



The Climate Coalition Briefing

Priorities for Spending Review 2020

Summary

As the UK recovers from the COVID-19 health crisis, we must build back better and forge an economy that is more sustainable, inclusive, and resilient.

We are at a crucial juncture in history when the actions taken now to respond to the pandemic and rebuild our economies will determine whether humanity succeeds in our goal to limit the global temperature rise to 1.5°C, halt and reverse the decline of nature and eradicate poverty.

Sufficient resources are required for the UK government to present and implement a world leading Nationally Determined Contribution (NDC) to global efforts to limit global temperature rise, creating investment opportunities and supporting a fair transition.

Internationally, climate finance is a cornerstone of global cooperation on climate change. Maintaining UK commitments to post-2020 international climate finance as COP26 President, will galvanise ambition from others and help set the stage for a successful COP outcome.

A sustainable, resilient, and inclusive economic recovery will only be possible with a just transition at its core. Public investment will play a critical role in catalysing this transition in the energy sector, agriculture, infrastructure, and all areas of production.

Recovery is a chance for the government to 'level-up'; creating a more equitable society whilst accelerating the net-zero transition. This includes boosting employment in clean energy industries in the areas of greatest need, helping affected workers move to new green jobs and ensuring the most vulnerable are not left behind.

This crisis has also laid bare the fundamental connection between healthy, flourishing and productive communities and thriving ecosystems. Restoring nature

and robust environmental protection will help build resilience and reduce the risk of future global health and economic shocks.

The Budget and Comprehensive Spending Review is a vital opportunity for the UK Government to future-proof the UK economy by unleashing investment in the net-zero transition, resilience and nature, and also a vital moment to put the UK in the best position to achieve a successful COP26 outcome. The Time is Now for a green and just recovery. Our priority asks are as follows:

1. Net-Zero Test

- **Adopt and apply a 'net-zero test' to the Treasury's spending and fiscal decisions**, to get on track to net-zero and the 1.5C goal and maximise the economic opportunity of the transition.

2. Green Investment

- **Set up a Climate Infrastructure Bank** to accelerate investment into the zero carbon economy. **Capitalise with £4 billion of public investment per year** - a total of £16 billion over four years.
- **Adopt and implement a Net-Zero Finance Plan** to set out how the transition will be financed.
- **Make climate risk disclosure mandatory for the financial sector** and require all UK regulated financial institutions to have a strategy in place by the end of 2021 to meet the Paris Agreement.

3. Net Zero Homes

- **Slash carbon emissions and home energy bills**, by committing a further £7.8 billion for energy efficiency over 4 years from 2021, in addition to funds already pledged in the Summer Statement.
- **Boost zero carbon heat solutions** by providing a further £5.8 billion for heat pumps over the 4 years from 2021 to get the UK on track to net-zero.

4. Clean Power

- **Auctions for onshore wind, solar and offshore wind should be held every year** to ramp up environmentally sustainable deployment.
- **Investment should be increased in offshore wind skills training, supply chain expansion and port infrastructure** in the North East, Scotland and Wales.
- **Rooftop solar should be supported through increased procurement on public sector roofs and fiscal incentives**, such as lower business rates to encourage private investment.

5. Clean Transport

- **At least £10 billion additional public investment a year in low carbon transport infrastructure**, including £3 billion a year to provide free public transport for people on the lowest incomes, £6 billion a year to expand and electrify local and regional bus and train services, and £4 billion extra over the next 4 years for expanding walking and cycling in England.

6. Restoring Nature

- **£1.2 billion annual investment for a Nature Recovery Network and nature-based solutions for climate change** (£615 million terrestrial and £600 million marine and coastal).
- **£3 billion annual investment in world leading, high standards food and farming.**
- **£142 million annual investment in sustainable fisheries and marine protection.**
- **£500 million annual investment in a National Nature Service** to employ and train unemployed people in environmental skills with an additional £315 million for Link's shovel ready projects, to create an immediate pipeline of work for the NNS.
- **Annual investment of at least £1 billion in levelling up access to nature** in our towns and cities so that every community can access green infrastructure, high quality green spaces, and the health and wellbeing benefits they provide.
- With the Ministry of Housing, Communities and Local Government, a **one-off investment of £150 million in environmental information and data**, plus an annual investment of at least £331 million in advice, enforcement and expertise in arms-length bodies and Local Authorities.

7. International finance to build resilience, enable low carbon development and protect nature

- **End all UK support - including ODA and UK Export Finance - for fossil fuels** (coal, oil, and gas) overseas, review and phase-out existing investments by the end of 2021, and scale up support for renewable and efficient energy systems and for universal access to energy.
- **Maintain the UK's commitment to £11.6bn over five years (2021/2022 to 2025/2026) for international climate finance, and the commitment to 50% of this finance being for adaptation.** This should include new and additional sources of finance beyond the aid budget.
- **Government spending should also be increased, in line with the UK's fair share**, to support global efforts to protect and restore nature.

Ask 1 - The Net Zero Test

We are asking the Treasury to adopt and apply a ‘net zero test’ to all of its spending and fiscal decisions - including those announced in the upcoming Comprehensive Spending Review and Budget - to ensure that the whole package will add up to getting and keeping the UK on track for net-zero, sustainable economic growth and future economic resilience. Such a test would be a world first for a national economic ministry, showing global leadership ahead of the COP 26 climate summit which the UK will be hosting in 2021.

The best way to stimulate the economy is for the government to invest in green industries and technologies that will underpin the UK’s future clean growth. Such investments will build our resilience to climate change, create jobs and drive economic growth, and offer financial returns which are three to eight times greater than the original investment. They will also deliver wider benefits to the UK of £90bn a year¹, for example by cutting air pollution and saving healthcare costs. The IPCC’s report on limiting global warming to 1.5°C showed there are many potential sustainability co-benefits to climate action.

As the Government prepares for the Comprehensive Spending Review it is crucial that public funds invested in the UK’s economic recovery deliver results that are aligned with its long-term policy goals. The UK’s economic recovery package must therefore aim to reduce greenhouse gas emissions as rapidly as possible and to support adaptation to climate change impacts, so as to be aligned with the Government’s legally binding target of achieving net zero emissions by 2050 and with the UK’s ratification of the Paris Agreement.

Ask 2 – Powering Up Green Investment

- **A Climate Infrastructure Bank**

We are asking the Treasury to announce a decision at the Comprehensive Spending Review to set up and capitalise a Climate Infrastructure Bank with a net-zero mandate. A team should be appointed to lead the detailed design and implementation work over the course of 2021.

Failure to invest in a timely and well-managed economic transition to meet the UK’s target of net-zero emissions by 2050 will come at a huge cost to the

¹ <https://www.wwf.org.uk/updates/uk-investment-strategy-building-back-resilient-and-sustainable-economy>

UK; yet at present an investment gap exists between planned capital allocations to green infrastructure and those that are required to meet policy goals.² As the UK moves to fill the investment gap created by its withdrawal from the European Investment Bank, a new Climate Infrastructure Bank with a mandate to invest in the just transition could play a leading role in harnessing the opportunities arising from investing in the industries and technologies of the future, acting as a market maker. Targeted public investments in green projects and sectors could increase prosperity across the UK's regions and leverage the additional private investment that will be needed to achieve the UK's long-term policy goals.

Now is the time to race to the top with a world leading Climate Infrastructure Bank that drives innovation, breaks down the barriers to low carbon investments and supports long-term economic productivity. A new institution should include: a green banking function to de-risk and aggregate green infrastructure projects; support for the development of future markets in green technology by investing in innovation that supports the net-zero transition; provision of strategic advice to the government on the barriers to green investment and how to address them; an international investment arm to leverage in major funding to clean sectors around the world and support for nature-based solutions.

With £20 billion paid in capital and £80 billion callable; total capitalisation could be £100 billion total. Paid in capital should be paid in over 5 years at £4bn p.a or £16 billion over the CSR period. With a 1.5–1 gearing ratio and turnover of portfolio on average 5 years, it could lend around £30 billion per year.³

- **A Net-Zero Finance Plan**

We are asking the Treasury to adopt and implement a Net-Zero Finance Plan for the UK. A net zero strategy can only be effectively implemented if the Government also has a plan to finance it, including maximising the leverage of private investment and making effective use of public finance instruments and institutions.

The Green Finance Strategy of 2019 included major steps forward but did not amount to a coherent financing plan to meet the UK's binding net-zero target and resilience goals.⁴ The Treasury is now conducting a Review into Funding the Transition to a Net Zero Greenhouse Gas Economy which will be

² Committee on Climate Change, *Net Zero: The UK's contribution to stopping global warming*, 2019, www.theccc.org.uk/publication/net-zero-the-uks-contribution-to-stopping-global-warming

³ <https://www.aldersgategroup.org.uk/asset/1684> - LSE report for Aldersgate Group: Rebuilding to Last

⁴ <https://www.gov.uk/government/publications/green-finance-strategy>

a helpful step towards the development of a plan,⁵ particularly if it is accompanied by a full national financial needs assessment including investment needs for decarbonisation of transport, power, industry, agriculture, nature based solutions and buildings.

The UK's Net-Zero Finance Plan would demonstrate international leadership and would support implementation of the policies to be set out in the UK's expected new Nationally Determined Commitment under the Paris Agreement, attracting long-term investment into UK infrastructure and industry by sending clear long-term policy signals to investors.

- **Putting private finance sector on track to net-zero and 1.5C**

We are asking the Treasury to move quickly to make climate risk disclosure mandatory, and to require all UK regulated financial institutions to have a strategy in place by the end of 2021 to meet the Paris Agreement, extending across global practices. The UK financial sector is one of the centres of global fossil fuel finance and must transition to a net-zero future along with the rest of the economy if it is to remain globally competitive.

The UK has shown leadership in supporting disclosure of climate change risks and opportunities by private sector firms, but it is now time to move from disclosure to action. Moving a step forward by requiring financial firms to publish their transition plans for achieving net zero financed emissions will leverage change throughout the economy as investors, lenders and insurers engage with firms in the real economy and set expectations of decarbonisation. Voluntary standards for financial sector transition plans are rapidly emerging, risking market fragmentation, and there is a clear regulatory role for HMT to set clear market standards.

Ask 3 - Zero Carbon Homes Fit for the Future

Millions of families and households live in homes in the UK which are not fit for the future – the least energy efficient in western Europe,⁶ vulnerable to climate shocks, and contributing to winter deaths through cold and unhealthy

⁵<https://www.gov.uk/government/publications/net-zero-review-terms-of-reference/hm-treasurys-review-into-funding-the-transition-to-a-net-zero-greenhouse-gas-economy-terms-of-reference>

⁶ Guertler, P., Carrington, J. & Jansz, A. (2015) The Cold Man of Europe - 2015. Available from: <https://www.nea.org.uk/wp-content/uploads/2016/04/ACE-and-EBR-briefing-2015-10-Cold-man-of-Europe-up-date.pdf>

living conditions.⁷ Energy use in homes accounts for 20% of the UK's greenhouse gas emissions, and the slow pace of decarbonisation is misaligned with the urgency required to get the UK on track to net-zero.⁸

A related challenge is decarbonising heat. Only 8% of the UK's heat is provided from renewable energy, and the pace of new gas network connections far outstrips the deployment of zero carbon heating solutions like heat pumps and heat networks.⁹

A step change is needed to put the UK on track for zero-carbon homes. A long-term infrastructure investment programme to future-proof UK homes can act as a recovery engine that brings multiple social and environmental benefits, as well as contributing toward macroeconomic stability, protecting jobs and bolstering UK industry and manufacturing.¹⁰ The announcement of £3 billion of stimulus funding for building energy efficiency and heat pumps is a good start. Investment must now be confirmed to ensure an infrastructure programme to decarbonise UK homes continues at the scale and speed required to get on track to net-zero.

We recommend HMT work with BEIS to:

- Use the Heat and Buildings Strategy to bring forward to 2030 the energy efficiency target for all homes to reach at least Energy Performance Certificate (EPC) band C, with flexibility for traditional buildings with significant heritage value, and incentivise as many as possible to reach EPC A and B. In addition, set a target and provide investment to reduce emissions from home heating by 50% by 2030, through the expansion of district heating and the deployment of 10 million heat pumps in new and existing homes.
- Bring forward the Future Homes Standard to 2023 or sooner, ensuring all new homes and commercial buildings are built to a standard equivalent to Passivhaus by 2023, while ending the installation of fossil-fuel heating. Further regulation should require all new buildings to be net zero energy for all uses by 2030.

⁷ E3G & NEA (2018) Cold homes and excess winter deaths a preventable public health epidemic that can no longer be tolerated. [Online]. Available from: <https://www.nea.org.uk/wp-content/uploads/2018/02/E3G-NEA-Cold-homes-and-excess-winter-deaths.pdf>

⁸ Committee on Climate Change (2018). Reducing UK emissions – 2018 Progress Report to Parliament. Available at:

<https://www.theccc.org.uk/wpcontent/uploads/2018/06/CCC-2018-Progress-Reportto-Parliament.pdf>

⁹ E3G (2020), Getting on track for net-zero: 10 million heat pumps for homes by 2030. Available at:

https://www.e3g.org/wp-content/uploads/07_07_20_E3G-briefing-10m-heat-pumps-for-homes-by-2030.pdf

¹⁰ Energy Efficiency Infrastructure Group (2020), Energy efficiency's offer for a net zero compatible stimulus and recovery. Available at:

https://www.theeig.co.uk/media/1091/eeig_report_rebuilding_for_resilience_pages_01.pdf

We recommend Treasury use the Comprehensive Spending Review to:

Energy Efficiency: In addition to funding already announced for the Green Homes Grant this year, £7.8 billion should be committed over the 4 years from 2021 – comprising £4.5 billion for low income households and social housing, expanding slightly on manifesto pledges, and a further £3.3 billion to incentivise able to pay homeowners. This can leverage a further £15 billion from landlords and owner occupiers. This should include the continuation of the Green Home Grant scheme and further measures to bolster demand for green home retrofits such as a zero interest loans scheme for home renovations and zero carbon heat; Stamp Duty rebates for highly efficient homes; and 5% VAT on energy saving products restored for all households;

Zero carbon heat: Provide a further £5.8 billion for heat pumps over the next 4 years from 2021, which could unlock a further £5.3 billion in private investment. In addition, provide capital and support for a Heat Pumps Sector Deal – analogous to that for the offshore wind industry – aimed at scaling up skills and supply chains associated with zero carbon heat solutions.

Ask 4 – Zero Carbon Power

We must continue to capitalise on the success of the renewables sector to ensure that overall generation is tripled by 2030.¹¹ Now that costs have fallen so far, this will be an essential way to lower energy bills.

Auctions for onshore wind, solar and offshore wind should be held every year to ramp up deployment. Investment should also be increased in skills training, supply chain expansion and port infrastructure in the North East, Scotland and Wales to support a just transition away from North Sea oil and gas and get the UK on track to delivering the government’s 40GW by 2030 offshore wind target. Planning must also be improved to optimise opportunity for low cost power whilst avoiding harm to wildlife or special landscapes.

Rooftop solar should be supported through increased procurement on public sector roofs and fiscal incentives, such as lower business rates to encourage private investment. This policy certainty will give investors and energy firms a more regular business cycle.

Ask 5 – Investing in a Clean Transport Future

¹¹ <https://www.greenpeace.org.uk/wp-content/uploads/2019/08/Filling-the-gap-report-Feb-2019-1.pdf>

Transport is the largest source of carbon dioxide emissions in the UK¹² and a major source of poor air quality. During lockdown, less traffic meant that we experienced cleaner air and clearer roads, by-products that the public would like to keep¹³ and would help build health resilience to Covid-19 and other diseases¹⁴. The Transport Secretary himself has acknowledged that we need to use private cars less and use public transport more¹⁵, and has confirmed some spending to make this happen. However, if we want to make these changes permanent, we have to go much further. To build a resilient future, we need the Treasury to put sustainability and net-zero at the heart of all UK nations' transport infrastructure plans, and the first step to achieving that is much greater investment.

The UK government must build a zero carbon transport system fit for the 21st century which can boost productivity, create jobs and clean up the air we breathe.

We are asking for at least £10 billion a year additional public investment in low carbon transport infrastructure, including:

- £3 billion a year to provide free public transport for people on the lowest incomes¹⁶
- £6 billion a year to expand and electrify local and regional bus and train services, restore routes that were cut and switch buses and coaches to zero emission power¹⁷

¹²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875485/2019_UK_greenhouse_gas_emissions_provisional_figures_statistical_release.pdf

¹³<https://www.transportenvironment.org/press/4-5-city-residents-want-cars-give-way-bikes-buses-and-walkin-g-tackle-urban-air-pollution>

¹⁴ <https://airqualitynews.com/2020/08/13/the-link-between-air-pollution-and-covid-19/>

¹⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/878642/decarbonising-transport-setting-the-challenge.pdf

¹⁶ In England the current cost of making all bus travel free of charge would be £3 billion per year. <https://policy.friendsoftheearth.uk/sites/files/policy/documents/2019-02/free-buses-under-30s.pdf> It is likely more than £3 billion would be required to sustain making bus travel free of charge because the policy would lead to an increase in demand for bus travel; in addition, this sum would only cover England, rather than the whole of the UK. Taking these factors into account, the £3 billion figure to support free public transport for people on the lowest incomes is an indicative estimate.

¹⁷ We have estimated that at least £7.006bn additional funds are needed per year for these purposes. This breaks down as: At least £186 million per year to switch buses and coaches across the UK to zero-emission power; £1.3 billion per year in England to restore the bus routes that have been cut significantly since 2014 and add new routes where local authorities deem necessary (see footnotes 21 and 22 <https://www.greenpeace.org.uk/wp-content/uploads/2019/08/Government-Investment-for-a-greener-and-fairer-economy-FINAL-30.08.19.pdf>); and at least £5.52 billion additional capital funding per year to enhance the UK's railways - specifically works to improve the core north-south UK mainlines, extend electrification, reopen lines and create new lines (see page 54 in NEF Rail Network For Everyone report https://neweconomics.org/uploads/files/A_Rail_Network_for_Everyone_WEB.pdf The £5.52bn figure does not include all core rail operations and maintenance costs). So far in 2020, the Government has committed the following, equating to £5.819bn, which we assume is to be split over the 5 year spending review period, equating to £1.1638bn/yr: £4.2 billion for city region transport settlements (for all forms of public transport);

- At least £4 billion extra over the next 4 years to deliver the government's existing target of doubling cycling and increasing walking in England by 2025¹⁸

Beyond cleaner air and lower emissions, the benefits of this investment would be:

- Creating over 179,000 jobs¹⁹
- Preparing for the potential need for longer lasting social distancing, ensuring investment can begin in areas most in need of regeneration
- Levelling up communities across the whole of the UK through greater connectivity
- Ensuring fair access to travel for people on lower incomes and job seekers who rely more on public transport²⁰

Transport funding should prioritise these spending objectives rather than new road-building.

Ask 6 – Boosting the Recovery of Nature & Climate Resilience in the UK

We propose a package of investment to help the UK to get on track to net-zero and boost natural assets that underpin our national life²¹. This would allow the UK to flourish through new employment, new green spaces, cleaner air and waters and secured food supplies. Five investment priorities will deliver these benefits:

- **£1.2 billion annual investment to enable delivery of the Nature Recovery Network and nature-based solutions for climate change** (£615 million terrestrial and £600 million marine and coastal). Major investment is needed to pass on the environment in better condition, focused on delivering against existing environmental commitments and delivery of 500,000 hectares of new priority habitat promised in the 25 Year Environment Plan. Restoring nature will also reduce

£10 million to develop plans for improving the reliability and capacity of the Manchester rail network; £589m to kickstart work on the Transpennine main line between Leeds, Huddersfield and Manchester; £20 million for a Midlands Rail Hub; £1bn Transforming Cities Fund (cycling, walking, buses and trams). The remaining funding gap is therefore £7.006bn minus £1.164bn, making £5.84bn/yr. We have made that a need for £6bn because there are significant uncertainties in the actual requirements. Please note that this does not include any funding for expanding local tram networks.

¹⁸ The Government has estimated that at least £6 billion is required between 2020-2025 to meet its own target to double walking and increase cycling in England by 2025. So far in 2020, the Government has committed £2 billion over the next 5 years for cycling.

<https://www.cyclinguk.org/article/chancellors-budget-fails-get-cycling-done>

¹⁹ <https://www.tuc.org.uk/sites/default/files/2020-06/RebuildingAfterRecession.pdf>

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https://bettertransport.org.uk/sites/default/files/research-files/Transport_social_equality_welfare_work.pdf

²¹ <https://www.gov.uk/government/publications/interim-report-the-dasgupta-review-independent-review-on-the-economics-of-biodiversity>

environmental risks to our economy like climate change, flooding and invasive species. Ahead of the roll out of Environmental Land Management, we propose a dedicated fund to catch-up and kick-start delivery against the 25 Year Environment Plan and Net Zero ambitions.

- **£3 billion annual investment in world-leading, high standards food and farming.** The financial assistance schemes the Agriculture Bill will introduce, based around the tenet of public money for public goods, must protect our soils, seas and pollinators, enhance animal welfare and secure a long term future for the farming and fishing sectors. However, the schemes will not be available to all before the end of the next Spending Review period. Early benefits could be accrued by a transitional programme, which would help to prepare farmers and others for the new schemes and create a ladder to enable these sectors to increase their ambition and deliver good environmental outcomes swiftly.
- **£142 million annual investment in sustainable fisheries and marine protection** for the implementation and enforcement of robust management measures in our oceans, including all Marine Protected Areas and world leading fisheries management.
- **£500 million annual investment in a National Nature Service** to employ and train unemployed people in environmental skills, addressing the economic crisis and building a workforce fit for a future green economy. A National Nature Service will bring employment and opportunity to people who need it now, and provide the workforce needed to create the Nature Recovery Network and to green our cities.²² In the longer term, the training provided by the National Nature Service will fill the growing green skills gap, equipping people for the green jobs of the future. An additional £315 million investment in Link's shovel ready projects will provide an immediate pipeline of work for the NNS.
- **In collaboration with the Department of Health, at-least £1 billion of annual investment in levelling up access to nature** in our towns and cities so that every community can access high quality green (and blue) spaces, and the health and wellbeing benefits they provide.
- **With the Ministry of Housing, Communities and Local Government, a one-off investment of £150 million in environmental information and data, plus an annual investment of at least £331 million in advice, enforcement and expertise in arms-length bodies and Local Authorities.** On-the-ground expert ecological assessment advice should be twinned with modern data

²² https://www.wcl.org.uk/assets/uploads/files/NNS_August_letter_-_20.08.20.pdf

capture and sharing technologies to underpin strategic land use decision-making. Additional investment in Defra’s delivery bodies and Local Authorities—especially Natural England, the Environment Agency and the Office for Environmental Protection, as well as the establishment of the new UK REACH regulatory body — is needed to ensure that monitoring, enforcement and regulation can be carried out effectively. **This figure has increased from previous representation due to new evidence from Natural England and the Environment Agency.**²³²⁴

During the Covid crisis there was clear evidence of public reconnection to nature. As we emerge from the Covid crisis, there is a strong public desire for a healthier, secure future²⁵. This package of investment will underwrite that future by bringing nature back to health, and us with it.

Ask 7 – International finance to build resilience, reduce emissions and protect nature

It is in the UK’s interests to take a leading role in collaboration to solve shared challenges such as climate change and deterioration in the natural environment. Global leadership and support for multilateral action on the environment will support the emergence of a world order in which open societies and economies flourish. As a major economy and a leading financial centre globally, action on finance must be an important element of the government’s strategy.

We recommend that HMT takes the following steps:

- **Put an end to public finance for fossil fuels overseas**, as the logical next step from its previous pledge to end finance for coal overseas and its leadership in building an international coalition to ‘power past coal’. This would mean ending support - including ODA and UK Export Finance - for all fossil fuels (coal, oil, and gas) overseas, reviewing and phasing-out existing investments by the end of 2021, and scaling up support for renewable and efficient energy systems and for universal access to energy. The UK should focus all its support on assisting countries in the Global South to transition or leapfrog to

²³<https://www.gov.uk/government/news/letter-to-the-times-from-emma-howard-boyd-chair-of-environment-agency>

²⁴<https://www.yorkshirepost.co.uk/news/environment/natural-england-needs-extra-ps40m-year-just-do-its-bit-asic-job-1749093>

²⁵<https://www.rspb.org.uk/our-work/rspb-news/news/stories/poll-shows-people-in-england-support-nature-in-covid-recovery/>

renewable and efficient energy, and delivering SDG 7 on universal energy access.²⁶

- **The UK Government needs to maintain its commitment to provide £11.6 billion over five years (2021/22 to 2025/26) for climate finance, and within that maintain the UK's commitment to 50% of this finance being for adaptation.** International climate finance is a cornerstone of global cooperation on climate change, and will be central to a successful COP26 outcome. Urgent attention is needed to address the neglect of gender equality and to ensure significantly more climate finance reaches women, who are on the frontlines of the climate crisis.
- **Assign additional central budget allocation and/or new sources of finance (such as a Climate Damages Tax), are urgently needed to support vulnerable countries to pursue low-carbon development pathways, adapt to climate change, and manage loss and damage.** No new and additional (to pre-existing aid commitments) sources of finance have yet been provided for developing countries to tackle climate change, despite historic promises of this from the UK. The economic impacts of the COVID-19 pandemic make this challenge all the more urgent and also open a window of opportunity for action that will create long-term impact by supporting clean growth pathways.
- **Government spending should also be increased, in line with the UK's fair share, to support global efforts to protect and restore nature.** These funds must also be new and additional sources of public finance and must not come from the 0.7% commitment to aid.

²⁶ See CAFOD (2020) *UK support for energy overseas – 2010 to 2018*. <https://cafod.org.uk/About-us/Policy-and-research/Climate-change-and-energy/Sustainable-energy/Analysis-UK-support-for-energy>. ODI et al (2020) FAQs on oil, gas and poverty. <https://www.odi.org/projects/17203-faqs-oil-gas-and-poverty>. CAFOD, Christian Aid and Tearfund (2020) *Powering past oil and gas: energy choices for just and sustainable development*.