

Unlocking NDC 3.0

Building Effective Project Pipelines for the Asia-Pacific Region

15:00-16:30 (UTC+4)
14 November 2024
Room: Side Event 3
COP29 Blue Zone
Baku, Azerbaijan

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Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

Expert Group Meeting of the 6th Financing for Development Report
14 November 2024 at COP29

Macroeconomic Policy and Financing for Development Division

AGENDA

Time (90 minutes)	Description
5 minutes	**Opening Remarks** • **Ms. Armida Salsiah Alisjahbana**, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP
15 minutes	**Scene Setting Presentation on Financing Nationally Determined Contributions through Robust Project Pipelines** • **Ms. Deanna Morris,** Economic Affairs Officer, ESCAP
55 minutes	**Expert Panel** NDC 3.0 must result in raised climate ambitions. However, financing these enhanced ambitions, particularly for developing countries, will be a significant challenge. This session will explore and share best practices and insights in developing and financing green project pipelines in line with countries' NDCs. **Moderator: Ms. Deanna Morris,** Economic Affairs Officer, ESCAP • • **Mr. Youraden Seng,** Director, Financial Stability Department and Head of Deposit Protection and Bank Resolution, National Bank of Cambodia • • **Mr. Komron Ruziev,** Head, International Relations Department, Committee for Environmental Protection, Tajikistan • • **Mr. Vincent Wierda,** Global Energy Lead, UNCDF • • **Ms. Navina Sanchez Ibrahim,** Senior Climate Change Specialist, ADB • • **Mr. Joaquim Leite,** Head of Climate Finance, NDC Partnership • • **Mr. Matt Robinson,** Associate Managing Director – Sovereign Risk, Moody's Ratings
15 minutes	**NDC 3.0 Outlook and Concluding Remarks** **Mr. Vintura Silva,** Team Lead, NDC Technical Support Unit, UNFCCC secretariat

Expert Group Meeting: Objectives

- Session will inform ESCAP's 6th Financing for Development Report – specifically the chapter *Investing in Sustainability: Financing Nationally Determined Contributions through Robust Green Project Pipelines*

- Expert-led discussion exploring best practices from governments, financiers, and development partners in developing NDC-aligned project pipelines and successfully securing financing for such projects.

- The outcomes of this session will be synthesized and featured in the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Financing for Development biennial report for Asia-Pacific member States and further highlighted in member State convenings in the Asia-Pacific region in 2025.

Nationally Determined Contributions (NDCs)

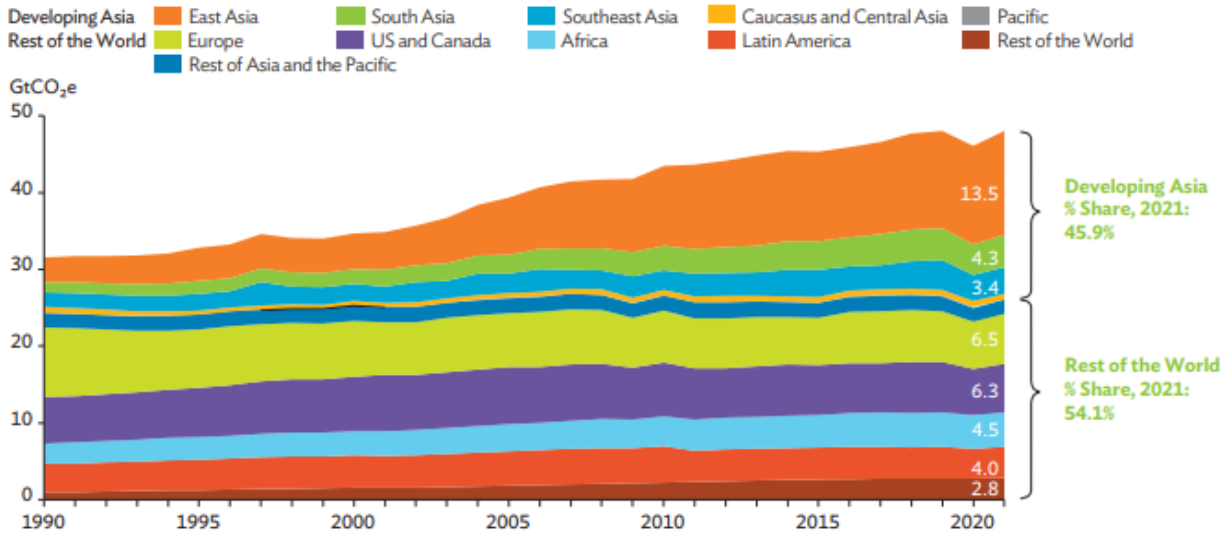
- Nationally Determined Contributions (NDCs) establish national-level commitments and actions to address climate change.
- A country's 'contribution' to addressing climate change is 'nationally determined' according to its national circumstances and priorities.
- The NDCs are at the core of the Paris Agreement which recognizes that its long-term goals will be achieved over time through **ratcheting up of aggregate and individual ambition** that is encapsulated in the NDCs.
- Countries that are Party to the Paris Agreement are required to submit NDCs to UNFCCC secretariat every five years.
- To raise ambition over time **successive NDCs must represent a progression** compared to the previous NDC and reflect the country's highest possible ambition.



NDC Partnership. (2020). 2020 Pocket Guide to NDCs. Retrieved from https://ndcpartnership.org/knowledge-portal/climate-toolbox/2020-pocket-guide-ndcs

The Role of NDCs in Asia-Pacific Climate Goals

- Out of 49 member States in the Asia-Pacific region, 43 have submitted 2 or more NDCs.
- In 2020, these 49 countries collectively emitted 27.19 GtCO2e.
- Based on the current NDC commitments, if achieved, emissions will amount to 25.20 GtCO2e.
- This represents a **16% increase** from 2010 levels, falling significantly short of the 45% reduction required to align with the 1.5°C climate pathway.



$GtCO_2e$ = gigaton (1 billion metric tons) of carbon dioxide equivalent, US = United States.
Notes: "Developing Asia" excludes Hong Kong, China and Taipei,China due to lack of available data. Emissions from land-use change and forestry, which can be positive or negative, are included. Emissions per year calculations exclude economies with no available data.
Source: World Resources Institute. Climate Watch (accessed 23 August 2024).

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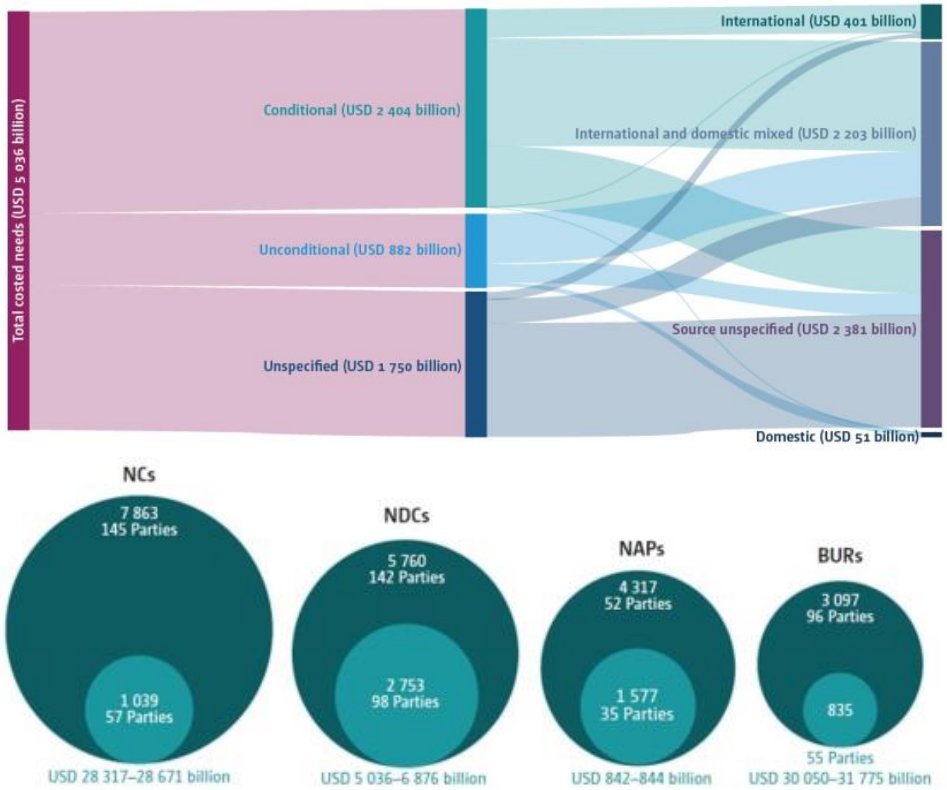
Addressing Climate Ambition and Financing Gaps

- Of the total costed needs identified in the NDCs, USD 2.4 trillion is allocated for conditional actions (48% of the total).
- USD 882 billion is costed for unconditional actions (18%)
- 35 percent of the costed needs, totaling USD 1.8 trillion, do not specify whether they are conditional or unconditional.
- **For 47% of the needs, no specific financing source was identified representing a significant resource gap.**
- The first NDR identified costed needs reported by 78 Parties, totaling between USD 5.8 and 5.9 trillion through 2030.
- Over the same time frame, the costed needs from the most recent NDCs are estimated to be between USD 5.012 and 6.852 trillion cumulatively by 2030.

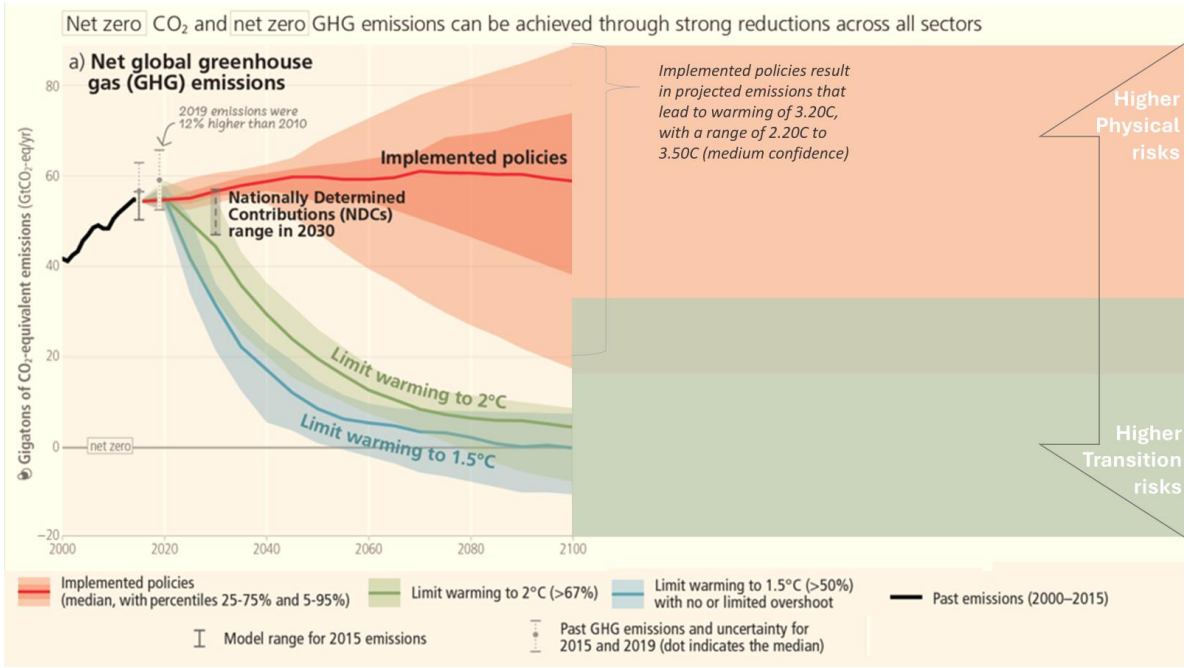


Source: Standing Committee on Finance, UNFCCC

Economic Implications of Climate Change in the Asia-Pacific

- Based on the climate scenario in which the NDCs are fully implemented, **the world is on track for a 2.1-2.8°C** temperature increase by 2050.
- Limiting warming to 1.5°C and 2°C involves rapid, deep and in most cases immediate greenhouse gas emissions reductions.
- A **reduction of 43 per cent** in greenhouse gas emissions is needed by 2030, relative to 2019 levels and reaching net zero carbon dioxide emissions by 2050.

The NDCs 3.0 with targets for emission reduction till 2035 will shape the future of not only the region, but indeed the planet as a whole.



Source: IPCC https://www.ipcc.ch/report/ar6/syr/figures/figure-spm-5

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Economic Implications of Climate Change in the Asia-Pacific

- Policy and regulatory risks involve changes, such as carbon pricing, emission reduction mandates, or bans on certain fossil fuels, creating uncertainty and financial risk for companies and stakeholders that are reliant on high-carbon activities.
- Data demonstrates that investing in mitigation measures must be taken immediately to avoid long-term increasingly severe economic impacts and allow for an early and orderly transition.
- **Under the current policies scenario without additional interventions, GDP losses projected for the region rang between - 2.5 to -7.5 per cent by 2050.**



Economic Implications of Climate Change in the Asia-Pacific

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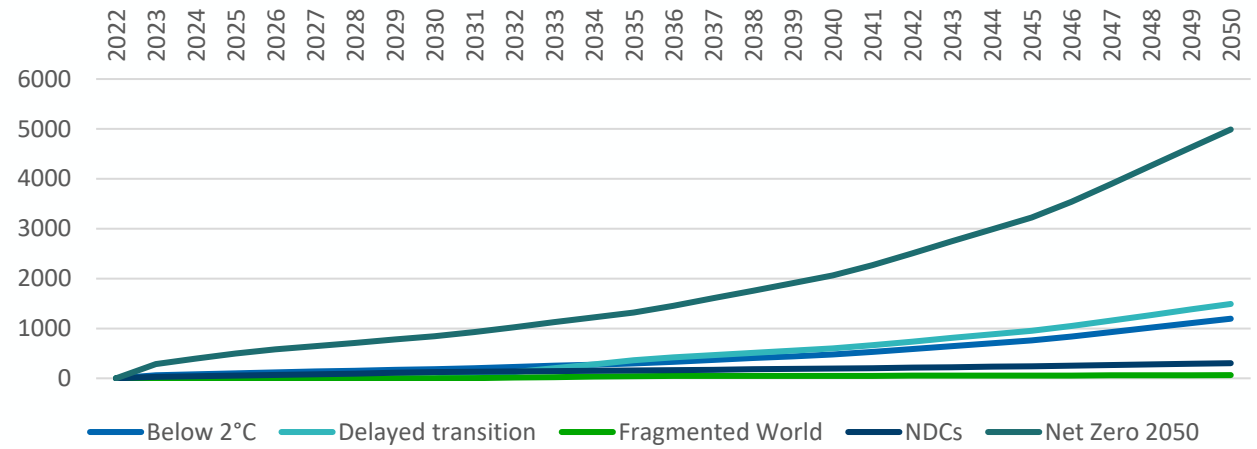
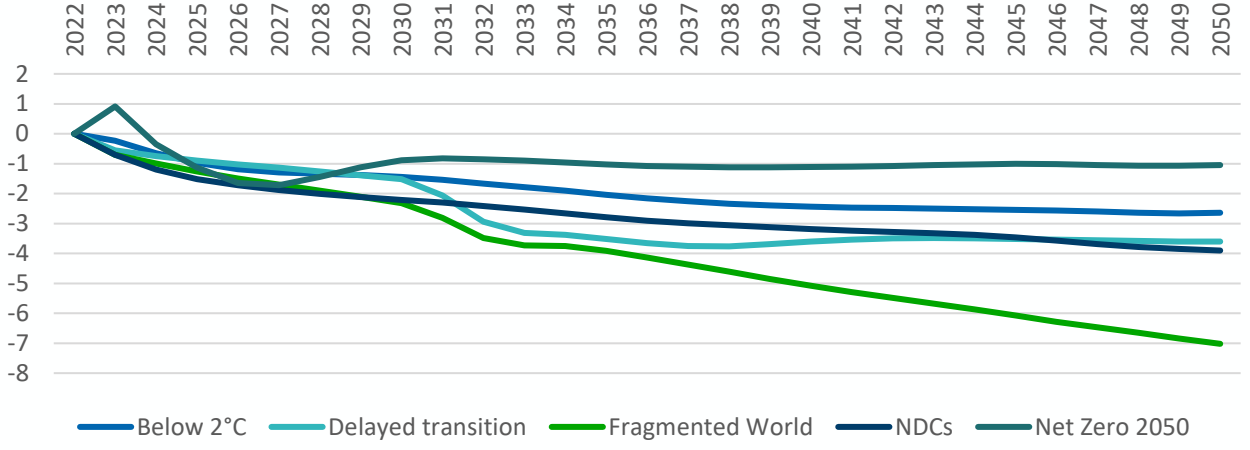
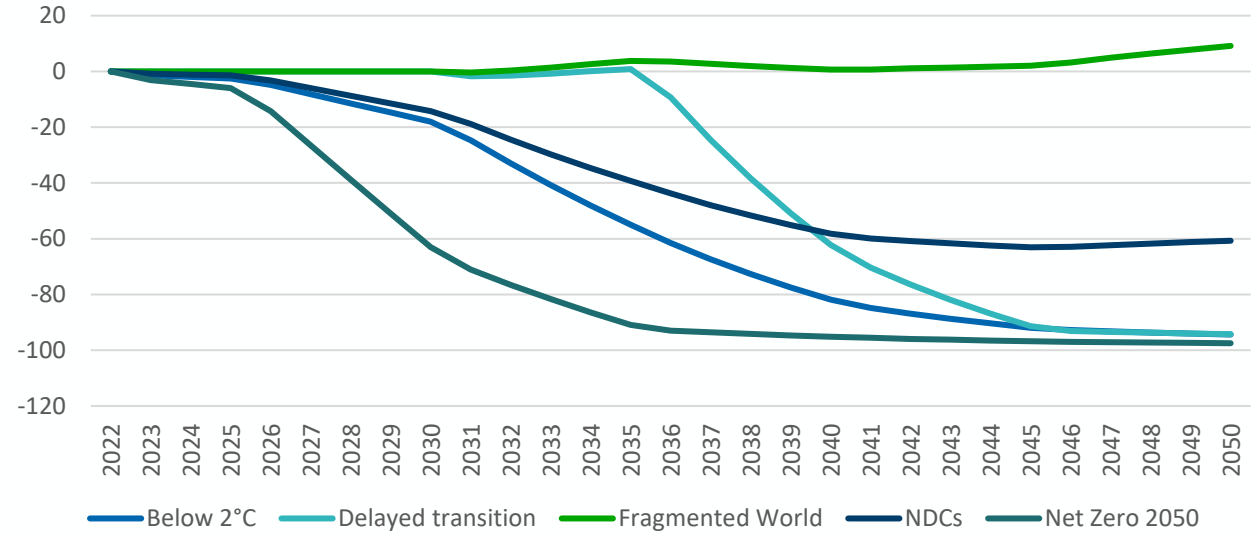
Carbon pricing $ per Tn CO2 % difference from baseline (NiGEM Asia)



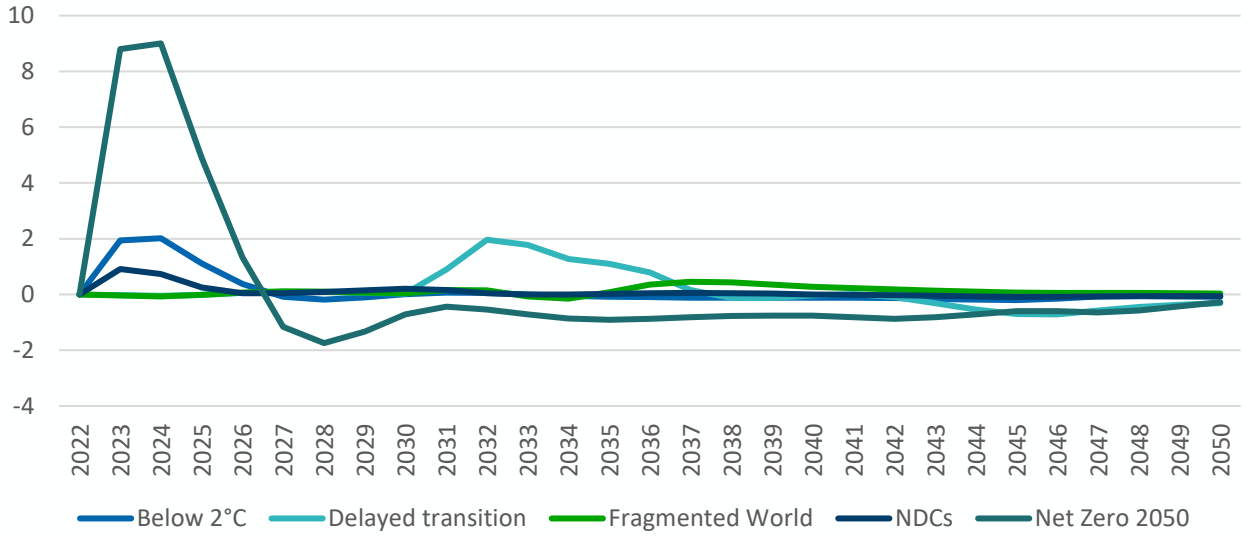
GDP PPP 2017 % Difference from baseline (NiGEM Asia)



Quarterly consumption of coal MnToe % Difference from baseline (NiGEM Asia)

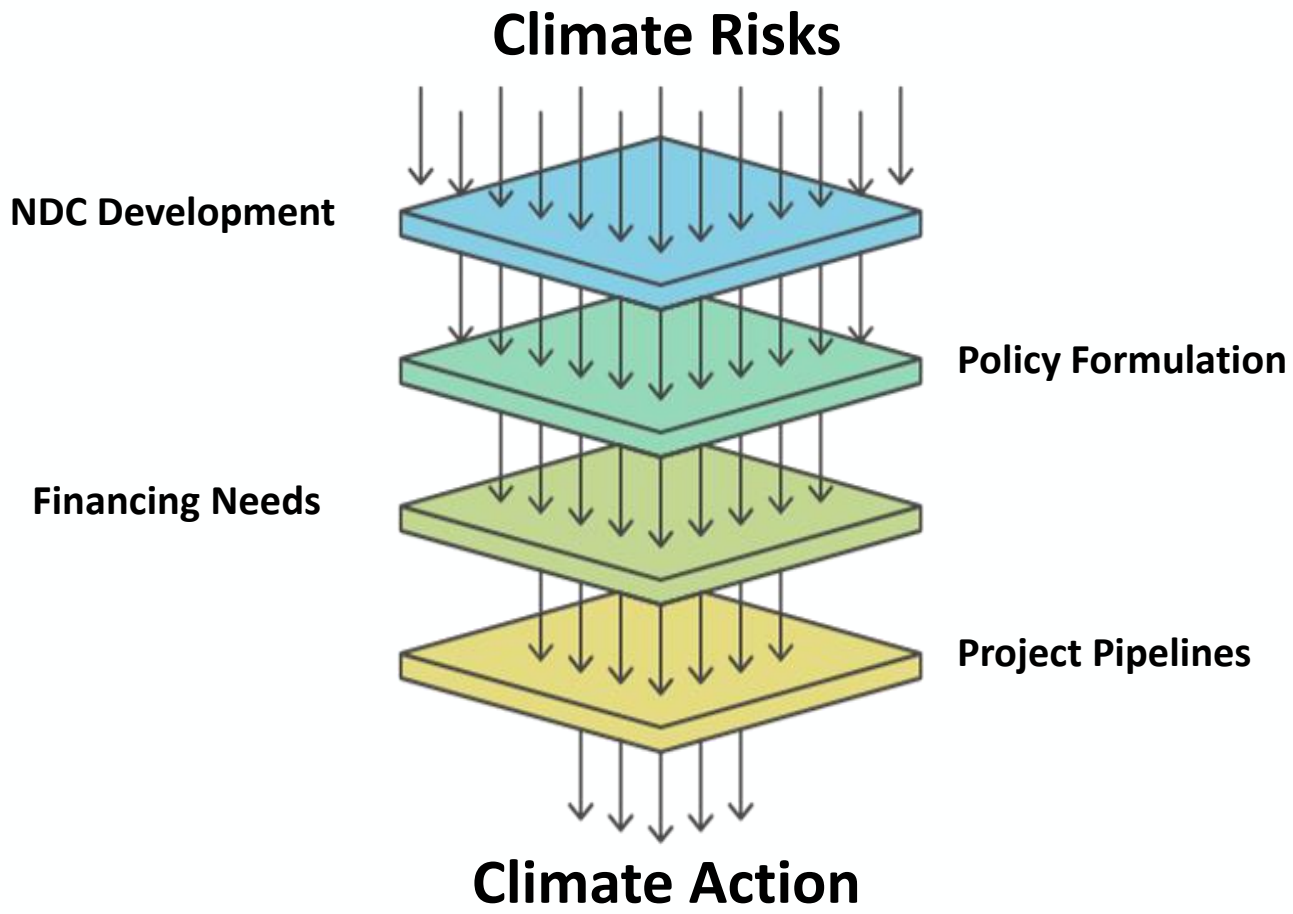


Inflation rate % absolute difference from baseline (NiGEM Asia)



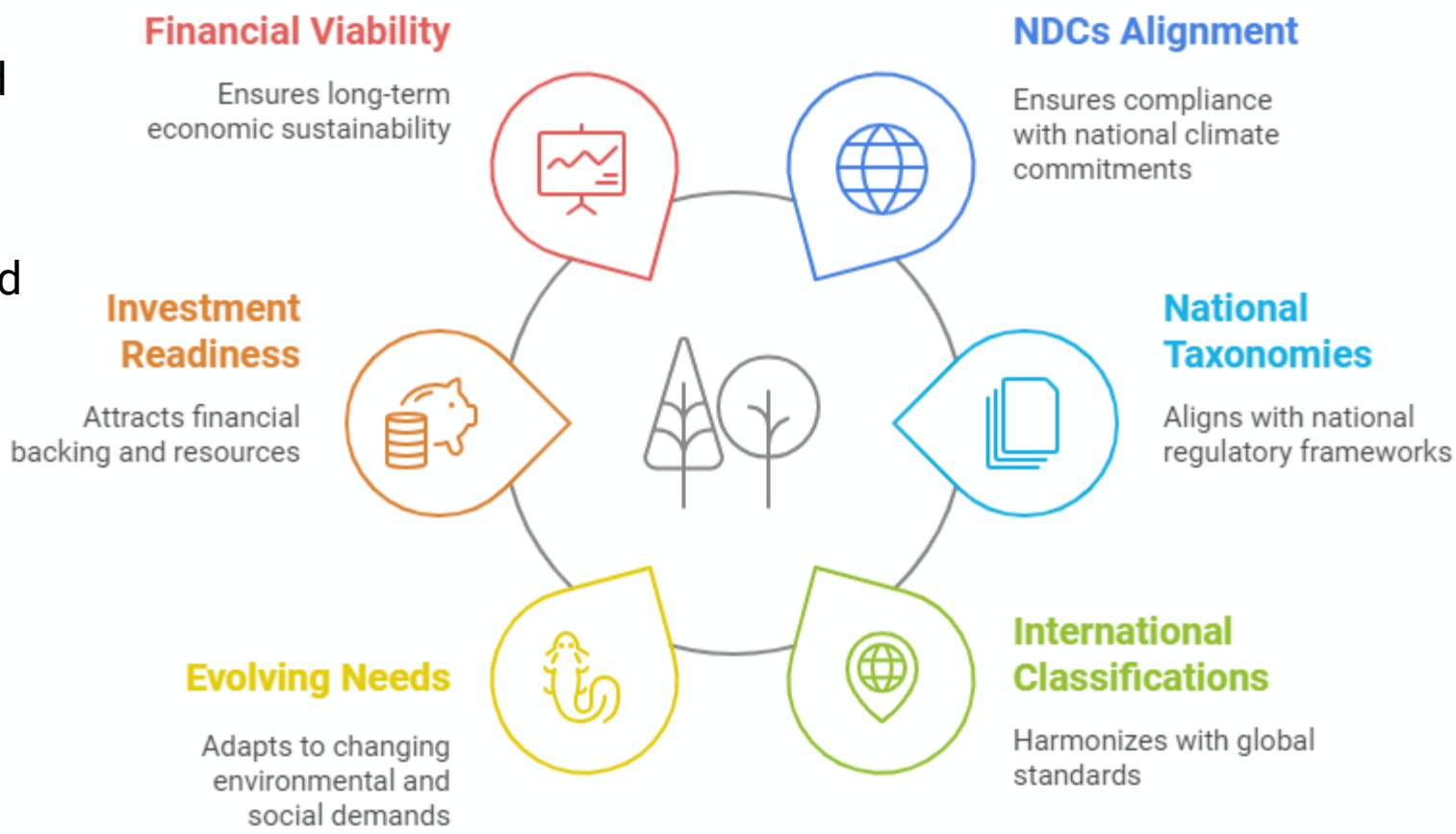
NDCs are still not underpinned by clear bankable projects

- NDCs need to be costed.
- To cost NDCs it requires projects and plans.
- To understand the potential projects, it requires natural capital assessments
- Implementation requires funding.



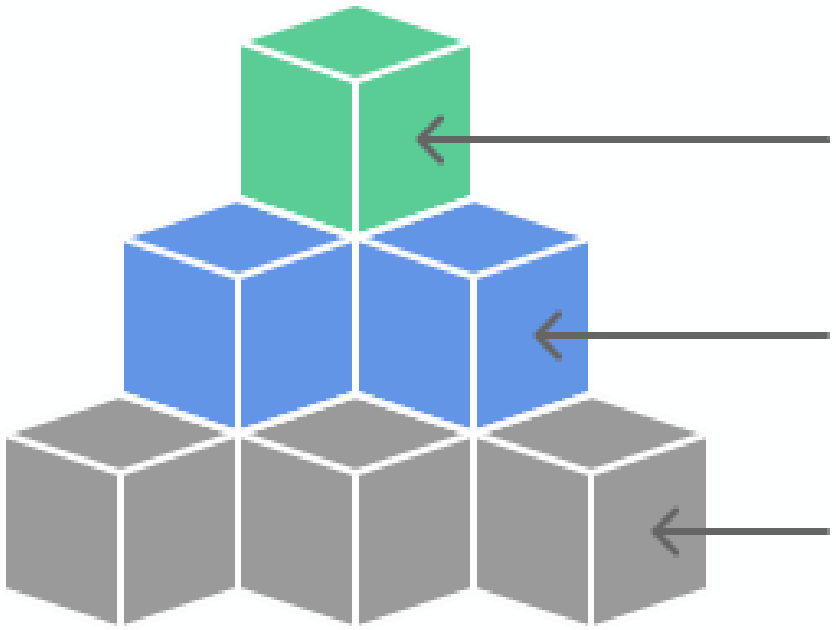
What is a robust Green Project Pipeline ?

- A Green Project Pipeline refers to structured projects that are designed to support low-carbon and sustainable development goals i.e. SDG 13. These projects are typically at various stages of development and aim to mobilize public and private finance towards climate-aligned initiatives.
- The term "Green Project Pipeline" encompasses both broad strategic frameworks for sustainable development as well as specific projects aimed at reducing carbon emissions and promoting renewable energy solutions.



The current state of project pipelines in the Asia-Pacific Region, Supply Side Challenges: Lack of financeable Projects

Only a minority of member States have developed sustainable finance strategies, roadmaps or policies.



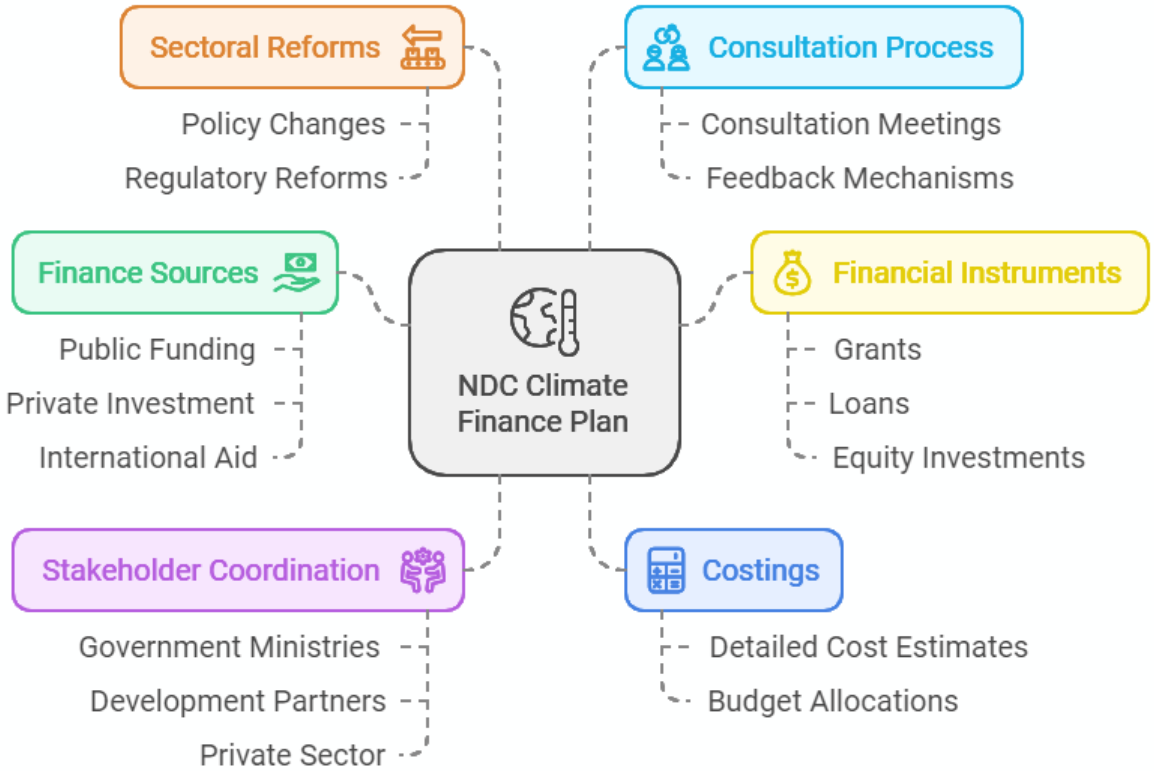
6 countries explicitly address project pipeline development in relation to achieving their NDC climate targets

20 countries have a green or sustainable finance strategy, roadmap or policy in place.

53 ECSAP member states in the Asia-Pacific region

Case Study: Tajikistan

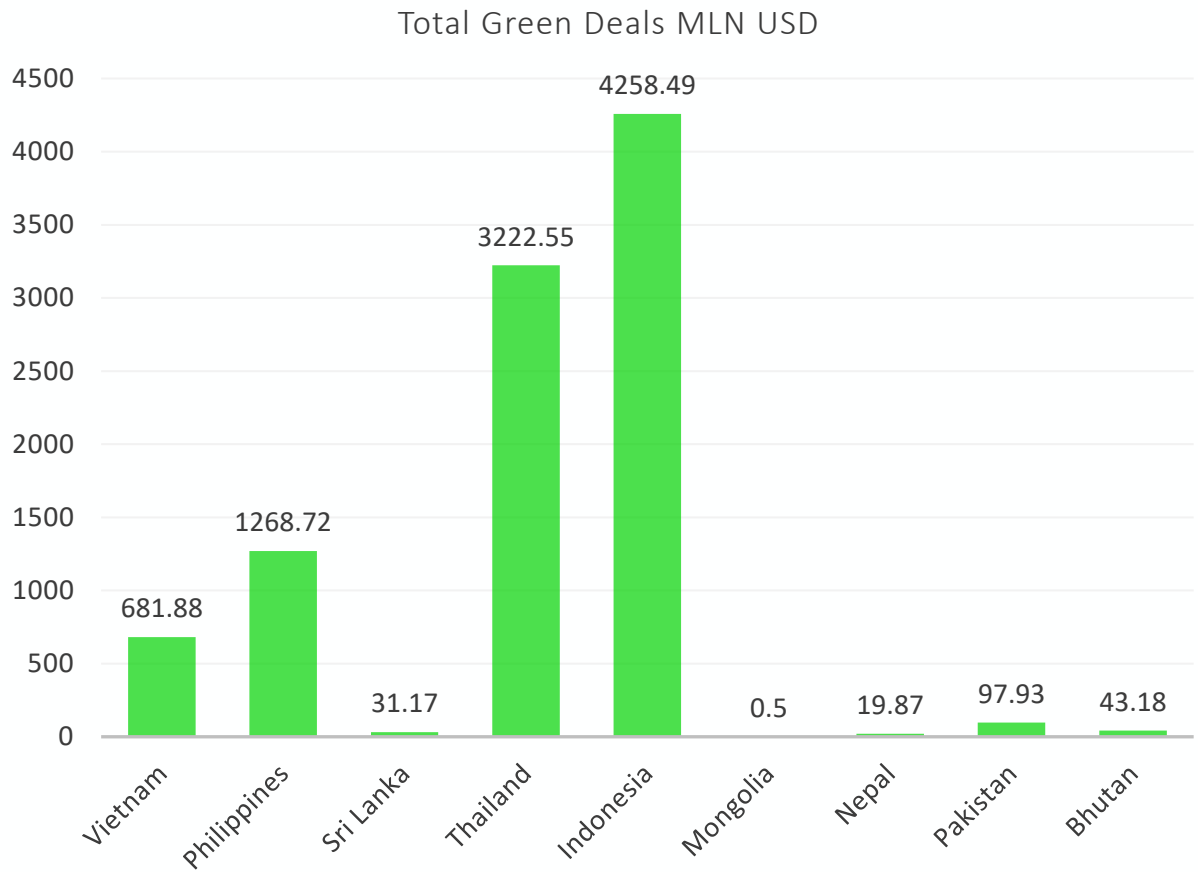
- With the support of the Asian Development Bank, Tajikistan's Committee for Environmental Protection has developed an NDC Climate Finance Plan, outlining a roadmap for financing necessary climate investments.
- The Plan includes a detailed overview of NDC costings, potential climate finance sources, financial instruments, and sectoral structural reforms to create an environment conducive to efficient climate finance flows.
- The **NDC Climate Finance Plan** presents a comprehensive action set to help the Government of the Republic of Tajikistan to **mobilize resources from various sources.**



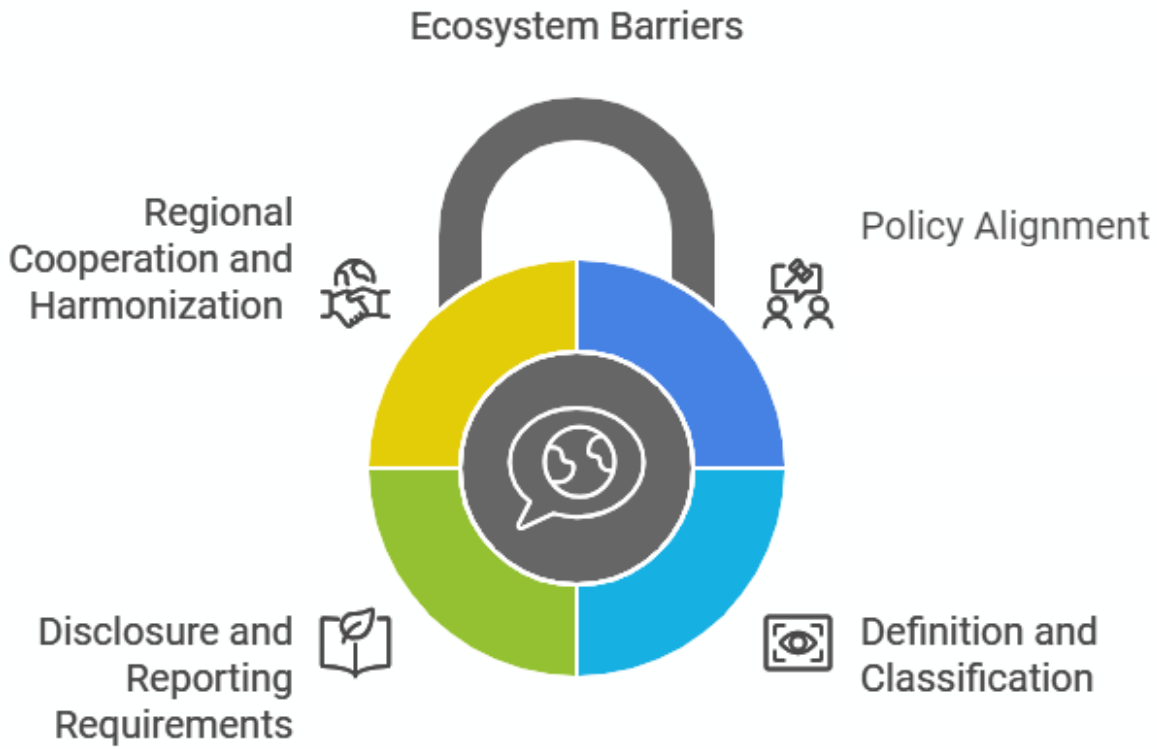
Source: Supporting the Implementation of ADB's Climate Change Operational Framework 2017-2030 - Enhancing Financial Mechanisms to Develop Climate Actions of Developing Member Countries – Subproject 2 (TA 9744-REG)

Total Green Deals in Selected Asia-Pacific Countries

- The investment sectors of these deals consisted of **predominately energy, energy equipment and transport.**
- This distribution underscores the **concentration of investments** in a few key sectors and emerging markets, while frontier markets such as Mongolia, Nepal, and Bhutan have seen comparatively minimal deal activity.
- There is a readiness gap of markets across the region to attract and deploy green capital, which reinforces the need for enhanced efforts to develop financeable climate projects, particularly in countries with lower deal volumes, to ensure broader regional climate action.



Barriers to developing and financing green project pipelines



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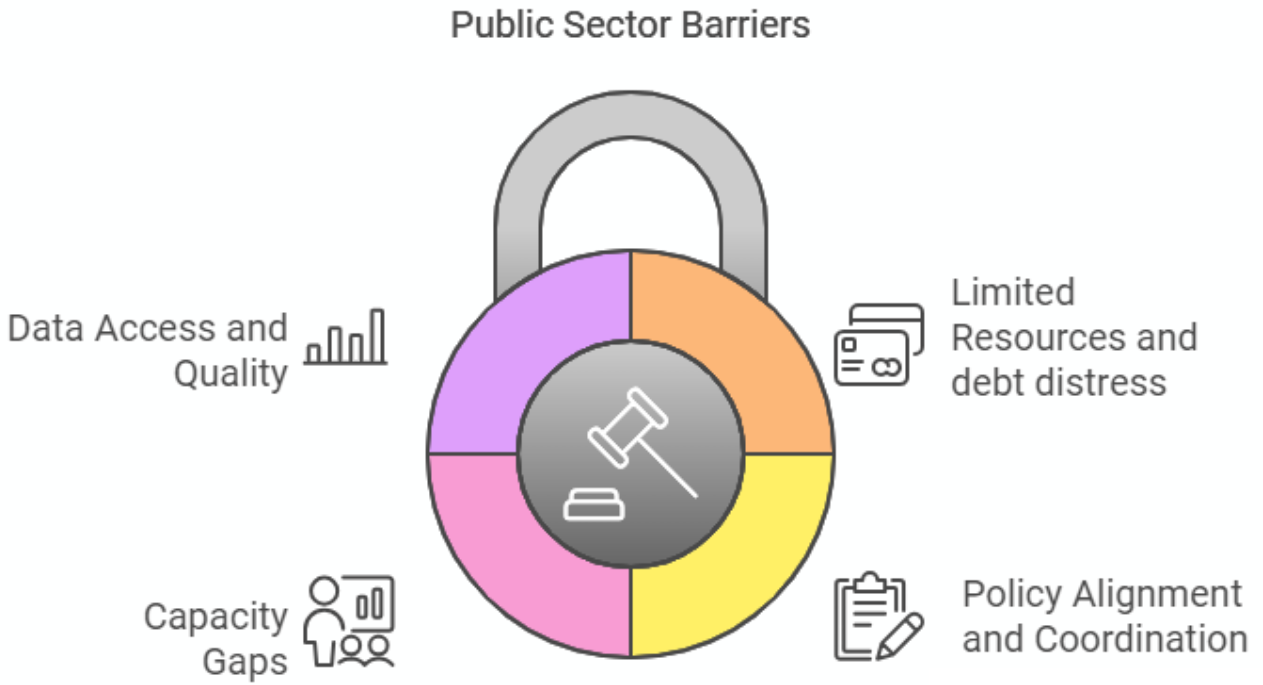
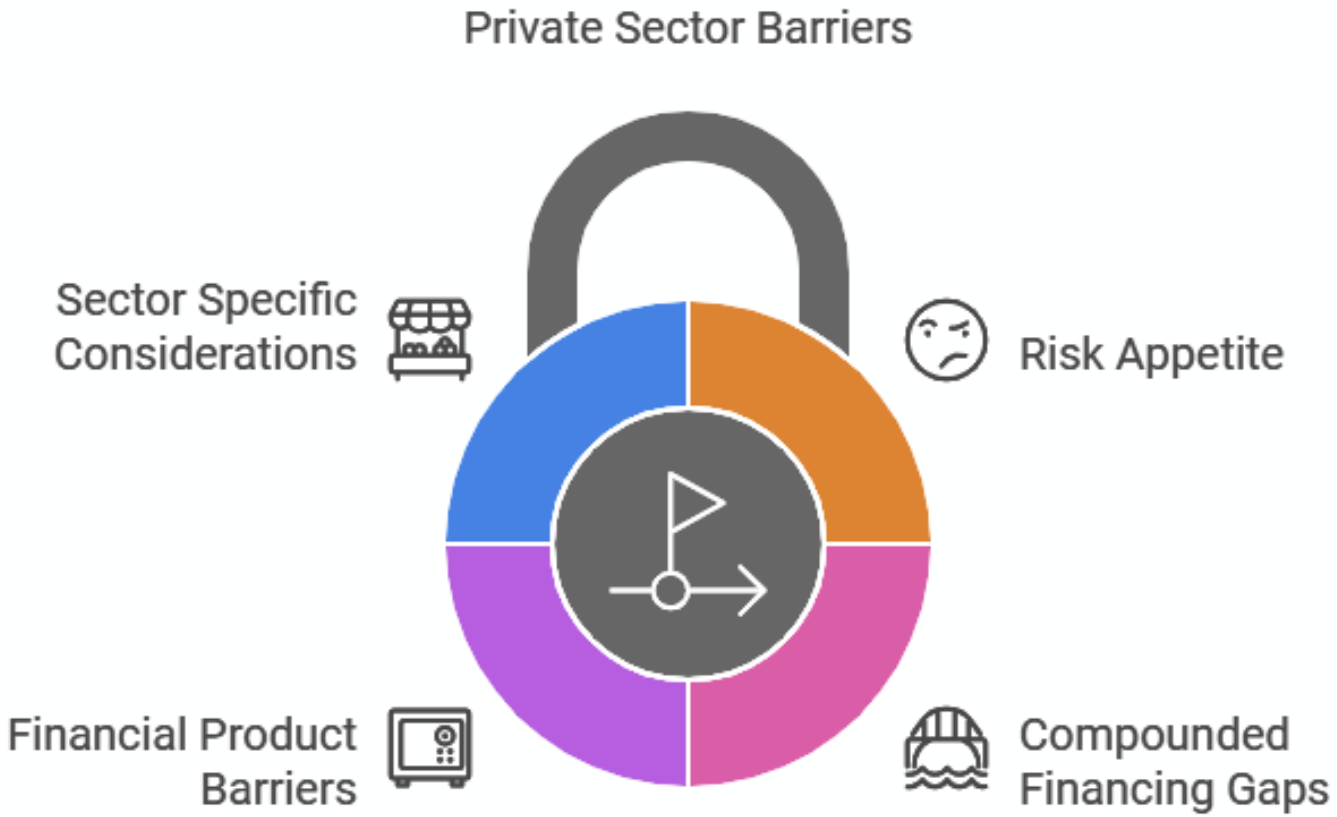


Barriers to developing and financing green project pipelines



Strategies and solutions to accelerate project pipeline development and the flow of finance



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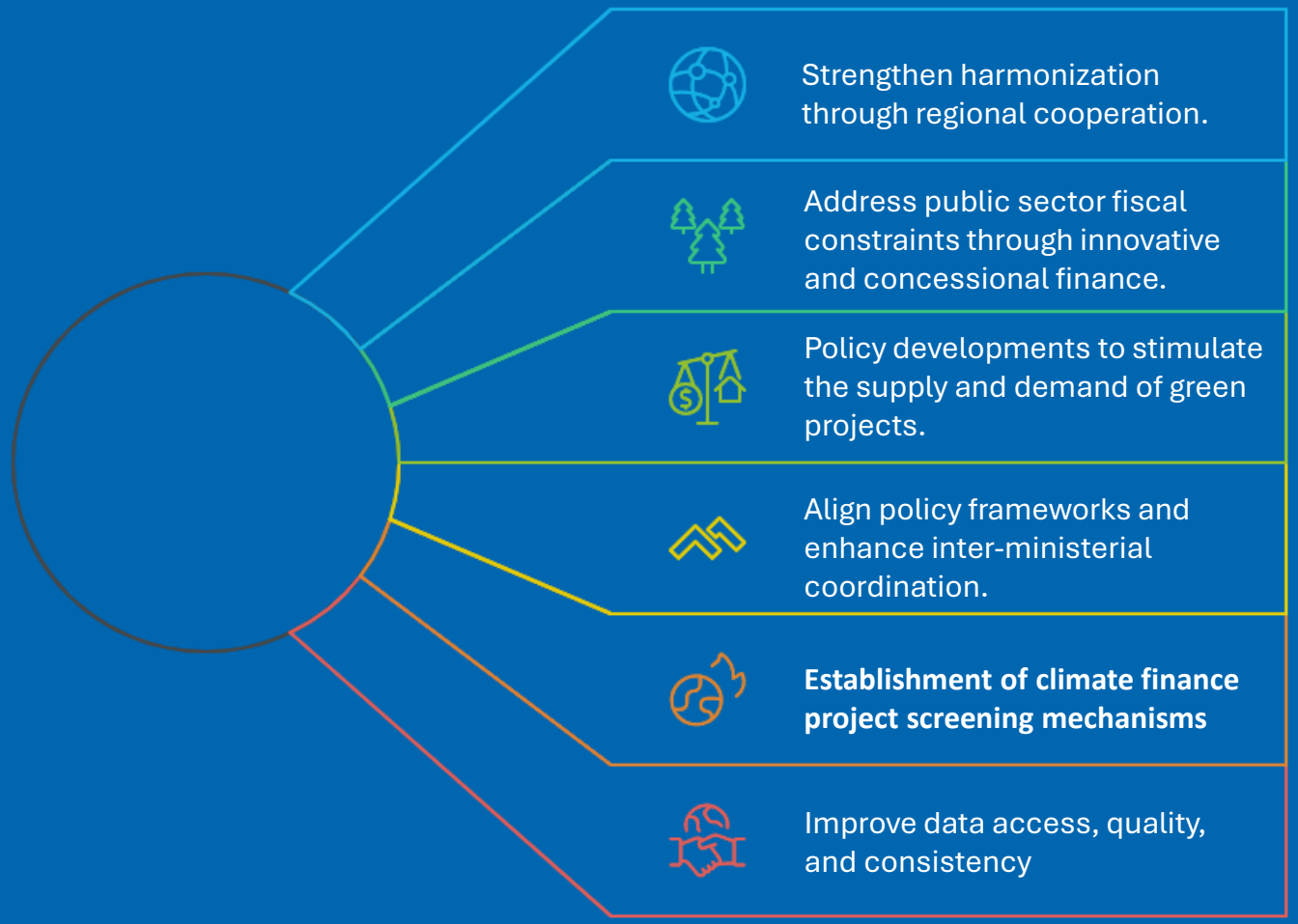
Strategies and solutions to accelerate project pipeline development and the flow of finance



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Panel Discussion

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Youraden Seng, Director of Financial Stability Department and Head of Deposit Protection and Bank Resolution Unit, National Bank of Cambodia.

He has over 15 years experiences in banking and financial sector in Cambodia. Prior to that, Raden was the Director of Banking Supervision II and On-site Banking Supervision Department, subsequentially. Raden involved actively in policy development, regulatory formulation, and supervision of the banking sector in Cambodia. His focus areas are financial stability, banking and financial development and supervision, financial inclusion, digital financial literacy, sustainable and green finance. Raden has been a permanent member of sustainable finance working group at the NBC and representing the NBC in various international platforms such as the Network for Greening Financial System (NGFS), Working Group on Inclusive Green Finance of Alliance for Finance Inclusion (AFI), ASEAN Taskforce on Sustainable Finance, Working Group on ASEAN Taxonomy.



Komron Ruziev, Head of International Relations at the Agency for Hydrometeorology, Committee for Environmental Protection, Government of Tajikistan

With four years in this role, he previously served as a specialist in climate change and ozone layer studies. Komron has played a crucial role in coordinating Tajikistan's participation in COP events, including COP26, COP27, and COP28, and is preparing for COP29 in Azerbaijan. His commitment extends to child protection against climate change, collaborating with UN, UNFCCC and UNICEF on early warning systems, COP, CMA etc. A former specialist in climate change and ozone layer studies, Komron skillfully organizes engaging side events and fosters meaningful international partnerships, driving sustainable development for future generations.



Vincent Wierda, Global Energy Lead, UNCDF

With UNCDF since 2013, Vincent has facilitated investment flows into over 50 private sector companies that use innovative as well as digitally enabled business models to bring energy solutions to millions of people and small enterprises in markets such as Cambodia, Myanmar, Nepal, Uganda, DR Congo and Burkina Faso. These include improved cooking solutions, stand-alone solar, solar for productive use and microgrid solutions. Together with UNDP, he also oversaw the establishment of a guarantee facility at the Development Bank of Ethiopia, targeting Energy Service Companies and Financial Service Providers.



Joaquim Leite, Head of Climate Finance, NDC Partnership

His work focuses on supporting NDC Partnership member countries in Africa, Asia, and Latin America in increasing access to climate finance to implement their Nationally Determined Contributions (NDCs) and the Sustainable Development Goals. Joaquim has more than ten years on diverse climate and sustainability-related projects in developing countries. His experience includes: (i) ESG integration into high-level decision-making, investment portfolios, and management systems for leading organizations in the energy, mining, forestry, agriculture, and infrastructure sectors; (ii) design, implementation, and evaluation of sustainable investment projects for corporations and institutional investors; (iii) elaboration and implementation of Climate Change Programs, and (iv) development of CDM and REDD+ projects, GHG inventories, and tailored climate strategies for companies and governments.



Navina Sanchez Ibrahim, Senior Climate Change Specialist (Just Transition), Asian Development Bank (ADB)

Navina manages the Just Transition Support Platform, provides support to ADB DMCs on Just Transition and innovative ways to finance JT. She is co-leading the development of ADB's Just Transition Finance Facility, and leading ADB's JT institutional approach. Navina worked for over a decade in international development. She is a seasoned climate negotiator, support in various countries in the negotiations of the Paris Agreement and was one of the EU lead negotiators for the Katowice Rulebook. Navina was appointed to serve as a German member to the UNFCCC Adaptation Committee from 2019 to 2022.



Matt Robinson, Associate Managing Director - Sovereign Risk, Moody's Ratings, and Moody's Global Lead on Development Finance

Matt manages the Sovereign Risk Group's Middle East and Africa team producing ratings and research regarding sovereign and supranational creditworthiness in Sub-Saharan Africa and Middle East/North Africa. He is responsible for managing staff located in London, Frankfurt, Dubai and New York. Matt joined Moody's in 2007 after a decade of macroeconomic and public policy experience. Prior to managing the Middle East and Africa sovereign ratings team, Matt was the Director of Sovereign Research, responsible for coordinating and contributing to the research produced by Moody's global team of sovereign risk analysts. Matt previously managed the affairs of the Moody's Economy.com Sydney office, providing independent economic analysis, data and forecasting and credit risk services to Moody's Analytics' worldwide client base.

Question 1

Our research has found that of Asia-Pacific's 53 member States, less than 40 per cent of ESCAP's Asia-Pacific members (only 20 countries) have any type of green or sustainable finance strategy, roadmap or policy in place. Just 6 countries explicitly address project pipeline development in relation to achieving their NDC climate targets. Tajikistan is one of these countries and provides a strong example for the region.

What best practices that governments could follow to develop national Sustainable Finance Strategies, roadmaps or policies?

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Q1 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

Or

ANSWER HERE

Question 2

Our research highlights the importance of establishing national sustainable finance roadmaps as a foundation for developing and financing NDC-aligned project pipelines. How can National Sustainable Finance Roadmaps support the development and financing of NDC-aligned projects and what are the key strategies for integrating such roadmaps with national climate goals?

Q2 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

Or

ANSWER HERE

Question 3

The research has presented has a range of recommendations (i.e. development of roadmaps, undertaking of natural capital assessments, legislative measures, NDC investment plan development, building market enabling environments such as taxonomies, etc.) What are persistent challenges faced to raise capital for NDC aligned projects and are there any success stories you can share?

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Q3 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

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Question 4

As countries prepare to enhance their commitments under NDC 3.0, achieving ambitious reduction targets will require substantial financing, particularly for the energy transition. What strategies and mechanisms are essential to unlock financing for NDC 3.0? How can international development organizations support countries in attracting capital and developing robust, finance-ready project pipelines to accelerate NDC-aligned projects?

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Q4 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

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Question 5

While development partner-supported initiatives help address some of the data and capacity gaps faced, what additional support mechanisms could further strengthen the mobilization of finance for these project pipelines?

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Q5 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

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Question 6

Governments face challenges in meeting their climate investment needs while maintaining fiscal stability. Given these fiscal constraints, what strategies are essential for countries to mobilize private sector investment for NDC-aligned projects? How can governments leverage tools like blended finance or fiscal incentives to build sustainable project pipelines while managing credit risks effectively?

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Q6 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

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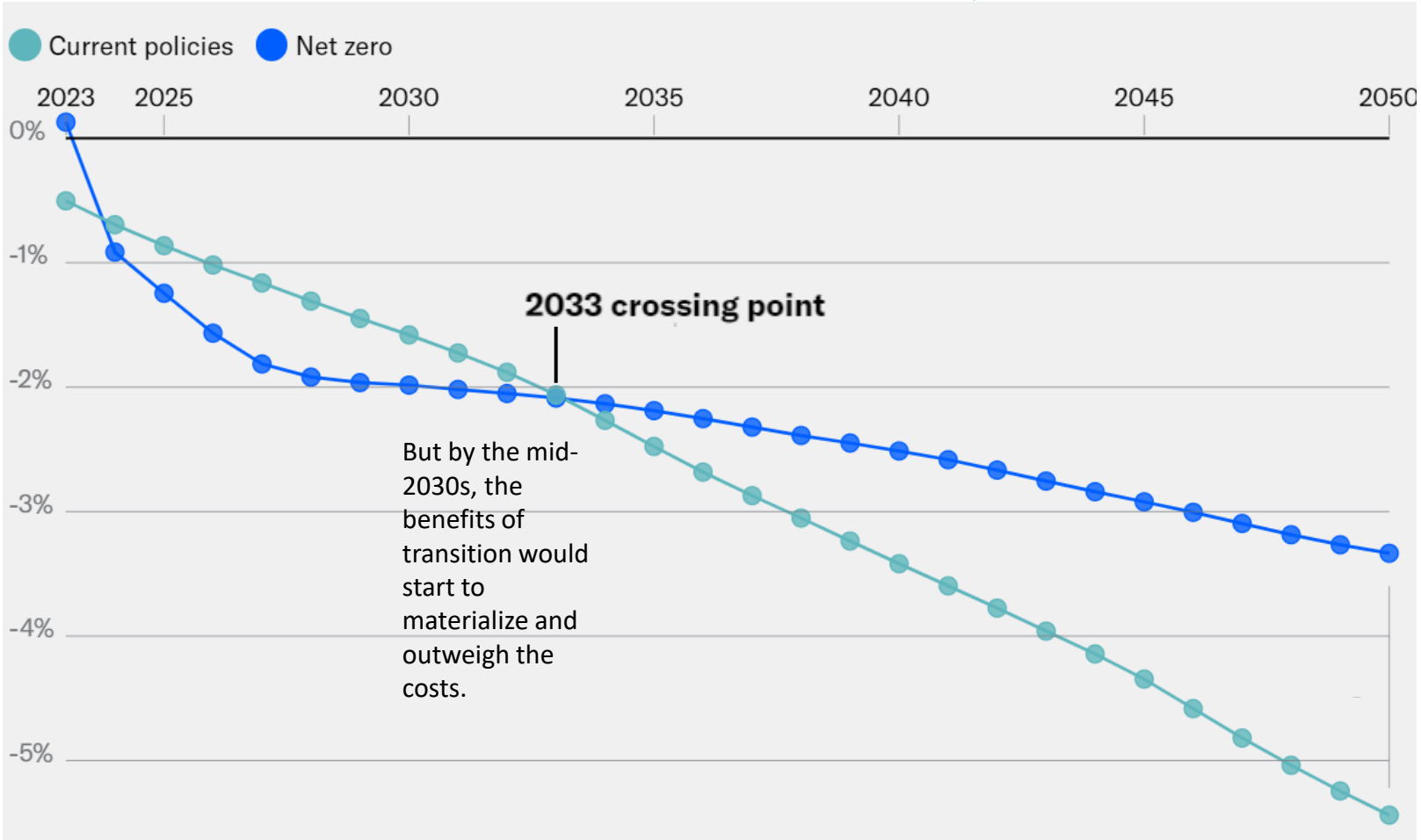
Economic consequences (and sovereign credit implications) of inaction are large

Global transition-related GDP losses under current policies vs net zero scenario

Under a net zero scenario, income losses would accelerate sharply at first as nations spend heavily on clean energy and the transition disrupts existing economic and financial systems.



By 2050, the global economy would save 2% in annual GDP, driven by fewer climate-related losses and productivity gains.

Sources: IMF Climate Dashboard, NGFS REMIND and Moody's Ratings; NB: Losses exclude acute climate risks

What constitutes a credible net zero transition plan?



Question 7

Please share key recommendations or advice for governments seeking to develop and finance NDC-aligned project pipelines? What is the most critical action they can take to unlock finance.

Q7 Unlocking NDC 3.0 Building Effective Project Pipelines for the Asia-Pacific Region

Or

ANSWER HERE



Mr. Vintura Silva, Team Lead, NDC Technical Support Unit, UNFCCC secretariat

United Nations Framework Convention on Climate Change

Outlook for NDCs 3.0

Unlocking NDC 3.0: Building Effective Project Pipelines for the Asia-Pacific Region

14 November 2024

Mr. Vintura Silva, Team Lead, NDC Technical Support Unit, UNFCCC secretariat

United Nations Framework Convention on Climate Change



"The last generation of NDCs set the signal for unstoppable change. New NDCs next year must outline a clear path to make it happen – by scaling up renewable energy, strengthening adaptation and accelerating the transition to low-carbon economies everywhere"

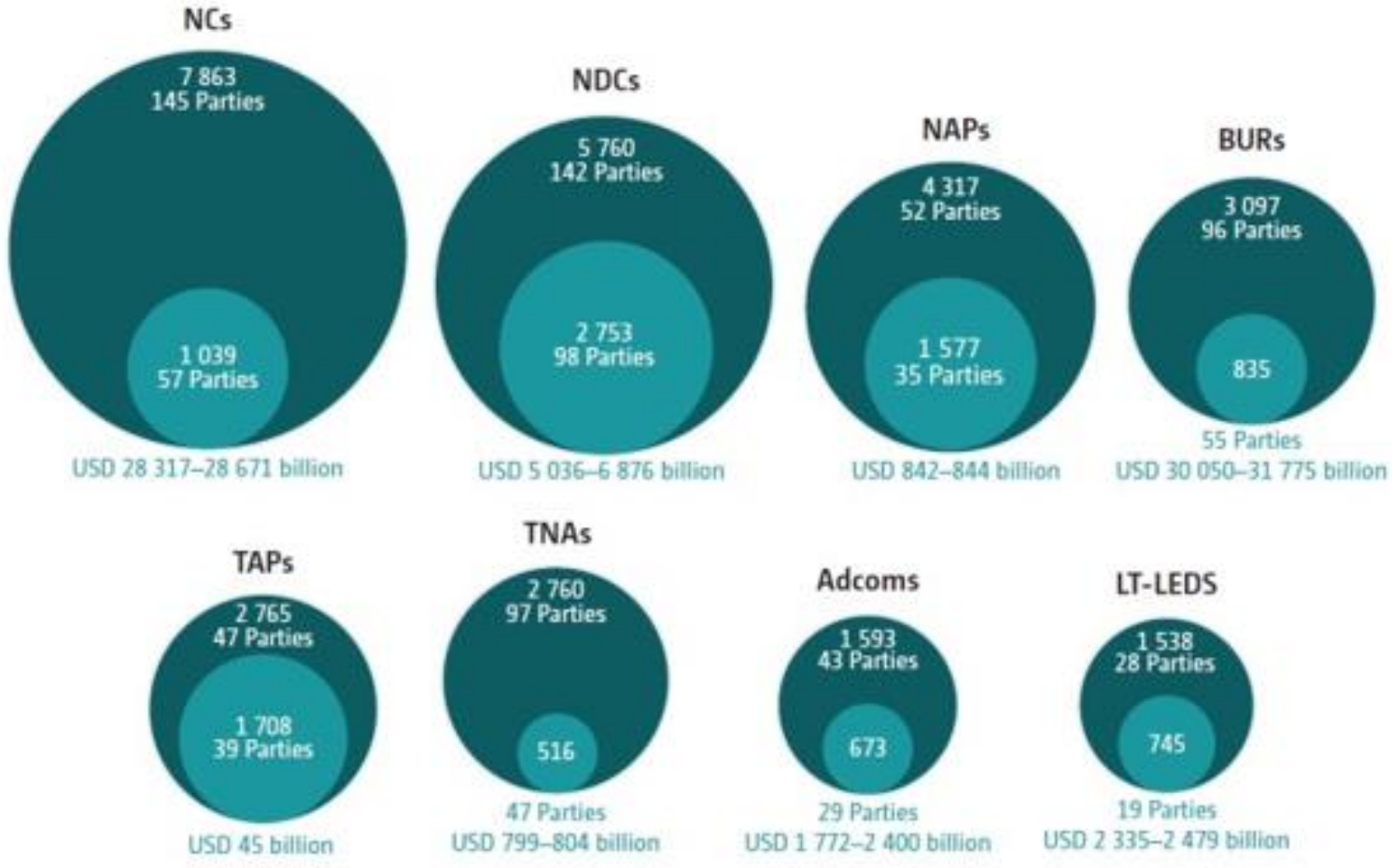
[UN Climate Change Executive Secretary Simon Stiell on the release of the 2024 NDC Synthesis Report on 28 October 2024]

NDC 3.0 Outlook

NDCs 3.0

- Parties are encouraged to come forward in their next NDCs with ambitious, economy-wide emission reduction targets, covering all GHGs, sectors and categories and aligned with limiting global warming to 1.5 °C, as informed by the latest science, in the light of different national circumstances;
- The submission of new NDCs by 2025 is mandatory for all;
- The new 2025 NDCs are:
  - To be submitted 9 to 12 months in advance of the CMA 7 (10 February 2025)
  - To have an end date of 2035
  - To be a progression beyond the Party's current NDC and reflect its highest possible ambition
  - To provide ICTU information
  - To use adopted accounting approaches
  - To provide information on how the preparation of the NDC has been informed by the outcomes of the GST
- The NDC 3.0, will be a key opportunity to enhance ambition and accelerate implementation to enable the achievement of the long-term goals of the Paris Agreement.

Presentation of Costed Needs Reported in National Reports



Source: UNFCCC Standing Committee on Finance. Second report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.

Unlocking Finance

- Costing aspects in the development and implementation of NDCs need to be improved.
- Institutionalizing NDCs into national legislation and policies can ensure continuity and commitment.
- Development of sectoral roadmaps and NDC investment plans can unlock finance by clearly signaling the country's direction and priorities.
- Involvement and coordination Finance and Planning Ministries is crucial.
- Meaningful inclusion of non-party stakeholders will be critical to unlocking finance - the MDBs, financiers and the private sector.



- Thank you for your participation. Kindly take 1 minute to provide your feedback for the session using the following link or the QR code

FEEDBACK SURVEY

