



## FINANCING CLIMATE ACTION

As this report demonstrates, Partnership countries are embracing the imperative to mainstream climate action. Some are also pledging to accelerate or expand climate commitments. Turning these plans into effective action, however, requires much more finance than is currently being deployed.

While the Paris Agreement mandates international finance for developing countries, and all signatories agree to deploy domestic budgets to implement NDCs, progress on both fronts has been slow. A swift injection of funds from additional sources—including bilateral aid, multilateral development banks (MDBs), and the private sector—is now critical to realistic prospects for meeting the Paris goals.



In the Moquegua district, you will find the largest solar plant in Peru. Rubi Solar Plant is the size of 400 soccer fields, with the capacity to develop 440GWh per year—enough energy to power 350,000 homes and prevent the emission of 210,000 tons of CO<sub>2</sub> annually. Jeffery Arce, on-line supervisor, and Herald Cubas, operations and maintenance supervisor, periodically survey the plant to guarantee proper functioning. *Photo by Omar Lucas/Fábrica de Ideas*



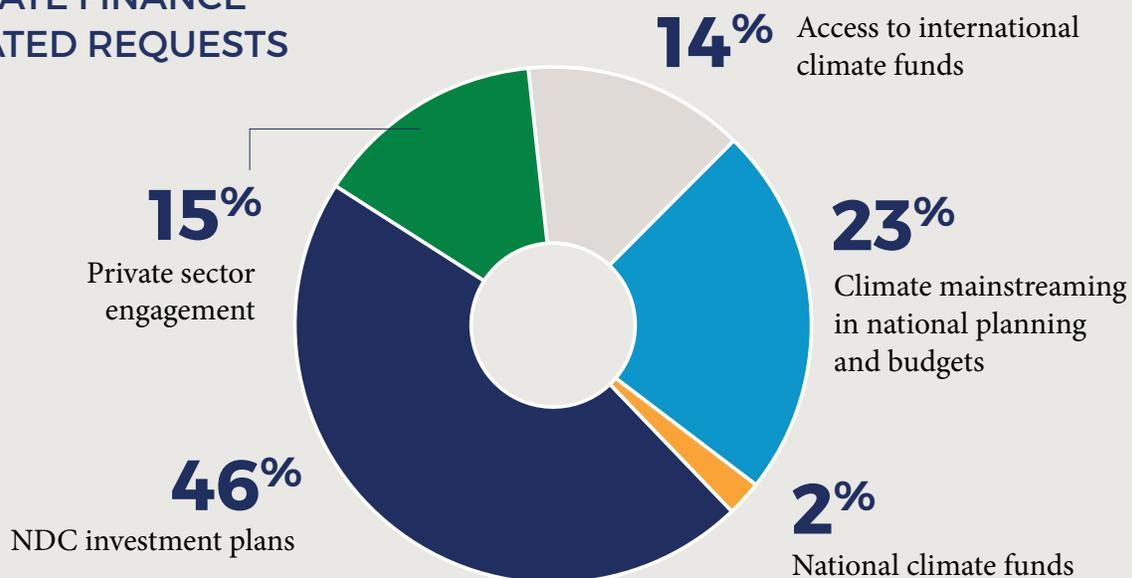
In 2019, the NDC Partnership stepped up efforts to bridge the climate finance gap. In addition to launching CAEP (see page 19), we supported countries in mobilizing finance by:

- Working with finance ministries to embed climate action into domestic planning and budgets, including through the Coalition of Ministers of Finance
- Supporting countries in the preparation of NDC investment plans
- Providing direct support through implementing partner programs
- Sharing finance solutions, such as national climate funds
- Engaging the private sector in project pipelines through Partnership Plans

Member countries and development partners have also been collaborating at a regional level to raise finance for low-carbon and climate resilient development. For example, the [Africa NDCs Hub](#) channels resources, including finance, capacity building, and technology development and transfer across 54 countries, coordinated by the AfDB's Climate Change and Green Growth

Department. Similarly, the NDC Pacific Hub, based in Suva, Fiji, provides expertise for developing regional solutions to climate change. The Organisation of Eastern Caribbean States (OECS) Investment Forum brings together different stakeholders to attract investment for bankable climate projects.

## CLIMATE FINANCE RELATED REQUESTS





## SPOTLIGHT

## Understanding Countries' NDC Financing Needs

**Effective NDC implementation requires that the full array of domestic and international resources are effectively deployed, and gaining access to financing for climate action is one of the most frequently requested areas of support among NDC Partnership countries.**

The NDC Partnership has categorized these requests for support along five main axes, which are defined as:

<b>Preparing NDC Investment Plans</b>	NDC investment planning aims to support country members in developing financial strategies to support their NDC implementation plans by identifying the most appropriate investor profiles for different actions and developing a related engagement strategy for targeted investors.
<b>Mainstreaming NDCs into Planning and National Budgets</b>	Mainstreaming NDCs into national planning and budgets ensures that NDC-related actions can be identified as part of government spending, and enables governments to make informed, transparent decisions and prioritize the most relevant climate investments.
<b>Establishing National Climate Funds</b>	National climate funds enable countries to mobilize, pool, and blend both domestic and external sources of finance, to support more coordinated programming of resources across stakeholders, and ensure national ownership of climate finance.
<b>Accessing International Climate Funds</b>	International climate funds play an important role in financially supporting countries to implement their low-carbon, climate resilient NDC targets, and this support often goes beyond just financing. Access to international climate funds can also help countries build capacity, pilot novel approaches and technologies, and access further sources of finance.
<b>Engaging the Private Sector</b>	With private finance critical to meeting NDC targets, there is consensus that limited domestic budgets and overseas development assistance should be leveraged to unlock much larger private capital flows for NDC implementation.

An analysis of 137 finance-related requests coming from country partners can be seen in the graph on page 26, where the majority of requests relate to NDC investment planning through the identification of low-carbon, climate resilient project pipelines and funding sources to support them. Country action along these five axes is explored through further case studies in this report, which highlight Mali's NDC investment plan, the success of Rwanda and Ethiopia in setting up national climate funds, and Saint Lucia's commitment of USD23 million in domestic resources for NDC implementation.



### TO LEARN MORE, SEE:

- [Planning for NDC Implementation: A Quick Start Guide- Finance](#)
- [Knowing What You Spend: A guidance note for governments to track climate change finance in their budgets](#)
- [Navigating International Climate Finance](#)
- ["Expanding Access to Global Climate Funds: Lessons from the GCF in Asia Pacific" Insight Brief](#)



## SPOTLIGHT

## Pioneers Share Insights to Scale National Climate Funds



Photo by Rodney Quarcoo

**During Africa Climate Week in Ghana, 11 countries discussed the how and why of setting up national climate funds—a growing and effective means of managing and attracting climate finance. Two pioneers, Rwanda and Ethiopia, hosted the March 2019 event with support from the NDC Partnership.**

Officials from both countries described how they use the innovative funds to mobilize, pool, and blend domestic and external revenue sources to support coordinated programming while retaining government ownership of climate finance. For instance, since 2013, Rwanda's Green Fund (FONERWA) has served as an engine of green growth, raising close to USD167.2 million to

invest in programs including clean energy, erosion protection, and reforestation.

Participants also heard from multilateral development banks who act as partners on national funds. They raised key challenges to consider, including capturing climate impact to attract donor and private investment and balancing climate and broader development needs over the short and longer terms.



FOR MORE, [READ OUR EVENT BLOG.](#)



## CASE STUDY

SUPPORTING CÔTE D'IVOIRE'S TRANSITION  
FROM COAL TO RENEWABLES

**One critical way the NDC Partnership supports member governments in transforming their economies is through energy transition. Côte d'Ivoire, for example, is prioritizing a shift from coal to renewable energy in its updated and enhanced NDC.**

Implementing partners, led by Germany and the European Union, are helping bring this commitment to life by supporting energy reform programs, feasibility studies on renewables projects, and high-level dialogue among relevant ministries. At a regional level, partners are investing in the West African Power Pool program, which aims to provide a unified, reliable electricity market for the region's growing population.

Côte d'Ivoire was one of the first countries to tackle NDC enhancement under the terms of the Paris Agreement. In addition to its ambitious energy agenda, the Government is expanding its climate plan to include new sectors such as forestry and is considering the impact of short-lived climate pollutants. It also benefits from increased engagement from local governments. The Partnership has been deeply involved in this process, with the AFD, GIZ, and UNDP all part of a cross-government working group to deliver coordinated climate planning. There is already strong traction from partners for implementation of thematic areas of support. For example, the FAO and IFAD have expressed their intent to support the work in the agriculture sector. Côte d'Ivoire's Partnership Plan will mobilize new and ongoing support to integrate climate mitigation and adaptation into national and sectoral planning, as well as technical capacity building for sector ministries and local

and regional authorities. A parallel Green Climate Fund country program will support comprehensive investments in renewable energy and NDC implementation. Finally, in order to accelerate national mobilization of resources, Côte d'Ivoire also became in 2019 a member of the Coalition of Finance Ministers for Climate Action, a group of over 50 countries that aims to drive strong collective action on climate change and its impacts.

The country's business groups and energy sector were consulted on the enhanced climate plan and will be critical to achieving a low-carbon energy transition. To this end, UNDP's NDC Support Programme will assist government efforts to equip and incentivize companies to play a role in NDC implementation. Plans include connecting companies to climate finance and technical assistance for designing low-carbon projects. Smaller businesses and entrepreneurs will be offered financial and technical incentives to adopt low-carbon technology. Côte d'Ivoire, as well as Burkina Faso, Mali, Togo, and Tunisia, joined a peer exchange in Morocco on the climate engagement of private companies from the energy sector, supported by the General Confederation of Enterprises in Morocco (CGEM), the NDC Partnership Support Unit, and UNDP.



## CASE STUDY

## MAINSTREAMING CLIMATE FINANCE IN MALI

**Facing widespread desertification exacerbated by climate change, Mali has made climate action a national priority, alongside security. The country's new constitution includes climate action as a national duty and combating climate change is one of five pillars in the President's national vision.**

This high-level commitment is reflected in the lead role played by Mali's Ministry of Finance in turning the country's NDC into concrete climate plans and projects. Along with the Ministry of Environment and Sustainable Development, the Ministry of Finance generated an action-oriented Partnership Plan based on wide-ranging consultations, including with the private sector. With support from GIZ, the Plan regrouped Mali's National Roadmap for NDC Implementation around 11 large-scale, investment-ready projects along with supporting needs such as legislative frameworks, capacity building, and access to finance. The country's mitigation goal is to cut GHG emissions by 31 percent in the energy sector, 29 percent in the agriculture sector, and 21 percent from other land use, including forestry, compared to a baseline scenario.

Mali's national development blueprint—the Strategic Framework for Economic Recovery and Sustainable Development 2019-2023—prioritizes climate change and includes sectoral measures and investments identified in the Partnership Plan. These encompass agriculture, fisheries, renewable energy, and water resources as well as decentralization actions to integrate climate action into territorial and local planning.

As a result, the Ministry of Finance has established a new budget line for climate mitigation and adaptation projects, which doubles the previous resources made available for environmental programs. It is also active in discussions with development partners on raising international climate finance.

Mali's climate action is also supported by a Climate Fund that started its operation in 2014, with support from Sweden and Norway. The Fund has aligned its priorities with the NDC, focusing on energy, agriculture, and forestry, and has financed 14 projects with a total of USD12.8 million. New activities are under consideration.

Institutions that support the Partnership Plan's priority projects or other outputs, or have pledged to do so, include the AfDB, FAO, GEF, Germany, the Netherlands, UNDP, and WRI.



## CASE STUDY



## MOBILIZING SUPPORT TO PROTECT COASTAL COMMUNITIES AND BUILD RESILIENT TRANSPORT AND ENERGY NETWORKS IN SÃO TOMÉ AND PRÍNCIPE

**Faced with the likelihood of destructive climate change impacts, low-lying São Tomé and Príncipe is prioritizing disaster risk reduction alongside resilient and low-carbon development. To support the African island's adaptation efforts, the Partnership is providing significant resources for a number of practical measures, including: coastal protection; resilience-building and adaptation including voluntary community relocation; an improved, climate-proofed transport network; and expanded hydroelectric power.**

Financed by development partners and multilateral banks, these far-reaching programs align with São Tomé and Príncipe's results-based NDC Implementation Plan (Partnership Plan). The World Bank is scaling existing projects to support the country's climate goals. From 2019 to 2024, it will provide USD29 million to improve the connectivity, safety, and climate resilience of the island's road network, and build related coastal climate resilience and emergency response. In addition, the island is benefiting from the Bank's USD7 million West Africa Coastal Areas Resilience Investment Project, which will strengthen institutions tasked with disaster risk management and conduct several measures to include resilience of communities and sectors.

In the energy sector, the World Bank is channeling USD16 million into the São Tomé and Príncipe Power Sector Recovery Project with the European Investment Bank and other development partners contributing a further USD13 million. The project will boost renewables by expanding an existing hydroelectric power plant and improve energy access and management by upgrading the island's

low voltage network and strengthening the regulatory agency and national energy company. In addition, UNDP is also supporting the country's renewable energy policies. This includes policy, strategy, capacity building, and preparation of bankable projects.

Other key contributors include the AfDB with USD3.5 million. Under the Partnership Plan umbrella, the AfDB is supporting capacity building and development of bankable projects in the energy sector and alternative forestry programs that reduce tree cover loss and create a sustainable wood products supply. In addition, the Bank will finance farming and fisheries projects that deliver Partnership Plan objectives to reinforce local institutions' ability to manage climate risk, increase community resilience, and reduce use of nitrogen fertilizers.

As these transformative programs take shape, the EU is assisting the National Climate Change Committee in aligning implementing partner activity and engaging civil society, NGOs, and the private sector in readying São Tomé and Príncipe for a warming world.



## CASE STUDY

## MARSHALL ISLANDS PURSUES NET ZERO CLIMATE STRATEGY



**Facing an existential threat from climate change, the Republic of the Marshall Islands (RMI) is a global leader in ambition. The government's Tile Til Eo (Lighting the Way) 2050 Climate Strategy sets out a vision to reach net-zero emissions and 100 percent renewable energy by 2050.**

The NDC Partnership is a crucial partner in helping the Pacific island nation make concrete early progress and mobilize international resources to support these ambitious goals. In December 2018, RMI launched a stakeholder-driven NDC Partnership Plan that accelerates mitigation and adaptation action with a focus on energy, financing mechanisms, resilience, gender equality, human rights, and capacity building. The Plan's 33 priority actions include programs to strengthen the capacity of RMI's citizens and private sectors to contribute to climate action. It is also used as a navigational tool for gender mainstreaming in the energy sector and beyond, setting yet another example. For example, the government plans to expand solar technician training for women in the outer islands and introduce funding for climate-solutions entrepreneurs through one of the guiding pillars of the RMI Electricity Roadmap that is aligned with the Partnership Plan.

In 2019, the Partnership has been heavily involved in improving coordination across government and with key development partners to deliver the plan. RMI's President has strengthened the Tile Til Eo Committee, which leads

on climate action through new stakeholder working groups on adaptation, mitigation, and cross-sector activity related to gender, human rights, young people, health, education, the outer islands, and capacity building. The NDC Partnership working group, created to ensure strong cross-sectoral linkage, will help strengthen adaptation and mitigation activity and accelerate access to climate finance as the plan is rolled out across the islands.

In May 2019, the Partnership co-hosted with the government a multi-stakeholder forum where ministries and development partners agreed on short, medium, and long-term measures to strengthen effective management and coordination of climate finance and plug resource gaps identified in the Partnership Plan. To maximize partner support, the government has started looking into setting up a pooled Climate Finance Grants Mechanism, targeting local solutions and beneficiaries and responding quickly to key NDC gaps and priorities, potentially with a strengthened focus on resilience and recovery from climate disasters. To date, 22 institutions and governments have signaled interest through the Partnership Plan in helping RMI realize its climate ambitions.



## CASE STUDY

## SAINT LUCIA COMMITS USD23 MILLION IN DOMESTIC FUNDING FOR NDC IMPLEMENTATION AS CABINET APPROVES NDC PARTNERSHIP PLAN

**In May 2019, Saint Lucia's Cabinet approved the country's NDC Partnership Plan, becoming the first country to have a plan validated at that level. Furthermore, it enshrined a commitment made in 2015 to mobilize USD23 million in domestic funding for NDC execution through 2035.**

Saint Lucia's Partnership Plan contains actions that will be implemented by all segments of the nation's society. As a first contribution from the national budget, two major energy efficiency projects and a public awareness campaign are approved to be funded within the fiscal year 2019/2020 with an approximate value of USD700,000. One of the ways that Saint Lucia's Partnership Plan is contributing to reduced greenhouse gas emissions is through energy efficiency, and specifically by replacing or retrofitting existing lights with LED installations. Similarly, Saint Lucia is looking to its Green Schools Nationally Appropriate Mitigation Action (NAMA) to make an impact by replacing approximately 13,500 lights with more efficient LED tubes. This will be supplemented by the installation of solar photovoltaic systems for power generation in primary and secondary schools.

All told, Saint Lucia's Green Schools program alone is projected to reduce energy consumption in schools by 20 percent in the next six years and reduce greenhouse gas emissions by 35 percent in the same time frame. This is a significant improvement over Saint Lucia's NDC target of a 16 percent emission reduction by 2025. Ancillary benefits will include improving the infrastructure of schools used as public emergency shelters and improve energy security in the case of natural disasters.

The AFD, FAO, GIZ, IRENA, New Zealand, The Nature Conservancy, UNDP, and the UNFCCC are working collectively to support Saint Lucia in turning climate plans into actionable projects with measurable results.



**PLEASE [READ OUR BLOG](#) ABOUT SAINT LUCIA.**