

ENTRY POINTS FOR REALIZING COHERENT IMPLEMENTATION OF NDCS AND SDGS FINANCE



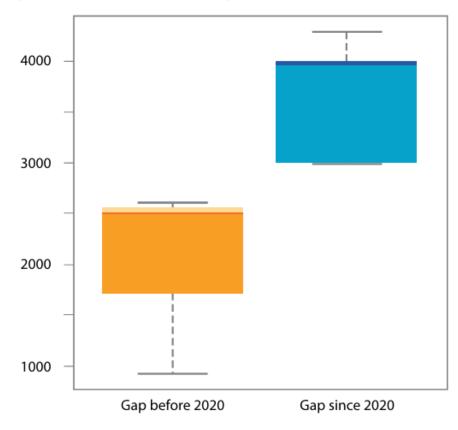
CURRENT SCENARIO

SDG FINANCE GAP

- > The world is severely off track to achieve the SDGs by 2030.
- On a BAU pathway, where social, economic and technological trends do not shift markedly from historical patterns, the SDGs would remain out of reach even in 2050.

Range of estimates of annual SDG financing gaps in developing countries

(Billions of United States dollars)

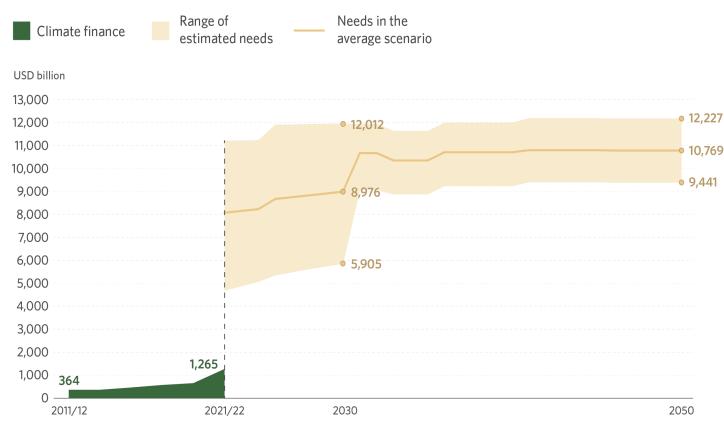


Source: Financing for Sustainable Development Report 2024

CURRENT SCENARIO

THE CLIMATE FINANCING CHALLENGE

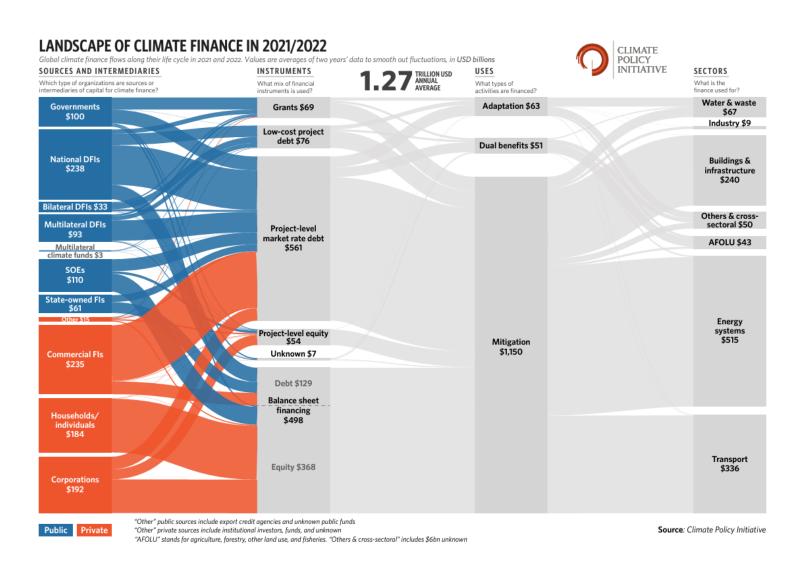
 The Global Landscape of Climate Finance 2023 estimates average global climate finance needs of USD 8.9 trillion annually by 2030 and USD 10 trillion by 2050



Source: Climate Policy Initiative (2023), Global Landscape of Climate Finance 2023

CURRENT SCENARIO

UNDERSTANDING THE GAP



THE WAY FORWARD

HOW CAN WE SCALE THE QUANTITY AND QUALITY OF CLIMATE FINANCE?

Transforming the financial system

Reforming international financial institutions

Leveraging concessional finance to expand private flows

Strengthening private financial sector net zero integrity Bridging climate and development needs

> Harnessing synergies between sustainable development and climate action

> Mainstreaming climate adaptation and resilience into financial systems

Phasing out unabated fossil fuels through a just transition Mobilizing domestic capital

> Aligning Nationally Determined Contributions (NDCs) with 1.5°C scenarios

Improving the local ecosystem for climate investment

Acting to improve data

Simplifying and standardizing taxonomies and reporting

Making climate finance data widely available and accessible

NDC PARTNERSHIP DEEP DIVE ON CATEGORIES OF FINANCE REQUESTS

Project Preparation Lifecycle:

- Project identification (2%)
- Concept notes and proposals (3%)
- Pre-feasibility, feasibility, and structuring (2%)
- Project financing, construction and operation (94%)

Integrating NDCs into national planning, budgets, and revenue (19%)

Project and program financing and resource mobilization (10%)

Developing climate finance strategies and financial roadmaps (5%)

Private sector engagement (4%)

Developing bankable projects and pipelines (62% of the finance requests analyzed)

THE WAY FORWARD

THE IMPERATIVE OF ALIGNING SDG AND CLIMATE FINANCE

- Leverage: NDCs 3.0 process offer an opportunity to surface SDG needs and ensure finance mobilization is aligned.
- Plan: A robust investment planning process can help identify and address systemic barriers and capacity gaps, as well as develop enabling conditions for financier engagement (i.e., private sector).

Article 2

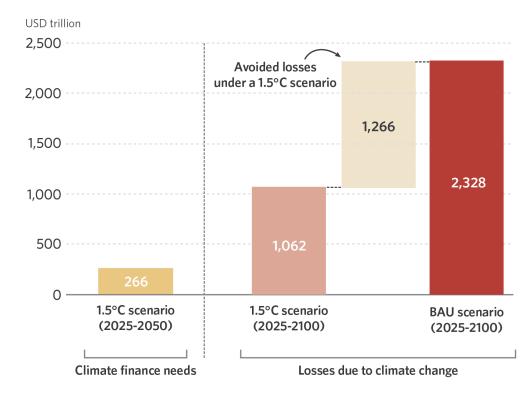
- 1. This Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by:
- (a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
- (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and
- (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- 2. This Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.



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THE WAY FORWARD

THE COST OF INACTION



Source: Climate Policy Initiative (2023), Global Landscape of Climate Finance 2023



SESSION 10 FINANCING NDCS AND SDGS

AGENDA

Time	Session
13:00 – 13:10	Introduction to the session
(10min)	Moderator: Adrián Flores, Climate Finance Associate, NDC Partnership
13:10 - 13:30	Presentation of the Climate Investment Planning and Mobilization Framework
(20 min)	Selina Wrighter, Head of Policy and Strategy, Green Climate Fund
13:30 - 13:40	Group work mechanics explanation
(10 min)	Adrián Flores, Climate Finance Associate, NDC Partnership
13:40 - 14:20	Group work: aligning SDG and climate finance through the Climate Investment Planning and
(40 min)	Mobilization Framework, opportunities and gaps
14:20 – 14:50	Presentation of results by group representatives and discussion
(30 min)	riesentation of results by group representatives and discussion
14:50 – 15:00	Closing remarks and linkages with Session 11
(10 min)	Mr. Raymond Saner, Professor Emeritus, Business and Economics, Basel University
15:00- 15:15	Break

SESSION OBJECTIVE

- Explore how to maximize benefits in driving parallel NDC and SDG financing processes at the national level.
- > To achieve this goal, the Climate Investment Planning and Mobilization Framework will be introduced as a tool to align the attainment of climate priorities with broader sustainable development objectives.
- > The discussion will center on exchanging best practices and approaches for translating NDCs into tangible investments aligned with sustainable development goals.

GROUP DISCUSSIONS

- Participants will be divided into four groups to discuss concrete opportunities and gaps to align SDG and climate finance. The discussion will have a duration of 40 minutes.
- Each group is requested to select one moderator, one note-taker, and one presenter.
- Each group is expected to report back on four categories. Each group moderator will ensure that each of the categories are discussed and presented to the broader audience.
- After the discussion, each group will present the results to the broader audience. Each group will be invited to present for 5 minutes (20 minutes).
 Space for questions and discussion by the audience will be allowed (10 minutes).

GROUPS

- Group 1 SDG/climate finance capacity: This group will explore the necessary capacities to align SDG and climate finance, examining essential institutional arrangements. This includes integrating sustainable development and climate action into development planning and establishing appropriate institutional frameworks.
- Group 2 SDG/climate investment needs identification and prioritization:
 This group will delve into aligning SDG and climate investment identification and prioritization, examining how policy instruments like NDCs play a crucial role in guiding the alignment process. Additionally, the group will discuss how the investment planning process can contribute to NDC updates and SDG progress in line with the national plan or financing priorities.

GROUPS

- Group 3 SDG and climate finance mobilization: This group will discuss how to effectively mobilize finance to achieve SDG and climate objectives. The conversation will center around tackling challenges, seizing opportunities related to project development, and engaging financiers, including the private sector. Participants will explore strategies to overcome barriers and leverage potential avenues for financing to support sustainable development and climate action initiatives.
- Group 4 Measuring/Monitoring national to local implementation: This
 session will focus on identifying and addressing the primary barriers to
 aligning climate investments with the SDGs and national plans towards
 local implementation and results on the ground. Participants will identify
 the key challenges hindering alignment and brainstorm potential solutions
 to overcome them.

REPORT BACK QUESTIONS

- What did you identify as important and why?
- What elements would be most challenging to implement?
- What types of support would you need to do this?

THE FULL PICTURE

COMPONENTS

OUTCOMES

SUPPORT

GCF/NDC Partnership Climate Investment Planning and Mobilization Framework FINANCE MOBILIZATION INVESTMENT PLANNING Private sector Stage 1 Stage 2 Stage 4 Investment Planning Investment Needs Stage 3 Programming Blended Stage 5 Stage 6 and Mobilization Identification and Financing Strategy with financial Funding proposal Project Prioritization partners Capacity development Public sector implementation 1. Evidence-based 1. Mapping sources of 1. Programming dialogue with 1. Institutional arrangements 1. Project and program 1.Project and program investment needs and expertise finance for prioritized finance partners preparation and implementation and identification 2. Stakeholder engagement investments approval for monitoring 2. Cost-benefit analysis 2. Concept preparation for public international and 3. Mapping existing 2. Pipeline stock taking and blended finance 3. Investment needs investment frameworks 3. Identifying finance national public sector prioritization 4. Mainstreaming climate 3. Unlocking private sector led and blended partners and setting up a 4. Feedback loop for financing goals investments detailed financing plan NDC/NAP/LTS 5. Monitoring and reporting 4. Strengthening enabling environments V V V V V Financial plan identifying Prioritized, evidence-Projects / Projects / Implementation capacity based set of mitigation best-fit financial sources Projects identified and **Programmes Programmes** in place and climate financiers engaged Implemented, monito & adaptation investment and strengthened enabling developed priorities mainstreamed needs identified environments & approved red & reported A A · Coordination mechanisms Key ministry capacities · Project financial NDB & Central Bank structuring · Country programmes · Emissions scenarios Finandal flow tracking Programmatic capacities Feasibilitystudies Climate riskand Financial source mapping Concept note development Environmental, social · Direct Access Entity investment decisions vul ne rability assessment · Assessing financing options Additionality and gender studies Project capacities · Addressing barriers to private sector · Common practice analysis (private/blended/public) · Stakeholderengagement Riskassessments implementation · Cost-benefit analysis · Investment a nalysis investment mechanisms · Pre-contract services · Project monitoring & Option identification. Barri er analysis Structuring investments for private Sectoral planning Advisorvservices e valuation · Policy/regulatory change a nalysis & costing sector de-risking · Enabling environments Climateimpact · Economic a dvisors potential MRV