



Introduction to Nationally Determined Contributions (NDCs) 2021 & NDC Implementation Plan (NDCIP) 2021-2030, and Climate Finance

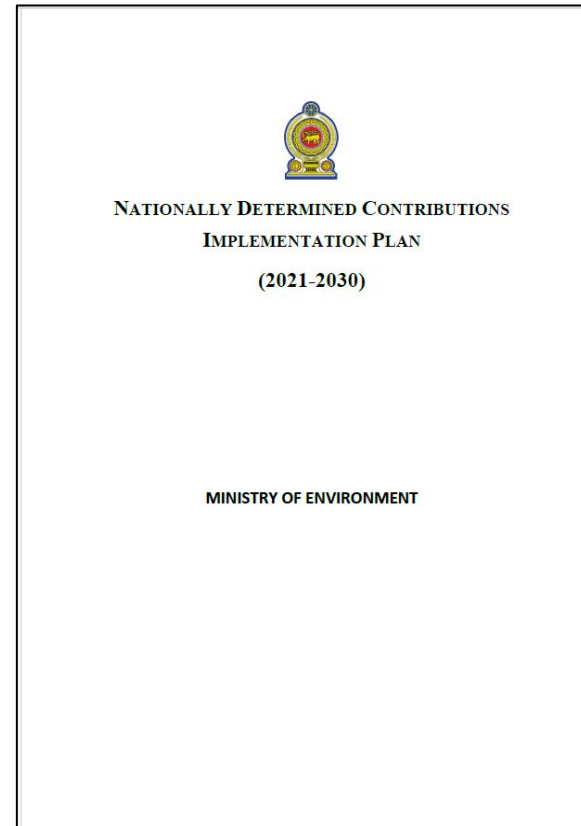
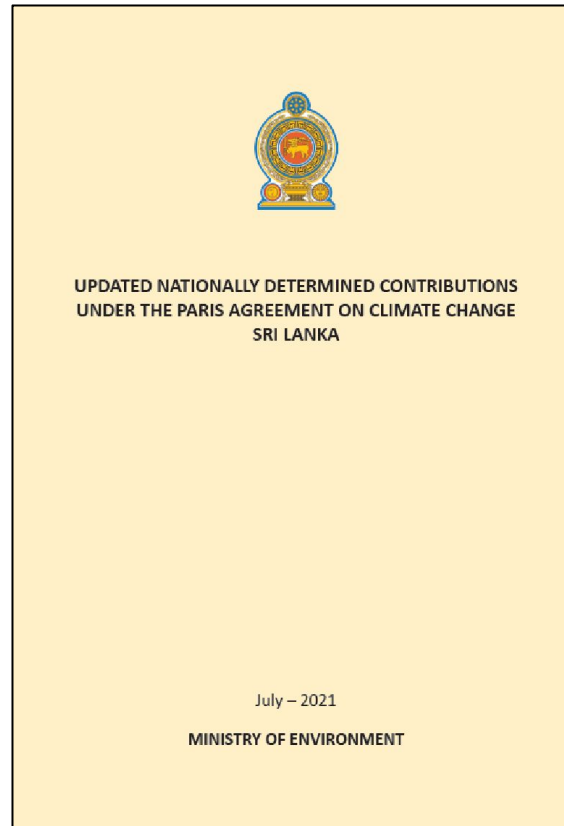
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Content

- Brief introduction to NDCs, and the centrality of financing to NDC implementation.
- Opportunities for Sri Lanka to leverage innovative financing solutions and access carbon markets





UPDATED NATIONALLY DETERMINED CONTRIBUTIONS
UNDER THE PARIS AGREEMENT ON CLIMATE CHANGE
SRI LANKA

July – 2021

MINISTRY OF ENVIRONMENT

Nationally Determined Contributions (NDCs)

- Six (6) Mitigation Sectors (to reduce GHG emissions by 14.5% during the period 2021-2030):

- 4% unconditional, 10.5% conditional

Electricity (Power), Transport, Industry, Waste, Forestry, and Agriculture (& Livestock)

- Nine (9) adaptation sectors

Agriculture, Fisheries, Livestock, Water, Biodiversity, Coastal & Marine, Health, Urban Planning & Settlement, Tourism & Recreation

- Climate-induced Loss and Damage

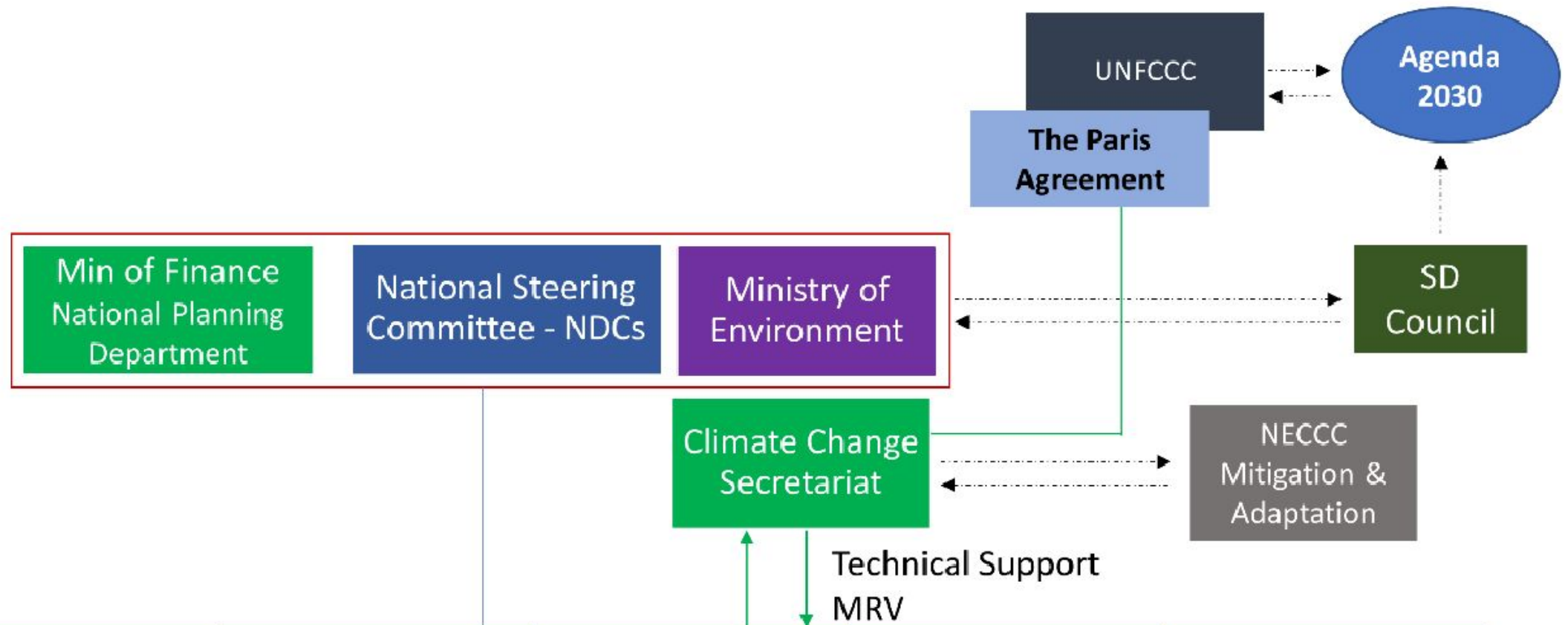
- To achieve 70% renewable energy in electricity generation by 2030
- No capacity addition of Coal power plants
- Increase forest cover to 32%
- To be carbon neutral by 2050



NDC Implementation Plan (NDCIP)

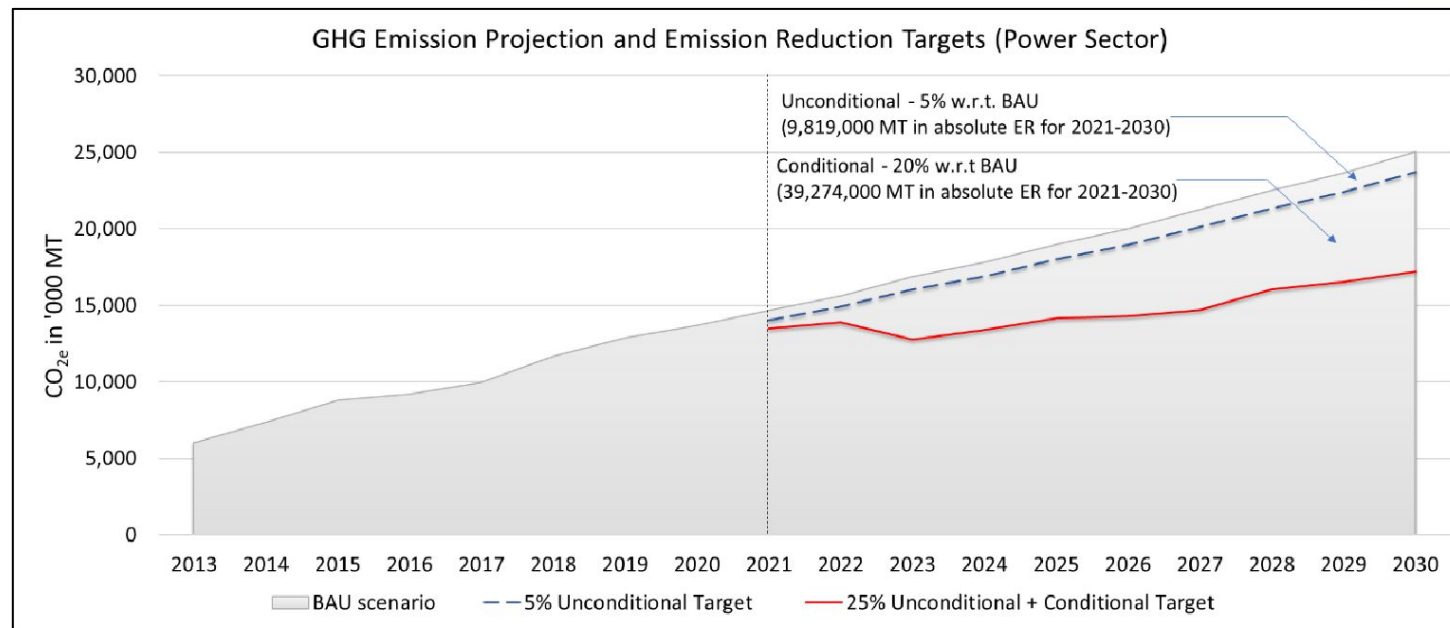
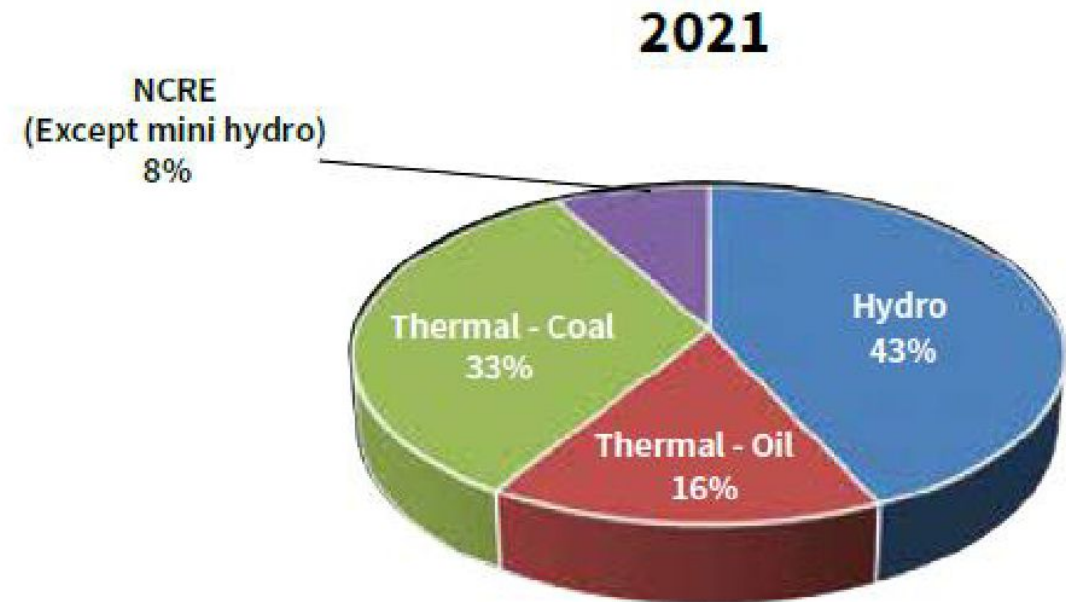
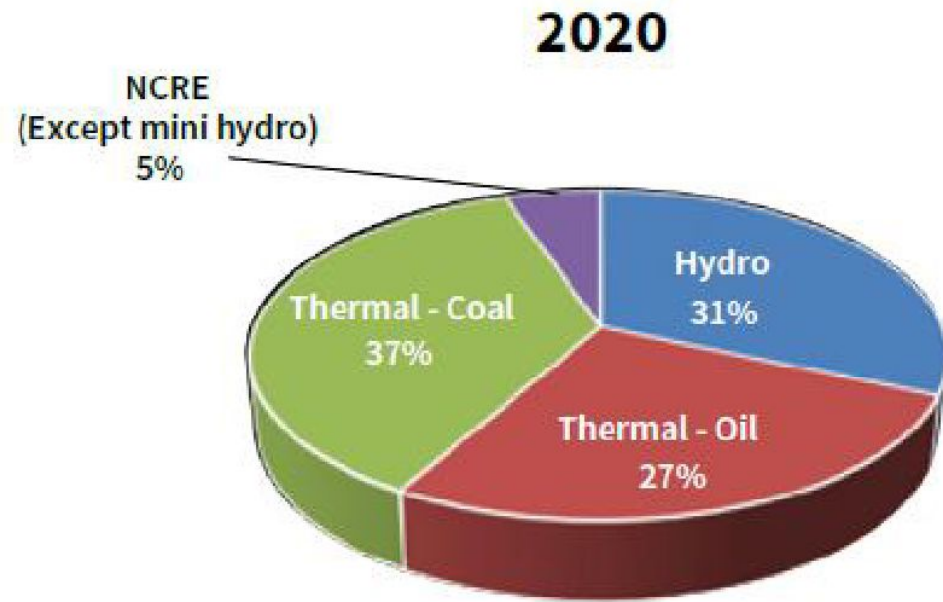
- Activities were aligned for direct inter-linkages with the SDGs
- Supporting legal and policy factors are identified (Chapter 1).
- A multi-stakeholder inclusive and participatory approach was used to develop NDC implementation plans (Chapter 2).
- Plan for the six mitigation sectors along with sectoral introductions (Chapter 3).
- Plans for the nine adaption sectors (Chapter 4).
- Plans for the loss and damage (L&D) sector (Chapter 5).
- Means of Implementation including general recommendations for gender mainstreaming and social inclusion (Chapter 6).

Institutional architecture for climate response (Source: NDC, 2021)



Sectorial Planning and Monitoring Committees; Mitigation, Adaptation, L&D Sectors

Progress and Projections: e.g. Power Sector (Source: NDCIP, 2023)



Format of NDC Implementation Plan (Source: NDCIP 2023)

Electricity (Power) Sector NDC Implementation Plan

NDC 1 - Enhance renewable energy contribution to the national electricity generation mix by increasing Solar PV, Wind, Hydro and Sustainable Biomass based electricity generations (Target: Develop an additional capacity of 3,867 MW renewable energy over the RE capacity considered in Business-As-Usual scenario, out of which approximately 950 MW are on an unconditional basis and 2,917 MW on a conditional basis)

| Activities / Sub Activities | Implementation Responsibility | | Key Performance Indicator (KPI) | Means & Source of Verification | Baseline | Target | Time Frame (2021-2030) | | | | | | | | | | Relevant SDG Target | |
|---|-------------------------------|--|---------------------------------|--------------------------------|----------|---|------------------------|------|------|------|------|------|------|------|------|------|---------------------|-----|
| | Lead Agency | Other Key Agencies | | | | | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | |
| 1.1 Establish wind, solar (rooftop, small-scale and large solar PV), biomass ¹² , large and small hydro power plants | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1.1.1 - Establish wind power plants | SLSEA, CEB | MoP&E, CEA, Private investors, Land custodians | MW installed | CEB statistical digest & SLEB | 178 MW | Addition of 865 MW (Unconditional 128 MW, Conditional 737 MW) | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 7.2 |



Financing Climate Action

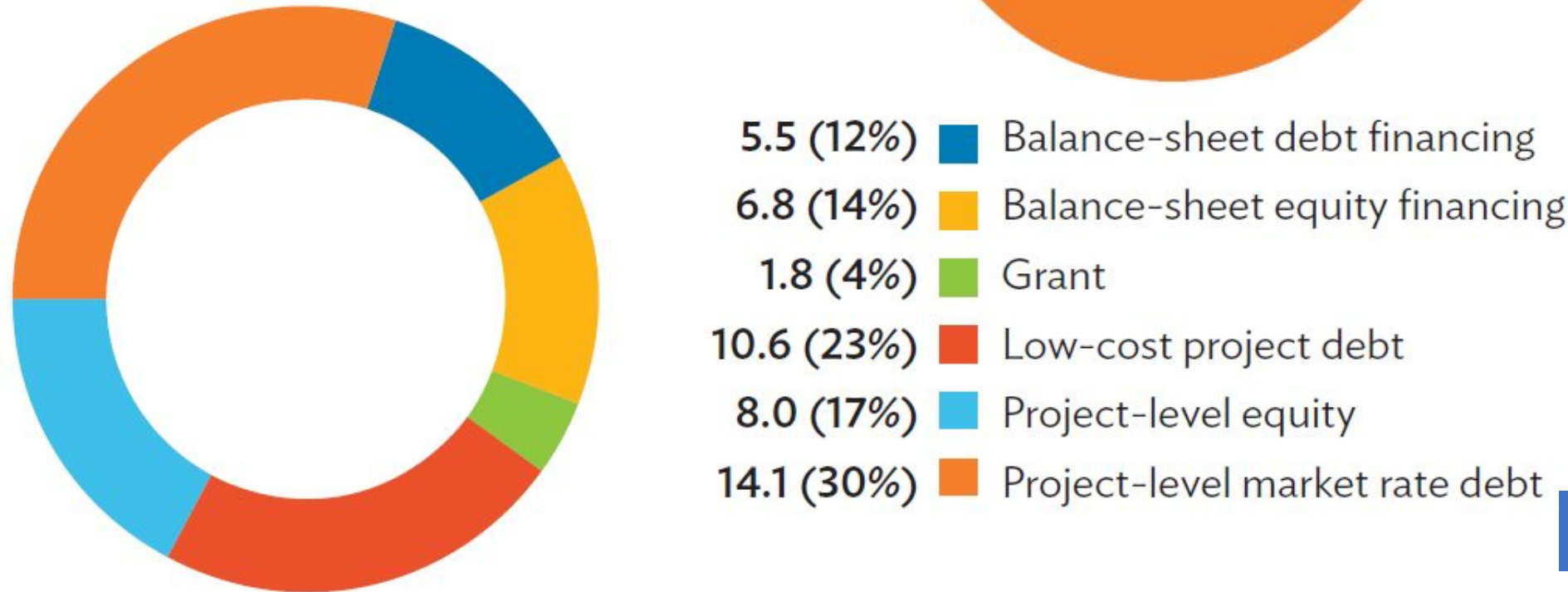
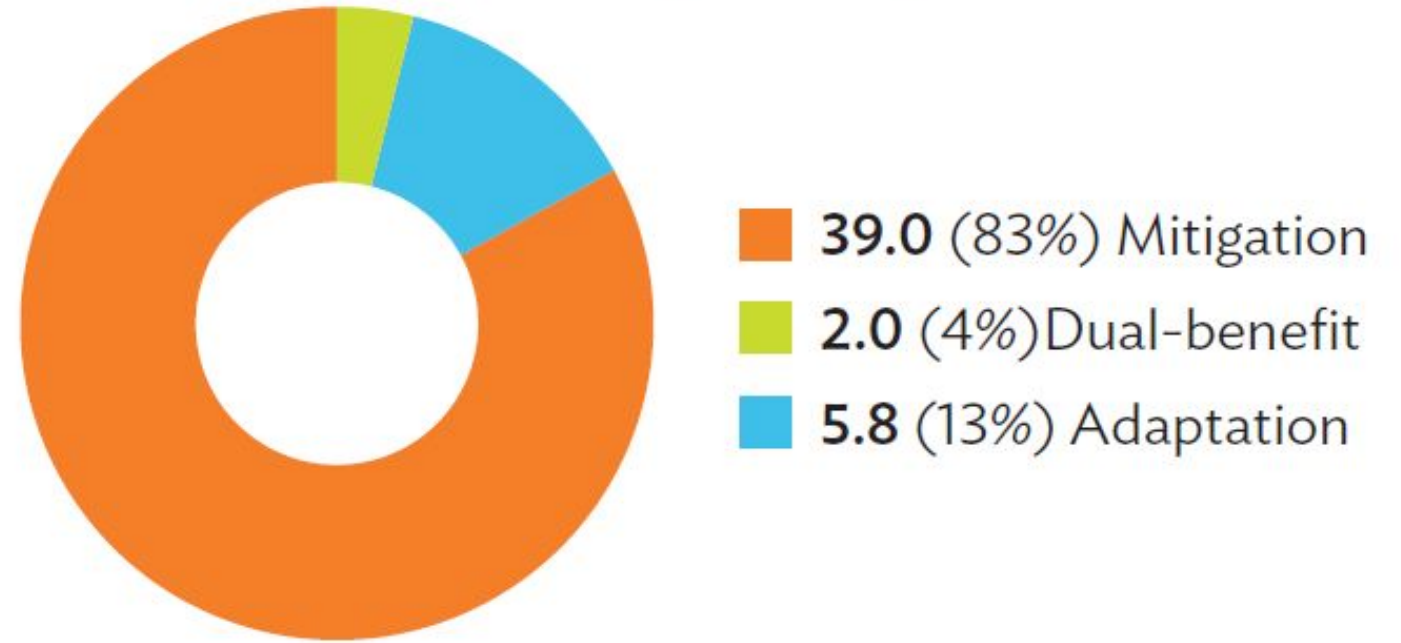


Improving
Effectiveness of
Climate Finance



Leveraging new
Sources of Finance

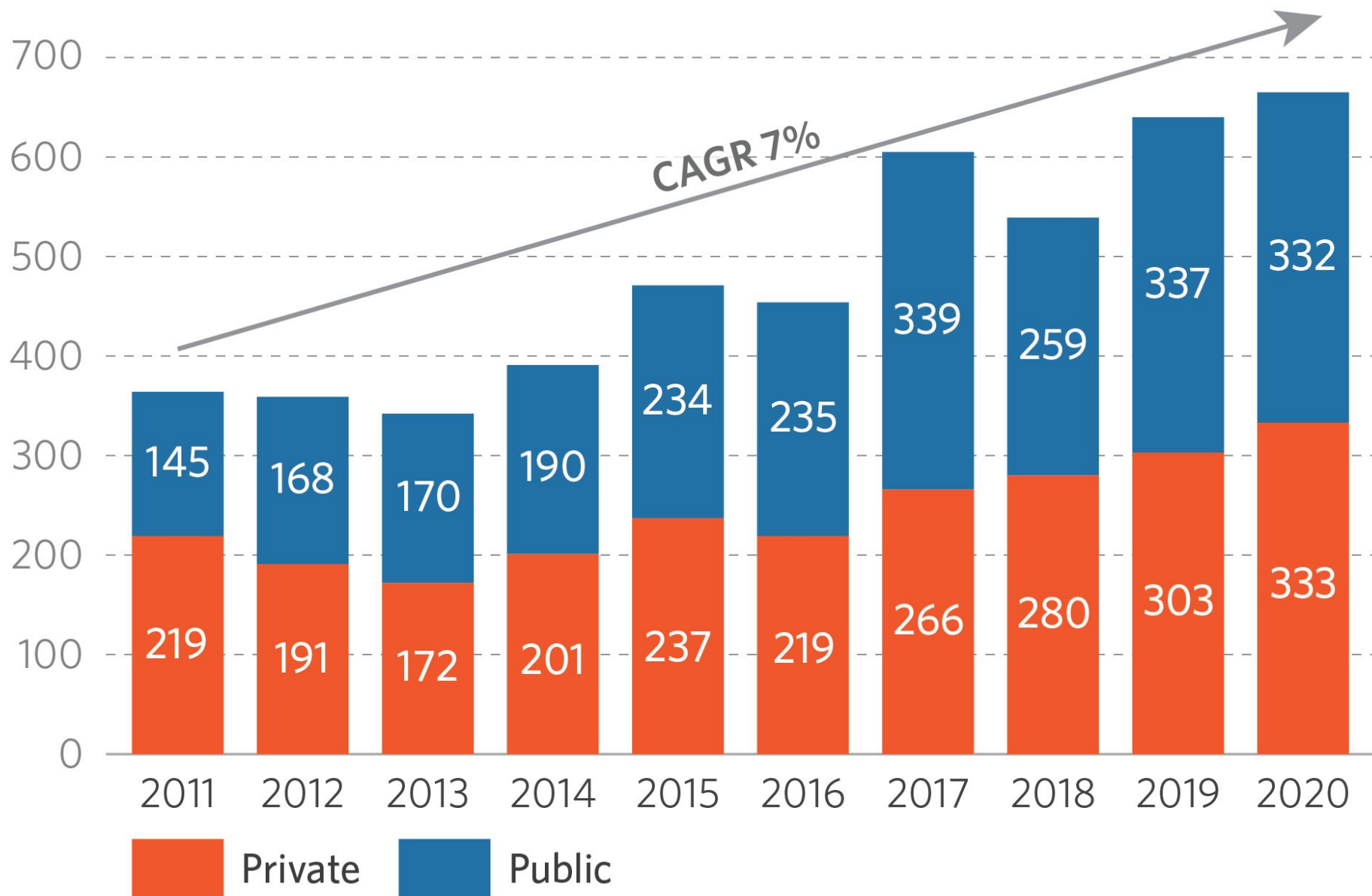
Breakdown of Climate Finance & CF Instrument in South Asia - \$ Billions (Source: ADB, 2023)



64% Debt

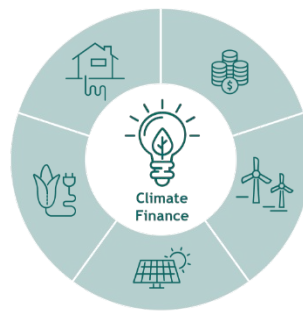


CLIMATE
POLICY
INITIATIVE



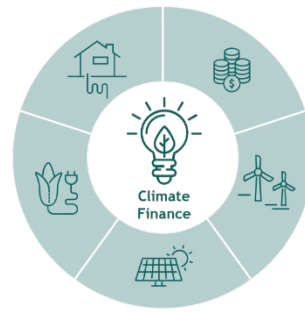
South Asia: Public Finance: USD 26.5 billion (Public Funds 56%)

Financing Climate Action



- Trust Funds: IMF Resilience and Sustainability Trust
ADB Urban Resilience Trust
- Vertical Funds: Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund (AF)
- Multilateral Financing: World Bank, IFC, ADB, EBRD, others
2019/2020 Multilateral DFI \$ 65 bn
Adaptation (\$ 16.1 bn); Mitigation (\$ 49 bn)
- Private Sector Finance - Investment in debt instruments
Impact investments - Venture Capital, etc.
- Innovative financing

Innovative/Alternate Financing Mechanisms for Climate Actions in Sri Lanka – need to **Grab the Opportunities**



Debt for Nature swap, Debt for Climate swap or Debt for Sustainability swap (bilateral or tripartite) - Swap a promise with another promise



← Post

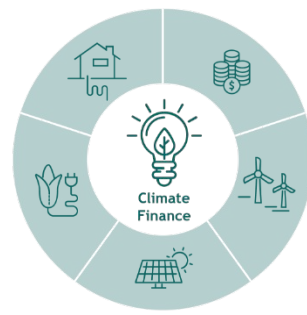
FT Financial Times
@FinancialTimes

UN asks Sri Lanka to negotiate 'debt-for-nature' swaps to ease economic meltdown

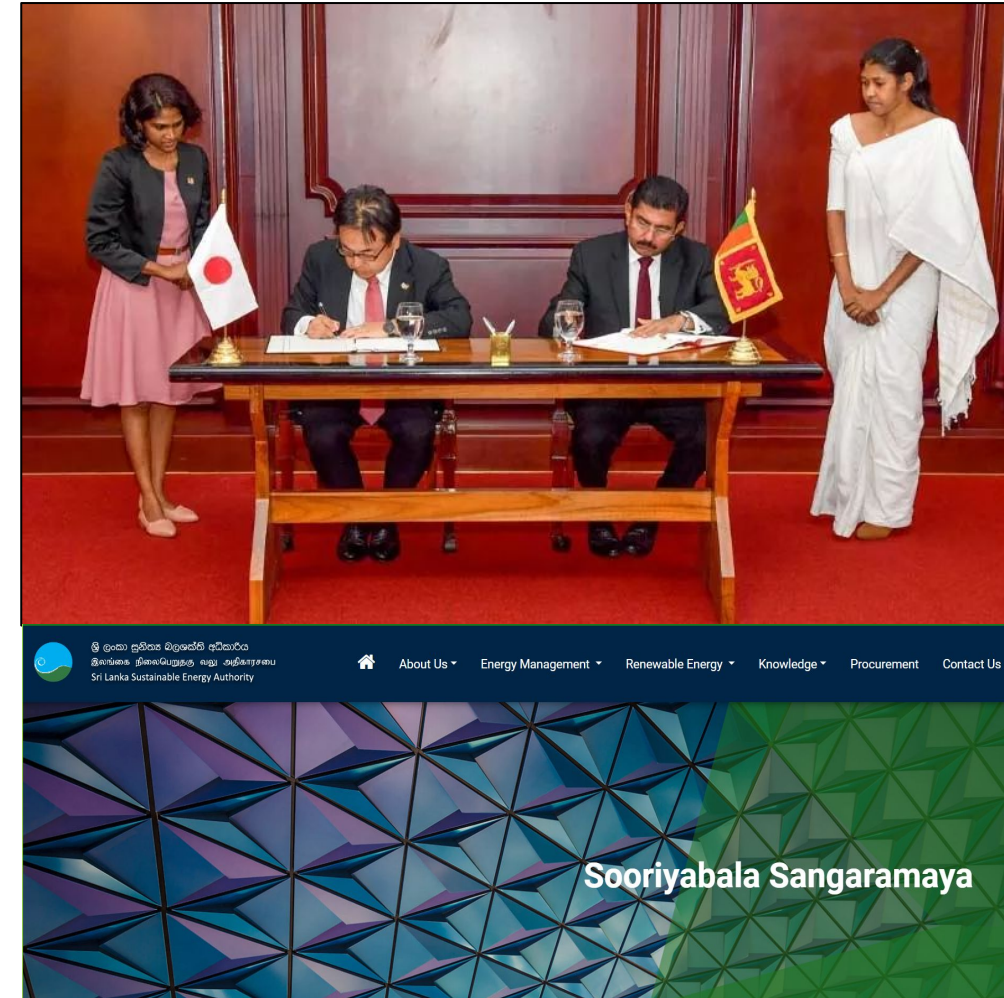


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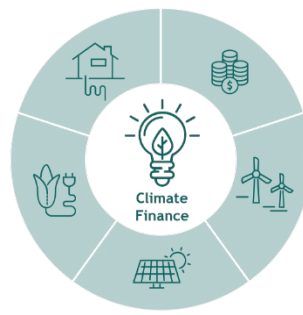
Innovative/Alternate Financing Mechanisms for Climate Actions in Sri Lanka – need to **Grab the Opportunities**



- Carbon Credits (reduction or avoidance of GHG emissions, mostly by Forest- rich countries)
- Blended Financing (combination of concessional public finance and non-concessional private finance)



Innovative/Alternate Financing Mechanisms for Climate Actions in Sri Lanka – need to **Grab the Opportunities**



Thematic Bonds (debt instruments issued by a borrower to raise funds for specific projects/activities having positive environmental/ social impact)

Green Bonds: Green projects with income to investors (e.g. RE projects)

Blue Bonds: Healthy oceans and blue economies (e.g. marine biodiversity)

Sustainability Bonds: Proceeds of securities to finance or re-finance a green + social projects

Transition Bonds: Shift to greener business models

Roadmap for Sustainable Finance
in Sri Lanka



Central Bank of Sri Lanka (CBSL)

April 2019

Sri Lanka Green Finance
Taxonomy

May 2022



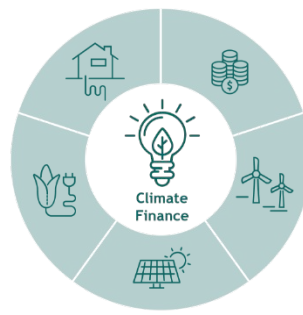
Sri Lanka SDG
Investor Map



30th August, 2022

- Policy and Regulatory framework for Green Bonds – Done
- Rules for issuing green bonds to the private sector – Done (April 2023)
- Identify Investment Opportunities
- Risk Assessment
- Client Engagement
- Product Development
- Partnerships and Collaborations

Need for Alternate/Innovative Climate Financing – Sri Lanka



- Ranked 23rd most affected due to extreme weather conditions from 2000 to 2019 (source: Germanwatch, 2021)
- 1.2% annual loss of GDP is expected by 2050 due to climate change (source: WB and ADB, 2020)
- Economy: shrunk by 7.8% (2022)
- Budget Deficit: 10.2% of GDP (2022)
- Adaptation to Climate Change continues but it will reach its limit soon.
- High Climate Risk Countries ----- High Fiscal Risk (IMF, 2022)
- True potential for Financing Climate Adaptation Efforts is largely untapped

1st Global Summit
**INTERNATIONAL
CLIMATE CHANGE FORUM**



Thank You

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WORKSHOP 3: Climate Financing Opportunities including Carbon Markets as a Means for Convergence.
3rd November 2023, Tempe Trees, Colombo, Sri Lanka

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