

Mobilising Investment for NDC Implementation



To implement NDCs, countries will need to mobilize significant levels of private sector investment. As much as \$23 trillion in climate-smart investment opportunities have been identified in emerging economies¹. Attracting the scale of private sector investment at the speed needed to meet NDCs requires the appropriate incentives and financial instruments to support project development and the expansion of market demand and business investment. Unlocking private capital to implement country's NDCs requires a progressive and iterative process of stakeholder identification of priority investment subsectors, market analysis, design and implementation of financing measures, public-private partnerships, and on-going review of progress and adjustments in the approach. Many developing countries have expressed demand, through the Low Emissions Development Strategies Global Partnership (LEDS GP) and the Climate and Development Knowledge Network (CDKN), for support to navigate the opportunities and challenges of mobilising the necessary investment to implement their Nationally Determined Contributions (NDCs).

What will the project do?

The Mobilising Investment (MI) project is focused on interventions within seven target countries: Bangladesh, Dominican Republic, Ethiopia, Kenya, Peru, Philippines and Vietnam supported by the German government. The project is collaborating closely with LEADS Global Partnership investment mobilisation cooperation (supported by the U.S. government) with Colombia, Kenya, Mexico, Morocco, and Vietnam and broader country investment advisory support and learning. The ultimate goal is to mobilise significant investment for NDC implementation in priority sub-sectors. The overarching project objective is **to support public actors and the private sector to create favourable conditions for private financing of NDC implementation by incentivising investments and increasing scale of demand**. In doing so, this project seeks to strengthen national capacities and learning on financing NDCs by working through some of the practical challenges actors face.

THE UNIQUE VALUE OF THE APPROACH OF THE MI PROJECT IS THAT IT IS:

- Based in national priorities as laid out in country's NDCs and cognisant of the differing context and progress made to date.
- An action and stakeholder collaboration oriented approach to mobilising investment in a way that makes business sense and addresses public policy goals.
- Works simultaneously with governments and the private sector to jointly advance implementation of specific investment measure and to stimulate broader interest and investment ambition in NDCs.
- Replicable beyond the key country engagement through the strong LEADS GP and CDKN broader learning and peer networks and advisory support services.



The process starts by teaming with countries to **identify a priority sub sector, mapping the current investment environment and barriers, and identifying key public and private sector stakeholders** that are already active in country. Market assessments include examination of the enabling environment, systemic economic issues, and the market maturity in terms of level of activity and local capacity to identify and develop projects. We will look at potential sources for investment and demand. The intent is to identify key opportunities for advancing near-term investment by bringing together local, regional and international stakeholders to build upon past and leverage current related efforts. Country specific implementation teams are established, comprised of key government officials, private sector and financial community representatives, and in-country and global consultants and experts.

¹ https://www.ifc.org/wps/wcm/connect/51183b2d-c82e-443e-bb9b-68d9572dd48d/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES

Investment cases and facilitation strategies build on this first step presenting the investment opportunity with in-depth research on the demand, the type and combination of incentives that can be applied to mobilise the necessary investment – e.g. incentives used elsewhere in market (and peer markets) or innovative finance structures – the actors looking to invest (e.g. government, climate or development funds) and any specific pipeline project examples. The project also creates a sub-sector directory that, combining actors, opportunities and incentives, outlines key areas in which investment is sought, key incentives that could be considered in the sub-sector, exemplary investment cases, and the relevant actors and facilitation measures that can be applied in the country context.

Investment enabling actions are developed and implemented in close collaboration with the country governments and private sector partners. These actions include strengthening of policies and financial instruments, fostering direct business procurement and investment partnerships, and creation or expansion of blended capital and other funds. Measures will be flexible to the needs of the chosen sub-sector, actors, and investment opportunities and cases.

Methods, lessons, and good practices are captured and shared with other countries to enable learning and replication. This occurs through dissemination of methodologies and case studies, regional and global peer exchange and training events, and provision of tailored advisory support to countries.

Learning and replicating best practice

A core part of the project is the gathering and dissemination of good practice and recommendations and enabling learning and replication within countries, between countries, from national to international and vice versa through peer networks. The project will achieve broad learning and application of good practices from the target countries by: 1) Documenting and sharing methods, lessons, and good practices from the participating countries; 2) Convening regional and global workshops and webinars and creating regional communities of practice on NDC investment mobilization in partnership with the LEDS GP and IKI NDC Support Cluster to enable peer exchange and learning; 3) Offering advisory support (also in partnership with the LEDS GP and IKI NDC Support Cluster) to additional countries who are looking to apply similar approaches to unlocking private capital to meet their NDC goals. This learning and replication element will be guided by an explicit learning approach and will draw on our experience of leading thematic inquiry-based learning processes and focus on south-south learning exchanges, peer-to-peer learning through communities of practice and country/project level impact studies.

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What does success look like?

Attribution of project success in mobilising finance is challenging, but increasing investment in a chosen sub-sector might be represented by:

- Strengthening of existing (or creation of new) policies and financial instruments that are unlocking greater amounts of private investment flows in the priority sub-sector.
- Deeper government and business partnerships, buy-in and traction as evidenced by greater dialogue on sub-sector priorities and incentives, creation of industry associations or greater uptake of the climate agenda in existing industry associations, and integration of investment opportunities into government/business conversations.
- The development of business models and expanded business partnerships and projects that reflect the proposed investment cases and new projects initiated.
 - New investment flows moving into NDC priorities.

