

10 propositions for success

Integrating international climate
change commitments into national
development planning

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About this report

This paper examines how to support the successful integration of Nationally Determined Contributions (NDCs) into national development planning. The paper develops a set of ten propositions that, if followed, would likely secure this objective. Each proposition is examined using evidence primarily from seven countries where the Climate and Development Knowledge Network (CDKN) has supported the development and early implementation of NDCs. It provides illustrations of these propositions in practice, drawing on experience from CDKN's technical assistance and elsewhere.

The evidence suggests that the policy and planning framework in the seven countries examined is generally supportive of mainstreaming climate change actions into national development planning; that there are challenges in securing institutional effectiveness for the delivery of NDC commitments, often reflecting differing capacities across sectors and different levels of government; and that the financing of NDCs remains unclear, being dependent to-date on national budget allocations for which there has been limited monitoring of the relevant spending.

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Introduction

The adoption of the Paris Agreement in 2015 signalled a major transition in the international climate change governance regime. The Agreement outlines the agreed global process for when the Kyoto Protocol ends in 2020. One of the building blocks of the Agreement is the Nationally Determined Contributions (NDCs), to which individual countries commit, in order to achieve the objective of keeping global warming as far as possible below 2°C, with the aim of 1.5°C.¹ NDCs reflect each country's ambition for reducing emissions, considering their domestic circumstances and capabilities. In addition, developing countries have given emphasis in their first NDCs to how they will adapt to the impacts of climate change, and the finance and other forms of support they will need to deliver their commitments and action. In future, countries will be required to submit updated and more ambitious NDCs every five years, starting in 2020. Consequently, NDCs are now central to the long-term international and domestic climate change policy landscape.

Fulfilling these commitments will depend on the national priority they are given. Governments have long-established priority-setting processes, led by ministries of finance and planning. The likelihood of climate change actions being implemented successfully is dependent on such actions being recognised within this national planning and finance regime. As NDCs develop, the integration of climate change actions into national development planning will be necessary if the resources for implementation are to be secured, both domestically and from international sources. Public spending priorities in these countries are often documented in formal, periodic national development plans, making it essential that climate change actions are part of such plans. In parallel, national development planning needs to reflect the different national circumstances that will be brought about by climate change to create more sustainable, resilient and inclusive growth in the longer term.

This paper examines what is necessary to support the successful integration of climate change (and specifically NDC) commitments into national development planning. The approach taken has been to develop a set of ten propositions related to the effectiveness of policy and planning processes, and to the institutional architecture and allocation of resources that, if followed, will support this integration. It has been written to inform national policy-makers and their development partners.

The Climate and Development Knowledge Network (CDKN), a global initiative that aims to help decision-makers in developing countries design and deliver climate compatible development, has supported several countries in the preparation and early implementation of their NDCs. In this paper, we review the relevant developments in Bangladesh, Ethiopia, India, Kenya, Pakistan, Peru and Uganda to test each of the ten propositions. The paper also takes account of a wider set of experiences with NDC development and the integration of climate change into national development policy more broadly, to provide a rich set of experiences from which lessons can be drawn.²

The ten propositions

The successful integration of NDCs into national development planning is important for overall national policy coherence and resource provision. Climate compatible development depends on climate change actions being part of the mainstream development process, rather than being an isolated concern of climate change ministries. However, what is necessary to secure successful integration remains a common challenge: this is not yet well understood and there is little documented and proven experience. Globally, countries have recently submitted their first NDCs and are now planning for implementation. Under such circumstances, there is a need to adopt an exploratory approach to the question of what secures successful integration, one where propositions can be tested against the evidence of NDC design and early implementation. This paper explores ten such propositions (listed below), drawn from an analytical framework developed by the Overseas Development Institute (ODI) to test the effectiveness of national climate change actions.³ This framework addresses policy and planning processes, the institutional architecture, and the financing of climate change actions, and has been adapted for this study (see Annex).

Ten propositions for successful integration of NDCs into national development planning

Proposition	
1	NDCs should be consistent with national development policies
2	NDCs should follow SMART design principles
3	NDCs should have broad national support
4	NDCs should have clear political backing
5	NDC development should have clear institutional leadership
6	National coordination for climate change and development actions should exist
7	NDC institutions should respond to local development needs
8	NDC spending should be part of national budget planning
9	NDC spending should be monitored and reported
10	NDC spending should be subject to national oversight and scrutiny

Each proposition is reviewed in turn, drawing on evidence from NDC development to date and, in particular, the experience of CDKN in supporting NDC development in seven countries.⁴ Given that the NDC process is still relatively new, but efforts to connect climate and development are not, the paper also draws on CDKN's wider experience to illustrate the propositions in practice.

It is important to note that these ten propositions are considered to have general, but not universal, application. The propositions aim to provide a useful framework, supported by examples that countries can consider in their own specific context.

Case studies



1

NDCs should be consistent with national development policies



Image: CIAT, Flickr

NDC development needs to be firmly embedded within national climate change policy processes to increase the likelihood of a link being made to national development planning, and this was confirmed in Bangladesh, Ethiopia, India, Kenya, Pakistan, Peru and Uganda. In all the countries reviewed, it was apparent that the first NDCs⁵ had been prepared in knowledge of both the national climate change policy and, in most cases, the national development plan. Uganda's NDC, for example, states that:

"These mitigation and adaptation intentions are based on the country's National Climate Change Policy (NCCP) (2015), which is derived from the Constitution of the Republic of Uganda (1995, as amended in 2005 and 2015) and reflects Uganda Vision 2040 (2012). The priorities in the National Climate Change Policy have been integrated in the Second National Development Plan (NDP II) 2015/16 – 2019/2020 (2015)".⁶

The opportunity for integration is facilitated when the different planning cycles coincide. For example, the preparation of the Zambian NDC took place at the same time as the national development plan was being

revised, allowing for the ready uptake of NDC actions into the work programmes of the national development plan.⁷ Similarly, in Kenya the NDC is currently feeding into the development of the country's third Medium Term Plan, which will identify key policy actions, reforms, programmes and projects that the Government will implement over the 2018–22 period. By ensuring such connections are made, the likelihood of successful implementation is increased.

The link to national development plans presupposes that such plans act as the main expression of government's economic policy. Whilst this remains true in low-income countries, the centrality of a single national plan may be diminishing in larger economies, where subnational and sectoral development plans feature more prominently, as in India and Pakistan. In low-income countries, there is also a case to ensure that NDC-proposed actions are set within sectoral action plans to allow for early implementation. For example, Bangladesh is developing three sector-based NDC implementation plans (for power, transport and industry) with CDKN support to take forward its first NDC. Such an approach provides an

important 'stepping stone' towards the integration of 'whole-of-economy' NDC commitments within national development planning, and allows countries to prioritise those sectors considered most important (for example from an economic, climate resilience or greenhouse gas emissions perspective). NDC objective setting therefore benefits from establishing sectoral contributions that can be integrated into sector development plans.

Making the economic case for climate change integration in Uganda

There is a strong economic argument for integrating climate change into national and sectoral development policy. Yet without the hard evidence to support this, it can be difficult for environment ministries to get traction with other ministries, in particular finance and planning. In Uganda, evidence from an 18-month CDKN study highlighted that the costs of inaction would be approximately twenty times greater than the cost of early action, and that the country's development prospects will only be reached if the impacts of climate change are actively managed.⁸ This evidence informed Uganda's Intended Nationally Determined Contribution (INDC) and is now being used in the preparation of a Climate Change Bill.

The economic study engaged and informed two major players: the National Planning Authority (NPA) and the Ministry of Finance, Planning and Economic Development (MoFPED). Preliminary results of the economic assessment were used to integrate climate change into Uganda's Second National Development Plan (NDP II, 2015/2016 – 2019/2020). Moreover, MoFPED and the NPA directed all sectors and local governments to integrate climate change in sectoral plans and District Development Plans (DDPs) and budgets, reportedly based on the findings of the study.

At the sectoral level, this economic evidence has informed the development of a National Adaptation Plan (NAP) for the Agriculture Sector, and sub-nationally, the Kampala Capital City Authority (KCCA) has developed a Climate Change Action Plan, which cites the study.

The availability of evidence to inform and engage is critical. However, it was not just the practical modelling of climate change and the monetising of its impacts that contributed to better integration of climate and development in Uganda. The way in which information was presented mattered as well; speaking the language of both the finance and economic planning ministries, as well as the environment ministry, helped to ensure buy-in, and identifying 'co-benefits' of climate change actions made it easier to see the connections between different areas of policy.⁹

The process adopted to complete the study was also important; the fact that it was highly participative created ownership, awareness and credibility. More than 150 stakeholders from government agencies, and around 350 others from districts and civil society, participated in the study. Finally, such evidence can only support integration if it becomes widely known. To that end, CDKN co-hosted a national outreach event with the Government of Uganda and produced a short film.¹⁰

2

NDCs should follow SMART design principles



Image: DFID, Flickr

All seven countries include both mitigation and adaptation objectives in their first NDCs (Table 1). If early action is to be facilitated, these objectives need to be clearly understood by implementing agencies. Objectives that allow for SMART targets to be constructed (that are Specific, Measurable, Agreed-upon, Realistic and Time-bound) is one well established approach to establishing clarity in objective setting. By this measure, there is a strong divergence between the mitigation and adaptation objectives of NDCs.

The scope and timeframe for the NDC mitigation objectives are well defined, allowing for integration into national development planning to follow relatively readily. In addition, there is considerable scope for development co-benefits from the proposed mitigation actions, particularly in the land-use sectors (e.g. tree planting that increases the resilience of rural communities). Such 'win-win' objective setting will increase support for the integration of NDCs into national development plans.

In comparison, adaptation objectives are expressed in very broad, descriptive terms, as is evident in Table 1. In part, this reflects the current level of knowledge on adaptation and the fact that there is no single metric for measuring adaptation outcomes as there is for greenhouse gas emission reductions. Adaptation actions also tend to be highly context and location specific. In response to this challenge, more adaptation actions are now being determined through local processes that identify responses across geography and/or sectors (e.g. the C40 Cities Climate Risk and Adaptation Framework and Taxonomy (CRAFT) is a robust reporting framework from which national systems can learn).¹¹

The experience in Pakistan is also instructive here: provincial governments were asked whether they were implementing the national climate change policy (and thus contributing to NDC commitments). There was very little awareness of the national climate change policy, so some capacity building began.¹² A quick review by Leadership for Environment and Development (LEAD)

of relevant projects found no common yardstick to measure climate change action,¹³ highlighting a need for a framework that all projects could follow, which was subsequently developed. All major development projects are now expected to adopt this framework, which has an indicator on how the project is aligned with NDC

commitments. This is an example of an approach to building objective-setting from working at the project level, rather than adopting a national top-down approach. By working at the project level, the likelihood of integrating climate and development outcomes can be enhanced.

Table 1. SMART mitigation objectives versus descriptive adaptation objectives

Country	NDC headline mitigation objectives	NDC headline adaptation objectives
Bangladesh	Sector emission reductions compared to a 'business as usual' scenario (unconditional and conditional) by 2030: "Bangladesh will reduce its GHG emissions in the power, transport and industry sectors by 12 MtCO ₂ e by 2030."	To protect the population, enhance their adaptive capacity and livelihood options, and to protect the overall development of the country in its stride for economic progress and wellbeing of the people.
Ethiopia	National emission reductions compared to emissions in 2000 by 2030: "Ethiopia intends to limit its net greenhouse gas emissions in 2030 to 145 MtCO ₂ e or lower."	To reduce the vulnerability of its population, environment and economy to the adverse effects of climate change.
India	National emission intensity of its GDP reductions by 2030 from 2005 level: "To reduce the emissions intensity of its GDP by 33 to 35 percent by 2030 from 2005 levels."	To better adapt to climate change by enhancing investments in development programmes in sectors vulnerable to climate change, particularly agriculture, water resources, Himalayan region, coastal regions, health and disaster management.
Kenya	National emission reductions compared to a 'business as usual' (BAU) scenario (conditional) by 2030: "Kenya therefore seeks to abate its GHG emissions by 30% by 2030 relative to the BAU scenario of 143 MtCO ₂ e."	Kenya will ensure enhanced resilience to climate change towards the attainment of Vision 2030 by mainstreaming climate change adaptation into the Medium Term Plans (MTPs) and implementing adaptation actions.
Pakistan	National emission reductions compared to a 'business as usual' scenario (conditional) by 2030: "Pakistan intends to reduce up to 20% of its projected GHG emissions."	Pursue efforts up to 2030 that address the vulnerability of water, agriculture and infrastructure to climate change.
Peru	National emission reductions compared to a 'business as usual' scenario (unconditional and conditional) by 2030: "a reduction of emissions equivalent to 30% in relation to the GHG emission of the projected BAU scenario in 2030."	Peru adapts to the adverse effects and takes advantage of the opportunities imposed by climate change by 2030.
Uganda	Sector emission reductions compared to a 'business as usual' scenario (unconditional and conditional) by 2030: "22% reduction of overall national GHG emissions in 2030, including land use, land use change and forestry compared to the BAU projection."	Ensuring that all stakeholders address climate change impacts and their causes through appropriate measures, while promoting sustainable development and green growth."

3

NDCs should have broad national support



Image: CIAT, Flickr

Among national development priorities, climate change – in particular – encompasses the everyday livelihoods and challenges of all citizens, with climate change outcomes being dependent on the action of all. Having broad national support for climate action is therefore necessary. High quality and extensive consultation throughout the policy process is one way of securing such buy-in.

Consultative dialogue processes are an established part of the general development of public policy in each of the seven countries reviewed, on the basis that it is through such consultation that policy outcomes are enhanced (although the breadth of stakeholder involvement varies according to national political norms). Such processes were utilised in the preparation of the first NDCs – directly, when possible, or indirectly when time constraints existed – by drawing on prior national climate change policy consultations.

Two complementary approaches to participation can be discerned in NDC development: first, the establishment of small, informed groups of technical experts that can deal with specialist content; and second, larger participatory events that help in awareness raising and consensus building. In all countries, a tight timeline was set on INDC preparation by the timetable of the international negotiations and the requirement for submission prior to the Paris COP meeting at the end of 2015. This constrained the time available for interaction with stakeholders, although governments have convened meetings post-Paris to help develop NDC content (targets, action, needs) and to guide implementation. It is noteworthy that many of these consultations involve the same people who are also engaged in national development processes, thereby increasing the likelihood of NDC actions being considered in national development planning.

Supporting the preparation of Gambia's INDC – lessons learned from stakeholder consultation

In the Gambia, an important part of INDC formulation was the consultation process with stakeholders at all levels. The government conducted eight workshops, supported by CDKN, in the country's major regions.¹⁴ These workshops were designed with the dual purpose of deepening knowledge about climate change and getting input from a diverse range of stakeholders, including policy-makers, technical experts from ministries, agencies, private institutions, the private sector and civil society, for INDC preparation.

The workshops presented information on climate variability and climate change impacts in the Gambia, with a focus on key sectors of the economy, namely the agriculture, forestry, energy and waste sectors. In addition, the workshops informed local stakeholders on the role of the Gambian Government in the UNFCCC process.

These subnational consultations were important to INDC preparation and highlighted a key lesson: citizens need to be given the opportunity to be included in important decision-making processes that impact on their livelihoods; and consultations are needed to ensure buy-in from citizens. Local consultations were key to creating sustained links between climate actions and local development. Through public participation all relevant stakeholders were made aware of the issue and empowered to shape their own future. Thus, the result was not only an optimised INDC with an ambitious emission reduction pathway, but also support for local development associated with such trajectories.

A key result from the workshops was the awareness and keen interest in climate change mitigation and adaptation opportunities shown by stakeholders.

Rural communities that are highly dependent on agriculture and forestry proposed the most mitigation options, tailored to local circumstances in these sectors. Most of these proposals were subsequently included in the INDC and some were also covered by parallel national policy initiatives, demonstrating the powerful way in which the INDC process had championed stakeholder interests.

An example of where extensive consultations led to broad national support for the NDC was in Kenya, where there is a legal requirement for public involvement in the development of national policies. The public was therefore involved in the development of the 2013 National Climate Change Action Plan (NCCAP) and a similar process was followed for the preparation of the country's NDC, using the same task force as for the NCCAP. Two thematic working groups were set up for adaptation and mitigation, composed of various ministries, academics, NGOs and private sector representatives. The final drafting of the NDC was then completed by the lead ministry (the Ministry of Environment and Natural Resources). Thereafter, a national stakeholder validation session took place, making sure there was broad national support in place before the NDC was submitted to the UNFCCC.^{15,16} A similar two-step approach to engaging with stakeholders was followed in some other countries, such as Bangladesh and Pakistan.

4

NDCs should have clear political backing



Image: CIFOR, Flickr

The question of who approves the NDC provides an insight into the level of national ownership over these commitments. In each of the countries reviewed, NDC approval was given by the Prime Minister or the Cabinet (Table 2), signalling the highest possible level of political backing. This is significant in that it necessarily creates awareness at the highest level of government and provides a clear message about what the country's political leaders are committed to deliver. This in turn should influence the consideration of such commitments into broader economic policy and help avoid policy conflicts. In Kenya, for example, the NDC was submitted to Cabinet for sign off, and subsequently presented to the National Assembly, the Senate and the two relevant Parliamentary Committees, leading it to be tabled and passed by both houses of the legislature.

Personalities can have a significant influence on policy outcomes through championing policies and securing wider political buy-in. For example, the former Prime Minister of Ethiopia, Meles Zenawi, stands out as an early advocate for climate change action. For greater long-term certainty, political backing would at best reflect a cross-party consensus, so that changes in government do not affect commitments made by previous administrations. The use of legislation is one way of securing this, with the 2008 UK Climate Change Act being one very early example of where this has been effective in practice.

Table 2. UNFCCC national focal points, NDC authorship and NDC political approval

Country	UNFCCC focal point	NDC authorship ¹⁷	NDC political approval
Bangladesh	Ministry of Environment and Forests	Ministry of Environment and Forests	Prime Minister
Ethiopia	Ministry of Environment, Forests and Climate Change	Federal Democratic Republic of Ethiopia	Prime Minister
India	Ministry of Environment, Forests and Climate Change	Unknown	Prime Minister
Kenya	Ministry of Environment and Natural Resources	Ministry of Environment and Natural Resources	Cabinet and Parliament
Pakistan	Ministry of Climate Change	Unknown	Cabinet
Peru	Ministry of Environment	Multi-sectoral Commission (created by Presidential decree)	Unknown
Uganda	Ministry of Water and Environment	Ministry of Water and Environment	Cabinet



Image: Asian Development Bank, Flickr

5

NDC development should have clear institutional leadership



Image: CIAT, Flickr

The national UNFCCC Focal Point in all seven countries is the ministry of environment, and it is these ministries that have played a key role in the development of their respective NDCs. This has been the ‘natural home’ for climate change policy historically, but is an institutional setting that may limit the scope of influence over other parts of the government administration, including ministries of finance and planning. What also stands out across all seven countries is that institutional leadership for the NDCs and national climate change policy more generally, has only been established quite recently, in comparison to other policy mandates. In India and Ethiopia, climate change was formally added to the environment ministry’s mandate only in 2014 and 2015 respectively. In Uganda and Kenya, climate change functions have been in place for some time, but only formalised as departments within their respective environment ministries after the development of their INDCs. Pakistan’s federal Ministry of Climate Change was reinstated in 2015, having seen institutional uncertainty for several years.

This all points to a challenging institutional setting for the promotion of climate change issues within broader development planning. Without a history of engagement across the government administration these national climate change agencies are in a disadvantaged position vis-à-vis long-standing sector ministries that have had many years of administrative experience and the time to build internal procedures and processes to take forward new areas of government policy.

How this challenge is being addressed in India is instructive. Whilst the Indian Ministry of Environment, Forests and Climate Change (which was established in 2014) is recognised as the nodal agency on climate change issues in the administrative structure, climate change policy implementation is being purposely shared with those parts of government that are involved in NDC programmes (e.g. in energy efficiency and national disaster management). This approach allows for the policy mandate to be shared, without it being taken away from the ‘parent’ ministry. In this

way, NDC implementation is assisting the integration of climate change into national development planning through securing leadership roles across several government ministries.

There is also evidence that ministries of finance are becoming more engaged in climate change actions because of the shift now starting to take place from policy development to implementation. With development partners providing climate change-related support often going through finance ministries, the leadership of finance ministries should strengthen NDC implementation. The role played by Ethiopia's Ministry

of Finance and Economic cooperation, which is the lead national development agency that manages all development co-operation, has been central in that country's NDC development.

Legal instruments can help to alleviate these challenges, by setting out clear mandates concerning institutional leadership. For example, the 2016 Climate Change Act in Kenya established the Climate Change Directorate as "the lead agency of the government on national climate change plans and actions to deliver operational coordination and shall report to the Cabinet Secretary".¹⁸



Image: CIFOR, Flickr

6

National coordination for climate change and development actions should exist



Image: Asian Development Bank, Flickr

The fulfilment of NDC commitments will rely on actions across much of each country's economy and hence will be enhanced through coordinated efforts. However, such coordination is not the default in many countries; rather, it is an acknowledged challenge to securing effective action. Bangladesh's 7th Five Year Plan is explicit in its criticism of the limited amount of such coordination, stating:

"Revitalize and strengthen institutional leadership for improved coordination: Sluggish institutional arrangements towards implementing the Bangladesh Climate Change Strategy and Action Plan and the prevailing bottleneck in inter-agency coordination has been hindering integration of climate change adaptation with development projects, an institutional revitalisation and strengthening is an immediate necessity. The current institutional arrangement requires a thorough examination, the prevailing capacity involving technical know-how of officials, financial and coordination strength will be built to make the arrangement more functional".¹⁹

Two main approaches to securing greater coordination can be found in the case study countries, which can be characterised as 'policy-focused' and 'implementation-focused'. For the former, several countries have established national climate change councils, often chaired by the head of state. Pakistan's 2017 Climate Change Act authorises such a committee to:

"coordinate, supervise and guide mainstreaming of climate change concerns into decision making by Federal and Provincial Government's ministries, divisions, departments and agencies so as to create enabling conditions for integrated climate-compatible and climate-resilient development processes in various sectors of the economy".²⁰

This Council is therefore expected to play a leading role in securing inter-agency coordination, including between climate change institutions and the national development authority. The experience in Peru is also noteworthy, where a Supreme Resolution signed by the President mandated a multi-sectoral working group, under the Ministry of Environment, to guide

the development and implementation of the NDC. This working group consists of 13 ministries, together with the National Centre for Strategic Planning.

The second approach focuses on the implementation level, by securing the involvement of, and coordination between, different ministries as part of specific development programmes. This is a favoured approach of Ethiopia's Ministry of Finance and Economic Cooperation, which has focused on pipeline development of major climate-related public investment programmes.²¹ These programmes aim to secure funding from international climate funds (such as the Green Climate Fund (GCF), the Climate Investment Funds and the Adaptation Fund) by bringing together sectors (e.g. forests, agriculture and water) in the development of major public investment programmes. Two recent GCF proposals that focused on sustainable cities and natural resource management brought together three and four ministries respectively to work on developing investment programmes, which required substantial technical inputs over a period of time. Such a process can lead to strong inter-agency and inter-sectoral coordination.

Inter-agency coordination during Bangladesh's NDC implementation process

Bangladesh's INDC was submitted in September 2015. Since then, CDKN has supported Bangladesh in being one of the first countries to develop concrete plans for implementing key aspects of the NDC. CDKN has worked on: (i) the development of NDC implementation sector action plans for the power, industry and transport sectors; (ii) an overarching NDC implementation roadmap, covering cross-cutting issues such as governance and coordination, climate finance, and measurement, reporting and verification; and (iii) an analysis of capacity building needs for NDC implementation.

The level of cross-governmental coordination and buy-in is regarded a success by those involved. The NDC implementation consultation process has been broader than that for the INDC in 2015, which focused on securing the input of key individuals, driven by the hard deadline of submitting the INDC to the UNFCCC before the COP21 meeting in Paris.

The wider buy-in for NDC implementation has been achieved by having more formalised structures in place for the consultation process with government officials. This has included nominating sector focal points in the relevant ministries and setting up sector working groups to provide input to, and feedback on, the emerging NDC implementation sector action plans.

However, this was not a straightforward process. For example, rather than one single transport ministry, Bangladesh has four ministries of transport: roads, railways, shipping and civil aviation. Through the process it was agreed that the road transport ministry would take the lead role in NDC implementation, reflecting the high proportion of overall transport greenhouse gas emissions from roads and that ministry's role in coordinating the transport sector's response on the UN's Sustainable Development Goals. In the case of industry, the Sustainable and Renewable Energy Development Authority (SREDA) has traditionally been the lead on industrial energy efficiency and is responsible for taking forward the national Energy Efficiency and Conservation Master Plan. On the other hand, the Ministry of Industries has the wider remit for the industry sector and is responsible for the National Industrial Policy. It was ultimately agreed that there was benefit in having the Ministry of Industries act as the overall focal point, with support from SREDA.

Overall, CDKN learned that inter-agency coordination is complex due to differing institutional mandates and interests, but the process followed for NDC implementation has helped to build capacity, especially in those sector ministries that have had less involvement with climate policy to-date.

7

NDC institutions should respond to local development needs



Image: World Bank, Flickr

National development planning in all seven countries includes the aim of reducing poverty. One way to secure the integration of NDC commitments with national development planning is therefore to ensure that such commitments recognise the needs of vulnerable groups through the actions of sector ministries. The adaptation goals of NDCs often make such linkages, and this is one reason why adaptation objectives feature so strongly in low-income countries' NDCs. These connections can be illustrated by the Arabica coffee case study in CDKN's report on the economic impacts of climate change for Uganda.²² The case study looked at the Mount Elgon region, which is heavily dependent on coffee production and is one of the most vulnerable areas in Uganda to climate variability. The evidence demonstrated that there is an economic case for investing in climate smart agriculture (defined as tree-planting, mulching and trench conservation) and an accompanying programme of institutional support, given the local economic benefits of making such changes.

Alignment between climate change and poverty reduction strategies is also found in land-use based

mitigation strategies. With agriculture continuing to dominate poor people's livelihoods in many countries, the development co-benefits of such approaches can be significant. Climate action can also be connected with other societal benefits, thereby providing an opportunity to link NDCs with a broader set of local development needs (and in so doing support achievement of the Sustainable Development Goals). For example, the health and mitigation benefits of reducing dependence on biomass for domestic cooking; or the mitigation, education and energy security benefits of investing in off-grid lighting solutions. All these actions depend in part on the leadership provided by the relevant national and subnational agencies.

Most rural development programmes depend on local government agencies to play either an implementing or executing function. Therefore, the extent to which decentralisation processes have advanced in a country – and thereby raised the capacity of local government agencies – influences the speed by which NDC commitments can be integrated with local development planning. State governments in

governments in Pakistan are acknowledged in their respective country's NDCs as playing an important role in NDC implementation. The Kenya NDC also signals an intention to mainstream adaptation actions into the country Integrated Development Plans. This policy measure has been taken up in the Climate Change Act of 2016, where Section 19 specifies mainstreaming actions into the county government function in paragraph (2):

"A county government shall, in development, updating and approval of the County Integrated Development Plan, and the County Sectoral Plans mainstream the implementation of the National Climate Change Action Plan, taking into account national and county priorities".²³

Such reforms are supporting those institutions with NDC commitments to take account of local development needs as part of their programming, thus strengthening the integration of NDCs into development planning.

Action by regional governments in Peru: Poverty eradication goals in the context of climate change mitigation

NDC implementation in Peru requires regional government action to help address the needs of those communities most vulnerable to climate change. Working in the regions of Apurímac, Cusco and Ucayali, CDKN has supported regional governments to identify opportunities as well as barriers for the greater alignment of local development plans with national-level climate and development goals.²⁴ CDKN also provided recommendations on what was required to ensure coordination, consensus and input from the regional governments into national policies. Specific actions, barriers, needs and enabling conditions were identified so that regional governments could achieve their climate change strategies and contribute to the national NDC commitments.

CDKN supported institutional capacity development of the regional government of Apurímac, helping them to improve their response to the needs of prioritised sectors, such as water and forests. For example, in 2016 CDKN helped develop approaches

to encourage reforestation by providing local communities with alternatives to destructive farming and timber cutting practices. CDKN also contributed to supporting civil society inter-sectoral coordination platforms such as the Regional Environmental Council (CAR Apurímac and CAR Ucayali) and the Climate Change Regional Council in Cusco region. CDKN identified focal points and technical partners in each regional government and civil society platform to facilitate coordination and information dissemination between different actors.

Institutional coordination at this subnational level is challenging, and different approaches, resources and analysis are required to address local needs effectively. Certain regions, such as Ucayali, required more efforts and resources for full alignment with the NDC, in part reflecting the development needs of the region.

8

NDC spending should be part of national budget planning



Image: World Bank, Flickr

Present public investments for climate change action rely heavily on domestic resources in all the countries reviewed. This fact highlights the importance of the national budget for NDC implementation, particularly to fund the unconditional element of each country's NDC.²⁵ It also emphasises the broader challenge of NDC implementation when set in the context of many countries running budget deficits. Committing new and additional public expenditure under such circumstances is very challenging, although when such planned spending is part of the national budget it becomes integrated with other national development expenditure. The national budget planning process is also important for channelling the international climate finance that will be necessary in delivering developing countries' climate actions.

The ease by which NDC actions can be identified in the national budget system is dependent on the budget classification system and the funding channels in use.

With regard the former, programme based budgets that classify spending by strategic outcomes (or programmes) allow for the identification of climate change-related public spending. This type of budget classification is now widely applied (e.g. in Ethiopia, Uganda and Kenya). With regard to the channels through which public funds flow, the use of national climate funds is an innovation that aims to mobilise additional financial resources. National climate funds have been established in Bangladesh and Ethiopia, and are now legislated for in Kenya and Pakistan. However, these funds vary considerably in terms of their objectives and management arrangements, including their relationship with the national budget. Some countries (e.g. Uganda) have decided not to pursue establishing new financial mechanisms, but aim to ensure that all public climate finance is included in the national budget.

Mobilising climate finance: Ethiopia's CRGE Facility

Ethiopia needs to attract and mobilise finance to support its climate compatible development agenda. The country has responded by establishing a national fund, the Climate Resilient Green Economy Facility (CRGE Facility), as a mechanism to mobilise finance from various sources, including domestic and international, and drive investments to build resilience and support green growth. The CRGE Facility, housed within the Ministry of Finance and Economic Cooperation, is responsible for:

- ensuring the availability of flexible, coordinated and predictable funding;
- blending diverse sources of climate financing and leveraging public funds to attract private funds; and
- providing a unified engagement point where government, development partners, civil society and other stakeholders can engage and make decisions about climate finance related issues.

The Facility brings together a technical team based in the Ministry of Environment, Forests and Climate Change with a finance team within the Ministry of Finance and Economic Cooperation (MoFEC). A director within MoFEC supervises the Facility, and it is assisted by an Advisory Board comprised of major development partners, academia and civil society. The Facility

received initial funding from domestic sources and a number of international donors, including the UK Department for International Development (DFID), following which it made calls for national funding proposals for what it called fast-track investments. More than twenty such fast-track investments were subsequently funded.

MoFEC, using the Facility for this purpose, has also been accredited as an implementing entity of the Adaptation Fund and the Green Climate Fund. CDKN supported this process and helped enhance the Facility's capability and fiduciary standards, meaning that it is now in a better position to access finance from these sources. In March 2017 Ethiopia was successful in having USD 10 million funding approved from the Adaptation Fund for its Climate Smart Integrated Rural Development Project proposal, which was also supported by CDKN.^{26,27}

9

NDC spending should be monitored and reported



Image: DFID, Flickr

Confidence in the implementation of NDC commitments will rest in part on the necessary financial resources being released each year to support climate change actions. In each country, records of all development spending follow the budget process. Therefore, where programme-based budgets are in use the end-of-year outturn expenditure can be compared to the start-of-year budget, when this information is collated in a consistent manner. An example of this system in practice is in Kenya where annual reporting on government expenditure is contained in the sector Medium Term Expenditure Framework reports. Expenditure reporting is documented to the sub-programme level and it is therefore possible to determine whether climate change-related spending has been made in line with the planned budget.

Monitoring, reporting and verification (MRV) is important in the context of NDC spending, referring to the process by which countries track and report on the implementation and impacts of mitigation and adaptation actions, and the finance used to support these actions.²⁸ In relation to spending, MRV tracks

climate finance flows for NDC implementation, including international public finance, national domestic budgets and private climate finance, to improve the overall transparency of such flows, and to assess whether the scale/type of financing requirements for NDC implementation are being addressed. CDKN's *NDC Quick Start Guide* details seven key activities for oversight and coordination of MRV activities, designing the MRV system and building relevant capacity.²⁹

Other types of expenditure analysis allow for the periodic assessment of spending on NDC commitments. One such expenditure tool is the Climate Public Expenditure and Institutional Review (CPEIR). The first investigatory analyses using the CPEIR tool have been carried out in Bangladesh, Ethiopia, Kenya, Pakistan and Uganda³⁰ and these offer promise for the periodic assessment of budget spending associated with NDC commitments. Such expenditure analysis promotes the integration of NDC commitments into national development planning by establishing equivalent financial analysis that already applies in other areas of development spending.

10

NDC spending should be subject to national oversight and scrutiny



Image: CCAFS, Flickr

National parliaments have played a very limited role in the development of NDCs to date. In part this reflects the fact that policy development looks more to the executive rather than the legislative branch of government in the countries reviewed. However, there is potential for parliaments (and their statutory committees and specialist offices) to play a greater role in NDC implementation, particularly on financing. One relevant example is the November 2016 report of Kenya's parliament budget office, which questioned the planned economic growth assumptions set within the country's 2017 budget policy statement:

"A key assumption in BPS 2015, 2016 and 2017 is strong output in agriculture on account of favourable weather outlook. This assumption is flawed given that with climate change, the weather patterns have changed over time and therefore their impact tend to be unpredictable".³¹

Legislative oversight of national climate change actions

CDKN co-funded the GLOBE Climate Legislators, an organisation dedicated to advancing the legislative response to climate change in 33 key countries, helping to create the political conditions for success in the UNFCCC negotiations. The project developed country action plans, which included detailed analysis of existing laws; specific recommendations for amendments to existing legislation; and drafting dedicated climate legislation. The project presented draft amendments/legislation to parliaments and helped to build cross-party political support for the passage of legislation, thus strengthening the scrutiny role of legislators on climate-related national budget issues. The London School of Economics has subsequently taken up this work to produce a new online resource, Climate Change Laws of the World, that covers 164 countries around the world with over 1,200 laws that are climate relevant.³²

This demonstrates the type of *ex-ante* scrutiny to which national budget documentation could be subject in future to address NDC-related funding. Supreme audit institutions (e.g. The Indian Comptroller and Auditor General) may also have a role to play in the analysis of NDC spending. The more active involvement of these

institutions will assist in the integration of climate change considerations in the mainstream of national development planning by increasing confidence that such spending is being made in an efficient and effective manner, thus ensuring that scarce public resources are being well used.



Image: Asian Development Bank, Flickr

Conclusions



Image: Asian Development Bank, Flickr

The early development of NDCs represents an important opportunity to ensure the integration of climate change actions into mainstream development planning. The implementation of climate change actions can build on and strengthen wider development and social policy, with NDC commitments representing the opportunity to secure a fundamental shift in a country's approach to economic development and poverty reduction.

With the scientific understanding of climate change now clear on its detrimental impacts, particularly for low-income countries, the urgency to act is ever more pressing. Climate compatible development – where climate change actions are integrated into national development planning – is therefore essential. This

will only happen if there is strong national leadership, backed up by effective policies, processes, institutions and resources to respond.

The ten propositions raised in this paper can act as an early 'check-list' for national policy-makers, and their development partners, to review the readiness for such integration across the three domains of policy, institutional and resource effectiveness.

Endnotes

- 1 As set out in Article 4 of the Paris Agreement.
- 2 Key informants were interviewed during the May 2017 Bonn inter-sessional meetings of the UNFCCC.
- 3 Bird, N. et al. (2013). 'Measuring the effectiveness of public climate finance delivery at the national level'. London: ODI (www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8303.pdf).
- 4 Semi-structured interviews were completed with each of the CDKN country engagement leads (or CDKN project leaders) for the seven countries. More detailed resources pertaining to CDKN's country programmes can be found on the respective web pages: www.cdkn.org/regions/ethiopia, www.cdkn.org/regions/kenya, etc.
- 5 In all seven countries, the first NDC, which came into force with country ratification of the Paris Agreement, was identical to the Intended Nationally Determined Contributions (INDC) submitted to the UNFCCC prior to the 2015 COP21 meeting in Paris.
- 6 Uganda's Intended Nationally Determined Contribution (October 2015).
- 7 Mutambirwa, C. (2017). 'Zambia works toward delivering its national climate commitment'. London: CDKN (www.cdkn.org/2017/05/zambia-ndc).
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- 9 Dupar, M. 'Making the case for climate compatible development' (Chapter 1) and Huhtala, A. 'Resourcing climate compatible development' (Chapter 4) in Bickersteth, S. et al. (2017). 'Mainstreaming climate compatible development'. London: CDKN (www.cdkn.org/mainstreaming).
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- 14 Hücking, K. and Freitas, S. (2015). 'Feature: Supporting the preparation of the Gambia's INDC – Lessons learned from local stakeholder consultations'. CDKN blog. London: CDKN (www.cdkn.org/2015/08/feature-supporting-the-preparation-of-the-gambias-indc-lessons-learned-from-local-stakeholder-consultations).
- 15 Dodwell, C., Holdaway, E., Sura, K. and H. Picot (2015). Supporting ambitious Intended Nationally Determined Contributions: Lessons learned from developing countries. London: CDKN (www.cdkn.org/resource/supporting-indcs-lessons-learned).
- 16 CDKN (2016). 'Margaret Kamau on CDKN's NDC quick-start guide' (www.soundcloud.com/user-9652735/margaret-kamau-on-cdkns-quick-start-guide-to-ndc-implementation).
- 17 Authorship as documented on the cover page of the NDC.
- 18 The Republic of Kenya (2016). Climate Change Act. No. 11 of 2016. Paragraph 9 (2).

- 19 Seventh Five Year Plan, FY2016 – FY2020. Accelerating growth, empowering citizens. Final draft. (11 November 2015). General Economics Division, Planning Commission, Government of the People’s Republic of Bangladesh. Page 463.
- 20 The Pakistan Climate Change Act, 2017. Paragraph 4, (1) (c).
- 21 Redda, R. and Caldwell, D. (2016). *Becoming a climate-resilient green economy: Planning for climate compatible development in Ethiopia*. London: CDKN (www.cdkn.org/resource/becoming-climate-resilient-green-economy-planning-climate-compatible-development-ethiopia).
- 22 Markandya, A. et al. (2015). ‘Economic assessment of the impacts of climate change in Uganda – Arabica coffee production in the Mount Elgon region (Bududa district).’ London: CDKN (www.cdkn.org/wp-content/uploads/2015/11/Uganda_CC-Economics_Mount-Elgon_case-study.pdf).
- 23 The Republic of Kenya. (2016). Climate Change Act. No. 11 of 2016.
- 24 More detailed resources pertaining to this project can be found at: www.cdkn.org/project/analysis-role-regional-territories-peru-ndc.
- 25 The unconditional element of a country’s NDC is the part of the commitment that is not subject to or dependent on any external conditions in order to be achieved.
- 26 Wilson, K. (2016). ‘Four lessons from supporting Ethiopia’s Green Climate Fund planning’. London: CDKN (www.climatefinanceready.org/feature-four-lessons-from-supporting-ethiopias-green-climate-fund-planning).
- 27 Redda, R. (2016). ‘Ethiopia’s investment in climate compatible development planning.’ London: CDKN (www.climatefinanceready.org/feature-ethiopias-investment-in-climate-compatible-development).
- 28 MRV is the backbone of the Paris Agreement ‘rulebook’, which countries are currently negotiating. Country MRV experience, capabilities and capacities will be critical to informing this process.
- 29 Dodwell, C. et al. (2016). *Planning for NDC implementation: A quick-start guide*. London: CDKN (www.cdkn.org/ndc-guide).
- 30 Tumushabe, G., et al. (2013). *Uganda national climate change finance analysis*. London: ODI; and Kampala: ACODE (www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8622.pdf).
- 31 Kenyan Parliamentary Budget Office. (2016). *Unpacking the 2017 budget policy statement*. Page 16.
- 32 www.lse.ac.uk/GranthamInstitute/climate-change-laws-of-the-world.

Annex: Analytical framework

Proposition	Criterion	Questions to ask
Policy and planning effectiveness		
1. NDCs should be consistent with national development policies	NDC actions are consistent with those in national development strategies and plans	<ul style="list-style-type: none"> Does the NDC refer to the national development plan? Does the NDC draw from relevant sections of the national development plan? Does the NDC refer to individual SDGs?
2. NDCs should follow SMART design principles	Objectives are clearly expressed in the NDC	<ul style="list-style-type: none"> Is there clarity over the scope and timeframe of the NDC? How well defined are the NDC objectives?
3. NDCs should have broad national support	NDC processes reflect key stakeholders' interests	<ul style="list-style-type: none"> How has NDC development provided for representation of key stakeholder interests? Is the NDC referred to in national planning documentation?
4. NDCs should have clear political backing	NDC records the decision-making processes associated with its development	<ul style="list-style-type: none"> Is there clarity over the approval process of the NDC? Is the NDC published and widely available?
Institutional effectiveness		
5. NDC development should have clear institutional leadership	NDC implementation is anchored in a recognised public institution	<ul style="list-style-type: none"> Is there a national public institution that holds the mandate to develop/implement the NDC and make the link to national development plans? Is that mandate recognised by other parts of government, particularly the lead national development agency?
6. National coordination for climate change and development actions should exist	Institutional arrangements are in place that promote inter-agency coordination	<ul style="list-style-type: none"> What type of inter-agency coordination between climate change institutions and national development institutions can be identified? Are these voluntary or codified in some way (through appropriate policy, administrative or political action)?
7. NDC institutions should respond to local development needs	Institutional arrangements are in place to meet the needs of the most vulnerable	<ul style="list-style-type: none"> How have climate change institutions responded to local development needs in the development of the NDC? Are lines of communication between different levels of government on NDC implementation made explicit (through appropriate policy, administrative or political action)?
Resource effectiveness		
8. NDC spending should be part of national budget planning	Budget preparation captures all NDC actions that require public expenditure	<ul style="list-style-type: none"> Have NDC commitments been added to the discussion and scrutiny of budget spending proposals?
9. NDC spending should be monitored and reported	Government financial statements (reports) are produced for all development expenditure, including that associated with the NDC	<ul style="list-style-type: none"> Do government financial statements published after the end of the budget period allow for NDC-related expenditure to be identified?
10. NDC spending should be subject to national oversight and scrutiny	The legislature reviews government accounts and audit findings and provides challenge and scrutiny for NDC-related activity	<ul style="list-style-type: none"> Is ex-ante and ex-post scrutiny, challenge and approval of NDC-related funding made by a legitimate authority (e.g. the national legislature)?

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