House of Commons

International Development Committee

UK aid for combating climate change: Government Response to the Committee's Eleventh Report

Twelfth Special Report of Session 2017–19

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The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for International Development and its associated public bodies.

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The current staff of the Committee are Fergus Reid (Clerk), Jeanne Delebarre (Second Clerk), Rachael Cox, Kenneth Foreman, Faten Hussein and Rebecca Usden (Committee Specialists), Leo Oliveira (Senior Committee Assistant), Paul Hampson and Rowena Macdonald (Committee Assistants), George Perry (Media Officer).

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Twelfth Special Report

On 8 May 2019, the International Development Committee published its Eleventh Report of Session 2017–19, on *UK aid for combating climate change* (HC 1432). The Government response was received on 18 July 2019. The response is appended below.

Appendix

Urgency and Scale of the challenge

1. *We recommend that the Government designs and adopts a clear, robust strategy for spending climate finance. The strategy should be outcome-oriented, time-sensitive, and based on the latest climate science. At the same time, climate change needs to be recognised as a cross-cutting strategic priority in the UK's aid spending and should be comprehensively integrated across all development assistance strategies. (Paragraph 33)*

Government response: Agree

- We agree with the committee that climate change is an existential, urgent and cross-cutting development challenge. It poses a substantial risk that development gains, including those supported by UK aid spending, could be reversed with potentially devastating consequences.
- We also agree that UK International Climate Finance should be deployed to greatest effect. The UK has a strong record in delivering results from ICF programming and, against the scale of programming, has already has significant impact. Our approach is not just about spending money, influence, dialogue, and partnerships play a fundamental role in ensuring we have the greatest possible transformational impact in our support for the global climate transition.
- We agree that a cross-departmental update of the ICF approach would be timely and useful to ensure that the ICF remains focused on where it can have most impact, drawing on e.g. experience to date, the latest scientific evidence, new approaches and new opportunities. We have already started work on this.
- As announced by the Prime Minister at the G20, tackling climate change is a central part of UK aid and the Government is committed to aligning all UK aid spending with the objectives of the Paris Agreement

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International Climate Finance: Spending and Resources

2. *The UK has committed to spending £1.76 billion on climate finance in 2020/21 and we agree that this should become the new annual minimum spend for climate finance from the UK. This funding should be allocated as International Climate Finance in the upcoming comprehensive spending review. At the same time, DFID's climate related work should not be restrained by the ICF budget which need not be regarded as the sole source of*

climate finance. In order to scale up efforts on climate beyond what is funded by ICF, the Government should consider the options for additional climate finance from public and private sources. (Paragraph 38)

Government response: Agree, though we note that future spending on ICF will be agreed in the Spending Review

- Through the Paris Agreement the Government has committed to play our role in the collective developed country goal of mobilising $100bn per year in climate finance from public and private sources, and to collectively increasing the mobilisation of climate finance over time. We will continue to honour these commitments.

- The commitment to deliver at least £1.76bn of climate finance in 2020/21 from the UK's ODA budget makes the UK one of the leading bilateral donors of climate finance. We recognise the future need for effective climate finance will continue to be very significant. A decision on the UK's future ICF commitment beyond 2020/21 will be made as part of the forthcoming Spending Review, though the international Development Secretary has been clear on his ambition to double spending on climate change and environment in DFID and put this agenda at the heart of all that DFID does.

- DFID's approach for a number of years has recognised that tackling climate change and its impact is inherently bound up with development and poverty reduction. So, it is right to pursue our climate change objectives through our work with countries, through our economic development work, through research and development, and through our international engagement and support to multilateral organisations.

- The ICF is not the full extent of DFID's climate change investments. We do not count as ICF the UK attributable share of the Multilateral Development Banks' funding for climate change, nor assistance through the EU, both of which are significant and growing. The UK has given priority to working with these major multilaterals and other countries to secure agreements to do more on climate change. This includes for example working to agree that the World Bank will increase its climate change work to be 32% of its total lending, and that it will increase its priority on building climate resilience.

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3. The evidence strongly suggests that DFID's capacity and expertise on climate has been reduced in recent years—particularly, although not exclusively, in relation to forests and natural resource management—risking detrimental impacts on programming. This situation should be urgently rectified. DFID must have sufficient numbers of staff who are (a) focused on climate programming and (b) have climate expertise, to ensure that International Climate Finance is being spent effectively and where it is most needed. This applies to both DFID head office and in-country posts. (Paragraph 44)

Taken with

4. We welcome the Government's commitment to create 20 new dedicated climate change posts. However, it is not clear to what extent these posts will be supported by champions for action on climate change at senior management level. *We also note that the criticism around a loss of DFID expertise on forests due to an increased emphasis on working through service providers still seems to stand. DFID should ensure that efforts at efficiency savings do not lead to watered down expertise and ultimately result in ICF being spent less effectively.* (Paragraph 45)

Government response: Agree

- DFID has always recognised that having the right staffing is essential to making the most impact on development outcomes in all our work, including that on climate change. Within the running costs budget set by Treasury, we have consistently prioritised maximising our capability, and the Secretary of State has told the Committee of his ambition to secure additional staff resources
- We regularly review the skills and expertise within the department, adjusting the balance as needed. The recruitment of more climate specialists reflects our recognition that more expertise is needed. We have also just launched a programme for other specialist advisers to refresh and update their knowledge and capabilities on climate change. To complement this, BEIS and Defra climate and forestry expertise and staffing levels have also increased significantly over the past couple of years. We are also exploring recruiting more forestry and environmental advisers in DFID.
- We also recognise the importance of visible, consistent leadership. To strengthen this, DFID Director General for Policy, Research and Humanitarian, Richard Clarke has taken on the role of climate champion since September 2018.

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5. In Chapter 2 we outlined why it is so important that international climate finance is spent as effectively and with as great an impact as possible. It follows, then, that the way in which ICF is being spent, its impact, and the methodology for measuring that impact, should be in the public domain and open to scrutiny. Not only will this ensure that climate finance spending can be held to the highest of standards, it can also help to raise the bar on climate finance reporting in other countries by acting as a model to follow. Improved transparency around ICF spending therefore has the potential to improve climate finance spending globally. *The UK should take the opportunity to be a global leader on climate finance accounting and reporting by improving transparency of ICF spending, impact and monitoring methodology. We agree with the International Institute for Environment and Development (IIED) that DFID's online "DevTracker" system could provide an appropriate platform for greater transparency on International Climate Finance (ICF). The Government should use this platform to report climate finance flows transparently, broken down by component, delivery partner and project details.* (Paragraph 48)

Government response: Partially agree

- All three departments are committed to high standards of transparency of their aid spend in line with the 2015 UK Aid Strategy commitment to ensure that all

UK government departments spending ODA will be ranked as either 'Good' or 'Very Good' in the International Aid Transparency Index (IATI) within the next five years (2020).

- To maintain such standards across ICF, BEIS, Defra and DFID are committed to further improving UK ICF overall transparency. BEIS and Defra are currently undergoing a review exercise conducted by Publish What You Fund, and led by DFID, across HMG, to ensure work is on track to meet the 2015 UK Aid Strategy transparency commitment and be ranked 'good' or 'very good'. As part of this exercise, a large volume of additional data on ICF programmes has already been made public on the International Aid Transparency Index (IATI) and Dev Tracker. We will ensure programme and project level data is identifiable in accordance with the International Aid Transparency Index (IATI) standards by November 2020.

- With the information currently published and these improvements, considerable data on ICF will be available—payments, business cases, annual reviews and completion reports. The ICF supports hundreds of programmes, many of which have multiple sub-projects and partners, and operate across many countries. Releasing more detailed information for example details of all implementing organisations, their funding and spending etc, would incur considerable costs for both Government and the organisations we fund or contract. The Government is not convinced that the additional transparency achieved would justify such expenditure.

- The UK has set the highest standards internationally in reporting on climate finance, and we would wish to see this leading to a change in practice by others. We have played a key role in enhancing climate finance reporting requirements under the UNFCCC through negotiations on the Paris Agreement Rulebook. As these requirements are implemented, the UK will continue to be an advocate of enhanced climate finance transparency globally.

Strategic approaches to spending International Climate Finance

6. Spending international climate finance does not necessarily reduce poverty. Some strategies which aim to address the causes of climate change can have a harmful impact on the poorest and most vulnerable. As well as being an unacceptable use of the aid budget, this also renders climate finance less effective by reducing adaptive capacity. The UK should recognise and be alive to these potential trade-offs in order to manage and avoid unintended, potentially harmful outcomes. *The most effective way for the Government to spend climate finance and avoid trade-offs is to ensure poverty reduction is a central pillar in all ICF spending. This means that all departments should be able to demonstrate explicitly how their ICF spending reduces poverty and benefits the most vulnerable, and this should be actively tracked and reported as part of the monitoring and evaluation of ICF spending.* (Paragraph 68)

Government response: Agree

- All ICF spending is Official Development Assistance (ODA) and as such it must meet the international definitions set by the OECD which require that development is the primary purpose of providing assistance. Accounting Officers in each department are required to ensure that they are satisfied that their spending meets this standard and complies with the International Development Act.
- Poverty reduction is central to the ICF. Combating the causes, by supporting efforts to secure lower-carbon economic growth, and helping poorer countries anticipate and manage the impacts of climate change are central to the achievement of the Sustainable Development Goals, and we are pursuing this agenda through high quality development programming.
- ICF business cases set out how projects reduce poverty and there is a robust management framework in place to track results, including annual reviews, programme and portfolio monitoring, and a suite of independent programme and portfolio evaluations to help monitor and assess their intended results.

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7. In terms of developing policies and designing programmes, the concepts of climate compatible development and climate justice provide helpful guidelines for ensuring that climate finance brings maximum benefits for addressing both the causes and impacts of climate change whilst promoting sustainable development. *The Government should explicitly adopt these approaches and be guided by them in policy development and programme design.* (Paragraph 69)

Government response: Partially agree

- The UK aid supports sustainable development that is compatible with tackling the causes and impacts of climate change. The Prime Minister committed at the G20 to aligning all UK ODA with the objectives of the Paris Agreement.
- Trying to disentangle and address the precise contribution various factors make to poverty and the challenges faced by the poor however—as sometimes implied by those who argue for the concept of climate justice—is difficult, and the point is to provide effective help. Effective sustainable development is best done in partnership with governments and communities, producing strong development strategies that take account of all factors and risks, including climate change.
- This is why we prefer to frame this as a commitment to leave no one behind, in line with the UN led 2030 Agenda for Sustainable Development.
- When disasters strike, the UK has demonstrated that we are ready to help. The UK is the world's second largest humanitarian donor, doubling funding for humanitarian assistance from £484 million in 2009 to £1.1 billion in 2014, rising to £1.4 billion in 2017. Finding ways to cut the impact and costs of disasters is a major stream of work in DFID including in the run-up to the UN Climate Action Summit in September. We are pleased to be co-leading work on building resilience, recognising how important that is, especially for the poorest communities most vulnerable to the impact of climate change.

- Where appropriate ICF programmes also seek to incorporate nature based solutions For example, programmes which protect mangrove systems or promote sustainable forestry can not only increase the resilience of local populations to extreme weather events, but also preserve and enhance biodiversity and provide stable, environmentally sustainable jobs for the future.

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8. The UK Government is setting a good example internationally by adopting and meeting its commitment under the Paris Agreement to spend 50% of International Climate Finance on adaptation. *This should be maintained in the next spending period.* (Paragraph 75)

Taken with:

9. However, whilst the international reporting requirements for climate finance are structured around the distinction between mitigation and adaptation, the Government should not be restrained by this framing when it comes to designing policies and programmes. *The Government should consider mitigation and adaptation strategies simultaneously. These should be integrated in ICF funded programmes, together with sustainable development objectives.* (Paragraph 76)

Government response: Agree

- The Government recognises that both adaptation and mitigation are critical. Helping countries anticipate and manage the impact of climate change is essential if we are to see sustained development progress and achieve the Sustainable Development Goals. The Government also recognises that the current growth in greenhouse gas emissions is putting the world on the path to dangerous levels of climate change, which coupled with serious environmental degradation, is threatening the very systems—the air, the land, the water – which sustain life.
- It makes sense to consider mitigation and adaptation simultaneously where appropriate. Some ICF projects already do this. Many of the UK's forestry and land-use investments, for instance, deliver both adaptation and mitigation benefits by protecting, sustainably managing and/or restoring ecosystems.

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10. DFID is not doing enough long-term planning when it comes to climate programming. Even when programmes are renewed, this is not always planned for at an early stage, which limits how effectively partners can use the injection of funding. DFID needs to shift to a more long-term approach whereby longer programme cycles are set out from the start, providing greater certainty and opportunity for strategic planning. This should not preclude ongoing robust evaluation and a flexible approach that allows for programmes to be adjusted and refined during implementation, to ensure the best outcomes. (Paragraph 87)

Taken with:

11. The evidence points towards a tendency for successful climate programmes to be drawn to a close, rather than scaled up. This seems to be driven, at least in part, by the

desire to mainstream climate across the portfolio, but we are concerned that this comes at the expense of expanding and growing effective programmes, which could have high impact. *DFID should use the uplift of climate finance in 2020/21 to scale up successful climate programmes in order to fully realise and maximise the potential benefits of the valuable work that DFID has invested in over this spending period.* (Paragraph 88)

Government response: Agree that DFID should continue to deploy its ICF to best effect.

- DFID designs and manages its climate investments in the same way as we manage all programming – that is to seek the best value for money as we maximise our impact on poverty reduction and the achievement of the Sustainable Development Goals. When designing a programme, teams consider the overarching context and the problem to be addressed, and then design programme based on the best evidence and deploying our expertise and experience. Programmes are carefully monitored and adjusted as needed, for example in the light of changes in the context or if it becomes clear that the programme is not effective in achieving its objectives.

- The average DFID ICF-funded programme has a duration of between 6–7 years which is similar to other programming. In some cases, the same objectives may be pursued in new programming if new approaches are judged to offer better impact. Where programmes are effective, they may be extended or scaled up, if that offers high value, but our most important measure of success is that investments supported by UK Aid lead to lasting changes and impact that are sustained without UK funding.

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12. Development assistance and private finance needs to play complementary roles. Leveraging private finance is vital in terms of the global reach of climate finance. UK aid has an important role to play in mobilising more private sector finance towards climate activities, and into areas and markets where private capital is needed but would not ordinarily go. We were pleased to hear that the UK has been supporting some innovative work in this area. *The Government should ensure that they are tracking not just the amount of private finance that is mobilised but also whether this is being accessed by those who need it most. This should form part of the Government's efforts to demonstrate explicitly how climate finance spend reduces poverty and benefits the most vulnerable, in line with our recommendation for how the Government should be conducting monitoring and evaluation of ICF spending.* (Paragraph 96)

Government Response: Disagree

- The Government fully recognises the importance of private, as well as public, finance supporting low emission, climate resilient development. The Government agrees with the committee's assertion that "leveraging private sector finance is vital to meet[ing] climate finance needs". Considerable investments are needed in many sectors, which the public sector will not be able to meet alone.

- Having a transformational impact on finance flows for climate change is a feature of our work including our engagement with multilateral institutions. As part of our work on the UN Climate Action Summit, we are pressing for all organisations to take greater account of climate risk in their work. We are also working with private sector financial institutions to build on work to date to enable climate-vulnerable countries to insure against natural disasters.

- The Government's work to leverage private sector investments to tackle climate change recognises that investors will consider a range of factors, including their ability to balance risk and make a return. In our programming, we are focused on creating the right enabling conditions to catalyse private finance into climate-resilient and low carbon investments and encouraging more investment in less developed countries. ICF investment guidelines also emphasise the importance of deploying the minimal level of public sector funding needed to catalyse high value, high impact investments from the private sector. Private finance leveraged is tracked as one of ICF's Key Performance Indicators, however, given the complexity of tracking private sector flows, we do not intend to intend to establish a new metric a s proposed by the Committee. We will however continue our best efforts to measure impact against the ICF's key indicators such as people who have access to clean energy.

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13. There is a great deal that needs to be done to encourage global private finance flows to become low carbon and climate resilient. Development assistance can play an important role in growing this climate sensitivity in the private sector. We heard that DFID has successfully supported increased private sector transparency in relation to forest footprints but there is more that the UK could be doing in promoting financial disclosures. *We recommend that the CDC follow the example of the International Finance Corporation and require equity clients to report coal exposure.* (Paragraph 97)

Government Response: Partially agree

- CDC's existing coal policy ensures that they will not make direct equity investments in coal-fired power projects except in very rare circumstances. CDC will only make equity investments in utility companies that have coal fired thermal power companies in their portfolio if there is a compelling development impact case and a plan in place to introduce new cleaner technologies and drive efficiencies to reduce Green House Gases. DFID will encourage CDC to ensure that future direct investments do not go into supporting coal or upstream shale oil and gas.

- CDC currently does not require investee companies to report their coal exposure, but as shareholder. DFID will encourage CDC to consider this option carefully. CDC is in the process of developing a new climate change strategy and will review its coal policy as part of this exercise.

- The recently published Green Finance strategy sets out a clear expectation that all UK publicly-listed companies and large asset owners will disclose in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations by 2022. It also commits CDC to making climate-related financial disclosures in its accounts in line with the TCFD recommendations, as soon as practicable following the close of the 2020/21 financial year.

14. We welcome the fact that DFID is seeking to mainstream climate change to ensure that, across the DFID portfolio, programmes are consistent with and supportive of climate resilience and low carbon development. Development programmes that fail to meet this standard will ultimately undermine their own effectiveness. Correspondingly, DFID's programmes will be stronger if they take into account and deliberately address climate change. However, we agree with Christian Aid that mainstreaming should be done as a matter of good practice in all programming, without the use of the International Climate Finance budget. Failing to integrate climate considerations in this way would be flawed development practice, and DFID should not be tapping into the ICF budget to subsidise what it should be doing anyway. *Instead of also funding the mainstreaming of climate considerations in all DFID's programmes, the ICF budget should be reserved for the strategic goal of achieving transformative outcomes. The new ICF strategy should contain within it a clear articulation of the kind of transformative change that DFID intends to achieve through its climate finance contributions. The impact of ICF should then be measured and evaluated against these goals.* (Paragraph 105).

Government response: Agree that the new ICF strategy should articulate the changes and outcomes we are targeting.

- We are glad that the IDC has recognised DFID's efforts to mainstream climate change, to counter the threat it poses to already vulnerable people and communities.
- We agree that there are two important priorities in the IDC's recommendations—ensuring that risks associated with climate change are identified, as part of ODA development practice, and that we are using our resources to bring about the most impact.
- On the latter point we are updating our strategic approach to tackling climate change, As noted above in many instances, the most effective use of climate finance will be by integrating climate across development spending. This is because for example one of the biggest risks facing a country may be more frequent or more severe natural disasters, or the impact that a changing climate will have on agriculture or water resources, or how countries are investing in the energy they need to drive their economic growth.
- All ODA programmes are considering their impact on the environment where it is relevant, as well as the risks that the climate might pose to programmes' longer-term sustainability.
- To ensure a more consistent approach to this, the Government has committed to ensuring that all UK ODA is aligned with the Paris Agreement—not just in DFID but across the UK government—and set out steps that will be taken to ensure this. This wider change will complement the climate benefits which will continue to be delivered using ICF.

Policy coherence on Climate change across government

15. There is room to improve cross-departmental collaboration on International Climate Finance. Whilst there are formal, high-level mechanisms in place for cross-departmental decision-making, and whilst there is an apparent level of informal information sharing between officials, it seems that structural changes to how ICF is administered have had the effect of reducing joint working between departments. This is especially concerning in light of our conclusions on the importance of integrating mitigation and adaptation strategies, with mitigation and adaptation having become the emergent specialisms of BEIS and DFID respectively. *The management structures that govern the ICF should be reformed to encourage deeper collaboration and ensure that departments benefit from each other's expertise. The Government should develop a system that involves each department giving more comprehensive consideration to the other departments' ICF spend, to enable greater collaboration and knowledge sharing.* (Paragraph 110).

Government Response: Disagree

- The Government considers there to be strong and effective working across the departments, and more broadly across Government, and does not see the need to institute new ICF governance arrangements. DFID, BEIS and Defra place a high value on learning and knowledge sharing and joint working will continue to be an important feature of ICF.

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16. The difference in approaches between the CDC, which considers climate change to be a strategic priority, and the Prosperity Fund, which does not, is reflected in the level of consideration that climate change is given in their respective spending decisions. We are convinced by the arguments that in, order to ensure coherence on climate change, all UK aid spending, regardless of which department or fund administers it, should be screened to ensure it is pursuing low carbon, climate resilient, sustainable development. (Paragraph 122)

Taken with:

17. *The Government should make explicit that climate change is a strategic priority that is to be integrated into all aid spending. As a first step towards this, the Prosperity Fund should urgently develop an approach that indicates the climate relevance of their investments.* (Paragraph 123)

Government response: Agree

- The Government has made it clear that climate change is at the heart of government policy. In the Government's recently published Green Finance Strategy, the Government committed to aligning all UK ODA with the Paris Agreement, so that our development finance is consistent with climate resilient and low greenhouse gas development pathways.
- The Prosperity Fund supports the inclusive economic growth needed to reduce poverty in partner countries and is playing an important support role in tackling climate change, by working with countries to increase their resilience to climate

change, reduce emissions, and to transition to a low carbon economy. The Fund is active in large emerging economies that are key to global efforts to mitigate climate change.

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18. *The Government should adopt the model of the International Development (Gender Equality) Act 2014 for climate change, to ensure that all development assistance promotes progress towards a climate resilient, low carbon world.* (Paragraph 124)

Government Response: Disagree

- The Government does not agree that new legislation on ODA and climate change is needed. As noted above, the Government has made clear that climate change is a top priority and is taking concerted action domestically and internationally to drive urgent and ambitious action to tackle this global threat. It has set out a commitment to align all UK ODA with the objectives of the Paris Agreement.

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19. The only context in which it is acceptable for UK aid to be spent on fossil fuels is if this spend is ultimately in support of a transition away from fossil fuels and as part of a strategy to pursue net zero global emissions by 2050. *In each case where ODA is supporting fossil fuels, the Government must be able to (i) demonstrate how that spend supports such a transition to zero emissions, and (ii) outline a plan for how that transition will be achieved and in what timeframe.* (Paragraph 136)

Government response: Partially Agree

- The Government is fully committed to promoting the low carbon energy transition globally to limit emissions of greenhouse gases and mitigate the worst effects of climate change. It has committed to align all UK ODA with the objectives of the Paris Agreement, which will includes making fossil fuel policy consistent with these.
- At the same time, the Government recognises that an orderly and equitable transition will require an ongoing role for oil and gas for some time. A wide range of respected expert bodies and research, including those cited in the IPCC Special Report on the impacts global warming of 1.5oC, have shown that oil and gas will continue to be an essential part of the global energy mix for some time. The evidence suggests that even in scenarios consistent with limiting global average temperature rise to 1.5°C, investment will continue to be required in upstream oil and gas, as production from current fields will deplete faster than demand would fall.
- On (ii), we disagree that the UK government should be outlining transition timeframes or pathways for other countries. The Paris Agreement does not establish what each country's contribution to a transition to net zero global emissions should be. Instead, each country sets its own Nationally Determined Contribution (NDC) and is responsible for deciding what policies, and what energy mix, it should pursue in order to achieve this. The UK Government

recognises that existing NDCs are not sufficient to set the world on a path to limiting global average temperature increase to well below 2°C and will work with countries to ensure their NDCs reflect their highest possible ambition.

UK International leadership on climate change

20. The UK Government is well placed to press for improvements to the Green Climate Fund. *The Government should work with the GCF Board to improve efficiency in decision-making and enable better access to finance by lower capacity countries and organisations, so that finance channelled through the GCF can be truly transformational.* (Paragraph 146)

Government response: Agree

- Since its inception, DFID and BEIS have been instrumental in securing decisions that underpin the ability of the GCF to achieve its mandate to promote low-emission and climate-resilient development. We agree that the UK is well-placed to influence for further improvements, required for the Fund to achieve greater transformational impact

- We continue to use our influence as a member of the GCF Board and our participation in the replenishment process to this end. We are prioritising achieving improvements to (i) the functioning of the board, including through advocating for the introduction of a voting procedure for decision-making when all efforts at reaching consensus have been exhausted, and (ii) the targeting of grants and concessional resources to increase the fund's impact by provision of support in accordance with country needs and capabilities. We are also seeking reforms which increase the GCF's value for money, the effectiveness of its programming and its ability to leverage additional finance from multilateral development banks, the private sector and other forms of co-financing. We consider that these priorities fit well with the IDC's findings.

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21. Transferring finance from the Climate Investment Funds to the Green Climate Fund is an important goal, considering the GCF's balanced governance structure and its legitimacy under the UNFCCC. However, this transfer should not be made prematurely if the CIFs are delivering valuable outcomes that the GCF is not yet in a position to match. *The Government should continue to treat the CIFs as an interim measure, supporting the CIFs to deliver transformative outcomes whilst actively working towards a point when all the CIFs funding can instead be channelled through the GCF.* (Paragraph 147)

Government response: Partially agree

- The Government is committed to the Paris Agreement and recognises the primary importance of the Green Climate Fund within it. As noted above we are making our best efforts to ensure that the GCF is as effective as possible.

- The CIFs have played an important role to date, securing some strong results and outcomes, as the Committee notes, and the UK has played a crucial role in this. The G24 and Ministers from developing countries have made statements calling for the CIFs to continue to operate in the near term in a complementary way to the GCF and for resources to be made available. In June 2019 the CIF board, with support from the UK, agreed not to sunset the funds at this point and to bring forward new programming proposals for decision in January 2020. Through our role in the CIF governance we are fully engaged in this process.

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22. Multilateral Development Banks (MDBs) are making positive contributions in climate finance and have made welcome commitments on aligning their financial flows with the goals of the Paris Agreement, but these have not yet gone far enough. Whilst some banks have made certain, progressive commitments—such as the World Bank Group committing to end all finance for upstream oil and gas—others have not, and all banks have more work to do in greening their financial flows. *The UK should use its influence with MDBs to champion more strongly a shift away from high-carbon investments and a scaling up of investments that are compatible with a 1.5°C world. The Government should work together and coordinate with other MDB shareholders to amplify pressure.* (Paragraph 153)

Taken with:

23. Collective action is needed, and so the MDB joint framework for alignment with the Paris Agreement is a welcome step. However, the framework is currently too high-level to be driving real change. The MDBs should set out how they will implement this framework in order to achieve alignment at pace. Again, the UK should employ the support of other shareholders and use collective influence to drive this forward. (Paragraph 154)

Government response: Agree

- The Government has consistently pressed the MDBs to scale-up their efforts to support developing countries in reducing poverty and the Sustainable Development Goals (SDGs), in a way that builds climate resilience, catalyses ambitious mitigation action and achieves the Paris Agreement temperature goals. We will continue to work with like-minded shareholders and use our influence in the MDBs to secure more action, recognising that there are competing views at the MDB Boards on these issues. We will use up-coming negotiations (such as the World Bank's IDA 19 negotiations, Africa Development Bank capital increase negotiations and the Asian Development Bank Energy Policy review) to seek specific commitments towards this, including through ambitious climate finance targets beyond 2020.

- We also encourage the MDBs to further their work on the alignment of their activities with the Paris Agreement, including through the adoption of building blocks including alignment with climate goals, enhancing the resilience of operations, acceleration of the low carbon transition (including through enhanced NDC implementation), policy support and alignment of their internal activities. We will continue to engage with and support the MDBs as they develop the relevant methods and tools to operationalise these commitments, working closely with partner countries, to optimise the impact of MDBs in the achievement of the Paris Agreement goals.

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24. The devastation that Cyclone Idai caused across three countries has brought into sharp focus the terrible loss and damage that extreme weather events can leave in their wake. As global temperatures rise, loss and damage will also increase. It is imperative that the international community faces this issue head-on. We are pleased that the Government has indicated that loss and damage will be addressed as part of their work on resilience at the UN Secretary-General's Climate Change Summit in September this year. *This should not mean that the issue is subsumed into a wider conversation on resilience, which fails to discuss loss and damage directly. The Government cannot rely on co-benefits from other streams of work on resilience to address loss and damage. As part of its leadership on resilience at the Summit in September, the Government should explicitly open a conversation around loss and damage and how it can best be addressed, by developed and developing countries in partnership.* (Paragraph 166)

Government Response: Disagree

The UN Climate Action Summit will focus on encouraging specific action to counter the threat of climate change. This will include action to avert, minimize and address the growing threat of loss and damage. As the Paris agreement points out, effective action to avert minimize and address loss and damage is inextricably bound up with actions such as risk management and finance, early warning and action to build resilience of communities and ecosystems. Finance already provided for mitigation, adaptation, disaster preparedness, risk reduction and response is relevant for averting, minimizing and addressing loss and damage. It has not been possible to usefully identify a set of actions that can be labelled as specifically 'loss and damage'. Effective action needs to be holistic and embedded in wider development and disaster response action. We therefore think that attempting to use loss and damage as an organising principle would be confusing, increase bureaucracy and detract from the integrated action needed.

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25. As the impacts of climate change worsen, migration and displacement as a result of climate change will rise. The international community should ensure that it is prepared to manage and address this inevitable change. We welcome the fact that climate migration and displacement is increasingly being recognised as an area that requires attention. *The UK Government should play a role in supporting research and improving data on climate migration, as well as leading conversations around how aid delivery structures and international frameworks may need to adapt. The UN Secretary General's upcoming Climate Summit provides an ideal opportunity for the UK to advance this conversation as part of its leadership on resilience.* (Paragraph 171)

Government response: Partially agree

We recognize that climate change and environmental degradation will amplify drivers of irregular migration. Decisions to migrate are driven by a range of factors and there are many existing platforms where migration is discussed. The Secretary-General's upcoming

Climate Action Summit is an opportunity for UK to lead positive action to increase effective action on adaptation and resilience. This action can be expected to reduce the drivers of migration, but we do not intend to frame the dialogue around migration, given the other existing discussions. We do however intend to commission analysis to build better understanding of the causal links between irregular migration and climate change in order to inform the migration discussions and action.