Integrating NDCs within Financing Strategies: A perspective from Cabo Verde
Mapping the Policy Frameworks

Global and Regional Frameworks

- **SDGs 2030 Agenda**
- **AAAA**
- **Paris Agreement**

**Integrated Financing (INFF)**

- **Public**
  - Gov spending, revenues, ODA, etc.

- **Blended**
  - PPPs, guarantees, concessional lending, etc.

- **Private**
  - FDI, sustainable / impact investment, credit, etc.
Cabo Verde – Public Debt (% of GDP)

- Great Recession
- EU Sovereign Debt Crisis
- COVID-19

Middle Income Country

Pre-COVID-19 Projection
COVID-19 Impact
Cabo Verde Net official development assistance and official aid received

Source: World Bank 2021
Objective of an INFF: strengthen financing of CV Ambition2030

Three integrations of a financing strategy and INFF:

- INTEGRATING PLANNING AND FINANCING POLICIES
- INTEGRATING PUBLIC AND PRIVATE FINANCE POLICIES
- INTEGRATION AND COLLABORATION ACROSS PARTNERS

Common policy spectrum:

Government finance
- Revenue strategy
- Annual / medium term budget
- Public debt management
- Public entity management
- Development cooperation
- Private participation in public investments
  - Public-private partnerships
  - Blended finance
  - Thematic bonds
- Markets that work for the SDGs
  - Private investment
  - Financial sector
  - FDI, portfolio investment
  - Illicit finance
- Engaging non-commercial private finance
  - NGOs, FBOs
  - Foundations
  - Diaspora and remittances

Public finance focus

Private finance focus
Overarching questions:

1. What policies, institutions, capacity and analysis are in place?
2. What initiatives are underway to strengthen policies, institutions, capacity and analysis?
3. What opportunities exist to further strengthen policies, institutions, capacity and analysis in a more integrated approach to financing?

Analysis of each INFF building block:

Process of financing dialogues
Led by INFF oversight team

Government ministries
Private sector
Public entities
CSOs
Development partners

Agreement of INFF Roadmap
(end of DFA process)

Recommendations for a Financing Strategy
Recommendations for enhanced Monitoring and Review
Recommendations for stronger Governance and Coordination
Further Assessments and Diagnostics
Integration: Vertical and Horizontal

- Global
- Regional
- Country
- Local

- Innovation & Digital
- Tourism & Culture
- Human Capital
- Green and Circular Economy
- Blue Economy

Global
Regional
Country
Local
**Shipping accounts for about 2.5% of global carbon emissions**

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>11</td>
</tr>
<tr>
<td>Land use/forestry change</td>
<td>6</td>
</tr>
<tr>
<td>Waste</td>
<td>3</td>
</tr>
<tr>
<td><strong>Shipping</strong></td>
<td><strong>2.5</strong></td>
</tr>
<tr>
<td>Internet</td>
<td>2</td>
</tr>
<tr>
<td>Aviation</td>
<td>1.4</td>
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</tbody>
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Guardian graphic. Source: UN environment programme
<table>
<thead>
<tr>
<th>SDG Accelerator(s)</th>
<th>Target Year</th>
<th>NDC Target Description</th>
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<tbody>
<tr>
<td>All</td>
<td>2050</td>
<td>decarbonised economy and to boost electricity generation from renewable energies, including the construction of pumped storage and other energy storage capacities</td>
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<tr>
<td>Green</td>
<td>2030</td>
<td>reduce greenhouse gas (GHG) emissions throughout the economy by 18% below the “business as usual” (BAU) and to increase this target to 24% on condition of obtaining appropriate international support</td>
</tr>
<tr>
<td>Green / Blue / Tourism</td>
<td>2030</td>
<td>progressively shift to low-carbon public transport, including active modes and international maritime transport</td>
</tr>
<tr>
<td>Green</td>
<td>2030</td>
<td>reverse the trend of habitat degradation, substantially improve biodiversity, water retention, strengthen soils and restore forests and coastal wetlands</td>
</tr>
<tr>
<td>Green / Green Tourism / Human Capital</td>
<td>2030</td>
<td>use renewable energy (RE) to mobilize the water supply and to ensure a sustainable and resilient water management system</td>
</tr>
<tr>
<td>Blue / Green</td>
<td>2030</td>
<td>develop low-carbon ocean-based economy in - encompassing transport, fisheries, coastal infrastructure and coastal energy, tourism - by enhancing nature-based solutions (NbS), conserving and restoring habitats natural</td>
</tr>
<tr>
<td>Green / Tourism / Blue</td>
<td>2025</td>
<td>prepare a specific Roadmap for ‘Responsible Tourism in the Circular Economy’ defining a target for 2030 to reduce the sector’s GHG emissions</td>
</tr>
<tr>
<td>Human Capital / Digital</td>
<td>2025</td>
<td>build a monitoring system to track climate change-related risks to public health and integrate climate change resilience goals into a single national health policy framework</td>
</tr>
<tr>
<td>Human Capital</td>
<td>2025</td>
<td>create a strong platform for the empowerment of youth, women and society as a whole in formulating climate change policies and implementing climate change responses, promoting knowledge, skills and sustainable jobs.</td>
</tr>
</tbody>
</table>
INFF Block 1

Development Finance Assessment

NDC-FF:
1. Review and mapping of existing financing
2. Assessment of effectiveness, needs and gaps

INFF Block 2

PEDS Financing Strategy

NDC-FF:
3. Development of an NDC FF

INFF Block 3

Monitoring and Review (INFF Dashboard)

NDC-FF:
4. FF Review Workshop
5. Development of Options for Design & Management of CBT System
INFF Block 1 – Deep Dives

- Innovation & Digitalization
- Blue Economy
- Regional Integration and Trade
- Climate Finance (NDC – FF)
- South-South Cooperation
Addressing Challenges

• Duplication / Overlap
• Coherence / Prioritization / Sequencing / Choices
• Economies of Scale
• Calculation Problem
  • Impact investment, ESG and double bottom-line approaches suggest that climate action is not only a cost but also a source of revenue / income
  • This recursive approach suggests that costing / financing models must account for revenue-generating potential within a dynamic system
• Fungibility
  • Climate Finance, even when earmarked, ultimately derives from the same resource pool and cannot be treated in isolation
• Endogeneity:
  • Climate impacts both the X and Y variables
    • If $X =$ Financing (inputs) and $Y =$ Sustainable Development Objective (output), then climate change (including mitigation and adaptation) affects both
    • Climate issues, including financing, cannot be analytically separated
Contact Details:

Christopher Marc Lilyblad, PhD
Head of Strategy and Policy Unit, a.i.
UNDP / UN Joint Office Cabo Verde
christopher.lilyblad@cv.jo.un.org