

ASSESSING SUSTAINABLE
DEVELOPMENT IMPACTS OF
SCALING-UP CLIMATE ACTION
IN THE ELECTRICITY SECTOR:
LESSONS LEARNT FROM
COUNTRY PROCESSES

Authors

Tessa Schiefer, Frauke Roeser, Harry Fearnough (NewClimate Institute)

Contact:

t.schiefer@newclimate.org

With contributions from:

Markus Hagemann, Marie-Jeanne Kurdziel, Lukas Kahlen (NewClimate Institute)
James Rawlins, Jasper Donker, Sam Lamboo (ECN part of TNO)

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6 KEY LESSONS LEARNT FOR THE ASSESSMENT OF SUSTAINABLE DEVELOPMENT IMPACTS

1

Co-benefits narrative remains insufficiently integrated into climate policy making.

Projects should start by creating a broader understanding of the synergies between climate action and sustainable development impacts among stakeholders, and building awareness of how to effectively make use of relevant analysis.

2

Identify the right questions and policy issues.

Assessments should build on and link to existing discourses to increase the likelihood that results will actually be considered in the policy making process. It is important to map out the questions and priorities of the country partner at the beginning of a project.

3

Identify the right stakeholders to work with.

It is essential to identify and involve those stakeholders that are in a position to drive policy change as well as those who have the relevant technical and local expertise. Identifying and training a “local champion” increases ownership, credibility and likelihood of continuation of the work.

4

Assessments need to cover both winners and losers.

To facilitate a just transition and help redistribute the benefits deriving from climate action it is important to assess positive as well as negative impacts of policies. Keeping a neutral position further strengthens the credibility of assessment results.

5

Methods should be accessible and robust.

Assessment methods cannot be too resource intensive and complex in their application, but should at the same time be configurable to a specific context and produce robust and credible results. A clear communication of limitations and the management of expectations is essential.

6

Availability and access to data and information is critical.

Detailed country-level data is often not available, of poor quality or not accessible. Involving local consultants and coordinating with private sector actors and other organisations on the ground can address information gaps and enable project synergies.

Introduction

Wider socio-economic and environmental benefits (and trade-offs) of actions to mitigate climate change are increasingly gaining traction in national and international policy discourse. When properly assessed and incorporated into the political debate, they can become key drivers of the global transition compatible with limiting future average temperature rise to within 1.5°C.

The articulation of so-called “co-benefits” of climate action helps shift the notion of climate change mitigation from a rather negative framing around risks and burden-sharing, to a more positive one of synergies and opportunity. When understood and integrated into policy making, sustainable development benefits can help raise national climate efforts by supporting the effective implementation of NDCs as well as more ambitious reformulation of them in line with delivering on the goals of the Paris Agreement.

While measures to tackle climate change in the electricity sector can lead to a wide range of benefits - through improved air and water quality; more secure, accessible and sustainable energy supplies; or opportunities for economic development and job creation - as with any transition, there will likely be those that stand to gain more and those that are potentially disadvantaged. An analysis of the likely magnitude and distribution of future impacts – positive as well as negative - can help policy-makers both to prepare the skills and capacities required to enable systematic change as well as to support those that stand to lose out from the transition to adjust in a fair and socially equitable manner.

Although sustainable development impacts are increasingly referred to and analysed in the scientific community, they often do not find their way into political decision-making processes, even though their inclusion could substantially

influence policy outcomes. To better enable more ambitious climate action around the world it is crucial to create a narrative around sustainable development impacts in climate policy making and to develop tools that facilitate an accessible, robust quantification of these impacts - especially in the context of developing countries where data as well as human and financial resources are often limited.

The Ambition to Action project, funded by the German government, supports Argentina, Indonesia, Kenya and Thailand with the implementation of their NDCs, applying a benefits-based approach in order to develop credible narratives to enable emission reductions and increased ambition at the sectoral level. A focus of the work is on the quantification of economic, social and environmental impacts associated with different future emission pathways, responding to the specific sector dynamics and interests of different stakeholders in our partner countries.

Outputs of the project to date include the development and application of the SDG Climate Action Nexus (SCAN) tool, as well as accessible Excel-based tools to assess employment and wider economic impacts (EIM-ES) or air pollution health impacts (AIRPOLIM-ES) of different scenarios in the electricity sector.

Based on the experiences of applying these tools across several countries, this paper formulates six key lessons learnt for the assessment of sustainable development impacts and their integration into climate policy making. The lessons focus on technical as well as political aspects and include recommendations for future work in this area to support ambition raising and sustainable development through robust evidence.

1

Co-benefits narrative remains insufficiently integrated into climate policy making

The sustainable development impacts, or co-benefits, narrative is critical to drive climate ambition by helping to build a more complete picture of the wider economic, social and environmental implications of climate change mitigation. Yet in many countries it is not sufficiently integrated into climate policy making – if at all, then typically only in the form of high-level qualitative statements or, in limited cases, monetary cost-benefit analysis. Governments often focus on minimising the costs of climate policies rather than on maximising their benefits or potential synergies with other objectives, even though sustainable development impacts can provide a more compelling case for climate action that people relate to. This is especially true for concrete narratives that speak directly to relevant stakeholders regarding their individual benefits.

Building awareness of sustainable development impacts and their narrative is important as their value is not always well understood. We find that non-climate impacts are often considered as a monitoring exercise rather than a strategic input into policy engagement. Assessments should therefore not only facilitate the calculation of impacts, but also foster a greater understanding of the link between climate actions and their wider impacts to create a broader awareness of the co-benefits concept among relevant stakeholders and

help ensure they understand how to effectively make use of the analysis.

In many cases, climate and energy policy planning may appear quite sophisticated from an outside perspective, with planning documents even mentioning the importance of sustainable development impacts. However, a closer evaluation and engagement with officials and other actors on the ground can reveal that the evidence base for developing such plans is sometimes extremely limited. Policy assessment can also be one-sided or biased, allowing major decisions to be made based on personal preference or other vested interests. A reluctance to even consider relevant information can make it challenging to integrate a more complex evidence base about wider sustainable development impacts. Ensuring wide participation of different stakeholders in evaluating current and future policy can help facilitate the inclusion of the sustainable development impacts narrative.

Lastly, we find that there are few technical support projects whose theory of change is based on co-benefits or a broader socio-economic impact assessment of climate policy. Increasing the profile of co-benefits analyses in technical support projects would help to anchor the thinking in partner countries and support capacity building in this area.

2

Identify the right questions and policy issues

To increase the likelihood that sustainable development impacts are considered in climate-related policy making, they need to build on and link to existing discourses and prevailing national and sub-national political agenda. We find that it is important to map out the questions and

priorities that country partners (most critically in government, but also amongst wider stakeholder groups) have at the beginning of the project, and to understand how they intend to use the assessment findings. Furthermore, it is helpful to map out how these needs fit into, and align with,

current policy processes and the long-term development objectives of a country. We find that in cases where assessments build on clearly established information needs identified by country partners, their results are much more likely to be integrated into strategic policy making; and thereby typically enhancing the case for more ambitious climate action.

As with any compelling narrative, it is essential to tailor the work and outputs to their intended audience. To do this effectively requires an

understanding of the type of outputs and form of support that are most useful for the country partners. Detailed impact assessments in the form of lengthy reports can help build credibility through transparency and improve the reproducibility of analysis. However, they are often much less effective at drawing attention to critical findings than short digestible summaries. Similarly, participatory workshops and training on the ground offer buy-in to the analytical process and are likely to provide more anchoring and continuity of the work, which further links to the following lesson.

3

Identify the right stakeholders to work with

Sustainable development impact assessments can be complex and require active engagement from government partners to fully understand their value. This can be challenging, particularly in hierarchical bureaucracies: While more junior technical officials may devote sufficient time, it is often not easy for them to advocate the value of the evidence internally. On the other hand, senior decision makers typically have less time to engage properly in the process and therefore may not fully appreciate the relevance or robustness of the new evidence.

At the political level it is essential to identify stakeholders that are both in a position to influence and drive policy change and which are responsive to the narrative around the sustainable development impacts associated with climate action. These could be stakeholders that are already considering the topic or those that are closely aligned with a certain impact area of the analysis. Since sustainable development impacts are inherently cross-sectoral and relevant to multiple ministries, establishing contact with the decision-makers for whom the evidence is most relevant is not always straightforward. In countries where inter-ministerial coordination faces political

barriers or is not common practice, it can be hard to engage all relevant stakeholders at the right time.

At the technical level it is essential to involve consultants or researchers that have knowledge of the local context, access to the best-available information as well as the relevant expertise, e.g. modelling know-how and software skills. Besides improved access to information (see lesson 6), involving local experts can improve the credibility of the assessment outputs, increases the likelihood of continuation of the work and enhance access to trusted government partners.

In the context of developing and applying tools for impact assessments we find there is important value to identifying a “local champion”. Such a person or organisation should be the main recipient of dedicated training and capacity building. This helps to ensure that tools are routed in existing processes and procedures, are being used beyond the scope of the project intervention, supports local ownership of the assessments and helps stakeholders understand how to make use of the evidence.

4

Assessments need to cover both winners and losers

Evidence on wider sustainable development impacts of climate action – positive and negative – provides essential information for policy makers to deliver a just transition for all. In particular, the terminology “co-benefits” suggests that non-climate impacts are only positive, whereas in reality we see an uneven distribution of gains and losses across different parts of the economy and amongst different communities or social groups.

The identification of the losers from the transition to low carbon economies is especially important, so that assessment outputs can be used at the community level to develop local response

strategies, and at the higher level to redistribute benefits through targeted policy interventions.

In general, assessments of the wider impacts of climate policy need to keep a neutral position and not only address potential benefits, but also potential costs, both monetary as well as non-monetary. Where impact assessments are one-sided and focused on benefits, there is a risk that those negatively affected will feel undermined and put notable effort into discrediting the analysis, potentially even exaggerating the scale of the trade-offs that are not considered.

5

Methods should be accessible and robust

Translating the body of existing evidence on the synergies and trade-offs between climate action and sustainable development objectives into accessible and robust tools that are configurable to national and sub-national contexts is a major challenge.

In countries with limited analytical resource there is a need to strike a balance between tools that rely on highly sophisticated methods along with a comprehensive suite of data inputs and approaches that are not too resource intensive and complex in their application. To obtain stakeholder buy-in assessments must produce robust, credible results that relate to current policy discussion in the relevant country, region or city.

Similarly, it is particularly important to transparently communicate the limitations and uncertainties of simplified tools or methods, and to illustrate how those compare to more advanced modelling approaches.

We find that many existing applications of sustainable development impact analyses - for example, assessing employment or health impacts from increased take up of renewable energy sources - are either high-level global assessments, requiring many generic assumptions that are neither country- nor scenario-specific; or very context-specific assessments which require highly specialised knowledge, detailed data and often use opaque approaches that are not easily reproducible.

While the development of ‘easy-to-use’ tools that could be applied by stakeholders at the local level – less dependent on larger research projects – is important, it should be apparent that high quality modelling work requires material investments of time and effort. In this context it is important to clearly manage the expectations of stakeholders in terms of what the selected approach can deliver, and which resources and skills are needed for its successful implementation.

More generally, we find a wide gap in terms of resourcing for socio-economic impact assessments of climate policies. Funding in developing countries is often limited to only allow for high level analysis, whereas e.g. in the EU or

the US it is more common practice to use highly sophisticated models and to invest significant scientific and analytical resource into conducting policy impact assessments.

6

Availability and access to data and information is critical

In many developing countries detailed country-level data is not available, of poor quality or not publicly accessible. In addition, we find in many cases that several organisations and initiatives are working on the same topic, but coordination and cooperation between them - which could potentially increase access to information and data - remains limited.

Ensuring early and regular involvement of local consultants and relevant stakeholders can significantly improve access to information; both in terms of data as well as raising awareness of synergies between similar workstreams. This involvement is also an effective way of co-developing tools and resources to best ensure

continuation of their application into the future and to generate buy-in for the work.

Often private sector actors, for example from low carbon industries, or local climate-oriented civil society organisations, are happy to share information and support data gathering on the basis that it might help them to make a case for a more ambitious climate policy.

It remains challenging to involve those actors or industries which are opposed to more ambitious climate policy. Developing analysis that covers those that may be negatively impacted by the transition to low carbon economies (see lesson 4) can be one way to better engage these stakeholders.