

**INTER-AMERICAN
DEVELOPMENT BANK GROUP**

NDC INVEST



Background

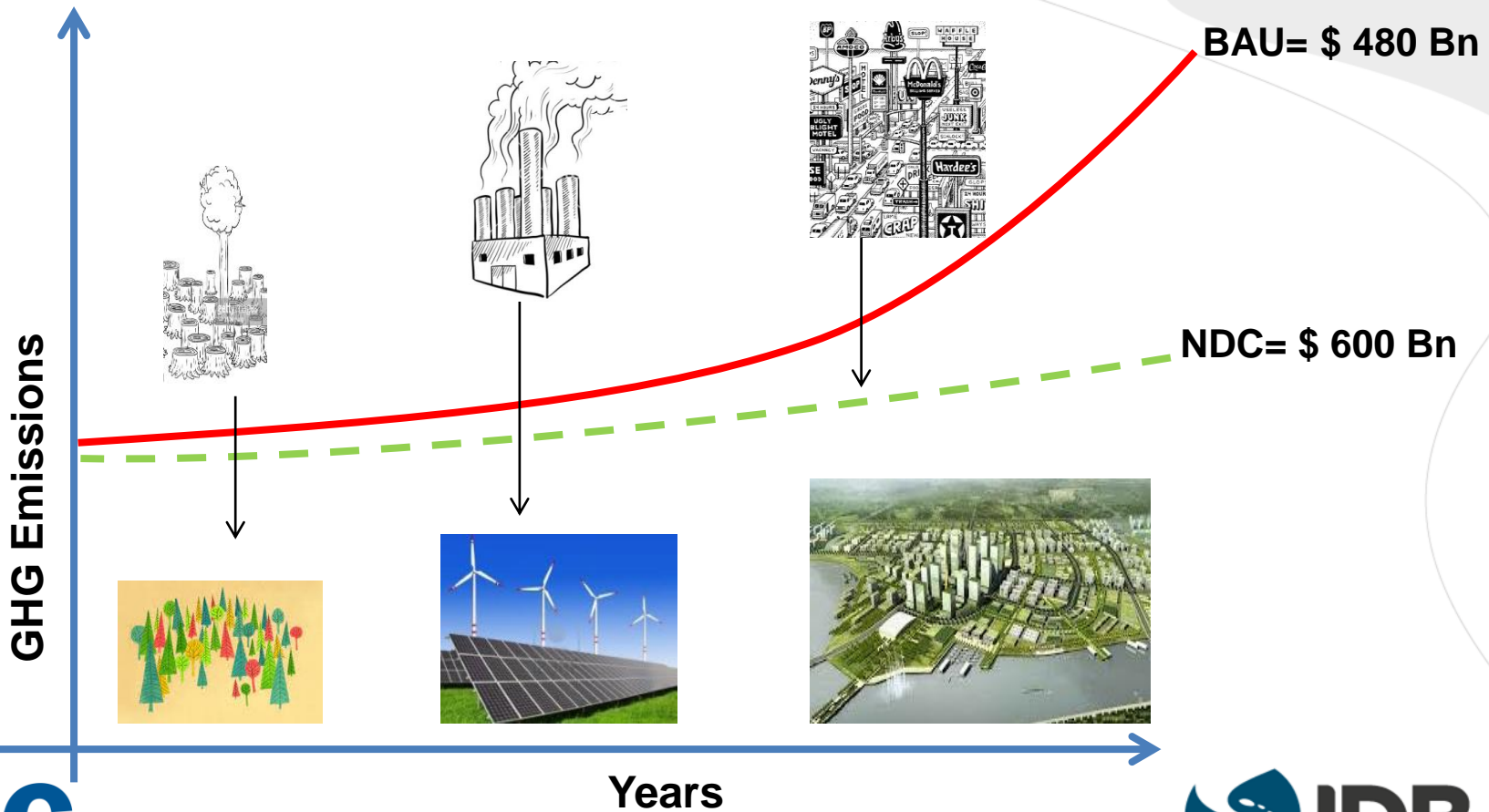
- **Paris Agreement:** To limit temperature rise well below 2°C and aim 1.5°C (by end of century) implies achieving net zero emissions by 2050; focus on adaptive capacity and; for aligning financial flows
- **iNDCs** total of 162 submitted covering 189 countries, all IDBG client countries except for Nicaragua: climate action plans include economy-wide targets to 2025-2030, unconditional actions plus actions conditional on international support
- 2015 milestone on financing for Sustainable Development: Addis conference on financing development and UN SDGs summit. => Key focus on **Sustainable Infrastructure**
- 2018: Begin global stocktaking of NDC Implementation; staying below 2°C requires **increased ambition** by 2020
- Preliminary assessment indicates that the LAC's aggregated **iNDCs investment** will demand US\$ 80 billion investment per year or approx. an average of US\$3.5bn per country per year.
- Essential that NDCs engage and attract private sector, including domestic capital markets



IDB Targets and NDC Implementation

- IDBG climate finance target (30% by 2020) can cover 2.5-5% of the overall demand (US\$ 2-4 bn/yr).
- Infrastructure needs for the region: Increase from less than 2%-3% of GDP/yr to around 5% of GDP/yr
- Attracting a small portion of the \$218 trillion held by private investors can play a significant role in filling this funding gap.
- Regional members perspective: This can transform the Bank into the largest reliable source of climate finance in the region.
- Non-Regional members perspective: Due to its large leverage potential the Bank can be recognized as the strategic partner to channel grants and concessional climate resources to the region.
- *Focus on increasing ambition by 2020 implies importance for prioritizing mitigation action in countries with large or rapidly growing emissions (i.e. potential for attracting climate finance for MICs) whereas increasingly resources for adaptation may be directed towards SIDS (and LDCS).*





NDC Invest: Objectives

- NDC Invest aims at filling the gap between existing initiatives that could support implementation of NDCs, providing a holistic approach (other initiatives are for example IKI NDC Support Cluster with GIZ + WRI)
- Proposes a package of support that will enhance assistance to LAC countries and increase ability to attract and mobilize resources for NDC implementation
- Strengthen the ability to leverage and catalyze public & private development finance to support NDC implementation
- Supports IDBG climate finance target implementation
- Facilitates SG-NSG coordination for greater impact and market transformation
- Current Bank systems (tagging) can allow for granting visibility of donors contributions toward NDC implementation



NDC Programming

- GOAL: IDENTIFICATION OF SECTORAL PRIORITIES AND SUPPORT THE ENABLING ENVIRONMENT FOR NDC IMPLEMENTATION IN LAC
- This Component will:
 - *Assess NDCs' institutional capacity, financing and investment requirements*
 - *Engage Government stakeholders and the private sector on translating NDCs into investment opportunities, financing plans and potential project pipelines.*
- Creation of the technical cooperation activity “Financing Implementation of Intended Nationally Determined Contributions”
 - Policy assessment, legal analysis and review of institutional arrangements
 - Sector opportunities analysis
 - Project Finance, Resource Mobilization and Capital Markets
 - Transparency systems

Countries can draw-down relevant services and also recruit a local consultant to provide additional ongoing in-country support.

NDC Pipeline Accelerator

- GOAL: SUPPORT THE PRE-INVESTMENT ACTIVITIES REQUIRED FOR TRANSFORMATIONAL IMPACT
- Lesson from past intervention: Better programming is not enough, we need to support countries and private sector actors in developing bankable projects
- This component will:
 - *Upstream support to develop pipeline on sustainable infrastructure and in frontier areas, attract new clients – including domestic capital market actors – and develop new opportunities for investment (**better pipeline**)*
 - *Support for integration of sustainability considerations into Infrastructure PPPs project planning, design and reporting systems (**better signals**)*
 - *Create a positive influence in the markets (**better markets**)*

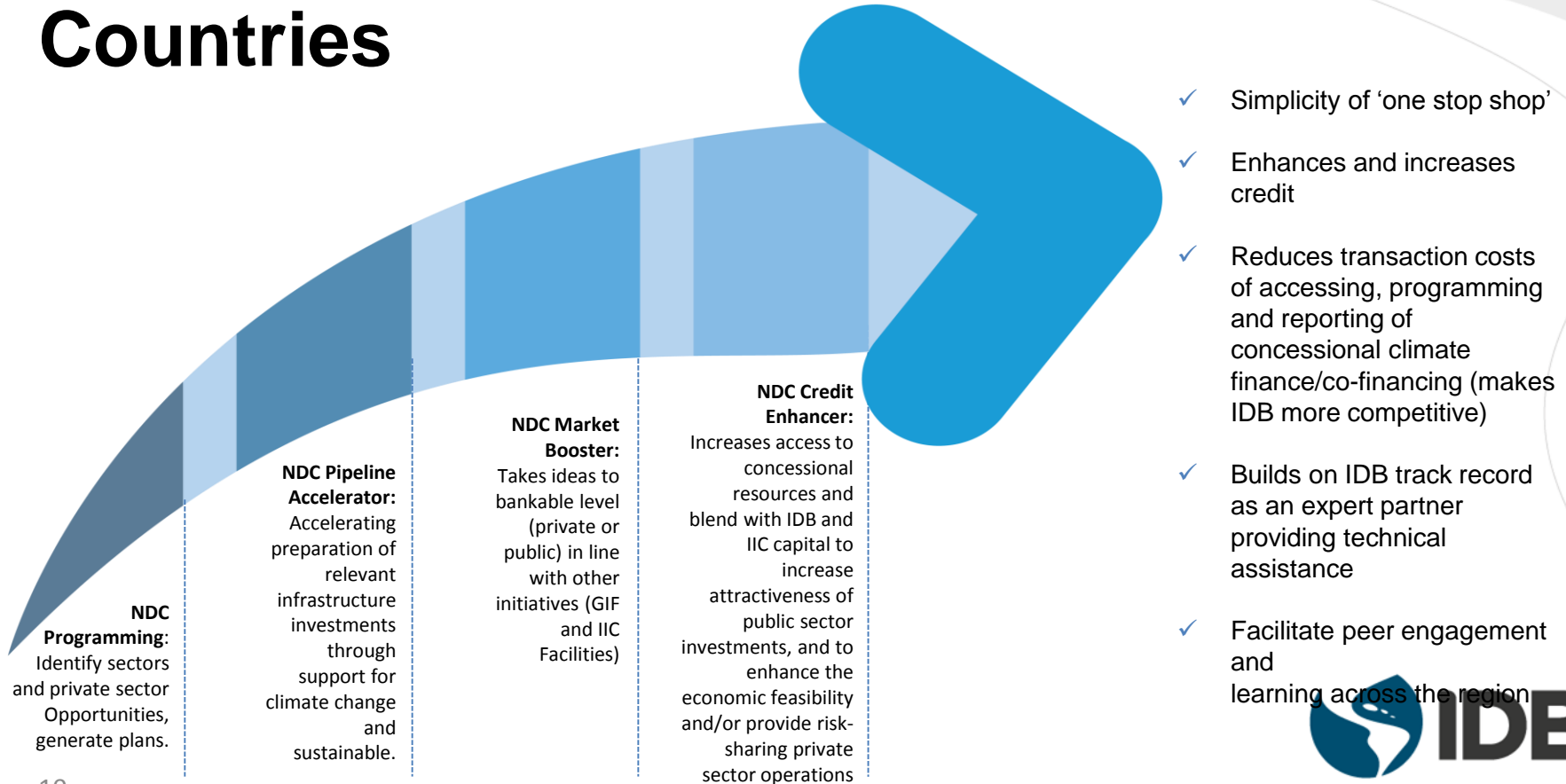
NDC Market Booster

- GOAL: OVERCOMING MARKET AND OTHER NON FINANCIAL BARRIERS
- This component will provide:
 - *Non reimbursable and reimbursable grants for design and promotion of innovative financial instruments and prototyping of new technology*
 - *Capital grants for new low-carbon and resilient business models and market facilitation services*

NDC Credit Enhancer

- GOAL: INCREASE ATTRACTIVENESS OF NDC RELATED INVESTMENTS
- This component will:
 - *Increase access to concessional resources and blend with IDB and IIC capital to increase attractiveness of public sector investments, and to enhance the economic feasibility and/or provide risk-sharing for private sector operations*
 - *Provide incentives for Ministries of Finance to allocate their IDBG envelopes for NDC-related operations (between 1 to 10%?)*

The NDC Invest Platform: Benefits for Countries



THANK YOU!

