

Investing in Climate for Growth and Development

THE CASE FOR ENHANCED NDCs

GST NDC Annual Dialogue – Roundtable 2

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Jo Tyndall, Director of Environment, OECD



The need for renewed momentum and « Enhanced NDCs » to take forward the outcomes of the first GST

Ambitious

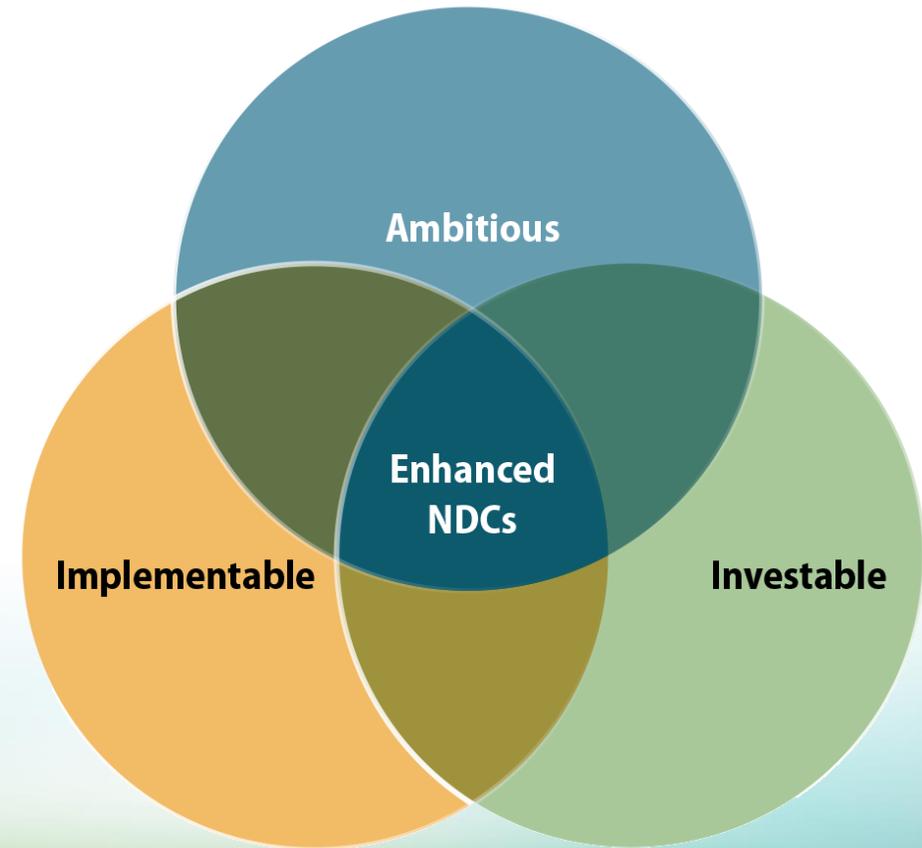
set emission reduction targets towards 1.5°C
and take forward outcomes in the first GST

Implementable

backed by clear policies and actions

Investable

create the conditions for public and private investment



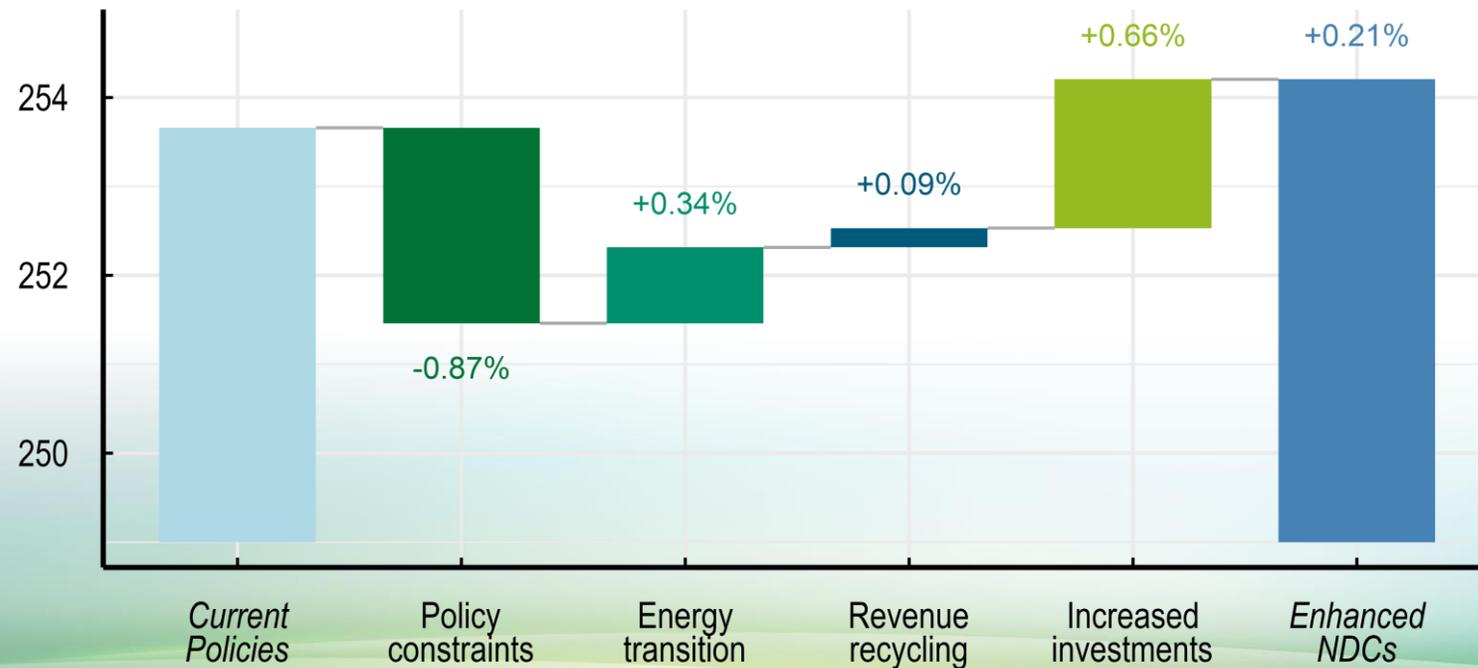
KEY FINDINGS

Accelerated climate action makes economic sense,
even in the near term

Well-designed climate policies can deliver stronger economic growth than business-as-usual pathways

Enhanced NDCs can increase global GDP, even in the near term

Decomposition of changes in global GDP (2021 USD purchasing power parity) between the *Current Policies* and *Enhanced NDCs* scenarios in 2040

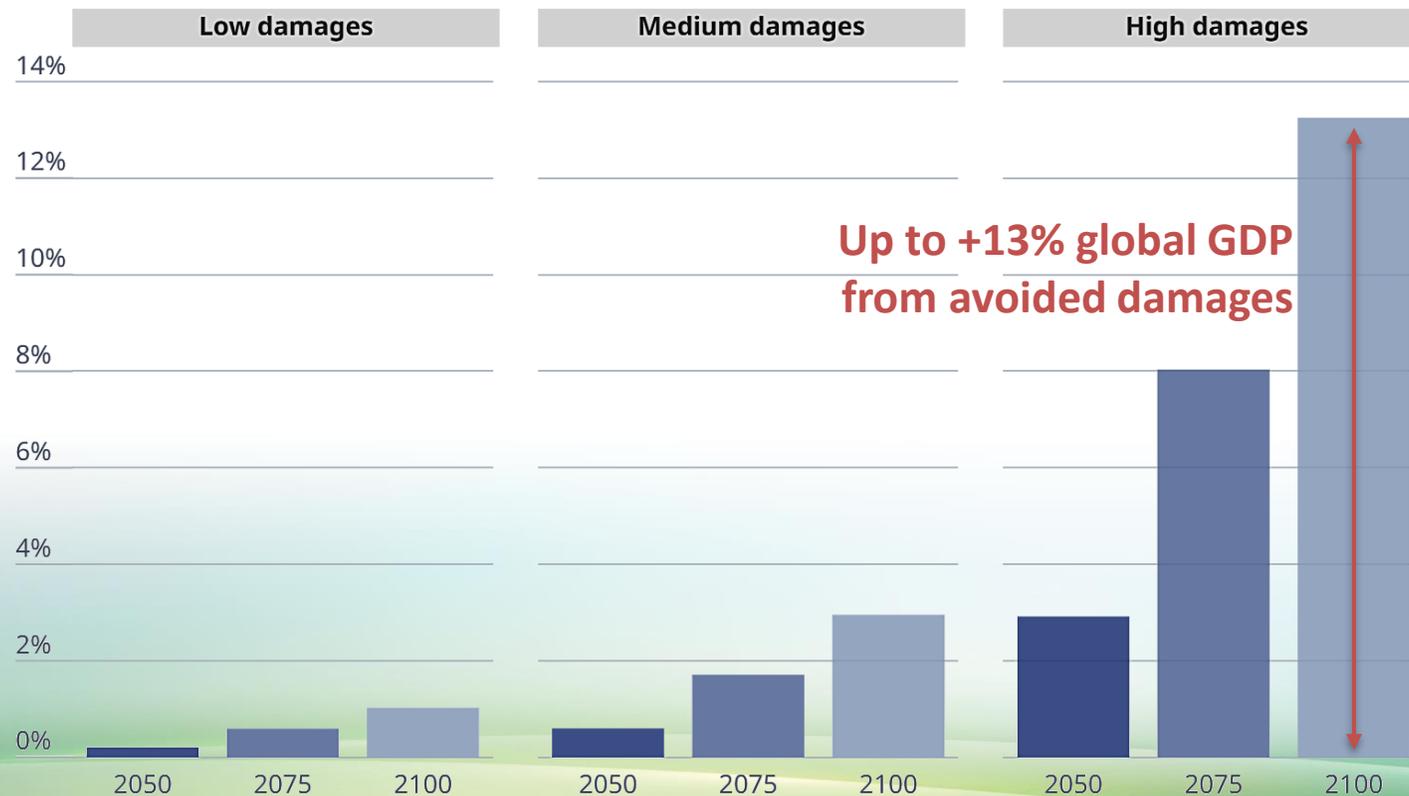


Source: OECD ENV-Linkages model, with inputs from the NiGEM and IEA's GCEM models.

The economic case for climate ambition is even stronger when factoring in avoided climate damages

GDP benefits from reduced climate damages

Avoided global GDP loss in the *Enhanced NDCs* scenario, compared with *Current Policies*, in % of potential GDP



Source: Authors, based on three damage functions (Howard and Sterner, 2017; Barrage and Nordhaus, 2024; Kotz, Levermann and Wenz, 2024).

Integrating climate and development objectives delivers benefits beyond GDP growth

Benefits from integrating Enhanced NDCs with sustainable development goals

Changes in the SDG Push 3.0 scenario in 2050

Poverty reduction

By 2050, integrated climate-SDGs policies could lift **one in five people** in extreme poverty out of the poverty trap

SDG Indicator	SDG Push 3.0	Change
 1 No Poverty Poverty Millions	350.5M	↓30.6% (-154.7M)
 2 Zero Hunger Malnutrition Millions	115.3M	↓55.8% (-145.6M)
 2 Zero Hunger Malnourished children Millions	42.93 M	↓15.5% (-7.88M)
 3 Good Health and Well-being Maternal mortality rate	78.04	↓9.1% (-7.77)
 3 Good Health and Well-being Neonatal mortality rate Per thousand	8.48	↓14.9% (-1.49)
 3 Good Health and Well-being Infant mortality Per thousand	13.02	↓14.6% (-2.22)
 3 Good Health and Well-being Child mortality under 5 years Deaths per thousand	16.88	↓16.4% (-3.32)
 6 Clean Water and Sanitation Improved sanitation access Millions	9616	↑10.3% (+899)

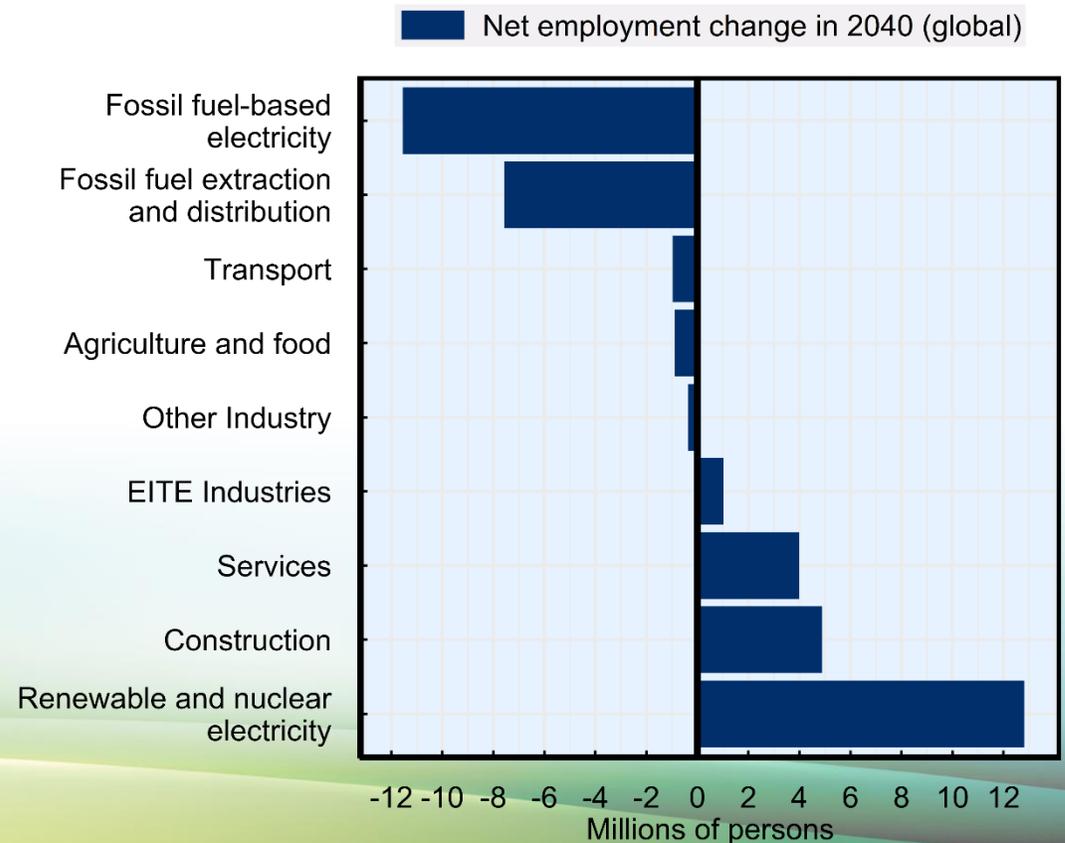
Source: UNDP's International Futures model.

Placing people and territories at the center of climate strategies is essential

In the long run, climate action has large social benefits, but in the short run can be regressive and cause disruptions in the job market, requiring targeted approaches

Well-designed support policies and compensation mechanisms are essential.
A coherent set of labour market policies can steer workers towards growing sectors.

The net impact of Enhanced NDCs on global employment is marginally positive



LESSONS LEARNED

Delivering on climate, growth and development goals with enhanced NDCs

Building blocks of ambitious, implementable and investable NDCs



Signalling elements

Convey overall ambition and direction of travel

e.g. quantified targets, sectoral priorities, initial cost assessments



Actionable pathways

Translate NDC targets into action

e.g. implementation plans, financing strategies, sector roadmaps, mainstreamed in existing strategies and processes



Enabling approaches

Governance arrangements, inclusive processes, private sector collaboration

e.g. institutional co-ordination, stakeholder engagement, country-led platforms

Government actions to deliver implementable and investable NDCs

- 1** Build political ownership across government for delivering NDCs
- 2** Align NDCs with national and local development priorities
- 3** Put affected stakeholders at the centre to secure a just transition
- 4** Collaborate early with the private sector to unlock investments
- 5** Optimise public finance and tap into international support

Structuring NDC financing or investment strategies



Unlocking investment pathways for NDC delivery



Ministries of Environment
Ministries of Finance
Sectoral Ministries
Central Banks
Financial Regulators
National Development
Banks

OPTIMISE PUBLIC FINANCE

Embed NDCs into budgets

Implement green budgeting

Phase out fossil fuel subsidies

Raise further revenues through carbon pricing & green bonds

Build capacity in domestic financial institutions

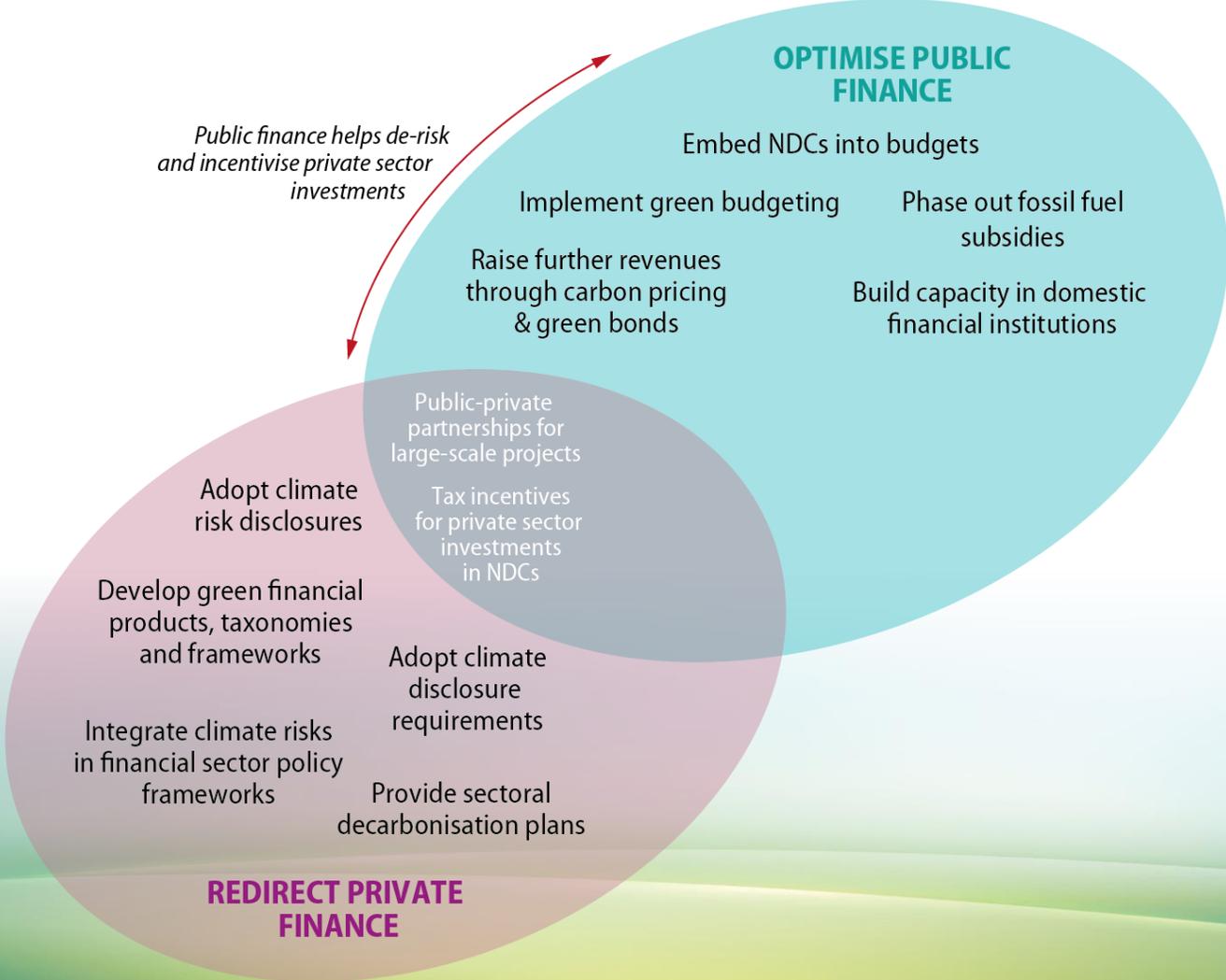
Unlocking investment pathways for NDC delivery



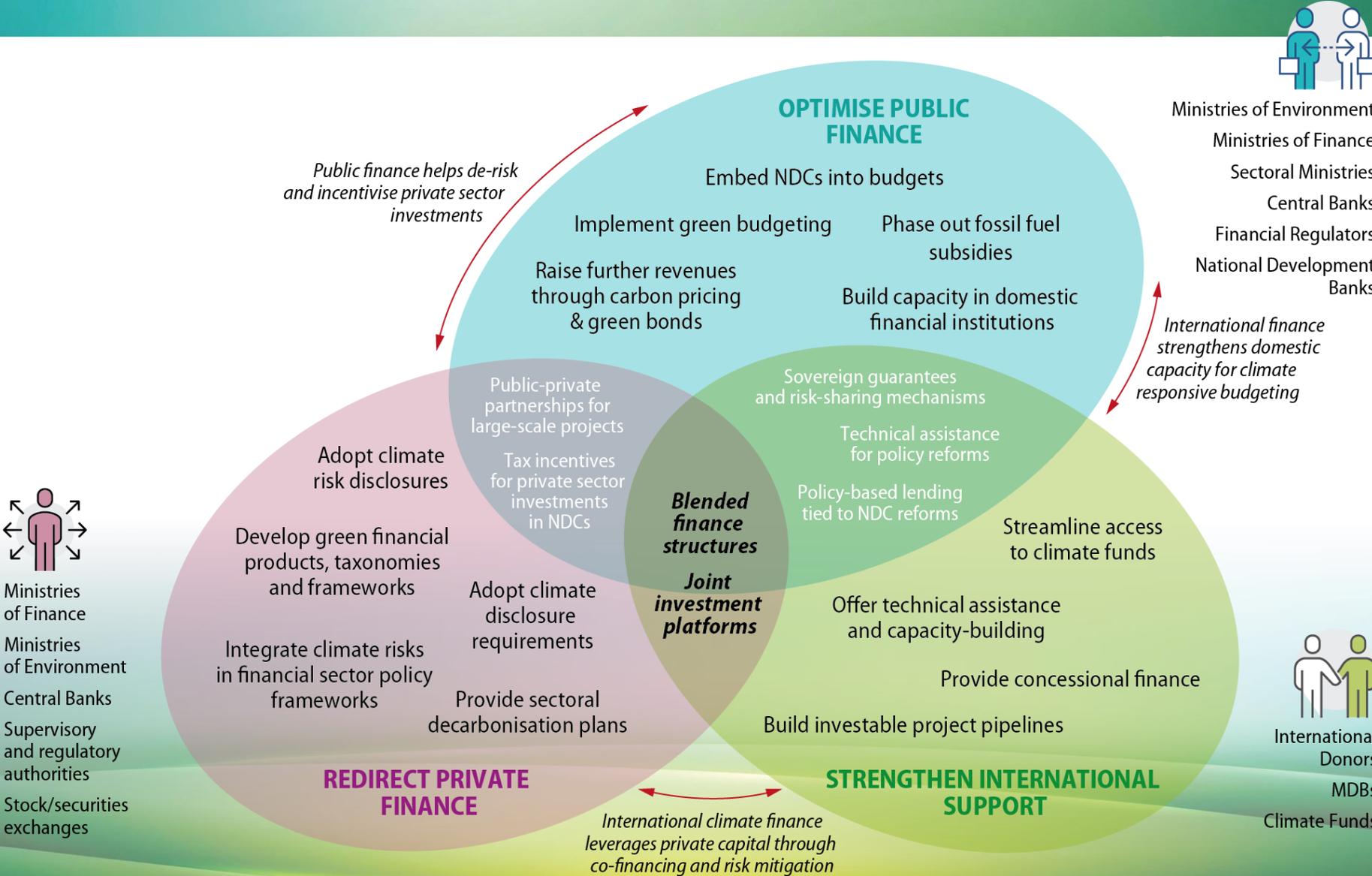
- Ministries of Environment
- Ministries of Finance
- Sectoral Ministries
- Central Banks
- Financial Regulators
- National Development Banks



- Ministries of Finance
- Ministries of Environment
- Central Banks
- Supervisory and regulatory authorities
- Stock/securities exchanges



Unlocking investment pathways for NDC delivery



THANK YOU

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