Aligning Stimulus Measures with NDCs

NDC PARTNERSHIP

CONTENT

- Intro to the NDC Partnership
- NDC Partnership Economic Advisory Initiative
- Country example: Insights from Indonesia

THE NDC PARTNERSHIP'S RESPONSE TO THE PANDEMIC

THE NDC PARTNERSHIP IN CONTEXT

CREATING MOMENTUM FOR LONGER TERM, ENHANCED ACTION

Dedicated mechanisms to address needs arising from implementing and raising the ambition of NDCs

A growing membership to secure and enhance financial support, diverse expertise, credibility and political commitment

Flexibility of support, based on country ownership

Broad range of services: from TAs for enabling policies, to financing implementation

MOBILIZING CLIMATE AND DEVELOPMENT ACTION ACROSS GOVERNMENT AND SOCIETY

- **Responding to requests for support** from country members.
- **Coordinating, aligning and maximizing support** among members.
- **Bringing climate and development goals together** within broader sustainable development agendas by turning NDCs from stand-alone documents into national policies and implementation plans.
- Engaging with a **wide range of stakeholders**: 50% of member focal points surveyed report improved internal coordination on NDC related action.

Follow our introduction to the Country Engagement Process for more information

Policy, Strategy & Legislation

EXAMPLES

- Policy & legal framework development or update
- Mainstreaming climate into national, subnational and sectoral planning processes
- Climate Plans and Strategies, including LTS
- Analytical tools for evidence-based policy on climate and development impacts
- SDG alignment
- Sectoral strategies and plans

Budgeting & Investment

EXAMPLES

- Climate-related Investment Plans
- Budgeting and expenditure reviews
- Mainstreaming climate into PFM
- Development of investment projects
- Fiscal and macroeconomic policies
- Climate funds

Monitoring & Evaluation (M&E)

EXAMPLES

- Development and improvement of MRV (Monitoring, Reporting and Verification) systems
- Data collection and management
- Development and implementation of information systems

STRENGTHENING OF TECHNICAL AND INSTITUTIONAL CAPACITIES

- Exchange of experience of learning and knowledge management
- Capacity building
- Knowledge tools and products

INSIGHTS FROM AN EARLY 2020 SURVEY WITH MEMBERS

1. **Reduced climate spending** due to the expense of COVID-19 responses, alongside capital flight, revenue loss, and increased debt.

2. **Quality, ambition and revision timeline of NDCs are at risk** due to the challenges of collecting and validating data; maintaining communications and decision-making processes; and convening stakeholders.

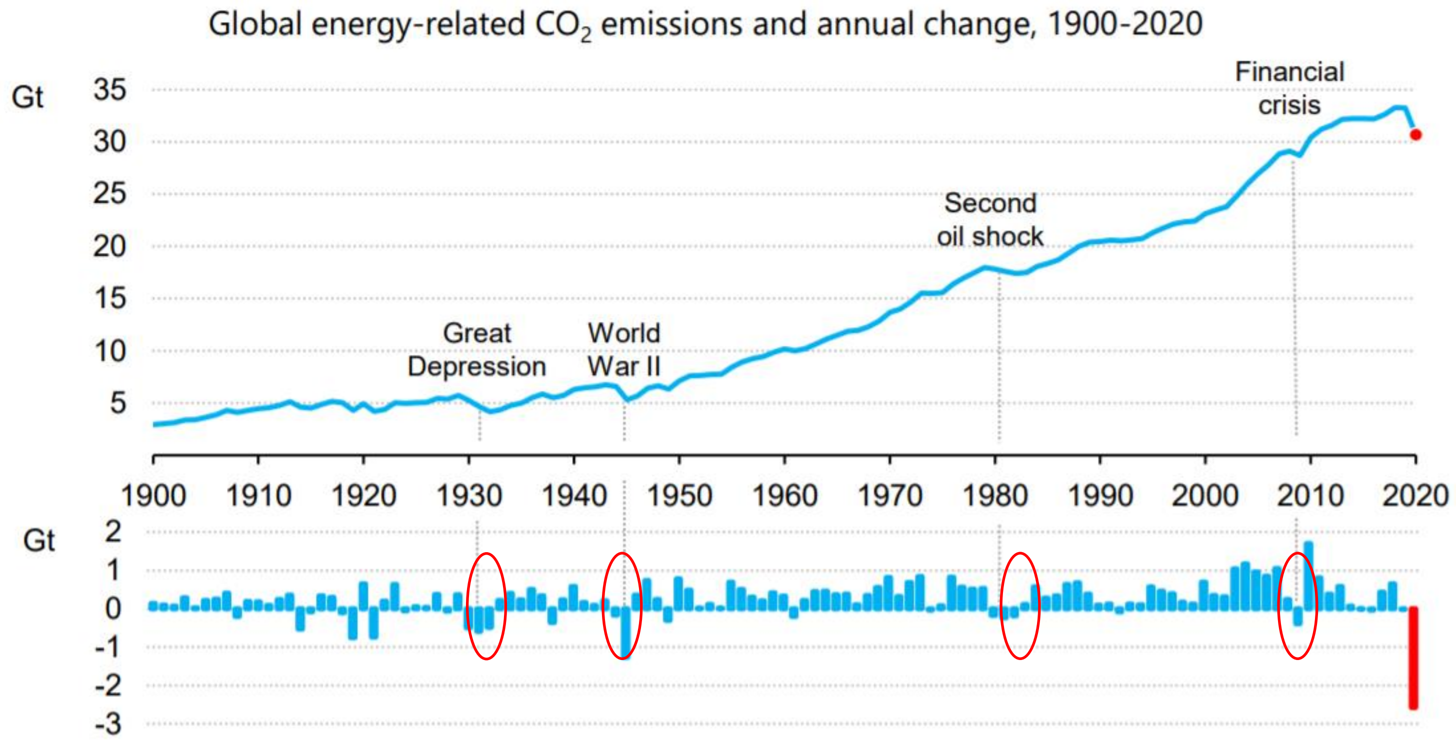
3. **Stimulus packages may include NDCs**, presenting an enormous and immediate opportunity to promote a ‘green growth’ agenda in developing countries.

4. **Technical assistance is urgently needed**, and all Ministry of Finance or Planning respondents indicated their governments would benefit from an embedded economic advisor.

5. **Countries are eager to learn from each other**, particularly on strategies for deploying special fiscal instruments for economic recovery.

LESSONS LEARNED FROM PREVIOUS ECONOMIC RECESSIONS

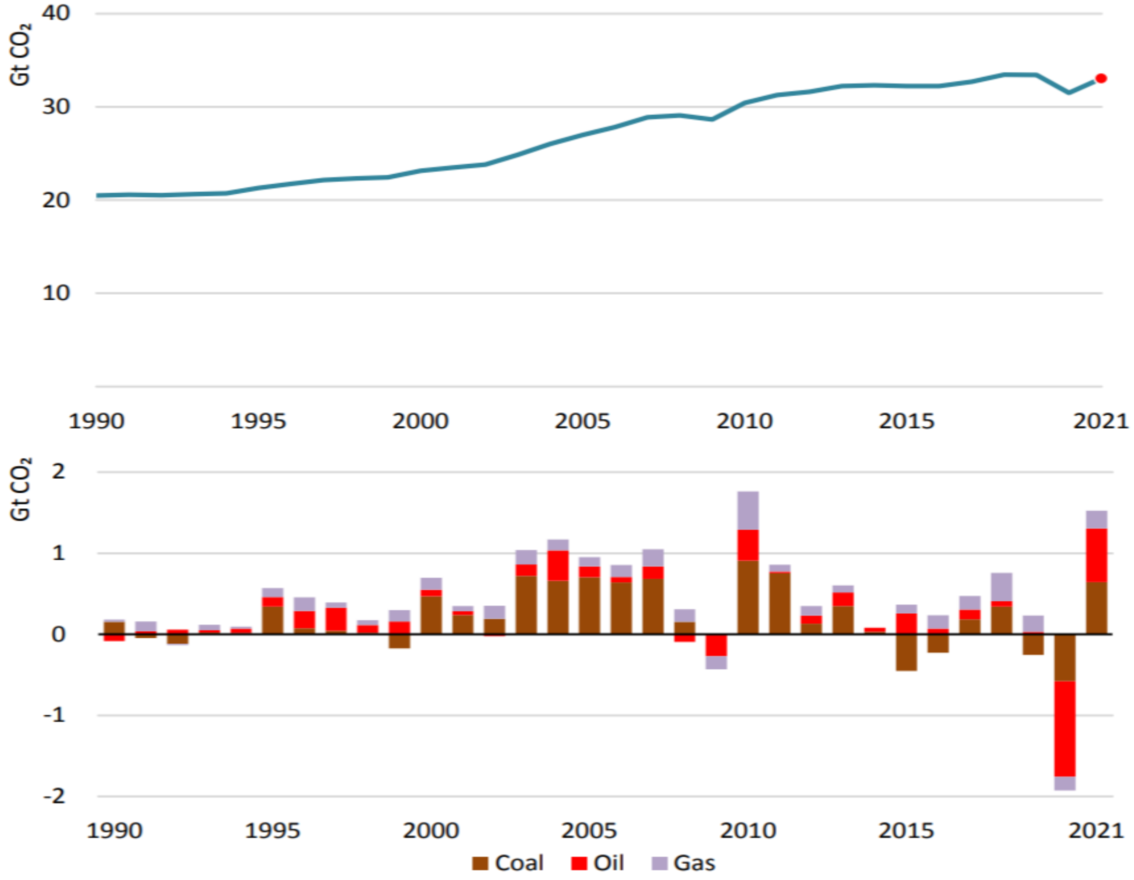
- Past declines in emissions caused by crises always bounced back quickly:
  - Energy related **CO_2 emissions declined by 0.4%** during the 2008 global financial crisis. But the economic recovery period saw a constant rise in GHG emissions
- Maintaining a downward trend in CO_2 emissions post COVID-19 will require a concerted global political effort



Sources: Obani & Gupta, 2020; IEA, 2020

GLOBAL ENERGY-RELATED EMISSIONS

Global energy-related CO_2 emissions, 1990-2021, and change in CO_2 emissions by fuel, 1990-2021



- Global CO_2 emissions declined by 5.8% in 2020, or almost 2 Gt CO_2.
- CO_2 emissions fell further than energy demand in 2020 as the pandemic hits demand for oil and coal hard while renewables increased.
- Still, CO_2 reached its highest ever average annual concentration in the atmosphere of 412.5 parts per million in 2020 – around 50% higher than pre-industrial revolution.
- In 2021, global energy-related CO_2 emissions are projected to rebound and grow by 4.8%.
- The increase of over 1.5 Gt CO_2 would be the largest single increase since the carbon-intensive economic recovery from the global financial crisis.

Source: International Energy Agency, 2021

ECONOMIC ADVISORY INITIATIVE

CLIMATE ACTION AT THE HEART OF COVID-19 RECOVER PLAN

Scope of Work

- Assessing impact of new macro-economic situation on climate;
- Supporting cost analysis of new NDCs, considering impact;
- Designing fiscal instruments to stimulate green growth;
- Incorporating low-carbon / climate resilient shovel-ready projects into stimulus plans;
- Adapting global recommendations for stimulus to national contexts.

Deployed 46 advisors in 30 countries, of 58 requested in 34 countries and the African Union, with support from 13 partners

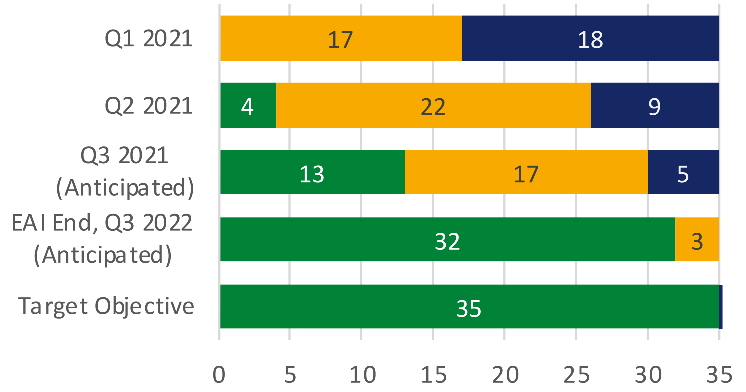
Completed support by 12 advisors in 10 countries, with follow-on support underway or under discussion

Belgium Germany Netherlands Norway Sweden United Kingdom

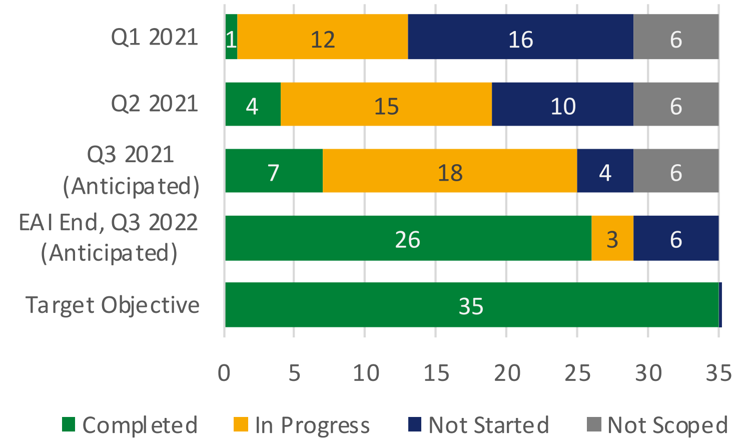
ADB
CONSERVATION INTERNATIONAL
10 years Euroclima+
Global Green Growth Institute
UN-HABITAT FOR A BETTER URBAN FUTURE
WORLD BANK GROUP
WORLD RESOURCES INSTITUTE

ECONOMIC ADVISORS' THREE KEY SUPPORT AREAS

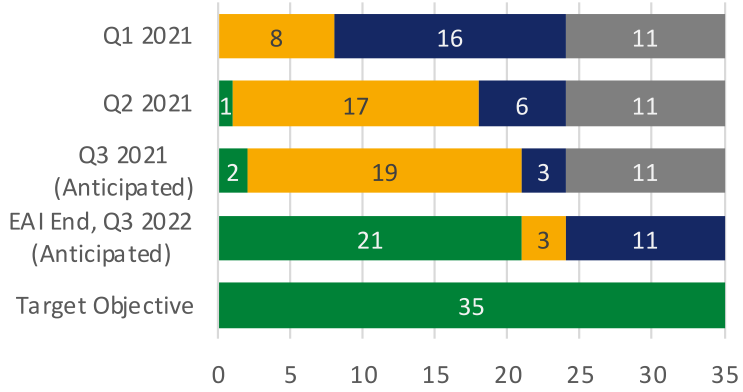
National Planning and Budgeting



Project Pipelines and Preparation



Climate Finance



Liberia's advisor integrated climate in its revised NDP and new ERP, which recommends 50+ climate actions, including establishing an environmental unit in the Ministry of Finance & Development Planning.

Colombia's advisor helped develop of a Sustainable Recovery Strategy and 40+ recommendations on infrastructure, bioeconomy, and nature-based solutions.

Jordan's advisors worked alongside the World Bank to inform the finalization of a new US$500 million loan for a Program-for-Results project.

Eswatini's advisor supported the preparation of projects on NDC-NDP alignment, climate risk, eco-industrial parks, LPG, and ethanol fuel blending.

Costa Rica's advisor is identifying financing sources and mechanisms for blue economy and regenerative agriculture recommendations.

Advisors in at least **five countries** are looking into introducing carbon pricing as part of their recovery responses.

EMERGING THEMES AND CHALLENGES

Supporting Emerging Themes and Sectors:

- Social Equity and Inclusion
- Digital Economy
- Sustainable Government Procurement
- Key sectors: energy, agriculture, infrastructure, transport

Challenges	Solutions
Limited fiscal space and resource mobilization	Private finance, FY22/23 budgets, NDC action plans, carbon pricing, and fiscal policies/instruments (e.g. green bonds, debt-for-nature swaps)
Restrictions on travel and in-person meetings	Pair national advisors with international advisors and coordinate closely with in-country partners and NDC Partnership facilitators
Climate action not yet mainstreamed or perceptions that green recovery is not important and/or too expensive	Scenario modelling of green vs. brown investments, capacity building on climate mainstreaming, strengthen laws and institutions, and sustained engagement with ministries of finance and planning

INSIGHTS FROM INDONESIA

2021-2024 GREEN RECOVERY ROADMAP FOR INDONESIA

Key Outcomes:

1. To see green recovery initiatives acknowledged as priorities in national development planning and budgeting processes.
2. To ensure there are sufficient funding pathways secured to sustain longer-term green economy development.

The Roadmap has an **action plan**, which includes 12 actions and 8 milestones. The action plan includes:

- **Four phases:** 2021 (Respond), 2022 (Recovery), 2023 (Recovery and Re-evaluate), and 2024 (Reward)
- A **Stakeholder Engagement Plan**
- **Three sector-specific pilot projects**, on rooftop solar, waste management, and plantation rejuvenation

GREEN RECOVERY ROADMAP ACTION PLAN

PHASES, ACTIONS, AND MILESTONES

Respond (2021)	Recover (2022)	Recover and Re-evaluate (2023)	Reward
Develop Green Recovery Roadmap	Secured funding for 2023 pilot projects Initiated reviews of MTD plans of line ministries to better integrate green economy principles Appointed change drivers and established green marketing network	Launched pilot projects Revised Roadmap (post-2024) Developed a method to evaluate how effectively the outcomes of the Roadmap have been achieved Revised MTD plans of relevant line ministries	Continue work on pilot projects and green recovery initiatives in the Roadmap, plus stakeholder engagement plan, change-driver program, and green marketing network

SECTOR-SPECIFIC PILOT PROJECTS

Stimulus for 7,500 waste sector MSMEs to develop performance improvements (Rp 3.57 trillion / USD 250 million)

- Estimated to increase waste recycling up to 60,000 tons/day, create 112,500 new job opportunities between 2022 and 2024, and avoid 158 $MtCO_2e$ over 20 years
- Proposed to be financed through the PEN, through the Government Work Plan (RKP) 2022

Rooftop solar for at least 70 government buildings, 14MW installed capacity (Rp 210 billion / USD 15 million)

- Estimated to save Rp 411.4 billion / USD 29 million per year in electricity costs for 25 years, involve at least 700 jobs in the construction phase, and avoid at least 339,624 tCO_2e in total over 25 years
- Propose that costs are appended to the regular budget of the Ministry of Energy and Mineral Resources

Plantation Rejuvenation Program (Rp 6.7 trillion / USD 475 million)

- Aims to increase crop productivity and farmer incomes and reduce negative impacts of deforestation
- Estimated to support 172,000 jobs, increase plantation production up to 15%, and sequester 277 $MtCO_2e$
- Propose that costs are allocated from the PEN *(like the 2021 Mangrove Cluster Plantings project)*

KEY TAKEAWAYS

- **Inclusion of green recovery principles in Indonesia's National Economic Recovery Program** should remain a crucial aspect of the Governments' focus in addressing the immediate impacts of COVID-19.
- Green recovery initiatives must be **aligned with the objectives of the country's sustainable development agendas** at different temporal and spatial planning scales.
- Developing a stakeholder support plan is important to encourage governance policies and practices to support long term **green economy ecosystem**
- Establishing the **longer-term sustainable funding mechanism is necessary** to a strong and supportive green economy ecosystem.
- Focus on **micro, small, and medium enterprises** is necessary to help these businesses to transition to low-carbon pathways in a just and equitable manner
- The **advisory support is crucial** to supporting national economic development and planning agencies such as BAPPENAS as they engage in a rapidly evolving post-COVID-19 budgeting context.

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