



Government: here to help?

Governments and multilateral institutions have a vital role to play in driving change – but we need stronger leadership and clearer accountability

THE RT HON NICK HURD
Chair, G7 Impact Taskforce



N.B. This essay is an edited version of the transcript of Nick's 20/30 Visions interview, which you can watch at www.bridgesfundmanagement/2030Visions.

In the UK, there have been some good examples of the role Government can play in accelerating markets and sending signals around prioritisation. Take the development of the offshore wind market: that was well thought-through and well-executed, and as a result, it's become an area where the UK has a competitive edge.

The Government was also very successful in building out the UK social investment market, through systematic interventions on both the supply and demand side. The market is now 10 times bigger than it was 10 years ago; that's £6bn of new capital flowing into the social economy. Some of that might have happened without Government support; but nothing like as much.

So the role of government is enormously important – not least in terms of its relationship with the private sector, and getting that cooperation working more effectively.

This won't be easy. I was in Government for almost a decade, and the reality is that Government and the private sector don't really understand each other. Without that understanding, it's very difficult to create the conditions whereby they can work together productively. But if we're going to develop a more sustainable and inclusive economy, there's got to be a fundamental change in mindset. Both sides need to accept that their interests are increasingly aligned – and that neither can solve these challenges alone. So how do they work together more effectively?

We need to create spaces where we can have these conversations and build that trust. In the UK, for example, we have the Green Finance Institute, which brings

together the market and policymakers to work through problems together – like how to facilitate private investment into retrofitting old buildings. It's exactly that kind of dialogue that needs to be fostered.

Thinking global

International cooperation is also critical. Most of these issues don't respect national boundaries, climate change being the obvious example. But I also know from my time in Government – and more recently working with a company called Bboxx, which is trying to end energy poverty in sub Saharan Africa – we're not going to achieve the key Sustainable Development Goals without global cooperation. We've got some fantastic models of this now; but they're still the exception rather than the norm.

Aid can play an important role too (which is why I deeply regret the erosion of the UK's role as an aid superpower). I know from my time at DfID what that facilitates in terms of international relationships with countries that really valued our commitments; they were the foundations on which other strategic partnerships could be built.

But it's also true that the aid system can be smarter. A lot of aid is used to pay for activity with insufficient rigour around outcomes. That has to change, to buttress the moral argument for investment in aid. The taxpayer has got to be comfortable that they are getting something in return.

More broadly, there's also a very strong case for reforming the big multilateral institutions we rely on for cooperation. If we recognise the fundamental truth that there is never going to be enough

“We've got some fantastic models of international cooperation now; but they're still the exception rather than the norm”



The Government's support for the offshore wind market has given the UK a competitive edge in this high-growth technology
(Photo by Nicholas Doherty on Unsplash)



public money to achieve our climate and development goals, then the question is: how do we mobilise private capital, at scale, in trillions, to work alongside government? There are some helpful tailwinds here that we can harness – like the growing interest in investing for impact. But there are also risks that need to be mitigated.

We have institutions with balance sheets that are capable of doing that, and a growing body of evidence for tools such as guarantees that can be used to achieve it. But the shareholders of these institutions have got to send a clearer signal to these institutions that they need to change their priorities. At the moment, they are too slow: it's frankly pathetic how long it takes to get money out of some of these global climate funds, given the scale and urgency of the challenge.

Reflections on COP 27

I've been going to COP since 2005. (As a young MP, I decided to focus on climate change, because I felt that for my generation of politicians, it was the biggest political challenge.)

To some extent I'm a COP sceptic: it's a process that goes at the pace of the least willing. But there is something oddly magnificent about the way it brings the world together. And I don't underestimate some of the progress that has been made at the key milestone COPs (like Paris and arguably Glasgow). Often the most interesting developments are what builds around the COP, in terms of private sector initiatives, regional partnerships, and so on. So there is value in the COP process, as long as we realise that it's not in itself going to deliver the progress that we need. And this COP was a good example of what a mixed bag these events can be.

On the plus side, there was a clear recognition that climate change is a social justice issue. It's going to be very hard to make progress now in terms of global cooperation unless the Global North recognises that. COP 27 was hugely significant in opening the door on that.

On the negative side, there was a clear failure in terms of raised ambition: only 30 countries came to COP with raised ambition, despite the promises of Glasgow. There was also very little evidence of implementation, or accountability for implementation. And there were worrying signs of fading ambition on 1.5 degrees.

Where we go from here

At this stage, it's all about delivery. I know from my time in government that working out what you want to do is only ever 10% of a challenge. The other 90% is implementation, implementation, implementation.

It's relatively easy for a CEO or Prime Minister to announce a net zero commitment. It's less clear what the delivery and implementation plans are, at corporate or country level. In my experience, very few countries have a clear idea of *how* they're going to do this. The reality is it will involve system change in most parts of the economy: that's an absolutely daunting task, which we're only just embarking on.

In the UK, for example, we've made good progress – but we've done the relatively easy stuff, i.e. changing our power system. Now we're getting into really difficult stuff, like persuading people to change the way they heat their homes. So it's all about implementation. I don't see enough evidence of seriousness around that, and I don't see an adequate framework of accountability for it.

“Only 30 countries came to COP with raised ambition, despite the promises of Glasgow. There was also very little evidence of implementation, or accountability for implementation”





Arguably the most important thing to happen in the UK's climate change journey was the Climate Change Bill – which put into law long term targets, and then broke those targets down into five-year budgets, for which the Government is accountable to an independent body, the Committee on Climate Change.

I was on the committee that framed that bill, and we spent a lot of time talking through the mechanics of accountability. Fast forward a few years, to when I was the Minister for Climate Change, and the wonderful people at ClientEarth were threatening to take me to court for being too slow to publish a strategy for delivering our carbon budget. As a minister, that was fantastically helpful, because I could say: "No, this is serious, we've got to get our act together". Without a framework of accountability, that wouldn't have been possible. And only a handful of countries in the world have a similar framework of accountability.

A leading question

Ultimately, it always comes down to leadership – both in Government and the private sector. And that's a challenge, because leadership rotates quite quickly. You need the right leadership at the right time (and we've seen with climate in the U.S., for example, how that can go terribly wrong).

The other challenge is to find more champions for the SDGs. The sustainability and inclusion agendas are absolutely linked: these transitions won't happen unless we bring people with us on the journey. We lose sight of this interconnectivity at our peril. So we need more vocal champions of the S, as well as the E.

Still, climate is the existential risk. And it's worth remembering the progress

we've made since the Paris Agreement. Whatever one thinks of COP, we've got to a position where 95% of the world economy is committed to net zero. That's quite extraordinary.

Arguably, we've left it too late for 1.5 degrees; maybe even 2 degrees. But we're aware now; we are the generation that cannot say we didn't know. And fortunately, we are also the generation that has the tools at our disposal to affect the probabilities; indeed we've already started.

So it's now really about our collective determination to push through the barriers to deploying clean energy at scale, which is the most immediate and pressing issue, and get on with the process of electrifying our economies. And that's the fundamental question: have we got leadership across the political and corporate sector to really seize this opportunity? The challenge for leaders is to focus on the priority issue – recognising that they're only in Government or the CEO's seat for so long. To ask themselves, every day: what's most important to me, and how can we make a difference?

The Rt Hon Nick Hurd began his career in investment banking and fund management, before being elected in 2005 as the Conservative Member of Parliament for Ruislip & Northwood in 2005. He went on to hold a number of ministerial roles within Government, including Minister for Civil Society, Parliamentary Under-Secretary of State in the Department for International Development (DfID), and Minister for Climate Change & Industry. His efforts on climate change led to him being named as Green Ribbon's Parliamentarian of the Year in 2016.

Since leaving Government in 2019, he has taken on advisory roles with a number of impactful businesses, while also chairing the Access Foundation for Social Investment and the G7 Impact Taskforce.



20/30 Visions is a series of interviews with global thought-leaders, exploring how we build a more sustainable and inclusive world in the next decade

BRIDGES
Fund Management

