



Written evidence submitted by Global Witness

to the International Development Committee inquiry on effectiveness of UK aid

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Introduction

1. Global Witness is an international organisation that works to break the links between natural resource exploitation, conflict, poverty, corruption, and human rights abuses worldwide.

Evidence

2. The UK's aid effectiveness is critically undermined by both ODA and non-ODA government investment in fossil fuel projects overseas. This exacerbates climate change, making it harder to achieve aid goals, and undermines the good work that UK aid does across the world.
3. In its July 2019 report into UK aid for combating climate change, the International Development Committee noted the inconsistency of the Government providing climate aid with one hand, and spending billions on fossil fuel projects abroad with the other. The Committee highlighted the case of UK Export Finance, which with other departments between 2010 and 2016 provided support worth £4.8 billion to fossil fuel projects compared to a total spend of £4.9 billion on the International Climate Fund between 2011-17. The Committee noted, *'supporting the fossil fuel economy in developing countries damages the effectiveness of the UK's approach to combatting climate change and this should be rectified urgently.'*¹
4. Since the publication of this inquiry, there have been new revelations regarding taxpayer support for fossil fuels in many government departments.
5. In February, Global Witness revealed how a DFID-funded investment institution, the Private Infrastructure Development Group (PIDG), has spent USD \$750 million in aid money on fossil fuel projects.²
6. An investigation by Greenpeace in April 2020 shows how CDC Group, the Government's development finance institution, has 16 active investments in oil and gas projects in Africa, and one in south east Asia, through intermediary investment funds.³ This is likely the tip of

¹ International Development Committee, May 2019, 'Major change in Government aid strategy needed to tackle Global Climate Emergency,' <https://www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/news-parliament-2017/uk-aid-for-combating-climate-change-report-publication-17-19/>

² Global Witness, February 2020, 'In Aid Of Who?' <https://www.globalwitness.org/en/campaigns/climate-breakdown/aid-who/>

³ The Independent, April 2020, 'Climate crisis: UK aid money funnelled into fossil fuel companies,' <https://www.independent.co.uk/environment/climate-crisis-uk-foreign-aid-money-fossil-fuel-africa-asia-cdc-group-a9464561.html>

the iceberg for CDC's intermediated investments in fossil fuels, and its direct financing for fossil fuels already runs into hundreds of millions.⁴

7. These new revelations show that government inconsistency in this area doesn't just come from non-ODA spending like UK Export Finance, but also is a problem in ODA too.
8. There is a need to hold the Government to account on how it continues to undermine UK aid effectiveness by funding fossil fuels. In a post-COVID19 world, it's going to be even more important that every penny of UK aid is spent wisely to help the world's poorest people.
9. There is no longer any development rationale for fossil fuel support. Renewable energy is the best way to meet the energy access needs of the world's poorest, with some prominent experts having changed their minds in recent years due to improved research and evidence, better clean energy technology and financial markets shifting to renewables.⁵ There is no longer a need to provide public finance for fossil fuels overseas for aid purposes.
10. The Government continues to ignore the IDC's May 2019 recommendation that the government should resolve this inconsistency. It is also ignoring the Environmental Audit Committee's recommendation that UK Export Finance should end all fossil fuel support.⁶
11. Support for new fossil fuel projects runs counter to article 2.1(c) of the Paris Agreement (that financial flows must align with 'low greenhouse gas emissions and climate-resilient development'), which the Government claims to support. Former Prime Minister Theresa May said in June 2019 that aid needs to 'support the transition to lower greenhouse gas emissions,' but it is unclear what this means, or how this commitment squares with huge investments in fossil fuels.⁷ Although Boris Johnson has recently banned overseas finance for coal, noting that 'we all breathe the same air,... and we all suffer when carbon emissions rise,' the UK has not provided any significant assistance for coal for at least 8 years, and the announcement leaves the UK far off course to meet the 2.1(c) Paris Agreement obligation.⁸ Condemnation of the government is increasing, and has included former UN Secretary-General Ban Ki-Moon.⁹
12. Therefore, the committee should re-examine this issue and place further scrutiny on the Government as to why, as hosts of the next UN climate conference, they have not ended all ODA and non-ODA support for fossil fuels abroad.
13. Until overseas fossil fuel support ends, UK aid will not be as effective as it could be.

⁴ DeSmog, March 2020, 'UK Government-Owned Investor Using Hundreds of Millions of Aid Money to Finance Fossil Fuels Abroad,' <https://www.desmog.co.uk/2020/03/10/uk-government-owned-investor-using-hundreds-millions-aid-money-finance-fossil-fuels-abroad>

⁵ DevEx, March 2020, 'Should aid be used to fund fossil fuel investments?', <https://www.devex.com/news/should-aid-be-used-to-fund-fossil-fuel-investments-96624>

⁶ Environmental Audit Committee, June 2019, 'MPs call for end of taxpayer support for fossil fuel projects from 2021,' <https://www.parliament.uk/business/committees/committees-a-z/commons-select/environmental-audit-committee/news-parliament-2017/uk-export-finance-report-published-17-19/>

⁷ Gov.Uk, June 2019, 'PM commits to greener aid spending and sets out bid to host international climate summit in 2020,' <https://www.gov.uk/government/news/pm-commits-to-greener-aid-spending-and-sets-out-bid-to-host-international-climate-summit-in-2020>

⁸ The Independent, January 2020, 'Climate crisis – Boris Johnson's 'no aid for coal' promise branded a sham,' <https://www.independent.co.uk/news/uk/politics/climate-crisis-boris-johnson-coal-fossil-fuel-foreign-aid-greenhouse-gas-a9300516.html>

⁹ The Guardian, February 2019, 'Ban Ki-Moon tells Britain: Stop investing in fossil fuels overseas,' <https://www.theguardian.com/environment/2019/feb/24/ban-ki-moon-britain-stop-invest-fossil-fuels-overseas>