



NDC Finance Strategies

Overview, tools and guidance.



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- NDC Finance Strategies outline:
 - Finance requirements in adaptation/mitigation and by priority sector identified in the NDC
 - Finance already committed in support of the NDC, both from public and private sources
 - Finance gaps to deliver the NDC

- NDC Finance Strategies provide
 - Overview of investment requirements over time
 - Estimate of investment to be covered by donors

- The NDC (this is ideally iterative)
 - Focus on priority sectors – are they the right ones?
 - Within the sectors, is the public/private and conditional/non-conditional split right?
 - Are the real needs of the country reflected in the right way (adaptation vs. mitigation)?
- The Roadmap
 - Is it realistic in terms of ambition?
 - Frontloading vs. backloading?
 - Are the policies there to support the roadmap implementation and its timetable?
- The past
 - The 2015 NDC
 - Understand past climate finance flows by looking at OECD DAC and DFI reporting

- Ensure that the finance strategy is clearly aligned with the NDC but realistic
 - Look at absorption capacity – should investment be back-loaded
- Identify the most important finance providers and their agenda
 - Check the future investment plans of DFIs and major donors in the country
 - Allocate this to relevant sectors
- Identify the missing pieces
 - What policies or systems are needed to deliver the NDC ambition
 - How long will it take to set them up?
- Look forward
 - Just transition
 - Article 6 trading
- Stop considering the NDC as an event, treat it as a continuous process (develop, analyze feedback loops, refine, repeat)
- Remember Climate Finance is an emerging field and flexibility is key

Example – Bosnia Hercegovina



➤ Process

- Review of roadmap, NDC 2015 and draft 2021-25, DFI country strategies
- Research OECD DAC and interviews with key donors and DFIs
- Reality check of focus of NDC, cover gaps (adaptation, Just Transition, trading)
- Try to realistically estimate need for conditional support and identify where it could come from

➤ Findings

- NDC probably okay for the near term but post-2025 next NDC needs to fundamentally look at directions and split between adaptation/mitigation
 - Identified gap for 2021-2025 ca. USD 1 bn but hard to be certain
 - Lack of MRV system makes estimation highly uncertain
- Encourage innovation and integration of new areas of climate action by linking to already identified donor action (e.g. on Just Transition)

