



Climate & Development
Knowledge Network



NDC Cluster: Finance

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Context of African NDCs

- 54 submitted in the lead up to Paris
- Clear articulation of financing needs for their implementation
- Balanced between adaptation and mitigation
- A support programme documenting lessons learnt useful in the process
- Key consideration going forward – costing of NDC implementation not clear, probably inaccurate
- Balance between domestic and international sources of finance important

Context of Financing below 2/1.5 degrees needed

- World Economic Forum (2014) concluded that requirements of approximately USD 0.7 trillion per year is needed for clean-energy infrastructure, sustainable and low-carbon transport, energy efficiency in buildings and industry, and for forestry. Estimated investment requirements beyond current spending for adapting to climate change are US\$ 0.1 trillion per year.
- IEA (2011) suggested to meet the 450ppm incremental world energy investments would be in the range of US\$ 1 trillion per year till 2030, approximately 2% of world GDP.
- These two assessments are consistent with the 1.5% of developed country collective GDP as proposed by AMCEN in 2010.

Financing Needs

- There has yet to be a rigorous assessment of the aggregate *costs* to implement the INDCs.
- If one looks at the numbers, the debate is rather parralysing, particularly in the sense of the numbers but also the conditionality of action based on support.
- The NDC cluster a platform for understanding the costing and methodology for assessing financing needs

Africa-snapshot

- **DRC**: US\$21.622 billion for implementation of INDC activities. Financing for mitigation is requested at US\$12.54 billion and financing for adaptation is requested at US\$9.082 billion
- **Ethiopia**: US\$150 billion for the full implementation of mitigation goals
- **Ghana**: Intends to mobilize US\$6.3 billion domestically and US\$16.3 billion from the international community. 45% of funds (US\$9.81 billion) are intended for mitigation, 55% of funds (US\$12.79 billion) for adaptation.
- **Kenya**: Estimates that its mitigation and adaptation goals with cost US\$40 billion for complete implementation
- **Malawi**: National Climate Change Investment Plan (NCCIP) specifies a financing need of US\$954.4 million over six-years (equivalent to US \$159.1million, or 2% of Malawi's GDP.
- **South Africa**: Adaptation estimates conditional on mitigation scenarios ranging from US\$0.2 to US\$50 billion. Estimates for mitigation actions total US \$1.36 trillion.

Key Steps in Mobilizing NDC Investment

- **Building Stakeholder Support & Clarifying Priorities** - for action in securing private and public finance for NDCs
- **Investment Analysis** – costing, sources, flows, barriers and risks, potential finance measures, etc.
- **Finance Strategies** – plans based on analysis for mobilizing private and public investment in priority sectors
- **Design and Implementation of Finance Measures** – develop and implement priority measures:
 - Private sector investment instruments
 - Public funds allocation & procurement
 - Donor financing
 - Integrated vehicles – NAMAs, NDC investment accelerator, etc.
- **Monitoring and Evaluation** – and associated adjustments to strategies

Current flows 2dg lens

- The New Climate Economy assessment that over the next 15 years the world needs to build approximately US\$89 trillion in new infrastructure
- A doubling of the existing capital stock in areas such as energy, transport, water, and cities..
- Given that approximately 50 percent of greenhouse gas emissions come from infrastructure, failure to build infrastructure that is sustainable will lock the world into a high-carbon pathway inconsistent with achieving the 2 degree climate goal.



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