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Climate Change

Regional Dialogue on Nationally Determined Contributions (NDCs) for Eastern Europe, Caucasus, and Central Asia

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DIALOGUE REPORT

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Overview

The Regional Dialogue on Nationally Determined Contributions (NDCs) for Eastern Europe, Caucasus, and Central Asia was co-organized by the UN Development Programme (UNDP) and the UN Framework Convention on Climate Change (UNFCCC) Secretariat, in collaboration with the NDC Partnership. The event built on past NDC Regional Dialogues hosted by UNDP and the UNFCCC Secretariat around the world and supported countries in the process of implementing their contributions submitted in the context of the Paris Agreement on climate change. The 17th such dialogue in the series, the Georgia event aimed to achieve the following objectives:

1. Exchange national experiences and views related to NDC implementation planning, including linkages to Sustainable Development Goal (SDG) and other planning processes, as well as opportunities to advance gender equality;
2. Identify opportunities for translating NDCs into concrete actions (in particular in the energy sector) to contribute to NDC goals;
3. Discuss finance considerations, including private-sector engagement, in the context of NDC implementation; and
4. Discuss future steps on NDCs in the context of the Talanoa Dialogue, raising ambition, and long-term development strategies.

The dialogue was hosted by the Government of Georgia and funded by the European Commission and the Governments of Germany, Japan, and Norway. It convened over 90 participants, including government representatives from 16 countries in the region, as well as international organizations and experts involved in NDC implementation planning. Participants represented a variety of ministries, including environment, planning, finance, and sectoral line ministries, as well as other institutions – reflective of the cross-cutting nature of NDCs and the need to involve a range of stakeholders in NDC implementation planning processes.

The dialogue was launched with welcoming remarks from Ms. Nino Tandilashvili, Deputy Minister, Ministry of Environmental Protection and Agriculture, **Georgia**. Ms. Tandilashvili highlighted the importance of all countries, irrespective of their size, to act on climate change and the Paris Agreement, even though governments may face certain challenges or have different development priorities. She framed cooperation, at both the regional and international levels, as a key instrument to address climate change in the region and to overcome challenges.

Mr. Donald Cooper, Director, **UNFCCC Secretariat**, highlighted the role of the NDC dialogues in advancing cooperation in the region, exchanging national experiences, and identifying international partners to jointly address climate change. He also framed the dialogues in the context of the next steps with regard to the Paris Agreement and highlighted the critical importance of 2020 when new or updated NDCs are due. This provides an opportunity to set the new baseline against which climate actions will be measured in the future.

Mr. Niels Scott, Resident Representative, **UNDP Georgia**, reminded participants of the urgency to implement and achieve the Paris Agreement and the 2030 Sustainable Development Agenda and its SDGs. He outlined that NDCs from the region are much more than climate documents but are tools and roadmaps to achieve sustainable development. He emphasized that the strong turnout of participants at the NDC dialogue shows the urgency for climate action in the region and highlighted

in this context that many countries already feel the effects of climate change every day. As one of the major issues to be addressed across the region, Mr. Scott highlighted the need to reform the energy and transport sectors in many countries of the region. Mr. Michael Comstock, **UNDP**, set the scene for discussions and introduced the dialogue objectives as mentioned in the overview.

The NDC Process and NDCs from the Region

In this session, Mr. Bernd Hackmann, **UNFCCC Secretariat**, highlighted key NDC-related outcomes of recent climate negotiations, including COP-23, and provided an overview of the NDC process up to 2020. He emphasized the importance of NDCs as the centerpiece of the Paris Agreement and global climate action. Mr. Hackmann further elaborated on the next steps under the Paris Agreement, including the 2020 timeline for communicating new or updated NDCs. He outlined a number of reasons why Parties should update their NDCs, including the need to better reflect the reality of climate action on the ground. In some countries, progress has already moved beyond what is included in their NDC due to new partnerships, ambitious actions of the private sector, or the introduction of new policies and measures.

Ms. Natasha Olofinskaya, **UNDP Istanbul Regional Hub (IRH)**, highlighted that NDCs in the region vary considerably in terms of content and scope and that some NDCs are quite ambitious. She asserted that NDCs from the region are roadmaps to achieve sustainable development, and that energy-sector actions are central to the NDCs. However, Ms. Olofinskaya noted that several NDCs do not fully reflect the work that is being done in many countries with respect to renewable energy. In addition, she noted the need for the region to enhance resilience given its vulnerability to climate change.

Country Progress on NDC Implementation

This session focused on NDC implementation planning and progress in the region in implementing NDCs. Ms. Lee Cando, **NDC Partnership**, presented on the Partnership's role in bringing together institutional partners and donors for NDC implementation, guided by country-driven plans. She mentioned challenges such as coordination among vertical and horizontal actors; mainstreaming climate change in development plans and processes; and access to finance. Best practices for NDC implementation planning include engaging stakeholders, diversifying sources of support, and high-level political commitment.

Ms. Lyudmila Shardakova, **Uzbekistan**, explained that her country's priorities for greenhouse gas reduction are being included in national programs and that a Development Action Strategy document was developed in 2017. Uzbekistan is also working on adaptation measures in agriculture, water, and the social sector in particular, and is harmonizing efforts with the SDGs.

Mr. Ion Comendant, **Moldova**, highlighted the role of his country's NDC Action Plan, Climate Change Adaptation Strategy, and Low-Emission Development Strategy (LEDS) in reaching its NDC targets (the latter of which identifies sectoral targets and investment needs). Moldova is planning to implement 44 prioritized Nationally Appropriate Mitigation Actions (NAMAs) financed by the state budget to achieve its unconditional mitigation target, as well as 22 additional NAMAs with donor support to achieve its conditional target. In progress are a new LEDS up to 2030, the design of an MRV system, and a law and National Action Plan on energy efficiency.

In discussion, participants discussed the effect of fossil fuel subsidies, the declining costs and intermittency of renewable energy, and the role of governments in energy markets. Moldova explained that wind energy (4 cents/kwh) is now more competitive than imported electricity (5 cents/kwh), and investing in traditional power plants to cover demand and address intermittency makes little economic sense. Participants discussed the need to engage ministries of finance and planning, but that energy investment should come from the private sector.

Synergies between NDCs and SDGs; Integration into National Planning

During this session, participants explored how climate and development actions can reinforce one another and put countries on a path to sustainable development. Mr. Michael Comstock, **UNDP**, highlighted the mutually reinforcing nature of the 2030 Agenda (with its SDGs) and the Paris Agreement (with its NDCs). Despite this alignment, the two processes have been undertaken largely in silos at the national level, with little communication and coordination between the ministries in charge. Advancing the agendas together can accelerate progress, reduce duplication, and increase efficiency. Policy coherence, the right institutional arrangements, and climate finance, as well as a whole-of-society approach, are needed at the national level.

Ms. Sofia Gonzales, **NewClimate Institute (NCI)**, introduced the SDG Climate Action Nexus (SCAN) tool, which highlights over 500 potential linkages between specific mitigation actions and SDGs. The tool enables policymakers to better understand the trade-offs between potentially conflicting policy goals and where to maximize synergies. She mentioned that SDG 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 11 (sustainable cities and communities), 12 (responsible consumption and production), and 15 (life on land) are most linked to climate action.

Ms. Tea Avazashvili, **Georgia**, and Ms. Asya Murudyan, **Armenia**, shared their experiences for integrating NDC implementation and SDGs into their national planning processes. Georgia underscored its priority of improving the country's energy security. The country has encountered challenges in transitioning to an open market economy while integrating ambitious climate protection policies into national development planning. This is mainly due to limited institutional capacities, lack of awareness, and human and institutional skills. For Armenia, as a land-locked country, adaptation is a main priority and is highlighted in their NDC. The country is using their National Adaptation Plan (NAP) for targeted mainstreaming and establishing implementation mechanisms of adaptation actions.

In discussion, participants agreed on the importance of keeping short- and long-term aspects in mind when integrating low-emission and climate-resilient development into national planning processes. A participant specifically referred to the International Labour Organization (ILO)'s recent World Employment and Social Outlook Report, which asserts that new job opportunities in the green economy will offset losses in traditional industries by 2030.

Breakout Session: Integrating NDCs into National Planning Processes to Support NDC Implementation

In this session, participants broke into three groups to discuss opportunities for incorporating NDC planning into other national processes, including sustainable development planning, sectoral planning, and NAPs. The group focusing on **sustainable development** highlighted the challenges of lack of climate specialists in non-environmental ministries and of establishing institutional

arrangements to coordinate across ministries. They discussed the need for political buy-in, synergies between NDC and SDG measures, and the importance of assessing NDC targets and climate policies in the context of the SDGs.

The group focused on **sectoral planning** also discussed institutional arrangements as they relate to implementation of NDCs at the sectoral level, the link with SDGs, and the need to coordinate vertically with sub-national actors. Countries in the region are forming working groups on renewable energy and energy efficiency (to identify win-win approaches) and recognize the need to involve key stakeholders, including the private sector. Participants highlighted the role of LEDS in NDC implementation and the need to identify conflicts with existing strategies and long-term planning.

Countries in the **NAP** group were at varying stages in developing NAPs and costing these out. However, participant countries highlighted that sectoral line ministries are identifying how climate change is affecting their sectors, and are working to mainstream climate change adaptation in their national budget processes through ministries of finance. Challenges discussed include identifying synergies between mitigation and adaptation, collecting information from ministries, and raising funds for adaptation. In discussion, participants mentioned the need to monetize climate benefits and to incorporate climate risk and adaptation into development efforts. They also highlighted the need for private investment, long-term planning, and incentives for transformation.

NDC Actions in the Energy Sector

Participants in this session discussed how NDCs are being translated into action, focusing specifically on the energy sector which is a key sector for many countries in the region. Energy experts shared their perspectives on opportunities for energy-sector NDC actions, as well as national experiences and capacity needs in the context of NDC implementation.

Mr. Ozren Laganin, **Bosnia and Herzegovina**, outlined how his country is active in several aspects of climate action. Bosnia and Herzegovina is currently updating its NDC and NDC action plan for 2020-2030. The country hopes to include its NDC in a long-term mitigation strategy. Both the NDC action plan and long-term strategy will help the government to set priorities on climate action and to align climate action with national development priorities. In this context, Mr. Laganin noted that the next step for Bosnia and Herzegovina is to integrate its climate and energy plans, as one of the key sectors to further develop in the future.

Ms. Nazik Margaryan, **Armenia**, introduced her country's energy-related plans and policies, which play a central role in the country's climate action. She highlighted the critical role of renewable energy (hydro, wind, and geo-thermal) in meeting Armenia's energy needs and how the country was able to achieve almost 30% renewable energy. This is driven, amongst other reasons, by the objective to achieve energy independence through the increased utilization of renewable energy sources. Ms. Margaryan elaborated on Armenia's systematic mapping of wind, solar, and geo-thermal potential resulting in a continuous increase of Armenia's renewable energy deployment. In order to advance this deployment, Armenia is increasingly looking to the private sector, with recent investments in hydro, solar, and wind power plants both by national and international private investors and companies.

Mr. Ular Niiazaliev, **Kyrgyz Republic**, presented his country's NDC and energy profile. The Kyrgyz Republic's electricity supply is almost entirely provided by hydro power, leaving transport and heating as important emitting sectors. The country is aiming to further increase renewable energy use and employ highly-efficient heating systems that use traditional and solar energy. He showcased that Kyrgyz Republic's energy consumption is relatively high due to a supply of cheap and available energy. Energy efficiency measures, especially for the building sector, and regional energy efficiency standards, are of a particular focus in the country's NDC. Mr. Niiazaliev elaborated how the Kyrgyz Republic is cooperating with its regional partners to develop and set regional energy efficiency standards and enhance integrated energy systems, particular with Kazakhstan.

Financing and Private Sector Engagement for NDC Implementation

This panel session included country participants, development partners, and private-sector representatives and aimed to address opportunities for engaging the private sector in NDC implementation. Mr. Jo Scheuer, **UNDP**, chaired the session and emphasized the need to mobilize the trillions of dollars in private investment needed to achieve NDC objectives (and the broader SDGs). The session focused on what is needed to increase private investment in NDCs and climate action and the role of governments in creating enabling environments for investment.

Mr. Van Rossem, **Blue Orchard**, mentioned that his impact investment firm faces challenges such as: financial illiteracy and lack of awareness among local populations of environmental problems and opportunities; legal and regulatory environments that are not conducive to green investment; and insufficient financial backing to overcome risk. He underscored the need to make strategic use of public finance and highlighted indicators that his firm uses when making investments (e.g., to assess corruption, legal environment, etc.). Mr. Gela Suli, **Creative Business Cup Georgia**, mentioned his group's work with small and medium enterprises (SMEs) and public-private partnerships (PPPs) in Georgia. In increasing investment, he underscored the need to address risk and mentioned the opportunity of stand-alone funds that work under a PPP scheme to boost financing of SMEs.

Ms. Lyazzat Bishenova, **Kazakhstan**, emphasized that her country has little "green" finance but is looking to attract private investment for NDC implementation. Her country is working to establish a green fund and has a new green technology center that serves as a one-stop shop to help the country transition to green technologies in transport and other sectors. By doing so, the Government of Kazakhstan is working to make investments in the green economy more attractive. Mr. Cyril Loisel, **European Commission**, explained that the European Union (EU) dedicates 20% of its budget to climate change (possibilities for increasing to 25%) and is reorienting capital flows to sustainable investment. Funding is being used to leverage private investment in energy, buildings, transport, and other sectors. He mentioned efforts to rebuild European economies in a "green" way following the 2008 financial crisis and an EU fund for sustainable investment that also provides technical assistance to help develop projects.

Ms. Ana Bucher, **World Bank**, asserted that finance needs to be leveraged and that the challenge is making more strategic use of public finance through guarantees and other mechanisms. The World Bank is helping mobilize capital, develop accelerators, engage finance ministries and the private sector, and train countries in this area. They are also working with countries on green bonds, long-term strategies, embedding climate in development actions, and advancing best practices. Mr.

Frederic Wils, **GIZ**, mentioned GIZ's advisory services and hands-on project development support to address barriers to private investment. He suggested that NDCs should be broken down into smaller investible measures, as it is impossible to invest in a target. He discussed several government roles (regulating and providing services, incentives, and information) and asserted that the Green Climate Fund should provide only small, incremental funding to make projects financially viable.

Following the panel, a **group exercise** focused on three discussion questions: 1) Where do you see investment flows in the region, and where is innovation taking place for low-carbon development or sustainable economic growth? 2) What are the key entry points for engaging the private sector in NDC implementation, and how can private financing be increased in this space? 3) What challenges or market barriers to investment exist, and what is the role of government and public funding in addressing these challenges/barriers?

In response, participants mentioned that the energy sector was a key sector for investment and highlighted the importance of international financing to boost innovation for low-carbon development. Participants also highlighted that the private sector must recognise the environment as an urgent issue to address and that transparent and reliable data and clear institutional and legal frameworks, appropriate MRV systems, and risk analyses are required to increase private finance. Regulations were seen as a barrier to investment and clear communication between governments and the private sector (particularly banks) on bankable projects was needed. Participants also voiced that low interest rates should not impede private sector engagement. Mr. Scheuer concluded the session by underlining that there are huge opportunities for the government to attract finance. He emphasized that countries must have the private sector "on board" from the very beginning, from the design stage through to implementation.

Gender Integration in NDC Implementation

This session focused on entry points for integrating gender equality and women's empowerment into national climate change planning and policy and harmonizing gender and climate change actions across ministries and sectors. Ms. Natasha Olofinskaya, **UNDP IRH**, explained that gender equality is integral for achieving all 17 SDGs, including climate action. She highlighted that integrating gender equality in NDC implementation will not only support mitigation and adaptation efforts but it will also generate positive results in areas such as healthcare, poverty reduction, and hunger alleviation.

Ms. Anna Samwel, **Women Engage for a Common Future (WECF)**, highlighted the activities undertaken in the pre-NAMA pilot phase (2010-2017) and the implementation strategy of the gender-responsive NAMA in Georgia. This included the creation of four (4) energy cooperatives and one (1) umbrella cooperative to promote sustainable and renewable energy use in rural communities. Through an inclusive, participatory, multi-stakeholder process, technologies were identified and included as national priorities in Georgia's climate and energy policy as well as its NDC., Capacity must continue to be strengthened to upscale activities and access funding.

Ms. Danijela Racic, **Montenegro**, presented the legal and strategic framework on gender equality in her country with its First Biennial Update Report (BUR) in 2016, recognizing that gender should be mainstreamed into climate change policy. Recommendations on how to achieve this included

gender-balance in policy-making, gender-disaggregated data, capacity building of institutions and civil society organizations (CSOs), and gender analyses.

Ms. Ljubica Teofilovska, **Macedonia**, outlined the steps taken to enhance gender mainstreaming in climate change such as applying a gender lens to Climate Action Plans, identifying strategic entry points (in mitigation and adaptation), and a mapping exercise. A toolkit for gender-responsive National Communications (NCs) was also developed to strengthen the capacity of national governments and to support the integration of gender equality into BURs, NAPs, and NDCs.

Mr. Nasimjon Rajabov, **Tajikistan**, emphasized the inclusion of gender equality and climate change in Tajikistan's National Development Strategy for 2030. He also mentioned that the National Strategy for Enhancing the Role of Women (2011-2020) identifies adaptation measures to address the impacts of climate change on women. However, gaps in gender capacity-building persist due to lack of knowledge of climate change among women; organizations that cannot fully comprehend the scale of climate threats to women, particularly in rural areas; and low participation rates of women in climate change workshops and seminars.

During discussion, **Armenia** emphasized the difficulty of linking climate change mitigation and gender and the need for gender-disaggregated data to improve reporting through National Communications and BURs. **GIZ** mentioned that although it is important for women in rural communities to have access to renewable energy to help facilitate household chores, there needs to be a cultural discussion to ensure that traditional gender roles are not reinforced. In response, **WECF** noted that, because few women participate in traditional energy projects (construction, etc.) in Georgia, WECEF's approach is to change traditional gender roles and stereotypes by offering women roles in MRV and awareness-raising. This will in turn lead to empowerment at a leadership level.

The Talanoa Facilitative Dialogue and Long-Term, Low-Emission Development Strategies

This session looked beyond current NDCs toward future contributions. Mr. Bernd Hackmann, **UNFCCC Secretariat**, presented requirements related to communication of enhanced/revisited NDCs by 2020 and subsequent NDCs every 5 years; explained the Paris Agreement's invitation to Parties to prepare long-term, low-emission development strategies (LT-LEDS); and explained the Talanoa Facilitative Dialogue (TFD) process and recent progress.

The Talanoa Dialogue aims to take stock of collective progress on NDCs to inform future rounds, and to promote cooperation between the countries in increasing ambition. The idea is to share national stories based on the three questions: 1) Where are we? 2) Where do we want to go? 3) How do we get there? Parties are encouraged to develop and present by 2020 LT-LEDS (not a mandatory requirement), which can be seen as living documents driven by national context. They serve as long-term national visions toward 2050 and tools to translate the long-term goals of the Paris Agreement into domestic policy actions. They can thereby provide direction for planning and implementation of future NDCs in the context of decarbonizing economies.

In this session, participants took part in a **group exercise** that focused on three questions: 1) Where do countries want to be in 2050 in terms of low-emission, climate-resilient development? 2) How can low-emission, long-term development strategies help you get there? 3) What do countries need to achieve this vision, and what challenges do they foresee in doing so? In discussions, **Azerbaijan**

considered that it could achieve 20% of its energy consumption from renewable sources by 2050. **Macedonia** added that although their share of renewable energy is relatively high, there is a need for strengthened political will and MRV systems as well as better stakeholder engagement and improved data. **Georgia** pointed out that its NDC provides a baseline for long-term strategies but due to lack of data, it is difficult to inform LT-LEDS. **Uzbekistan** emphasized its LEDS up to 2030 and 2050 and its focus on 3 key emitting sectors: power, heating, and building. **Moldova** highlighted its LEDS up to 2070, which includes zero-waste recycling, zero-emission buildings, efficient transport, and resilient agriculture. The **EU** demonstrated that its long-term strategies are based on reverse engineering (target first, measures will follow) that inform policies and create the right market conditions. He added that countries cannot be bound by the current situation but need to think outside the box and be forward-thinking. Well-informed baselines and statistics are key for planning and should be regularly adjusted to realities.

The Way Forward on NDCs

Panelists in this session discussed the extent of implementation of NDCs currently and what is needed to enhance the ambition of future NDCs in line with the Paris goals and countries' long-term strategies. Ms. Anna Yodchik, **Belarus**, discussed Belarus' national sustainable development strategy including its energy consumption and energy efficiency targets. Mr. Juergen Keinhorst, **Germany**, emphasized that climate policy is intrinsically linked to other areas such as energy, education, water, etc. Therefore, we must first understand our current situation, in each sector, and reflect on this. This will allow countries to better align their NDCs with other low carbon strategies. There must be a whole-of-government and -society approach to ensure that investments going forward are in line with mid- and long-term visions.

Conclusions & Next Steps

In the final session, participants expressed that the 2.5-day dialogue had provided a useful platform for exchanging national experiences and views related to NDC implementation planning. In particular, it had provided a space to learn from neighboring countries that face similar challenges and to share best practices and lessons learned. Mr. Donald Cooper, **UNFCCC Secretariat**, congratulated countries on the progress that has been achieved over the last five years and encouraged countries to continue to be even more ambitious. Mr. Grigol Lazriev, **Georgia**, thanked countries for sharing their national experiences and contributing to rich discussions on current and future NDCs as well as long-term development strategies.

The UNFCCC Secretariat and UNDP reiterated that the dialogue should be a springboard for continued exchanges among countries, international organizations, the private sector, and donors in order to move forward with NDC implementation planning and to discuss next steps on NDCs in the context of the Talanoa Dialogue, raising ambition, and long-term development strategies. The co-organizers intend to continue this series of Regional Dialogues on NDCs into 2019.