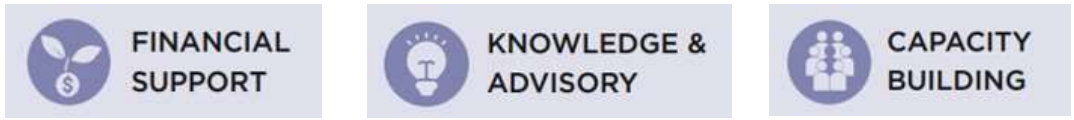
LT-LEDS and finance

ESCAP Regional Cooperation Mechanism on Low Carbon Transport: Identification and Development of Climate Financing Mechanisms

Marcela Jaramillo
Programme Manager
May 16, 2024

Introducing the 2050 Pathways Platform

- **A government and multi-stakeholder initiative** launched at COP22 to provide a **"big tent" approach** to 2050 long-term climate strategies.
- 38 member countries and **directly supported or advised 62 countries** (including non-member countries).
- It brings together a network of **donors, international and national think tanks, and climate policy experts** on long-term planning. Incl. MDBs, GEF, CCG, NDCP, UN Agencies, GIZ, etc.
- **Currently supporting 17 countries,** including Mongolia and Pakistan.



3 steps to unlocking climate finance

1. Aim for **transformations** that achieve both climate and development goals

2. Identify the **barriers** to public and private spending

3. Define a **roadmap** of government measures to lift barriers

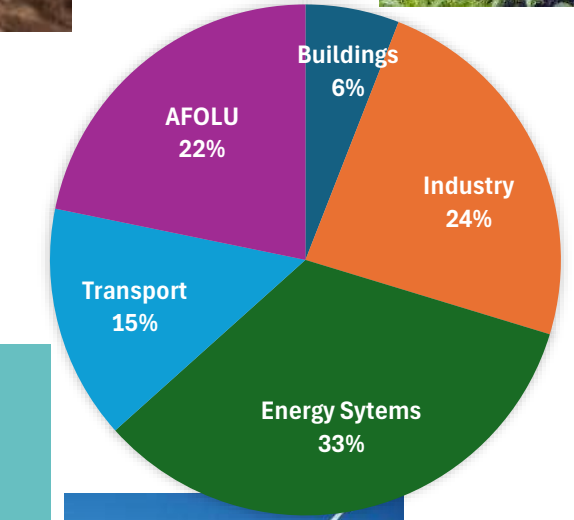
1. Aim for **transformations** that achieve both climate and development goals



Transformations towards net-zero emissions





















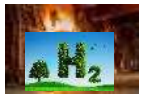










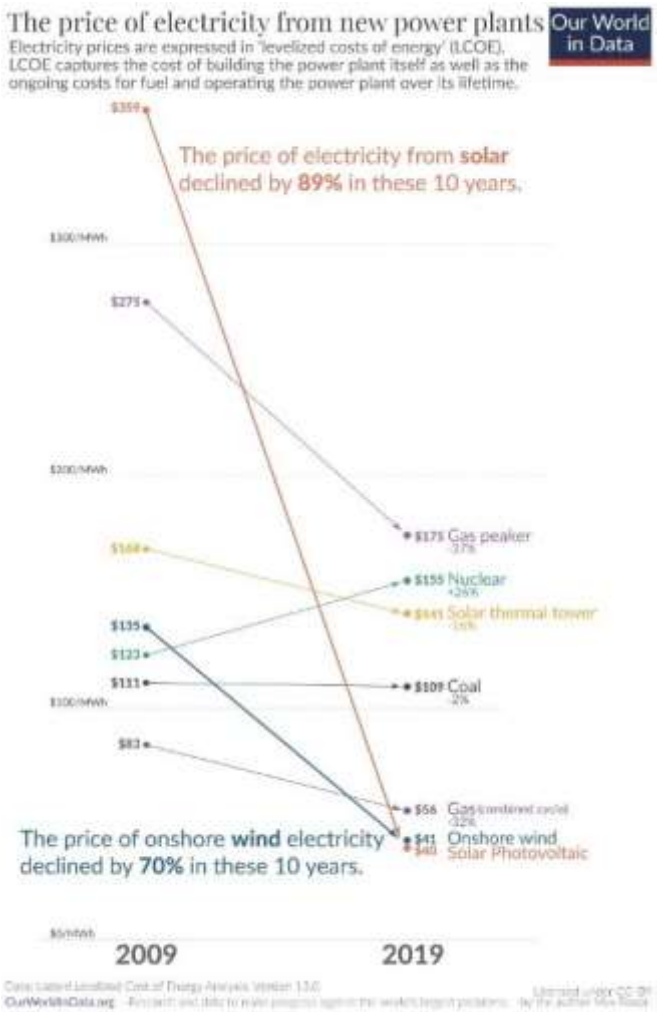




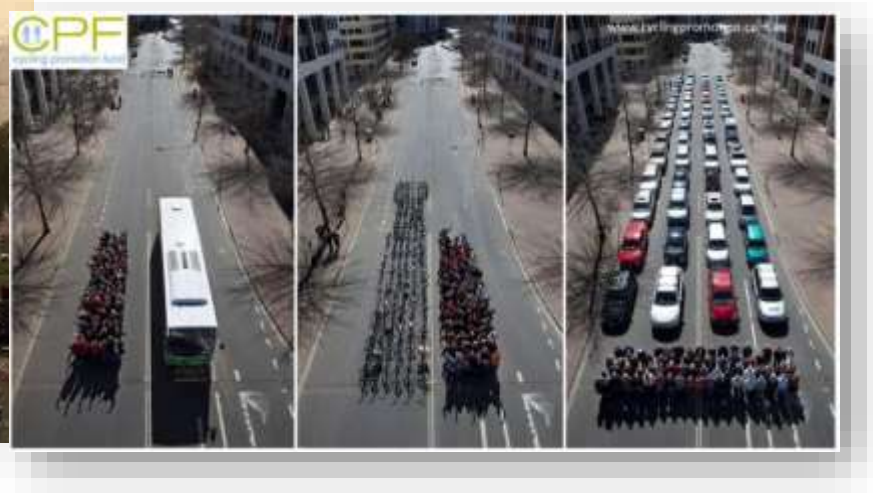
GREEN STEEL FOR EUROPE

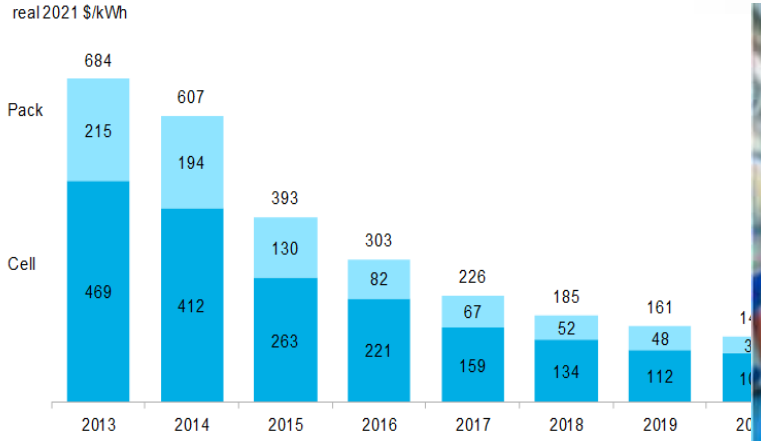
But it is not just about GHG emissions...

There are socio-economic opportunities









Source: BloombergNEF.



Research confirms net-zero is doable and beneficial

$41bn in net benefits



http://dx.doi.org/10.18235/0002867

$140bn in net benefits



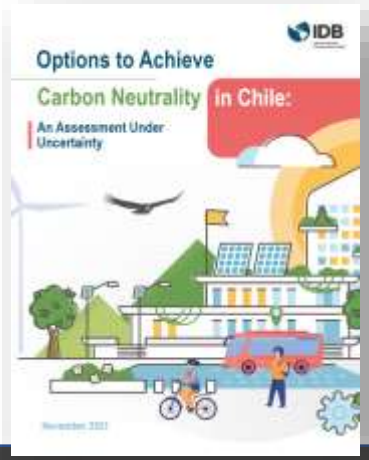
http://dx.doi.org/10.18235/0003286

LAC - $2.7 trillion in net benefits



The Benefits and Costs of Reaching Net Zero Emissions in Latin America and the Caribbean

5% of GDP in net benefits



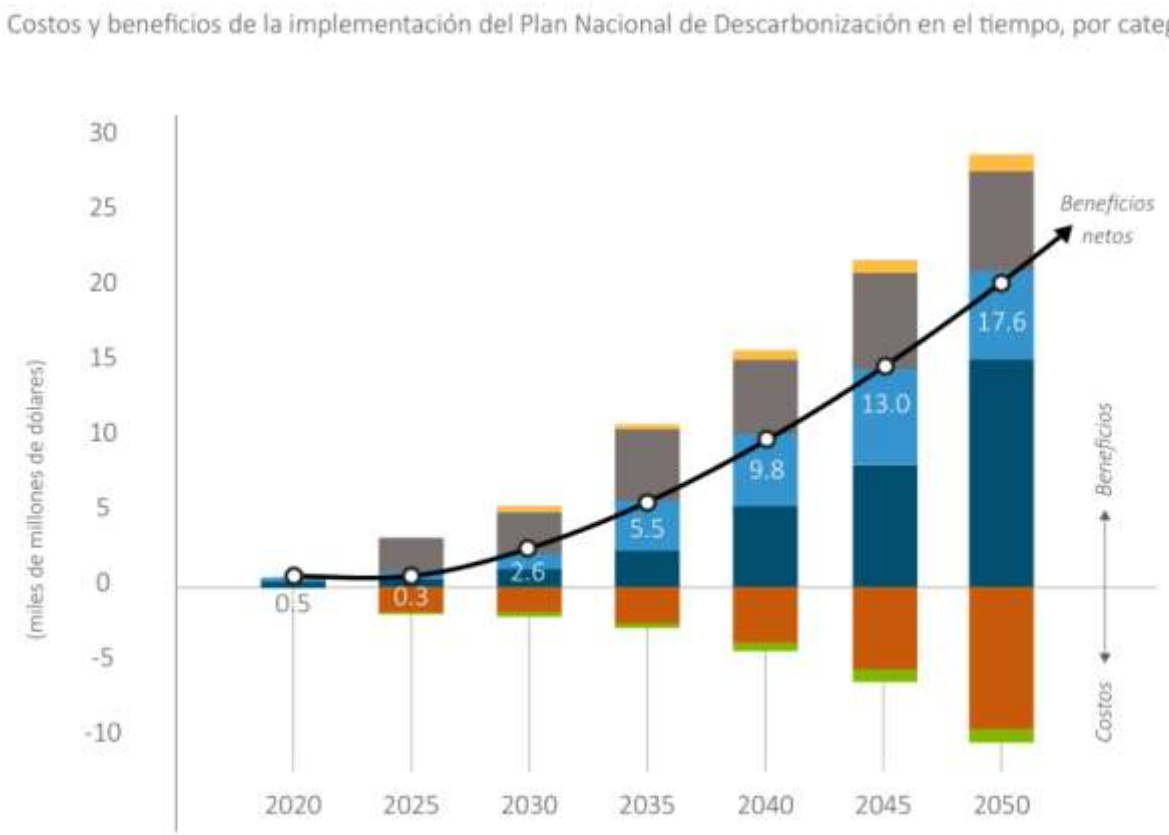
http://dx.doi.org/10.18235/0003527

Ongoing work:

- **Guatemala** - 2050PP and IDB
- **Jamaica** – 2050PP
- **Dominican Republic** – IDB / WB

Open-source decarbonization modeling toolkit

What are the benefits associated with the transformations?



Net benefits does not mean the private sector will just do it

!

- Saved materials
- Ecosystem services
- Time saved thanks to less congestion
- Reduced accidents
- Better health thanks to lower air pollution

- Net zero tech is cheaper

- Investments

- Land not used for agriculture

IDB 2020. The Benefits and Costs of Decarbonizing Costa Rica's Economy (in English)
http://dx.doi.org/10.18235/0002867

2. Identify the **barriers** to public and private spending



Barrier: Regulations that disable business models for zero-carbon solutions



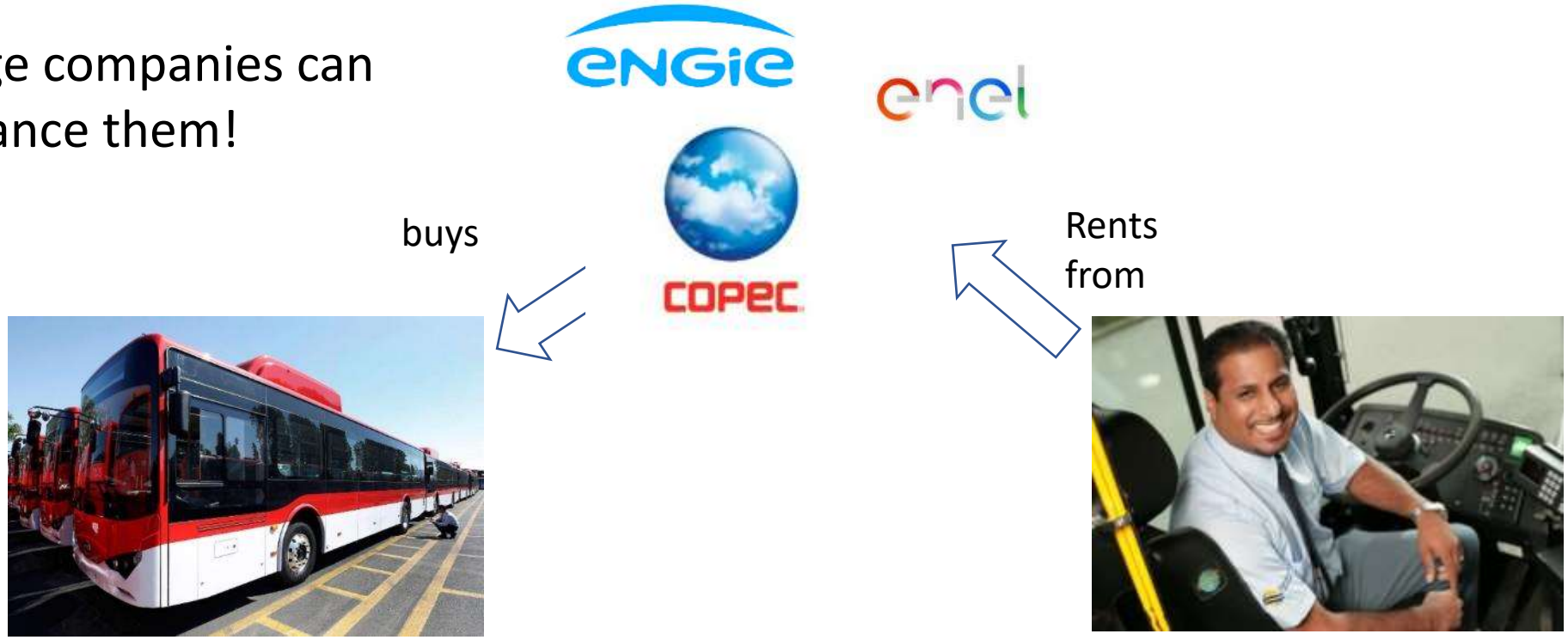




Electric buses are too expensive for small businesses....

Updating sector regulations is essential to leverage private financing

...but large companies can finance them!



Regulations from sector-level agency ➔ private finance
➔ climate solutions for and by the private sector

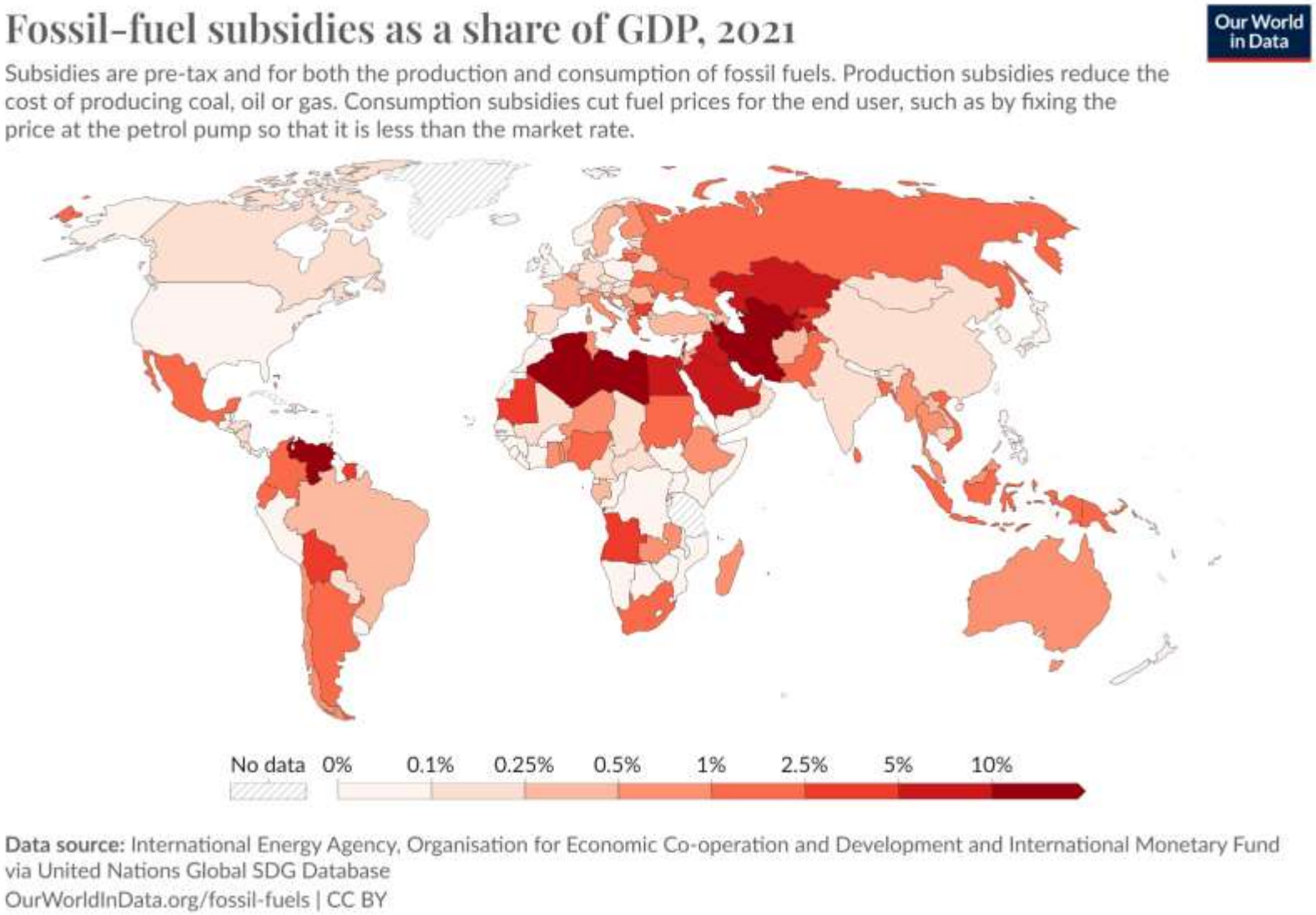
Barrier: Public infrastructure is inadequate







Barrier: Skewed incentives



Barrier: Distributional impacts





- How are policies going to affect citizens' incomes and what policies can be brought to bear to soften impacts?
- Is the trade balance likely to evolve positively or negatively?
- How would the government budget be impacted by the possible shifts of sectoral opportunities?

3. Define a roadmap of government measures to lift barriers

Bringing it all together in a national long-term climate strategy (LT-LEDS)

Addressing climate change whilst **maximizing development objectives**

Anticipate **opportunities barriers** and **tradeoffs**

Create a **deeper national dialogue** on climate change

Inform **Paris Aligned** investments

Establish a **roadmap** with medium-term objectives & immediate action

Enable **policy coherence**



https://www.i4ce.org/en/publication/long-term-strategy-use-for-paris-aligned-investments/





2015. Paris Agreement. Art. 4 par.19.
All Parties should strive to formulate and communicate long-term low greenhouse gas emission development strategies.

UN CLIMATE CHANGE CONFERENCE UK 2021

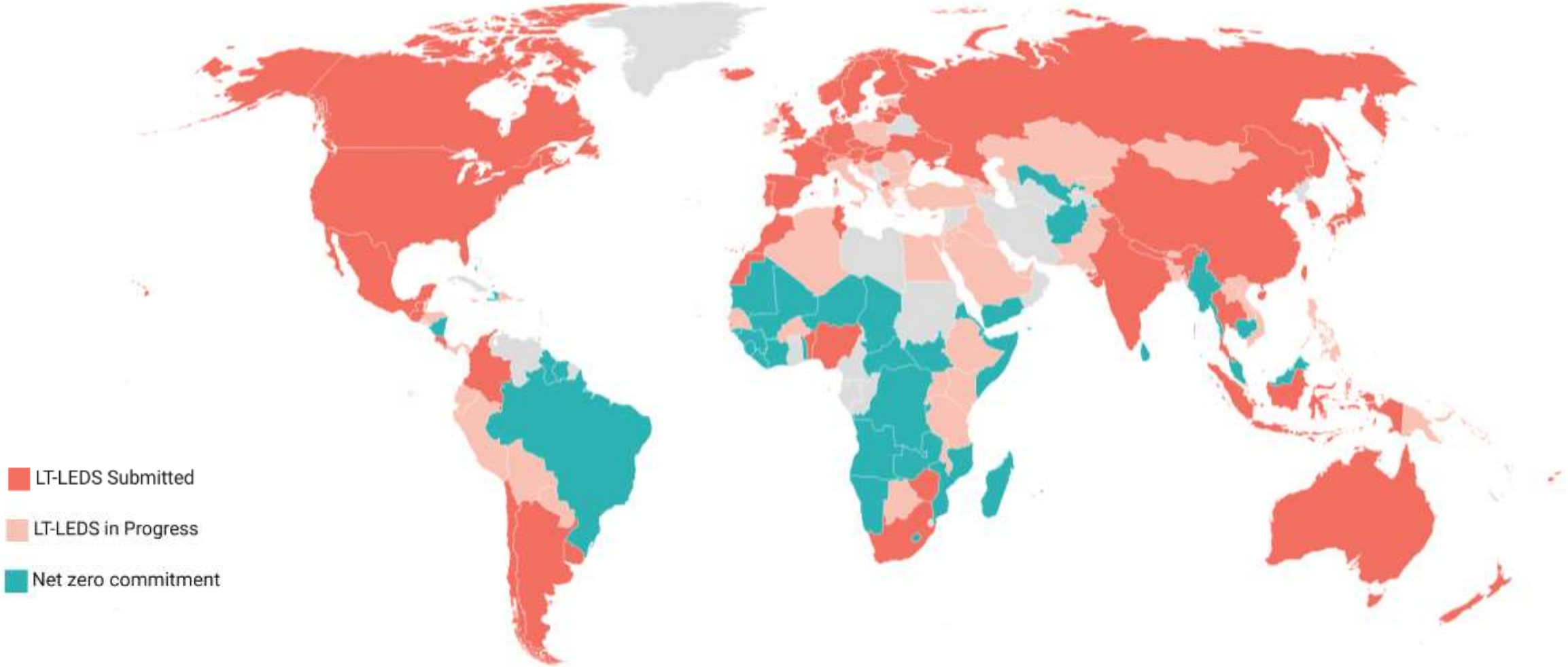
IN PARTNERSHIP WITH ITALY





72 countries have developed an LT-LEDS

(as submitted to UNFCCC by May 2024)



LT-LEDS in Asia and the Pacific

Submitted: 19

Australia, Bhutan, Cambodia, China, Fiji, Indonesia, India, Japan, RMI, Nepal, New Zealand, Singapore, Sri Lanka, Solomon Islands, DPR Korea, Russia, Thailand, Tonga, Vanuatu

Ongoing work (non-exhaustive): 8

Bangladesh, Kazakhstan, Lao PDR, Mongolia, Pakistan, Philippines, Tuvalu, Vietnam

2050PP support (examples)

Ongoing:

- Support LTV formulation in **Mongolia.** EBRD partnership.
- Supporting LTV formulation in **Pakistan.**

➢ In close coordination with ADB, WB, UNDP and GIZ.

Other:

- Advise to **Indonesia** and **Tonga** on LT-LEDS structure
- Support to stakeholder engagement in **Vietnam**
- Support in elaboration of **RMIs**' LT-LEDS
- Advise to **Bhutan** on LT-LEDS structure and elaboration

Identifying aspirations for 2050

Examples of multiple objectives for an LT-LEDS

- GDP growth (India, China)
- Technological innovation (Japan, Korea, Australia, Indonesia)
- Competitive advantage (Chile)
- Address inequalities (Bhutan)
- Creating future-fit jobs (South Africa, Germany, Spain)

Indonesia “Under the LTS-LCCR 2050, Indonesia seeks opportunities for international partnerships to support sustainable transition towards low carbon economy and green recovery post COVID-19 pandemic as well as global justice. We believe this would be an opportunity to start a transition phase which will lead to transformation of our whole economy, social and environmental development.”.

Tonga "A low emissions Tonga, where all sectors work together to create resilience, autonomy & self-reliance. Driven by Traditional knowledge & culture, Health & wellbeing of all Tongans, education and Communities, individuals & government push for change “

"**Costa Rica** aspires to be a modern, green and emission-free economy - and to strengthen its leadership. "

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A practical example: from LTS to climate finance mobilization (Data-2-Deal)

The Costa Rican Decarbonization Plan (LT-LEDS)



Available in English:
https://unfccc.int/process/the-paris-agreement/long-term-strategies

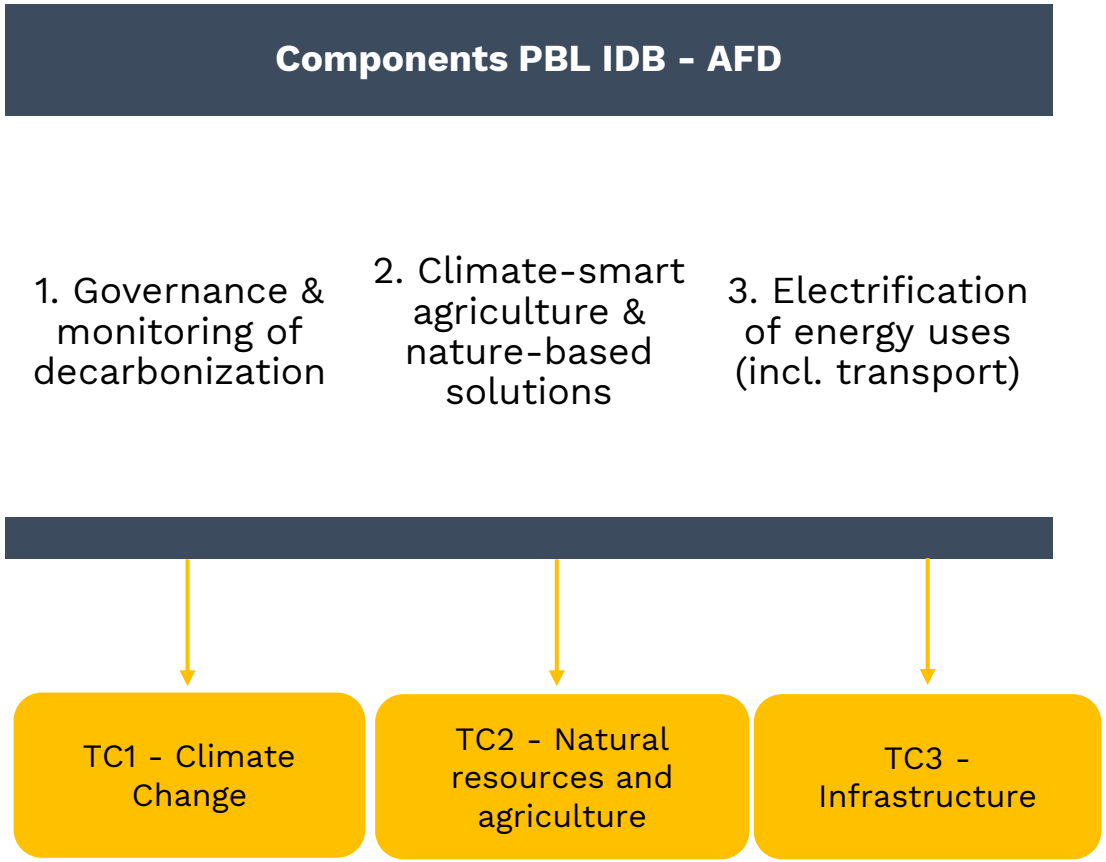
- ✓ The plan responds to the need to achieve **zero net emissions by 2050**.
- ✓ Sets **goals and measures** by sector for the long-, mid- and short-term.
- ✓ Defines **70 immediate public investments and policy reforms** to be enacted before 2022.



By the end of 2022, Costa Rica has secured at least **USD 2.4 billion of international finance directly linked to the LT-LEDS.**

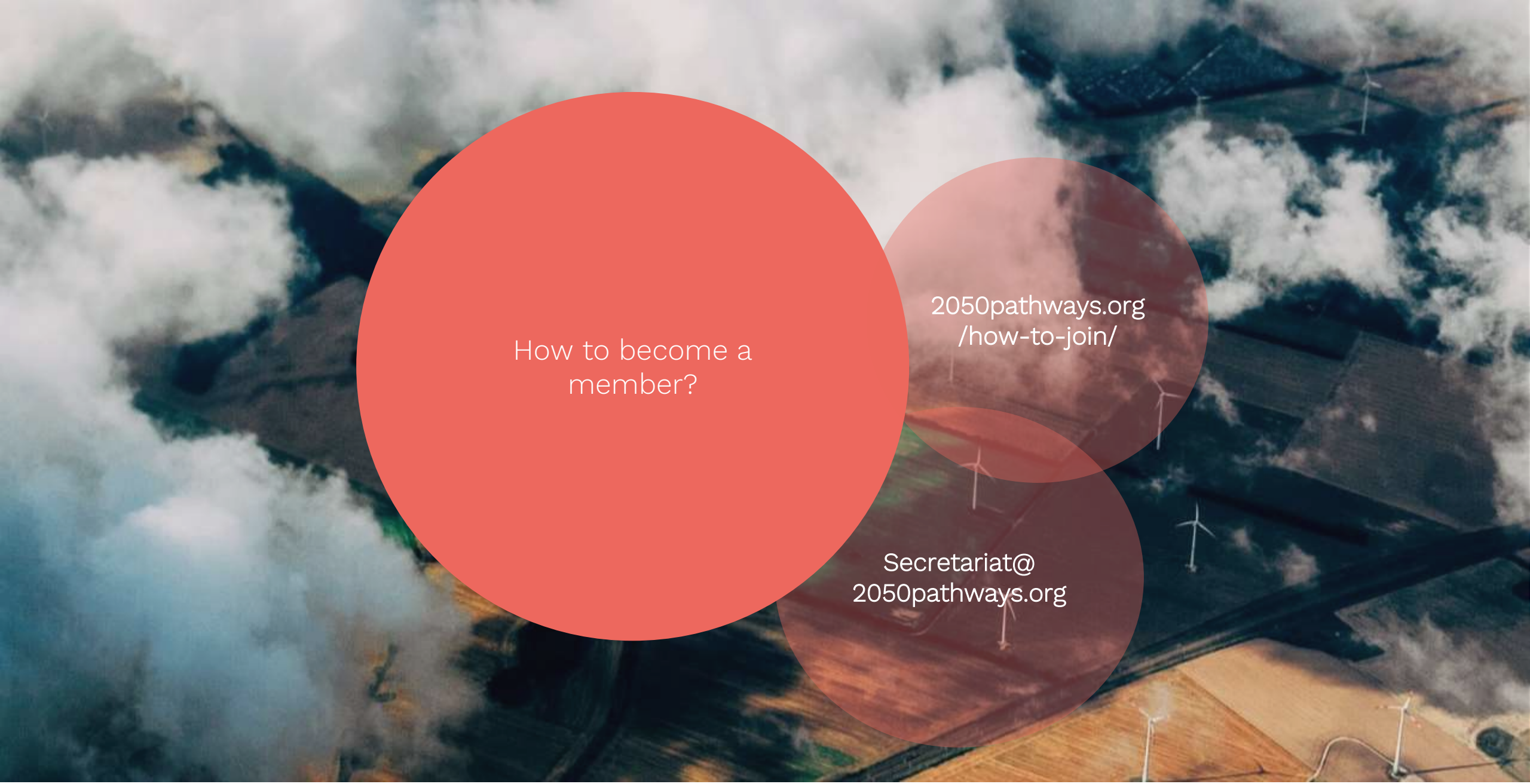
https://www.cambridge.org/engage/coe/article-details/6417700ddab08ad68f609477

The Costa Rican Decarbonization Plan (LT-LEDS)



Policy indicators – Some Examples:

- Approve an **end-user rate for fast charging stations** for electric vehicles (ARESEP)
- Approve and publish a **National Electric Transportation Plan** that outlines a regulatory roadmap towards the electrification of the vehicle fleet (MINAE-MOPT)
- Put in place a regulatory framework that provides **non-fiscal incentives for the use of electric vehicles** (MF-MINAE-MOPT)
- Approve regulation that **establishes goals for the deployment of a network of electric charging centers** for electric cars; and (ii) technical modalities for its construction and operation by the electric energy distribution companies (MINAE)
- Analise and define strategies to **manage the fiscal impact** of decarbonizing the transport sector (MF)


How to become a member?
2050pathways.org /how-to-join/
Secretariat@ 2050pathways.org

Thanks!

"Having a good plan is not a sufficient condition for success. But not having one is always a recipe for failure"

F. Bainimarama, Prime Minister of Fiji, COP23