



Overcoming the NDC implementation gap lessons from experience

Policy brief

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In 2015, 189 countries worldwide pledged NDCs, signalling a major shift in climate governance but the challenge now is how to put these plans into action. The IPCC report, released in October 2018, states that 'drastic action must be taken in the next decade to avoid catastrophic impacts'. The latest evidence increases the urgency to fulfil these commitments and increase ambition. The report states that the 1.5°C goal is technically and economically feasible, but depends on political leadership to become a reality. Robust implementation and financing plans for NDCs are now critical.

Early lessons on the challenges of NDC implementation are emerging. NDCs will not succeed without the right level of integration with national development policy and planning. Without clear financing plans, strong and enforceable requirements for Measuring, Reporting and Verification (MRV) and a high degree of political commitment, they will fail. Sound familiar? These are the same barriers that every previous climate change plan or target has faced.

Are you facing these NDC implementation challenges?

1. How do we raise awareness and create a clear mandate for implementation of the NDC across ministries?
2. How do we get our political leaders to prioritise the NDC?
3. What are the next steps to go from NDC targets and commitments to projects, investment, and action on the ground? Do we need an 'implementation plan'?
4. Who are the main stakeholders/ministries involved in implementation, and who should lead?
5. What capacity is needed to deliver NDCs, and how do we close the capacity gaps in finance, human resources, skills, and knowledge?
6. What is the role of sub-national, city, and local governments in NDC implementation?
7. What does an NDC financing plan look like, what are the funding sources for NDC implementation, and when should they be used?
8. How do we engage with and incentivise private sector support?
9. Can we count existing relevant development programmes as tackling climate change, and therefore as implementing the NDC? How do we for account them (without double counting)?
10. What data sources should we use when baseline data is often not available, robust, or accurate?

The challenges associated with mainstreaming climate initiatives into development policy and budgets are not new. This document outlines the critical factors and policy coherence for successful integration. It offers valuable insights and case studies to assist those currently struggling with NDC implementation.

Governance challenges to implementing NDCs

Cross-sectoral climate change plans, centred on national priorities, have the potential to unleash investment into low-carbon and resilient development that delivers economic and social benefits. However, the institutional, political, and economic environment for implementing these policies and plans is complex. Implementation of cross-sectoral plans is always a challenge, but especially given NDC preparation was a rushed process in the lead-up to the Paris agreement.

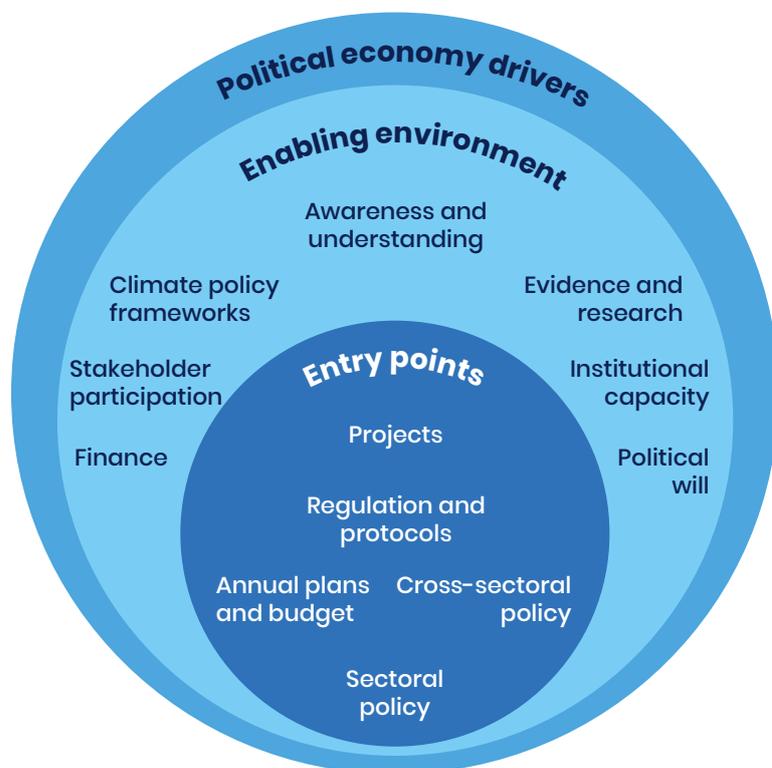
The NDCs are not an end in themselves but rather a starting point toward mainstreaming. They set the national targets and commitments on climate change but require a large number of institutions and stakeholders to be involved in implementation. Oxford Policy Management (OPM) has developed a framework that helps to navigate the complex institutional, stakeholder, and financing requirements of implementation. The framework promotes effective governance as the key to catalysing and maintaining momentum while ensuring accountability in relation to actions.



OPM's governance framework for climate change outlines how implementing the NDC requires addressing three levels of governance:

- **Identifying and addressing the political economy drivers that support implementation of the NDC:** This includes the interests and incentives facing different groups, and how they exercise power, as well as the structure of government and impact of political ideologies, religion, and culture;
- **Strengthening the enabling environment for implementation of the NDC:** This includes the systems and context within which implementation of the NDC takes place, such as the level of institutional capacity and political will; and
- **Using entry points for mainstreaming the NDC:** These are the opportunities for delivering the NDC targets and commitments by mainstreaming them within existing and new development policy and planning processes.

Figure 1: Governance framework for mainstreaming climate change



Source: Gogoi et al. (2017)

This framework can be used to understand why the common challenges around NDC implementation have emerged.

Each of these challenges relate to one or more of the different governance dimensions outlined in the framework. Focusing on the governance dimension that underpins implementation of the NDC also provides a steer on how to address it.

Table 1 summarises the key governance challenges in NDC implementation, as well as how they relate to the different levels of the governance framework.

Table 1: Unpacking the key governance challenges in NDC implementation

Governance level	Key NDC implementation challenges
Entry points for mainstreaming NDC	Making the NDC 'implementation ready'
Enabling environment for NDC implementation	<ul style="list-style-type: none"> • Getting broad national support and ownership of the NDC among 'implementing' ministries • Institutional capacity for implementation of the NDC • Connecting different levels of government in implementation • Financial mobilisation for NDCs • Accountability for NDC implementation (MRV) • Improving the evidence base for NDC implementation
Political economy of NDC implementation	Identifying and addressing the key political economy 'barriers' to NDC implementation

The following section provides case studies and valuable insights on overcoming some of the barriers to implementing the NDC commitments.

Opportunities for overcoming the NDC implementation challenge

The challenges around implementing NDCs are not new. There is considerable experience and learning available from previous implementations of other cross-sectoral climate change policy documents that can be applied for NDCs. The case studies below provide practical examples from OPM's work that address the governance and financial issues countries are facing in implementing NDCs. The case studies aim to equip the reader with examples of tools and techniques that can be used to overcome these challenges.

Making the NDC 'implementation ready'

The NDC document provides an overarching framework and clear targets for how the government will tackle climate change. However, there is still a lot of uncertainty among those responsible for NDC implementation on the practical 'next steps' needed to translate policies and programmatic targets into sector plans and project pipelines.

As outlined in Figure 1, making the NDC 'implementation ready' requires finding and leveraging entry points for mainstreaming the NDC commitments and targets into existing development plans, policies, strategies, budgets, etc. The following are examples of how this can be done:

Implementing sub-national climate change plans in India

In six states in India, OPM is supporting state governments to implement their State Action Plan on Climate Change (SAPCC) by mainstreaming within different development policies, programmes, and plans. For example, in Maharashtra OPM used a cost-benefit approach to help the government to prioritise within the long list of commitments in their SAPCC. For each of these a clear implementation pathway was agreed, outlining which existing development programme or project could be modified or expanded to deliver the action, the additional budget required, the timeline, and the institution responsible for delivery. This has been approved within a policy document providing the necessary level of detail to ensure the SAPCC gets implemented. As a result, Maharashtra now has an 'implementation-ready' climate change policy framework.

Turning mitigation targets into investment plans in Indonesia

OPM supported the Government of Indonesia to convert their ambitious emissions reduction and renewable energy targets into investment-ready plans and programmes. This included providing technical support to develop a number of policy 'next steps' to facilitate implementation of the targets and commitments. At the strategic level, climate change actions were mainstreamed within national medium-term planning through a financing framework for green development, which identified appropriate financing mechanisms to support low-carbon development plans on actions required by different institutions. At the policy level, specific implementing mechanisms were designed, including environmental tax reform and fiscal subsidies that disincentivise environmental externalities.

Broad ownership of the NDC among 'implementing' ministries

NDCs tend to have a high degree of political backing at the highest level of government. However, the actual implementation process requires institutions and individuals 'downstream' within a large number of sectors to take action. All the key players across government must be aware of their responsibilities in implementing the NDC, and consider it a priority.

To enable successful implementation of NDCs, each institution and individual must have a clear mandate. Practical tools and methods are therefore needed to identify and engage the main stakeholders in the mainstreaming process. The following are examples of how this can be done:

Putting climate change plans into the 'real' language of government

We know from experience that in many cases intended NDCs were developed in such a tight timescale that it was simply not possible to secure broad consultations within governments. Similarly, in India, SAPCCs tended to be developed by one nodal department, with little input and ownership from other departments. In many states, even after the plan had been adopted, most departments did not even know it existed. This was therefore a major barrier to implementation. In Chhattisgarh and elsewhere OPM has translated the plan into the local language but also prepared sector-specific briefing notes focusing on the responsibilities of certain departments. We have also spent many months meeting with different departments and other stakeholders to highlight the plan, often physically handing over the plan for the first time, and discussing how it relates to their ongoing work and priorities. OPM has also used the opportunity of accessing national and international sources of climate finance as a 'carrot' to garner interest in the plan.

Using high-profile climate champions with 'authority' across ministries

In Pakistan, the Ministry of Climate Change is responsible for overseeing implementation of the National Climate Change Policy but lacks the authority to ensure other departments take the necessary action. OPM therefore engaged with the Prime Minister's Secretariat and successfully made the case for the appointment of a Prime Minister's Focal Point on Climate Change within the Secretariat. This has ensured better coordination between the Prime Minister and the Ministry, and provided high-level political backing to the implementation of the Policy.

These two examples show how delivering successful reform demands much more than just strong technical specialists. It requires creating the 'space' for reforms. Based on OPM's experience, we have developed an approach to integrating climate change into plans, budgets, and investments based on the three key elements – authority, ability and acceptance (see Figure 2).

This involves:

- Winning the support of the high-level stakeholders that have the **authority** to initiate change;
- Providing organisational units with the technical **ability** to implement the reforms effectively; and
- Securing **acceptance** of the changes by the institutions responsible for their implementation.



Figure 2: Creating the space for reform



Reform space, at the intersection of A, A, A, determines how much can be achieved

These three factors intersect to create the 'space' for reform and the extent of this space determines the extent of reform that is possible.

OPM uses local teams combined with continuous context analysis to understand the changing interests, incentives, ideas, and relationships within and across governments. We recognise that it is not easy to navigate the authorising environment and gain acceptance, given the many unseen complexities in most contexts where one can only see a small part of the rules and mechanisms driving behaviour. Strategic intelligence, creativity, and networks are needed to engage in this change space.

Institutional capacity for implementation of the NDC

The capacity needed to implement the NDC relates to both designing climate change programmes and projects that deliver the NDC commitments but also for centrally coordinating and ensuring accountability. It covers the institutional set-up and mechanisms for implementation, as well as the individual skills and capabilities. A recent study on budgeting for NDC action concluded that one of the most important barriers to implementation is a lack of capacity in ministerial budget planning and reporting (Bird, 2017).

Part of the implementation process needs to involve closing these capacity gaps, as well as ensuring that the implementation process is sustainable, locally led, and builds national capabilities. The following are examples of how this can be done:

Establishing new organisational structures for effective governance of climate change

In Assam in India, OPM has provided technical support to the government to create a new Assam Climate Change Management Society (ACCMS) and climate change cells in different departments. ACCMS is an innovative introduction into the government system, operating as a Special Purpose Vehicle (SPV) for implementation of the SAPCC and

coordinating climate change actions across all state departments. As a SPV, it is a legal entity with the mandate to receive and manage climate finance within the state and be accountable for the effective use of funds. It can also use a certain percentage of the project funding received to cover the costs of its internal operations. It is headed by the chief minister and governed by a steering committee headed by the chief secretary. As such, it holds a high degree of political authority. OPM initially provided handholding support to operationalise ACCMS; the government has now engaged additional personnel to ensure its sustainability.

Delivering targeted results-oriented capacity building and training

OPM's highly targeted and focused approach to building individual capabilities within an organisation has in turn built institutional capacity. In Nepal, OPM has trained individual officials within the Central Bureau of Statistics (CBS) in survey design and methodologies to assess household-level climate impacts in the country, in addition to linking government officials to external experts for a long-term partnership. As a result, CBS launched the first National Climate Change Survey in Nepal in 2017, and this is expected to be an ongoing initiative. OPM has also delivered many UNFCCC climate finance-focused training sessions. In 2016/17 alone, OPM trained over 200 government officials on accessing climate funding. This led to 19 funding applications being developed in a single year, and US\$ 127.4 million being leveraged from domestic and international public funds and the private sector.

Connecting different levels of government in implementation

Sub-national activity will be key to delivering the Paris agreement, yet how are national priorities and targets translated into sub-national delivery plans? And have the right people and institutions been involved? Most NDCs' alignment with national development plans assumes that such plans are the main driver of government social and economic policy. However, in many larger countries such as India and Pakistan the main drivers for change are sub-national and sectoral development plans.

In all cases, NDC actions should be aligned with sectoral and sub-national development plans to allow for early implementation. The following are examples of how this can be done:

Delivering India's National Action Plan on Climate Change (NAPCC) through state-level plans

India's main national policy framework for climate change, NAPCC, is being delivered through several national missions but also at the state level through SAPCCs. OPM is supporting six states to implement their SAPCC, which in turn is helping to implement the NAPCC. In Kerala, we helped review and refresh the SAPCC to update it, as it had been lying dormant for a number of years. In Assam, we helped the government redraft and adopt a new version of the plan, and in Maharashtra the government just wanted help to prioritise the actions listed in its SAPCC.

Strengthening sub-national governance in Pakistan

In Pakistan, top-down attempts to improve public services and strengthen local governance had failed to provide long-term reform. OPM has therefore adopted a long-term, bottom-up approach of working with provincial and district authorities to strengthen their capacity to deliver national policy priorities and commitments. For example, this has involved building community participation into the preparation of district budgets, and to strengthen accountability within the system. The use of GIS has been introduced to monitor service delivery of national programmes at the district level.

Financial mobilisation for NDCs

Financing is one of the main challenges for the NDCs. To date, no country has completed their NDC financing plan. Clarity on what NDC financing plans should look like is still lacking. Many of the funding mechanisms for NDC implementation are still unknown to those responsible for implementing their NDC.

There are a number of different financing options, from accessing additional climate finance to utilising existing domestic resources and forging partnerships with the private sector. These are not new or unique to the NDC, and there is significant literature and experience to build on (Resch et al. 2017). The following are examples of how this can be done:

OPM's Financing Framework for Resilient Growth

OPM has developed an approach to support governments in managing budgets for climate change, called the Financing Framework for Resilient Growth, which covers a few general steps. These include calculating potential loss and damage, reviewing past climate expenditure trends, identifying the degree of climate relevance of adaptation expenditure, and allocating financial resources for climate change. OPM has also adapted and used only certain elements of the approach, depending on the interests and level of capacity of the government. For example, in Afghanistan we began by screening the previous year's budget to identify trends in adaptation spending, as an entry point to increase understanding and awareness on what constitutes investment in adaptation.

Building capabilities to access external climate finance

Under a single programme in south Asia, OPM has trained 533 stakeholders to access international and national funds for climate change. Government officials have been trained in developing proposals and in understanding modalities for accessing external climate finance. In Afghanistan, staff of the newly established Climate Finance Unit (CFU) have received training on accessing and deploying international climate funds. In Pakistan, training on accessing climate finance has taken place at different levels, from federal to provincial. In India, five of the six state locations have engaged government officials from key departments on climate finance proposal development, leading to an

increase in the number of proposals for funding. These activities have led to governments supported by OPM securing over US\$ 127 million from a variety of climate funds.

Strengthening institutional capacity for managing climate finance

OPM has provided technical and financial support to the establishment of CFUs in Afghanistan and Pakistan to support governments in accessing and managing climate finance. These carry out a number of functions, which include: mapping available international climate finance opportunities; supporting the development of funding applications and proposals; building the capacity of line ministries to access international climate finance, monitor, and report on finance accessed; and mainstreaming climate change in domestic plans and policies. In Afghanistan, the CFU was inaugurated in February 2017 and is attached to the National Environmental Protection Agency. The CFU is currently engaged in developing a strategy to secure international climate finance for the country's National Resource Management Strategy and engaging with all relevant line ministries to enhance their understanding of international climate finance and to identify priority projects that may be eligible for funding.

A model for public–private sector partnerships for climate change adaptation

OPM is piloting concrete and meaningful ways for businesses to contribute to climate change adaptation. In Maharashtra, we are seeking to encourage and nurture partnerships between the government and the private sector on climate change adaptation, making use of the obligation for large companies to invest at least 2% of net profits in corporate social responsibility. OPM has facilitated engagement between a number of companies, together with government counterparts, to develop innovative pilot projects on adaptation, which match the companies' core technical strengths with existing government programmes. There is therefore co-investment of finance and a positive and proactive partnership between the government and private sector. This has proven a successful model via which to engage the private sector and is one that others can follow.

Accountability for NDC implementation

MRV is vital in the context of NDC implementation spend, whereby countries must track and report on the implementation of climate actions (both mitigation and adaptation) and the finance used to implement these actions. However, many questions remain around how to account for these actions without double counting. This is because there is a lack of clarity around the best data sources to use as a baseline and, in many cases, data are not robust or accurate. Moreover, access to sector-level data by NDC implementing institutions can be an issue.

A recent study on budgeting for NDC action highlighted that NDC spend in its focus countries could only be identified with a low precision at present and called for improved communication between the ministries

setting climate change targets, national planning authorities, and then finance ministry (Bird, 2017). It may be that these issues improve within the five-year ratchet and review process for NDCs; however, if greater confidence in NDC spending figures is to be obtained, robust MRV processes must be developed. The following case provides an example of how this can be done:

Climate change expenditure analysis

Across south Asia, OPM has been working with national and sub-national governments to help them identify, track, and report on climate change expenditure. The challenge is that measures that produce climate change adaptation and mitigation benefits are usually part and parcel of broader programmes that promote sustainable development. OPM therefore helps governments untangle spending that has potential adaptation and mitigation benefits by understanding the ‘climate change relevance’ of different development programmes. Through this process, OPM is pioneering a benefits-based approach to expenditure analysis, which provides more scrutiny than alternative approaches used. It is more robust and assesses any programme or project for all its benefits and then ranks these.



Identifying and addressing the key political economy 'barriers' to NDC implementation

It is often political and economic issues that are in reality the key blockages to implementing a climate change plan. Understanding power asymmetries is frequently the missing ingredient in effective policy design and implementation. It is therefore vital to examine the distribution of power and resources in a given situation and identify the formal and informal interests, incentives, and norms that maintain or threaten to challenge the status quo. Frequent changes in key government officials or national/sub-national political priorities, informal power relationships among line ministries, and high national security threats are all examples of political economy barriers. Effective policy design and implementation hinges on the ability to work in politically informed ways in order to navigate constantly changing local contexts. In turn, interventions need to be flexible, adaptive, and responsive to windows of opportunity for policy reform. It is now widely understood that technical capacity and resources alone are insufficient to catalyse real change around entrenched political interests and deeply ingrained inequality.

Two of the most effective ways of addressing political economy barriers are: 1) assess the political economy context iteratively on a regular basis; and 2) adopt an adaptive approach to flexibly exploit key entry points in the political economy context to move the agenda for change forward. This is going to be crucial in operationalising and especially implementing the NDCs in a sustainable way. The following is an example of how this can be done:

Using political economy assessments to inform the implementation pathway of a climate change plan

'Politically informed' decision making is not the same as pulling a political economy analysis report out of a drawer and looking up the relevant section. It is active, based on personal analysis and assessment, either as individuals or as a team. For politically informed policy making to become the norm and improve development outcomes, political analysis must be embedded into everyday routine practice. OPM routinely and regularly identifies and maps the changing political economy landscape, to inform both programme strategy and evaluation of its impact. OPM has operationalised the use of political economy assessments so they are not just stand-alone academic exercises but a routine part of planning and reviewing processes. Every year, the Action on Climate Today (ACT) programme carries out an assessment of the context for tackling climate change in each of the national and sub-national locations. It aims to unpack the political economy drivers that are influencing this context. It tracks the level of political will for tackling climate change but also what socioeconomic, cultural, and other factors are influencing the set of political priorities. For example, a number of political leaders in the region are motivated to show leadership on tackling climate change domestically to enhance their relative influence and profile on the international stage. There is a complicated set of historical, economic, and domestic political reasons as to why this is the case.

Conclusion

The 2030 Agenda for Sustainable Development calls for urgent action to combat climate change (SDG 13) and the impact of climate change will affect the ability to deliver all 16 of the other goals. As countries prepare a range of cross-sectoral climate change policies, strategies, and plans, attention turns to the effectiveness of turning these plans into meaningful action.

The challenges of effective implementation of the NDCs are not unknown or new. Rather than investing valuable time and resource in developing new solutions, lessons and experience must be adapted and applied to the current challenges emerging in implementing NDCs.

Through our work in south Asia and elsewhere, OPM has identified and piloted solutions to some of the most challenging questions countries are now facing in NDC implementation, financing, and monitoring. Underpinning these solutions lies a framework that focuses on navigating the complex institutional, stakeholder, and financing requirements of implementation. Drawing on this framework, we hope to equip policymakers with the tools and techniques needed to overcome their own set of challenges.



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