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NDCs & Net Zero in Asia Pacific

Progress and implementation challenges

Samet Sevket Bulut, Climate Change Specialist, ADB

Background

- **The Paris Agreement** achieved a global consensus to keep global warming well below 2°C compared to preindustrial temperatures
- Many countries put forward **net zero pledges**

Nearly all countries submitted nationally determined contributions (NDCs).

168 NDCs have been submitted, representing **195 Parties** to the Paris Agreement. 53 **new or updated NDCs** have been communicated by **180 Parties**.

151 countries and **261** cities have net zero pledges.

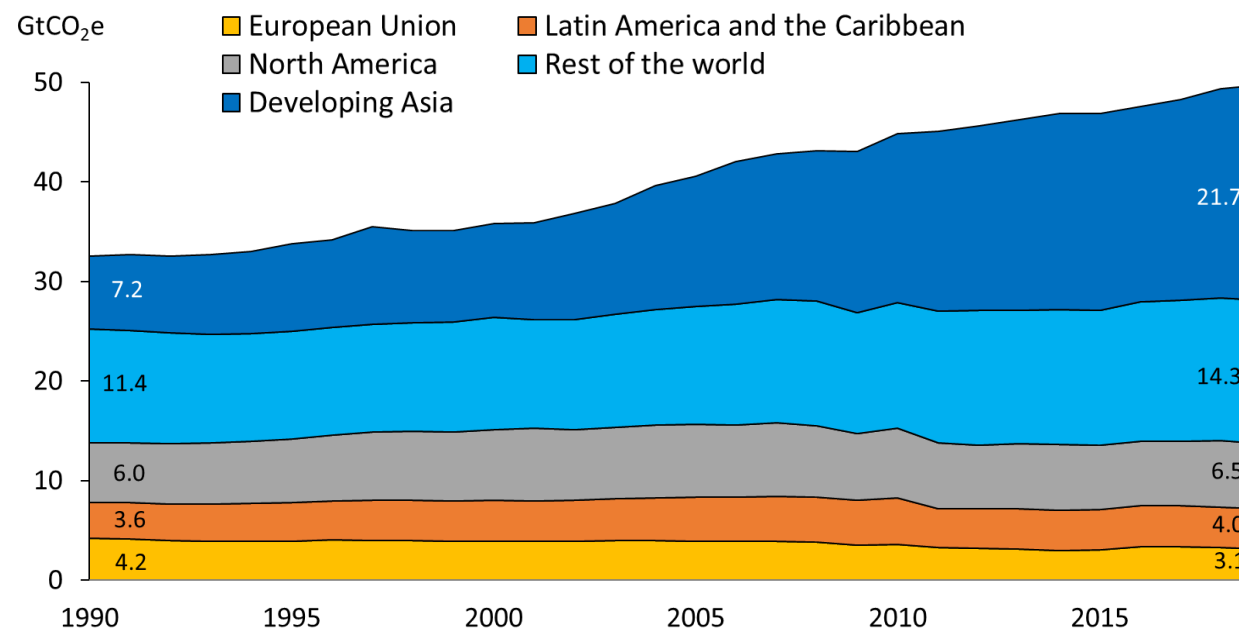
68 Long-Term Strategies have been submitted.

Even though many countries have pledged to achieve net zero emissions, current fragmented policies will not be enough to meet the Paris Agreement targets

Climate Change cannot be addressed without Developing Asia

- Developing Asia refers to 44 Regional Members of ADB that are classified as DMCs
- The region is increasingly a **contributor to the global climate crisis**
- Developing Asia's share of global GHG emissions nearly **doubled, from 22% in 1990 to 44% in 2019**
- *The battle against climate change will be won or lost in Asia and the Pacific*

Global Annual Greenhouse Gas Emissions, 1990–2019



GtCO₂e = billion tons of carbon dioxide equivalent.

Source: ADB (2023). Asian Development Outlook Report: Asia in the Global Transition to Net Zero

NDC and Net Zero Status in Asia and the Pacific Developing Member Countries



All DMCs have submitted **NDCs**

34 DMCs have **net zero target**

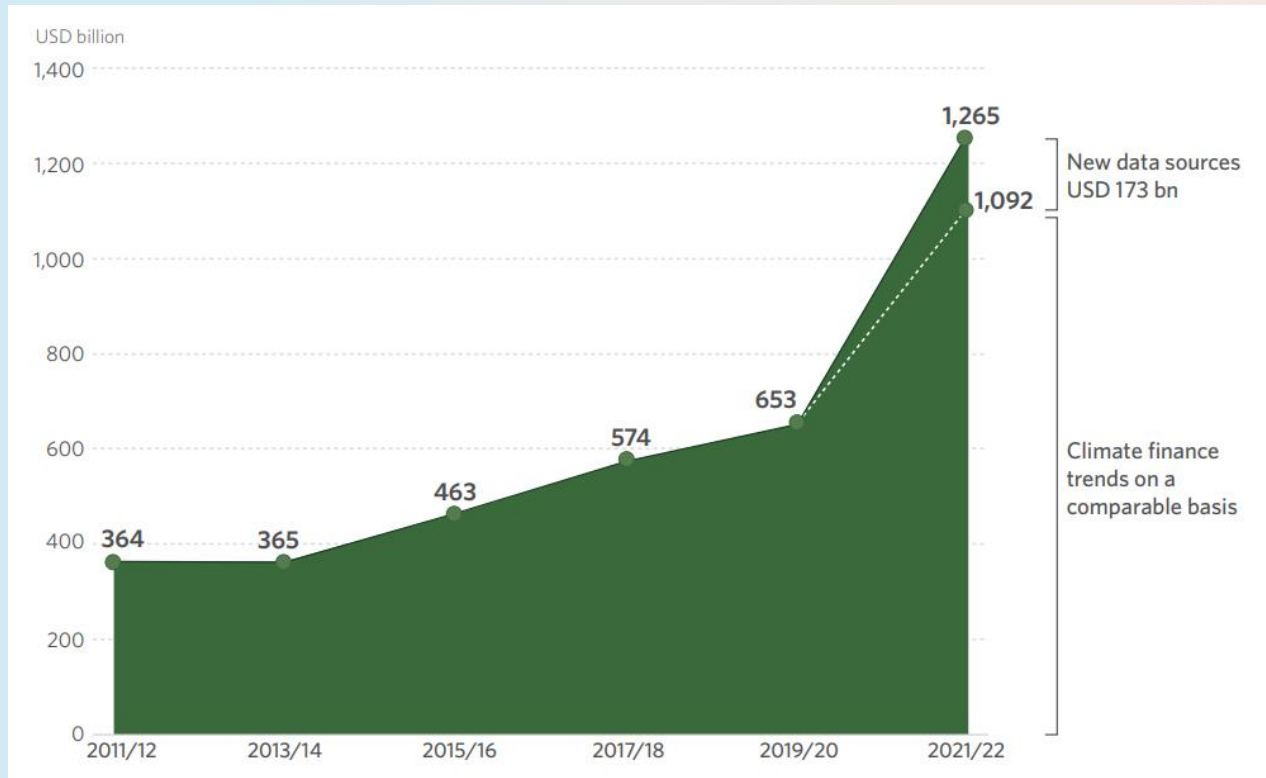
The region's largest emitters have made net-zero pledges, representing about 80% of the region's emissions in 2019

14 DMCs have submitted Long-term Strategies: Bhutan, Cambodia, Peoples Republic of China, Fiji, Georgia, India, Indonesia, Republic of Marshal Islands, Nepal, Solomon Islands, Sri Lanka, Thailand, Tonga, and Vanuatu

Global Climate Finance from 2011-2022 in biennial averages

Global climate finance more than tripled in the last decade.

Average annual climate flows reached almost 1.3 trillion in 2021/2022 ($\approx 1\%$ of global GDP), nearly double compared to 2019/2020 levels



Source: Climate Policy Initiative, 2023

Total climate finance has steadily increased over the last decade

- The increase between 2019/2020 to 2021/2022 is primarily driven by a significant acceleration in mitigation finance
- Largest growth was in the renewable energy and transport sector
- Reaching climate objectives will require climate investment to **increase at least 5 times** by 2030

The Role of the Private Sector in NDC Financing



Private sector and financial institutions are a key pillar in **supporting NDC implementation**



Can **invest** in mitigation and adaptation related activities

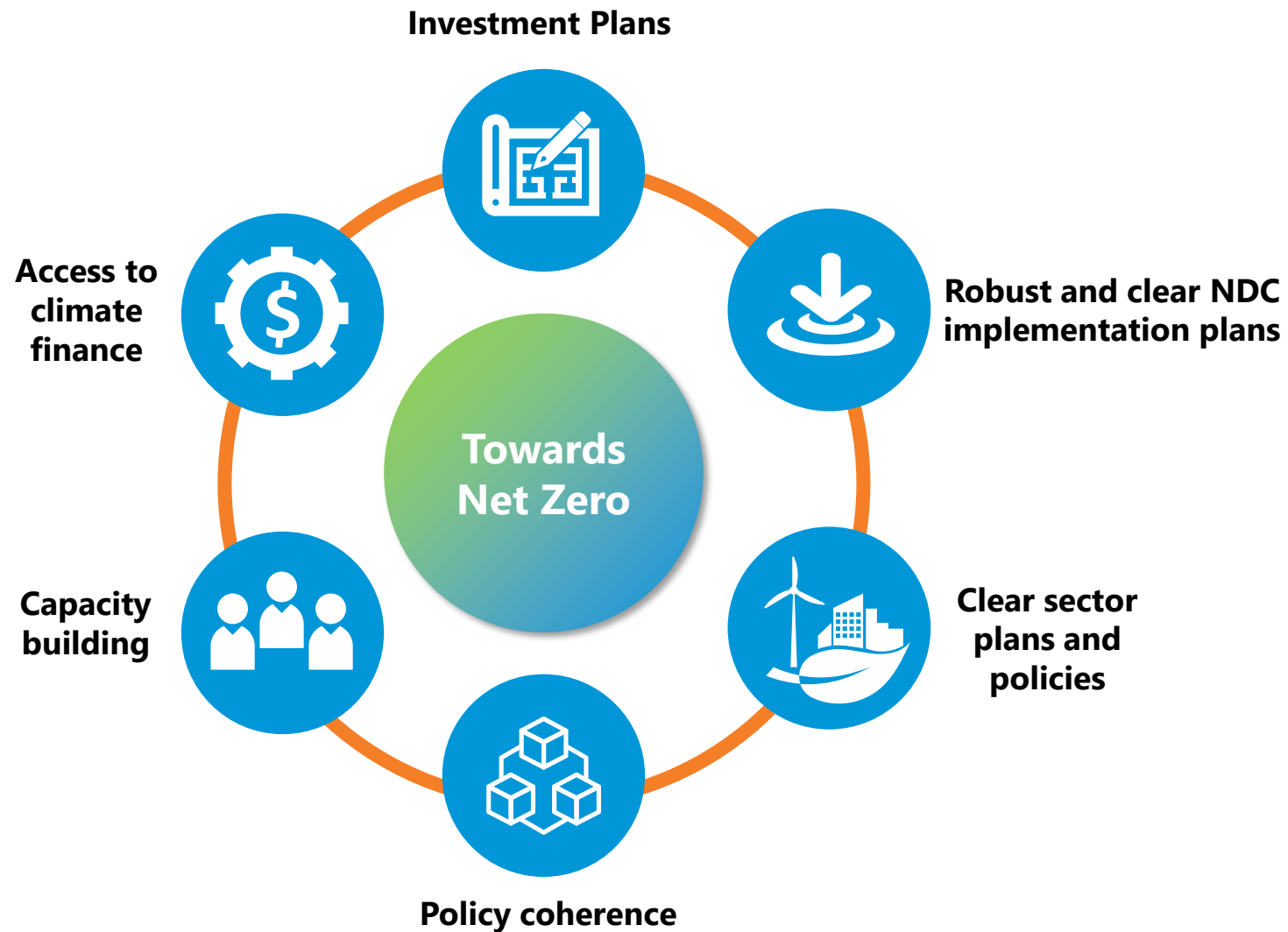


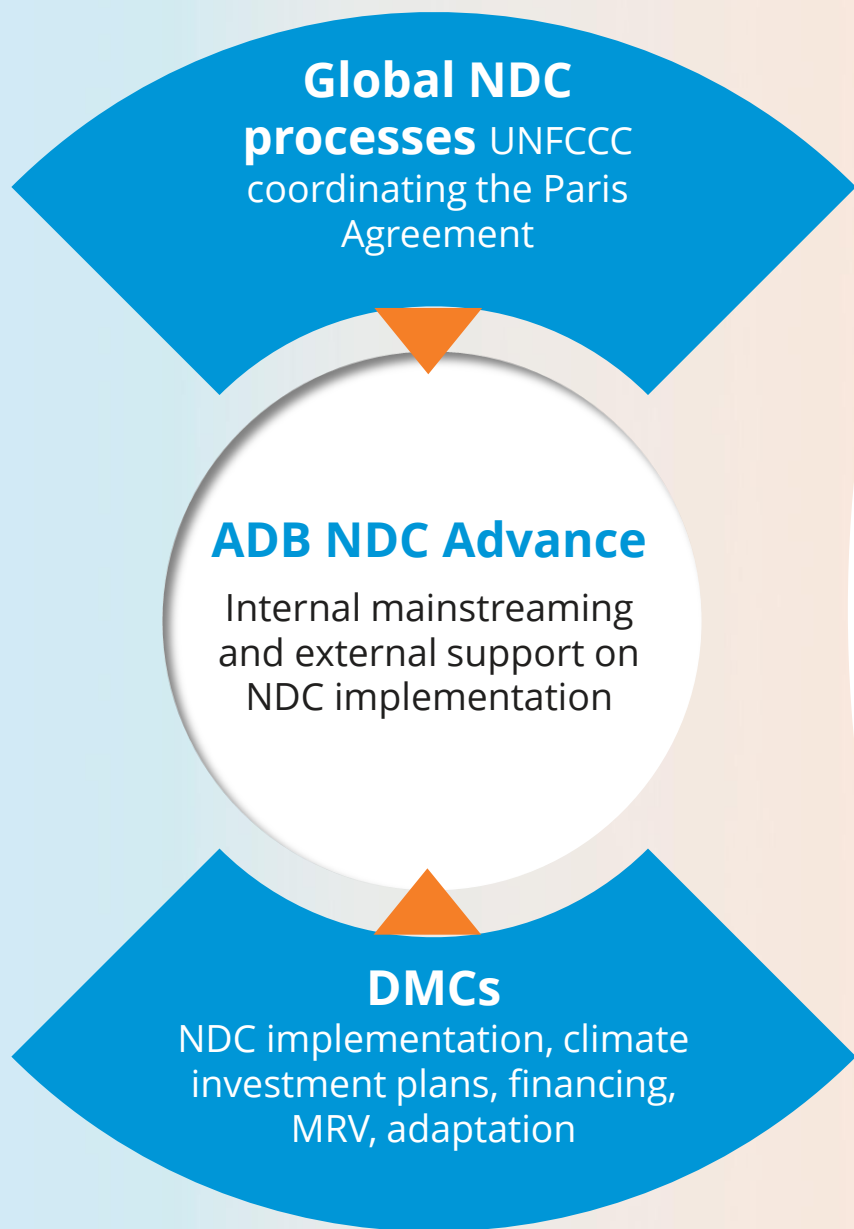
In addition to leveraging funds, plays a key role in shaping NDC implementation and **creating business opportunities**

What are implementation challenges to boost climate finance?

- Lack of clear and consistent **policy frameworks** that encourage and incentivize private sector investment in climate-friendly projects.
 - E.g., regulations and laws
 - Taxonomy
- Development of **green financial** products and services, such as green bonds, green loans, and sustainable investment funds
- The **return on equity** is crucial

Key Needs for Effective NDC Implementation and Paving the Pathway towards Net Zero





NDC Advance

TA platform for NDC support to (a) mobilize finance, (b) build capacity (c) provide knowledge to our DMCs

Cluster TA - Regional: Supporting the Implementation of ADB's Climate Change Operational Framework 2017–2030

Approved on 7 December 2018 with target completion on 31 December 2024; \$9.12 million in funding (ADB grant + Government of Austria). Four separate but strategically-linked subprojects provide TA assistance to DMCs to achieve low-carbon and climate resilient development by:



SUBPROJECT 1

\$4.5 million

Target completion:
31 Dec 2024

Translating NDCs into climate investment plans and projects.

SUBPROJECT 2

\$1.92 million

Target completion:
31 Dec 2024

Improving DMCs' access to climate finance, including support for financing mechanisms and linking to private sector.

SUBPROJECT 3

\$1.7 million

Target completion:
31 Dec 2024

Developing methods and tools to measure, monitor and report on commitments made under NDCs.

SUBPROJECT 4

\$1.0 million

Target completion:
31 Dec 2024

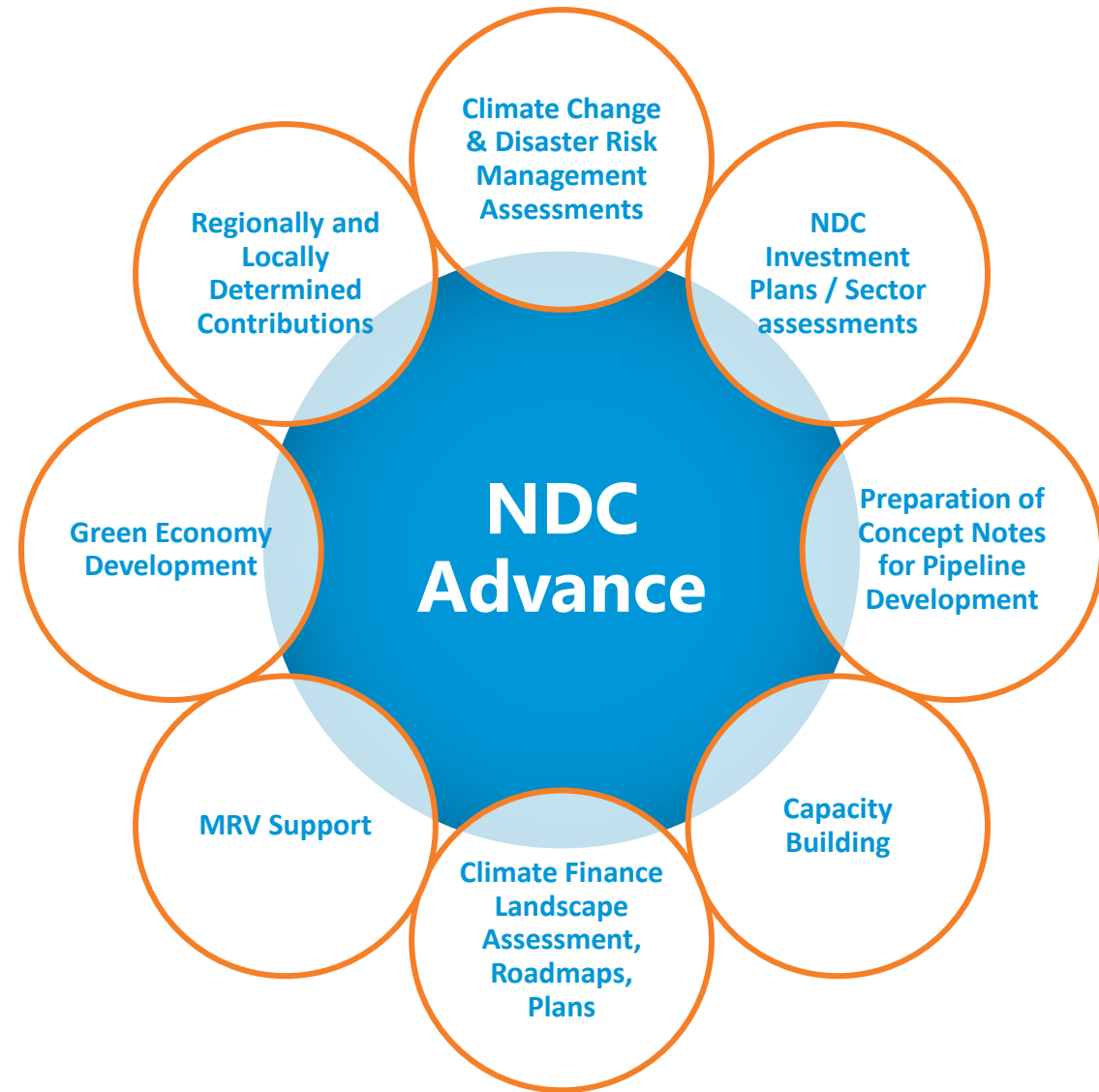
Identification of climate adaptation investment priorities.

Snapshot of ADB's Support towards Net Zero under NDC ADVANCE

Countries supported: 19

Armenia
Azerbaijan
Bangladesh
Bhutan
Cambodia
Georgia
Indonesia
Kazakhstan
Lao PDR
Marshall Islands
Mongolia
Nepal

Pakistan
Papua New Guinea
Philippines
Sri Lanka
Tajikistan
Thailand
Uzbekistan
Viet Nam



Key Findings from NDC Advance to increase Finance for Low-Carbon Transition

- **Structure and incentivize sustainable finance systems**

- Taxonomy
- Developing Green Public Financial management projects

Sustainable Finance Road Map (SFR)



- **Strengthen PFM** in relation to **green finance tracking** and **green procurement**

Public Financial Management (PFM)



- Create an enabling framework for **long-dated climate finance instruments**, such as green bonds

Capital Markets



- Strengthening financial management, audit and Monitoring, Reporting and Verification (**MRV**) competence with regards to **MRV for mitigation action** and **support**

MRV



Key Findings from NDC Advance to increase Finance for Low-Carbon Transition

- **Explore blended financing mechanisms** (e.g., grants/loans/guarantees) to widen commercial bank's operations
 - Financial institutions in developing countries may offer green lending to SMEs and households through guarantees
- **Capacity building** of commercial banks to widen their operations

Support to specific blended finance catalytic facilities is required

- **Article 6 acknowledges** that countries can pursue voluntary cooperation in the implementation of their NDC
 - **transfer carbon credits** earned from reduction emissions
 - transfer of **Internationally Transferrable Mitigation Outcomes** (ITMOs) between different actors, including countries and private sector companies, through bilateral agreements

Carbon Markets



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