ENERGY AND CLIMATE CHANGE SELECT COMMITTEE HEARING ON OUTCOMES
OF LIMA COP: FURTHER INFORMATION REQUESTED BY THE COMMITTEE

Thank you for the opportunity to appear before the Energy and Climate Change Select Committee on Wednesday 7 January 2015.

As discussed during the session, I am sending you information on the International Climate Fund (ICF) projects and the Green Climate Fund (GCF); and other countries’ plans to submit their individual Intended Nationally Determined Contributions (INDCs).

ICF and GCF

The UK have committed £3.87 billion between April 2011 and March 2016 through the ICF to reduce poverty by helping developing countries adapt to the impacts of climate change, to take up low carbon growth and address deforestation. This money has been divided up between the Department for International Development, the Department of Energy and Climate Change and the Department for Food and Rural Affairs.

Nearly 200 programmes have been funded by the ICF. These are a mixture of contributions to multilateral funds, centrally managed programmes and bilateral programmes. The ICF portfolio is aiming to allocate 50% of its funding to promoting low carbon growth and 50% to building climate resilience, with work on forestry cutting across both themes.

So far the ICF has delivered the following headline results:

- Helped 7.7 million people directly supported to cope with effects of climate change.
- Given 1.2 million people improved access to clean energy
- Created 25,000 jobs
- Reduced or avoided 1.5 million tonnes of CO₂
- mobilised £840 million of public finance
We are achieving these results through programmes such as BRACED (Building Resilience and Adapting to Climate Extremes and Disasters), where the UK has committed up to £140M to support countries that are at most risk of climate extremes and to build the evidence on how to do this at scale to influence policy and institutional changes. Further examples include Green Africa Power (GAP) where the UK is investing £98M to support renewable energy projects in Africa, by providing early stage capital and credit to cover specific risks, aiming to demonstrate the long-term viability of renewable energy in Africa.

We are building the capacity of developing country governments through investing in programmes such as the Climate Development Knowledge Network (CDKN). This aims to support developing country decision-makers in designing and delivering climate compatible development policies and programmes. The CDKN provides demand-led research and technical assistance, and channels the best available knowledge on climate change and development to support policy and implementation processes at the country and regional level.

The ICF is helping developing countries take up low carbon growth through investing in programmes such as the Clean Technology Fund (CTF), this is one of the global multilateral trust funds and is supporting the demonstration, deployment and transfer of low-carbon technology in developing countries. The ICF is driving private investment through programmes such as the Climate Public Private Partnership (CP3), where the UK is providing £110M as an anchor investor into 2 private equity funds in partnership with the IFC (part of the World Bank Group) and the Asian Development Bank. The project aims to demonstrate to private sector investors that climate friendly investments in developing countries are financially viable.

Our investments to address deforestation include the programme I mentioned in my evidence session on Silvopastoral Systems in Colombia where the UK is providing £15M to support the growth of silvopastoral systems (agricultural techniques to improve degraded grazing land) in order to reduce emissions, improve the livelihood of farmers, protect local forests and increase biodiversity. We are also investing in multilateral forest funds such as the BioCarbon Fund to help build long-term reforms in forested countries that ultimately align incentives clearly towards sustainable forest management. These funds will also leverage in private sector finance.

A key future investment from the ICF will be in the Green Climate Fund (GCF). The UK has already worked hard to help shape the GCF, which has a far larger scope for action than other funds. The UK has a seat on the fund’s governing board whose 24 members are drawn equally from developing and developed countries. Through the UK’s seat on the Board and the GCF Investment Committee, the UK is working with other Board members to agree a strong investment policy against which all funding proposals will be assessed. This will ensure that the GCF delivers real world outcomes and good value for money in a broad range of countries.

We have committed to fund 12% of the GCF up to a maximum commitment of £720M. Contributions to the GCF next financial year (in 2015/16 - the current spending review period) will come from within the existing £3.87 billion budget of the ICF. UK contributions to the GCF in following years will form part of our existing ODA commitment - this Government has committed to spending 0.7% of Gross National Income (GNI) on Official Development Assistance (ODA). To this end we are supporting legislation that is currently before Parliament, which gives further weight to this ODA commitment.
Making the GCF operational within the year is important to wider HMG objectives to accelerate progress in tackling climate change and underpin progress towards an ambitious UN climate agreement in 2015.

Across the portfolio, the ICF is demonstrating our commitment to stimulating action and innovation and providing evidence on what works. I believe that the ICF is a key part of the UK’s response to addressing the economic costs of unmitigated climate change, where poor people will be hit the hardest by its impacts.

I hope you find this information helpful. I look forward to appearing before the Committee again later this month wider issues of that fall within my Department’s responsibilities.

**INDCs**

At the Conference of Parties in Warsaw last year, all 195 countries in the United Nations Framework Convention on Climate Change (UNFCCC) agreed to communicate their INDCs well in advance of Paris and by quarter 1 of 2015 for all Parties ready to do so. This is welcome as it helps us understand these contributions, corrects mistakes from Copenhagen and build momentum towards securing the deal in Paris.

In Lima, none of the 195 countries challenged this timetable; indeed, it was reiterated. We already know that the US, China and the EU, accounting for around half of all global emissions, will submit their INDCs in the first quarter. We, with our EU partners, also expect all major economies to meet this timetable. Almost all the rest of the G20, which, with the US, China and the EU, account for 75% of global emissions have explicitly told us that they are aiming to meet this timetable. There is a risk some slip past the first quarter though we have no firm information to say this for certain or, if any do, which ones might.

We also know that many other countries are closing in on the final stages of their INDC preparations, including a good number of countries across Latin America, the Gulf region and South East Asia. The Group of Least Developed Countries have also told us that up to twelve of their members are working to meet this timeline, which will be a powerful signal to the world and leave no excuse to any major economy not to meet this timetable.

In summary, we remain positive about countries’ preparations of their INDCs. We are hopeful many will be submitted during the first quarter and that others will not be far behind, and that most of the world’s emissions will be covered by INDCs being submitted in, or shortly after, the first quarter.

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