



# NDC PARTNERSHIP FINANCE STRATEGY

For the Implementation of the NDC  
Partnership Work Program 2021-2025

**NDC**   
PARTNERSHIP

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Transitioning to a green economy is projected to bring economic gains of USD26 trillion through 2030 compared with business-as-usual.

## INTRODUCTION

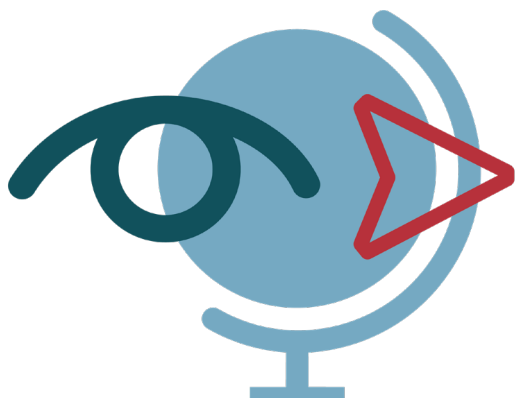
Insufficient access to financing at speed and scale remains a chief constraint to achieving the Paris Agreement’s goals. The United Nations estimates that the annual cost of adaptation and mitigation efforts “will greatly exceed USD500 billion and possibly even more than a trillion dollars.” This is compounded by revenue loss and increased debt related to COVID-19 that many countries are struggling with as they implement more ambitious Nationally Determined Contributions (NDCs). These conditions were evident when the NDC Partnership’s Work Program for 2021-2025 was adopted in December 2020. They have become even more apparent in 2021. As most countries have completed the process of NDC revision following COP 26, the Partnership is returning with a mandate from our members to a focus on supporting implementation. This makes finance more central than ever to our mission.

Climate action presents significant economic opportunities. Transitioning to a green economy is projected to bring economic gains of USD26 trillion through 2030 compared with business-as-usual.<sup>1</sup> Mobilizing climate finance has been at the core of the Partnership’s strategy since our founding. Financing is the most frequently requested topic among members (with 96% of countries requesting some type of finance-related support). In response to these requests, the Partnership, through our members, mobilizes support on a host of measures, from budget mainstreaming and national climate funds to investment plans and project design.

Nevertheless, much more is needed if countries are to take climate and development action at the necessary scale. All members can contribute to this – countries by adopting good practices that support investment and implementation and development partners by providing finance at speed and scale. The NDC Partnership adopts this strategy to heighten the impact of our 2021-2025 Work Program by enabling countries to access and deploy finance for NDC action at greater speed and scale.

<sup>1</sup> UN News: The Trillion Dollar Climate Finance Challenge (and Opportunity); United Nations; June 27, 2021; <https://news.un.org/en/story/2021/06/1094762>

## HOW THE PARTNERSHIP WORKS



### Supporting Countries with NDC Implementation and Enhancement

The NDC Partnership brings a diverse set of partners together to achieve concrete results. In our on-the-ground work in developing countries, we use a flexible, country-led engagement process to design and implement national climate and development action plans. Governments use NDC Action Plans to indicate national climate and development priorities, drive coordination across government and development partners, track progress on climate action, and leverage support for execution from our Implementing and Development Partners.<sup>2</sup> The country engagement process is described in detail in the [Country Engagement Online Tool](#). This support to countries is complemented by the [Climate Action Enhancement Package \(CAEP\)](#), [targeted support for economic advisors to support green recovery](#), and [readiness support for Greening Central Banks](#).



### Sharing Knowledge and Learning

The NDC Partnership's global impact goes beyond our work with individual countries. By sharing lessons learned by members and resources from our network of knowledge partners, we drive and inform effective climate action worldwide. Our [Knowledge Portal](#) helps governments navigate NDC planning and implementation with easy access to practical guidance, tools, and funding opportunities. We support direct learning between member countries and institutions through peer exchange events. We use a shared knowledge management system to identify trends in country needs and fill gaps in requests for support.

<sup>2</sup> NDC Action Plan is a generic term to indicate plans supported by the partnership using its country engagement strategy. Countries may adopt specific names based on their preference (e.g., such as NDC Implementation Plans and NDC Implementation Frameworks).

## BOX 1. DEFINITIONS






<b>Country Members</b>	Countries that are NDC Partnership members
<b>Institutional Members</b>	International institutions, multilateral banks, and bilateral development agencies that are NDC Partnership members
<b>Associate Members</b>	Nonstate, nonprofit organizations and networks
<b>Focal Points</b>	Authorized representatives of a member to the Partnership. In the case of countries, these represent both Ministries of Environment/Climate and Ministries of Finance or Planning.
<b>Country Requests</b>	Requests for support to the Partnership presented formally by all relevant country Focal Points
<b>Development Partner</b>	A country providing official financing administered with the promotion of the economic development and welfare of developing countries as an objective
<b>Implementing Partner</b>	Any partner (member or non-member) providing support to country requests through the NDC Partnership
<b>Support Unit</b>	The NDC Partnership's Secretariat
<b>NDC Action Plan</b>	Any country-owned plan that is the basis for engagement with the NDC Partnership. This might take the form of a Partnership Plan (a tool developed by country governments with Partnership support to organize a country's NDC priority activities, matching them with NDC Partnership member support and in-country stakeholders), one or more Request for Support Letters or applications through a special Partnership initiative.

For more information, see more on [How the Partnership works](#).

## HOW THE PARTNERSHIP SUPPORTS ACCESS TO FINANCE

Finance is the most frequently requested area of support among NDC Partnership countries. Of developing country members, 96% of developing country members submit at least one request for support related to finance. These requests generally fall into five categories of need: i) Developing climate finance strategies and financial roadmaps; ii) Integrating NDCs into national planning, budgets, and revenue; iii) Project and program financing and resource mobilization; iv) Developing bankable projects and pipelines; and v) Private sector engagement in NDC implementation. See Figure 1, below, for a more detailed breakdown of what is included in each category.

**FIGURE 1. CATEGORIES OF NDC FINANCE REQUESTS**

	<p><b>Developing climate finance strategies and financial roadmaps</b> This includes: The development of climate finance strategies, national, local and sectoral NDC investment plans, and the development of financial roadmaps.</p>
	<p><b>Integrating NDCs into national planning, budgets, and revenue</b> This includes: Integration of Climate Finance into Public Budgets &amp; Expenditure Frameworks, Climate finance tracking, sustainable public procurement guidelines and regulations, and carbon pricing, taxes and trading.</p>
	<p><b>Project and program financing and resource mobilization</b> This includes: Blended finance mechanisms, financial mechanisms or vehicles such as national climate funds, green bonds, revolving funds, etc. and access to capital markets.</p>
	<p><b>Developing bankable projects and pipelines</b> This includes: Project feasibility assessments, project financial structuring, and accessing international sources of finance through the development of project concept notes and proposals.</p>
	<p><b>Private sector engagement</b> This includes: Private sector engagement, assessment of private sector needs, mapping of private sector partners, and assessments of private capital markets.</p>

The Partnership, through its Implementing Partners, supports developing countries in multiple ways to increase access to finance. Read more about how the Partnership supports finance-related requests in our Insight Brief, [Understanding NDC Financing Needs](#).

The NDC Partnership is actively engaged with other climate finance initiatives in ways that ensure the relevant strengths of each can support country action effectively. These include, but are not limited to: Coalition of Finance Ministers for Climate Action, Taskforce on Access to Climate Finance (led by the United Kingdom and Fiji), Public Expenditure and Financial Accountability (PEFA), NAMA Facility, Green Climate Fund (GCF), bilateral initiatives such as UK Partnering for Accelerated Climate

Transitions (UK PACT), German International Climate Initiative (IKI), German Climate Technology Initiative (DKTI) etc., Multilateral Bank initiatives such as Climate Support Facility (CSF), NDC Invest, NDC Hub, etc., Climate Finance Access Network (CFAN), Global Energy Transformation Programme (GET.pro/inv), Cities Climate Finance Leadership Alliance (CCFLA), C40 Cities Finance Facility, Low Emission Development Strategies Global Partnership (LEDS GP), among others. The Partnership uses its unique evidence base and membership to help strengthen international coordination through other initiatives and brings back relevant learnings to its own offer. The NDC Partnership will scale up its engagement in international climate finance initiatives in line with its objective to improve access to climate finance for developing countries to implement their NDCs.

## THE NEED FOR AN NDC PARTNERSHIP FINANCE STRATEGY

**To ensure the finance objectives in our 2021-2025 Work Program are met, the NDC Partnership's Steering Committee requested the development of a Finance Strategy to advance the work of the NDC Partnership in supporting countries to use their NDCs to mobilize finance and drive transformational investments that contribute to both sustainable development and the climate goals of the Paris Agreement. This strategy has been developed by a Task Force of Steering Committee members.**



The strategy development process benefited from stakeholder mapping and consultation (see Annex 2 for a list of stakeholders consulted). The stakeholder mapping and consultation exercise was carried out to understand the existing climate finance landscape; map existing actors, services and processes; and identify gaps that can be filled by the NDC Partnership. The aim of this Finance Strategy is to address those gaps in climate finance that can be met through the Partnership's model of cooperation. The stakeholder consultation synthesis report informed the decision of the task force to select the eight key topic areas below as the focus for effectively mobilizing finance for NDC implementation among member countries.

This strategy is intended to be read in conjunction with the 2021-2025 Work Program, of which it forms an integral part, as well as the Partnership's Gender Strategy. Figure 2 provides an overview of finance within the 2021-2015 Work Program.

**FIGURE 2. FINANCE WITHIN THE 2021-2025 WORK PROGRAM**

TIERS		
1. NATIONAL LEVEL	2. REGIONAL LEVEL	3. INTERNATIONAL LEVEL
Provide technical assistance for policy reforms for enabling environment and mainstream NDCs into national budgeting, public investment programming, and medium-term expenditure framework	Develop regional investment plans	Link PINs with ongoing member efforts (i.e. the UK government’s Climate Finance Accelerator program, Climate Finance Access Network, NAMA Facility) to leverage resources and skill sets
Design Project Information Notes (PINs) <sup>6</sup> with periodic opportunities for country focal points to present these PINs to potential investors at national and international platforms	Organize peer-to-peer exchange on access to finance	Targeted consultation with Partnership members, particularly multilateral banks, as potential investors organize investment forums
Develop equitable investment plans, national climate funds, and bankable projects at national, subnational, and sectoral levels; design and deploy innovative financial instruments	Support regional economic recovery plans (for example EU-UK Africa Recovery Action Plan, Africa-EU Green Recovery Plan) and identify gaps in support	Strengthen engagement with Coalition of Finance Ministers for Climate Action on analytical issues, particularly on enabling a market environment for NDC investments.
Coordinate partner support on green recovery plans through economic advisors in planning/finance ministries		Organize peer-to-peer exchange on access to finance
Organize private sector round table dialogues on specific thematic areas in the Partnership’s country engagement process		Update funding navigator

**MORE ACTION TO MOBILIZE FINANCE**

Deeper integration with ministries of finance and planning.

Support development of regulatory frameworks to attract domestic and international investment (public and private).

Identify and further develop bankable projects promoting private sector investment and mobilization of finance by members.

Alignment of climate priorities with post-COVID economic recovery plans through economic advisory support and other activities.



# OBJECTIVE AND PRINCIPLES

The objective of this strategy is to enable the Partnership and its Implementing and Development Partners to support countries as effectively as possible in mobilizing finance to scale and support the implementation of the 2021-2025 NDC Partnership Work Program. It follows four main principles:

- 1. The Partnership's model consists of a country-driven approach in which requests are channeled exclusively through national focal points.** The Finance Strategy will be embedded across all stages of the Country Engagement process.
- 2. The Partnership exists to make its members more effective by facilitating collaboration.** Any Partnership role on finance should be rooted in its core competencies of matchmaking and facilitating cooperation among members. The strategy will not replicate members' activities but add value to them.
- 3. The Partnership acts through its members.** Except where explicitly stated, proposed actions are for members to undertake. The role of the Support Unit is one of facilitation and communication, not as an Implementing Partner.
- 4. The 2021-2025 Work Program for 2021-2025 remains the primary document for guiding the Partnership's work.** This strategy reinforces but does not replace elements of that Work Program.

The Finance Strategy aims to give a clear narrative for members of how the Partnership supports countries to mobilize finance for NDC action, and to highlight areas in which that cooperation can be strengthened.

# OVERVIEW OF KEY TOPICS

The Partnership's Finance Strategy is an integral part of our work. This section briefly describes the key finance-related elements of the Partnership's work with countries. It is structured according to topics raised by Task Force members and describes both relevant existing Partnership activities and proposed additional or strengthened activities for each topic. The table in Annex 1 breaks these down by the stages of the country engagement process.

In all cases, the Partnership works through Focal Points (FP) nominated by the member. In the case of developing country members, these include both ministries of climate/environment and ministries of finance/planning. "Country requests" in this document refers to requests coming to the Partnership from both focal points. (See Box 1, Definitions)

## 1 CAPACITY DEVELOPMENT

Strengthening country capacity is core to the Partnership's work on finance and on other issues, with the goal that developing countries should have the internal resources needed to set and drive their own strategic direction. Country requests in this area center around enhancing individual and institutional capacity, including through hiring specialists in climate-relevant subject matter, building capacity to develop and implement climate-related projects, and conducting trainings to enhance technical capacity and ensure the delivery of NDC and climate commitments. A significant part of our capacity development work includes deploying embedded advisors to governments. These both add capacity in the near term and provide expertise that can strengthen institutional knowledge in the longer term. **Ongoing capacity development work includes:**

- **Deployment of facilitators to support engagement across government and with other stakeholders. Facilitators support governments in engagement with the Partnership, and finance is often featured strongly in this cooperation.**
- **Deployment of embedded advisors in ministries of finance/planning and environment, including through the Economic Advisory Initiative in response to the coronavirus pandemic.**
- **Support of peer learning among advisors and government officials.**

## NEW AND STRENGTHENED ACTIVITIES

- On country request, deployment of advisors in sectoral ministries, national development banks, and resource mobilization units to support mobilization of finance by facilitating engagement with domestic and international partners. This complements the Partnership's experience in supporting advisors in ministries of finance and environment.
- On country request, supporting the identification and mobilization of dedicated capacity-development projects to upgrade the capabilities of domestic actors – both public and private – to absorb, mobilize, and channel financial resources towards climate action.
- Deployment of embedded finance advisors in collaboration with initiatives such as the Climate Finance Access Network (CFAN).

### BOX 1: ECONOMIC ADVISORY INITIATIVE

In response to the COVID-19 pandemic, the NDC Partnership launched the Economic Advisory Initiative to support governments in preparing climate-resilient economic recovery plans and packages by embedding economic advisors into ministries of finance and/or planning. As of January 2022, the Partnership has deployed 50 advisors in 31 countries and the African Union Commission (AUC) with support from 13 partners, with impressive early results, including on preparing national recovery plans and budgets, developing project concepts and pipelines and mobilizing finance. The Economic Advisory Initiative offers developing country members and donors a new and efficient example to work together on climate finance readiness and can be viewed as a benchmark for how to develop strategic initiatives related to climate finance within the Partnership in the future.

## 2

## IMPROVING ENABLING ENVIRONMENTS

Enabling environments include the legal, regulatory, and financial context in which NDC action takes place and financing is deployed. Enabling macroeconomic, fiscal, and sectoral policies are key requisites for unlocking climate investments. **The Partnership's work supports countries in improving their enabling environments through:**

- **Identifying obstacles and market barriers associated with the deployment of climate finance.**

- **Formulating clear national, sectoral and subnational plans, including long-term climate strategies.**
- **Mainstreaming climate change into planning, budgeting and public investment processes.**
- **Developing, implementing, or strengthening policies and regulatory frameworks.**
- **Developing, implementing, or enhancing fiscal measures in support of climate action.**

## NEW AND STRENGTHENED ACTIVITIES

- Convene in-country roundtable meetings to discuss national finance priorities in the context of NDC implementation, led by ministries of finance or planning, in coordination with ministries of environment or climate, and supported by and/or including Partnership members
- Member teams involved in policy-lending operations and finance processes in-country will use the Partnership to share information with other members and facilitate in-country dialogues
- Support an annual update on trends and gaps in country financing requests, including a member-led discussion of how gaps will be addressed.
- Work with other international platforms on climate finance to identify innovative ideas that can be adopted in the Partnership's work.
- Scale-up support from members in response to country requests for activities that improve enabling environments, including connecting countries to current and future carbon pricing and market opportunities.

### BOX 2: IMPROVING ENABLING ENVIRONMENTS

Ease of doing business in a country is an important factor that is considered by financiers when deciding on where to invest resources. NDC Partnership members are supporting countries to implement holistic approaches that remove market-entry barriers to attract private- or public-sector investment. For example, to attract investment in rural electrification through off-grid renewable energy solutions, **Rwanda** will create a one-stop shop for mini-grids, allowing for a streamlined and swift regulatory and planning procedure to facilitate site identification, project selection, planning and regulatory permits, development and implementation by the private sector.

## 3

## DEVELOPING NDC FINANCING STRATEGIES<sup>3</sup>

The Partnership supports countries to enhance their NDC implementation plans with economic and technical analysis that aligns NDCs with wider development plans and makes them more useful instruments for the mobilization of finance. Members can benefit from an NDC financing strategy, which consists of an overview of investment needs and the expected/planned financing contributions from the private sector, the State, and international support. As of the end of 2021, the Partnership has supported requests from 55 countries related to climate finance strategies, investment plans and roadmaps. These include support to develop NDC investment plans – milestones toward NDC financing strategies – in six member countries. **In addition to the development of these plans, the Partnership provides support with:**

- **Support Unit analysis and member convening to support the sharing of investment plans with potential funders.**
- **Knowledge products and peer learning activities to share results and lessons learned with wider audiences.**

### NEW AND STRENGTHENED ACTIVITIES

- Development of guidelines, i.e., a shared framework, for countries that are developing NDC financing strategies, in close collaboration with major development partners and Implementing Partners. These will be published and shared by the Support Unit and used by members to inform their in-country engagement. They will be shared early in a country's engagement process.
- Analysis by Support Unit and members of Development and Implementing Partners funding cycles to inform investment-planning time horizons, and country-support programming more broadly. Planning process with members will identify how finance plans can be better aligned with funding cycles.

<sup>3</sup> The term "investment plan" is used in this section where it has been used by a country member. Typically, this is a first-order elaboration of country needs with additional economic analysis. The term "financing strategies" is used in this section to indicate a more comprehensive assessment of policy and financing needs. Both terms require further definition.

### BOX 3: NDC FINANCING STRATEGIES/INVESTMENT PLANS

The common aim of an NDC investment plan/financing strategy is to enable the delivery of investments to climate action in line with countries' NDCs and/or Long-term Strategies (LTS), through defining investment priorities and creating a roadmap of actions aimed at achieving national climate goals. Such plans should also detail the types of capital required and the potential sources for that capital, whether private or public, domestic or international. While the aims and processes of developing NDC investment plans/financing strategies vary by country and institution, the goal is same: to make it easier to attract financing for climate action priorities. Partnership members have supported the development of investment plans/financing strategies in six member countries: **Burkina Faso, Costa Rica, Ethiopia, Jordan, Mali, and São Tomé and Príncipe**, with an additional 11 countries anticipated to develop NDC Investment Plans in addition to their NDC Action Plans.

## 4

## GREENING THE FINANCIAL SYSTEM THROUGH CENTRAL BANKS<sup>4</sup>

Central banks, as market regulators and supervisors, are responsible for assessing and mitigating market vulnerability to climate risks and taking action accordingly. The Partnership launched a new initiative, called Readiness Support for Greening Central Banks, which complements and will coordinate with the Network for Greening the Financial System (NGFS) to support strengthened capacity in central banks on country request. Under this initiative countries may request support through normal country engagement process for advisers to strengthen central bank capacity in support of climate action. The full initiative is described [here](#)<sup>5</sup>.

### NEW AND STRENGTHENED ACTIVITIES

- On country request, provision of embedded advisors to central banks by members and partners.
- Specialized technical assistance provided by Partnership members.
- Peer exchange and skill sharing programs across members.

<sup>4</sup> Countries have varying structures for the regulation of the financial system. The term “central banks” in this section may also refer to other relevant financial regulators.

<sup>5</sup> [Readiness Support for Greening Central Banks](#)

## BOX 4: GREENING THE FINANCIAL SYSTEM THROUGH CENTRAL BANKS

Working with central banks, ministries of finance and ministries of environment through a trilateral partnership, the overarching objective of the Readiness Support for Greening Central Banks Initiative is to provide timely, coherent, and coordinated technical assistance support to:

- **Ensure central banks have the necessary capacity, institutional structure, systems and processes to adopt a precautionary approach to climate risks.**
- **Safeguard and promote green investment.**
- **Bring national and regional central banks in developing countries in line with progress seen in greening the financial system in more high-income economies.**
- **Mainstream recommendations by the NDC Partnership's Economic Advisory Initiative into relevant financial policies, systems and processes.**
- **Establish operational relationships between central banks and ministries of environment and finance/planning.**

## 5

## ENGAGING THE PRIVATE SECTOR

Private sector actors are vital for informing policy, implementing NDC action and mobilizing finance. The NDC Partnership supports governments in effectively engaging the private sector. **Existing activities include:**

- **Support for enabling environments supportive to private sector investment (see Key Topic 2).**
- **On country request, the Support Unit and members support governments in whole-of-society consultations that include private sector actors. Members additionally support market surveys, stakeholder interviews, roundtable consultations or other activities depending on country requests.**
- **Long-term strategies, investment plans, roadmaps and other strategic plans that include private sector finance mobilization.**

## NEW AND STRENGTHENED ACTIVITIES

- Convening with private sector partners, led by relevant members, to get private sector input and buy-in on financing strategies and enabling conditions for implementing NDCs.
- Support for country-led engagement with private sector stakeholders, and coordination with country mobilization platforms supported by members and international finance institutions.
- Support for long-term strategy development, including private sector coordination, reinforcing member initiatives in line with paragraph 12 of the [G20 Energy-Climate Ministerial Communiqué](#)<sup>6</sup>.

### BOX 5: PRIVATE SECTOR ENGAGEMENT

While international climate funds represent established channels to address climate finance needs, the private sector provides the largest share – around 56% – of climate finance worldwide, reaching a two-year average of USD326 billion in 2017-2018. Whether engaging in planning processes, developing incentives, facilitating peer-to-peer exchanges, reporting data, providing technical assistance, or sharing goals, countries have found innovative ways to integrate private actors into climate action. The NDC Partnership’s experiences with private sector engagement in **Colombia, the Dominican Republic, Peru, and Honduras** through the **Climate Action Enhancement Package** (CAEP) illustrate how the private sector assists countries in improving planning and implementing key climate policy commitments. Read more [on the NDC Partnership blog](#).

## 6

## IDENTIFYING PROJECTS AND MATCHING WITH FINANCE PROVIDERS

Project identification and development are key priorities as countries move from planning to implementation. The Partnership supports countries in moving from strategic projects toward more programmatic approaches that lead to transformational change in line with climate goals. **Under the 2021-2025 Work Program, the Partnership already provides support for projects through:**

- **Members responding to country requests in NDC Action Plans.**

6 <http://www.g20.utoronto.ca/2021/210723-climate-energy.html>. Paragraph 12.



- **Members and the Support Unit supporting the development of Project Information Notes (PINs) to share information on potential projects.**
- **Sharing information on project-related requests through Support Unit analysis.**
- **Supporting the identification, prioritization, and development of concept notes and pipelines of bankable projects to attract finance from multiple sources.**

## NEW AND STRENGTHENED ACTIVITIES

- In response to country requests, members will support consultations with sectoral ministries, private sector partners and/or subnational entities to identify priority projects during needs assessments (Stage Two of the Country Engagement Strategy).
- Members to share project ideas with relevant member-run help desks and project preparation facilities for additional support.
- Member-led forums for sharing project ideas and proposals with potential investors.
- The Support Unit will facilitate opportunities for finance ministries, national development banks, and resource mobilization units to present project ideas and proposals to relevant audiences.
- The Support Unit will facilitate more regular consultations among members active in project or program financing in country.
- The Support Unit will facilitate a member-led discussion on how to best support countries in developing programmatic approaches to their climate action and aligning finance with these programs.

### BOX 6: PROJECT INFORMATION NOTES (PINS)

Preparing bankable projects and pipelines is the most requested area of climate finance support among member countries. Of all climate finance requests to the Partnership, 54% include some reference to developing bankable projects and pipelines. This underscores the overwhelming demand from developing countries for support to develop projects and project pipelines that are truly bankable and attractive for investment. Several partners are supporting countries in this area, but more support is needed.

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The NDC Partnership Plans and RSLs include projects that address climate change in line with a country's development priorities. However, these tools may not provide sufficient project-related information. As per requests from the Partnership members in the past, PINs expand on this information, providing potentially interested financial institutions, both public and private, national and international, with the necessary content so they can further pursue the projects. The format is inspired by "teasers," which are commonly used for transactions in the financial world, and it should be considered as a discussion starter rather than a deal-closure tool.

As of 2021, 23 PINs in nine countries have been developed. Of these, nine have already been approved by governments, representing potential investment opportunities of USD169 million. Responding to PIN promotion efforts, several institutions, such as the Private Financing Advisory Network (PFAN), GET.invest, United Nations Industrial Development Organization (UNIDO), and the Climate Investment Platform (CIP) are exploring ways to provide potential technical assistance for further project development. In 2022, the Partnership will further test and refine PINs as one way to support NDC-related projects.

## 7

## ENGAGING SUBNATIONAL ENTITIES

In many cases, subnational actors are critical for implementing NDC action and it is therefore vitally important for them to effectively access finance. The NDC Partnership works exclusively through requests from national governments through our Focal Points, and therefore does not address requests directly from subnational entities. However, we work closely with networks that work directly with subnational actors and support national governments in engaging them. **Existing activities include:**

- **On country request, the NDC Partnership supports governments in whole-of-society consultations that include subnational actors.**
- **Long-term strategies, investment plans, roadmaps and other strategic plans can include financing plans for subnational actors.**
- **The Support Unit provides members, such as multilateral development banks (e.g., the European Bank for Reconstruction and Development (EBRD)'s Green City Action Plans, Low-Carbon Roadmap for Fertilizers), ICLEI – Local Governments for Sustainability – and other partners, such as C40 and Cities Climate Finance Leadership Alliance (CCFLA) that provide a critical link with subnational actors with briefings on relevant requests.**

- **On country request, we support member countries with identifying projects that include and mobilize subnational actors for climate finance approaches, such as climate-sensitive budgeting within local governments, to be shared within the Partnership via Requests for Support and Action Plans.**

## NEW AND STRENGTHENED ACTIVITIES

- The Support Unit has previously shared targeted analysis of requests related to subnational action with members. This analysis will be shared twice per year with a particular focus on financing needs.
- On country request, deployment of advisors in resource mobilization units in subnational entities, such as city or provincial governments.

### BOX 7: ENGAGING SUBNATIONAL ACTORS IN CLIMATE ACTION

Based on in-country work conducted by the NDC Partnership Support Unit and its members, the Partnership has identified a variety of ways to engage subnational governments, including:

- **Conducting multistakeholder consultations at the local level and/or involving subnational actors;**
- **Establishing local climate plans; and**
- **Supporting local implementation and finance.**

For example, **Peru** requested support in establishing agreements with local governments on NDC implementation, which will identify financial resources for implementation. Similarly, **Zimbabwe** has requested support for capacity building to access and manage financial resources, and to mainstream climate change at the national and local levels. **Mexico** is planning to develop an investment package of strategic measures for its NDC, including some (federal) state-level projects. These will result in a pipeline of bankable projects that could be submitted to financiers.

## 8

## CROSS-CUTTING LEARNING

All the activities above will be the subject of analysis and peer learning through the Partnership's core knowledge and learning activities, led by the Support Unit:

- **Peer exchange events.**
- **Partnership “stop-and-reflect” exercises.**
- **Examples shared through Country Impact Briefs, the Partnership in Action Report and other media.**
- **Insight Briefs**
- **Knowledge Management System (kNook) and Knowledge Portal**
- **Gender mainstreaming support, as included under the Gender Strategy.**

### BOX 8: LEARN, INFORM, INSPIRE

The NDC Partnership generates a vast and unique body of learning through its more than 200 members and extensive in-country engagement. Our expansive learning mission transcends our immediate membership. We are always looking for trends and gaps so that members can focus their actions in areas where country demand is high. Our systems enable us to respond flexibly as new areas of country demand emerge. Our mission is to harness this unique repository of insights to build a learning coalition as well as inform and inspire effective climate action. We are committed to capturing, synthesizing, and sharing this repository of lessons within and beyond the Partnership.

# ANNEX 1: FINANCE ACROSS COUNTRY ENGAGEMENT STAGES

The task force and stakeholder consultations identified the following as key areas for where the NDC Partnership can provide added value.

NDC Partnership Finance Support Services	NDC PARTNERSHIP COUNTRY ENGAGEMENT STAGES				
	Stage 1: Scoping	Stage 2: Needs Assessment	Stage 3: Designing or Strengthening of Plans	Stage 4: Implementation	Stage 5: Assessment of Results and Lessons Learned
1. Capacity Development	Deploy economic advisors (EA) to support recommendations from the EA Initiative	Continue to receive requests from countries or expand current offerings	Deploy advisors in finance or sectoral ministries	Facilitate peer exchanges among advisors and focal points on capacity gaps and solutions	8. Cross-Cutting Learning Stop and Reflect Exercise Country Impact Briefs Peer learning activities
2. Improving Enabling Environments	Identify obstacles and market barriers to the deployment of climate finance	Convene roundtables led by the Finance & Planning Ministry, where Partnership members can present NDC-related national financing priorities	Support mainstreaming climate change into planning and budgeting and enhancing regulatory frameworks	Provide Technical Assistance (TA) and facilitate peer exchanges	Insight Briefs
3. Developing NDC Financing Strategies	Develop NDC Investment Plan Framework with expert members	Standardize templates for country inquiries into staffing for finance positions	Share information on DPs/IPs financing programming cycle. Design NDC Investment Plan.	Develop financing strategies for resource mobilization and convene regional peer exchanges. Develop Finance Insight Briefs Deploy finance advisors, including in PPP units of finance ministries	

NDC PARTNERSHIP COUNTRY ENGAGEMENT STAGES					
NDC Partnership Finance Support Services	Stage 1: Scoping	Stage 2: Needs Assessment	Stage 3: Designing or Strengthening of Plans	Stage 4: Implementation	Stage 5: Assessment of Results and Lessons Learned
4. Greening the Financial System Through Central Banks	Conduct a scoping call with Central Bank representatives	Develop Terms of Reference (ToRs) and Request for Support Letters (RSLs)  Circulate RSLs	Align requests with member support  Establish governance structures to manage climate risks	Provide TA in line with country requests  Facilitate peer exchanges	8. Cross-Cutting Learning  Stop and Reflect Exercise  Country Impact Briefs  Peer learning activities  Insight Briefs
5. Engaging the Private Sector	Support countries in private sector engagement as part of Whole-of-Society approach			Convene private sector roundtable to highlight investment opportunities.  Build on in-country platforms.	
6. Identifying Projects and Matching with Finance Providers	Countries may flag projects of interest during scoping	Engage sectoral ministries and private sector to identify priority projects.  Convene roundtable discussions with the private sector and sub-national level actors	Develop PINs with Members for progress along project development stages	Provide a member-operated helpdesk to support further development of projects (both national/sub-national levels)	
			Facilitate project development training for government staff and development officers	Facilitate a B2G/G2B match-making forum with IFI donors and DPs, to help countries improve their project pipeline	
		Design PINs using RSLs from Focal Points	Member countries develop a pipeline of high-impact projects based on their NDC Action Plans	Finance Ministries present PINs to Members of the Partnership in Support Unit-facilitated forums	
7. Engaging Subnational Entities	Support countries engage with subnational stakeholders as part of Whole-of-Society approach		Support Unit shares analysis of subnational-related requests with relevant subnational networks	Deploy advisors in subnational government on Focal Point requests	

## ANNEX 2: STAKEHOLDER CONSULTATION

38 countries and institutions, both members and nonmembers of the Partnership, were consulted.

### Stakeholders consulted include:

- Asian Development Bank (ADB)
- German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection of Germany (BMU)
- German Federal Ministry for Economic Cooperation and Development (BMZ)
- C40 Cities Finance Facility
- Cities Climate Finance Leadership Alliance (CCFLA)
- City Climate Finance Gap Fund
- Climate Investment Funds (CIF)
- Costa Rica
- Climate Policy Initiative (CPI)
- Dutch Fund for Climate and Development (DFCD)/ Dutch Entrepreneurial Development Bank (FMO)
- European Bank for Reconstruction and Development (EBRD)
- Financing Energy for Low-Carbon Investment – Cities Advisory Facility (FELICITY)
- Green Climate Fund (GCF)
- Global Environment Facility (GEF)
- GET.invest
- German Agency for International Cooperation (GIZ)
- International Development Finance Club (IDFC)
- International Emissions Trading Association (IETA)
- International Finance Corporation (IFC)
- Inter-American Development Bank (IDB)
- International Trade Center (ITC)
- International Renewable Energy Agency (IRENA)
- Islamic Development Bank (IsDB)
- Jamaica
- German Development Bank (KfW)
- Lebanon
- Netherlands
- Overseas Development Institute (ODI)
- Organisation for Economic Co-operation and Development (OECD)
- Pakistan
- Private Financing Advisory Network (PFAN)
- Rwanda
- Sweden
- United Nations Development Programme (UNDP)
- United Nations Environment Programme Finance Initiative (UNEP FI)
- United Kingdom (COP26 Unit, Climate Finance Accelerator)
- World Bank
- World Resources Institute (WRI)



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