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Implementing the Paris Climate Agreement: Turning Action Plans into Achievement



About the author



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Chris is a specialist in international climate change policy with over 20 years' public and private sector experience. Over the last year, Chris has overseen Ricardo Energy & Environment's work to support more than 15 countries prepare Intended Nationally Determined Contributions for submission to the United Nations Conference on Climate Change. After COP21, Chris and the Ricardo Energy & Environment team will continue to support their international partners to develop the policies, institutional capacity and reporting systems required to achieve their climate ambitions.

Prior to joining Ricardo Energy & Environment, Chris worked at the heart of UK climate policy for over 10 years, including acting as Head of the UK Delegation to the international climate negotiations and Head of International Climate Policy at the Department of Energy & Climate Change.



Introduction

In Paris, the international community will demonstrate commitment. Then individual countries will take actions. Ricardo Energy & Environment has supported over 15 countries, with a combined population of more than 500 million, in preparing their climate action plans ahead of COP21.

In this White Paper, our International Director, Chris Dodwell, describes five essential pillars of implementation which will maximise the chance of turning commitment and action into what countries, and the planet, really want – achievement of their climate goals.

Committing, acting, achieving

By the end of the 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris in December 2015, nations from around the world will have made a collective commitment to limit the increase in global temperatures to less than 2°C.

They will also have set out their own contributions in the form of targets, policies and actions, framed as Intended Nationally Determined Contributions (INDCs) submitted prior to the COP.

While the aggregate impact of these INDCs is unlikely to meet the agreed temperature limit, all countries will share a common goal – transforming their climate action plans into results.

However, committing to plans is easier than acting on them. And the hardest part of all is achieving them.

How should countries ensure they have the best chance of turning their commitments not only into action, but also into achievement?

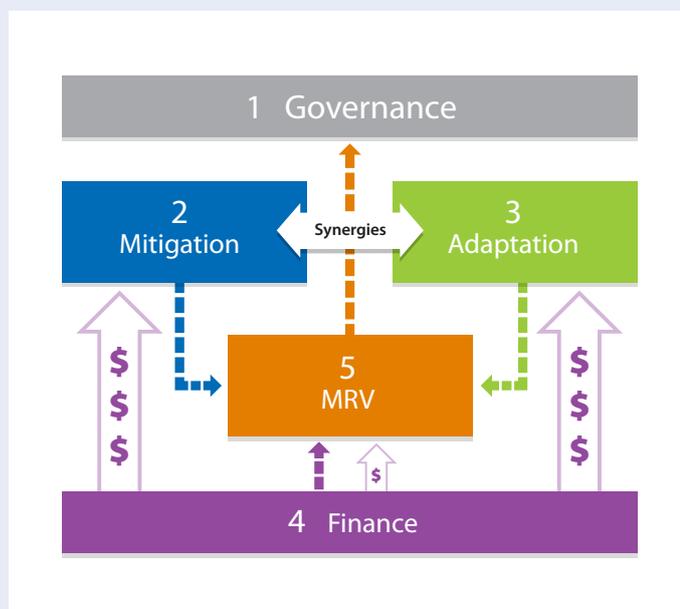
Five pillars of INDC implementation

Countries facing the challenge of implementing their INDCs can draw upon a broad range of experience from developed and developing countries. For more than 20 years, Ricardo Energy & Environment¹ has been supporting countries throughout the world in the development and implementation of national climate policies.

Over the last year alone, we have helped over 15 countries – with a combined population of more than 500 million people – prepare their INDCs. Based on this experience, we believe the COP21 commitments can be achieved if actions are taken forward across five distinct, but intrinsically linked, pillars:

Most countries have started work on at least one of these pillars, but it would be a bold government that claimed all are fully in place. Together, these five pillars, when appropriately tailored to national circumstances, can transform the momentum built up in the INDC process into action and then into achievement.

- 1 Political will and effective governance** to maintain momentum and ensure accountability across diverse actors – national, sub-national, municipal, public and private – overseen by capable institutions and, ideally, supported by legislation.
- 2 Long-term mitigation strategies** to deliver greenhouse gas (GHG) emissions reductions through national and sector plans aligned with development priorities, and by using the right tools in the policy toolkit to minimise costs and deliver transformational changes.
- 3 Integrated adaptation planning** that builds long-term resilience to the impacts of climate change by mainstreaming planning into national sectoral strategies to deliver cost-effective interventions.
- 4 Climate finance frameworks** that match support needs against funding streams and include strategies for how best to access them.
- 5 Measurement, reporting and verification (MRV) systems** to track implementation and apply lessons learned, so enhancing analytical capacity and understanding about which policies work best and why.



¹ On 1 September 2015, we rebranded as Ricardo Energy & Environment, a trading name of Ricardo-AEA Ltd. For full details, please visit ee.ricardo.com/cms/ownership

Political will and effective governance

The development of INDCs has generated unprecedented levels of political interest in climate action. Over 150 countries, representing more than 90% of global emissions, have submitted their contributions and more are expected before COP21 – surpassing international expectations.

This was the result of a highly inclusive process that has broken down institutional and sector siloes. It has enhanced the involvement of national stakeholders – academics, civil society and the private sector – and encouraged peer-to-peer exchanges between countries.

The principal drivers of ambition in most countries are the social and economic benefits delivered by climate actions, rather than GHG emission reductions. INDC development has provided an opportunity to strengthen the political narratives that articulate a long-term vision for low carbon climate resilience that fits with a country's priorities and aspirations.

So, it is no coincidence that many INDCs have been built around the priorities and policies set out in existing national development plans. These include increasing energy access, reducing energy dependence, promoting sustainable urbanisation and transport, and laying the foundations for sustainable economic growth.

Continuing an inclusive approach, which recognises the primacy of national development priorities, will be vital to maintaining the political support needed for INDC achievement.

Legislation has a crucial role to play by capturing political momentum and establishing strong systems to drive delivery. Since 1997, the number of climate change laws and policies has doubled every five years. By 2014, more than 100 countries had climate focused framework laws or policies in place.

Achievement of climate plans is highly unlikely without an effective governance regime to oversee and coordinate INDC implementation. In designing the right governance for any country, a number of features need to be balanced:

- The natural coordinating role of the ministry with climate change responsibilities.
- Aligning with existing arrangements for oversight of national development plans.
- Empowering individual ministries and sub-national governments responsible for individual policies and actions.

UK Climate Change Act 2008

In 2006, during a review of UK climate change policy, difficulties were encountered regarding agreement on how to ensure the UK could deliver its target of reducing carbon dioxide emissions by 20% from the 1990 baseline by 2010. While the Department for Environment, Food and Rural Affairs led on climate, other departments led on the actual policies needed to deliver reductions.

Later in 2006, the Stern Review on the Economics of Climate Change was published, which heralded change. By 2008, the Department of Energy & Climate Change had been established, combining climate and energy policy into one department. The Climate Change Act set a legally binding target for 2050, with five-yearly milestones, and required Government to prepare policies that would demonstrate the UK's ability to meet those objectives. The Act also established the Committee on Climate Change, an independent expert body to advise on targets, budgets and adaptation.

Kenyan Climate Change Action Plan

Kenya's approach to climate governance integrates climate and development policies into a green growth narrative, with dedicated institutions to oversee implementation. Kenya's 'Vision 2030' identified climate change as a national concern, leading to the publication of the National Climate Change Response Strategy in 2010. Kenya then developed its National Climate Change Action Plan (NCCAP), which was published in 2013 and set out a detailed framework of priorities and actions.

Implementation of the NCCAP will be enshrined in legislation. A National Climate Change Council, chaired by the President, will ensure the mainstreaming of climate change functions and oversee implementation by relevant parties, including county governments. A Climate Change Directorate will be the lead agency on national climate change plans, actions and operational coordination.

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Long-term mitigation strategies

By following a step-by-step strategy across each key sector, countries will be well placed to turn the visions set out in their INDCs into policies to support the necessary transformational changes in their economies.

The backbone of a country's INDC is an evidence-based mitigation strategy, containing:

- An accurate baseline of future emissions, at the right level of granularity.
- A clear level of ambition for the overall strategy, informed by a long-term vision.
- Prioritised actions balancing GHG reduction and economic growth, and clarity on how these can reinforce each other.

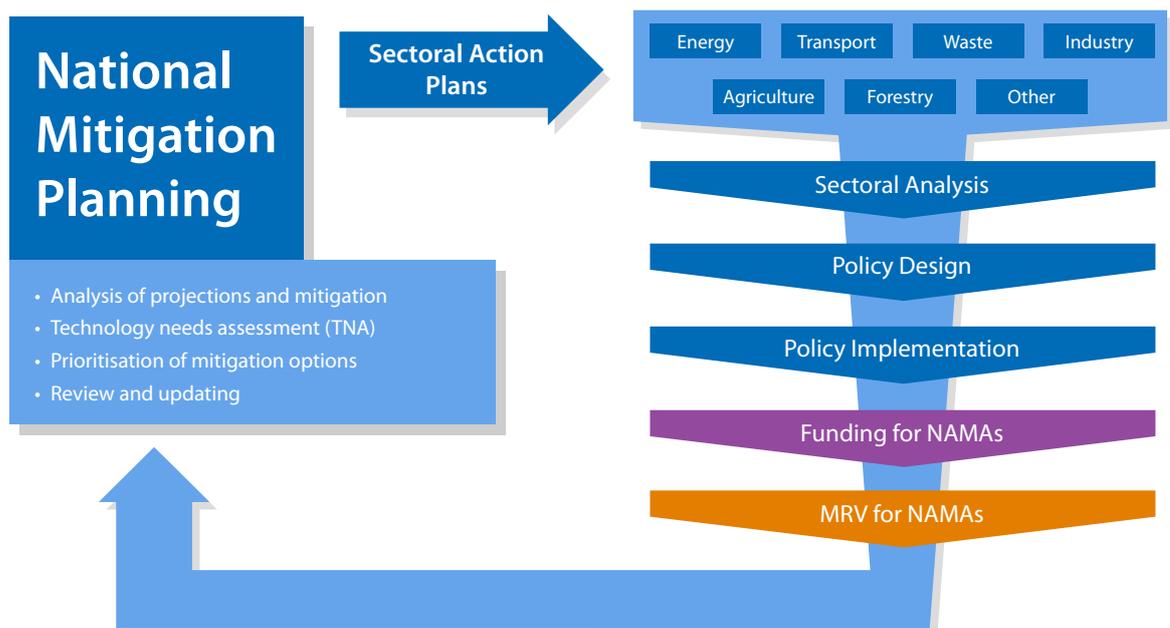
The mitigation strategies submitted in INDCs vary greatly in the level of analysis that underpins them. Some are the culmination of many years of work on low emissions strategies and National Appropriate Mitigation Actions (NAMAs), while others reflect the first efforts on identifying mitigation measures.

Lack of data and experience on mitigation actions was a major limit to ambition in the preparation of some INDCs. Where emissions could not be accurately estimated, it led to the exclusion of entire sectors. Where experience of implementation was absent, it reinforced innate conservatism.

To develop a fit-for-purpose mitigation strategy from the national starting point in the INDC, the problem has to be 'unpacked' and approached sector by sector and step-by-step in each sector (see diagram below).

Broad-based, data-driven, analysis should identify mitigation potential and provide policy options, quantifying costs and benefits and allowing for technological and behavioural change options. The best set of options can then be chosen by iterating between the scale of ambition of emissions reduction, the co-benefits – economic, social and environmental – and the acceptable overall cost.

Each chosen policy – or NAMA in UNFCCC terminology – can then be worked up in detail. This requires careful consultation to identify unintended consequences and to ensure that the benefits (particularly economic and financial, rather than just the costs) are understood by those who have to implement them.



EU Transport GHG: Routes to 2050

Transport is responsible for a rapidly increasing proportion of many countries' emissions and its growth is notoriously difficult to control. In Europe, the problem was tackled by developing a long-term transport sector decarbonisation strategy for the period 2010 to 2050. This covered all modes of transport – road, aviation, rail and shipping.

It included costed assessments of demand-side and supply-side options including their co-benefits in air quality, congestion, energy consumption and energy security. A new transport scenario analysis tool, SULTAN, was developed, which allowed all the major impacts to be considered in the assessment. A variety of other countries, ranging from South Africa to Japan, have undertaken similar policy option reviews using SULTAN.

UK Climate Change Agreements

The UK Climate Change Agreements represent a successful sector-specific detailed policy for incentivising energy efficiency and emissions reductions in industry.

In 2001, CCAs were agreed with over 30 energy intensive sectors. In return for a significant rebate to a levy on energy use, sectors (such as cement, iron and steel, manufacturing and food and drink) could negotiate long-term energy saving targets. Factors contributing to their achievement were:

- The policy built on existing data and initiatives but, even so, a two-year preparation period was allowed to fill data gaps and develop sound plans.
- Companies and sectors were party to setting the targets.
- The CCAs were long term; companies could plan any required major investments with their normal plant refurbishment or renewal cycles.



Integrated adaptation planning

For many developing countries, the impact of climate change presents a serious roadblock to sustainable development. For some, their very existence may be at risk from rising sea levels. Therefore, it was no surprise that many pressed for the inclusion of adaptation components in INDCs or that 80% of countries have taken up this option.

The building blocks of a good adaptation plan are not so different from those for mitigation:

- An analytical assessment of climate vulnerability and impacts.
- Scoping adaptation options in the context of sectoral and subnational strategies based on costs and benefits.
- Detailed development of the chosen policies supported by identified funding sources.
- Evaluating their effectiveness.

Some countries have used their INDCs to articulate the synergies between mitigation, adaptation and development. This will reinforce political support by identifying win/win

solutions – such as actions on forestry – that can reduce emissions while enhancing climate resilience and sustainable livelihoods.

Countries will achieve their ambitions for more climate resilient development only if adaptation planning is integrated with the other four pillars. Given the need to build adaptation into the mainstream of national activities – such as the health service or infrastructure planning – it will be essential to build awareness and capacity across a large number of stakeholders in government, civil society and the private sector.

Country Level Impacts of Climate Change (CLICC)

Clear and transparent information sharing about climate impacts is essential to underpin effective and efficient adaptation and mitigation. Despite a growing body of scientific evidence, communication of impacts at the country level has been hampered because assessment methods are extremely diverse and studies are presented in many different ways. There is currently no international process for presenting vulnerability and impact information consistently at the national level.

To address this gap, the UNEP-UK CLICC project started in 2014 with the participation of more than 30 countries. CLICC is developing a common process for countries to communicate the impacts of climate change at the national level. This will benefit those charged with explaining their national position to a variety of Government Departments and sectoral stakeholders, as well as facilitating international discussions.

Supporting National Adaptation Plans and Strategies

While developed and developing countries face very different adaptation challenges, the processes to identify good adaptation options have many common features. For example, the main elements in the creation of the European Union's Adaptation Strategy were a sound knowledge base (including projected climate change impacts, understanding of specific vulnerabilities and costs of implementation options), and effective engagement and capacity building of multiple stakeholders (including Member States, EU level policy-makers and the private sector).

Developing countries may be facing more pronounced climate risks, such as to food security and water supply, but similar steps are required. Our experience from recent in-country work is that particular attention needs to be given to how to apply fundamental concepts – such as adaptive capacity, sensitivity and vulnerability – to each national context, and how to build sustainable local technical capacity.

Climate finance frameworks

The key to creating an effective financial framework is to address both sides of the equation at the same time: defining funding needs more clearly, including the type as well as the amount; and identifying the most appropriate sources - including the private sector - and how to access them.

Naturally, governments have focused on the former in their INDCs to understand the potential costs of taking on commitments. However, early matching of requirements with potential funding sources will improve the likelihood of achieving the necessary funding.

Transformative country investment plans will include funding not only for climate projects, but also for capacity building and MRV. Overall funding requirements will be built up sector by sector, and aligned with national development priorities and funding plans. The most appropriate type of funding will vary from policy to policy – grants, subsidies, loans, equity investments, guarantees or other mechanisms to reduce investment risks. Sources include national government budgets, international development aid from multilateral and bilateral donors, private sector investments and public-private partnerships.

Securing sufficient funding for INDC implementation will require decisions to be made on how best to match the various support needs against available funding streams. If the policy requires capacity building, are appropriate grants available? If private sector finance is needed for infrastructure, is there a bank that is particularly keen to invest in that type of development in that specific part of the world? And, if not, what might attract it?

The process is iterative. The competitive position in accessing different funding streams could affect the chosen set of mitigation and adaptation policies. For instance, Plan B with funding is likely to be better than Plan A without. The objective is to maximise achievement in practice, not in theory.

All of this takes knowledge, effort, planning and the courage to make tough choices. Countries need to build capacity in understanding funding sources, their pros and cons, and their rules. Relationships must be developed and early conversations need to take place.

Enhancing India's readiness to access and deliver international climate finance

India has made significant commitments to improve its national response to climate change. Meeting these commitments will require substantial investment from a range of sources. In an initiative sponsored by the Shakti Foundation, Ricardo Energy & Environment investigated India's climate finance readiness through stakeholder consultations with multilateral and bilateral donors, development finance institutions, private sector financiers, project developers, ministries, non-governmental organisations (NGOs) and think tanks.

A number of gaps were identified, along with actions that key stakeholders could take to manage climate finance programmes. These included:

- Increasing private sector engagement in national climate policies.
- Capacity building for the institutions responsible for handling finance received from national and international funding streams.

Green Climate Fund Readiness

Over recent years, Ricardo Energy & Environment has been strengthening the capacities of national institutions in developing countries including Nationally Designated Authorities and Accredited Entities. This has included support to develop countries' procedures and work programmes, screening and strengthening potential Accredited Entities, and engaging with key public and private stakeholders.

The delivery of bespoke training programmes has enhanced intra-governmental coordination on climate finance and increased country ownership. Issues covered in the training have included the international climate finance landscape, key steps for accessing funding, project proposal development, engaging the private sector, accreditation and monitoring and evaluation.

Measurement, reporting and verification systems

Calls for the measurement and reporting of countries' climate actions used to be resisted as a potential precursor to binding commitments. However, as countries have started to develop their own climate change policies, this situation has changed.

Countries now recognise that information matters. MRV is not just about checking progress against an initial plan. It is a tool for informing required changes to the plan to achieve the desired outcomes. Information helps understand the current emissions profile; allows future emissions to be targeted effectively; helps hold responsible ministries and agencies accountable to domestic constituencies; and demonstrates to donors that policies and programmes are cost-effective and, hence, secures their continuing support. These principles apply equally to adaptation actions.

Our experience suggests that there are four essential steps to building an effective MRV system that meets national and international requirements:

- **Readiness assessment** – to identify the existing structures, processes and technical capacity; and the gaps to inform a road map for setting up the MRV system.
- **Capacity building** – initially to build understanding and gain buy-in to the objectives of the system, and then to fill the gaps in technical capacity. Capacity is best developed while preparing MRV reports so those responsible learn by doing, over a period of time.
- **System design** – to identify roles and responsibilities and allocate them to the right institutions. Existing institutions, structures and processes should, ideally, be used and then extended as necessary.
- **Data management** – the ongoing collection, analysis, quality checking, dissemination, documentation and archiving of the data generated. Good data management relies on thorough implementation of the previous steps.

Information Matters: capacity building for ambitious reporting

Information Matters is a three year programme funded by the German Ministry for the Environment, Nature Conservation, Nuclear Safety and Buildings (BMUB) and delivered by GIZ and Ricardo Energy & Environment. The project has strengthened in-country capacities for enhanced climate reporting in the selected four partner countries – Chile, the Dominican Republic, Ghana and the Philippines.

In consultation with the partners, the specific priorities of the countries related to climate change reporting and the MRV systems needed to deliver this were identified in each country. Tailored programmes of in-country capacity-building workshops and training were designed to address these needs. The target groups were the responsible staff of national ministries and agencies. Through the capacity building workshops and training, the partners have been able to define procedures, methodologies and responsibilities to institutionalise their reporting systems, with special focus on the requirements for national-level mitigation-related reporting to the UNFCCC.

Chilean NAMA MRV Framework

A challenge faced by many countries is how to encourage line ministries and agencies to develop their own mitigation actions, while maintaining oversight of the quality and comparability of information provided on the results achieved.

Ricardo Energy & Environment supported Chile in meeting this challenge by setting up a clear and straightforward national MRV framework for mitigation actions. This increased transparency and comparability, and improved data quality. The framework covers all sectors of the economy. The system was developed by adapting emerging practice on NAMA MRV frameworks including the MRV approach for the UK carbon budgets and the World Resources Institute Policy and Action Standard to the priorities and needs of Chile. The technical work was underpinned by thorough involvement of Chilean stakeholders.

Is success guaranteed?

COP21 will mark the first time that the global community has made a legally binding declaration of intent to transition to a low carbon economy.

After December, all UNFCCC parties will start the long journey of developing the policy and financing frameworks, MRV systems, governance and institutional capacity required to achieve their climate commitments, and the envisaged economic and social co-benefits.

While success is far from guaranteed, countries will maximise their chances of turning their action plans into real, quantifiable achievements by working systematically across the five key pillars of INDC implementation.

Ultimately, the success of the Paris agreement - and our collective efforts to meet the challenge of climate change - will be judged on how effectively the new international climate regime supports the achievement of countries' national climate plans.



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