

HOW TO STRUCTURE AND DEVELOP SECTOR-SPECIFIC INVESTMENT PLANS AND PROPOSALS: A GUIDANCE NOTE FOR NATIONAL TECHNICAL INSTITUTES PARTICIPATING IN THE NDC ACTION PROJECT

PURPOSE OF THE DOCUMENT, PROJECT CONTEXT AND OUTPUTS

This guidance note is primarily intended for National Technical Institutes (NTIs) participating in the NDC Action Project, specifically focused on how to structure and develop sector-specific investment plans and proposals. This is the overall focus of Output 3. As such, document aims to establish common guidelines of action for all countries and priority sectors, to ensure the delivery of high quality and consistent project outputs. In doing so we increase the likelihood of achieving the project’s intended outcomes.

The NDC Action Project supports 10 partner countries to translate NDCs into strategies and actions ready for financing and implementation. It builds on three core principles: country ownership, a balanced focus between adaptation and mitigation, and integration with national development and climate change priorities. Aligning with partner countries' own NDC priorities, the project pursues a multi-stakeholder and high-level engagement process to:

- Provide the technical assistance needed to strengthen the capacity of institutions responsible for NDC implementation
- Support the development of a portfolio of sectoral policies and programmes for two priority sectors – one in adaptation, one in mitigation - selected in each country
- Support the development of investment plans in these sectors and articulate sector-specific proposals to enable or de-risk investment opportunities with a clear climate change mitigation and/or adaptation effect through technology transfer or upgrading
- Facilitate experience-sharing, both among the partner countries and with others

The main project outputs are summarised in figure 1:

Figure 1: NDC Action project log frame for impact, outcome and outputs. Source: NDC Action project brief.

| Impact | | | |
|---|---|--|--|
| Countries take increasingly ambitious nationally determined adaptation and mitigation actions aligned with the UNFCCC's long-term global mitigation and adaptation goals and their national development priorities. | | | |
| Outcome | | | |
| Partner countries adopt policies and use economic instruments that drive accelerated public and private investment for NDC implementation in key sectors. | | | |
| Output 1 | Output 2 | Output 3 | Output 4 |
| <p>Partner institutions are leading NDC implementation and driving more ambitious NDCs with the engagement and support of relevant national stakeholders.</p> <p>Work Package 1.1: Securing support for the project concept and implementation from relevant national stakeholders</p> <p><u>Activity 1.1.1:</u> Organize in each country a high-level launch event for government officials and relevant stakeholders</p> <p><u>Activity 1.1.2:</u> Hold meetings with officials to get high level endorsement for the project in all partner countries</p> <p>Work Package 1.2: Establishment and/or strengthening of a multi-stakeholder consultation mechanism and process</p> <p><u>Activity 1.2.1:</u> Map stakeholders and organize exchange/collaboration fora relevant for NDC implementation in each partner country to exchange ideas and share experiences</p> <p><u>Activity 1.2.2:</u> Establish or reform a multi-stakeholder consultation mechanism and process to facilitate decision-makings in each partner country</p> | <p>Relevant actors have the knowledge on policies and programmes at hand needed to drive NDC implementation in the priority mitigation and/or adaptation sectors.</p> <p>Work Package 2.1: Selection of priority sectors is facilitated</p> <p><u>Activity 2.1.1:</u> Convene multi-stakeholder meetings to obtain agreement on priority sectors</p> <p><u>Activity 2.1.2:</u> Confirm selected priority sectors with partner governments</p> <p>Work Package 2.2: Preparation of a portfolio of policies and programmes in the selected priority sectors that will drive NDC implementation</p> <p><u>Activity 2.2.1:</u> Prepare analytical reports on policies and programmes that will drive NDC implementation in the agreed priority sectors, including prerequisites, potential barriers, and means of overcoming barriers</p> <p><u>Activity 2.2.2:</u> Secure agreement of the identified policies and programmes through multi-stakeholder consultation meetings</p> | <p>Financial institutions at the national, regional, and global levels are engaged in the development of climate-friendly investment plans led by governments and show commitment to make climate investments that support NDC implementation.</p> <p>Work Package 3.1: Development of investment plans is supported</p> <p><u>Activity 3.1.1:</u> Identify and analyse financial instruments that support and/or accelerate sector-specific NDC implementation</p> <p><u>Activity 3.1.2:</u> Facilitate and provide input to the development of government-led climate-friendly investment plans</p> <p>Work Package 3.2: Development of draft proposals for climate funds is facilitated</p> <p><u>Activity 3.2.1:</u> Conduct trainings for, and facilitate consultations among, national and/or local governments, national financial institutions, companies and Civil Society Organizations (CSOs) most active in the selected priority sectors, and project developers</p> <p><u>Activity 3.2.2:</u> Support project developers in drafting and submitting proposals</p> | <p>Experiences and lessons learned are shared among partner countries and beyond, creating a foundation for enhanced ambition.</p> <p>Work Package 4.1: Sharing of knowledge and best practices is supported.</p> <p><u>Activity 4.1.1:</u> Develop and implement a knowledge-sharing and outreach strategy that supports better information flow</p> <p><u>Activity 4.1.2:</u> Share any knowledge generated and lessons learned through both on- and off-line means</p> <p>Work Package 4.2: Providing knowledge and lessons learned into the global stock-take is facilitated.</p> <p><u>Activity 4.2.1:</u> Determine with partner countries the best approaches to feed the knowledge and lessons from the project into the global stock-take</p> <p><u>Activity 4.2.2:</u> Support partner countries to distil relevant knowledge and lessons learned from the project and feed it into the global stock-taking process with the aim of encouraging the global community to enhance ambition in future NDCs</p> |

For this Guidance Note we are concerned with the financial component of the NDC Action project, listed under Output 3: "Financial institutions at the national, regional, and global levels are engaged in government development of climate-friendly investment plans and show commitment to make climate investments that support NDC implementation".

Success with Output 3 requires that the capacities of relevant stakeholders are strengthened in order to ensure effective buy-in to a process otherwise led by national and sub-national governments. It requires that we build on data, information, lessons, experiences of pockets of success – both empirical in each country and from reviewed literature – on investment actions in each of the priority sectors chosen to inform the NDCs investment plans. Further, it is necessary to strengthen technical capacities and support governments in the development of technical/financial reports needed to achieve comprehensive and detailed financial investment plans, as well as developing funding proposals that minimize risk and maximize attractiveness for private, public and blended sources of finance. Development of blended finance facilities to de-risk investments in the chosen priority sectors stands out as a critical strategy of attracting market-driven NDCs financing. To this end, Output 3 of the NDC Action pursues work divided into two packages:

- The development of a climate-friendly investment plan for each priority sector in partner countries, identified under Output 2. These include 1) a detailed action plan on a national and sub-national level towards NDC implementation, 2) an analysis of policy and non-policy enablers needed to expand pockets of investment successes in the priority sectors to become mainstream enterprises in each respective country 3) estimated investment needs required to implement

such actions and a strategy for meeting those financing needs¹ (Work Package 3.1)

- The development of project concept notes, including formulation of blended financing facilities, and at least one advanced funding proposal per country to be submitted to national and/or international financial institutions and/or funding mechanisms. (Work Package 3.2)

For reporting purposes, the sectoral investment plans as well as the draft advanced funding proposals will serve as indicators of project completion at the end of the project in 2024². In most cases the funding proposals - which should be more than just concept notes – should be developed in active partnership with implementing agencies, thus ensuring greater buy-in and ownership of the proposal beyond the life of the NDC Action project.

To ensure the delivery of a complete and meaningful Output 3, the project team should make sure that a series of steps are followed to maximize the quality of information provided and ensure approval and co-ownership by financial entities. Presented below is a summary of key steps to develop Output 3 successfully.

In most cases the reports and tasks outlined below will be driven forward by the NTIs, with inputs and reviews provided by the NPCs, the NDC Action team and its pool of experts. It is worth noting that in some project countries, the NPCs had already undertaken substantial work and hence the NTI will come in to build on and bridge gaps of what the NPCs already did towards actioning the required deliverables. It is the responsibility of the NDC Action team at UNEP-CCC to coordinate the work of the NTIs and oversee good performance and quality of the work packages. Similarly, the NTIs are responsible for leading the technical work outlined below, to record summaries of meetings, trainings and workshops, and with a timely delivery of work packages.

This guidance note is not a one-size fits all, and is only a framework for guidance. The nitty-gritty guidance will continue as has been done for each country. Hence its application will build on the trajectory of implementation already established in each respective country to avoid confusing and hence stalling progress.

CONTENT STRUCTURE FOR OUTPUT 3 DELIVERABLES

The following content structure for Work Packages 3.1 and 3.2 has been developed, based on the overall logical framework of the NDC Action project (Figure 1). This aims to provide a further level of detail and guidance to ensure the key steps and analytical content is presented to inform the investment plans and/or funding proposals. Furthermore, it serves to minimise the risk of creating disparities in deliverables and

¹ Definition sourced from the CDKN NDC implementation guide: [Planning for NDC implementation: A Quick-Start Guide | Finance \(cdkn.org\)](#)

² Overall, the NDC Action project aims to develop 20 government-led sectoral investment plans, one for each priority sector in every country (Output 3.1) and articulate at least 10 advanced funding proposals for review and approval by relevant national authorities, Multilateral Development Banks, International Finance Institutes, commercial banks or microfinance institutions etc. (Output 3.2).

outputs across the partner countries and raise the overall level of analytical rigour and insight.

WORK PACKAGE 3.1: DEVELOPMENT OF INVESTMENT PLANS IS SUPPORTED

Activity 3.1.1 - Identify and analyse financial instruments that support and/or accelerate sector-specific NDC implementation.

For this activity, the following deliverables should be developed by the NTIs. We suggest presenting these as chapters in one report:

1. **Re-state the policy context and sector targets for NDC implementation**, thus synthesising the work completed under Output 2. Key to highlight here is how these sector-specific targets and outcomes can be achieved through specific interventions (actions and sub-actions), thus framing and justifying the investment plans and proposal to be developed under Output 3. Depending on the complexity of the sector and wider political economy, we suggest aim for between 3,000 – 5,000 words, per sector. The technical reviews will focus on the depth of analytical insight, synthesising and applying the work completed in Output 2 (as opposed to simply repeating it).

2. **Gap analysis to inform specific investment actions** towards expanding pockets of investment success by a multiplicity of actors – state/non-state/individual/institutional in the 2 chosen priority sectors. It is worth noting that there are successes of NDCs implementation investments and actions by diverse stakeholders in the two priority sectors of each country. The data, knowledge, lessons on key success factors – such as levels of profitability/financial return in investment accruable/cost-benefit analyses of actions in the chosen sectors, and enablers of expansion from these empirical successes, coupled with literature reviews, will need to be analysed to form a critical foundation of developing investment plans. This will be through identification of actions to bridge these gaps and opportunities towards expanding the key success factors and enablers of expansion to become mainstream successes. Surveys, key informant interviews, desk studies will be used to establish the gaps & opportunities as well as the policy & non-policy enablers needed to bridge these gaps & expand pockets to become mainstream successes in the countries. This section should conclude with a clear breakdown of:

- gaps to be addressed towards expanding pockets of successes,
- opportunities to be tapped in expanding successes,
- potential financial return on investment/profitability of actions accruable to different groups of stakeholders who invest in them,
- the social, policy/regulatory, financial, and market enablers needed for expansion of successes,

3. **Techno-economic analysis of the proposed actions and sub-actions to be undertaken in the priority sectors.** This assessment should include a detailed desk review of actions/technologies ideally building on previously completed analyses within the country (for example TNAs, NAPs, relevant national development plans) and/or other countries in the region with similar characteristics. Here, the focus should be on technology or project-specific cost-

benefit analyses, investment cost estimations, potential cash flows and technical/financial barrier analysis and means of overcoming barriers, and analysis of key financial and non-financial risks. Depending on the complexity of the sector and priority technologies, we suggest aim for between 5,000 – 7,000 words, per sector. The technical reviews will again focus on the depth of analytical insight and quantitative analysis and its application to the context of NDC Action. This section of the report should conclude with a clear list of actionable recommendations that can be presented for stakeholder feedback in the following stage.

- 4. Identification of relevant and suitable financial mechanisms for the proposed actions and sub-actions.** This can include the use of government budget, private sector investment, blended finance, multilateral and local development banks, impact funds, support from developed countries and partner organizations, international funds such as GCF, AF, GEF, etc., carbon and market mechanisms, etc. Depending on the sector and type of technologies and national circumstances (as detailed in the previous section or chapter), it may be relevant to consider other financial incentives and instruments such as tax incentives, green loans, concessional loans, de-risking instruments such as debt guarantees, etc. as sources of finance for the actions and sub-actions in the priority sectors. For international sources of finance it will be necessary to review of their access modalities, and identify appropriate national and international partners to access finance and implement the identified actions and sub-actions.

Depending on the complexity of the sector and priority technologies, we suggest aim for between 4,000 – 6,000 words, per sector. To maximise on impact of actions in the chosen sectors, as much as possible leverage opportunities for amalgamating complementary sectors to generate synergy and maximise return on investment, as opposed to operationalising actions in their sectorial silos. The technical reviews will again focus on the depth of analytical insight and problem-solving logics, thus it is important to clearly explain and justify the types of financing, linking them to the needs and barriers analysed in the proceeding section. Likewise this section of the report should conclude with a clear list of actionable recommendations that can be presented for stakeholder feedback in the following stage.

Activity 3.1.2 - Facilitate and provide input to the development of government-led climate friendly investment plans.

For this activity, the following should be developed by the NTIs, with organisational support from the NPCs where relevant to convene stakeholder and ensure clear government ownership of the proposed actions. It is important that the activities and deliverables are completed in sequence:

- 1) a compendium of knowledge resources**, informed by empirical data and literature review on the following aspects:

- key success factors, policy & non-policy enablers needed towards expanding pockets of success of investment actions by different actors – state/non-state, individual, institutional,
- potential financial return on investment/profitability of actions in different sectors accruable to the different groups of stakeholders who invest in them,
- the social, policy/regulatory, financial, and market enablers needed,

2) the compendium of knowledge products should be shared to policy actors in the different line ministries aligned with the sectors covered, so it can inform the prioritisation of their programmes to take relevant actions in their respective docket, in rolling out the targeted incentives/enablers towards attracting more implementation investments that expand the successes.

3) The results and conclusions of 3.1.1 are presented to stakeholders for the purpose of information sharing and feedback via a targeted workshop organised by the NPC and with support from the NTI. This is the first draft the “government-led climate friendly investment plan”. Here, the overall aim is to raise further awareness and buy-in to the broad proposed actions and sub-actions, as well as secure critical feedback on how to improve the quality of the data and analysis provided under activity 3.1.1. This may include identifying possible knowledge or funding gaps and how to address these. The workshops are also an opportunity for the NPC and/or Government officials to communicate their expectations and future policies and programmes, and in particular to engage private sector stakeholders assessing their needs for leveraging further private funds/engagement. The NTIs and NPCs should collaborate in the drafting of a workshop report (maximum 3,000 words), including a detailed agenda, list of participants and summary of the main conclusions and agreed next steps.

- Following inputs from the first round of stakeholder consultation the NTIs draft sector-specific investment plans, detailing the logics, technical justifications and stakeholder buy-in to the proposed actions in the priority sectors. Since this is a national-level analysis, these investment plans should include the following:
- The broader social, economic and environmental costs and benefits of the proposed actions and sub-actions and how these align with NDC and development targets and strategies.
- Further assessment actions and sub-actions for (i) policy and regulatory support (whether favourable and enabling government policies support actions and sub-actions); (ii) market maturity (whether a valid demand-supply situation is present); (iii) availability of technologies (whether proven technologies are available in the country). Moreover, the analysis should reflect on whether there is already investment taking place and if so, how to scale this.
- A more concrete analysis of the likely financing options and the relevant consensus and political support (where relevant) needed to action this financing. In most countries the key stakeholders are the Ministry of Finance and/or the NDAs for the multilateral climate funds.

There is no fixed format or structure for these investment plans, however they should not be too long. Approx. 4,000 words should be sufficient to provide all relevant information. We recommend the use of action-oriented language and bullet points to summarise 1) what has been agreed; 2) who will do it; and 3) when will they do it. **A clear explanation of ownership, roles and responsibilities is crucial to drafting a robust investment plan.** Investment plans are not necessarily implemented by governments, though they must work to create the enabling policies, incentives and approvals needed to de-risk projects for financing, of whatever nature. As such, and wherever possible, we encourage the NPCs to request or facilitate letters of endorsement or commitment from key stakeholders, which can be annexed in the report to indicate the level of political support for the agreed actions.

A second round of multi-stakeholder consultations is completed to present the revised draft of the investment plan, receive comments for final government endorsement on the investment plan. As with all other technical deliverables, this should be prepared by the NTI and submitted for critical review by UNEP-CCC where the key concern is to see a clear action plan, i.e., who will do what and by when.

WORK PACKAGE 3.2: DEVELOPMENT OF DRAFT PROPOSALS FOR CLIMATE FUNDS IS FACILITATED

Activity 3.2.1 - Activity 3.2.1: Conduct trainings for, and facilitate consultations among, national and/or local governments, national financial institutions, companies and Civil Society Organizations (CSOs) most active in the selected priority sectors, and project developers.

The overall aim of this work package is to support project developers in drafting and submitting proposals to national, regional and/or global financial institutions and/or funding mechanisms. This technical assistance will be led by the NTIs, with peer review and technical backstopping provided by UNEP-CCC. The first task is to assess the awareness and capacity needs of national and local governments, national financial institutions, private sector, CSOs, NGOs and project developers to contribute to NDC implementation in the priority sectors. The second task is to organise dedicated climate finance trainings for national financial institutions, companies and CSOs/NGOs most active in the selected priority sectors, as well as for potential project developers. Here, we recommend engaging at least one domestic financial institution in understanding the relevance of providing green financing to the priority sectors and co-identifying financial products, as well as supporting investments in priority sectors for NDC implementation.

Activity 3.2.2: Support project developers in drafting and submitting proposals to national, regional, and/or global financial institutions and/or funding mechanisms.

Based on the results from Work Package 3.1, activity 3.2.2. is focused on the preparation of at least one concept note and advanced stage funding proposal for a target fund or development partner with a view to financing or co-financing a specific project. As with activity 3.2.1. this technical assistance will be led by the NTIs, with input from NPCs, and peer review and technical backstopping provided by UNEP-CCC.

From among the range of actions/sub-actions identified and assessed in the government-led investment plan it is necessary to prepare an analysis (e.g. market

study, feasibility analysis, impact assessment, etc. if relevant) of the most suitable projects in each priority sector. Following consultation and guidance from relevant Ministries, the NTI and NDC Action team will work with project developers in priority sectors to develop a project concept note for each sector. These will vary in the level of detail based on the amount and quality of available data, and intended targeted international climate finance providers, as well as Ministry expectations on the financial output of the project. To ensure sustainability in financing, where applicable, blended finance facilities should be established to de-risk market driven financing of investments in the chosen NDC action areas. See annexe 1 for a suggested list of contents of project concept notes and proposals.

Again following guidance from the Government, one project concept note will be selected per country (based on quality of concept note and possibility of success) and developed into an advanced proposal fit for submission to different financing sources. The advanced proposal will follow the guidelines found in funding proposal templates from GCF, AF, GEF and other relevant financial institution (taking into account possible different requirements and criteria for funding proposals dedicated to private sources of finance). See annex 2 for more detail.

Contingency planning

Although the objective of the guidance provided here is to mitigate disparities in deliverables across partner countries, the final products will likely not look the same way in every priority sector of every country. Should the assessment of a certain priority sector show there are not many possibilities or incentives for investment and thus a proposal has little chance of success, the NDC Action team and the NTI should consider an alternative deliverable, following the Government's direction. Support could instead focus on strategies and roadmaps to make the priority sector more attractive (via de-risking of investments, capacity building, institutional enabling environment, etc.) and perhaps look for other sources of finance that may be easier to secure than international funds.

INVOLVEMENT OF NDC ACTION TEAM POOL OF EXPERTS

Whereas the NDC Action project builds on country ownership as one of its overarching principles, the involvement of internal expertise from the NDC Action team's pool of experts should be leveraged to review and support the NTI work and, if necessary, to develop other complementary material needed that can enhance the end result of the Work Packages. For example, in assisting the NTIs in developing cost benefit analysis of different technologies and actions/sub-actions, developing assessments of private sector engagement in the priority sectors, proposing financing strategies for the selected interventions, planning and developing knowledge products to support the Project's Output 4 (sharing of knowledge and best practices), or other similar tasks.

Tasks that can be undertaken by the NDC Action team pool of experts include the following:

Work Package 3.1:

- Ensuring that all research, reports and information provided by the NTI include the necessary data and have a certain degree of quality and detail.
- Reviewing the information provided (e.g. surveys and questionnaires) in preparation of stakeholder consultations, including relevant data and making sure the pool of stakeholders contacted includes representatives from public and private sector, civil societies and NGOs, when required.
- Reviewing the final products and deliverables so that these include all the necessary assessments mentioned in the NDC implementation guide, and therefore the investment plan is ready for government endorsement.

Work Package 3.2:

- Assisting the NTIs to prepare a detailed overview and assessment of public, private and blended finance options available for funding.
- Ensuring that the available options for direct access to international climate funds for national and subnational institutions have been explored (for example through the creation of a committee/task force with members of NTI, government and NDC Action involved in this process).
- Assisting the NTI and NPC in the work and coordination with environment, financial/planning and line ministries in order to build technical capacity to develop a project pipeline of bankable climate change projects (technical capacity defined here as ability to perform financial and technology needs assessments, technical understanding of available technologies, coordination among relevant ministries, financial modelling and cost-benefit analysis, etc.).
- Assisting in identifying the most appropriate international climate finance providers for the selected interventions in need for international financial support.
- Ensuring that the NTI has developed a satisfactory funding concept note for the priority sector intervention, presents the concept note to all relevant stakeholders and development partners for approval, and ideally turns the concept note into an advanced funding proposal submitted to relevant funding institutions.
- Throughout the development process of an advanced funding proposal, assisting the NTI in gathering all necessary information to finalize the proposal. Ensuring that the NTI is in contact with consultants or specialized personnel to help them throughout the submission process, and that their proposal is aligned with relevant SDG targets.

ANNEX 1: CONTENT FOR PROJECT CONCEPT NOTES AND PROPOSALS

A project concept note (and in more detail for full project proposals) should include:

1. Project design (narrative, technology description, and including a Theory of Change schematic and/or Logical Framework)
2. Description of implementation partners and their respective roles, mandates and competencies
3. Description of stakeholders / affected parties and their engagement
4. Technical assistance and capacity building needs (e.g. policy development support, design of new / supporting regulation etc.)
5. Budget and use of funds (initial and ongoing cost)
6. Financial projections - Cash flow analysis (if applicable) and/or internal rate of return, sensitivity analysis /scenarios
7. Impact potential and expected results (for mitigation sectors, impact indicators would be an estimate of GHG emissions reduced or sequestered)
8. Monitoring plan including impact indicators
9. Identified risks and risk mitigation plan.
10. Initial list of potential sources of finance and funding - description of potential financiers and their programmes (development banks, private sector) and of grant sources (e.g. government, climate funds, NAMA Facility)

ANNEX 2: SUMMARY OF OVERALL REPORTING CONTENT FOR OUTPUT 3

| Output | Purpose | Content |
|----------------------|--|--|
| Policy Assessment | Assessment of policy landscape and recommendations | <p>An assessment of the existing policies that affect the mitigation priorities (e.g. renewable energy in mitigation zones) including laws, regulations, agreements, initiatives, and government programs (national or if relevant sub-national) and recommendations on policies to support said mitigation priorities</p> <p>Technical analysis of the actions and sub-actions must be undertaken in the priority sectors. This assessment should include a detailed desk review of actions/technologies ideally including similar actions previously completed within the country (and other countries in the region or with similar characteristics) at a national and/or subnational level, technical/financial barrier analysis and means of overcoming barriers, and a preliminary risk analysis</p> <p>Based on the policy assessment, portfolios of policies and programmes are proposed to the ministries to seek adoption/consent.</p> |
| Financial Assessment | Assessment of the landscape of financial mechanisms available that are eligible or supportive of the | Report identifying relevant and suitable financial mechanisms (e.g. government budget, private sector investment, blended finance, multilateral and local development banks, impact funds, support from developed countries and partner organizations, international funds such as GCF, AF, GEF, etc., carbon and market mechanisms, etc.) for the |

| | | |
|------------------------|---|--|
| | <p>selected mitigation priority.</p> | <p>priorities as well as other financial incentives and instruments (tax incentives, green loans, , concessional loans, de-risking instruments such as debt guarantees, etc) as funding sources to cover the investments required in the priority sectors.</p> <p>A comprehensive feasibility analysis will be conducted to review financing options that exist in the country and identify the most plausible financial instruments. Potentially include recommendations for new financial instruments if the existing instruments do not cover the financing needs of the mitigation priorities.</p> |
| <p>Investment Plan</p> | <p>The development of a sector specific investment plan developed in consultation with relevant government ministries- for each priority sector in every partner country which includes i) setting out a programme of actions on a national and sub-national level towards NDC implementation, as well as ii) estimated investment needs required to implement such actions and a strategy for meeting those financing needs.</p> | <p>Analysis (e.g. market study, feasibility analysis, impact assessment, etc. if relevant) of the most suitable project(s) in each priority sector.</p> <p>Detailing a series of possible actions to undertake in the priority sectors, towards NDC implementation. Inclusion of cost estimation, main barriers and technology/financing/capacity gaps, alignment with current and future policies, implementation potential with risk assessment, possible strategies to finance and implement such actions, necessary financial instruments and incentive mechanisms, monitoring and evaluation.</p> <p>This part of the analysis should further assess actions and sub-actions for (i) policy and regulatory support (whether favourable and enabling government policies support actions and sub-actions); (ii) market maturity (whether a valid demand-supply situation is present); (iii) availability of technologies (whether proven technologies are available in the country). Moreover, the analysis should reflect on whether there is already investment taking place and if so, how to scale this.</p> |
| <p>Concept Note</p> | <p>The aim is to develop a funding proposal (see row below).</p> <p>If no immediate funding opportunity is available, then, instead of an advanced funding proposal, the NTI and NTC may prepare a concept note.</p> <p>One project outcome is the creation of a project in each country.</p> | <ol style="list-style-type: none"> 1. Project design (narrative, technology description, and including a Theory of Change schematic and/or Logical Framework) 2. Description of implementation partners and their respective roles, mandates and competencies 3. Description of stakeholders / affected parties and their engagement 4. Technical assistance and capacity building needs (e.g. policy development support, design of new / supporting regulation etc.) 5. Budget and use of funds (initial and ongoing cost) 6. Financial projections - Cash flow analysis (if applicable) and/or internal rate of return, sensitivity analysis /scenarios 7. Impact potential and expected results (for mitigation sectors, impact indicators would be an estimate of GHG emissions reduced or sequestered) 8. Monitoring plan including impact indicators 9. Identified risks and risk mitigation plan. |

| | | |
|---------------------------|--|---|
| | | 10. Initial list of potential sources of finance and funding - description of potential financiers and their programmes (development banks, private sector) and of grant sources (e.g. government, climate funds, NAMA Facility) |
| Advanced Funding Proposal | The development of an advanced funding proposal per country to be submitted to national and/or international financial institutions and/or funding mechanisms. | The advanced proposal will follow the guidelines found in funding proposal templates of the respective sources. E.g. Submissions to GCF, AF, GEF will correspond to the funding proposal templates of GCF, AF, GEF. Submissions to other sources must take into account possible different requirements and criteria for funding proposals dedicated to private sources of finance. The content of advanced funding proposals is likely to consist in similar content as points 1-10 of the Concept Note (see above). |

ANNEX 3: FURTHER INFO ON SOURCES OF FUNDING, TIMELINES

Following guidance from the Government, one project concept note will be selected per country (based on quality of concept note and possibility of success) and developed into an advanced proposal fit for submission to different financing sources. The advanced proposal will follow the guidelines found in funding proposal templates from GCF, Adaptation Fund, GEF and other relevant financial institution and taking into account possible different requirements and criteria for funding proposals dedicated to private sources of finance.

Therefore, to re-cap what is needed overall in Output 3:

1. Minimum 1 x selected project concept note
2. Minimum 1 x advanced funding proposal, targeting significant and catalytic funding (suggested >5m USD)
3. Additionally, in the meantime, the country teams (principally the NTIs, under guidance from the Government) should aim to leverage additional funding, >1M. USD, to support the development of concept notes and advance funding proposal, when possible.

If the country is targeting GCF (as an example) and during the project extension, only reaches the concept note development, this would already account for the output indicator 3.2. completion. Even though the goal is reaching the stage of an advanced funding proposal.

GCF timelines (as an example)

Concept notes (CN) submitted to Green Climate Fund (GCF)

- Though voluntary, it is highly encouraged for Accredited Entities (AEs) and National Designated Authorities (NDAs) to submit Concept Notes (CNs) to reduce the review time and lower the transaction costs for all stakeholders.
- CNs can also lead to higher "quality at entry" for funding proposals.

- The GCF provides more information [here](#)
- Timeline to get CNs approved: The GCF Secretariat’s response is usually provided within 30-45 days from the date of submission of the CN. In certain cases, when further clarifications are requested, the Secretariat may decide to undertake a CN scoping/engagement mission. However, there may be different rounds of comments back and forth that it can lead to a longer process until the CN is approved.

The NTIs – as always under guidance from the Government – should bear in mind the submission processes and timelines for each fund, build this into project planning. For example, for the GCF:

| Time duration | Activity/Action |
|---|--|
| Around 3 months | <i>Preparation of a concept note to be submitted to GCF</i> |
| Around 2 months | <i>GCF’s approval of concept notes from few weeks to months</i> |
| Around 9 months to 1 year, after concept note approval | <i>Development of a draft fund proposal to be ready for submission with key stakeholders’ engagement</i> |
| TOTAL: Around 12-15 months: <i>This implies that country teams have by latest end Q2 2023 to submit the selected sectorial concept notes to a big climate fund, like GCF – to not be tight in time, to give us some time to integrate GCF feedback on the concept notes and build the funding proposals.</i> | |

Other considerations and timelines:

1. Project extension. Considering the project extension until end of 2024 and the information shared during the Retreat (all projects should be finalized 3 months before the project ends), it means that our NTI contracts will last until around August-September 2024.
2. Early action points needed and timelines (Using the GCF example)

Regarding timelines to have a final agreement on which sectorial project to focus, the following is suggested:

| Date in 2023 | Action |
|---|---|
| February | Internal conversations with NPC, NTI and governmental focal points should have been held to have an initial idea of which sectorial project is more strategic/has the bigger potential to focus for output indicator 3.2 (when needed & as possible); |
| April | Conversations with AE & NDAs should be held to have their engagement and positive views regarding the sectorial focus. |
| May | The team should have official confirmation and approval from global coordinators and governmental focal points. |
| NOTE: apply as relevant and possible considering the country’s and project progress. | |

4. Other funding windows

A new Call for Projects of the NAMA Facility, the future Mitigation Action Facility, was announced in November 2022 at a COP27 side event in Sharm-El-Sheikh, Egypt. The Call will be launched in the first half of 2023, with a funding volume comparable to previous Calls of the NAMA Facility.

- Three priority sectors – energy, transport, industry – and support to cross-sectoral projects linked to one of the priority sectors
- Provision of grant-based funding for projects that combine technical assistance and financial cooperation targeting market-based, sustainable and scalable financial mechanisms
- Overall funding volume comparable to previous Calls and upper funding volume of **EUR 25m per project**
- Piloting modality for novel technologies
- Public and private actors invited to submit concepts and, upon selection, project Outlines and Proposals
- Emphasis on global cooperation (NDC Partnership), long-term strategies (LTS) and the UNFCCC process

(Tentative) Timeline

| Date | Action |
|---|--|
| March 2023 | Launch of Call |
| 1 March – 30 April 2023 | Concept Competition Stage (mandatory) |
| May 2023 | Assessment and Selection |
| 1 June – 31 August 2023 | Outline stage |
| Q1 2024 | Contracting for the detailed preparation phase |
| Detailed preparation phase | 10 or 15 months |
| Submission of Project Proposal | At the end of month 10 or 15 |
| Funding Decision Based on Project Proposals | Approx. four months after the submission of a project proposal |

More information [here](#)

Other Climate Funds

Adaptation Fund (Adaptation)

To receive money directly from the Adaptation Fund, entities need to be accredited as an implementing entity. Implementing entities can be international (i.e. the World Bank), regional (i.e. the Secretariat of the Pacific Regional Environment Program or SPREP) or national (i.e. a country's environment ministry).

- Accreditation: <20 months for National and Regional Implementing Entities and >25 months for Multilateral Implementing Entities. Time Needed for Project Approval: 12 months for one-step approach and 17 months for two-step approach.

Proposals are accepted three times a year: twice before the biannual Adaptation Fund Board meetings and once during an intersessional review cycle. And events calendar for upcoming submission deadlines is available [here](#). More information [here](#) and [here](#)

Partnership for Market Readiness (Mitigation – Energy Efficiency)

Countries interested in joining the PMR as Implementing Country Participants submit an expression of interest to the Secretariat. Depending on the availability of funding, a country is invited to present an Organizing Framework for the Scoping of PMD activities.

- The Organizing Framework is presented to the PA for consideration and endorsement. Once a country is confirmed by the PA, it is allocated preparation phase funding in the amount of US\$350,000. Implementing Country Participants use the preparation phase funding to prepare a MRP.
- MRPs may receive implementation funding in the amount of \$3, \$5 or \$8 million.
- Decisions about PMR funding allocation are made by the Partnership Assembly, which meets 2-3 times a year.

For more information on available funds, visit the [NDC Partnership Climate Finance Portal](#)