

Delivering impact

Mocuba Solar, Mozambique

A cleaner world



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At the Conference of the Parties (COP21) in Paris in December 2015, countries around the world committed to keep greenhouse gas (GHG) emissions below the level which scientists predicted would result in global temperatures increasing by more than 1.5°C.

Above that temperature rise, models indicate impacts and feedback loops that cannot be managed – sea level rise, storms, floods, droughts and heatwaves.

Since 2015, it has become apparent that the commitments made by individual countries, when aggregated, will not deliver the GHG emissions reductions required. Recent months have seen an increased drive towards 'Paris alignment'. For example, the UK Government has committed to 'net zero carbon by 2050' and although the same target was not approved by the EU when proposed in June, 24 of the other 27 member states supported it.

PIDG needs and wants to be at the forefront of the response to climate change. Our mandate is to reduce poverty in the most fragile and poorest parts of the world, and these are the places that are – and will increasingly be – worst affected by climate change. Preventing dangerous climate change is crucial to protect and make resilient those communities already enduring precarious and unpredictable livelihoods.

At the same time, people in these countries need access to basic infrastructure – power, roads, railways, ports, telecommunications – in order to have a decent life and earn a decent living. In some cases, new technologies will replace high-carbon practices such as cooking with wood or charcoal and this will have additional benefits for health and biodiversity. But in PIDG's countries of focus, new infrastructure often does not replace carbon-intensive old infrastructure but instead provides people with access to these basic services for the first time.

It is therefore inevitable that provision of new infrastructure – whether energy, transport or communications networks – will increase GHG emissions in these countries from the current very low base.

This means that PIDG, in consultation with other investors in the poorest and most fragile countries, must follow a road map towards 'Paris alignment'

and net zero carbon emissions over time. Crucially, this involves engagement with host countries, their policy-makers and private investors, to understand their vision for development of infrastructure in the least carbon-intensive way.

The road map recognises that it is easier to define 'Paris alignment' in some sectors than in others. For example, in the energy sector, the broad definitions are relatively straightforward. Renewables projects: solar, wind, geothermal, small-scale hydro – are Paris-aligned while coal and heavy fuel oil projects are not. In this sector, PIDG's clear preference is for renewables where feasible, and PIDG does not invest in coal plants. Gas-fired power plants, although fossil fuel generation, are eligible for PIDG investment under certain conditions where alternatives for baseload power are not available. As technology develops, the alternative options will change and PIDG will keep this under continual review.

In other sectors, it is currently less clear what Paris alignment looks like in the countries where PIDG invests. When investing in essential infrastructure such as roads, ports, affordable housing and communications, PIDG will prioritise projects that are carbon-efficient and will explore innovations to further enhance that. Over the coming months, we will be working with others to define the appropriate level of ambition on Paris alignment in these sectors in PIDG's countries of operation.

At the same time, PIDG is measuring the carbon footprint of its portfolio and is assessing the resilience of its investments in the light of climate risk.

The challenge of climate change requires a suitably ambitious response. PIDG is committed to work with others on the response that will most benefit the poorest and most fragile places.



InfraCo Asia's agri-energy infrastructure project in Sri Lanka, producing biomass pellets from Gliricidia trees. This will provide a new stream of income to smallholder farmers and a fresh source of clean energy for export and domestic use.

Relevant links:

Intergovernmental Panel on Climate Change (IPCC) Special Report: Global Warming of 1.5°C
www.ipcc.ch/sr15/

United Nations Framework Convention on Climate Change (UNFCCC), The Paris Agreement
<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Department for Business, Energy and Industrial Strategy and Chris Skidmore MP
www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law

The World Bank
www.worldbank.org/en/news/feature/2015/11/08/rapid-climate-informed-development-needed-to-keep-climate-change-from-pushing-more-than-100-million-people-into-poverty-by-2030

Sustainable Development Goal 9
<https://sustainabledevelopment.un.org/sdg9>

Sustainable Development Goal 7
<https://sustainabledevelopment.un.org/sdg7>

Clean Cooking Alliance
www.cleancookingalliance.org