

**Kirsty Hamilton, Associate Fellow, Chatham House; Policy Head and on the Steering Committee of the Low Carbon Finance Group**

**United Kingdom**

*What event most shaped the course of the global environment?*

**Ms. HAMILTON:** Can't say globally. Perhaps there was a seminal "event"; however, I'd guess pivot-points in debates may be tied down from "global." On the "event" front on climate, perhaps the Toronto conference on the changing atmosphere was one such, in 1988, bringing together scientists and Ministers, leading to the IPCC, the UNFCCC, and the basis for the early Toronto target policies on climate (a 20% cut in global carbon emissions by 2005). But every "event" has its own history of collaborators, conversations, realizations that made it happen.

Speaking personally, I was given a copy of the Brundtland Report "Our Common Future" in 1988 when travelling in Australia. Of all the chapters, the one on energy stuck out as the place where the rubber hit the road. I was aware of acid rain, but hadn't heard of "the greenhouse effect" at that point.

A second thing that put finance on the radar, was reading a business news article in the early 1990s on the dangers of the derivatives market (pre-LTCM). It was couched in strikingly similar language about risk and positive feedbacks as climate scientists were using about climate change, the latter already divisive around science in the press. Two parallel universes. Fifteen-plus years later, when the 2008 financial crisis happened—the dominos, the unstoppable rips, the "casualties," the uneven pace, the lack of end—perhaps a glimpse of global ecosystem collapse.

*If we are to meet environmental challenges on a global scale, what one policy initiative do you think would have the most significant impact?*

**Ms. HAMILTON:** Systemic challenges need to be tackled, and that means joining relevant dots within the catchment area—both between the silos of policy (in as much as you see governments as having a pivotal role in setting public policy goals) as well as the cross-cutting issues—finance, governance, industrial policy, social policy, and right down at the level of network regulation. The waft and the weave. We'll have to be interested in understanding how others see the world—this means translation: different

languages, operational approach, how people ask and answer questions, as well as the technical and analytic issues. Finance and policy can be on different continents as it were. Bridging what can seem small gaps at this level needs concerted focus and is arguably essential if change is to be durable and robust as conditions change.

*Given that the public and governmental debates on environmental issues are mired in indecisiveness, what do you think is the most constructive path to achieving active working relationships with all members of society?*

**Ms. HAMILTON:** I don't think they are mired in indecisiveness per se, more mired in the politics, positioning, and often the asymmetry between the incumbents and the smaller sectors offering solutions. The vocabulary of support for "innovation" is not always matched with weight given to the innovators. At another level, there can be a lack of precision and understanding between the broad phrases of political discourse "the politics" and what actually motivates capital (in case the answer to the question above was a bit diffuse).

My current observation is that we need two things in parallel. We need to work at the sharp resolution of "where the damage gets done" if you like—in energy, this includes energy policy design, network regulation, wholesale market structure (supply and demand), as well as incentives or perverse subsidies: how finance practitioners see those factors; more broadly, others point to financial regulation and the factors that alter how institutions see risk and reward. We also need to extrapolate and offer insight from the bottom up to the generic debate—*climate finance, green growth, infrastructure*. Big generic arguments are essential to create a consistent if not single compelling direction. However, the generic and important isn't necessarily "operationalisable" for those expected to respond, e.g., investors. We risk wasting a lot of time that way. The turbulent, moving territory is bringing bottom-up and top-down closer together.

On a broader level, I think we risk much indeed if we ignore the fact that these are fundamentally deeply moral issues.



## BIOGRAPHY

Kirsty Hamilton is Policy Head and on the Steering Committee of the Low Carbon Finance Group. The Group brings together senior energy finance practitioners from across the finance spectrum to engage with lead policy counterparts. Kirsty was involved in its establishment with its founders in 2010. It aims to provide a factual, non-partisan, perspective on conditions to attract capital, both broader market conditions facing investors and the sharp resolution of energy policy design, with significant investment focus on renewable energy.

Prior to this, in 2004, she developed the Renewable Energy Finance Project as an Associate Fellow at Chatham House, working with financiers at the intersection between policy and finance, to help bring about more effective 'investment grade' policy conditions (UK, EU, emerging markets in scope). This sought to bring a bottom-up evidence base from transaction-focused financiers on renewable energy investment issues, from which broader insights could be drawn on the role of policy for both UK/Europe and emerging markets.

She has 23 years' experience in international climate and energy policy and has been an Observer at the UN climate change negotiations for both environmental and, subsequently, clean energy business organizations. She has had invited positions on the World Economic Forum's Global Council on Sustainable Energy, and as an advisor to UNEP's Finance Initiative, and is on the Steering Committee of REN 21, the international renewable energy policy network. She has also been an expert reviewer and contributing author to the Intergovernmental Panel on Climate Change.

Kirsty was brought up in Scotland and has a BA (Hons) from University of East Anglia and, much later, a Diploma in Economics from Birkbeck University in London.