



## COP26 Climate Brief

# Expanding WBG Support for Country NDCs and LTSs

## The Challenge

A key challenge, especially for developing countries, is to integrate climate and development. Well formulated Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs) can play a key role in articulating climate action and greenhouse gas (GHG) emission reduction priorities in a manner consistent with development.

2021 is a key year for climate action, as countries submit new or updated NDCs under the Paris Agreement. The first set of NDCs, submitted in 2015 in the lead-up to COP21, varied widely in quality and content. Many were criticized for their lack of ambition and for failing to articulate clearly and with enough specificity ways to reduce GHG emissions in a manner consistent with development.<sup>1</sup>

As of October 11, 2021, 124 countries had submitted new or updated NDCs, and many have enhanced their commitments. However, the most recent assessment by the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) shows these NDCs, collectively, still leave a large gap to be filled to achieve the targets of the Paris Agreement.

As for LTSs, as of September 2021, only 33 LTSs, covering 44 countries,<sup>2</sup> had been developed, most of them for high-income nations. LTSs can be an important tool to consider economy-wide costs as well as opportunities for growth consistent with a low-carbon and climate-resilient future. More developing countries need to adopt them.

## What Is Needed?

What is needed is a set of consistent NDCs and LTSs that (1) integrate climate with development, (2) outline a clear path and options to reduce GHG emissions, and (3) are backed by a framework for how to deliver on these goals. Effective monitoring and reporting will also be needed for countries to track results.

## How Is the WBG Contributing to Solutions?

Between 2018 and 2020, the WB provided more than 140 countries with technical and analytical assistance or project finance support for activities related to their NDC goals and commitments, as well as their longer-term decarbonization and adaptation strategies. These include activities related

to policy, planning, and legislation support; project preparation for investments linked to the NDC; development of tools for longer-term planning; development of monitoring and evaluation frameworks; and project finance.

With the support of the NDC Support Facility, which was established in 2016, the World Bank has provided technical assistance on new NDC development or enhancement to 12 countries—Cambodia, Chile, Colombia, the Dominican Republic, Ethiopia, Grenada, Honduras, Jamaica, Panama, Rwanda, Saint Lucia, and Vietnam. Another 50 countries have received sector-specific support.

To help more countries, the WBG has recently launched a multi-country LTS program to support the development of country-specific strategies for decarbonization and resilience extending to 2050. For instance, in Jordan or Uzbekistan, the WBG is working directly with key country ministries to define GHG reduction goals, evaluate different sector-specific pathways, and understand the economic benefits of climate action. The WBG is helping countries integrate these long-term strategies into short- and medium-term decision making as well. In addition, the program will inform how the Bank can improve its LTS support in the future, as it steps up support to countries on economy-wide policy reforms.

### **The WBG's approach to aligning development with the Paris Agreement**

In its new Climate Change Action Plan 2021–2025,<sup>3</sup> the WBG committed to providing support to clients in a way that is consistent with low-carbon and climate-resilient development pathways, aligned with the objectives of the Paris Agreement, and consistent with countries' NDCs, LTSs, and other national climate commitments. In practical terms, aligning our financing flows with the Paris Agreement is about ensuring that all our operations actively advance these goals, and certainly do not hinder their attainment. This is very significant, because it requires mainstreaming climate into all our development work, including in areas such as education, health, or social protection, which are not traditionally associated with climate action. The World Bank plans to align all new operations by July 1, 2023. For the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), 85 percent of new operations will be aligned by July 1, 2023, and 100 percent by July 1, 2025.

Moving forward, the WBG will play an even bigger role in supporting countries' NDCs and LTSs. Our new diagnostic, the Country Climate Development Report (CCDR),<sup>4</sup> is expected to play an important role in helping countries develop, update, and implement their NDCs and LTSs, including identifying opportunities to reduce GHG emissions. CCDRs will explore the most critical investments needed, the biggest opportunities, as well as the tradeoffs and how these can be managed.

All support is customized to country needs and circumstances to maximize results.

## How the WBG is supporting NDCs

Across **Latin America**, WBG investment project support has ranged from energy efficiency and electric mobility interventions in Costa Rica, Colombia, and Chile, to improved governance practices and policy reforms in the Dominican Republic, Jamaica, and Ecuador.

In **Ethiopia**, needs have exceeded available resources, so the Bank has helped the government prioritize mitigation and adaptation actions in its NDC and strengthen monitoring and reporting systems.

In **Bangladesh**, the World Bank helped national power planners update the power system master plan to achieve the country's NDC target of generating 10 percent of its electricity from renewable resources. Financing support was provided to various utilities and ministerial bodies, covering the entire supply chain (generation, transmission, and distribution) to optimize different policy objectives. The technical expertise gained through this program has led to new investments in grid stability and storage, both of which are crucial for scaling up renewable energy system use.

## How the WBG is supporting LTSs

In **Chile** the WBG supported the modification of the Finance Ministry's key macroeconomic model so it could better assess the impact of different decarbonization policies. Using this model, Chile found that not only was it possible to achieve net zero carbon emissions by 2050, but doing so would increase GDP by 4.4 percent in 2050. The model is now being further updated to account for the impacts of adaptation policies and investments.

In **Jordan**, the WBG has been working with Ministry of Environment and the Ministry of Planning and International Cooperation to support implementation of the country's new Climate Change By-Law and to assist in creating a roadmap for preparation of a 2050 Long-Term Low-Carbon and Climate Resilient Strategy.

## What Will Success Look Like?

High-impact NDCs and LTSs will integrate climate and development and be closely interconnected: LTSs should inform the design of NDCs to ensure they contribute to achieving the long-term objectives. Clear and bold NDCs and LTSs will provide solid foundations to enable financial flows to support the global transition in a more consistent and aligned manner. Successful targets and strategies will be ambitious, feasible, and inclusive, and capture linkages between climate and development gains, as noted in the table on the next page.

The World Bank Group, through its CCDRs and working with partners, including through country platforms, is committed to supporting countries develop high-impact NDCs and LTSs.

## A high-impact NDC should...

- » Set clear mitigation and adaptation targets and measures in key sectors that contribute to the efficient achievement of long-term adaptation and mitigation objectives (if possible, directly linked to an LTS).
- » Explicitly state its assumptions in estimating GHG emissions and removals, including treatment of the land sector, and express targets either in absolute terms or against a credible (and explicit) baseline.
- » Include actions that are technically and economically feasible, and note their status, the implementing entity, and other relevant information.
- » Focus on the most plausible scenarios in the short term and chart flexible options for the medium term.
- » Identify key enabling conditions for implementation, such as regulatory framework, finance mobilization, technology transfer, and institutional capacity building.
- » Maintain methodological consistency over time.
- » Include plans for monitoring, reporting, and evaluating progress.

## A high-impact LTS should...

- » Align climate goals with attainment of the Sustainable Development Goals (SDGs).
  - » Include both mitigation and adaptation elements.
  - » Establish a long-term, net-zero emissions target in line with the Paris Agreement and ensure a just transition.
  - » Create clear links between short-term and long-term objectives to set a trajectory for future emissions, including a peak year and the year net zero will be reached.
  - » Evaluate economic transitions in all sectors, including aviation and shipping, and capture intersectoral dependencies.
  - » Use a suite of models to define both national and sectoral decarbonization pathways, evaluate socioeconomic outcomes, and account for future uncertainty.
  - » Quantify the total amount of financing and other support required.
  - » State how much international support is required to enable successful transitions.
  - » Build local capacity for developing, implementing, and revising a country's LTS.
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- » Be integrated and aligned with national development strategies and have buy-in from planning and sector ministries.
  - » Be clear about priority areas that can achieve maximum impact.
  - » Be inclusive, providing for meaningful participation of society and political stakeholders at all levels during development, revision, and implementation.

## Endnotes

1. UNEP. 2017. "Emissions Gap Report 2017." Nairobi: United Nations Environment Programme. <https://www.unep.org/resources/emissions-gap-report-2017>.
2. There is a European Union LTS covering 27 countries, and most individual EU countries have their own LTSs.
3. World Bank Group. 2021. "World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development." Washington, DC. <http://hdl.handle.net/10986/35799>.
4. See World Bank Group, 2021. "Country Climate and Development Reports (CCDRs)." World Bank Group COP26 Climate Briefs. Washington, DC: World Bank. <https://www.worldbank.org/en/topic/climatechange/publication/world-bank-group-cop26-climate-briefs>.