MOBILIZING CLIMATE FINANCE AND SUPPORT

However strong a country’s climate targets, governance, and plans, turning those plans into action requires financial investment. The Paris Agreement mandates international finance for developing countries, and all governments agree through their NDCs to deploy domestic budgets for climate-smart development. But the sheer scale of funds needed is daunting.

Meeting this need will require much more finance, and from additional sources, including bilateral aid, multilateral development banks (MDBs), and the private sector. While it is early days, countries are using NDC implementation as a not-to-be-missed opportunity to leverage domestic and international finance to help bridge the climate finance gap.
IDENTIFYING COUNTRY FINANCE NEEDS

As described throughout this report, countries in the NDC Partnership are identifying policies, programs, and projects across key economic sectors which they must deliver to meet their NDC targets. In many cases this process is enabled by the technical support provided through the Partnership. Once this roadmap is in place, governments can realistically allocate resources and then assess their climate finance needs in ways that make sense to Development Partners and investors. Some members are already at this stage and with Partnership support are developing price tags for specific key projects as well as economy-wide budget estimates of what their mitigation and adaptation ambitions will cost over time. This, in turn, will enable ministries to pursue finance sources to match needs.

While such investments can seem daunting to resource-constrained developing countries, they can bring significant economic returns. According to the New Climate Economy 2018 Report, by 2030 bold climate action could deliver direct economic gains of US$26 trillion and generate over 65 million new jobs in low-carbon sectors. Conversely, the already high costs of climate inaction will increase. We can already see this: in 2017, for example, disasters triggered by weather-and-climate-related hazards led to US$320 billion in losses worldwide.

Given the economic opportunities, and the urgent need to combat climate impacts, some governments have opted to turn their Partnership Plans into targeted investment vehicles that attract finance. In this way, they leverage Partnership expertise to help identify and develop bankable, high-impact programs and projects. Costa Rica’s NDC Investment Plan, for example, details costs and co-benefits for 28 priority actions in three critical areas – resilient and low-carbon cities, climate smart rural territories, and managing water and land for water security.

In Peru, the IDB is designing a strategy to mobilize private finance for climate action through an NDC specific project pipeline. Similar collaborative efforts are underway in Jordan, Mozambique, Rwanda, Saint Lucia, and Uganda.

ANATOMY OF AN NDC INVESTMENT PLAN: COSTA RICA

ADVANCING CLIMATE ACTION THROUGH AN NDC INVESTMENT PLAN

1. KICK-OFF WORKSHOP  
   June 2017  
   Aligned support with national priorities for implementing Costa Rica’s NDC.

2. REQUEST FOR SUPPORT  
   November 2017  
   Request for support is an elaboration of an NDC Investment Plan.

3. NDC INVESTMENT PLAN DESIGN  
   March – September 2018  
   The NDC Investment Plan assesses each of the 28 prioritized actions under the three thematic areas of Costa Rica’s NDC: resilient and low-carbon cities; climate-smart rural territories; and integral and adaptive water and territorial management for water security.

4. MOBILIZATION  
   September 2018 – onwards  
   Moving forward, the NDC Partnership will mobilize its members to support the different actions and priorities in the NDC Investment Plan. For instance, IDB will take some of the priority actions in the Investment Plan and work to move them towards financial close.

E-MOBILITY TECHNICAL WORKSHOP  
August 2018  
Convened by the Ministries of Environment of Costa Rica and Argentina, this technical level workshop on e-mobility produced elements for a high level resolution to be considered at the Forum of Ministers of the Environment for LAC in October 2018.

NDC INVESTMENT PLAN  
For each prioritized action, the following data and analysis has been conducted:

- Existing information and progress;
- Characterization of actions (technical assistance, technology transfer, infrastructure development, capacity building, feasibility studies, etc);
- Identification of lead government institutions and other relevant actors (public or private) to be involved;
- Estimate of the financial needs for implementing the action;
- Analysis of co-benefits with SDGs.
MOBILIZING DOMESTIC BUDGETS

Partnership countries recognize that climate finance requires an all hands on deck effort, including significant contributions from national budgets. As they mainstream NDCs into whole-of-government planning, country Members are creating the political will and organizational groundwork to mobilize domestic spending for cross-sector climate action. Some are also taking the next step of specifying climate spending, and embedding NDC-related investments in cross-sector budgeting processes.

In Saint Lucia, the Finance Ministry signaled that it was committing domestic budgetary resources that could be channeled into NDC execution through 2030. In Morocco, the government estimates that domestic funds will cover 17 percent of its NDC mitigation targets. Meanwhile, Uganda’s Ministry of Finance, with support from the World Bank and others, is developing budget tagging systems to track domestic climate finance.

Partnering countries are also stepping up efforts to engage the private sector in raising climate finance. Domestic spending commitments are one way governments are sending signals to the business community that climate change is a national priority. Introducing enabling policies and regulations, including tax incentives, to generate private sector investment, is also on some countries’ radar.

WORKING WITH FINANCE MINISTERS TO MOBILIZE DOMESTIC BUDGETS

Rallying finance Ministers in all countries behind the national climate change commitments made in Paris is critical to the Agreement’s success. To this end, the World Bank established the Climate Action Peer Exchange (CAPE) technical assistance program in 2017, as a key contribution to the NDC Partnership.

With co-funding from the NDC Support Facility and South-South Facility, CAPE enables Finance Ministries to conduct fiscal policy that supports climate action while maintaining economic growth and macro-economic stability.

Through October 2018, it convened six technical workshops engaging 40 finance ministries, including 18 NDC Partnership Members. Topics included climate budgeting, macroeconomic modeling, fiscal risk management, and environmental tax reform. In addition, CAPE currently supports design and delivery of a tracking system for climate relevant budget appropriations and expenditure in Uganda.

KNOWLEDGE PORTAL: NEED HELP IDENTIFYING AND SECURING CLIMATE FUNDING?

The NDC Partnership’s Climate Finance Explorer supports countries navigating the complex landscape of international climate finance. The tool contains a searchable database of open climate funds and related support. It also simplifies the steps needed to access several big funds and allows users to compare key criteria across a range of funding vehicles.

CLIMATE FINANCE EXPLORER

The Climate Finance Explorer is a searchable database of open climate funds and related support for your mitigation and adaptation activities. To learn more about climate finance and how this tool can help you, click here.
Mobilizing International Finance and Development Cooperation

As a global coalition of countries and institutions—including UN agencies and multilateral development banks—the NDC Partnership is uniquely placed to mobilize climate finance, as well as support related domestic capacities.

Two years after the establishment of the NDC Partnership, developing country members view international finance to implement their increasingly concrete climate plans as an urgent priority. Development Partners are responding through bilateral funds and specific NDC support platforms which provide technical and capacity building assistance. By cooperating under the Partnership umbrella, they avoid duplication of effort and deploy resources to maximum effect. These initiatives complement the vital climate finance provided by multilateral sources, such as the Green Climate Fund, the Global Environment Facility, the Least Developed Countries Fund, the Special Climate Change Fund, the Adaptation Fund, the Clean Technology Fund, and the Strategic Climate Fund.

Adapting Bilateral Cooperation to Meet Country Needs

Some developed country Members, including France, Germany, Sweden, and the United Kingdom, are looking to align development cooperation projects and programs with climate initiatives and needs outlined in Partnership Plans. This means that countries can leverage broader bilateral funding sources than those dedicated to climate alone.

Examples of Development Partners Tailoring Support to Climate Action Include:

Germany is using NDC Partnership countries’ climate needs, expressed in their Partnership Plans, to inform the design of new international development cooperation programs. This approach builds on the significant support for country engagement processes, and short term support requests, already provided by both the Federal Ministry of Economic Cooperation and Development (BMZ) and the Federal Ministry of the Environment (BMU). This support is channeled through Implementing Partners.

The Netherlands is supporting the coordination of NDC Partnership Plan preparation and implementation by providing embedded facilitators in four NDC Partnership Member countries.

Sweden is using the Partnership’s planning and consultation process to identify NDC implementation needs for its next country work program in Rwanda.

The design of the United Kingdom’s Technical Assistance Program (PACT) took advantage of the findings and priorities identified during the Partnership Plan preparation process to incorporate key work areas, gaps, and needs into its funding instrument.

The French Development Agency (AFD), Adapt’Action Facility is programming country support in coordination with the NDC Partnership in the Dominican Republic, Cote d’Ivoire, and Ghana.
Given the scale and urgency of the need for climate finance, Implementing and Development Partners have also set up specific NDC support programs. Through 2018, tens of millions of dollars have been deployed or pledged in this way. Several major funding vehicles are directly aligned with the NDC Partnership and use request for support letters and Partnership Plans to allocate resources:

**The UNDP Support Programme**, through the European Union, Germany, and Spain, finances country-led climate and development solutions in Partnership countries. Since 2017, it has supported governments in areas including climate governance, sectoral planning, gender integration, and engaging the private sector. In Costa Rica, for example, UNDP is improving data flows and reporting in key sectors like agriculture and forestry. In Viet Nam, it supports multi-stakeholder engagement in climate action.

**The World Bank NDC Support Facility** channels technical support, funded by Germany, to more than 26 countries, with a focus on improved climate governance, capacity building, and sector investment planning. Uganda’s and Guatemala’s ambitious and far-reaching Partnership Plans, for example, includes several large-scale, high-impact projects developed directly with the NDC Support Facility. The Facility also supports the NDC Investment Forum of the Organization of the Eastern Caribbean States.

**NDC Assist**, funded by Germany through GIZ, supports countries and regions to strengthen NDC implementation in the context of the 2030 Agenda for Sustainable Development and under the Partnership's umbrella. For example, the project provides technical assistance to the Organization of Eastern Caribbean States’ regional NDC initiative and the Regional Pacific NDC Hub (see also page 12).

NDC Invest, an Inter-American Development Bank (IDB) program, also complements the Partnership's work. The fund supports countries in making climate investment plans, conducting technical analyses, and leveraging external finance. Launched in October 2016, the platform has operations in 17 countries and supports three regional initiatives. For instance, in the Dominican Republic, the Bank promotes the development of institutional capacity, tools, and information to support the government in addressing climate-related public expenditure challenges.

Similar vehicles from Partnership institutions include the French Development Agency’s NDC Facility, which channels support to 15 countries, the European Bank for Reconstruction and Development’s NDC Support Program, and the European Commission’s EuroClima+ Programme.

A new UK technical assistance program – Partnering for Accelerated Climate Transitions (PACT) – will contribute £60 million to supporting accelerated emissions reductions in emerging countries. Run by the Department for Business, Energy and Industrial Strategy, the first project will establish a collaborative China – UK Green Finance Center.

Some of these partners collaborate for maximum effect. For example, in the Dominican Republic, NDC Invest and the French Development Agency’s NDC Facility are embarking on a joint work plan which will include support for a vulnerability assessment of coastal areas.
Climate change is already an everyday reality for Namibians, who inhabit one of the driest countries in sub-Saharan Africa. In recent years, destructive, long-lasting droughts and floods have affected crops, livestock, water supply, and health. The government estimates that as these impacts intensify, GDP could fall by 6.5 percent, hindering the country's economic progress.

Recognizing the seriousness of its climate challenge, Namibia has had a cross-sector National Climate Change Committee in place since 1999. In its NDC, the government committed to highly ambitious mitigation and adaptation targets, including an 89 percent cut in GHG emissions by 2030 through climate smart agriculture, forest protection, and a shift to renewable energy. For adaptation, its focus is on improving water security and resilience to flooding and desertification.

To finance this urgent and ambitious agenda, Namibia is working through the NDC Partnership to secure wide-ranging public and private investment for bankable projects. Launched in September 2018, its Partnership Plan prioritizes finance for projects that reduce emissions and enhance resilience as well as stronger coordination across national and international stakeholders, including Development Partners, to fast track decisions. In addition, it seeks to improve climate change governance and develop monitoring systems to track progress on mitigation targets.

Building on a pipeline of climate projects developed with the German development bank KfW in 2015, Namibia has received offers of support on readying bankable sector-based projects for investment from the African Development Bank, the French Development Agency (AFD), FAO, KfW, the World Bank, and the European Commission. In addition, Namibia’s Partnership Plan has attracted strong interest from the private sector, with local and regional banks keen to support its national climate agenda. Nedbank, headquartered in South Africa, is looking to green its investment portfolio with a focus on renewable energy systems and building energy efficiency. The Namibia Development Bank is also identifying climate smart projects for investment and is seeking Green Climate Fund accreditation.

Namibia’s government is highly encouraged by this growing community of Development Partners, private sector, and government institutions assembling behind its urgent call for action. With support from Germany, a dedicated in-country facilitator at the Ministry of Environment and Tourism will ensure effective coordination and exchange between national and international stakeholders.