Agreement, the UK government should also focus on aligning aid funding with the Sustainable Development Goals and the goals and ambitions of the Global Biodiversity Framework being negotiated this year through CBD and likely to be agreed at COP15. Action on climate change cannot happen in a silo and mainstreaming all three agreements into aid funding is critical for support stronger outcomes for climate, nature and people.
 - Reinstate its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA).
 - The aid cuts undermine the UK's ability to ask other countries to step up, as well as reducing the resources available for climate action in poorer countries.

IDC 2019 Recommendation H: Multilateral implementing entities should include a sunset clause to any support they give a partner, requiring them to build national systems and capabilities.

- Little indication that this recommendation has been met. Please see response to Recommendation B above related to international experts and intermediaries to deliver in partnership with and to coach national institutional partners.

IDC 2019 Recommendation I: UK should use its convening power as a world leader and its role in the UN Secretary General's Climate Summit on Resilience to build coalitions of actors with the most vulnerable – the LDCs and small island states.

- Recommendation has been met, but there is scope to take it further.

Progress/status

- The UK has used its convening power to bring together world leaders, including from LDCs and SIDS, to discuss critical issues and identify solutions for progressing climate action. The most visible examples include the Climate Ambition Summit in December 2020, the Climate and Development Ministerial (C&DM) in March 2021 and the Petersburg Climate Dialogue (co-hosted with Germany) in May 2021. The UK is also supporting the Task Force on Access to Climate Finance and the Adaptation Action Coalition, which include representatives from vulnerable countries. It is also supporting programmes like

LIFE-AR – and has supported the LDCs in their outreach to other donors and encouraged the LDCs to build a shared platform with the SIDS.

Additional work needed to implement recommendation

- It is critical these coalitions and initiatives drive real action and avoid becoming forums for empty statements and promises. To ensure these coalitions can deliver truly transformational impact for and with vulnerable countries, it is critical that vulnerable countries are included in the working groups not just invited to speak at the summits, and that their practical solutions are acted on. Accountability is critical to building greater trust – and the C&DM was an important political moment for which the UK could usefully keep the G7 accountable.

IDC 2019 Recommendation J: UK should use its position on Green Climate Fund (GCF) board to re-define the design principles of climate funds by reshaping the investment framework to ensure poorer countries, bottom-up national intermediaries and community-based projects have more access to GCF funds.

- Recommendation has not been met.

Progress/status

- The GCF has not reshaped its investment framework and substantial barriers exist for vulnerable countries and their civil society seeking to access GCF funds. This was highlighted by vulnerable countries at the Climate and Development Ministerial event (see response to Recommendation A above).

Additional work needed to implement recommendation

- See response to Recommendation A above.

Term of Reference 2:

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

In addition to the points outlined in Section 1 above, there are four key areas the UK Government should address in its role as COP26 President.

1. Reverse plans to cut aid funding to deliver on the \$100 billion

The UK must reinstate its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA) now. Without this, the UK has no political leverage given developed nations are collectively behind on the promised target of at least \$100 billion of climate finance a year by 2020. The UK's aid budget cuts send the wrong message to world leaders – that under-delivering for vulnerable countries is OK. The UK Government is putting substantial diplomatic effort into encouraging leaders to step up and support vulnerable countries with new climate finance commitments in the context of COP26, yet these aid cuts are undermining its efforts given the UK is backtracking on its own development finance commitments.

To ensure a successful COP26 with a strong legacy, it must position leaders to work together to address the challenge of access to climate finance. Building G7 support for this will be

critical. If the planned aid cuts are not reversed, the UK will lose its opportunity to deliver a successful outcome at COP26 – its legacy will be lost.

2. Put climate justice at the heart of the climate response

The UK has been a global leader on responding to the adaptation challenge prioritised by the most vulnerable countries. This focus has been an important balance to those donors only considering mitigation by the emerging economies. The countries who have done least to cause climate change are experiencing the hardest impacts, and some of these impacts are beyond the limits of adaptation. The Paris Agreement has 3 legs – mitigation, adaptation, and climate finance. Without action on all 3 the deal falls.

The UK therefore needs to maintain and strengthen its focus on adaptation as well as develop a pragmatic and rights-based response to Loss and Damage. Given the merger of FCO with DFID and the apparent retraction of climate leadership from BEIS and DEFRA to FCDO, there is a greater duty than ever to set out how adaptation will be given continued leadership across FCDO's top management.

The UK also needs to make a firm commitment to investing in the political capabilities of those parts of society often left out of long-term strategic planning processes – local communities, women, children and young people, disabled, displaced and Indigenous peoples. This is essential to ensuring climate action is not reversed or momentum lost with changes of government and requires considering how to support communities organise and federate within a country and across countries and how to provide patient support to those federations as they develop organisational and climate capabilities.

3. Promote a green and just pandemic recovery

The COVID-19 pandemic was far outside the expected realms of possibility when the IDC published its 2019 report. Since the report's release, the world has suffered one of the greatest economic and social shocks in recent memory. Notwithstanding the substantial challenges the pandemic has created, it also presents a major opportunity to reset and ensure recovery efforts enhance our goals on climate and nature and to deliver for and with local people. However, to date the investment in the covid-19 response has spent significantly more on propping up fossil fuel industry than on enabling a green recovery.

Through its Presidency of both the G7 and COP26 this year, the UK has a unique opportunity to help influence and shape approaches to the recovery from the pandemic. It should lead by example, placing climate, nature and people at the heart of its recovery efforts, and work with world leaders to encourage them to do the same.

4. Linking action on climate, nature and people in 2021

The world is dealing with multiple crises – the climate crisis, unprecedented biodiversity loss, rising inequalities, and now the COVID-19 pandemic. These challenges exacerbate pre-existing dynamics of marginalization and exclusion in already vulnerable countries, groups and individuals, thus impacting them asymmetrically. Strong and urgent action is needed to address these interconnected crises, including to leverage pandemic recovery packages to drive climate, nature and development outcomes this year and for the decades to come.

Leveraging the COP26 Nature Campaign, the UK Government should seek to strengthen linkages with China as the President of COP15 of the Convention on Biological Diversity (CBD) taking place later this year. The new Global Biodiversity Framework is expected to be agreed at the CBD COP15, and is a major milestone in global efforts to address the loss of

nature. Both the UNFCCC COP26 and CBD COP15 processes should be mutually reinforcing in driving strong outcomes over the coming decade to support action on climate change, biodiversity and poverty.

5. Overcome digital diplomacy challenges

The COVID-19 pandemic has dramatically shifted the way that developing countries engage internationally and will have implications for how the UK plans and manages COP26. Some recent research by IIED highlights the challenges.

In November 2020, IIED surveyed the UNFCCC LDC Group to understand how COVID-19 has impacted their climate diplomacy. More than half of the 46 countries responded and reported many challenges to accessing virtual forums during the pandemic. This IIED research into digital diplomacy is summarised below:

- a) 90% agreed that poor internet accessibility affected their ability to participate in virtual meetings relevant to climate diplomacy. Accessibility meant, for example, no internet or signal where they are located.
- a) The same number also agreed that poor internet quality affected their ability to participate in virtual meetings. Examples of bad quality included the sound not working well during calls, needing to turn off the video function to ensure better connection, the connection dropping out, etc.
- b) Some LDC group members were not able to attend any virtual meetings relevant to climate diplomacy in 2020. There were also examples of LDC representatives to UNFCCC committees having to withdraw from these positions due to an inability to access virtual discussions.
- c) These connection issues present fundamental challenges to how climate vulnerable countries engage in virtual dialogues.

This research highlights the challenge of diplomatic engagement during the pandemic. It is not possible to guarantee that a virtual forum is inclusive unless people from the world's poorest countries are able to access them. That means overcoming many logistical challenges. These challenges are not insurmountable. Participants can be supported with better access and quality internet in many cases, but the assumption that every country is starting from the same baseline in a virtual world is incorrect. The UK's diplomacy efforts and planning for COP26 during the pandemic and recovery must reflect this.

Term of Reference 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

IIED has no specific comments to add further to what is already covered against Questions 1 and 2 above.

Term of Reference 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.

The points outlined against Questions 1 and 2 above present IIEDs views on current progress against the existing recommendations. They represent our view of the critical steps needed for the UK Government to deliver success at COP26.

The following summarises these steps, with a particular focus on climate justice, aid funding and access to climate finance.

- The UK should reinstate its commitment to providing 0.7% of its gross national income annually as overseas development assistance (ODA). The aid cuts undermine the UK's ability to ask other countries to step up, as well as reducing the resources available for the just transition to low carbon, climate resilient development in poorer countries. Standing by the aid cuts will weaken the chances of a successful outcome at COP26 by compromising the UK's leadership.
- The UK should stand in solidarity with vulnerable countries and:
 - Use its COP26 and G7 Presidency to continue to highlight the access to climate finance issues and solutions raised by vulnerable countries at the Climate and Development Ministerial and show solidarity with them in helping to overcome the challenges.
 - Ensure the new Task Force on Access to Climate Finance is established such that it can meaningfully tackle critical issues of access to climate finance. This includes strengthening the draft concept note to ensure it reflect the solutions proposed by vulnerable countries at the Climate and Development Ministerial.
 - Leverage its roles on the Board of the Green Climate Fund and the Council of the Global Environment Facility to progress the issues raised by vulnerable countries during the Climate and Development Ministerial.
 - Work with the DAC under their processes with progressive donors to be clearly listening to the vulnerable countries and demonstrate good intentions on improving transparency and the accounting rules of climate finance through a political commitment by at least a group of donors prepared to test potential improvements.
 - Commit to and influence climate finance providers to scale up the amount of finance available for adaptation and resilience projects, by providing at least 50% for adaptation, providing additional support for loss and damage, prioritising direct access for vulnerable countries and increasing the proportion of flexible finance reaching the local level.
 - Ensure coalitions and initiatives can deliver truly transformational impact for and with vulnerable countries, it is critical that vulnerable countries are included in the working groups and not just invited to speak at the summits, and that their practical solutions are acted on. Accountability is critical to building greater trust – and the Climate and Development Ministerial process was an important political moment for which the UK could usefully keep the G7 accountable.
- Through its own climate finance investments, the UK should lead by example and commit to:
 - Greater transparency in how UK climate finance is invested, including reporting on how much of their finance is reaching the most vulnerable countries and communities.
 - Support independent verification of donor reporting on delivering the \$100bn per year in climate finance by COP26, ensuring there is accountability that this serves as a floor from 2020 rather than a ceiling, and that flexible finance reaches the most vulnerable countries and communities.

- Improve the quality of UK climate finance through shifting to longer-term climate finance investments, that are driven by country needs and contexts to build national climate capabilities and enable direct access to global funds.
- Implement the Principles for Locally Led Adaptation Action (including by mainstreaming them across climate and development finance), and promote the Principles to other countries, donors, multilateral organisations and intermediaries through forums including the G7, G20 and COP26 and through the Adaptation Action Coalition.
- Set their own target for delivering climate finance at the local level, and support LDCs through the LIFE-AR Partnership Compact to channel 70% of finance to the local level in their countries.
- Provide direct support to organised communities to enable investment in the political capabilities of women, children, young and disabled people and Indigenous Peoples to create the spaces for meaningful engagement in locally led adaptation and for the social transformation required for a just transition.
- Put a requirement on any intermediaries to coach and support both national and local partners; in effect to “work themselves out of the job” through the life of the project. This should be built in as a requirement of the funding selection criteria and delivery outputs but is not currently embedded.
- Share their experience and lessons with the UN, MDBs and other climate finance providers to encourage them to draw on the insights of political astute technical assistance and incorporate these features in their own initiatives. As G7 and COP26 President, the UK is well placed to influence this in 2021.
- The UK should continue its efforts with aligning overseas aid funding to the Paris Agreement by:
 - Setting out their plan for becoming Paris Aligned across sectors and instruments as well as how they will monitor progress and work with other countries to share experience. The success of this work currently falls to too few individuals and greater internal accountability is needed.
 - Developing guidance notes and governance arrangements to support the civil service to integrate the Paris Agreement into policies, programmes and operations across multiple sectors and portfolios, including monitoring of progress.
 - Continue the work on pushing for multilateral development banks to be Paris Aligned, whilst also leveraging its role as COP26 and G7 President and a leading country in becoming Paris aligned to share experience and work with other countries to encourage them to also have requirements and plans for becoming Paris aligned in their aid funding.
 - In addition to pursuing alignment with the Paris Agreement, the UK government should also focus on aligning aid funding with the Sustainable Development Goals and the goals and ambitions of the Global Biodiversity Framework being negotiated this year through CBD and likely to be agreed at COP15. Action on climate change cannot happen in a silo and mainstreaming all three agreements into aid funding is critical for support stronger outcomes for climate, nature and people.
- Put climate justice at the heart of the climate response by progressing the above priority steps and:
 - maintain and strengthen its focus on adaptation as well as develop a pragmatic and rights-based response to Loss and Damage. Given the merger of FCO with

DFID and the apparent retraction of climate leadership from BEIS and DEFRA to FCDO, there is a greater duty than ever to set out how adaptation will be given continued leadership across FCDO's top management.

- make a firm commitment to investing in the political capabilities of those parts of society often left out of long-term strategic planning processes – local communities, women, children and young people, disabled, displaced and Indigenous peoples. This is essential to ensuring climate action is not reversed or momentum lost with changes of government and requires considering how to support communities organise and federate within a country and across countries and how to provide patient support to those federations as they develop organisational and climate capabilities.
- Promote a green and just pandemic recovery by ensuring the UK's recovery efforts enhance goals on climate and nature and to deliver for and with local people, and work with world leaders to encourage them to do the same.
- Linking action on climate, nature and people in 2021 by leveraging the COP26 Nature Campaign to strengthen linkages with China as the President of COP15 of the Convention on Biological Diversity (CBD). The new Global Biodiversity Framework is expected to be agreed at the CBD COP15, and is a major milestone in global efforts to address the loss of nature. Both the UNFCCC COP26 and CBD COP15 processes should be mutually reinforcing in driving strong outcomes over the coming decade to support action on climate change, biodiversity and poverty.
- Overcome digital diplomacy challenges by avoiding the assumption that every country is starting from the same baseline in a virtual world. Planning for COP26 during the pandemic and recovery must reflect this, and account for differences in internet quality and accessibility. Practical options may include the provision of access and better-quality internet to poorer country delegates to ensure they have a stable line and considering the issues of time zones when planning events and meetings.