UNIVERSITY OF CAMBRIDGE
INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

The Future we Want
Discussion Series

4. Accelerating climate action amid Covid-19

The Cambridge Institute for Sustainability Leadership, (CISL), held the fourth of its Future We Want Discussions on October 20th, 2020. The focus of this session was on: 'Accelerating climate action amid Covid-19.'


Hector Pollitt


Karen Basiye


Dr Emily Shuckburgh


James Wilde


Eliot Whittington

The panel of speakers included: Hector Pollitt, Director and Head of Modelling, Cambridge Econometrics; Karen Basiye, Senior Manager, Sustainability and Social Policy, Safaricom; Dr Emily Shuckburgh, Director, Cambridge Zero; and James Wilde, Group Head of Sustainability, Lloyds Banking Group. The session was chaired by Eliot Whittington, Director of the Centre for Policy and Industrial Transformation and Director of the Corporate Leaders Groups, CISL

Bringing economic and climate recovery together during the pandemic

Eliot Whittington introduced the session by contextualising how in the face of the Covid-19 pandemic and resulting global recession, society is under increasing pressure to decarbonise. Via an interactive poll, Eliot asked the audience whether they agreed that a "green recovery" is the best way to respond to both economic and climate crises.

One could be excused for thinking, Eliot said, that this is a year some might have taken a step back from the climate crisis. Encouragingly, however, this is not the response CISL has seen from businesses, governments or financial organisations. In fact, from the ones CISL work with, he added, "many have seen the coronavirus pandemic as a wake-up call". And on that note, Eliot introduced the panel and their discussion on how to bring the plan of economic recovery and climate change together.

Hector Pollitt was asked what the current moment offers as an intervention opportunity for a sustainable recovery. Hector discussed economic history, the Great Depression, Keynes, and past strategies to lift an economy. But Hector stressed that in these times, what is important is investment, not the short-termist tactics from the past, as we have learnt "that is just going to promote consumerism which isn't sustainable". Hector mentioned the Chancellor's recent 'eat-out' scheme as a case in point. Rather, the modelling from Cambridge Econometrics shows that, **"simple measures, including renewable subsidies, electric vehicle subsidies,** could benefit the UK economy more than just the simple tax rate cuts the politicians often instinctively do in these situations." Hector stressed that a green recovery has the potential to both stimulate the economy, create jobs, save jobs that will be lost in a slump, "but also give us a longer-term basis for moving towards net zero."

Asked if incentivizing investment through a focused package of policies around supporting the transition to a zero-carbon economy could boost economic performance during a downturn, Hector replied that whilst there are no simple answers but that green investment is an essential part of the solution. Participants went on to ask whether we need to embark on this plan by changing existing paradigms and developing a new economic system - or whether we should adjust the levers available to us already. Hector replied that his modelling indicates the need to collaborate and reorganise the economic system and tilt it towards supporting innovation. He stressed, "it is about getting the technologies that we have out there, low carbon technologies, and improving them and developing new technologies as well. It's not an economic challenge, primarily, **it's an innovation challenge, So the policies that we should be putting out there are ones that are aimed at improving the innovation space."**

Karen Basiye described how Covid-19 had been a challenge for Kenya, especially for supply chains and local economies. As an agricultural country, "when the government shut things down", it meant farmers could not import or export, she explained. Most of the country's farmers are based in rural Kenya, she added, and 80% of the food that is consumed is from rural areas, "so this movement in restriction affected the agricultural supply chain." Karen explained that Safaricom, the largest telecommunications provider in Kenya already has a long-standing commitment to the net zero agenda and saw Covid-19 as an opportunity to come together and celebrate the growth and adaptation of technology to improving food security. She went on to explain how Safaricom had developed a platform App, called DigiFarm, which established the right infrastructure for flexibility and resilience. Where the farmer can access information about livestock crops, best farming practices, but also, "we are using technology to show the farmer… what the market needs," thereby reducing emissions through waste and unnecessary delivery to work to achieve net zero.

Karen's response to the broader question about a sustainable economic recovery through the pandemic was to explain that at Safaricom, it has been a time to reassess critical partnerships, like their carbon offset project to increase tree cover as one example. But there are many more, she said. "Our response to Covid has been both philanthropic and business testing, and we look at it to see if we can calculate our net zero contribution from some of these innovations that we have put out there," she explained.

At this point, Eliot asked the audience to submit words or phrases that reflected what they considered to be priorities towards a green recovery. Collaboration, innovation, education and policy were highlighted as top priorities, so it came as no surprise that the discussion continued to return to and explore these topics.

Dr Emily Shuckburgh was asked a question about tensions and trade-offs occurring in the attempt to achieve net zero during the pandemic, alongside the challenges surrounding national and local policymaking. She explained Cambridge Zero, the University's climate change initiative, would be publishing a report in a couple of weeks, cognisant of three significant challenges – growing social inequality; biodiversity loss and climate change. Cambridge Zero, she said, has been focused on examining the opportunities in investment, policy and regulations, as well as institutional support. There is a "strong need to go from global ambition, down to local scale action," she explained, using food production as an example; we should be "encouraging more local production and consumption."

Emily added how "there was a real need to provide investment. But in the **broader sense of not just financial investment, but also the right skills, education, training and other capacities....to fill that gap between the national level and action at a local level.**" She mentioned local construction as a case in point. When asked about the university's announcement on its endowment fund, Emily replied, “the key headline is that we’re moving towards a net zero portfolio by 2038”.She stressed that this ambition relies on the rest of the global economy “also moving over a similar sort of timeframe; otherwise we wouldn’t have anything to invest in.” Emily was also asked about the logistics of Cambridge Zero when it comes to integrating different academic voices in the policy debate, and she explained that a lot of the work is bringing together disparate voices so they advise in concert.

James Wilde was asked to comment on the investment needed in the UK to move to net zero. “It’s in the order of £600 billion”, he said, adding how Lloyds Banking Group has set a goal to work with customers, the government and partners in the supply chain “to reduce the emissions we financed by more than 50% over the next decade very much in line with the Paris Agreement,” and how a number of banks have followed suit. He was pleased to share that “HSBC has done the same thing to say they want to move their finance emissions to net zero by 2050”. James pointed out that this is a whole new space for the banking sector, using new methodologies no one has used before. “There’s no standard”, he said, so Lloyds are trying to set their own targets, but that, “it’s really clear that we need policy in every sector of the UK economy to make this opportunity truly investable on the scale we need to move towards net zero. There are policy gaps.” James did say the bank is keen to partner with government and work with them to achieve this. But also, stressed **the banking sector isn’t waiting for the government to create policy**. Lloyds is already investing in carbon zero initiatives such as tree planting projects, for example, and is the biggest lender in the UK to SMEs, he added.

James was asked by a participant if there was a sense that green businesses are a higher risk upfront but lower risk in the longer term, and what can be done to help SMEs. James replied by reminding the audience that Mark Carney had already made climate change risk, particularly for the banking sector, a high-profile issue, and told banks that it was essential to look at the significant risks in our portfolios. “**Where that question becomes more tricky is innovation**… and a large-scale bank providing debt to some of the early-stage technologies that one might be looking at. They require a different type of capital, venture capital, equity, at much higher risk.” James said the answer might be collaboration, both with others that might provide **different sources of funding a different kind of risk-return ratios, with government support to blend finance, reducing the overall cost of capital for new technologies**.

Participants were polled for their opinion on the question

What do you see as the priorities for delivering a green recovery?