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Climate momentum from Marrakech

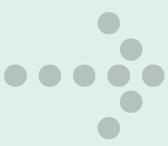
Ricardo's support in the implementation of
Global climate change commitments





Climate momentum from Marrakech

Fresh from their participation in the COP22 summit in Morocco, Ricardo's top team of environmental specialists is closely involved in helping a wide range of nations to begin putting their agreed climate change mitigation and adaptation measures into practice.



There was general euphoria after the 2015 COP21 climate conference in Paris where the world's nations committed to a programme of greenhouse gas [GHG] and climate adaptation measures to address the worsening impacts of climate change and keep the rise of global temperatures to 'well below' 2 degrees Celsius.

The most important outcome of Paris was that all these disparate nations and organizations had united on the general direction of travel and were prepared to sign up to legally-binding commitments.

Already, 194 nations have signed and 116 parties have ratified the Paris Agreement, representing almost four-fifths of total GHG emissions. As a result, the agreement came into effect on 4 November, less than a year after its text was agreed.

But while Paris proved great on ambition and broad principle, it provided little detail on the realities of getting the job done. All knew that the biggest challenge would be the move from brave words to concrete on-the-ground action – and these were the tasks left to the follow-up conference, COP22, eleven months later in Marrakesh, Morocco.

Specialists from Ricardo Energy & Environment played an important role not

just in the formal conference proceedings by providing technical advice to country delegations but also in the all-important side events showcasing work done by countries to date. The unexpected speed with which the Paris agreement came into force meant a major shift in focus. Suddenly, theory had to be turned into practice – as Chris Dodwell, director of Ricardo's climate change and sustainability practice, explains:

"The fact that the agreement had come into force earlier than expected meant there was a lot for the COP to get through. The main difference was that the whole agenda was about action, rather than negotiation. So there was a very big focus on what countries were doing about implementation, something that doesn't really get discussed in the formal negotiating structure. This meant that the side events – the areas in which we [as Ricardo] spend most of our time – were a more vibrant and exciting place than they had been in the past.

"Ricardo had a bigger presence than at previous COPs," continues Dodwell. "We were invited to participate in a lot more events because our agenda is much more about action and implementation than negotiation. In fact some commentators

are saying that, going forward, future COPs should flip the focus so that the main spaces and the main halls are given over to discussions on implementation, with the negotiations taking place in side chambers."

Dodwell's colleague Emelia Holdaway, who leads Ricardo's international climate change policy team, is equally positive, though pragmatic about the challenges of the tasks ahead. "The priority is to maintain the momentum from Paris," she says. "Countries have a very strong sense of the scale of the challenge, and I think that the donor community is up to the task and is rallying the resources to support them. One of our key roles is to make sure countries get access to the resources that they need, so that we can see implementation happen."

Ricardo's role at the conference

Reflecting Ricardo's close involvement in a conference majoring on implementation of countries' NDCs (Nationally Determined Contributions, see panel), one of the key tools discussed was the so-called Quick Start Guide to NDC planning and implementation. Compiled by Ricardo and the Climate and Development Knowledge

GNiplus: unlocking private investment

Over the past year, Ricardo has been working with the Climate Policy Initiative, Baker & McKenzie and AECOM, to develop the GNiplus concept with the stated mission of “helping selected countries develop and enhance the legal, policy, financial, institutional and governance frameworks to drive economy-wide transformations in energy and land use. It will support governments to mobilize private investment at scales that can deliver impact on climate change and sustainable development within the context of the Paris Agreement and Sustainable Development Goals.”

GNiplus, says Chris Dodwell, is something of a departure for Ricardo. “This is a high-quality consortium of private-sector actors who understand the public policy space. What we’re trying to pilot are models for getting that private-sector investment flowing at scale into interventions in developing countries that will be part of the [NDC] implementation.

Towards the end of the Marrakech conference, The Netherlands announced that it would provide the first funding to launch the consortium, opening the door to GNiplus to begin working in its first pilot country, Kenya, to mobilize finance for resilience-building projects in the water sector.

“We’re hoping this will lead to a bigger tranche of funding,” says Dodwell. “This [pilot] would enable us to put a team on the ground to work alongside the government officials and get them ready to go to the market to raise finance for major infrastructure investments. Over time, we hope that the GNiplus team will be looking at all of the implementation landscape.”

development pathway. “I suppose we were the first to market with this type of thought leadership,” says Dodwell, “and it has brought us many contacts leading to lots of good meetings at the COP with both donors and countries wanting to use the Guide.”

The other major takeaway from the Marrakech conference is a renewed sense of confidence, reckons Dodwell. “It’s a virtuous circle, really: a lot of the countries we have been working with have gained greater confidence from the planning and preparation they have undertaken. In turn, their confidence and their boldness in the discussions are attracting positive comment and they are attracting further offers of support and assistance.”

Assisting countries with their plans

Two particular countries are worthy of special mention, believes Dodwell: Bangladesh and Nigeria. “Both of them are strategically interesting and fascinating to work with because, with large and growing populations, they are potentially really big emitters in the future, but each are now looking to adopt low-carbon pathways to economic and social development,” he explains. “So the decisions they make about their energy mix will have a big impact on future emissions.”

Nigeria, for instance, is looking to issue a green bond early in 2017 to

finance its NDC, which drew much attention at the COP, and Dodwell chaired a side event to discuss this, featuring speakers from the World Bank and Climate Bonds Initiative. Bangladesh was on the panel in the Quick Start event facilitated by Emelia Holdaway, and used other events to showcase the work on NDC implementation which Ricardo has supported to date, attracting positive comments about how much progress the country has made since Paris.

What’s holding implementation back?

In the broadest terms, the consensus is that it has been a combination of patchy finance, inadequate know-how and a lack of political will that has historically held back the implementation of climate mitigation and adaptation measures. But the new mood within the climate community has seen a softening of some of these barriers – perhaps triggered by greater clarity around the potential economic and social benefits which can flow from the adoption of national climate change plans and how sector-based plans can fit more closely with existing and planned national development.

Yet, says Emelia Holdaway, political will among governments is still something of a sticking point as the target of restricting temperature rise to 1.5 to 2 degrees involves some very tough political decisions – especially for developing countries that might have discovered reserves of fossil fuels that could potentially increase access to energy and improve the nation’s standard of living.

“NDC implementation means making the really hard decisions, and it is a difficult choice to keep those resources in the ground,” she says. “For developing and developed countries alike, there are



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Ricardo’s Emelia Holdaway speaking on the panel discussing the GNiplus initiative to increase private-sector investment in climate interventions in developing nations

Previous page: Ricardo climate head Chris Dodwell presenting at a Ricardo-led side event on the implementation of NDC programmes

Network [CDKN] and drawing on previous experience supporting many nations with their NDC preparations, the guide provides a step-by-step approach to the daunting task of NDC implementation by breaking down the activities into discrete, achievable goals.

“Last year we supported more than 15 countries in preparing their INDCs, now called NDCs as countries ratify the Paris Agreement,” says Holdaway. “We’re currently supporting one of the last INDCs to be submitted to the UNFCCC, and it is my job to support the country to review and finalize it.”

The Quick Start Guide and its modular approach have gained a lot of traction among countries at all points on the



vested interests, so we need to find ways to support the champions of tomorrow. We have the technologies we need to implement the NDCs, so I do feel it is political will that is still the standout challenge. Our job at Ricardo Energy & Environment is to help governments win those arguments internally and to provide them with the practical solutions for implementing their NDCs.”

The financial dimension

With public finances severely squeezed in almost every nation, finding the budget for climate action is increasingly difficult: as a result, the focus is shifting from state sources to private and corporate funders. “We need to get better at harnessing private-sector investment,” observes Holdaway. “We need to come up with financing propositions that are attractive to private investors, and that means building a bridge between the financial sector and climate policymaking – which traditionally speak two different languages.”

But while the political will is improving, notes Dodwell, finance and capacity will still be the real brakes on actually making things happen in the longer term. “The art, now, is how to develop investment pilots that can become business-as-usual models for funding projects at scale – models that you then can take to capital markets to get private-sector investment flowing into because they are perceived as the norm. Fossil-fuel investment would be seen as potentially higher risk because of the risk of it being stranded in assets such as coal-fired power stations which are moth-balled before the end of their lifetimes.”

The challenge now, he continues, is to use the available public finance to build the enabling conditions that allow people to view these new low-carbon opportunities as the less risky



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investment. These enabling conditions would embrace suitable legislation and capacity, experience of structuring deals and attracting investors into this kind of investment, and familiarity with the various instruments that can be used to de-risk such investment.

“Investing in low-carbon technologies in developing countries is still seen as a bit of an unknown,” concedes Dodwell. “What we now have to do is to demonstrate how to attract private-sector investment at scale – which is where the concept of GNIplus (see panel) comes in.

Is the outlook now brighter?

Both Ricardo specialists profess themselves more optimistic about the future than they were a year ago, before the Paris conference. “I’m definitely more optimistic,” says Chris Dodwell. “Countries are really rising to the challenge of implementation.”

Elaborating, Emelia Holdaway stresses the huge political support and political momentum internationally for the Paris Agreement. “That makes me feel positive. We now have unique conditions where the first worldwide climate treaty that everyone has agreed to has come into force: that has been 22 years of work, and we have that as a driver. At the same time we also have low oil prices, which means an additional driver especially for

economies who depend on oil exports to diversify their energy mix, ideally towards low carbon energy sources.”

Low oil prices, especially for countries reliant on selling oil for their income, provide a clear prompt to examine whether they want to remain tied in to oil, or whether they should diversify their economic bases. “In the discussions I had at Paris and Marrakech, I saw countries speaking with a lot more ambition than I’d heard previously. In developing their NDCs, countries haven’t been told what to write in their plans – these are their own nationally determined pledges, and no one is telling them what commitments they should have. That changes the game a little, because this is a bottom-up movement, not as top-down as other attempts at international agreements were.”

The sheer scale of the challenge is not being underestimated by climate change policymakers: it is understood that implementation of the Paris Agreement will not be about tinkering around the edges, says Holdaway. “This is about paradigm shift. This is about decarbonizing our economic plans and decarbonizing our economies. To see more and more policymakers and leaders speaking in those terms, as happened in Marrakech, requires both realism and a can-do attitude. There’s everything to play for, and the signs are good.”

Climate-speak decoded: what the letters stand for

UNFCCC	United Nations Framework Convention on Climate Change	The only international treaty on climate change; 194 nations have signed the Paris agreement and 116 parties have ratified the accord so far
COP	Conference of the Parties	Annual meetings bringing together all the parties involved in curbing climate change. Marrakech, COP22, was the 22nd
NDC	Nationally Determined Contributions	Countries decide for themselves the type and scale of climate mitigation and adaptation measures they plan to implement
CLICC	Country Level Impacts of Climate Change	International project to determine a common template for presenting the impacts of climate change on an individual country
CBIT	Capacity Building Initiative for Transparency	Part of the Paris Agreement, CBIT aims to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Agreement
MRV	Measurement, Reporting and Verification	Templates for the regular obligatory reporting of each country’s GHG emissions, enabling progress to be tracked

In future editions of RQ we will be reporting in greater detail on Ricardo Energy & Environment’s initiatives relating to the broader issue of climate change



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