NDC INVESTMENT PLANNING

GUIDE AND CHECKLIST

INTRODUCTION

This document provides step-by-step guidance for countries to develop and strengthen their climate commitments into actions through the preparation of climate investment plans based on current best practices collected by the NDC Partnership. The guidance covers detailed steps on how different outputs for the Nationally Determined Contribution (NDC) investment planning process can be completed. This guidance should be tailored by countries based on unique fiscal circumstances, climate ambition and capabilities. The process of investment planning can be extensive, and scope of planning may vary from country to country. In addition to the guide, a checklist summarizing the list of outputs and steps to complete them can be found in the annex.

The ability to identify, prepare and implement transformative and large-scale mitigation and adaptation projects and mobilize unprecedented amounts of capital will be central to achieving the Paris Agreement. The financial commitment to this endeavor is substantial. According to a study commissioned by the United Nations High-Level Champions, $125 trillion of climate investment is needed by 2050 to meet net zero.[1] This represents annual investments of approximately USD4.2 trillion or 4% of the world's gross domestic product (GDP).

On the adaptation/resilience-building front, the impacts and investments needed are also noteworthy. The International Monetary Fund estimates that direct damage from climate impacts cost USD1.3 trillion from 2010 to 2019, and forecasts from the European Central Bank indicate that climate change could impact GDP in a range of 1-3.5% by 2060 and 2-10% by 2100.[2,3]

NDCs are the cornerstone of global climate action, reflecting national commitments from developed and developing countries towards the achievement of the goals of the Paris Agreement to limit climate change and build resilience and adaptative capacity. Where effectively aligned with existing national and sectoral development strategies and other key documents for setting climate and development priorities, they constitute a powerful starting point for translating countries' climate commitments into investment actions and create the basis and policy signals for transitioning to a low-carbon and climate resilient development pathway and achieving of NDCs and sustainable development goals (SDGs).

This document recognizes that NDC investment planning is anchored in a country's NDC commitments and climate ambition. Mitigation and adaptation targets set the scope for NDC investment planning, such as the level and type of investment needed. As NDC targets are reviewed, investment planning will need to be updated to meet new commitments. Moreover, the investment planning process may provide relevant feedback for the review of NDC targets (required every five years), as it informs the country of its capacity and gaps, which may uncover new capabilities and avenues for climate action. Therefore, NDC investment planning is embedded within the wider process of setting NDC targets and ambition.

Additionally, NDC investment planning is a dynamic and iterative process, unique to each country, dependent on its context, ambition and capabilities (Box 1).

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[1] "What's the cost of net zero?;" United Nations High-Level Action Champions; 2021; https://climatechampions.unfccc.int/whats-the-cost-of-net-zero-2/
[2] "Equity Investors Must Pay More Attention to Climate Change Physical Risk;" International Monetary Fund; 2020; https://www.imf.org/en/Blogs/Articles/2020/05/29/blog-GFSR-Ch5-equity-investors-must-pay-more-attention-to-climate-change-physical-risk
[3] "Climate change and the macro economy;" European Central Bank; 2020; https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op243~2ce3c7c4e1.en.pdf

Box 1. Guiding principles for NDC investment planning

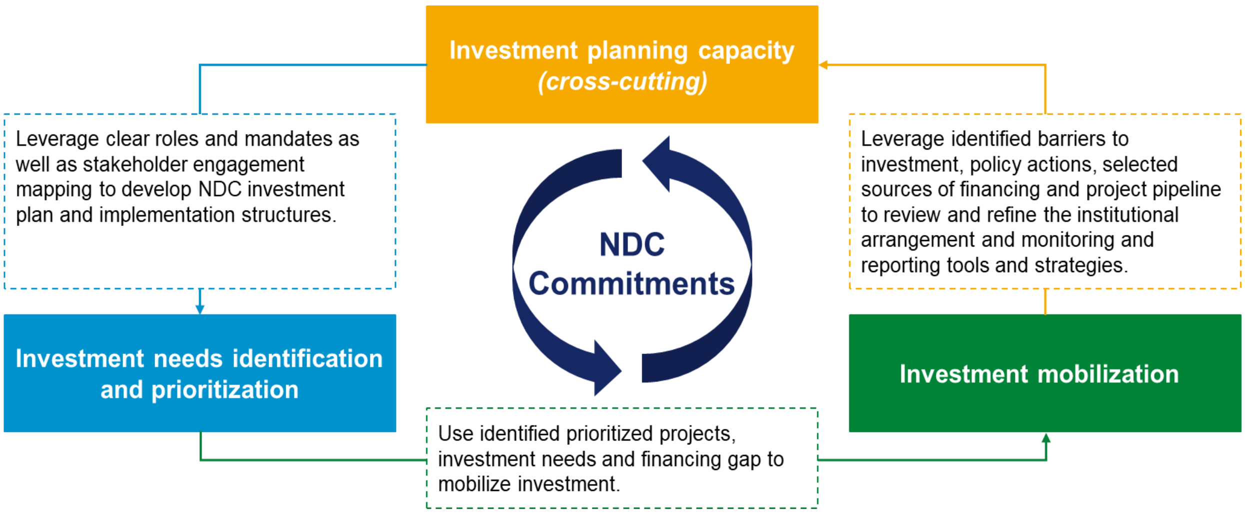
NDC investment planning reflects the institutional arrangements, processes and outputs put together with the aim of identifying and unlocking investment to achieve NDC targets. It is a process anchored within the NDC commitments, which outline the scope, scale and ambition for required investment. Guiding principles include:

- **NDC investment planning is built on a strong foundation of identified climate priorities.** Robust and well-defined NDC targets require clearly articulated national and sectoral plans and priorities.
- **NDC investment planning is unique to each country context.** Considering the scale and ambition of NDC commitments, countries can use this guide to gain insights into NDC investment planning components and tailor the guidance to their own context by adjusting the scope or selecting relevant components.
- **NDC planning is at different stages across countries.** Some countries might find this guidance helpful to produce initial NDC investment planning outputs, while others might use it to strengthen existing analyses, processes or outputs. Therefore, where relevant, the guide notes possible gradual approaches to defining outputs. For instance, countries could consider an initial assessment of investment needs with a subset of the most relevant sectors to achieve NDC targets.
- **NDC investment planning is dynamic and iterative.** Processes should be put in place to update NDC investment planning outputs so that they remain "living" documents where the information maintains its relevance for stakeholders. Additionally, outputs that identify investment and financing gaps or barriers to investment can be drawn to update sectoral plans and strategies and serve as future inputs for NDC investment planning.

NDC investment planning can be organized into the following three stages, with each stage including numerous components (**Figure *1***): **Investment planning capacity (cross cutting); Investment needs identification and prioritization, and Investment mobilization.**

The stages and outputs for the NDC investment planning process noted above are part of a dynamic process. The i**nvestment planning capacity** stage sets out clear roles and mandates and a mapping of stakeholders that countries can leverage to develop NDC investment planning and start the task of identifying NDC investment needs. The **investment needs identification and prioritization** stage identifies the financing gap and prioritized projects and activities that countries can use to identify the level and type of financing needed and match financing sources. Finally, the **investment mobilization** stage lists barriers to investment, potential policy actions and financing sources that can constitute important inputs to review and refine institutional arrangements, as well as tools and strategies for monitoring and reporting. This stage also orders the prioritized projects into a pipeline, outlining a roadmap for their development, as well as financial and capacity requirements.

Figure 1. Translating NDC commitments into action



Across the three stages, there are eleven components that feed into the investment planning process with specific outputs (Figure *2*). They are the elements that need to be considered when constructing a comprehensive investment plan.

This investment planning process can be extensive, so countries should shape the scope of their plan to their country context and objectives and consider that support is available through the NDC Partnership to raise their capacity. Moreover, this includes acting within current technical, institutional and resource capacities. While current available capacity is a legitimate limiting factor to the ambition of the investment planning process, countries should use this guide to identify and plan additional support needs, which can be delivered through the NDC Partnership. The NDC Partnership strives to support countries to maximize their investment planning efforts no matter their current capabilities. This guide helps with the process of investment planning and can highlight areas in which countries need support for capacity building or specific analysis.

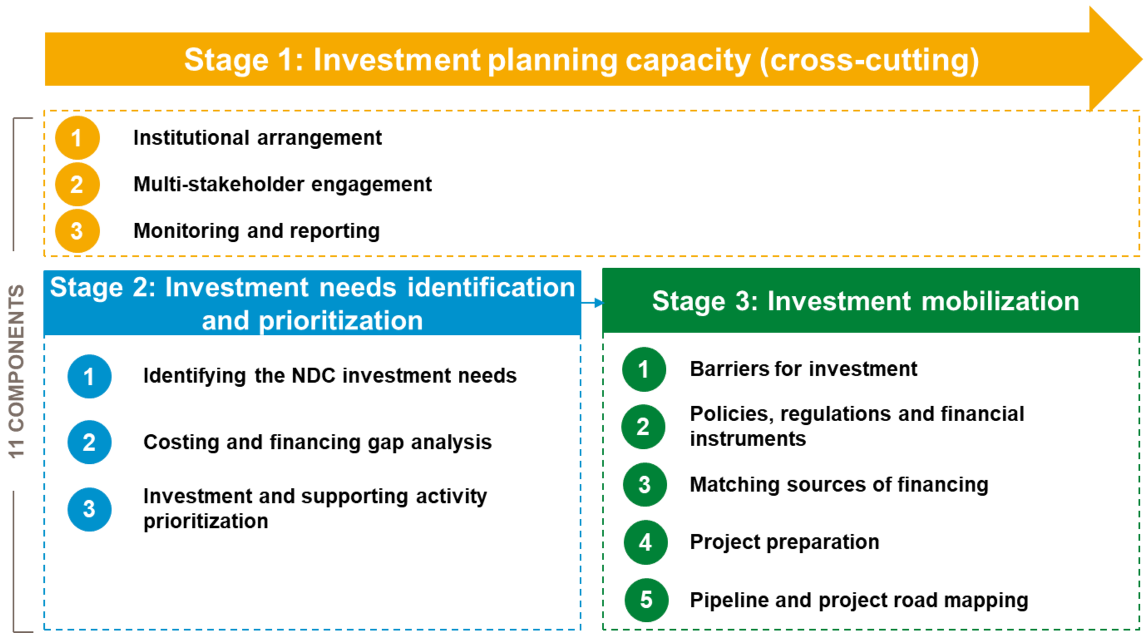
This document presents a guide on how to develop the outputs associated with each component. The guide presents specific steps to develop relevant outputs for NDC investment planning. This is complemented by a checklist found in the annex, which presents a list, across all stages, of the suggested outputs that countries should produce while working on NDC investment planning.

This document addresses a unique gap by providing a programmatic approach to NDC investment planning. No other previous effort brings together a step-by-step sequence with specific outputs for countries to tailor their needs in the way this document does, particularly by:

- **Articulating how multistakeholder engagement and coordination mechanisms** can be designed to ensure that capacity is built and country ownership is maintained across all three stages of the investment planning process.
- **Ensuring alignment of interventions** with ongoing in-country work (e.g., policies, projects, institutional structures) and thereby avoiding duplication of efforts and promoting the crowd-in of existing resources.

- Strategically linking activities and projects around a **"transformative vision"** that unifies multiple interventions, providing clarity about how each contributes to achieving NDC goals and translates to measurable climate impact. In doing so, the idea is to arrive at a pipeline of investment-ready projects together with actions that address investment barriers and build enabling environments for deployment of diverse financing instruments according to country needs and priorities.

Figure 2. Stages and components of NDC investment planning



By providing an illustrative sequence and a menu of outputs that can be utilized to advance NDC investment planning, this guidance aims to support countries in navigating these complex processes from identifying needs to mobilizing resources. This document can also be useful for:

- **NDC Partnership member countries** (government agencies): Finance and environment ministries as well as other project-executing entities can utilize this guide and checklist to assist efforts to develop NDC investment plans and other policy frameworks for accessing climate finance.
- **Financing and implementing partners**: These partners include multilateral development banks, private-sector entities and international climate funds in shaping their frameworks for delivery of technical and financial support for climate action.
- **Civil society organizations**: These entities play a meaningful role in building community resilience, advocating for specific societal interests (e.g., gender, social inclusion) and making progress toward national climate objectives.
- **Private-sector actors**: These actors include investment funds and asset managers interested in how countries originate, prioritize and promote NDC-aligned investment projects and what the entry points are for private-sector engagement in the diverse stages of the NDC investment planning process.

STAGE ONE: INVESTMENT PLANNING CAPACITY

For robust and inclusive NDC investment planning, governments should define the institutional arrangements across government levels and sectors to facilitate planning and implementation of NDC priority actions, as well as the stakeholder engagement and monitoring and reporting strategies.

Component one. Institutional arrangement

There is a range of institutional arrangements that countries can put in place for the NDC investment planning process, including 1) placing the leading role within an existing institution, 2) creating a new institution to act as a leading agency, 3) establishing a coordination mechanism among sectors/line agencies (e.g., task force, inter-ministerial committee) and/or 4) establishing new, complementary specialized units.

The specific institutional structures and arrangements to develop, coordinate and implement NDC investment plans can ensure that there is strong accountability and collaboration channels within government and support the exchange and gathering of information for NDC investment planning.

Step one: Identify public-sector bodies linked to NDC targets and points of contact

- Conduct a review of public-sector bodies that are linked to identification and implementation of activities linked to NDC targets and to the financing of projects and activities.
- Countries should focus on including institutions with responsibility for planning, delivering and monitoring investment needs identified in **Stage two, Component one, Output: Summary of NDC investment needs**. These could include line ministries of sectors relevant to NDC targets (e.g., energy, transport); institutions responsible for national budgeting and planning, such as the ministry of finance; and national development banks.[4]
- Ensure the bodies identified also include gender, youth and social inclusion experts. A gender expert could be identified within relevant sectors or cross-cutting entities, like ministries of women's affairs, to oversee the technical aspects of including gender equality (e.g., United Nations Framework Convention on Climate Change [UNFCCC] National and Gender Climate Change focal points). Youth experts could be identified within relevant sectors or civil society partners and local, youth-led climate organizations. If these cannot be identified, it points out a capacity gap that needs to be addressed.
- Identify points of contact within key cross-cutting institutions involved in NDC investment planning development and implementation and existing climate finance coordination mechanisms. At a minimum, this should include the ministry of economy/finance, given its role in budgeting and central planning, and the ministry in charge of climate change, given their climate expertise and role to set NDC targets.
- Points of contact within these institutions should be associated with the highlighted roles as follows:

[4] While a complete analysis of institutions is preferred, the initial scope can be limited to relevant sectors based on prioritization results from investment need prioritization (Stage two, Component three, Output: Prioritization of projects).

    - For the ministry of economy or finance, point of contact should include personnel familiar with planning, budgeting and investment frameworks to facilitate mainstreaming NDC investment plans in national planning and budgeting processes.
    - For the ministry of environment, points of contact should be familiar with the process undertaken to update and monitor NDC targets.
    - Additional points of contact should be made with government institutions responsible for identifying and developing investment projects. Those could be from the sector-specific ministries or more generally from the ministry of economy and/or environment, who would oversee the implementation of projects.
- Points of contact should also be identified for all relevant institutions responsible for investment planning and project preparation and development. They should have a cross-cutting view of NDC investment planning and implementation in the sector, serving as coordinators and assigning specific personnel within the sector according to required tasks.
    - The scope of these institutions can range from line ministries to national development banks, involving both the public and private sectors as well as the national and international spheres.
    - Coordination with international financial institutions such as the Green Climate Fund (GCF), the Global Environmental Facility (GEF), the World Bank and others is key to ensure alignment and coherence of NDC investments with other investment pipelines and large projects financed by international donors.
    - Gender and inclusion experts should be sought out and included in the process. Across ministries, there may be specific gender and social inclusion specialists. Alternatively, there may be a single ministry responsible for gender and inclusion-related topics, such as the ministry of women's affairs or ministry of gender.
- Capture relevant public-sector bodies in an organizational chart.

Resulting output: Institutional map
An organigram of public-sector bodies linked to the content development and implementation of NDC investment plans. This should include national-level bodies and sector leads and could also be expanded to cover links to subnational bodies. Additionally, countries can opt to develop sector-specific organigrams if relevant.

Step two: Identify mandates and roles

Countries can follow **Table *1*** to identify mandates and roles in which:

- Mandates are identified from existing functions within institutional regulations that are associated with NDC investment planning (e.g., general planning or budgeting functions), while roles are assigned for a specific task within the development and implementation of the NDC investment plan.
    - Specific mandates for gender-related budgeting should be taken into consideration, as these may be relevant for co-benefits of projects involving climate and gender action.

- Countries consider the role that public bodies will have across all NDC investment planning components. For each component, the public body identified will be involved in a general role of either developing the component of the NDC investment planning process (consolidating information, writing the report, etc.) or feeding information (providing information for another public body to consolidate).

Table 1. Example of an overview table of roles and mandates

Institution	Mandate	Component	Role type: Inform	Role type: Develop investment planning	Role details
Ministry of finance	National policy for planning and budgeting	1. Multistakeholder engagement		✓	Consolidate sectoral information and involve relevant stakeholders in consultation and validation processes
		2. Monitoring and reporting		✓	Report on assigned budget for prioritized projects and activities
		3. Identifying the NDC investment needs		✓	Consolidate sectoral information into one comprehensive document
		4. Matching sources of financing	✓	✓	Inform on secured funding from domestic sources (national budgeting) and consolidate information on external funding

Resulting output: Overview of mandates and roles
A table covering the bodies included in the institutional map detailing their specific role within the NDC investment planning development and implementation.

Step three: Institutional arrangement gap analysis

Conduct an institutional arrangement gap analysis, which should answer the following guiding questions:

- **Is there a gap in roles for central coordination?**
  - If existing mandates are considered insufficient to place leadership within an existing institution (such as the ministry of finance or the ministry of environment), countries could consider the creation of a cross-cutting public body, such as a central office within the executive branch.
- **Is there a gap in role for a specific component?**
  - If existing mandates are insufficient to fulfill specific roles across components, countries could consider creating a specialized unit. For instance, they could consider the creation of a specialized unit to access and mobilize finance.

Step four: Assign central coordination role for NDC investment planning

From the identified mandates and roles as well as the gap analysis, countries should identify the central coordination role for NDC investment planning, assessing who is best placed to act in the role according to their objective and assigning the position.

- The countries' objectives may vary depending on the stage of their NDC investment planning. Countries with strong sectoral plans may choose to place leadership in an institution that can mainstream implementation and finance, while countries that need to emphasize planning strategies may choose to highlight climate expertise. For example:
    - Choosing an existing public body to facilitate the mainstreaming of planning, budgeting or resource mobilization for the NDC investment plan. For instance, assigning leadership to the ministry of finance can facilitate budget mainstreaming.
    - Choosing an existing public body to highlight climate expertise, such as the ministry of environment.
    - From the gap analysis for central coordination, choosing to create a unit outside existing structures can highlight climate expertise.
- If not in place, countries should establish a mechanism to ensure periodic review and iteration of NDC investment planning. The coordinating body's mandate should include a review of existing institutional arrangements and coordination mechanisms to analyze their effectiveness and propose improvements.

Step five: Identify actions to formalize roles

Countries should determine the necessary actions to formalize the specific roles identified (choosing one of the four levers) (**Table *2***). To do this, they should consider:

- The general willingness from relevant public bodies to prioritize NDC investment planning. Buy-in from relevant public bodies can facilitate putting in place more direct and short-term institutional arrangements, such as leveraging existing functions or establishing memoranda of understanding (MOUs). On the other hand, less buy-in might require more formal and long-term levers to be put in place, such as regulation and legislation.
- Alignment with wider strategic objectives, such as gender and social inclusion, sustainable development goals, etc. Ensuring the mandates for other objectives are considered could facilitate capacity building to ensure other ministries can conduct this work and ensure the appropriate policy framework (e.g., budgetary circulars). The actions could then focus on creating links with the ministry of women's affairs to develop the content as well as with other relevant institutions for the provision of technical support.

Table 2. Summary of plan to formalize identified roles and mandates

Institution	Mandate	Component	General role		Specific role in NDC investment plan	Action to formalize specific role
			Inform	Develop investment planning		
Ministry of Finance	National policy for planning and budgeting for gender mainstreaming	1. Multistakeholder strategy		✓	Organize workshops and engage actively with relevant stakeholders to identify needs, capacity gaps and strategies to address them	MOU with relevant institutions
		2. Monitoring and reporting		✓	Prepare template to collect information and consolidate sectoral reports, ensuring the process is iterative	MOU with relevant institutions
		3. Identifying the NDC investment needs		✓	Consolidate existing gender mandates into one comprehensive document	Leveraging existing functions
		4. Matching sources of financing	✓	✓	Assess existing budget for gender-related activities and identify potential donors/funding sources	MOU with relevant institutions

Resulting output: Plan for formalizing the identified roles
A plan summarized in a table to formalize the identified roles and mandates. There are at least four levers that countries can use for formalizing roles and mandates: leveraging existing functions, establishing an MOU, regulation or legislation.

Component two. Multistakeholder engagement

A multistakeholder engagement strategy enables a more robust NDC investment planning and facilitates buy-in from stakeholders. Relevant stakeholders include governmental actors (line ministries, coordinating ministries, investment promotion agencies and other relevant agencies) as well as representatives from the private sector and civil society.[5] A multistakeholder strategy involves mapping and engaging relevant stakeholders across core actions, and accounting for their objectives.

[5] "NDC Invest: Supporting Transformational Climate Policy and Finance;" Inter-American Development Bank; 2022; https://publications.iadb.org/publications/english/document/NDC-Invest-Supporting-Transformational-Climate-Policy-and-Finance.pdf

The multistakeholder engagement strategy aims to identify and engage with relevant stakeholders, including governmental actors and representatives from the private sector and civil society across the components of NDC investment plans. A multistakeholder strategy can increase buy-in from relevant stakeholders as well as improve data sharing and validation processes for a more robust output.

Step six: Assign responsibilities for coordination and stakeholder mapping

Assign responsibility for stakeholder mapping and engagement.

- The leading agency (central NDC coordinator) should monitor general stakeholder involvement across the NDC components.
- Responsibility to coordinate stakeholder engagement for specific components and subcomponents of NDC investment planning should be assigned to relevant public bodies (from the institutional map identified in **Stage one, Component one, Output: Institutional map**.
- Relevant stakeholders can be grouped on the following categories: cross-cutting ministries or agencies (e.g., the ministries of finance, environment or women's affairs, investment promotion agencies), sectoral leads (e.g., representatives from relevant sectors), development partners (e.g., multilateral banks), the private sector, academia and civil society (e.g., representatives from relevant organizations and nongovernmental organizations [NGOs]).
- Coordinators for each component can use **Table *3*** and **Table *4*** Reference source not found. to summarize the list of relevant stakeholders, outlining how and when they will be engaged in the NDC investment planning process. In practice, engagement with stakeholders could take the following forms.
    - The consultation process can include a workshop to present the initial methodology for data collection to business associations, research centers and relevant NGOs to collect feedback.
    - Initial engagements should aim to discuss the preliminary investment needs (**Stage two, Component one**) with stakeholders, understand their objectives and align the needs with their expertise.
    - Once project prioritization has taken place (**Stage two, Component three**), the initial assessment and data collection could include a kickoff session to present objectives, a working session to discuss a first selection of indicators and an initial data request to meet potential indicators.
- Reach out to mapped stakeholders and establish a point of contact.
- The approach to establishing points of contact will differ depending on the institution. The stakeholders will represent a range of different institutions, from those within the government to those within the private sector, academia and civil society.

Table 3. Suggested coordinator, relevant stakeholders and timeline for engagement

Component	Coordinator	Relevant stakeholders	Timeline for stakeholder engagement		
			Initial assessment and data collection	Consultation	Validation
Investment needs					
			3 months	4 months	1 month
Prioritization methodology	Ministry of Finance	Ministry of environment	X		X
		Ministry of transport	X		X
		Ministry of energy	X		X
		Investment. promotion agency	X	X	X
		Multilateral banks		X	X
		Business associations		X	X
		Research centers from universities		X	X
		Relevant NGOs		X	X

Table 4. Example of a key summary table for stakeholder engagement plan

Stakeholder	Component	Information	Consultation	Validation	Responsible coordinator	Actions
Private sector	Identifying barriers to investment		✓	✓	Ministry of finance	- Workshop to discuss potential barriers - Workshop to validate results and prioritize identified barriers

Resulting output: Stakeholder engagement plan
Table drawing from the institutional mapping identified in the institutional map in **Stage one, Component one.**

External reference documents

For quick guidance on how to set up a coordination system and engage stakeholders, see Stage one, Component one, or the following document:

"Planning for NDC Implementation;" Climate & Development Knowledge Network (CDKN); 2022.

For guidance on gender analysis and considerations in the NDCs, see:

"Gender Analysis and NDCs: Short Guidance for Government Stakeholders;" United Nations Development Programme (UNDP); 2019.

Component three. Monitoring and reporting

Monitoring ongoing and planned financial flows is an important process to ensure there are sufficient resources distributed appropriately to meet climate objectives. Reporting can provide significant input for future iterations of NDC investment planning outputs.

A strategy to monitor, report and verify progress and impact on financial flows is required to implement NDC investment plan. Monitoring and reporting can introduce transparency and accountability of public spending, facilitate coordination with investors and development partners as well as improve decision making for future NDC investment planning, prioritization and resource allocation.

Step seven: Identify stakeholders for data collection

- Refer to the institutional map developed in **Stage one: Investment planning capacity, Component one: Institutional arrangements***,* to identify which public bodies need to regularly collect information, which information and what they require to regularly update it.

Step eight: Assess capabilities to deliver required data

- Assess existing financial management and tracking capabilities in the identified institutions and determine if any capacities need to be strengthened. If so, consider opportunities to mobilize technical assistance.

Step nine: Set up a monitoring strategy

- Establish scope, timings and mapping implementation for relevant public bodies.
- Establish a feedback system to ensure information can be collected in a systematic manner, informing the iteration process.

Step 10: Communicate monitoring strategy

- Communicate monitoring strategy to relevant stakeholders. Communication enhances transparency and institutional buy-in which might generate further incentives for stakeholders to provide the required information in a timely manner.
- Ensure that communication highlights that the investment planning process is dynamic. The rationale for the monitoring strategy is to track progress and improve the process over time.

Resulting output: Climate finance monitoring strategy

To measure climate finance flows, countries need to identify and report on all climate-related spending. The climate finance monitoring strategy identifies which public bodies are responsible for these actions. The strategy also enables the process to become iterative, ensuring that feedback is collected and can be implemented over time. The monitoring process should add agility to the strategy, keeping it adaptable to changing circumstances.

Step 11: Develop a monitoring tool

- Countries can choose to develop a centralized monitoring tool to track progress and aim to include all relevant financial flows, including public finance as well as grants and funds secured from financial institutions and multilateral development banks (MDBs). The tool should reflect the secured sources of financing and be aligned with the process to match financing sources outlined in **Stage three: Investment mobilization, Component three: Matching sources of financing.**

- A single monitoring tool for both tracking progress towards mitigation and adaptation targets as well as financing enables coordination with stakeholders and ongoing review of financing priorities.
- The development of a monitoring tool is an opportunity to develop data collection and tracking for wider strategic objectives, such as gender mainstreaming. The tool should consider cross-cutting indicators extending beyond financial flows. For more information refer to the Best Practice Brief or the CDKN Guide referenced below.

Resulting output: Climate finance monitoring tool
A centralized online tool to track progress of financing flows and NDC investments.

Step 12: Define review process

NDC investment planning should be a live exercise which adapts to evolving financing needs and climate policy priorities for countries.

- Countries should adapt the frequency of review to their funding cycles and updates to their climate policy strategies and NDC targets.
- Monitoring and reporting outputs should be used to establish required reviews of the NDC investment planning priorities and targets.
- The leading agency should have the mandate to coordinate the review process and implement changes. **Stage one, Component one, Step two**, for more information.

Resulting output: NDC investment planning review process
NDC investment planning should be a live exercise which adapts to evolving financing needs and climate policy priorities for countries.

External reference documents

For more information on gender responsive indicators, see:

“Gender Responsive Indicators: Gender and NDC Planning for Implementation.” United Nations Development Programme (UNDP). 2020.

For quick guidance steps to set up a measuring, reporting and verification system, see:

“Planning for NDC implementation: A Quick-start Guide;” Climate and Development Knowledge Network (CDKN); 2022.

“Knowing What You Spend: A Guidance Note for Governments to Track Climate Change Finance in Their Budgets;” United Nations Development Programme (UNDP); 2019.

STAGE TWO: INVESTMENT NEEDS IDENTIFICATION AND PRIORITIZATION

The second stage for climate investment planning is identifying the country's investment needs through a participatory and inclusive process. Investment needs can then be costed and prioritized to identify the financing gap. This stage involves identification of financing needs for the achievement of NDC and long-term strategies (LTS) targets, as well as in the broader context of national development policies, including the SDGs. This stage consists of three main components.

Component one. Identifying NDC investment needs

NDC investment needs include a well-defined set of investments and supporting activities that unlock the mitigation and adaptation actions required to achieve NDC targets. These needs should be rooted in the country's objective established in their NDC and any national or sector strategies linked to NDC objectives, national adaptation plans (NAPs).

Two categories may capture investment needs. The first is project investments, which can be estimated at a high level (e.g., electrification of public transport) or at a project-specific level (e.g., development of an urban light-rail transit system). The second is investments for supporting activities to improve the enabling environment, such as technical assistance and capacity building within government.

Step one: Extract information from the NDC

The level of investment needed is linked to the country's ambition set in their NDC. Targets and key performance indicators (KPIs) defined through the NDC should serve as the primary guide for identifying NDC investment needs.

- **Targets**: The NDC specifies high-level targets for mitigation (e.g., reduction in emissions) and adaptation (e.g., increasing climate change awareness). Ideally, these should be broken down into sectoral targets (e.g., reduction in emissions in the transport sector, including climate change in the national curriculum). At the sector or subsector levels, there should be a set of outcomes needed to achieve the target (e.g., increase in the use of electric vehicles; ensure girls have equal access to education). Links to supporting social inclusion targets as part of the NDCs (gender equality, human rights, youth, indigenous peoples) should be included to ensure they are captured in the project financing.[6]
- **KPIs**: At each stage, KPI targets should have been set for each outcome to anchor targets through specific initiatives and activities. KPIs should therefore include details on scale (e.g.,

[6] "Gender and National Climate Planning: Gender Integration in the Revised Nationally Determined Contributions;" International Union for Conservation of Nature; 2021; https://genderandenvironment.org/gender-and-ndcs-2021/

scale of technological, infrastructure and intervention deployment, opportunities in green jobs by gender) alongside time-specified targets.

While NDC targets and KPIs could serve as the primary guide for identifying NDC investment needs, the contribution to achieving general climate targets should also be considered (**Box *2***).

Box 2. Why is the climate rationale important for defining NDC investment needs?

Decision makers may find it useful to start building a strong evidence base for investment projects during the early stages of the planning process. Early preparation of scientific evidence justifying project interventions in certain sectors or geographies can help future project proponents access funds more effectively. The climate rationale identifies concrete mitigation and adaptation impacts or risk to be addressed and outlines the measures to tackle them. A project climate rationale is based on strong scientific evidence and a theory of change in line with broader domestic and international policy processes. This is particularly relevant for applying to international funds (e.g., GCF, GEF, AF) requiring specific studies demonstrating the need and impact of interventions. To provide this information, project ideas typically incorporate robust calculations to outlining baseline vulnerabilities, risks and emissions scenarios; specify methodologies and emissions factors for calculations; explain why the methodology was chosen; and provide quantitative information on emissions avoided and resilience-building potential of interventions.

Countries may leverage specific technical assistance for strengthening the climate rationale of their project ideas (e.g., studies and assessments), as well as utilize readily available tools, such as:

- Low Emissions Analysis Platform (LEAP): A software tool for energy policy analysis and climate mitigation assessment developed at the Stockholm Environment Institute (SEI).
- Climate Information: An online service providing climate science basis for adaptation and mitigation actions developed on behalf of the World Meteorological Organization (WMO), World Climate Resource Programme (WCRP) and GCF.
- Climate Toolbox: A searchable database of tools relevant for planning climate action hosted by NDC Partnership's Knowledge Portal.

Note: These KPIs should be linked to or derived from existing monitoring, reporting and verification (MRV) systems when available (see the climate finance monitoring strategy referenced in **Stage one, Component three).**

Countries that do not have well-defined targets, climate rationale or associated KPIs should consider focusing on developing those components while engaging in NDC investment planning. This can happen simultaneously, as both processes may feed iteratively into each other. Setting sectoral targets for mitigation and adaptation sets the scope for investment planning, while investment planning may point out barriers, gaps and opportunities to target ambition. Both can be calibrated and improved over time.

Step two: Identify planned investments which contribute to NDC targets

The targets, outcomes and KPIs mentioned in the previous step serve as a reference point for countries to identify relevant policies and plans listing actions, projects or activities that contribute to achieving NDC targets. When available, NDC investment plans should be aligned with a country's development priorities, Partnership Plans (PPs), sustainability goals (e.g., SDGs), NAPs and LTS (**Box *3***).

- Identify national climate change investments, sector policies and investment plans, as well as national overarching policy documents that note planned and ongoing investments relevant to the sectoral outcomes identified in step one. The review should also consider national and sector-level gender equality policies and goals relevant to NDC investment, including the SDGs.
    - Identify and analyze investments planned within the next five to 10 years, noting that the Paris Agreement asks countries to update their NDCs every five years. Grouping investments that correspond to the NDC in terms of positive, negative or neutral contribution may serve as a stock take of current climate action within the country.
    - In the short-term, countries may choose to narrow their scope and focus on sectors that are most relevant to achieving NDC targets and that have sufficiently detailed policies, strategies and investment plans with identified projects and activities.
    - In identifying projects and activities, decision makers can leverage publicly available resources highlighting in-country investment opportunities that align with the NDC. For instance, the World Bank Group’s Country Climate and Development Reports (CCDRs) provide insights, data and options for implementing mitigation and adaptation actions, including costs, challenges and benefits from different pathways. This is particularly important in articulating the climate rationale of project interventions that are expected to be funded through specific institutions (e.g., GCF) requiring science-based approaches to project pipeline development.

The investments identified should then be mapped into the relevant NDC outcomes in a spreadsheet noting the planning agency responsible as well as information on the scale of investment if available. Information should be mapped at project or activity level whenever possible.

Step three: Identify and address gaps to achieve NDC targets

- Using the outcome from step two, identify which outcomes have no corresponding planned investments and the investment needs that facilitate policy and planning to close the gaps. Stakeholder engagement can help identify potential actions to address the gaps in outcomes.
- For those actions with no corresponding investment needs identified, engage experts to assess if they are sufficient to meet the KPI targets associated with that outcome.
- Expand the spreadsheet from step two to include additional information on associated planned investments or identified needs (

- ***Table 5***). Countries should consider that sectoral KPI targets can be linked to social targets as well. For instance, public transport policies might have greater impact for women who have a lower income on average and will therefore be less likely to purchase electric vehicles (EVs).
- Additionally, the investment needs should be evaluated in terms of their potential to deliver on more ambitious NDC targets. The target contribution column indicates whether the identified investment helps meet the target partially or fully or if it surpasses the target.

Box 3. Synergies between NDC investment planning and Partnership Plans

Partnership Plans (PP) build on government policies, strategies and priorities to produce programmatic plans that can inform partners' subsequent programming cycles. Like NDC investment plans, PPs include the development of analysis, assessment, consultation, mapping, communication and setting up or strengthening of coordination mechanisms at the national and subnational levels to facilitate NDC implementation.

The **PP** plays a key role in facilitating cross-governmental planning and monitoring of climate activity and harmonizing the rollout of NDC-aligned actions. It also serves as a **resource mobilization tool** by identifying gaps, for example, in funding for bankable projects. The availability of support to meet identified needs will depend on **NDC investment planning** and funding cycles and partner priorities. Ideally, countries should leverage the engagement of stakeholders at all levels and the prioritization of adaptation and mitigation measures to develop NDC investment plans in parallel. Hence, the alignment between PP and investment plans can be achieved and resources (e.g., financial, human, technical) can be spared.

Table 5. Example of a table summarizing investment needs

NDC target	Outcome	KPI target	Investment need*		Target contribution	Sector	Time frame	Policy document
			Planned	Prospective				
Emission reduction in the transport sector	Increase in electric vehicles	20% increase in deployment by 2030	Grant scheme for purchase of EV (activity)	Technical assistance to develop EV deployment strategy	Partial	Ministry of transport	2023-2030	National transportation plan 2020-2030
	Electrification of public transport	80% electrified public transport network by 2030	EV bus system largest city (project)	N/A	Partial			

Notes: * Specific planned activities or projects

Step four: Validate the set of investment needs identified through stakeholder engagement

- The central government, in unison with sectoral agencies and climate experts, may work together at sector-specific workshops or forums to validate the complete set of investments (planned and prospective). Design choices can change the proposed interventions to reach a specific NDC and/or development objective. Technological advancements over time will shape the options available to decision makers.
- Relevant stakeholders can assist in identifying and validating investment needs, including specific projects and activities. Stakeholder engagement may enable the selection of coordinated climate action, prioritized based on cost-effectiveness (see **Stage one, Component two**).
- Countries should also consider whether the set of investment needs aligns with existing efforts led by MDBs, existing country engagement programs and other sources of finance, as they have ongoing processes that might help secure financing (**Table *6***).
- Questions to consider for validation processes:
    - Can public bodies identify further existing relevant policies, projects or actions identified in national, sectoral or regional documents that can contribute to achieving NDC targets?
    - Do stakeholders consulted (relevant sectors, private sector, development partners, academia and gender and social inclusion specialists) agree on the gaps in investment identified to achieve NDC targets?
    - Can stakeholders consulted identify further actions that should be taken to facilitate policy and close the financing gaps?

The assessment of existing policies, strategies and plans can lead to the identification of potential gaps in sectoral planning that can be addressed in future iterations of the NDC investment plan.

Resulting output: Summary of NDC investment needs
A spreadsheet that summarizes the investment needed to implement prioritized actions and achieve NDC targets, identifying specific investment projects or supporting activities to improve the enabling environment.

Table 6. Country engagement frameworks

Framework name	Description
The World Bank Group (WB) Country Partnership Framework (CPF)	CPF aim to make our country-driven model more systematic, evidence-based, selective and focused on the WB's goals. They are informed by the Systematic Country Diagnostic (SCD), which aims to identify the most critical challenges and opportunities a country faces.
Inter-American Development Bank (IDB) Country Strategies (CS)	CS provides an evidence-based prioritization of actions the IDB will use to support a country in a defined period. It is based on the Country Development Challenges Document (CDC), which provides an overview of a specific country's economic performance and development challenges.
African Development Bank (AFDB) Country Strategy Paper (CSP)	CSP summarize recent developments and the country economic and social prospects and present opportunities, challenges and strategic framework, as

	well as the conclusions of the AFDB's portfolio performance review. It builds on the conclusions of the country diagnostic notes.
Green Climate Fund Country Programme	GCF country programs aim at prioritizing the most impactful projects or programs to be funded by the GCF, aligned with the priorities identified in a country's national climate plans or strategies.
International Fund for Agricultural Development (IFAD) Country Strategic Opportunities Programme (COSOP)	COSOP are frameworks for making strategic choices about IFAD operations in a country, identifying opportunities for financing and facilitating management for results.
Asian Development Bank (ADB) Country Partnership Strategy (CPS)	CPS are ADB's primary platform for designing operations to deliver development results at the country level.

External reference documents.

General guidance for enhancing national climate finance systems:

"Enhancing Implementation of Technology Needs Assessments: Guidance for Preparing a Technology Action Plan;" United Nations Framework Convention on Climate Change (UNFCCC); 2016.

"Toolkit to Enhance Access to Climate Finance: A Commonwealth Practical Guide;" Commonwealth Secretariat; 2022.

Component two. Costing and financing gap analysis

A financing gap is the unmet financing requirements of the NDC investment needs. It is calculated by costing the NDC investment needs for now and in the future and subtracting the level of funding for the NDC already secured. Countries should develop appropriate strategies to close the NDC financing gap.

Step five: Calculate the cost of achieving the NDC targets

- The cost estimate should be prepared from a bottom-up analysis, where the cost of each investment is calculated.
- Three potential approaches can be deployed for costing depending on the data and information availability of costs associated with investment needs (**Table 7**).
- If an estimate for operating cost for an investment need has not already been prepared (approach one) or is not available from a benchmark (approaches two and three), a rough estimate of 5% of the capital cost for the investment need can be used, though effort should be found to find an appropriate benchmark for operating costs.
- The cost estimates of each NDC investment should differentiate operating cost and capital costs.
- Countries should consider that costing methodologies between mitigation and adaptation might differ due to the type of actions they involve. While mitigation actions generally involve the

deployment of specific infrastructure or technologies, adaptation actions generally involve policy and system-driven activities.

- Based on the previous steps, a cost estimate for each investment need can be generated. These should be reported in the investment need summary spreadsheet. The sum of all the investment needs can then be calculated.
- Total investment needs can be further disaggregated by NDC target or outcome.

Step six: Calculate the secured level of financing

- Conduct a comprehensive assessment of public financing already secured for the NDC investments needed across sectors at the national and subnational level, reviewing government budget data and donor spending plans. Countries may consider categorizing investment activities based on sensitivity analysis to avoid overestimating available funds.
    - Countries should, to the extent possible, prioritize projects based on available fiscal space.
    - Countries should consider developing public accounting tools that can facilitate and systematize the process of tagging NDC investment (green/climate investment).
    - As part of this exercise, countries could leverage established methodologies, such as the World Bank's Green Taxonomy Guide or UNDP's Climate Public Expenditure and Institutional Review (CPEIR), to support evidence generation and calculation of secured level of financing of climate actions/investments. For private investments, stakeholder engagements and data held by ministries of planning and finance should have records of major private investments for projects and activities linked to NDC investment needs.
- This data should be recorded against the NDC investment needs table developed in **Stage two, Component one.**
- The sum of all the secured financing is the current supply of financing for NDC investments. The results should be reported where possible by NDC investment need.

Table 7. Approaches to estimate the cost of achieving the NDC targets

	Approach one: Existing cost estimate	Approach two: Scaling existing estimates	Approach three: Using benchmark costs
Description	A cost estimate for an investment need already exists.	A cost estimate exists which would meet part of the NDC investment need, but not all of it.	No cost estimate for the investment need exists, but rather a cost estimate from a similar project elsewhere is used.
Data source	National project documents, policies or strategies	National project documents, policies or strategies	Review of international policy documents or project documents for similar investments.
Calculation	The existing cost is used as the cost for the relevant investment need.	The cost estimate is scaled up to match the entire investment need.	Budget estimates for similar projects are used as the cost of the investment need. Care is taken to ensure that the estimates are relevant to the local context and appropriately scaled.
Example	A business case and budget for a renewable energy power plant has been prepared. The power plant has sufficient capacity to meet one of the NDC investment needs.	The power plant has a capacity of 10% of the total need of renewable energy outlined in the NDC target. The NDC investment need for renewable energy is calculated by multiplying the cost of the single plant by 10. Experts in the energy sector are consulted to ensure the scaling is plausible and that a linear scaling of costs is appropriate.	A neighboring country has prepared a business case for a renewable power plant which has a production capacity able to deliver the first country's entire NDC investment need. The plant uses the same production technology as in the first country's strategic plan, though land is far less scarce so land rent in the first country will be higher. The cost estimate is taken from the neighboring country's business case, though the land rent estimate is scaled up by a factor of 20% to adjust for the high land rental cost.

Step seven: Calculate the financing gap

- The financing gap for each investment need is calculated by subtracting the cost from the total committed financing towards those investment needs.
- The results should be validated with stakeholders and published. This validation should be repeated in line with the NDC investment planning process update rounds. A climate finance monitoring tool (see **Stage one, Component three**) can facilitate the coordination process to maintain the information updated.
- Additionally, countries should periodically update the costing estimate for investment needs to reflect updated information as projects and activities progress across the investment cycle. To do this, they can leverage information in their national public investment systems and/or engage with sectors to update the information.
- Consideration should be given to the optimal sources and instruments to finance the gaps, e.g., domestic or international; grants; concessional debt; non-concessional debt; and private investment.

Resulting output: Costing investment needs

A spreadsheet summarizing the estimated cost of prioritized projects and activities to achieve NDC targets.

External reference documents

“Methodology for Assessing Investment and Financial Flows 2020;” United Nations Development Programme (UNDP); 2020.

Component three. Investment and supporting activity prioritization

Prioritizing NDC investment needs facilitates the channeling of financing into areas which have the most potential for mitigation and adaptation as well as alignment with broader national priorities. Prioritization should be based on consistent and transparent multicriteria assessment leveraging qualitative and quantitative data on the strategic alignment of investments, their contribution to NDC targets, sustainable development goals and feasibility of delivery.

The process of prioritization should be conducted with extensive stakeholder engagement. Stakeholder engagement can improve data sharing to select relevant and available criteria and indicators as well as increase buy-in to result in a more robust prioritization methodology. See the stakeholder engagement plan referenced in **Stage one, Component two** for further details on multistakeholder strategy.

Step eight: Identify prioritization criteria and corresponding indicators

- Identify a set of criteria that captures:
    - **Degree of strategic alignment**: The relative contribution of a project or activity to adaptation, mitigation and/or cross-cutting targets as well as other national- or sectoral-level strategic goals, including relevance to transition and economic diversification efforts.
    - **Feasibility of implementation**: How viable the implementation of a project or activity is.
    - The criteria should correspond to the outcomes of the activity, which are likely to differ for project investments versus supporting activity investments.
- The set of indicators will be used to guide the collection of datapoints for each criterion.
- Indicators can be based on quantitative data, like emissions reductions, as well as qualitative data. For example, the degree of alignment with a specific national priority can be measured by having sector experts score it from zero to ten.
- The specific indicator chosen will depend on availability and capacity to deploy the data collection process.
- Countries can consider a set of indicators that reflect the economic, social and environmental impacts of projects and activities.

- Wherever relevant, countries should consider indicators that highlight the degree to which the investment need will impact women and other vulnerable groups.

- **Table 8** illustrates the set of criteria matched against the two main pillars and an indicative set of indicators.

Step nine: Determine criteria weights

- The default is to assign equal weights across all criteria included.

- Weights can be adjusted to reflect the relative importance of criteria, including priorities on gender and youth.

- Any adjustments should be made and validated through stakeholder engagement, including intergovernmental coordination, supported by expert consultation and civil society.

As countries define their prioritization methodology, several decision-support tools can be used in the process, including cost-benefit analysis (CBA), cost-effectiveness analysis (CEA) and/or multicriteria decision analysis (MCDA). The ultimate weights of criteria will depend on country priorities for NDC implementation.

Resulting output: Prioritization methodology
The prioritization methodology selects and uses a set of criteria, indicators and weights to prioritize a portfolio of projects and activities. When built through stakeholder consensus, a prioritized portfolio can facilitate streamlining of resources and implementation. The methodology may differ for investments into projects and into supporting activities that build the enabling environment, as these may express different needs.

Step 10: Normalize and process data

- Once all investment needs assessed have the corresponding numerical datapoints for all criteria, scores should be normalized using the standard normalized process, so that they all have mean zero and a variance of one.
- The inputting of data and normalization should be processed in a spreadsheet owned by the institution responsible for investment need prioritization. For each criterion, the normalized value for the indicator is multiplied by the weight chosen.
- Each weighted indicator is added together to get a single value and investment needs can subsequently be ranked based on this value.

Table 8. Non-exhaustive example of a table summarizing the prioritization criteria, indicators and weights

Index	Criteria	Sample indicators	Metric	Weight*
Strategic alignment	Mitigation	Greenhouse gas reduction	Metric tons	12.5%
	Adaptation	Area covered by flood protection	Hectares	12.5%
		Estimated value of property covered by measure	USD	12.5%
	Alleviating poverty	Percentage of benefited population living below the poverty line, disaggregated by sex	%	12.5%
	Gender equality	Degree to which women are included in implementation (1 not at all, 10 strong women are explicitly included at all stages of implementation)	1-10	12.5%
Feasibility	Cost	High, medium, low	3 (high), 2 (medium), 1 (low)	12.5%
	Capacity to deliver	National track record in delivering similar investments	1 (yes), 0 (no)	12.5%
		Strength of supply chains required to deliver investment	3 (most or all required supply chain infrastructure is present), 2 (partial presence of supply chains needed), 1 (nascent or very limited supply chains available)	12.5%

* Note: Equal weights assigned by default. These are indicative for illustration purposes.

Step 11: NDC investment priorities approved and presented to the public

- The level of prioritization of each investment need is summarized in the NDC investment needs document prepared in **Stage two, Component one*.*** Decision makers and project planners are encouraged to validate and consult the outcomes of the planning process with stakeholders. To do so, public consultations or targeted workshops can be organized.

Resulting output: Prioritization of projects
A spreadsheet that applies the methodology selected to obtain a set of prioritized projects and activities to achieve NDC targets.

STAGE THREE: INVESTMENT MOBILIZATION

The third stage of an NDC investment plan sets out how specific investment needs will be financed, and the enabling environment required to facilitate the match.

Component one. Barriers to investment

Barriers for investment are the factors that limit resource mobilization against the needs identified. For each priority investment, instruments and mitigation measures that help overcome the barriers should be identified. This component is particularly important because it represents a key vehicle to improve the risk-return investment profile of national economies, and while doing so, of specific niche markets where NDC-aligned projects may operate.

Barriers to investment are the factors that limit resource mobilization against the needs identified. For each priority investment, instruments and mitigation measures that help overcome barriers should be identified, keeping in mind that barriers to debt versus equity and to domestic versus international sources of public and private finance may differ.

Step one: Preparing a long list of barriers by priority investment needs

- For each investment need, identify a long list of barriers through desk-based research and stakeholder engagement.
- The desk-based research should be focused on assessing the enabling environment and market barriers linked to the investment needs based on national documents (policy, research), stakeholder consultations and lessons from comparable country environments.
- Nonfinancial and financial barriers should be considered, including barriers in economic and financial barriers, technological barriers, socio-cultural, implementation barriers and policy and regulatory barriers (**Table *9***).
- Countries should consider that barriers might be dependent on the type of financing the country is seeking (e.g., national versus international public/private finance).
- For stakeholder engagement:
    - Technical working groups can be set up with cross-cutting and relevant sectors. This should include ministries with mandates over social and gender inclusion (e.g., ministry of women's affairs).
    - Engagements should also include development partners, private sector, academia, civil society organizations/groups and subnational actors as relevant to the local context to test and validate barriers identified, supplementing research with insight on the relative importance and time sensitiveness. This should include gender and social inclusion specialists.

- It is critical to identify barriers through stakeholder engagement, particularly with the private sector. The desk review and stakeholder engagement seek to answer the following questions.
    - Why are the priority investment needs and associated technologies not currently in widespread use?
    - Why have these investments and technologies not attracted widespread public and private investment?
    - What are the alternative technologies and investments that are being made and why?
    - On gender and social inclusion, consider whether there might be barriers that affect women or minority groups differently (e.g., Do women/men have equal access to funding opportunities to secure this new technology? Do women/men have different views in terms of the risks, appropriateness, value of these technologies that may increase or hinder the deployment of this technology?)
- Barriers can be identified at sectoral or project level. To facilitate the identification of action to improve the enabling environment, barriers should be recorded against each investment need making use of the spreadsheet set up in **Step two, Component one.**
- Optional: Prepare an additional brief summarizing barriers at the sector level to facilitate sectoral working sessions.

Step two: Sequencing of barriers

- High-priority investments can be grouped by those that have similar barriers. In practice, investment needs with similar financing requirements will have similar barriers, so investment needs can be grouped by their financing needs if known.
- The short list of grouped priority investment needs and their associated barriers should be checked with external stakeholders, including civil society and the private sector.

Resulting output: List of potential barriers with priorities
A table of identified barriers with assigned priority for action and sequencing to mobilize resources for the prioritized project and activities in the NDC investment plan.
Note: These steps should be carried out at the same time as the list of potential policy actions to tackle identified barriers found in **Stage three, Component two.**

External reference documents

The following documents provide more details on common climate investment barriers and approaches to identifying and addressing them:

"Addressing the barriers to climate investment;" Climate & Development Knowledge Network (CDKN); 2013.

"Overcoming Barriers to the Transfer and Diffusion of Climate Technologies;" United Nations Environment Programme (UNEP); 2015.

"Guidance for a Gender-responsive Technology Needs Assessment;" United Nations Environment Programme (UNEP); 2018.

Table 9. Economic and technological barriers for priority investment needs

Economic and financial barriers	
Externalities and public goods	Environmental externalities are not internalized and thus the true cost (or benefit) of the investment is not born by the investor.
Imperfect financial markets	Lack of capital markets for long-term projects, or credit scores not available or trusted.
Information problems	Asymmetric information about the benefits of technologies and uncertainty about the performance of new technologies.
Economies of scale	High transaction costs for investments pricing out smaller investors, or investment envelope is not large enough to qualify for donor and other large-scale financing.
Technological barriers	
Unknown risk-return profile	Technologies are new and unproven, with limited information on returns and high-risk profiles.
High implementation costs	Complex implementation and oversight required for the investment to be successful presents a high barrier for entry and increases risk.
Network externalities	Returns on investment are dependent on parallel deployment of technology linked to investment need.
Supply chain barriers	Local markets may lack access to components required to deliver the investment need.
Implementation barriers	
Political risk	Political instability increases the risk profile of investments.
Instability of the legal framework and bureaucracy	Lack of patent and licensing protection, courts unable to resolve litigation, unreliable planning procedures.
Capacity of the local labor force	Limited availability of skills required to deliver the identified investment need. Barriers to women's participation in the labor market.
Policy and regulatory	
Limited standards	Lack of standards undercut quality of products in markets essential for NDC investments impacting sector growth. Well-defined standards unlock finance that specifically targets officially labelled green or sustainable technologies/investments.
Restrictive regulation	Regulation that limits business activity and private-sector investment in sectors relevant to investment needs identified. Regulation that limits women's access to assets and markets.[7]
Undefined policy and regulatory frameworks	Uncertainty over regulation and governing investment increases the risk profile of investment needs.
Complex regulatory framework	A regulatory system that requires a set of complex processes that can be costly and/or inefficient for relevant stakeholders
Limitation on repatriation of profits	International investors are uncertain whether they will be able to transfer profits from investments outside of the country.

[7] "Nearly 2.4 Billion Women Globally Don't Have Same Economic Rights as Men;" World Bank; 2022; https://www.worldbank.org/en/news/press-release/2022/03/01/nearly-2-4-billion-women-globally-don-t-have-same-economic-rights-as-men

Component two. Policies, regulations and financial instruments

Identifying the set of policies and regulation activities that can target financing barriers identified to create an enabling environment for NDC investment.

Step three: Identifying policy and regulatory options for improving enabling environment

- Leveraging the desk-based research on the barriers noted in **Stage three, Component one**, identify the set of policy activities that would address policy and regulatory barriers, as well as any economic or technical barriers indirectly. These activities should contribute to transformational change through interventions targeting impact across sectors and improving confidence on the stability of policies and regulations over time.
- Technical working sessions on potential policy actions to tackle identified barriers should be targeted for linked discussions on policy and regulatory solutions. Relevant stakeholders for the technical working sessions include:
    - Cross-cutting and relevant sectors. This should include ministries with mandates over social and gender inclusion (e.g., ministry of women).
    - Development partners, private sector, academia, civil society organizations/groups and subnational actors as relevant to the local context to test and validate policies to address identified barriers. This should include gender and social inclusion specialists.
- The list of actions identified should be tagged in the investment need spreadsheet as well as summarized in sector-level briefs. See **Table *10*** below for illustrative examples of regulatory and policy options that can support countries in improving the enabling environment for investing in NDC implementation.

Table 10. Examples of regulatory and policy options to improve the enabling environments

Category	Financial policies and regulations	Fiscal policy levers	Sector policies and services	Information instruments
Rationale	Primarily influence behavior through force of law	Primarily influence behavior through price and market creation	Primarily influence behavior by facilitating business in NDC priority sectors, transition and economic diversification efforts	Primarily influence behavior through awareness

Options	• Lending requirements • Accounting systems • Mandates of supervisory authorities • Guidelines • Standards • Plans and strategies • Disclosure requirements	• Taxes • Levies • Royalties • Price support or controls • Public procurement • Budget support	• Simplified procedures for opening, operating and closing businesses in specific sectors • Digital platforms for public service delivery • Sector-specific technology transfer • Research and development (R&D) programs in NDC priority sectors • Social assistance (e.g., job search and income support) for vulnerable groups affected by policy action • Voluntary agreements for cooperation with public state owned enterprises (SOE), municipalities and private actors such as small and medium-sized enterprises (SME), multinational enterprises (MNEs) and banks	• Certification and labelling • Awareness campaign statistical services • Scenario analysis and stress testing • Standards • Disclosure requirements • Taxonomies for NDC-aligned investments

Source: Adapted from UNFCCC[8], UNEP[9] and ITC[10].

Step four: Identify financing instruments or additional activities to address barriers

- In addition to policy and regulation, investment plans should identify whether there are financing instruments (e.g., standard, catalytic or de-risking instruments) or activities (funding research and development) which can address the barriers in the shorter term (**Table *11***).
- Given that projects will be screened for alignment with gender, countries can also leverage budgeting tagged against gender equality.
- These should subsequently be used to match financing sources to needs (**Stage three, Component two**).
- Any identified enabling activities should additionally be tagged and, where possible, costed against the existing investment needs.

Table 11. Examples of financing instruments

Standard investment instruments	De-risking and catalytic instruments

[8] "Assessment and Overview of Climate Finance Flows: Antigua And Barbuda 2014–2017;" United Nations Framework Convention on Climate Change (UNFCCC); 2020; https://unfccc.int/sites/default/files/resource/UNFCCC-AntiguaBarbuda-Report-web-DEF.pdf

[9] "Overcoming Barriers to the Transfer and Diffusion of Climate Technologies;" United Nations Environment Programme (UNEP); 2015; https://tech-action.unepccc.org/wp-content/uploads/sites/2/2019/04/overcoming-barriers-to-the-transfer-and-diffusion-of-climate-technologies-2nd-ed-3rdmarch.pdf

[10] "Investment Facilitation for Development A toolkit for policymakers;" International Trade Centre (ITC); 2021; https://intracen.org/media/file/2405

Direct investments	Guarantees
Project finance	Grants
Blue bonds	Adaptation benefits mechanism
Climate (resilience) bonds	Results-based incentives
Green bonds	Green securitization
Sustainability bonds	Insurance
Social bonds	First loss/junior equity
Environmental impact bond	Public-private partnerships
Mezzanine finance	Pooled investment funds
Listed and private equity	Debt-for-nature/climate swaps

Source: Adapted from UNDP[11] and IISD[12].

Step five: Validating financing instruments and strategies

- A document should be prepared which presents the grouped priority investment needs with a set of complimentary instruments and strategies to overcome the barriers to financing the investment needs.
- The strategies should be checked with external stakeholders, including civil society and the private sector, and approved by the relevant government authority.

Resulting output: List of potential policy actions to tackle identified barriers
A list of potential policy actions to tackle identified barriers to mobilize finance

Note: These steps should be implemented in parallel to **Stage three, Component one.**

Step six: Consolidate an implementation plan for prioritized policies and regulations

At a minimum, implementation plans for prioritized policies and regulation should:

- Identify the public body responsible for implementing the policy action or regulation.
- Estimate a time frame for implementation.
- Estimate the budget required to implement the policy action or regulation.

The three outputs can be linked using **Table *12***.

[11] "The Ecosystem of Private Investment in Climate Action;" United Nations Development Programme (UNDP); 2020; https://www.undp.org/sites/g/files/zskgke326/files/publications/53154%20-%20Invest4Climate%20Document%202%20-%20web_1.pdf
[12] "Innovative Financial Instruments for Climate Adaptation;" International Institute for Sustainable Development (IISD); 2022); https://www.iisd.org/innovative-financing/

Table 12. Example of an implementation plan summarizing identified barriers and potential policy actions

Area	Identified barrier	Priority level	Policy action/ regulation	Institution responsible for policy action	Expected time frame	Budget required
Economic and financial						
Technological barriers						
Implementation barriers						
Policy and regulatory						

Resulting output: Implementation plan for prioritized policies and regulation
A description of the identified public body responsible for policy action or regulation mapped by identified barriers and potential policy actions, along with time frames and budget required.

Component three. Matching sources of financing

To successfully catalyze finance for the identified gaps, NDC investment plans need to include a comprehensive mapping of needs against available sources.

Step seven: Sorting financing gaps identified

- Collate identified gaps from **Stage two, Component two**, with additional needs from activities identified in **Stage three, Component two**, to develop a comprehensive set of investment needs that require financing.
- Tag the gaps identified according to whether they are best served by public financing, donor funds or private-sector investment.
  - Public financing: The investment need has demonstrable positive externalities and social benefits and is unlikely to be funded by donors or private financing because it is not bankable or commercially viable. Public financing may also be used as a de-risking instrument or as counterpart.
  - Donor, national or international financing: The need is aligned with donor mandates (market creation, sustainable development) in the country or represents the need for technical or analytical support.
  - Private investment: Investment needs which are linked to bankable and commercially viable technologies, or which could be attractive to the private sector if combined with risk mitigating tools, such as guarantees.

- Identify where several sources of investment can be combined for a given investment need (e.g., combining private-sector financing with government guarantees and donor technical assistance).

- For less clearly defined activities or projects in early stages of the investment cycle, public investment to define the activity or project could be considered as well as private investment if there is precedent for similar types of projects or existing climate grants designed (e.g., the GCF offers grants to design bespoke solutions to tackle specific investment barriers).

Step eight: Mapping gaps to financing sources

- Map sources of funding, such as future national/sectoral budgets, funds from multilateral development banks, private investment, grants and climate finance mechanisms.

- This mapping may include in its scope existing, potential or desirable funding sources to create a long list at first, which will be verified during the engagement with the funding sources.

There are at least two types of analysis, internal and external, to explore potential sources of finance:

Internal analysis

- Ministries of finance and/or the public body responsible for mobilizing finance for NDC investment (e.g., a climate finance unit), should prioritize funding according to their prioritization methodology (see **Stage two, Component three**).

- This group should work with the ministry of finance on identifying where national and subnational budgets or existing funds from multilateral investments and donors can be aligned to the prioritized investment needs.

External analysis

- Engaging with stakeholders is key to determining potential sources to close the finance gap. In addition to the engagement undertaken to identify barriers to investment (see **Stage three, Component one**), countries can consider additional engagements with the private sector, regional/country platforms (e.g., Caribbean Community [CARICOM], and Economic Community of West African States [ECOWAS] in Western Africa) and multilateral organizations:

    - Sectoral stakeholder workshops with the private sector to assess their appetite for investment. Workshops can be centered around the prioritized portfolio (see prioritization of projects in **Stage two, Component three**) and considerations of scaling up or bundling of projects and activities to meet financing requirements.

    - Multisectoral workshops with development partners and MDBs to discuss their commitments. In these engagements, countries can verify the alignment of NDC investment planning with GCF country programs or MDB country plans or programs. Key opportunities for countries to mobilize this support include GEF's National Dialogues and GCF's Structured Dialogues.

- Additionally, countries should consider that engagement with MDBs, regional/country platforms and the private sector can be facilitated by transparency and document harmonization. For instance, a climate finance monitoring tool can allow MDBs to easily access updated information on projects requiring finance. Countries should ensure that key documentation is also available in English to facilitate engagements with MDBs and the private sector.

After this analysis, countries should be able to complete the information (e.g., investment need, estimated cost, secured funding, funding source, funding gap, potential source of funding, and potential funding amount) in a table or matrix.

Step nine: Sharing information on the finance gap and potential sources of finance

Sharing information with development partners, potential investors and external donors increases transparency, which enhances communication. It also improves coordination among public bodies who can all view the same information.

Resulting output: Matching of finance source to gaps
A table (in spreadsheet format) that identifies secured and potential sources of finance for projects and activities in the NDC investment plan. Ideally, the information should be in the same spreadsheet or linked to the spreadsheet used to prioritize projects (see **Stage two, Component three**).

Component four. Project preparation

Project preparation is the process of translating investment needs into specific investment projects that are ready for financing and implementation. In the process of identifying NDC investment needs (see **Stage two, Component one**), countries identified specific projects and activities at different stages of the investment cycle. These would need to move from idea stage to a project or activity ready for implementation, noting the identified source of potential financing and whether there is a need for technical or analytical support for developing these plans.

Step 10: Determine the required project preparation steps

Different sources of financing will have distinct standards for project preparation. Therefore, before detailed project preparation occurs, an initial consideration of potential funding sources should be made and, where possible, have potential funders involved in the process from the start.

- The workflow outlined below presents general steps included in project preparation.
- In some instances, the funding source, such as a donor or MDB, can assist with the process of project preparation or may even wish to lead the process themselves.
- In the case of private-sector projects, project preparation is somewhat different from public-sector project preparation. In many instances, private-sector investors will want to take the project preparation steps themselves. In which case, part of the analysis presented below can be used for an initial discussion with private-sector financers about investment options before they conduct their own due diligence and project preparation work.

Step 11: Project preparation

Business case preparation should only occur if there is a plausible strategy for funding the project, even though the exact funding source and structure will be determined through this process.

- The project preparation will include:
  - **Prefeasibility study**: An initial assessment of the project, setting its objective, scope, alternatives and analysis of alternatives and preliminary identification of the affordability of the project (value for money).
  - **Technical configuration**: The technical solution needs to be fully developed, including the specific technologies, the standards, technical design, project location and required resources for the project delivery. Technical experts should prepare the project design, and external review processes should be conducted.
  - **Feasibility study**: Once the full technical design has been prepared, feasibility studies need to be conducted to review the design, consider the impact of implementing the project and identify any relevant risks (**Table *13***).
  - **Project governance and risk allocation**: The project governance and ownership structure should be determined, including how fiduciary liabilities are shared between government and other investors. At this point, decisions need to be made about whether the project will be delivered by the government directly, a public-private partnership or private investors.
  - **Policy and legal review**: The relevant legal and policy framework in which the project will be delivered needs to be reviewed and the project design adjusted accordingly. Key policy and legal risks should be identified and if necessary, the project structure adjusted.
  - **Costing and budget preparation**: Project budgets need to be prepared by (1) identifying and planning each activity and input required for the project, (2) determining the cost of activities and inputs using previous comparable projects as a benchmark and (3) determining any income generated by the project. Budgets should be prepared by headings which match the reporting and audit requirements for the implementation agency.
  - **Gender and social impact analysis**: Gender and social impact analysis should be conducted to assess how the project contributes to NDC targets on gender and potentially generates additional benefits for stakeholders.
- The country should identify the government body or agency responsible for overall and specific components of project preparation.

- Additionally, it should be identified how this process will be funded and whether there is a need for technical assistance.

Table 13. Questions that feasibility studies should answer

The case	The questions	What the business case must demonstrate
NDC contribution	Does the achievement of the NDC require the project to be implemented?	Will it contribute to achieving a specific NDC target? Does the project help meet the target partially, fully or surpass it? Does the project contribute to the enabling environment for implementing the NDC? Is the project scalable?
Co-benefits	Is it consistent with the country's broader national goals?	Does the project contribute to national priorities and the SDGs? Which ones and how? Does the project generate additional benefits to meeting other targets (e.g., mitigation-adaptation co-benefits)?
Economic	Is it value for money?	Have a range of options been considered? Does the project represent the best balance of costs, benefits and risks versus other options?
Social	What is the expected social impact? Does it have a different impact across vulnerable groups?	Is the net social impact positive? If there are negative impacts, has the project considered mechanisms to mitigate them (e.g., just transition)?
Environmental	What is the expected environmental impact?	Is the net environmental impact positive? If there are negative impacts, has the project considered mechanisms to mitigate them?
Commercial	Is it viable?	Are there suppliers who can meet the needs? Is it possible to secure the required input in a value-for-money way?
Financial	Is it affordable?	Is the budget and costing realistic and affordable? Is the funding available and can it be accessed in a sustainable way?
Management	Is it achievable?	Are we capable of delivering the project? Are there robust systems and processes in place?

Source: Adapted from Global Infrastructure Hub (GI Hub).[13]

Resulting output: Business case
A document that summarizes the business case for a prioritized project or activity to achieve NDC targets.

External reference documents

\“Guidelines for Preparation and Assessment of Feasibility Study Reports of Projects at Central Government Level in Rwanda;” Ministry of Finance and Economic Planning of Rwanda; 2018.

[13] “Leading Practice in Governmental Processes Facilitating Infrastructure Project Preparation;” Global Infrastructure Hub; 2019; https://cdn.gihub.org/umbraco/media/2344/gih_project-preparation_full-document_final_art_web.pdf

Component five. Pipeline and project road mapping

When the NDC investment planning process includes specific projects, the plan can additionally include the definition of a pipeline, sorting opportunities by readiness and existing financing support.

The specific sequencing for the implementation of projects and initiatives identified in NDC investment plans. The sequencing should be done with the objective of developing a strategy to finance NDC projects and activities in the short, medium and long terms that can optimize quick gains and streamline high-priority activities and projects.

Step 12: Estimation of time frames for project implementation per sector

To identify the sequencing, the public body responsible for coordinating NDC investment planning should engage with sectoral leads by:

- Requesting estimated timelines in the investment cycle (identification and design, preparation, implementation) for prioritized activities and projects. Timelines should be revised for consistency, for instance by contrasting against the average time required for the investment cycle of a similar project in the sector. At a minimum the information should contain the expected time when the project or activity will reach the next stage in the investment cycle (noted by quarter or month).
- Participating in bilateral roundtable discussions with each sector to optimize average timelines against the level of prioritization assigned to that activity or project (see the prioritization methodology in **Stage two, Component three.**

Step 13: Joint mapping of time frames for prioritized NDC projects and activities

The public body responsible for coordinating NDC investment planning should consolidate the information from sectoral leads and conduct a joint workshop to validate the identified joint road map. The information should be presented in summary tables to relevant stakeholders to facilitate discussions. Countries can use **Table 14** and **Table 15** as reference.

Table 14. Example of summary timeline for projects and activities

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030
AFOLU Sector									
Develop new forest plantations	■	■	■	■	■	■			
Establish new forest reserves on unused land	■	■	■	■	■	■			
Agroforestry expansion programme	■	■	■	■	■	■	■		
Develop a commercial sandalwood industry							■	■	■
Pasture improvement and fertilizer management							■	■	■
Waste Sector									
Moving towards zero waste	■	■	■	■					
Waste-to-energy	■	■	■	■	■	■	■		
Outer island waste management services	■	■	■	■	■				
Organic recycling					■	■	■	■	■
Marine sector									
Mangrove restoration and replanting	■	■	■	■	■				
Apply detached breakwaters	■	■	■	■	■	■			
Model Tonga's hydrodynamic connectivity	■	■	■	■	■	■			
Enhance community monitoring and enforcement of SMAs and FHRs						■	■	■	■
Optimisation of the size of MPAs, FHRs, and SMAs							■	■	■
Review and update regulations for MPAs, FHRs, and SMAs							■	■	■

Table 15. Example of summary table for the cost of projects and activities over time

Project	2022	2023	2024	2025	2026	2027	2028	2029	2030
AFOLU Sector									
Develop new forest plantations	$ 50,000								
Establish new forest reserves on unused land	$ 206,000	$ 206,000	$ 206,000	$ 206,000	$ 206,000	$ 206,000			
Agroforestry expansion programme	$ 301,000	$ 301,000	$ 301,000	$ 301,000	$ 301,000	$ 301,000	$ 301,000		
Develop a commercial sandalwood industry							$ 602,000	$ 602,000	$ 602,000
Pasture improvement and fertilizer management							$ 286,000	$ 105,000	$ 105,000
Waste Sector									
Moving towards zero waste	$ 275,000	$ 275,000	$ 275,000	$ 275,000					
Waste-to-energy	$ 400,000	$ 400,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000	$ 600,000		
Outer island waste management services	$ 1,126,000	$ 1,126,000	$ 1,126,000	$ 1,126,000	$ 1,126,000				
Organic recycling					$ 206,000	$ 206,000	$ 206,000	$ 206,000	$ 206,000
Marine sector									
Mangrove restoration and replanting	$ 752,000	$ 752,000	$ 752,000	$ 752,000	$ 752,000				
Apply detatched breakwaters	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ 1,200,000	$ 1,200,000			
Model Tonga's hydrodynamic connectivity	$ 92,000	$ 92,000	$ 92,000	$ 92,000	$ 92,000	$ 92,000			
Enhance community monitoring and enforcement of SMAs and FHRs						$ 220,000	$ 220,000	$ 220,000	$ 220,000
Optimisation of the size of MPAs, FHRs, and SMAs							$ 100,000	$ 100,000	$ 100,000
Review and update regulations for MPSa, FHRs, and SMAs							$ 70,000	$ 70,000	$ 70,000

Resulting output: Road mapping of activities and projects
A spreadsheet outlining the sequencing of the portfolio of activities and projects that were prioritized by the country (see **Stage two, Component three).**

ANNEX: CHECKLIST

This section presents the checklist that can facilitate the development of an NDC investment plan, summarizing all steps (checklist items) associated with the outputs signaling the section of the guide with the specific information.

- The first column presents the outputs associated with each component
- The middle column summarizes the main steps identified for developing that output
- The final column lists the corresponding section guide, which includes more details on the steps included.

The Checklist should serve as a guide for decision-makers to guide the NDC investment planning process and not as a manual or set of requirements. The completion of each of the stages of the Guide and Checklist will depend on each country's progress, available resources and objectives.

Stage one: Investment planning capacity

Output	Checklist		Cross reference
Component one. Institutional arrangement			
Institutional map	List public-sector bodies linked to the identification, implementation and financing of activities related to NDC targets.	☐	Stage 1, Step 1
	Identify points of contact for cross-cutting institutions (e.g., ministry of finance and ministry of environment) and other relevant institutions.	☐	Stage 1, Step 1
	Draft organigrams that capture relevant public bodies for NDC investment planning.	☐	Stage 1, Step 1
Overview of mandates and roles	For institutions in the organigram, identify: a) Mandates from existing functions associated with NDC investment planning b) Specific roles for the development and implementation of NDC investment planning The information can be summarized by following the template presented in **Table *1*.**	☐	Stage 1, Step 2 and **Table 1**

	Conduct an institutional arrangement gap analysis.	☐	Stage 1, Step 3
	Assign a central coordination role for NDC investment planning.	☐	Stage 1, Step 4
Plan for formalizing identified roles	Identify the actions required to formalize specific roles. The information can be summarized by following the template presented in **Table 2.**	☐	Stage 1, Step 5 and **Table *2***
Component two. Multistakeholder engagement			
Stakeholder engagement map	Assign responsibilities for coordination and stakeholder mapping.	☐	Stage 1, Step 6 and **Table 3** and **Table 4**
	Establish the relevant timeline for stakeholder engagement. The information can be summarized by following the template provided in **Table 3**.	☒	Stage 1, Step 6 and **Table 3 and Table 4**
Component three. Monitoring and reporting[14]			
Climate finance monitoring strategy	Identify stakeholders for data collection.	☐	Stage 1, Step 7
	Assess capabilities to deliver required data.	☐	Stage 1, Step 8
	Set up a monitoring strategy.	☐	Stage 1, Step 9
	Communicate monitoring strategy.	☐	Stage 1, Step 10
Climate finance monitoring tool	Develop a centralized monitoring tool.	☐	Stage 1, Step 11
NDC investment planning review process	Define the review process for NDC investment planning.	☐	Stage 1, Step 12

Stage two: Investment Needs Identification and Prioritization

Output	Check list item		Guide component
Component one. Identifying NDC investment needs			
Summary of NDC investment needs	Extract information from NDC: a) List NDC targets. b) For each NDC target, list sectoral and sub-sectoral outcomes. c) For each outcome, select KPIs to measure progress from national Monitor and Evaluation (M&E) or Monitoring,	☐	Stage 2, Step 1, ***Table 5***

[14] These outputs will be further informed by outputs from stages two and three, feeding into the iterative process of raising ambition and building capacity over time.

	Reporting and Verification. (MRV) systems when available. Summarize targets, sectoral and sub-sectoral outcomes and KPIs in a table, with a column for NDC targets, outcomes and KPIs.		
	Identify planned investment which contribute to NDC targets: a) Prepare a list of relevant national and sectoral policy documents and investment plans, along with climate change and NDC policy documents which may have actions contributing to the NDC. b) By sector, review policy documents and investment plans. Tag all policies, actions, projects and activities contributing to the NDC targets or outputs. Summarize the tagged policies actions, projects and activities in a spreadsheet ordered by the NDC target framework.	☐	Stage 2, Step 2
	Identify and address gaps in the planned investments.	☐	Stage 2, Step 3
	Validate the set of investment needs with stakeholder engagement.	☐	Stage 2, Step 4
Component two. Costing and financing gap analysis			
Costing investment needs	Calculate the cost of achieving NDC targets.	☐	Stage 2, Step 5
	Calculate the secured level of financing.	☐	Stage 2, Step 6
	Calculate the financing gap.	☐	Stage 2, Step 7
Component three. Investment and supporting activity prioritization			
Prioritization methodology	Identify prioritization criteria.	☐	Stage 2, Step 8
	Identify indicators corresponding to the set of criteria chosen.		Stage 2, Step 8
	Determine criteria weights.	☐	Stage 2, Step 8 and **Table *8***
Prioritization of projects	Normalize and process data.	☐	Stage 2, Step 10
	Approve and present NDC investment priorities.	☐	Stage 2, Step 11

Stage three: Investment mobilization

Output	Checklist	Cross reference

Component one. Barriers to investment			
List of potential barriers with priorities	Identify a long list of barriers by conducting a desk review of relevant policy documents and literature (internal analysis).	☐	Step 3, Step 1
	Identify a long list of barriers by organizing technical working groups with cross-cutting and relevant sectors (internal analysis).	☐	Step 3, Step 1
	Identify barriers by organizing workshops with the private sector, development partners and academia (external analysis).		Step 3, Step 1
	Screen, simplify and prioritize identified barriers through technical working groups and workshops.	☐	Step 3, Step 2
Component two. Policies, regulations and financial instruments			
List of potential policy actions to tackle identified barriers	Organize technical working groups to discuss policy options with cross-cutting ministries and sectoral representatives.	☐	Stage 3, Step 3
	Organize workshops to discuss policy options with the private sector, development partners and academia.	☐	Stage 3, Step 3
	Identify financing instruments or additional activities to address barriers.	☐	Stage 3, Step 4
	Organize workshops to validate selected policy actions.		Stage 3, Step 5
Implementation plan for prioritized policies and regulation	Consolidate an implementation plan for prioritized policies and regulations.	☐	Stage 3, Step 6
Component three. Matching sources of financing			
Matching investment needs and sources of finance	Collate identified financing gaps (Stage 2, Component 2) and additional needs (Stage 3, Component 2) to develop a comprehensive set of investment needs that required a matching source of financing.	☐	Stage 3, Step 7
	Map financing gaps into financing sources (e.g., future national/sectoral budgets, funds from multilateral investment banks, private investment, grants and climate finance mechanisms) by conducting internal and external analysis.	☐	Stage 3, Step 8

	Share information on the finance gap and potential sources of finance.	☐	Stage 3, Step 9
Component four. Project preparation			
Business case	Determine the required project preparation steps based on the target funding source.	☐	Stage 3, Step 10
	Determine the following features for the project: • Technical configuration • Project governance and risk allocation • Policy and legal review • Costing and budgeting preparation • Prefeasibility study • Feasibility study • Gender and social impact analysis	☐	Stage 3, Step 11
Component five. Pipeline and project road mapping			
Road mapping of activities and projects	Estimate the expected time frames for project implementation per sector.	☐	Stage 3, Step 12
	Conduct a joint mapping of expected time frames for all prioritized NDC projects and activities.	☐	Stage 3, Step 13

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