



## Building the Economy of Tomorrow: Using NDCs to Inform Green Recovery

*As governments race to take bold action to address COVID-19, the world has an unprecedented opportunity to restructure economies that are equitable, resilient, and climate responsive.*

**Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTS) can serve as building blocks to integrate ambitious climate action and COVID-19 recovery to build back better.** NDCs that are aligned to governments' national development plans and the Sustainable Development Goals (SDGs) can spur economic growth, technology transformation, job creation and address key social inequalities that are critical for recovery. Indeed, a new [study](#) by Oxford University shows that recovery packages that seek synergies between economic and climate goals have better potential for reducing climate risks, increasing national wealth, and enhancing productive human, social, physical and natural capital.

**NDCs and green recovery can be mutually reinforcing.** Recovery plans can incorporate NDC targets and strategies, while also leveraging NDC enhancement processes, including stakeholder consultations, socio-economic and sectoral assessments, and modelling, to strengthen systems that pave the way for long-term sustainable development.

### POLITICAL, FINANCIAL AND SOCIAL DIMENSIONS

**POLITICAL** Facing COVID-19, political engagement by governments and civil society for bold climate action has taken on new meaning and dimensions. Political advocacy can more clearly advance integrated solutions – such as robust health systems or protection of vulnerable communities – that achieve both a strong recovery and climate action.

For example, political will for reforming finance ministries and government budgets to align with climate action has never been stronger, as demonstrated by the progress taken by the [Coalition of Finance Ministers for Climate Action](#). Aligning NDC enhancement processes with national development policies helps to ensure governments respond to imminent economic and health needs from COVID-19, while achieving the goals of the Paris Agreement.

### **Dual crises: Links between COVID-19 and Climate Change**

While directly intertwined, the COVID-19 and climate crises have many similarities. Climate change, like the global pandemic, is a non-linear risk multiplier with severe socio-economic impacts that grow disproportionately among different social groups, and even catastrophically, once certain thresholds are breached. In addition, COVID-19 also serves as a tragic reminder that global risks require collective action, solidarity, and cooperation.

**FINANCIAL** The unprecedented levels of public and private finance being used to stimulate economies are also a critical opportunity to invest in climate solutions. Further, by aligning financial systems to incorporate NDC priorities, countries can build structures that put countries on net-zero emission pathways in the long-term.

**Public Finance:** NDCs can inform public spending decisions on green recovery, using public climate finance management tools and fiscal policies. Green budgeting, for example, is a useful tool for informing tax and spending decisions, and economic instruments such as carbon pricing can provide needed revenues for recoveries. **Many countries are using the opportunity of NDC enhancement to build stronger public finance systems, including the monitoring and reporting capacities which are critical for recovery.**

**Private Finance:** The path to building back better must ensure that private finance is leveraged to spur the economy of tomorrow – including by accelerating green job growth and investment in clean technologies. NDC financing frameworks already articulate costs, highlight finance gaps, reflect national finance flows and identify investment opportunities for the private sector. The pandemic is also an opportunity to build capacities in climate risk modelling to inform investors and highlight the fiscal risks of unsustainable investments.

**SOCIAL** NDCs address key social dimensions that are critical for recovery efforts and have wide-ranging impacts on the SDGs. Just transition, gender-responsiveness, and a whole-of-society approach, with a focus on the most vulnerable groups, should be the guiding principles for both climate action and recovery packages. At the same time, there are a range of co-benefits yielded by green spending, such as decreased social and health inequalities. Sharing the burden of tackling COVID-19 could set an important precedent for an inclusive and just transition to combat the climate crisis, which will have far more dire economic and health impacts than the current pandemic.

## UNDP OFFER INTEGRATED SUPPORT TOWARD NDC ENHANCEMENT AND GREEN RECOVERY

UNDP is uniquely positioned to support COVID-19 recovery from decades of experience supporting disaster risk reduction, national development planning, and climate action in developing countries. A sustainable recovery from COVID-19 will require the mobilization and alignment of all financial flows - public and private, as well as international and domestic resources.

[UNDP's Climate Promise](#), which is supporting over 110 countries to enhance their NDCs, is scaling-up its offer to help countries leverage climate action for stronger COVID-19 recovery and sustainable development. The integrated approach builds on UNDP's entire portfolio and role in leading the UN system's support to help countries cope with the socio-economic impact of the health crisis.

UNDP's offer includes support for:

### ALIGNING NDCS AND GREEN RECOVERY POLICIES

UNDP supports countries to mainstream climate change into recovery planning processes using the NDC framework. As part of this effort, UNDP provides macroeconomic [modelling tools](#) and [hotspot analysis](#) to guide priority setting in national development agendas, and will conduct quantitative and qualitative assessment of NDCs' impacts on green job creation, health and gender equality.

#### **UNDP's public finance planning and green budgeting tools**

- [Climate Public Expenditure and Institutional Review](#)
- [Private Climate Expenditure Review](#)
- [Investment & Financial Flow Assessment](#)
- [De-risking Renewable Energy Investment](#)
- [Biodiversity Finance Methodology](#)
- [Climate Change Financing Framework](#)
- [Climate Budget Tagging](#)
- [Integrated National Financing Framework](#)

#### **UNDP's public finance planning and green budgeting tools**

- [Climate Investment Platform](#)
- [UNDP's Insurance and Risk Finance Facility](#)
- UNDP's Carbon Payment for Development (CP4D) Facility
- GCF NDC Facility with GCF Direct Access Entities
- [ITMO project design and facilitating cooperative approaches under Article 6.2.](#)

### LEVERAGING & INTEGRATING CLIMATE FINANCE PLANNING AND FINANCING FRAMEWORKS

UNDP supports the strengthening of NDC financial planning to align with green recovery efforts, with the aim of supporting public spending decisions and mobilizing private finance to advance both agendas. UNDP helps countries to assess relevant existing expenditures and identify gaps, duplications, and priority areas for action, as well as to attract international investment through better budgeting and greater transparency.

UNDP's efforts to mobilize **private finance** focus on incentivizing and leveraging private sector investment into low-carbon technologies through grant finance, delivering measurable mitigation outcomes and SDG impacts. UNDP is also working closely with the [Coalition of Climate Resilient Investment \(CCRI\)](#) in order to support countries attract private and public investment in climate resilient infrastructure.

### STRENGTHENING ENGAGEMENT WITH FINANCE MINISTRIES

Aligning NDCs with green recovery requires a significant amount of coordination between government ministries. Building on the support under the Climate Promise which promotes whole-of-government approaches, UNDP is strengthening engagement between environment ministries typically leading the NDCs and LTS development and finance ministries leading green recovery planning. This also leverages UNDP's role in supporting [Integrated National Financing Frameworks](#) for delivering on national development plans and the SDGs, as well as drawing on UNDP's role as a key institutional partner of the Coalition of Finance Ministers for Climate Action, providing support to the six [Helsinki Principles](#).

### ENHANCING GENDER-RESPONSIVE AND INCLUSIVE PROCESSES

As the lead for the socio-economic response to COVID-19, UNDP assesses the impacts of the crisis on societies, economies and vulnerable groups to inform governments' response efforts. UNDP supports participatory approaches to recovery planning that integrates the principle of just transition and whole-of-society approaches, and integrates gender equality and women's leadership from NDC planning and implementation into recovery packages.

#### **UNDP Gender tools**

- [Gender Analysis and NDCs: Short Guidance for Government Stakeholders](#)
- [Briefing Note on Gender-Responsive Indicators](#)
- [Gender and Recovery Toolkit](#)
- [Gender Responsive Socio-Economic Assessment of COVID-19 Impacts](#)
- [The Economic Impacts of COVID-19 and Gender Inequality: Recommendations for Policymakers](#)

### BUILDING NATIONAL CAPACITY AND FACILITATING SOUTH-SOUTH COLLABORATION

UNDP has a long history of building strong networks for South-South Cooperation and the sharing of experiences across countries and regions. UNDP is leveraging its portfolio to facilitate learning and knowledge among practitioners so that policymakers are equipped to make rapid and informed decisions that respond to COVID-19 while putting in place the foundation to both revitalize the economy and help achieve ambitious and inclusive climate action.