

GUIDEBOOK

on the methodology for financial assessments
to address climate change

**Preparing a workplan for financial assessments
to address climate change**



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About this publication

This methodology is an update to the first financial assessment methodology, which was released in 2009. The objective of this methodology is to support countries to implement their climate targets and to identify, reallocate, mobilize and manage the required financial resources and to create a fiscal framework conducive for climate action.

The update to this methodology was developed under UNDP's Climate Promise by the *Pledge to Impact* Programme. Delivered in collaboration with a wide variety of partners, the initiative has supported over 120 countries to enhance and implement Nationally Determined Contributions (NDCs) under the Paris Agreement. From Pledge to Impact is generously supported by the governments of Germany, Japan, United Kingdom, Sweden, Belgium, Spain, Iceland, the Netherlands, Portugal and other UNDP core contributors. This programme underpins UNDP's contribution to the NDC Partnership.

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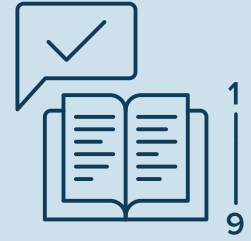
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About this Guidebook

As countries identify their national climate change targets—notably through Nationally Determined Contributions (NDCs) under the Paris Agreement—the need exists to break down targets into concrete steps of action, determine a financial framework to implement actions and achieve targets, and identify policy measures to facilitate the necessary changes that support low-emission development and a low-carbon future.

A key component to support this transformation is through assessing national investment flows and financial flows to address climate change. Many countries have used this method to articulate an effective and appropriate national response to climate change.

This Guidebook responds to the needs of countries to have a clear approach to support the implementation of national climate targets in the context of sustainable development that duly accounts for their national circumstances, capacities and resources.

Between 2008 and 2024, 60 investment flow and financial flow assessments were conducted worldwide, with more than 1,000 national stakeholders engaged in the technical and political aspects of the assessments. Since the adoption of the Paris Agreement and the development of NDCs, the methodology has helped countries utilize financial assessments to develop a pathway to NDC implementation.

While this methodology was first developed in 2008, an update has taken place in 2025. This Guidebook is a living document, which will continue to be improved based upon the experiences of those using it. Over the years, the methodology to carry out financial assessments to address climate change has been continually reviewed and updated regarding its user friendliness, feasibility of implementation and sectoral scope. Comments are invited. Please send feedback to Susanne Olbrisch (susanne.olbrisch@undp.org).

For more information, visit <https://climatepromise.undp.org/tags/investment-and-financial-flows-assessments>.

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Overview

The materials below developed for financial assessments to address climate change include three sets of guidance governments may use to address climate change.

1. This indicative work plan guidance, which intends to provide countries with an overview of organizational and institutional matters to be considered at various stages of undertaking the financial assessment.
2. *The UNDP Methodological guidebook on financial assessments to address climate change* (hereafter referred to as the Guidebook), which provides detailed methodological steps and a set of tools to assist countries to undertake the financial assessment.
3. *The UNDP Reporting guidelines for financial assessments to address climate change*, which provide guidance for the reporting information collected and assessed based on the Guidebook methodology.

This workplan guidance covers the three main stages of undertaking a financial assessment:

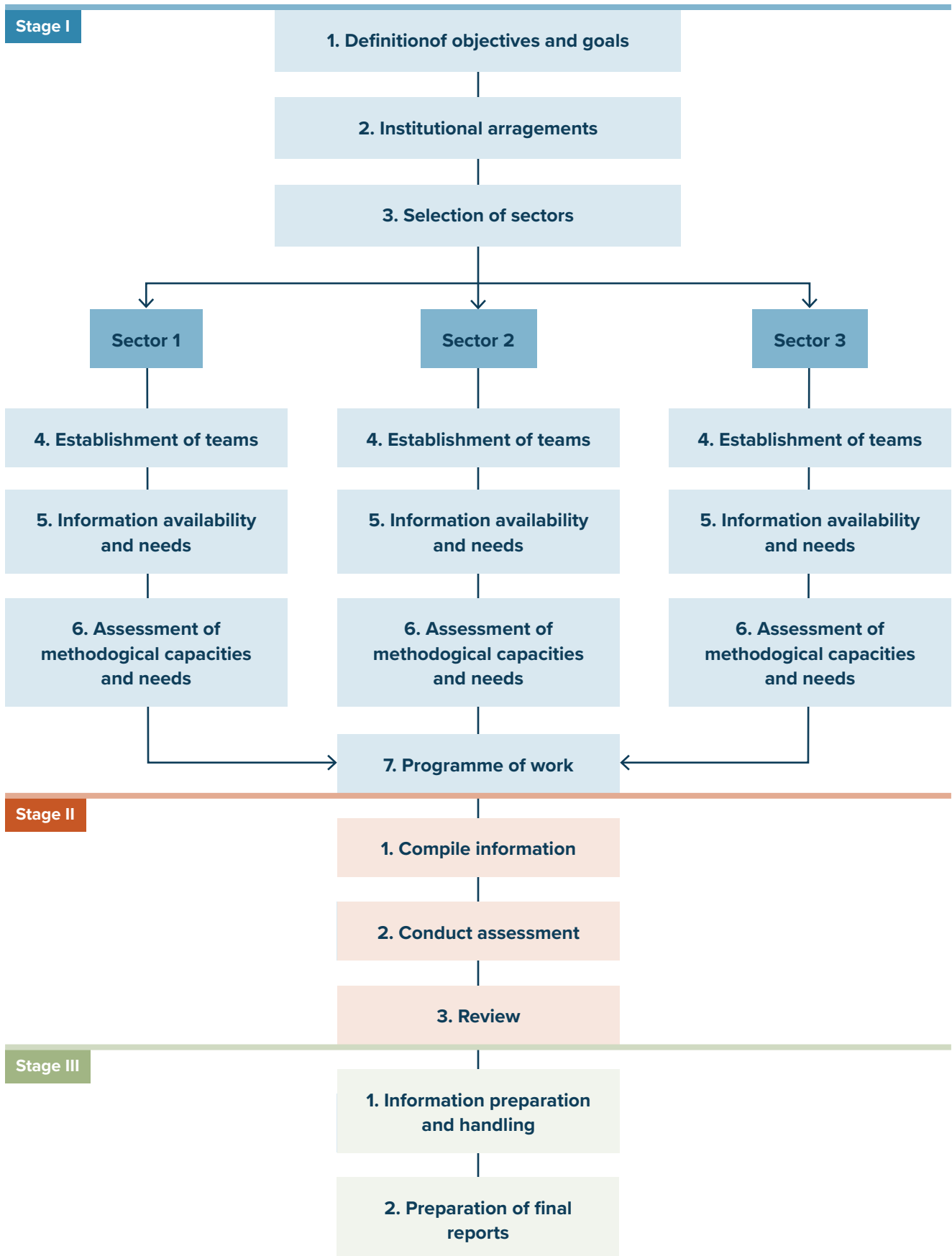
1. preparation;
2. implementation; and
3. reporting.

It discusses the key elements of preparing a work plan a financial assessment, including:

- The **workplan and budget** set out the anticipated tasks, who will do them and by what date, the expected actions and/or products at each stage and the resources budgeted. As with any project-oriented work, the workplan should define the objectives, the scope of the work, the tasks needed to accomplish the objectives, the staff responsible for each task and a timeline for completing all tasks.
- The **financial assessment team assessment** preparation instructions should contain more detailed, specific instructions so that the team can conduct their financial assessments:
 - on time;
 - with consistency across sectors,
 - in a format that allows for efficient compilation of the entire assessment; and
 - incorporating adequate quality assurance/quality control measures.
- The **reporting instructions** should contain all the information required for transparent documentation and archiving, such as:
 - file management control measures;
 - data-sharing procedures and timelines;
 - editorial directions (e.g., use of acronyms, instructions on what and how to report); and
 - documentation and archiving procedures.

Please note that this guidance will need to be adapted to specific national circumstances. For example, while generic Terms of Reference (TORs) are provided for national expert teams, the project focal point will need to elaborate the TORs according to the key sectors that have been identified. The assessment work will also depend heavily on national circumstances, national timelines, the sectors to be assessed and information availability.

Figure 1: Steps for undertaking a financial assessment



I. Preparation stage

Recommended time: 1-2 months

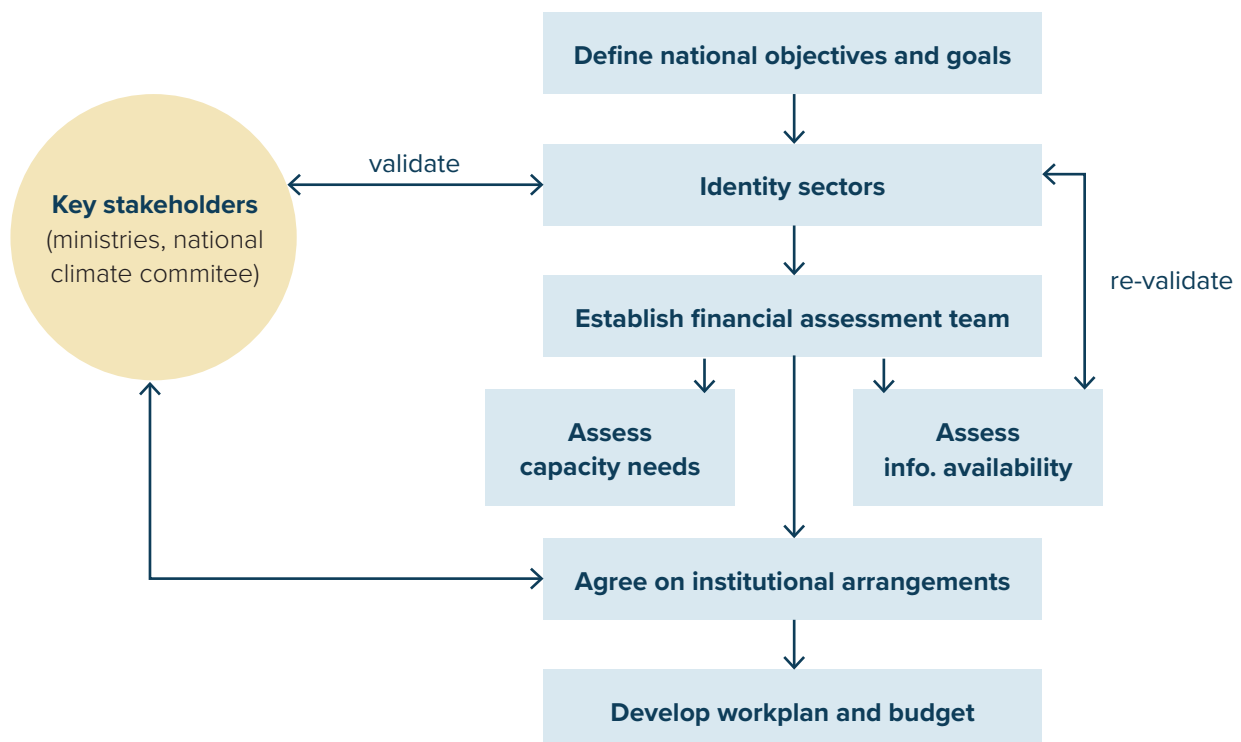
A robust preparatory stage is critical for ensuring that the financial assessments are carried out in a way that ensures the quality, consistency, relevance, pertinence and transparency of the final outputs. During this stage, it will be important for the assessment focal point to ensure the political and operational “buy in” of all relevant ministries and government departments to be involved in the assessment.

Eight key tasks are proposed for the preparation stage.

1. Define national objectives and goals for the assessment.
2. Identify and agree on the key sectors.
3. Establish team for the financial assessment.
4. Assess methodological capacities and needs.
5. Assess information availability and needs.
6. Agree on the institutional arrangements.
7. Develop an overall programme of work and budget.
8. Conduct training on financial assessment.

These tasks are illustrated in Figure 2 and elaborated further below.

Figure 2: Key tasks in the preparation phase



1. Define national objectives and goals for the assessment

Recommended time: 2 days¹

Many of the decisions that are taken while conducting the financial assessment will have policy implications. Therefore, it is critical to ensure the initial engagement and continued participation of relevant stakeholders from various government ministries and departments in the financial assessment.

To initiate the engagement of key line ministries, the project focal point should define the national goals for the assessment in a brief policy note outlining the:

- › rationale for developing a financial assessment;
- › main objectives of the financial assessment;
- › project requirements;
- › proposed institutional arrangements;
- › expected outputs; and
- › usefulness of the outputs for policy design and policymaking.

The overall goal of a financial assessment is to determine the magnitude and source of funds that need to be shifted and increased to address climate change concerns at a national level. Some of the key objectives of the financial assessment could be to:

- › understand the role that different sources of financing – both domestic and international – can play in shifting investment and financial flows;
- › determine the effectiveness of current national efforts to address climate change and determine the level of resources needed to enhance future efforts;
- › understand the ‘cost of non-action’, which puts into perspective the costs of action to address climate change;
- › improve public awareness about national development implications associated with climate change.
- › More specifically, the assessments can also help to:
 - increase the robustness of infrastructure design decisions and long-term investments for adaptation in vulnerable sectors; and
 - increase understanding of strategic choices involved in long-term technology investments for reducing GHG emissions.

Achieving these objectives can help to identify potential financial barriers that prevent implementation of mitigation and adaptation actions and will inform an elaboration of appropriate policies that would aid in the removal of these barriers.

The desired outcome of a national financial assessment is greater awareness and understanding of future investments that can both address climate change and development priorities. Specifically, the financial assessment should yield the following outputs:

- › a synthesis of information on current investment and financial flows for key sectors;
- › a projection of future investment and financial flows in the absence of efforts to address climate change;

¹ Bear in mind that the tasks are not always sequential and can sometimes be developed in parallel.

- an identification of measures to address climate change together with a projection of the future investment and financial flows associated with their implementation; and
- an assessment of the potential sources of, and role for, international and national funding entities to address climate change.

2. Identify and agree on the key sectors

Recommended time: 1-2 weeks

Identification of key sectors

While the methodology can be used economy-wide, it also requires concrete information, so it is recommended for countries to start assessing a few key sectors with the possibility to expand to further sectors going forward. Typically, countries will want to identify up to three key sectors/economic activities for which to conduct a financial assessment to address climate change.

The idea is that the financial assessment supports countries to implement nationally determined climate change actions, such as defined in their Nationally Determined Contributions (NDC), Long-Term Strategies or other nationally determined goals. Therefore, the key sectors and climate activities to be assessed will be drawn from a country's NDC and/or other key national planning documents or strategies.

Some generic criteria for the identification and selection of key national sectors (mitigation or adaptation) are provided below.

Mitigation

Relevance from an economic perspective to the enhancement or expansion of:

- national GHG emissions
- GDP
- employment
- trade equilibrium
- fiscal revenues
- energy security or independence
- food security
- regional development

Contribution to:

- national GHG emissions and mitigation needs
- social and other dimensions (e.g., environment, etc.)

Adaptation

- adaptation needs (vis-à-vis major climate change impacts anticipated on the sector)
- relevance from an economic perspective, e.g., critical economic activities (agriculture, food production, etc.)
- social and other dimensions, e.g. cultural or historical site

A practical consideration is that the assessment requires information on current and past expenditures related to the selected sector and activities. It should be confirmed that sufficient information exists to support a financial assessment of the selected sectors, including:

- › data availability for the selected key sectors and critical data gaps;
- › availability of models or approaches for developing the adaptation and mitigation scenarios; and
- › robustness of the adaptation and mitigation options identified.

The scope of each key sector needs to be clearly defined. For example, food processing facilities could be included or excluded from the agriculture sector. The energy sector may or may not include energy efficiency measures implemented by consumers. The broader the scope of the sector, the more complex it will be to identify and assess the interactions and the greater the demands will be for gathering data and identifying information sources.

Agreement on the sectors selected

At this stage, on the basis of the criteria for sector selection, the key sectors identified should be confirmed with relevant stakeholders defined on a political basis, according to the NDC and national priorities. While each country would develop their own approval process, it is recommended that general agreement be sought at minimum from the relevant line ministries that will be involved in the financial assessment, the UNFCCC National Focal Point(s) and the National Climate Change Committee.

3. Establish team for the financial assessment

Recommended time: 2-4 weeks

The next step is to establish the financial assessment teams, which involves:

- › elaborating Terms of Reference for the financial assessment team experts;
- › selecting sectoral team leaders;
- › agreeing on overall deadlines and procedures with team leaders;
- › organizing an initial team meeting.

Elaborate Terms of Reference for the financial assessment team experts

Conducting a financial assessment will require gathering a cross-functional team of experts drawn from relevant government ministries and departments and NDC experts. As appropriate, depending on the expertise needed, the team may also include experts from non-governmental organizations (NGOs), academia and research institutions, the private sector or consulting firms.

Each sectoral team should comprise, at a minimum:

- › mitigation or adaptation expert(s) (depending on the sector selected and its focus) that have been involved in the NDC or other key national planning documents, such as the National Adaptation Plan,
- › national expert(s) from the relevant line ministries or government departments that have knowledge of national plans and strategies for the selected sector;
- › expert(s) on finance and investments (preferably from the planning or finance ministry);
- › expert(s) on economic data and statistics (preferably from the institution responsible for maintaining national statistics or the central bank);

- › expert(s) from relevant NGOs or academic institutions, if they have been involved in studies on the selected sector;
- › expert(s) from the private sector that are based in institutions with decision-making power over investments in the selected sector and/or with access to information on the sector.

For example, if a financial assessment is being conducted to assess mitigation options in the energy sector, then the team would need to include:

- › energy mitigation experts that have developed climate change mitigation scenarios and assessed mitigation options as part of the National Communications or contributed to the NDC;
- › energy planning experts who can identify which technical options are available and feasible within national circumstances and at what cost, who have experience and understand national planning and policies for energy and who are knowledgeable about the key players and investors in energy;
- › experts from the national statistical office who have access to and understanding of relevant energy data that needs to be compiled; and
- › finance experts that can identify the costs of the policies and measures to be implemented.

The size and composition of the sectoral teams should be defined in terms that ensure the achievement of the objectives of the assessment in a timely manner. When assigning personnel, it is important to remember that less experienced personnel and/or trainees may be less expensive than experienced senior and mid-level experts, but there may be costs incurred with training.

Teams should be organized to take advantage of existing institutional strengths and structures as much as possible, e.g., by using staff from government departments with relevant expertise and access to data. (A list of minimal competencies for experts is attached in Annex I.)

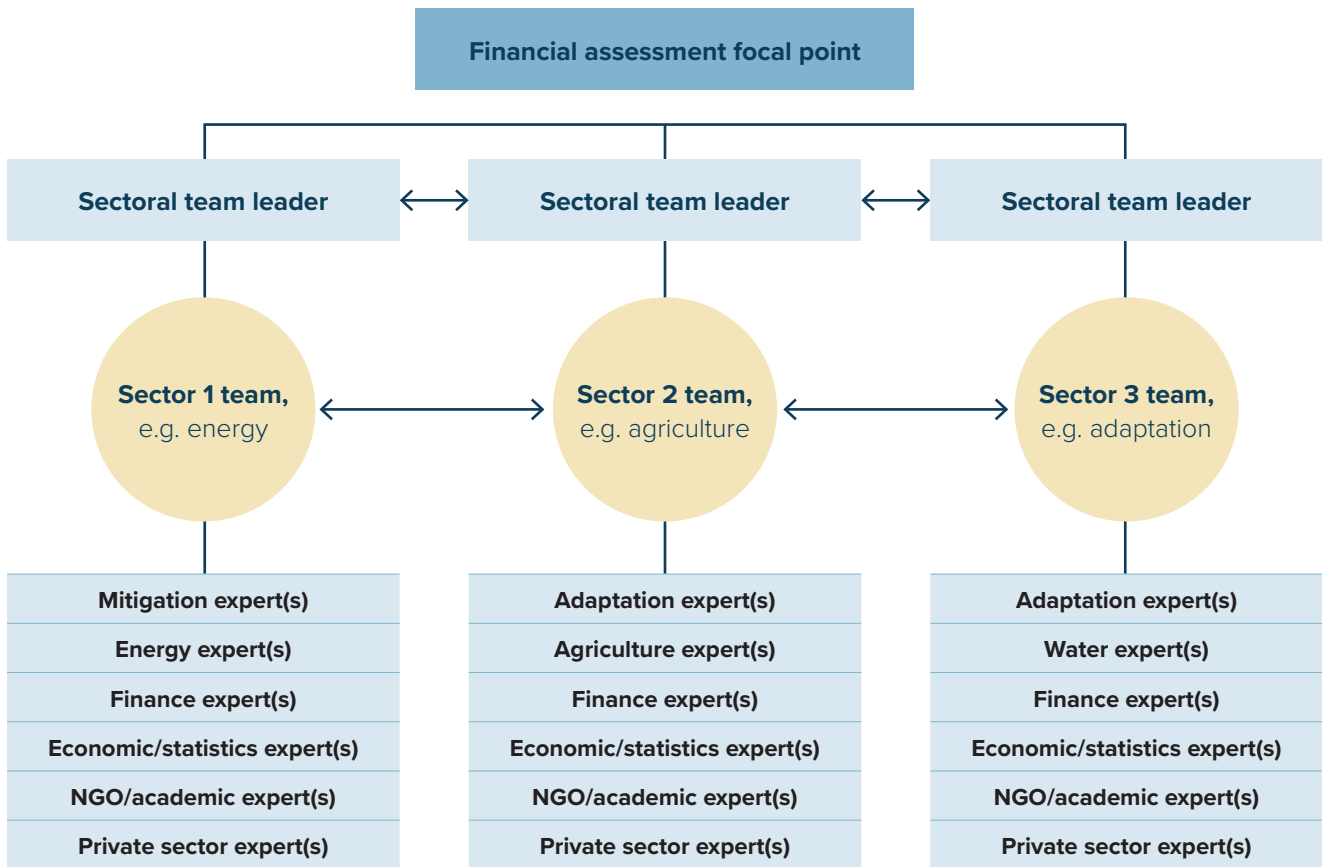
Select sectoral team leaders

Separate financial assessment teams will need to be established for the sectors selected, each with a team leader overseeing the financial assessment preparation, implementation and reporting tasks. This requires an understanding of not only how to manage a large and complex analytical process, but also the technical aspects of the assessment. Therefore, team leaders should possess both administrative and technical expertise.

Agree on overall deadlines and procedures with team leaders

While each sectoral team will have its own timelines, the teams should also meet regularly to ensure coordination. In addition, the sectoral team leaders should confer with one another on a regular basis to ensure the assessments are internally consistent, complete and logical.

Figure 3 illustrates the interactions between the financial assessment sub-teams.

Figure 3: Financial assessment team composition

Agree on overall deadlines and procedures with team leaders

The sectoral team leaders will be responsible for overseeing the financial assessment for their sector, ensuring that the work is completed in a timely manner, while also ensuring consistency with the other assessments being conducted. Therefore, the assessment focal point should agree on the overall deadlines and rules of procedures with the sectoral team leaders.

Organize an initial team meeting

Once the financial assessment team has been identified, the focal point should organize a team meeting to introduce the financial assessment objectives, distribute the guidance material for the financial assessments (this Workplan guidance, the Guidebook on the methodology for financial assessments to address climate change and the Reporting guidelines for the assessment of investment flows and financial flows to address climate change) and assign initial tasks to the sectoral team leaders and experts (see Tasks 4 and 5).

4. Assess methodological capacities and needs

Recommended time: 2 days

Each country will receive technical backstopping from UNDP during the implementation of the financial assessment. This backstopping will consist of:

- › training in the use of the *Guidebook on the methodology for financial assessments to address climate change (in-country: three days per country)*;
- › review of national workplan and guidance on selecting specific methodologies and data sets for undertaking the financial assessments (*email/remotely: 1 day per country*);
- › technical backstopping on a one-to-one basis during the implementation phase (*email/remotely: 10 days per country*);
- › technical desk reviews of the draft and final financial assessment (*remotely: 6 days per country*).

The financial assessment team should identify what additional methodological and technical capacities are available for the sectoral assessments, if required, in particular for sectoral scenario elaboration, modeling and projections, identification and selection of sector-specific policy options and costing of technology options.

Liaison with UNDP

As the technical backstopping will be an important element of support during the financial assessment, the focal point should agree on coordination and technical assistance procedures with UNDP, as well as a communications protocol. For example:

- › Is email or online messenger contact preferred?
- › What is the anticipated response time?
- › What are the most appropriate moments during the assessment for conducting the technical desk reviews?
- › Will each sectoral team leader correspond with UNDP or will one person be in charge of coordination and communications with UNDP?

5. Assess information availability and needs

Recommended time: 1-2 weeks

The financial assessment sectoral teams should conduct a stocktaking of all the existing information, data, national strategies and plans and modelling/forecasting exercises that are available for supporting the financial assessment in each sector. The relevant information, including socio-economic information and financial data, will need to be gathered from a variety of sources including:

- › Nationally Determined Contributions
- › Integrated National Financing Frameworks
- › National Communications
- › national accounts
- › national statistics agency
- › central bank
- › specific government agencies (e.g., health department, irrigation agency, energy distribution companies, etc.)

- › banking industry associations
- › industry associations
- › academic research centres
- › non-governmental research centres
- › regional statistics centres
- › international sources
- › other data sources

Once the sources of information and data sets are compiled, the teams should:

- › ensure they have authorization to access specific data sets and information banks;
- › assess the quality and reliability of the available information; and
- › determine what is missing and additional information requirements.

It is important to identify the various institutions that serve as repositories of the data needed to prepare the inventory. In cases in which the information is not publicly available, legal and/or less formal collaboration arrangements may need to be established with the institutions so that the data can be obtained in a timely manner and in the format required. Such institutions may include national government entities (e.g., statistical offices, government ministries), regional and international organizations (e.g., Food and Agriculture Organization of the United Nations, International Energy Agency), research institutions and private industries.

It is recommended that some form of written agreement (e.g., letter of understanding, letter of intent or other formal agreement) be established between the sectoral team and the institutions that hold the most critical data sets and/or from whom staff will be used. This is discussed further in Task 6.

Other tasks that may need to be done after compiling sources of information include:

- › Update information.
- › Conduct a statistical treatment of interrupted time series.
- › Complete missing observations through statistical treatment.
- › Decide on procedures for:
 - statistical models;
 - projections;
 - microeconomic models; and
 - partial equilibrium models.

The financial assessment team should assess how it will acquire missing or additional information and how this will impact the overall timeline of the financial assessment. If essential information cannot be sourced, the team may have to re-evaluate the decision to select the sector or assess how to modify its scope.

6. Agree on the institutional arrangements

Recommended time: 1-2 weeks

Confirmed participation of relevant stakeholders, agreement on means of access to information and data sets and clear guidance on institutional contributions are some of the institutional arrangements that will need to be established during the preparation phase to ensure that the financial assessment is adequately supported at the institutional level. This includes both arrangements at the technical level, e.g. for data access, as well as arrangements for engagement with policymakers to ensure constant high-level buy-in and oversight of the assessment. The latter is crucial to ensure that the results of the assessment will be used and followed up on by decision-makers. During the preparation phase, it is also important to look at the financial assessment as a whole – to examine which relationships already exist and which need to be developed.

The assessment focal point should carry out this task in consultation with the sectoral team leaders and decide whether meetings with key institutions are needed. As noted above, it is recommended that some form of written agreement (e.g., letter of understanding, letter of intent or other formal agreement) be established with the institutions that hold the most critical data sets (and/or from whom staff will be used). Data confidentiality issues may need to be considered during this process, especially when data are obtained from industry. Systems may need to be established to ensure data confidentiality, if needed.

During the process of identifying these institutions, possible candidates for review and quality assurance should also be identified. As meetings are held with these groups, it is recommended to inform them of the overall schedule and encourage them to assist in the process by acting as expert reviewers. If interest is low, but the institution is important to the assessment process, the project focal point might wish to consider an awareness-raising campaign that targets the institution and focuses on benefits of being involved in the process.

While each country will have different institutional arrangements according to the national circumstances and governmental organization, some general recommendations include:

- Engage representatives at different levels from all relevant government ministries and departments that will be involved in the financial assessments.
- Ensure extended and meaningful participation in the financial assessments, as well as stability of the institutional agreements, through, for example, a signed Memorandum of Understanding.
- Define ex ante the structure of institutional working arrangements (e.g., will a steering committee format be used or centralized decision-making?).
- Define procedures, particularly those related to key project decisions and deliverables, for institutional coordination and interaction, for instance: How will the various teams work together and how will this collaboration be ensured? How will the project ensure consistency and homogeneity in the manner in which teams undertake their activities, report and provide deliverables?
- Agree upon a formal documentation procedure to ensure that assessment activities, the means by which they are carried out, the participants involved and their affiliation are clearly and unequivocally recorded.

7. Develop the overall programme of work and budget

Recommended time: 1-2 weeks

It is recommended that the project focal point organizes another team meeting prior to finalizing the overall workplan and budget. This team meeting could be in the form of a retreat for one or two days to obtain agreement on key issues prior to undertaking the training for the financial assessment.

Define the scope of the sectors

The team should agree on the final scope of the financial assessment for each specific sector. Decisions about the sectoral scope of the assessment should be related to feasibility criteria, and national planning and policy priorities. However, decisions should also consider, as best as possible, the need for reporting and for further compilation of national outputs.

Adjust available scenarios and/or develop new scenarios

One of the key steps prior to undertaking the financial assessment is to clearly define the target scenario, both conceptually and operationally. Scenario determination will vary, depending on the mitigation and/or adaptation aspects being considered.

When defining the reference (baseline) scenario, tasks will include:

- › determining the overall sector structure;
- › determining the evolution dynamics of the sector; and
- › projecting the reference situation into the future.

When defining mitigation-related aspects of the target scenario, tasks will include:

- › considering the emission reduction targets identified nationally (i.e., in the Nationally Determined Contribution and key national planning documents);
- › breaking down overall emission reduction targets into concrete targets for different sectors or parts of the national economy; and
- › defining strategic policies in line with national sustainable development, based on the national targets set, including the goals and sub-goals, growth and expansion patterns and identification of technology options.

When defining adaptation-related aspects of the target scenario, tasks will include:

- › reviewing existing climate change impact analysis/modelling;
- › identifying relevant impacts and adverse effects;
- › considering the time deployment of impacts and adverse effects;
- › considering adaptation targets identified nationally (i.e., in the Nationally Determined Contribution and key national planning documents);
- › defining adaptation strategies for the sector; and
- › identifying sectoral adaptation policies and measures and technology options.

In terms of national targets and goals to be considered for the financial assessment, these should be based on the key national planning documents, including Nationally Determined Contribution and key national strategy and planning documents.

In terms of socio-economic and financial information to be gathered for the financial assessment, existing national and international information sources should be used, including, but not limited to National Communications, Biennial Transparency Reports, National Adaptation Plans, information from national statistics agencies and information gathered by the World Bank, OECD, etc.

Prepare a detailed workplan

Once the information available has been sourced, technical capacities and resources identified, sectoral scopes decided and scenarios defined, a detailed workplan can be prepared. This workplan should contain:

- › a detailed timeline with all interim products and deadlines noted;
- › a matrix of staff and responsibilities; and
- › a report drafting and review schedule.

When defining deadlines, it might be useful to start with the due date for the final version of the financial assessment based on national planning timeframes and, based on a logical sequence of steps, work backwards to set the due dates for all the previous steps, taking into account the amount of time needed to complete each step.

It is recommended that the workplan includes periodic team meetings to discuss progress and problems and to decide how to address problems before they negatively affect the overall schedule. The workplan should also incorporate quality control and quality assurance reviews.

Several tasks may remain to be undertaken even after the financial assessment has been compiled and finalized, such as:

- › preparing materials for use in outreach activities, such as flyers, press releases and government briefing notes;
- › completing all documentation and archiving of electronic and paper materials; and
- › organizing dissemination of the assessment results and follow-up consultations and meetings to ensure the assessment findings are owned by decision-makers and feed into relevant planning and decision processes.

Prepare a budget

As a significant portion of the costs for the financial assessment is likely to go toward labour, it is recommended to create a staff matrix that defines person-hours or person-days by expert and task. All tasks should be budgeted, including training, research and data collection, QA/QC, uncertainty assessment, reporting and archiving. Costs for office equipment, software (e.g., for data management, modelling or scenario development), transportation, meetings etc., should be included.

It is important that the technical process of the financial assessment is fully owned and overseen by national decision-makers and that the assessment is an integral part of the national policy processes and aligned with the sustainable development processes in the country. Therefore, it is necessary that the assessment is sufficiently accompanied by and embedded in relevant national consultations, meetings and events related to the NDC and Sustainable Development Goals (SDG) processes. This refers to all stages of the financial assessment from planning/endorsement, continuous policy guidance and policy oversight throughout the assessment to the owning and follow-up actions on the results of the assessment. In terms of developing the budget for the assessment this means to budget in time to existing consultations and meetings as well as to organize additional consultations and meetings as needed, which will incur event costs (e.g., for venues, participant travel etc.). It is recommended as much as possible to build organically onto existing meetings cycles rather than establish parallel organizational structures.

A three-day training required for the national technical expert team to learn the financial assessment methodology will need to also be included in the budget.

The national focal point should also consider publishing the financial assessment report for public dissemination. Budget line items should be set aside for the preparation, printing and distribution of the report, summary for policy makers and the results flyer (e.g., editing graphic artist, online or print publication).

8. Conduct training on financial assessment

Recommended time: 3 days

Once the preparation phase is completed, a training on how to undertake the financial assessment should be provided for the entire team involved in the financial assessment.

The training typically lasts three days and covers in detail the use of the *UNDP Methodological guidebook on financial assessments to address climate change* and the *UNDP Reporting guidelines for financial assessments to address climate change*, finalizing the workplan, and reviewing data sources and available scenarios.

Checklist for Stage I

1. Define national objectives and goals for the assessment

- Identify rationale and key outputs of the financial assessment in a policy note, or anchor assessment in a relevant national policy process.
- Engage relevant stakeholders from various government ministries and departments.

2. Identify and agree on the key sectors

- Obtain agreement from all relevant stakeholders on the sectors selected for the assessment.
- Assess the amount and robustness of background information that exists on the key sectors from other studies, e.g. National Communications, NAPs, national strategies and plans, etc.
- Identifying mitigation and adaptation goals to be considered based on national planning documents (NDC, strategies and plans). It may be needed to break them further down into more concrete targets.

3. Establish team for the financial assessment

- Elaborate terms of reference for the financial assessment experts and identify suitable experts.
- Disseminate the Methodological guidebook on financial assessments and the Reporting guidelines to all team members.
- Identify sectoral team leaders and agree on overall deadlines and procedures.
- Organize an initial team meeting.

4. Assess methodological capacities and needs

- Assess capacities and needs and coordinate with UNDP on technical backstopping.
- Establish communication set up with UNDP.

5. Assess information availability and needs

- Conduct a full stocktaking of all existing information, data, national strategies and plans and modeling exercises that are available to support the sectoral financial assessments.
- Identify mechanisms for ensuring access to necessary data and information (e.g., an MOU).
- Assess and agree on approaches for addressing data and information gaps.
- Review and revalidate sectoral selection in context of the information availability assessment.

6. Agree on the institutional arrangements

- Engage stakeholders at different levels from all relevant decision-making governmental entities.
- Define the structure of the working arrangements through an MOU, letter of intent or other arrangement.
- Address data confidentiality issues.
- Identify possible candidates for quality control and quality assurance roles.
- Ensure continuous high-level buy-in to and ownership of the assessment by key national policymakers.

7. Develop the overall programme of work and budget

- Hold team meeting to agree and finalize the sector scope and definition of scenarios.
- Prepare a detailed workplan.
- Prepare a budget.

8. Conduct training on financial assessment

- Identify suitable dates for training with UNDP.
- Ensure all financial assessment team members will be present for training.
- Provide workplan and national data and information to UNDP well in advance of training.

II. Implementation stage

Recommended time: 5-7 months

Implementation of the financial assessments should follow the *UNDP Methodological guidebook on financial assessments to address climate change*.

In preparation for the implementation stage, sectoral team leaders should prepare detailed, specific assessment preparation instructions (rules of procedure) so that the team can conduct their sectoral financial assessments:

- › on time;
- › with consistency across sectors;
- › in a format that allows for efficient compilation of the entire assessment; and
- › incorporating adequate quality assurance/quality control measures.

These written instructions should be defined and distributed to the sectoral team prior to starting work to help ensure consistency across the sectoral assessments. Therefore, the sectoral team leaders will need to work together to finalize and agree on the rules of procedures.

Among the tasks to consider are:

- › **Documentation**

Requirements for:

- referencing data sources in spreadsheets;
- dating files; and
- maintaining electronic copies of references for archiving, as per government archiving systems.

- › **Spreadsheet management**

Requirements for:

- managing electronic files, especially version control (e.g., how to name files to avoid confusion about which version is the most current, who will collect revised files, etc);
- requirements and guidelines for spreadsheet entries; and
- requirements for calculations and references.

- › **Quality assurance/quality control (QA/QC):** The scale of QA/QC will depend on available resources, but it is recommended that QA/QC procedures include, at a minimum, routine internal review procedures (e.g., spot-checking spreadsheets for correct data entry, consistent formulas and complete documentation) and at least one round of external peer review, using both national reviewers from institutions (as discussed in Task 6 of the Preparation stage) and UNDP reviewers. The workplan should state the minimum levels of QA/QC that need to be met, as well as recommendations for more rigorous QA/QC if sectoral team leaders decide that sufficient resources are available. The work plan should also include:

- a schedule for QA/QC procedures;
- a lay out internal responsibilities (e.g., who will distribute materials for external review and collect and disseminate review comments);
- a list of external reviewers; and
- instructions for incorporating and tracking revisions based on comments received.

- › **Archiving:** The rules of procedure should contain requirements on what needs to be archived, due dates for delivery and specific formatting and notational instructions. While digital file sharing and data archiving are recommendable for large amounts of information, to ensure persistent availability of information and knowledge it needs to be ensured that all information is stored in a space where continuous availability and access is ensured into the future. This has to be taken into account, e.g., when establishing websites for information management and storage. For instance, hosting of relevant information should be anchored with an institution that can ensure this access to be managed and, if needed, handed on in the future.

Checklist for Stage II

1. Instructions for the preparation of the financial assessment established, including guidance on:

- documentation
- spreadsheet management
- quality control and quality assurance procedures
- archiving

2. Conduct a financial assessment.

III. Reporting stage

Recommended time: 3-6 weeks

While much of the reporting is due toward the end of the assessment, reporting work is actually a continuous activity that needs to take place throughout the assessment. It is essential that it is clearly documented why and how decisions were taken (e.g., in terms of the objectives of the assessment, in terms the selection of sectors and scopes, etc.) and what assumptions were made (e.g., in the establishment of scenarios and the costing of measures).

The *UNDP Reporting guidelines for Investment and Financial Flows Assessments to Address Climate Change* lay out the steps the country needs to ensure proper reporting and maintenance of the data collected and assessed. It also includes table formats to ensure harmonized data collection and processing.

To do this reporting instructions should be established that contain all the information required for transparent documentation and archiving, such as:

- › file management control measures;
- › data-sharing procedures and timelines;
- › editorial directions (e.g., use of acronyms, instructions on what and how to report); and
- › documentation and archiving procedures.

The workplan should include the deadlines for delivering draft sectoral reports for review by national peer reviewers and UNDP, as well as the final, compiled report that should have an additional review by UNDP.

As noted earlier, documentation and archiving are an important element of the financial assessment. It is recommended that the team archives full documentation for the financial assessment so that each step is transparent and consistent and no team member has to redo work that has already been done in the course of the financial assessment. Transparency of the assessment, including documentation and archiving, is also important to justify the results to policymakers and the public and to ensure credibility of the assessment work done.

It is important to use a standardized documentation and archiving system for both numerical and qualitative information and to undertake documentation throughout the assessment process. Documentation and archiving procedures should include standardized procedures for documenting spreadsheets and text sections, as well as procedures for dating files and for keeping paper and electronic copies of files, reference materials and other sources of data.

In addition, the teams should compile:

- › complete descriptions of the data assessment and calculation processes, including the sources of data that were evaluated;
- › why a particular data source was chosen and why others were not chosen;
- › what assumptions were made in manipulating or choosing data for final use;
- › complete references for the data; and
- › responses to internal and external review comments.

Checklist for Stage III

- 1. Based on the Reporting guidelines for financial assessments to address climate change prepare reporting instructions that include guidance on:**
 - file management control measures;
 - data-sharing procedures and timelines;
 - editorial directions (e.g., use of acronyms, instructions on what and how to report);
 - documentation and archiving procedures;
 - currency used for the assessment (national currency or US\$) [should be the same across all sectors]; and
 - online data storage at a URL/website that is durable and accessible to those who need the information, even after the assessment is completed.

- 2. Spot check that continuous collection and storage of data and sources is taking place throughout implementation.**

- 3. Prepare a final financial assessment report.**

Annex I: Minimal competencies, education, experience and expertise for experts in the financial assessment teams

Competencies

- › Excellent knowledge of climate change mitigation in the context of the sector under assessment
- › Strong analytical, writing and communication skills
- › Able to work independently with no supervision

Education

- › Advanced post-graduate degree in environment, energy, economics or a closely related field

Experience

- › National experience
- › Participation in preparation of the NDC, National Communications, NAPs or other key national strategies or plans
- › At least five years' experience in climate change mitigation

Sectoral expertise

- › Excellent knowledge of sector structure, status and trends, as well as technology options in the sector
- › Excellent knowledge of sector market share, key actors and investment decision patterns
- › Excellent understanding of policies and measures appropriate for the selected sector
- › At least five years' working experience in the specific sector

Finance and investments expertise

- › Excellent knowledge of financial sector structure, status and trends
- › Excellent knowledge of financing options, investment and financial flows

Economic and statistical data expertise

- › Excellent knowledge of economic and statistical data at the country level, including national accounts and time series in the relevant sector

Annex II: Proposed planning table

Stage	Task	Responsible	Outputs
I. PREPARATION STAGE: 1-2 months	1 Define national objectives & goals 1a Define national objectives and goals 1b Prepare policy briefing note (or anchor assessment in relevant national policy process) <i>Task time: 2 days</i>	1a National assessment focal point 1b National assessment focal point	<ul style="list-style-type: none"> ➤ Policy briefing note
	2 Identify key sectors for financial assessment 2a Identify and agree on the key sectors for which financial assessment will be undertaken 2b Prepare summary on sector selection for inclusion in work plan document and submit for information to UNDP <i>Task time: 1-2 weeks</i>	2a National assessment focal point with relevant ministries 2b National assessment focal point	<ul style="list-style-type: none"> ➤ 1-2 page document summarizing sector selection
	3 Establish the financial assessment team 3a Advertise TORs for national experts/institutions, using work plan guidance (refer to Annex I) 3b Shortlist and identify team members 3c Prepare evaluation of experts/institutions for inclusion in work plan document and submit for information to UNDP 3d Hold initial team meeting with team to distribute materials and brief on tasks 3e Prepare summary of initial team meeting <i>Task time: 1-2 weeks</i>	3a National assessment focal point 3b National assessment focal point with guidance from UNDP Country Office on procurement rules/regulations 3c National assessment focal point 3d National assessment focal point 3e National assessment focal point	<ul style="list-style-type: none"> ➤ Terms of Reference ➤ CVs of experts to be hired ➤ Evaluation/justification for selection of experts ➤ Identification of sectoral team leaders ➤ 0.5-1 page summary of initial team meeting

Annex II: Proposed planning table (continued)

Stage	Task	Responsible	Outputs
I. PREPARATION STAGE: 1-2 months	4 Assess methodological capacities and needs		<ul style="list-style-type: none"> ➤ 1 page assessment of technical assistance needs
	4a Assess methodological capacities and technical assistance needs	4a National assessment focal point and sectoral team leaders	
	4b Prepare summary of technical assistance needs for inclusion in work plan document and submit for information to UNDP	4b National assessment focal point	
	<i>Task time: 2 days</i>		
	5 Assess information availability and needs		<ul style="list-style-type: none"> ➤ 1-2 page summary document listing key data, information and national studies and plans to be sources ➤ 1 page assessment of data and information gaps and how they will be overcome
	5a Identify data sources and data gaps	5a Financial assessment team	
	5b Compile core information resources (e.g., National Communication studies, Ministerial strategies, etc)	5b Financial assessment team	
	5c Identify information gaps	5c Financial assessment team	
	5d Outline strategy for overcoming gaps	5d Sectoral team leaders	
	5e Prepare summary of materials compiled and/or to be compiled	5e Sectoral team leaders	
	<i>Task time: 1-2 weeks</i>		
	6 Agree institutional arrangements		<ul style="list-style-type: none"> ➤ Summary of institutional agreements and procedures (0.5-1 page)
	6a Engage ministries/private sector/other sources of key data and information on financial assessment needs	6a National assessment focal point or sectoral team leaders	
	6b Agree institutional arrangements for procuring data and information (and in what format)	6b National assessment focal point or sectoral team leaders with relevant ministries	
	6c Prepare summary for inclusion in work plan document	6c National assessment focal point	
<i>Task time: 1-2 weeks</i>			

Annex II: Proposed planning table (continued)

Stage	Task	Responsible	Outputs
I. PREPARATION STAGE: 1-2 months	7 Compile the work plan and budget		<ul style="list-style-type: none"> ➤ Elaborated work plan, with timeline for deliverables and milestones and associated budget ➤ Revised work plan, with timeline for deliverables and milestones, as required
	7a Compile summary from tasks 1-6 for inclusion in work plan	7a National assessment focal point	
	7b Prepare timeline for training, implementation and reporting, including key milestones and deliverables and roles/responsibilities	7b National assessment focal point and sectoral team leaders	
	7c Prepare associated budget (see additional guidance below)	7c National assessment focal point and sectoral team leaders	
	7d Submit to UNDP for approval <i>Task time: 1-2 weeks</i>	7d National assessment focal point	
	7e Work plan reviewed and comments provided <i>Task time: 1-2 weeks</i>	7e UNDP	
	7f Work plan revised based on comments <i>Task time: 1 week</i>	7f National assessment focal point	
	8 Undertake financial assessment training		
	8a Identify training date with UNDP ²	8a National assessment focal point	
	8b Agree agenda and format for training	8b National assessment focal point	
8c Undertake training (3 days) <i>Task time: 1-2 weeks</i>	8c National assessment focal point		
II. IMPLEMENTATION STAGE 5-7 months	9 Prepare assessment preparation instructions for the team <i>Task time: 1-2 weeks</i>	9 National focal point and/or sectoral team leaders	<ul style="list-style-type: none"> ➤ Brief guidance instructions for financial assessment team
	10 Conduct financial assessments <i>Task time: 4-5 months</i>	10 Financial assessment team, under guidance of sectoral team leaders and national focal point	

² Identification of training dates should be undertaken well in advance of anticipated training time so that UNDP can ensure availability of experts and organize flights.

Annex II: Proposed planning table (continued)

Stage	Task	Responsible	Outputs
II. IMPLEMENTATION STAGE 5-7 months	11 Compile draft sectoral reports and perform quality assurance/quality control		<ul style="list-style-type: none"> › Draft sectoral reports prepared and reviewed for quality
	11a Compile draft reports	11a Sectoral team leaders	
	11b Undertake QA/QC	11b Identified QA/QC experts	
	11c Submit for review to UNDP HQ <i>Task time: 1-2 weeks</i>	11c Project focal point	
	11d Reports reviewed and comments provided <i>Task time: 1-2 weeks</i>	11d UNDP HQ	<ul style="list-style-type: none"> › Draft sectoral reports reviewed
11e Reports revised based on comments <i>Task time: 1 week</i>	11e Sectoral team leaders	<ul style="list-style-type: none"> › Draft sectoral reports revised 	
III. REPORTING STAGE 3-6 weeks	12 Prepare reporting instructions <i>Task time: 1 week</i>	12 Sectoral team leaders	<ul style="list-style-type: none"> › Brief reporting instructions for financial assessment team
	13 Compile reviewed sectoral financial assessments into one document and prepare summary for policy makers <i>Task time: 1-2 weeks</i>	13 Assigned member(s) of team	<ul style="list-style-type: none"> › Compiled final financial assessment report › Summary for policy makers
	14 Prepare results flyer to promote assessment <i>Task time: 1-2 weeks</i>	14 Assigned member(s) of team	<ul style="list-style-type: none"> › Results flyer, awareness-raising materials on financial assessment
	15 Complete all documentation and archiving tasks <i>Task time: 1-2 weeks</i>	15 Assigned member(s) of team	<ul style="list-style-type: none"> › Financial assessment fully documented and archived

Annex III: Budget

The following is a sample of a budget that could be prepared and submitted to UNDP. Each country will have its own costing needs.

Personnel costs

Name of expert	Institution	Expertise	Rate	# days	Total cost
	e.g., Ministry of Finance	e.g., financial assessments	200	10	2,000
	e.g., consulting firm	e.g., energy planning			
	e.g., Bureau of Statistics	e.g., archiving			
	e.g., consultant	e.g., climate mitigation			
	Private sector	e.g., editing			

Material costs

Data collection

Communications

Team meetings

Printing costs, etc



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