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# Taking the lead on climate action

**Recommendations for strategic national transition planning at the centre of a whole-of-system climate response: Policy report [DRAFT – PLEASE DO NOT QUOTE]**

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# Contents

Summary	3
1. Introduction	7
2. The case for national transition planning	8
3. A framework for national transition planning	13
4. Maximising benefits and smoothing implementation	20
5. Recommendations	29
6. Conclusions and next steps	43
References	45
Appendix 1. The TPT Disclosure Framework	46
Appendix 2. The ASCOR Framework	48

# Summary

**As the global economy transitions to a just, low-emissions, climate resilient and nature positive future, every sector of the economy will need to transform:** energy systems, industrial processes, the built environment, transportation, land-use, and beyond. Every company and every government will need to respond and contribute. Citizens will need to adapt how they live, how they work, and how they travel. And capital will need to be mobilised at speed and scale.

## The case for strategic national transition planning

**But systemic transformation doesn't simply 'happen'.** Informational and coordination frictions are inhibiting progress. Technical, social, economic, political and institutional complexities also come into play. The authors<sup>1</sup> of this report argue that strategic, but adaptive, transition planning across the system can help to accelerate transformation. Transition planning provides a roadmap for the economy: it turns targets into concrete and accountable actions – identifying what needs to be done, when, in what sequence; where responsibility sits; and how much it will cost.

**It is estimated that investment of \$7 trillion per annum will be needed, until 2050, to meet net zero goals (BNEF, 2022).** Corporate transition plans can be the foundation for credible transition finance, giving investors and lenders confidence to commit capital. Many relevant tools are now available, and pressure from investors, regulators and civil society is starting to build momentum in private sector planning.

**However, transition planning in the private sector has exposed important dependencies on government policy.** Private actors are increasingly calling for clearer signals and incentives from government to inform their decisions. Sovereign investors are also beginning to scrutinise governments' climate policies; and importantly, litigation by civil society is increasingly targeting governments that do not demonstrate or implement credible transition pathways.<sup>2</sup>

**It is therefore becoming very clear that government-led (national) transition planning would provide both investors and civil society with greater confidence and trust in countries' commitments to address climate and sustainability challenges, while also mitigating legal challenge.** Strategic planning at government level can help to steer, accelerate and coordinate whole-of-government and whole-of economy action towards a fair transition, while advancing climate resilience, sustainable development and energy security goals.

## A framework for national transition planning

**To advance the debate, this report recommends a set of key considerations and action areas for national transition planning.** Our recommendations (Section 5) are provided in a framework informed by the tools applied in private sector transition

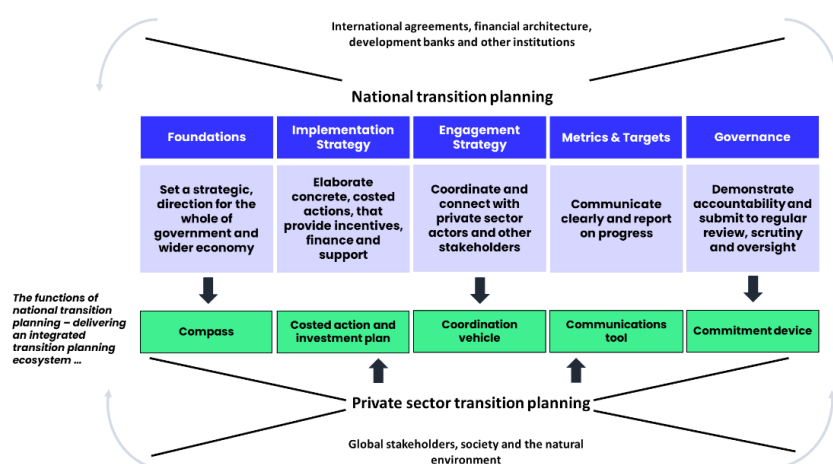
<sup>1</sup> Representing interests spanning policymakers, finance, and academia.

<sup>2</sup> E.g., [Verein KlimaSeniorinnen Schweiz and Others v. Switzerland](#).

planning. In particular, its structure aligns with the frameworks developed by the Transition Plan Taskforce (TPT, 2023) and the Glasgow Financial Alliance for Net Zero (GFANZ, 2022). The detailed recommendations also reflect the expectations of sovereign debt investors, captured by the framework for Assessing Sovereign Climate-related Opportunities and Risks (ASCOR).<sup>3</sup>

**Aligning transition planning frameworks across government and the private sector will support a whole-of-system climate response.** Given the systemic nature of the climate crisis, we need complementary, interdependent actions and decisions at the multilateral, national, financial sector and real-economy levels, as part of an integrated transition planning ecosystem (Figure S1).

**Figure S1.** An integrated transition planning ecosystem



Source: Authors' analysis, informed by TPT, 2023.

**The anchoring concept in our framework is national Strategic Ambition: a compass** for the government's fair share contribution to a just, global transition towards a net zero greenhouse gas emissions, climate-resilient and nature-positive economy. The national Strategic Ambition would be translated into a **costed action and investment plan** for the whole of government, steering the transition across all major sectors. The government would also enhance coordination of private sector efforts, building buy-in and catalysing action.

To inform and incentivise private actors, the government will need to **communicate** the outcomes of national transition planning accessibly – in a dedicated national transition plan (NTP), or equivalent document, such as the country's Long-Term Low-Emissions Development Strategy (LT-LEDS). The government will also be expected to demonstrate **commitment** and accountability to stakeholders.

**Our framework is principles-based and recognises dependencies across the system.** It offers a structured approach that any government could adapt to its local context. We envisage that a government applying our recommendations would do so in the context of prevailing sustainable development and growth priorities and

<sup>3</sup> The TPT Disclosure Framework is summarised in Appendix 1. ASCOR's methodology is set out in [Scheer et al., 2023](#), and summarised in Appendix 2, along with a mapping to our framework.

with the support of complementary resources and planning tools – e.g., tools developed by governments, UN agencies, civil society and industry bodies.<sup>4</sup>

## Maximising benefits and smoothing implementation

**Of course, no government is starting from scratch.** National transition planning is an evolution of existing commitments under the Paris Agreement. Countries' Nationally Determined Contributions (NDCs), and especially LT-LEDS, (should) already include many elements of our proposed framework, along with other country-led plans and strategies. The building blocks are therefore often in place.

**Nonetheless, current approaches are not yet delivering the whole-of-system climate action, and finance, necessary to achieve Paris goals.** Planning activities in different parts of government are often disconnected or conflicting, and rarely integrated with private sector transition planning. As a result, private finance for the transition is not yet at the required scale. Moreover, the deployment and scaling of emerging technologies is often commercially unviable, poorly incentivised, or hampered by barriers, such as permitting delays. Commitment to particular policies beyond the incumbency of the prevailing government is also often questioned.

**Building on existing initiatives to implement national transition planning (Figure S2) will therefore be much more than just “another administrative exercise.”** It will be a tool for *genuine action* – unlocking real benefits to governments, business and society. Our theory of change emphasises three outcomes:

- 1. Better targeted resource and capital allocation by government.** By aligning actions across the many layers, branches and functions of government,<sup>5</sup> and introducing mechanisms to direct, incentivise, finance, coordinate and enable private actors' decisions, a government will be able to allocate and/or steer resources and capital more effectively.
- 2. Increased mobilisation of capital for the transition.** Coherent national transition planning and implementation, along with clear communication of planning outcomes, will give actors across the economy the certainty, confidence and incentive to scale investment in the transition.
- 3. Increased overseas development support and private finance for emerging market and developing economies (EMDEs).** Providing transparency through national transition planning will help EMDEs to reduce risk perceptions. This will in turn improve their access to development support and private finance to advance strategic climate and sustainable growth objectives, and lower the cost of capital for both sovereign and corporate borrowers.

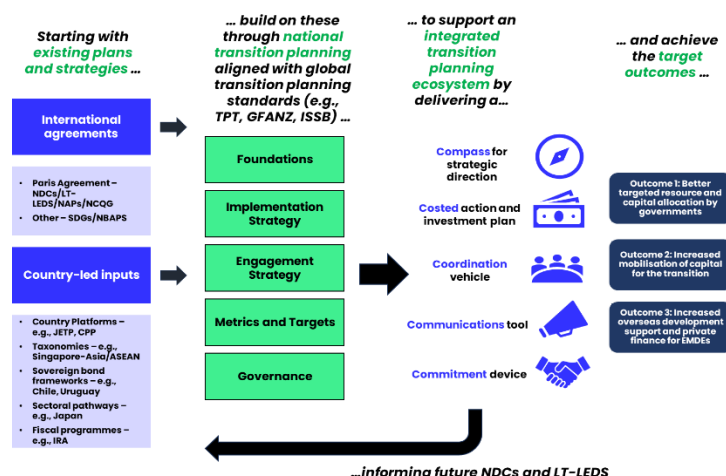
**We recognise that governments around the world have different starting points, different socio-economic and political contexts, and different resources,**

<sup>4</sup> An example of such a tool is the comprehensive Climate Investment Planning and Mobilization Framework developed by the Green Climate Fund and the NDC Partnership. See, Section 3, Box 2.

<sup>5</sup> Including regional and local government, and other public and quasi-public bodies.

**capacities and priorities.** Depending on these conditions, the timeframe for implementation of comprehensive national transition planning may vary by country.

**Figure S2.** *Building from NDCs and other existing initiatives*



Source: Authors' analysis, informed by TPT, 2023. International agreements: NDCs (Nationally Determined Contributions); LT-LEDS (Long Term Low Emissions Development Strategies); NAPs (National Adaptation Plans); NCQGs (New Collective Quantified Goals); SDGs (Sustainable Development Goals); NBAPs (National Biodiversity Action Plans). Country-led inputs: JETPs (Just Energy Transition Partnerships) and CPPs (Country Prosperity Plans).

**We also acknowledge the inherent complexity in government policy-making – including legacy ministerial divisions and responsibilities, and frictions in political processes.** Indeed, experience has shown that intra-governmental coordination for any country, whether an advanced economy (AE) or an EMDE, is extremely rare – though we have identified some examples. Effective implementation will require, among other things, mapping existing institutional frameworks to identify strengths and gaps, building coordinative bridges between siloed agencies, and establishing new budgeting processes to cost actions as part of a national investment plan.

**A partial or phased implementation approach may therefore be a pragmatic approach.** Some countries, in particular EMDEs, may have limited resources and capacity. Resources for capacity building (technical, human and/or financial) are therefore likely to be required. Indeed, among our recommendations, we encourage multilateral financial assistance for capacity building and sharing of practices. We will work with others in the ecosystem to examine where and how existing tools can be applied in the context of our framework; and we will continue to engage with governments and policy organisations to identify opportunities to pilot the recommendations in this report. Based on stakeholder consultations, we have also identified further questions for investigation beyond the scope of this report.

**There is an opportunity for governments to consult our recommendations as they develop their next NDCs, due in 2025, and future LT-LEDS.** The policy debate is already shifting in this direction. As the physical risks of a changing climate rise, governments must accelerate progress – after all, they will have to bear the rising social and economic cost of inaction.<sup>6</sup>

<sup>6</sup> Agarwala, et al., 2021, demonstrate that “an early start ... is ... likely to cut the costs of transition and improve economic performance compared with delay and indecision.”

# 1. Introduction

On current policies, the world is well off-track in meeting the goals of the Paris Agreement. We need to accelerate action before the narrow window to halve emissions by 2030 closes. Given the fundamental transformation required, governments must play a decisive role at the centre of a whole-of-system response.

This report therefore proposes a framework for strategic *national transition planning*, designed to steer, accelerate and coordinate whole-of-government and whole-of-economy action towards a fair transition, while advancing climate resilience, sustainable development and energy security goals.

National transition planning carried out in line with our recommendations will support governments' delivery against international commitments in the Paris Agreement by helping them target resources and capital allocation more effectively. Transparency of governments' plans will give actors across the economy greater certainty, confidence and incentive to invest in the transition, scaling private finance in both AEs and EMDEs.

## Structure of the report

- Section 2 makes **the case for national transition planning**, examining the role of transition planning in accelerating climate action across the economy
- Section 3 introduces our **proposed framework for national transition planning**, setting out our theory of change and target outcomes
- Section 4 considers **implementation of the framework**, illustrating how national transition planning brings together existing policies and strategies
- Section 5 presents **our recommendations**
- Section 6 **concludes**, also setting out next steps for the authors' engagement with governments and policy organisations to encourage piloting of the recommendations

## Handbook of supplementary guidance and examples

Reference material, guidance and practical, deep-dive examples across the five action areas in our framework are included in an accompanying Handbook: *Taking the lead on climate Action, Recommendations for strategic national transition planning at the centre of a whole-of-system climate response: Handbook of supplementary guidance and examples*, available at [[www.lse.ac.uk/cetex...](http://www.lse.ac.uk/cetex...)] and cross-referred throughout this report as the *Handbook*. The two reports are designed to be read together.



## 2. The case for national transition planning

The IPCC estimates median global warming of 2.8°C by 2100 (a range of 2.1 to 3.4°C) under current NDCs (IPCC, 2023). Warming at these levels could leave much of the planet uninhabitable, with devastating human and economic costs: loss of life, mass migration, geopolitical and social unrest, stressed food systems, infectious diseases, and financial and monetary instability. It is difficult to imagine that economic and financial systems could continue to operate as they do today in such a scenario.

The interaction between natural, societal and financial risks arising from climate change is being examined more closely, as the impacts of a warming planet start to be felt (Ripple et al., 2023; Trust et al., 2023; and Trust et al., 2024). Indeed, Lenton et al., 2023 caution that, at current temperatures, we are already at risk of breaching dangerous tipping points<sup>7</sup>. The number of climate-related disasters recorded in the first two decades of this century increased by more than 80% relative to the previous two decades. These events affected almost 4 billion people (UN Office for Disaster Risk Reduction, 2020).

Furthermore, we are already seeing the beginnings of a breakdown in the ability of our current system to manage the economic and financial consequences of these events: Verisk, 2023, estimates that more than two-thirds of economic losses arising from natural disasters are uninsured. So, now is the time for a decisive response.

### Transition planning across the economy

A just transition towards a net zero emissions, climate-resilient and nature-positive economy will require a complete rewiring of business, finance, and the wider economy. As the economist Nicholas Stern (Stern, 2021) has said: “The necessary transformation of the economy relies critically on changing key systems: energy, cities, transport, land use. These large and complex systems cannot be changed by fiddling with just one parameter, a whole set of policies will be required to foster change.”<sup>8</sup>

The challenge we are facing is therefore a systemic one. And extensive market failures (e.g., informational and coordination frictions) and deeply set market structures and behaviours are impeding progress. We therefore need a systemic response, involving complementary, interdependent actions and decisions at the multilateral, national, financial sector and real-economy corporate levels – all

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<sup>7</sup> IPCC, 2022 defines tipping points as “critical thresholds in a system that, when exceeded, can lead to a significant change in the state of the system, often with an understanding that change is irreversible” (p262).

<sup>8</sup> Many others have echoed this. Reflecting on the outcome of the Conference of the Parties in 2022, World Resources Institute, 2022, observed: “as gaps in emissions reductions persist, countries, especially major emitters, must urgently put forward robust and ambitious climate plans and pursue stronger policies to cut emissions, including through action in sectors and methane, to drive the transformations needed to limit temperature rise to 1.5°C.”



directed towards meeting wider societal needs. System transformation is inherently a complex process, so it is important that the feedback between actions and decisions at every level is considered and assessed. As [CISL, 2022](#), observes, to address the challenges of business transformation, “companies must work collaboratively with their ecosystem, including suppliers, customers, NGOs, financial services providers, the policy community, and even competitors.”

Comprehensive, strategic transition planning across the economy can be an integral part of a whole-of-system response – and a step towards more fundamental transformation towards a purposeful, regenerative economy. Along with mechanisms for effective engagement, information flow and coordination across the system, flexible and iterative planning can create the conditions for accelerated progress.

Recognising this, momentum has started to build behind transition planning and transition plan (TP) disclosure in recent years. TPs turn targets and commitments into concrete implementation actions. They identify what needs to be done, when, in what sequence; where responsibility sits; and how much it will cost. And by setting a strategic vision, and providing transparency on intended future actions, TPs can inform investors’ and lenders’ capital allocation decisions.

Capital will need to be mobilised at scale to accelerate progress. It is estimated that investment of \$7 trillion per annum, until 2050, will be needed to meet net zero goals ([BNEF, 2022](#)) – with \$2-2.8 trillion per annum needed by 2030 for EMDEs alone, other than China ([Songwe et al. 2022](#)). Credible TPs are increasingly seen as being central to the scaling of finance.<sup>9</sup>

To date, most policy and industry initiatives on transition planning and TPs have centred on the private sector, and a growing number of companies are starting to develop and publish TPs.<sup>10</sup> The TPT (TPT, 2023) and GFANZ (GFANZ, 2022) have developed frameworks and guidance for credible transition planning and disclosure. Attention is now turning to tools for assessing the credibility of companies’ published plans.<sup>11</sup>

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<sup>9</sup> See [Gardes-Landolfini, et al., 2023](#); [G20, 2023](#); the [OECD, 2022](#); the [International Platform on Sustainable Finance, 2023](#); the [Climate Bonds Initiative, 2023](#); and [International Capital Market Association \(ICMA\), 2023](#).

<sup>10</sup> Analysis by [CDP, 2024](#), shows that almost 6,000 corporates disclosed that they had a 1.5°C aligned transition plan in place in 2023. Nearly 2,500 of these covered most of the relevant indicators, although just 2% of the companies that reported having a plan were found to have disclosed against all relevant indicators. Analysis [link to be added once published] by the Transition Pathway Initiative Centre (TPI Centre) similarly finds remaining gaps in the extent to which companies evaluate and quantify how their business practices and capital expenditure align with their decarbonisation goals – reducing the subsequent clarity and credibility of their transition plans. In particular, the new Level 5 of the TPI’s Management Quality Score ([TPI Centre, 2023](#)) provides greater insight into the rigour of the transition plans of over 1,000 companies and their implementation. The TPI Centre’s analysis reveals that no company meets all Level 5 indicators, and less than 5% score on any individual Level 5 indicator.

<sup>11</sup> See [World Benchmarking Alliance, 2024](#), for a proposed framework and guidance on assessing the credibility of a company’s TP.

The IFRS Foundation has assumed responsibility for the TPT's disclosure-specific materials ([IFRS Foundation, 2024](#)) and will use these to develop educational materials to support disclosures against the transition plan related provisions in the International Sustainability Standards Board (ISSB) climate-related disclosure standard (IFRS S2; [IFRS Foundation, 2023](#)). This can help to embed transition plan disclosure internationally.

There are, however, limits to how far disclosure regulation alone can accelerate climate action ([Eccles, et al., 2024](#)). Disclosure rules only require companies to set out their plans *if they have them*. So, to drive widespread take-up, investors and other market participants need to reward the presence of high-quality, credible transition plans, and 'punish' those that fall short. Ultimately, pricing of externalities, new laws or regulation, or a structural repurposing of business, is likely to be required to fundamentally change behaviour.<sup>12</sup>

## Government leadership for fundamental transformation

Given the system transformation required and the interdependence between decisions at the national and private sector levels, private sector transition planning alone is not sufficient ([Tayler et al., 2023](#)). Furthermore, technical, social, economic, political and institutional forces all come into play (see [Geels, 2022](#)). So, efforts to scale capital will need to be accompanied by a decisive role for government (at all levels) to take the lead, incentivising, equipping and coordinating private sector action in support of transition goals.

Moreover, recognising that transition will not be in the short-term interests of some incumbent industries and companies, governments will have to manage inevitable resistance in some quarters. Indeed, vested interests and power dynamics are among the socio-economic drivers of the speed by which new technologies are adopted. These are already playing out<sup>13</sup> – and will need to be managed – if we are to accelerate climate action.

Recognising the importance of direction from government, investors are increasingly calling for NTPs, underpinned by sectoral pathways and supportive policies.<sup>14</sup> Whole-of-government transition planning can send signals that change corporate behaviour. And implementing those plans can shift incentives and accelerate a system response to the climate transition. Faced with the right conditions and

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<sup>12</sup> The European Union is already moving beyond disclosure, with the [Corporate Sustainability Due Diligence Directive \(CSDDD\), 2024](#). CSDDD requires in-scope corporates to adopt and put into effect TP that, inter alia, contain time-bound emission reduction targets for 2030 and 2050, aligned with limiting warming to 1.5 degrees. In the UK, a coalition of companies has come together to advocate for changes in corporate law ([Better Business Act](#)) that would make it a legal requirement to act, not only in the interests of shareholders, but also with those of the environment and society.

<sup>13</sup> Indeed, vested interests and power dynamics are among the socio-economic drivers of the speed by which new technologies are adopted. These are already playing out – and will need to be managed – if we are to accelerate climate action. See [Mildenberger, 2020](#).

<sup>14</sup> For instance, in the UK context, [IIGCC, 2024](#), called on a new UK government to deliver “a supportive policy environment that provides the confidence and certainty needed to make long-term investments in the UK's transition to net zero”, with a “centralised strategy” being a key part of this.

incentives, markets will “do their thing” and amplify the signals sent from governments and regulators – potentially unleashing positive change at an even faster pace than the creation of negative impacts that we have seen.<sup>15</sup> As part of this, national transition planning should help to guide private actors as to the policy decisions that may strand assets that are inconsistent with achieving the government’s climate targets. Providing such clarity can avoid carbon lock-in and cliff edges, while also addressing moral hazard risks ([Butler, 2024](#)).

Today, however, national transition planning remains a nascent practice. According to Net Zero Tracker<sup>16</sup>, of the 147 governments that had made a net zero commitment as of June 2024, only 18 had published a detailed implementation plan.<sup>17</sup> While pressure from both investors and regulators is beginning to build momentum in transition planning in the corporate and financial sectors, there has to date been less pressure on governments.

This may be changing. Private actors are increasingly calling for greater policy clarity, and investors in sovereign debt are putting governments’ climate policies under closer scrutiny – as demonstrated by the work of ASCOR<sup>18</sup>. Importantly, litigation by civil society is increasingly targeting governments that do not demonstrate or implement credible transition pathways (see Box 1).

It is therefore becoming very clear that government-led (national) transition planning would provide both investors and civil society with greater confidence and trust in countries’ commitments to address climate and sustainability challenges, while also mitigating legal challenge.

### **Box 1. National transition planning as a defence against legal challenge**

‘Strategic’ climate litigation is an increasingly visible accountability mechanism for transition planning at all levels. Suits may be rooted in public law or private law, implicating both governments and firms (Ganguly et al., 2018). Robust national transition planning – with clear and accessible communication of both planning outcomes and progress in implementation – is emerging as a strategy to mitigate the risk of litigation.

<sup>15</sup> Shrimali and Rose, 2024, argue that “a prerequisite for corporate transition plans to be credible is country-level actions”. The authors advocate for a “carrot-and-stick approach”, whereby the government’s policy package incentivises bold climate action and penalises companies that fall short.

<sup>16</sup> See [Net Zero Tracker](#). Similarly, as part of its assessment methodology, [Climate Action Tracker](#) considers “comprehensiveness of planning”. 7 countries are rated as “acceptable” (Chile; Colombia; Costa Rica; European Union; South Korea, Thailand; and Kazakhstan); that is, “underlying government ... analysis identifies pathway and key measures for reaching net zero, with sector-specific detail”.

<sup>17</sup> Where the information does exist, it is often scattered across different documents.

<sup>18</sup> Assessing Sovereign Climate-related Opportunities and Risks (ASCOR) is an investor-led initiative supported by the TPI Centre which identifies the key aspects of a government’s climate policy and climate finance that are relevant to investors. See [ASCOR](#).

- A landmark case in April 2024, *Verein KlimaSeniorinnen Schweiz and Others v. Switzerland*<sup>19</sup> held that the Swiss government's failure to rapidly cut greenhouse gas emissions was a violation of human rights. The ruling confirmed the importance of robust transition planning and carbon budgets at national level (the criteria set out by the Court are elaborated in the *Handbook*).<sup>20</sup> This ruling increases the pressure on other states.
- Even where a plan exists, litigation may be brought to challenge the level of ambition or the implementation of the plan. A leading example is the UK High Court 'Carbon Budget' ruling in May 2024 that the UK government's climate action plan is in breach of the UK *Climate Change Act (2008)* and inadequate to meet legally required net zero targets by 2050. In 2022, the High Court originally ordered the UK government to revise its first Net Zero Strategy, after which the government created its Carbon Budget Delivery Plan. This revised Plan, and the steps proposed to meet it, were successfully challenged as insufficient and unlawful.<sup>21</sup>

Policymakers are starting to respond. As we show in Section 4, national transition planning is an evolution of governments' existing policies and strategies – including their NDCs, LT-LEDS and related documents. This is consistent with the vision of the UN Climate Change Executive Secretary, Simon Stiell, who in March 2024 dubbed "NDCs 3.0" as "the investment plans for the future" ([Stiell, 2024](#)).<sup>22</sup> The Group of Twenty (G20) Taskforce for the Global Mobilization against Climate Change is also considering this topic ([G20, 2023](#)). And the Coalition of Finance Ministers for Climate Action is considering, inter alia, how national transition planning can help governments provide investors with confidence in their commitment to sustainability, and thus attract financing ([Coalition of Finance Ministers for Climate Action, 2024](#)).

To advance the debate, the rest of this report sets out a framework for national transition planning, at the centre of an integrated transition planning ecosystem. We hope that our work can help to inform ongoing policy development.

<sup>19</sup> E.g., *Verein KlimaSeniorinnen Schweiz and Others v. Switzerland*. See also *Request for an Advisory Opinion submitted by the Commission of Small Island States on Climate Change and International Law (No 31)* (Advisory Opinion of 21 May 2024) ITLOS Reports 2024 which ruled unanimously that it is a state obligation to 'take all measures necessary' to prevent and control marine 'pollution' from greenhouse gas emissions.

<sup>20</sup> Ibid. paras. 551–552, 555.

<sup>21</sup> *R(Friends of the Earth Ltd) v Secretary of State for Energy Security and Net Zero; ClientEarth v SSESNZ: Good Law Project v SSESNZ (challenges to the Carbon Budget Delivery Plan)*

<sup>22</sup> In a similar vein, the [Energy Transitions Commission, 2024](#) recommends that "NDCs 3.0" define: (i) clear and detailed roadmaps for implementation of accelerated climate action backed by strong government policy (e.g., quantitative targets for GW of renewables, phase out dates for bans on the sale of gasoline or diesel engine vehicles); (ii) measurable, comprehensive (covering all sectors and greenhouse gases) and granular targets for emissions reductions; and (iii) investable plans, especially for emerging markets, clearly stating the investment and international climate finance required to deliver stated targets.

### 3. A framework for national transition planning

In this section we introduce our framework for strategic national transition planning. Complementing the rollout of TPs in the private sector, which is beginning to move onto a mandatory footing, our recommendations are designed to support governments in playing a strategic and decisive role at the centre of a system-wide response.

Drawing inspiration from the principles, structure and content developed by the TPT, our framework comprises a set of recommendations on the key considerations and action areas for credible and effective national transition planning. Introduced in full in Section 5, with detailed guidance and examples in the accompanying *Handbook*, the recommendations are designed to encourage coherent policy and to steer, accelerate and coordinate a whole-of-economy transition by serving the following five functions:



**compass** for strategic direction – set a strategic direction for the whole of government and actors across the wider economy



**costed action and investment** plan – elaborate concrete, costed actions that provide incentives, finance, and support for actors across the economy, attracting investment aligned with the Strategic Ambition



**coordination** vehicle – coordinate and partner with private sector actors, the public and other stakeholders to drive action in line with the Strategic Ambition



**communications** tool – communicate in a clear, decision-useful and accessible way, across the five pillars of our framework, with at least annual reporting



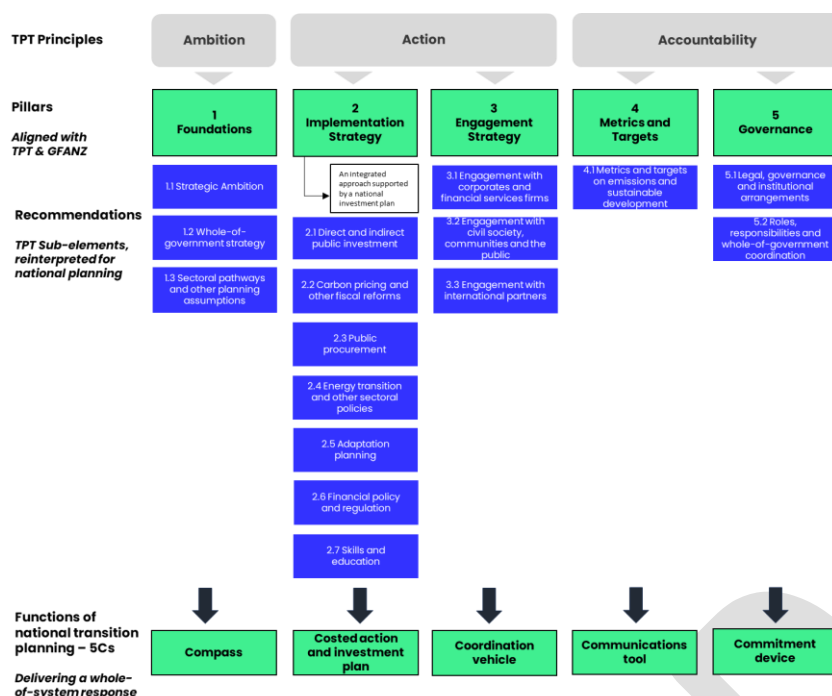
**commitment** device – demonstrate commitment and accountability, and submit to regular review, scrutiny and oversight

Our framework is principles based and designed to be globally applicable. It offers a structure and approach that any government could use to develop a plan that recognises dependencies across the system. We envisage that a government applying our recommendations would do so in the context of prevailing local circumstances, and with the support of complementary resources and planning tools – e.g., tools developed by governments, UN agencies, civil society and industry bodies. An example is a comprehensive Climate Investment Planning and Mobilization Framework developed by the Green Climate Fund and the NDC Partnership (see Box 3). The authors will work with others in the ecosystem to examine how existing tools can be applied in the context of our framework.

Our framework – summarised in Figure 3.1, below, and detailed further in Section 5 – is informed by the tools developed for private sector transition planning. We apply the same five ‘pillars’ as the frameworks developed by the TPT and GFANZ, reinterpreting the content and coverage of the TPT Disclosure Framework for the national planning context (see Appendix 1).<sup>23</sup>

Our detailed recommendations also draw on the ASCOR framework (Scheer, et al., 2023). Since investors’ decisions are a key point of integration between national-level and private sector planning and action, the ASCOR framework has informed the key considerations and action areas in our framework. See Appendix 2.

**Figure 3.1.** Recommendations for national transition planning, informed by TPT



Source: Authors’ analysis, informed by TPT, 2023.

## An integrated transition planning ecosystem

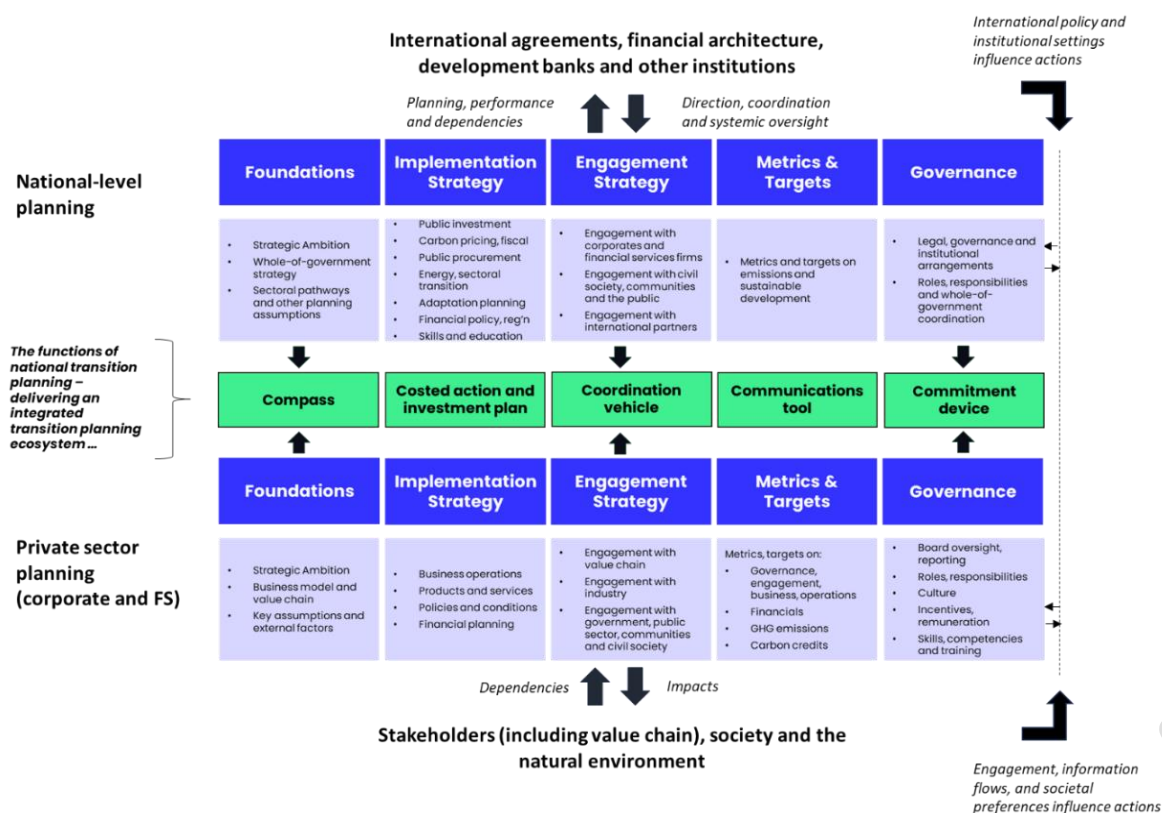
Aligning transition planning frameworks across government and the private sector will support the emergence of an *integrated transition planning ecosystem*<sup>24</sup> that can help to deliver a whole-of-system climate response (Figure 3.2). Transition planning in the private sector has exposed important dependencies on government policy. These may be best addressed through an integrated approach that connects national and private sector planning and creates a supportive, collaborative environment for public-private action.

<sup>23</sup> We note that other TP frameworks share common elements. Some of these informed the TPT’s work – see [TPT, 2022](#) (pp15–21). The strategic orientation of the GFANZ and TPT frameworks aligns with our systems perspective. As noted, the IFRS Foundation now hosts the TPT’s disclosure-specific materials.

<sup>24</sup> [Tayler et al., 2023](#) describe the interactions between TPs across the ecosystem. The authors illustrate how national transition planning can both inform, and be informed by, planning across the economy.



**Figure 3.2. An integrated transition planning ecosystem**



Source: Authors' analysis, informed by TPT, 2023. The authors acknowledge that the mechanisms for government to coordinate, engage and share information with private sector agents will differ between corporate and financial services actors. The exposition in Figure 3.1 is therefore a simplification. Tayler, et al., 2023, (Figure 6, p17), provides a more granular illustration of the interlinkage between transition plans across the economy.

The five functions of effective national transition planning, set out above, serve as the mechanisms to bring national and private sector plans together in an integrated ecosystem – providing direction, incentives, finance, and a supportive policy environment, while also coordinating outcomes and building transparency and trust. These mechanisms would operate within the wider context of international agreements and institutions, with due consideration to impacts and dependencies on stakeholders, society and the natural environment.

In the remainder of this sub-section, we explore how the recommendations in our framework (summarised in Figure 3.1, and described further in Section 5) help to fulfil each function:

- Compass for strategic direction.** Our framework is anchored in the concept of a national Strategic Ambition (see Recommendation 1.1). This will take the form of a clear articulation of the government's fair share contribution to a just, global transition towards a net zero emissions, climate-resilient and nature-positive economy. The Strategic Ambition will form the basis for a coherent whole-of-government strategy across the many layers, branches and functions of government – exploiting synergies and managing trade-offs (see Recommendation 1.2). To guide policy and climate action across the economy, our framework also recommends translating the Strategic



Ambition to transition pathways for all major sectors (see Box 2; Recommendation 1.3).

## Box 2. Developing transition pathways for all major sectors

Translating the national Strategic Ambition to sectoral pathways can help to set a common direction for all major sectors. Sectoral pathways can be used to inform the design of sector-specific and broader government policy, and they can serve both as a reference point for private sector TPs, and as a benchmark against which investors and other stakeholders can assess progress and hold companies to account (see Box 2 in the *Handbook*). By developing sectoral pathways in collaboration with industry participants – exploring and analysing a range of potential scenarios – the government can gather expert inputs and also learn about common challenges and constraints. Such engagement can help to inform future policy.

Working back from a mid-century target, policymakers and industry participants can identify key dependencies, and consider carefully the necessary sequencing of investments – including investments in core infrastructure.”<sup>25</sup>

Sectoral pathways will ideally be consistent with relevant internationally developed pathways and scenarios, extending to mid-century, such as the IEA’s Net Zero Emissions by 2050 Scenario (NZE; [IEA, 2021](#), [IEA, 2023](#)). The NZE considers how different sectors will need to transform to achieve the necessary decarbonisation. It focuses in particular on “the supply of fossil and low-emissions fuels, electricity generation and three main end-use sectors – industry, transport and buildings”. For each sector, the IEA elaborates critical technology and infrastructure milestones and the policies required to achieve them.

The IEA’s scenarios may then be adapted for relevant country-specific circumstances. Local tailoring will be especially important in the context of EMDEs, where for reasons of credibility, feasibility and fairness, all foundational policy parameters – including taxonomies and other investment allocation criteria – will need to be viewed through a country-specific lens.<sup>26</sup>

- **Costed action and investment plan.** Informed by the Strategic Ambition and sectoral pathways, and supported by the other pillars of the framework, we recommend that governments develop a detailed Implementation Strategy. An effective Strategy will apply an integrated regulatory and policy approach – with a mix of financial and facilitative policy tools – that sets incentives, and provides finance and support for a whole-of-economy transition in line with the national Strategic Ambition (see Recommendations 2.1–2.7). It will also be supported by a costed national investment plan (see Box 3, further elaborated in the *Handbook*).

<sup>25</sup> [GCF and NDC Partnership, 2023](#).

<sup>26</sup> See [NGFS, 2024](#); [IMF, 2023a](#); and [TPT, 2024](#).

### Box 3. Guidance on national investment planning from the NDC Partnership

The NDC Partnership has developed best-practice guidance on investment planning for NDCs ([NDC Partnership, 2023](#)). The guidance sets out three process stages:

- *Stage 1.* Investment planning and capacity (including, establishing institutional arrangements, engaging stakeholders, and monitoring and reporting)
- *Stage 2.* Investment needs identification and prioritisation (including, identifying the investment needs to support achievement of NDCs, costing and analysing financing gaps, prioritisation investment and supporting activity)
- *Stage 3.* Investment Mobilisation (including, identifying barriers, adapting policies and regulation (as necessary), matching sources of funding, preparing projects and pipelines)

Jointly with the Green Climate Fund (GCF), the NDC Partnership has built from this guidance to develop a comprehensive *Climate Investment Planning and Mobilization Framework*, designed to help governments move “from planning for the implementation of NDC/NAP/LT-LEDs to identifying and mobilizing finance for investment needs” ([GCF and NDC Partnership, 2023](#)).

- **Coordination vehicle.** An effective whole-of-system response relies on coordination and connectivity across the ecosystem, domestically and internationally. Every economic actor has some agency in the transition. Accordingly, it will be important for governments to engage, collaborate and build partnerships with the full range of stakeholders, to inform and advance action in line with the Strategic Ambition – that is: corporates and financial services firms (see Recommendation 3.1; see Box 4 below; civil society, communities, the public (see Recommendation 3.2); and international policy, trading and development partners (see Recommendation 3.3).

### Box 4. Public-private engagement in support of transition goals

There are many examples of effective public-private engagement in support of transition goals. The approach to engagement will necessarily be tailored to the particular purpose of the engagement, and the operational context – including relevant institutional, social, cultural and trust factors – with careful consideration of success factors (e.g., matters such as inclusivity, and the agency and incentives of participants in the engagement). Public-private engagement with corporates and financial services firms in support of transition goals typically falls into one of the three categories, below. These are further elaborated in the *Handbook*, along with examples.

- *Collaborating on policy development.* Private actors support the development of an effective policy environment, aligned with national goals, by providing access to specialist knowledge and expertise, as well as additional policy development resources; and by communicating insights and shared experience. Examples: Consultation on transition pathways, Japan; development of the TPT Disclosure Framework, UK (see also Appendix 1).
- *Identifying and addressing implementation barriers.* Here, corporates, financial services firms and government come together regularly to identify and address informational, technological, legal/regulatory or financial barriers to the achievement of national policy goals. Example: [the Danish Government's Climate Partnership](#).
- *Partnering to scale solutions.* Finally, in this category, government and private actors partner to scale emergent technological solutions and other high-impact practices and activities. By coming together in a well-directed way, with clear goals, government, companies and financial services firms identify cross-system connections, resources and capacities – e.g., targeted research and development, public-private financing, recalibration of incentives, or sequencing of public and private action. Example: DARPA<sup>27</sup>, WBCSD ZEV Emerging Markets Initiative ([WBCSD, 2023](#)).

- **Communications tool.** Clear communication of the outcomes of the national transition planning process, with progress updates referencing relevant metrics and targets at least annually, can help to ensure trust and confidence in the plan and support private decision-making (see Recommendation 4.1). Such communication should be directed to both domestic and international stakeholders, including the public. It may take the form of a dedicated NTP, or equivalent document (e.g., the country's LT-LEDs), that brings all relevant planning information together, across all pillars of our framework, in an accessible and decision-useful way. The alignment of our framework with those developed for private sector transition planning (see the discussion of an "integrated transition planning ecosystem" below) can support the emergence of a common language, assisting actionable communication. The detailed indicators considered by the ASCOR framework (see Appendix 2) may be helpful examples as a government considers which metrics associated with its transition plan may be decision-useful to providers of capital.
- **Commitment device.** National transition planning will necessarily be flexible, dynamic, iterative, and responsive to new information. For this reason, it will be important that plans are not static and that domestic accountability, governance and coordination processes are put in place to oversee implementation and keep plans under review. At the same time, private actors will seek policy stability beyond the incumbency of the prevailing government.

<sup>27</sup> See Box 7 in the *Handbook*.

An effective commitment and accountability device will therefore entail the establishment of legal, governance and institutional arrangements (see Recommendation 5.1) to support the design and development of action plans aligned with the Strategic Ambition, and to create institutional frictions that reduce the risk of policy reversals; and the assignment of clear executive and decision-making roles and control processes, and whole-of-government coordination mechanisms (See Recommendation 5.2). Some governments may seek capacity-building support, including from multilateral bodies, to help develop effective governance and institutional frameworks.

## Target outcomes and theory of change

If implemented in accordance with our framework, our theory of change is that national transition planning will deliver 3 key outcomes:

- **Outcome 1. Better targeted resource and capital allocation by governments.** By aligning actions across the whole of government, along with mechanisms to direct, incentivise, finance, coordinate and support actors across the ecosystem, a government will be able to allocate resources and capital more effectively and efficiently. Gathering insights on private actors' policy and technological dependencies, and financing needs, will inform government policy. Close engagement, coordination and partnership with private actors will help to design and sequence interventions more effectively – e.g., enabling better targeted and sequenced financing of infrastructure, or support for the deployment of emergent technologies. And clear communication, accountability, and a focus on justice, equity and prosperity in the transition, will enhance trust and wider societal buy-in.
- **Outcome 2. Increased mobilisation of capital for the transition.** The Parties to the Paris Agreement have highlighted the need to strengthen policy guidance, incentives, regulations and enabling conditions to scale private finance. Coherent national transition planning and implementation, aligned with the Strategic Ambition, along with clear, accessible communication of planning outcomes, will give actors across the economy the planning certainty, confidence and incentive to invest in the transition. This will, in turn, help to crowd-in and scale private finance.
- **Outcome 3. Increased overseas development support and private finance for EMDEs.** Providing transparency through national transition planning activities – in an NTP or equivalent document – will help EMDEs to reduce risk perceptions. This in turn can improve access to overseas development support and private finance to advance their strategic objectives. Presenting such information, with a clear connection to sustainable development and growth priorities, will help to reduce risk perceptions of EMDEs, improving access to finance and lowering the cost of capital for both sovereign and corporate borrowers. Development partners and private capital providers alike will use the information to identify the most effective and efficient ways to support EMDE goals. The support commitments of Advanced Economies (AE) may be incorporated directly into their own national transition planning processes, forming part of their Strategic Ambition and investment plans.

## 4. Maximising benefits and smoothing implementation

Governments do not have to start from scratch in their national transition planning process. Rather, they can build on existing policies and strategies. When properly combined, NDCs, LT-LEDs, other related activities, and sector-specific country platforms, such as Just Transition Energy Partnerships (JETP), can inform and shape national transition planning.

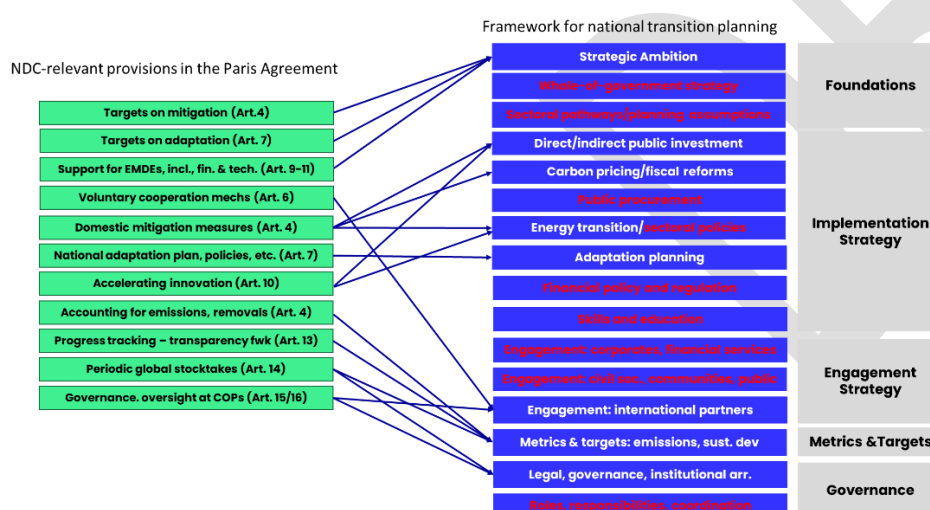
### Building on current NDCs, LT-LEDs and country-led plans and strategies

#### NDCs

Our proposed framework for national transition planning has been developed to be compatible with the Paris Agreement, and with the NDCs that signatories are required to update and publish every five years. To date, despite the availability of guidance and support, NDCs have varied widely in their starting point, ambition, comprehensiveness and quality.

Key content items in NDCs, as provided for in the Paris Agreement, 2015, already address many of the key considerations and action areas included in our recommendations – spanning all five pillars of our proposed framework (see Figure 4.1). However, the Paris Agreement operates at less granular level and does not explicitly provide for several of the more detailed elements of our framework (e.g., the items highlighted in red in Figure 4.1).

**Figure 4.1:** Mapping NDC-related provisions of the Paris Agreement to our framework



Source: Authors' analysis; NDC-related provisions drawn from the Paris Agreement, 2015.

The elements of our framework that are often missing from the NDCs observed to date include recommendations that emphasise the importance of a strategic,

system response – e.g., those that highlight the need for sector-level granularity, a whole-of-government approach, and whole-of-economy coordination. For instance, the development of NDCs has in many cases been led from the Ministry of the Environment, with limited engagement and input from other relevant ministries. Furthermore, since there is no “hook” for public-private engagement in the Paris Agreement text, it is perhaps unsurprising that only 13% of the updated NDCs published in 2021 mentioned active private sector engagement ([UNDP, 2022](#)).

In the absence of granular expectations for NDCs, it is inevitable that there is some ambiguity in the interpretation of each of the articles and variability in implementation outcomes. However, this does create difficulties for economic actors – including capital providers – in using the information to support economic decisions. A UN stocktake of NDCs carried out in 2023 observed that only 48% of signatory countries had “integrated their NDC targets, goals and policies into national legislative, regulatory and planning processes as a means of implementation” ([UNFCCC, 2023a](#)). Indeed, when reviewing a sample of NDC submissions, we found that NDC information is often not up to date and is insufficiently detailed to support economic decisions.

## LT-LEDs

LT-LEDs are another key piece of the national transition planning puzzle. In accordance with Article 4, paragraph 19, of the Paris Agreement, signatory countries are encouraged to disclose their strategy for a just transition to net zero by or around mid-century. So, the purpose of LT-LEDs is firmly aligned with our vision for national transition planning.

While some countries have issued quite detailed LT-LEDs<sup>28</sup>, the UN’s analysis again reveals that many of the 68 LT-LEDs published to date do not provide enough actionable information ([UNFCCC, 2023b](#)). For instance, while 85 per cent of LT-LEDs noted that financial support is needed to implement the strategy, only 37 per cent provided costed needs – with 19 per cent describing financial needs qualitatively, or providing more general statements.

To provide further direction, the UN Development Programme has set out the ‘building blocks’ of effective LT-LEDs development and implementation ([UNDP, 2024](#)). Key content items specified in the UNDP’s guidance include: ambition and vision; pathways and scenarios; sector transformations and priorities; finance and investments; monitoring and revision; adaptation and resilience; and an equitable, fair and just transition. These items map closely to our framework.

## Country platforms and other country-led strategies

Some governments have negotiated country platforms<sup>29</sup>; that is, bilateral or plurilateral agreements to plan and finance climate transition in specific sectors in

<sup>28</sup> See, for example, the LT-LEDs published by the governments of [Chile](#) and [Ethiopia](#). The government of Chile’s LT-LEDs is summarised in Appendix 1 of the Handbook to demonstrate the degree of coverage relative to our framework.

<sup>29</sup> See [Sabogal Reyes and Ahlgren, 2024](#), for a discussion of country platforms.



EMDE. The most prominent examples of country platforms are the JETP Agreements that Indonesia, South Africa, Senegal, and Vietnam have signed in recent years.<sup>30</sup>

The funding envisioned to support these country platforms may come from AE governments and multilateral entities, in some cases supplemented by capital from private sector investors. Country platforms often include granular information about sector-specific transition pathways and targets, as well as governance and accountability mechanisms. They also set out a detailed list of implementation actions, their respective costs, and ways to fund and finance them.

Governments that have entered into such agreements can therefore incorporate these established plans, strategies and arrangements into their national transition planning processes. Since country platforms are often confined to one sector, policymakers may benefit from devising compatible climate actions in other sectors that feed into a single, coherent, whole-of-government strategy.

Some countries have also developed climate investment plans<sup>31</sup> or formulated policy frameworks to attract transition finance from capital markets.<sup>32</sup> The ideas and assumptions underlying a country's green or transition taxonomy are another useful input.<sup>33</sup>

## Implementation considerations in national transition planning

National transition planning is therefore an evolution of governments' existing planning activities, and their existing transition policies and strategies.

However, as observed above, even where a government has the core elements of a national transition plan in place, these may be insufficiently connected across government – or even conflicting – and insufficiently integrated and coordinated with private sector transition planning. This may reflect inherent complexity in government policymaking, legacy ministerial divisions and responsibilities, and frictions in political processes. As a result, private investment in the transition is not yet at the required scale. Deployment and scaling of emerging technologies is often commercially unviable, poorly incentivised, or hampered by permitting delays or other barriers.

So, current approaches are not yet delivering the whole-of-system climate action, and finance, necessary to achieve the goals of the Paris Agreement. Building on and leveraging existing approaches, informed by our framework, a government can accelerate progress (Figure 4.2). Harnessing existing policies and strategies, and incorporating them into national transition planning in a way that provides for whole-of-government and whole-of-economy coordination, can improve policy

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<sup>30</sup> See, for example, [Republic of South Africa, 2022](#). Sri Lanka's [Climate Prosperity Plan](#) is another example.

<sup>31</sup> The Vulnerable Group of Twenty (V20) [Climate Prosperity Plan](#) is a case in point.

<sup>32</sup> See for example, Chile's [Sustainability-Linked Bond Framework](#), and Uruguay's [Sustainability-Linked Bond Framework](#).

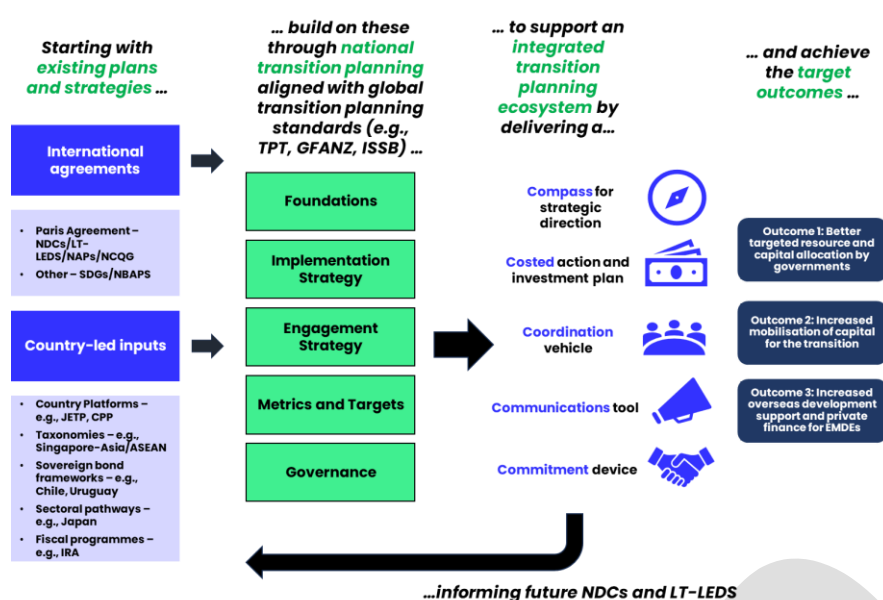
<sup>33</sup> Key examples are the [Singapore-Asia](#) and the [ASEAN](#) transition taxonomies.



effectiveness and send clear signals to private sector actors – providing planning certainty and encouraging companies and capital providers to commit capital to support the transition.

National transition planning should not therefore be seen as yet another administrative exercise. Indeed, as discussed in Box 1, international law is pointing the direction of travel towards national transition planning becoming a state obligation. We argue that national transition planning is a strategic blueprint for genuine action; a tool that brings all the inputs and key planning elements together in a coordinated, costed, and clearly communicated way, with accountability to stakeholders.

**Figure 4.2.** Leveraging existing plans and strategies in national transition planning



Source: Authors' analysis, informed by TPT, 2023. International agreements: NDCs (Nationally Determined Contributions); LT-LEDS (Long Term Low Emissions Development Strategies); NAPs (National Adaptation Plans); NCQGs (New Collective Quantified Goals); SDGs (Sustainable Development Goals); NBAPs (National Biodiversity Action Plans). Country-led inputs: JETPs (Just Energy Transition Partnerships) and CPPs (Country Prosperity Plans).

## Phased implementation

We recognise that governments around the world have different starting points, different socio-economic and political contexts, and different resources, capacities and priorities. Depending on these conditions, the timeframe for implementation of a truly strategic approach to national transition planning may vary by country. However, this is a process that all countries will ultimately need to embark on as the global economy shifts and the impacts of climate change begin to accelerate.

Prevailing legal, institutional and fiscal planning frameworks may also have implications for a government's readiness. A partial or phased implementation approach may therefore be pragmatic in some cases (Figure 4.3).

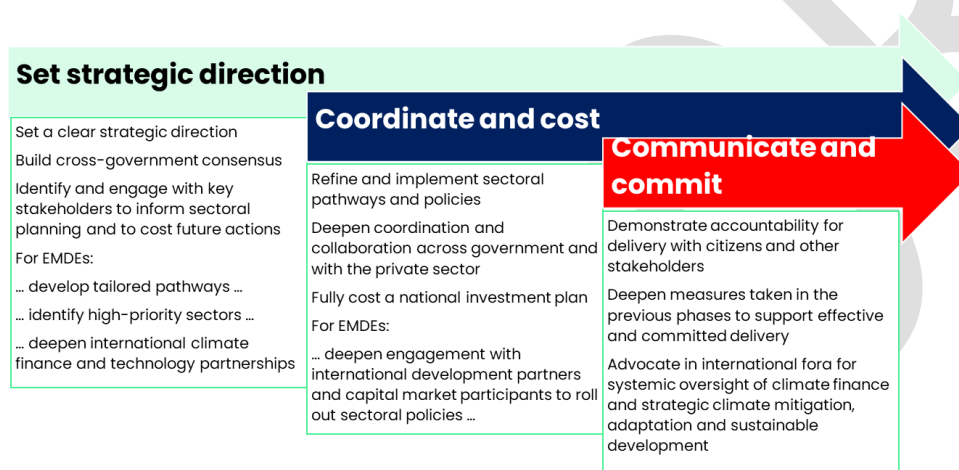
A natural first step may be to set strategic direction across major sectors – steering and coordinating actions both within government and by private actors. This will also involve identifying and consulting with the actors critical to effective implementation

and agreeing the roles they will need to play. The government may then take steps to establish more formal, enduring mechanisms for information flow, coordination and partnership with these actors. Where a government has already developed, or taken steps towards developing, a country-level investment plan for energy transition, this may be the starting point for roll-out of a similar strategy to other sectors.

Many EMDEs, in particular, may have limited resources and capacity to undertake comprehensive and strategic national transition planning. Where this is the case, a first step for many EMDEs may be to deepen engagement with development, climate finance, technology and capacity building partners. Indeed, among our recommendations under 2. Governance, we encourage governments to consider multilateral financial assistance for capacity building and sharing of practices – including to develop and enhance governance and institutional arrangements for national transition planning. The authors of this report will also continue work with others in the ecosystem to examine where and how existing tools can be applied in the context of our framework to smooth implementation.

Working with partners, governments may also begin to articulate the national Strategic Ambition, supported by a national-level transition pathway that is credibly aligned with the Paris Agreement, and that is coherent with domestic sustainable development and growth priorities. The national-level pathway can then be broken down into pathways for major sectors of the economy. These can help the government identify high-priority actions and sectors and begin developing targeted action plans for their transition that can credibly attract international public and private climate finance.

**Figure 4.3.** *A phased approach to implementation*



Source: Authors' analysis.

The phases summarised in Figure 6 are elaborated further below.

## Phase 1. Setting strategic direction

In the early stage of implementing a national transition planning process, a government can draw on the strong foundations of existing commitments and implementation initiatives to develop the strategic direction of their plan, informed by a stocktake of existing domestic plans and strategies, and an assessment of progress to date. Table 4.1 provides some example activities, distinguishing between AEs and EMDEs.

**Table 4.1.** *Priority activities for AEs and EMDEs in the “setting strategic direction” phase*

For an AE, the emphasis could be on:	For an EMDE, the emphasis could be on:
<ul style="list-style-type: none"> <li>• setting a clear strategic direction by articulating the national Strategic Ambition</li> <li>• improving coordination and building consensus across government, taking first steps to               <ul style="list-style-type: none"> <li>◦ identify synergies and co-benefits between policies</li> <li>◦ identify and addressing trade-offs, competency gaps and internal blockages</li> <li>◦ establish governance and institutional to strengthen accountability</li> </ul> </li> <li>• identifying and engaging with key stakeholders across the economy, to               <ul style="list-style-type: none"> <li>◦ better understand the dependencies in their transition plans, and barriers to accelerated progress (e.g., related to policy, technology or funding)</li> <li>◦ collaborate in the development of sectoral transition pathways</li> <li>◦ refine sectoral policies, develop appropriately sequenced plans for infrastructure rollout, and identify opportunities to stimulate innovation</li> <li>◦ establish arrangements for tracking and disclosing costs and expenditures associated with implementation measures, working towards a fully costed national investment plan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• deepening engagement with development, climate finance, technology and capacity building partners</li> <li>• setting a clear Strategic Ambition that places climate mitigation and adaptation in the context of sustainable development and growth priorities</li> <li>• identifying the sectors with the highest priority transition needs, and for these sectors               <ul style="list-style-type: none"> <li>◦ working with partners – and other actors across the economy – to develop costed transition pathways tailored to the national context</li> <li>◦ deepening international climate finance and technology transfer partnerships (e.g., via country-led platforms)</li> </ul> </li> <li>• deepening the climate information architecture, including disclosures, and other supportive policy frameworks</li> <li>• working with partners, as appropriate, taking steps to enhance governance and institutional arrangements, especially to improve coordination and build consensus across government</li> </ul>

<ul style="list-style-type: none"> <li>• setting financial and technical commitments to support EMDEs in the delivery of their sustainable development and growth priorities</li> </ul>	
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Source: Authors' analysis.

## Phase 2. Coordinating and costing

A key benefit of the transition planning process is deeper coordination across government and the private sector to understand barriers and necessary incentives to support the transition. Bringing together the national strategy and sectoral pathways, and marrying these with information from private sector TPs, can help the government assess the committed and uncommitted capital in train to deliver the plan; and, in turn, identify financing approaches to close gaps. This in turn can support private sector actors with a supply-side of bankable projects to meet their own commitments and corporate strategies.

This phase would consider the full spectrum of enablers – e.g., policies, finance, skills, planning and other delivery processes – to support the private sector and ensure the government is creating an enabling environment for implementation. The end product is a costed action and investment plan, integrated and coordinated with private sector TPs. Table 4.2 provides some example activities, distinguishing between AEs and EMDEs.

**Table 4.2.** *Priority activities for AEs and EMDEs in the “coordinating and costing” phase*

For an AE, the emphasis could be on:	For an EMDE, the emphasis could be on:
<ul style="list-style-type: none"> <li>• refining and implementing sectoral pathways and policies, including               <ul style="list-style-type: none"> <li>◦ infrastructure investment and deployment of new technologies</li> </ul> </li> <li>• deepening arrangements for coordination, cooperation and collaboration, both within government and with wider external stakeholders, including               <ul style="list-style-type: none"> <li>◦ engagement with corporates and financial services firms across the economy</li> <li>◦ public campaigns and other societal engagement initiatives for climate action</li> <li>◦ influencing activities with international policy and trading</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• deepening engagement with international development partners and capital market participants to scale up international climate finance, technology transfer and capacity building</li> <li>• working with partners to refine and implement sectoral pathways and policies in priority sectors, including development of               <ul style="list-style-type: none"> <li>◦ a costed action and investment plan for priority sectors</li> <li>◦ transparent policy settings for these sectors tailored to the national context</li> <li>◦ infrastructure investment, deployment of new technologies and targeted development and growth initiatives</li> </ul> </li> </ul>

<p>partners, to promote alignment with the national Strategic Ambition</p> <ul style="list-style-type: none"> <li>• fully costing and implementing a national investment plan, including <ul style="list-style-type: none"> <li>◦ allocating public funding to catalyse private climate finance for the transition</li> <li>◦ setting fiscal and other incentives for accelerated business transformation</li> <li>◦ scaling up international climate finance and development support for EMDEs</li> </ul> </li> <li>• establishing stronger arrangements for oversight and accountability</li> </ul>	<ul style="list-style-type: none"> <li>• deepening coordination across government</li> </ul>
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Source: Authors' analysis.

### 3. Communicating and committing

In the final phase, the government submits to closer scrutiny of its progress towards delivering its plan. Table 4.3 provides some example activities, distinguishing between AEs and EMDEs.

**Table 4.3.** *Priority activities for AEs and EMDEs in the “communicating and committing” phase*

<p><b>For an AE, the emphasis could be on:</b></p> <ul style="list-style-type: none"> <li>• demonstrating accountability to citizens and other stakeholders, also building trust through regular reporting</li> <li>• deepening measures taken in the previous phases to support effective and committed delivery in line with the national Strategic Ambition</li> <li>• advocating in international fora for systemic oversight of climate finance and strategic climate mitigation, adaptation and sustainable development support</li> </ul>	<p><b>For an EMDE, the emphasis could be on:</b></p> <ul style="list-style-type: none"> <li>• deepening measures taken in the previous phases to ensure effective delivery in line with the national Strategic Ambition, in close collaboration with international development partners</li> </ul>
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Source: Authors' analysis.

Governments' priorities may usefully be informed by investors' expectations, since meeting these can help to scale private capital. The elements of governments' climate policies and climate finance strategies captured in the ASCOR assessment framework for sovereign issuers (see Appendix 2) may be a useful indicator of these

expectations. It should be expected that investors' expectations will be tailored to countries' prevailing circumstances. Indeed, we note that low-income countries, in particular, are exempt from assessment against several indicators in the ASCOR framework.<sup>34</sup> Governments may then work towards embedding a more fully coordinated, costed, communicated and committed approach over time.

The authors will continue to engage bilaterally and multilaterally, with governments and policy organisations, to examine resources and capacity further and to identify opportunities to pilot the recommendations in this report. There is an opportunity for governments to begin to incorporate our recommendations as they develop their next NDCs, due in 2025, and future LT-LEDs. As noted in Section 2, the policy debate is already shifting in this direction.

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<sup>34</sup> Exemptions for low-income countries in particular include a number climate policy indicators related to carbon pricing, fossil fuels and sectoral transitions (see [Scheer, et al., 2023](#), p23-24).

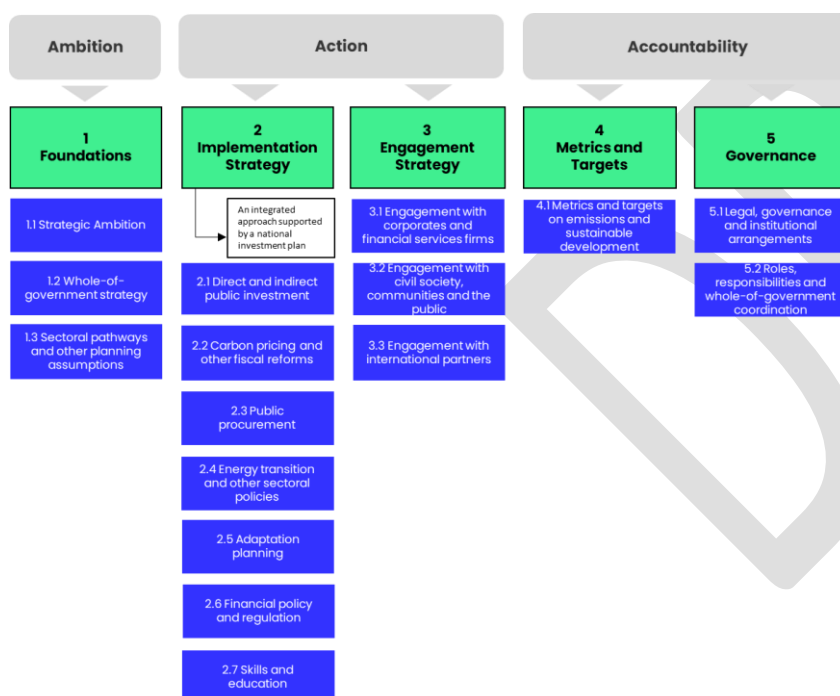
## 5. Recommendations

Developing a strategic, whole-of-government approach to transformation – at the centre of a system-wide response – will necessarily be complex, touching almost every area of government policy. [Sachs et al., 2023](#), argue that “governments, through their policies, regulations, and public financing, shape markets, assign costs and liability, de-risk and enable financing, support research and development, leverage private finance, price risks, and otherwise organize an entire economy, including public and private actors.”

While acknowledging this complexity and the necessary limits to what this report can cover, Figure 5.1 sets out the scope of our recommendations on the key considerations and action areas for national transition planning. These are then unpacked in Table 5.1.

Our recommendations are elaborated further in an accompanying Handbook, which provides additional guidance and practical examples: *Taking the lead on climate action, Recommendations for strategic national transition planning at the centre of a whole-of-system climate response: Handbook of supplementary guidance and examples*. To help readers navigate between the reports, Table 5.1 includes references to key practical examples and resources that are elaborated in the *Handbook*.

**Figure 5.1.** Key considerations and action areas for national transition planning



Source: Authors' analysis and TPT, 2023.



**Table 5.1.** *Overview of recommendations for national transition planning*

<b>1. Foundations</b>  <b>Set a clear Strategic Ambition for the whole of government and wider economy, steering the transition across all major sectors, helping private agents plan and align climate action, and giving corporates and financial services firms confidence to commit capital</b>		
<b>Recommendation 1.1. Strategic Ambition</b>  Establish the Strategic Ambition of national transition planning, including short, medium, and long-term targets. Informed by science and international commitments, the national Strategic Ambition will comprise the government's objectives and priorities for its fair share contribution to a just and equitable global transition towards a net zero emissions, climate resilient, and nature positive economy.	<b>Summary</b>  Strategic Ambition is the compass of national transition planning activities, steering the transition across all major sectors, and in the context of the country's sustainable development and growth priorities. Clear direction to decision-makers, both within government (see Recommendation 1.2), and in the corporate and financial services sectors, will help to align climate action across the economy. The national Strategic Ambition will be informed by the government's commitments under international agreements – setting its objectives and priorities for its fair share contribution to a just and equitable global transition towards a net zero emissions, climate resilient, and nature positive economy. In some cases, international commitments will have binding legal status in the jurisdiction (see Recommendation 5.1).	<b>Key planning content – further guidance and examples in the Handbook</b> <ul style="list-style-type: none"> <li>• Science-based, “fair share” emissions reduction pathways and targets</li> <li>• Complementary objectives and priorities towards a just, equitable, climate resilient and nature positive economy</li> <li>• Goals related to the provision of, or reliance on, international climate finance, cooperation and support</li> </ul> <b>Key examples in the Handbook</b> <ul style="list-style-type: none"> <li>• Brazil's Ecological Transformation Plan (Box 1)</li> </ul>
<b>Recommendation 1.2. Whole-of-government strategy</b>  Embed the national Strategic Ambition coherently across all layers, branches and functions of government, aligning policy and strategy at national and sub-national levels.	<b>Summary</b>  Recognising that transformation will inevitably have deep impacts across the many layers, branches and functions of government, whole-of-government planning and coordination will be essential (see Recommendation 5.2). A joined-up, coordinated strategy across government, at national and sub-national levels, will reveal synergies and co-benefits between policies, as well as trade-offs, conflicts, competency gaps and internal blockages.	<b>Key planning content – further guidance and examples in the Handbook</b> <ul style="list-style-type: none"> <li>• Anchoring public policy in the national Strategic Ambition</li> <li>• Addressing and misalignment of policy, and harnessing opportunities for greater alignment</li> </ul>

### **Recommendation 1.3. Sectoral pathways and other planning assumptions**

Determine sectoral pathways aligned with the national Strategic Ambition, in the context of the specific constraints and opportunities of the country, and identify other key planning assumptions.

#### **Summary**

Sectoral pathways set a common direction, grounded in science, and aligned with the national Strategic Ambition. These would be developed through close engagement with stakeholders (see 3. Engagement Strategy) – bringing together authoritative global scenarios for net zero by mid-century developed by bodies such as the IEA, and expertise from local industry participants. Engagement with stakeholders will ideally consider a selection of possible pathways. Sectoral pathways, once agreed, should be appropriately tailored to country-specific circumstances. They can then be used to drive and design policy interventions – e.g., to inform targeted support for research, development and commercialisation and deployment of new or emerging technologies. Transparency of sectoral pathways also provides a reference point for private sector TPs, and a benchmark against which progress can be assessed. Clarity on other planning assumptions – e.g., related to international policy developments and macroeconomic conditions, or access to international climate finance and cooperation – is also important.

#### **Key planning content – further guidance and examples in the Handbook**

- Sectoral transition pathways
  - application
  - grounding in science; consistency with internationally developed pathways and scenarios
  - tailoring for country-specific circumstances
- Other planning assumptions: International policy developments; macroeconomic conditions; access to international climate finance and cooperation

#### **Key examples in the Handbook**

- The Institutional Investors Group on Climate Change (IIGCC) has articulated the usefulness of sectoral pathways in scaling up investment for the transition (Box 2)
- The French Environmental Agency has set out decarbonisation trajectories for the nine principal energy-intensive industrial sectors, informed by consultation with industry participants (Box 3)
- Japan's Ministry for the Economy, Trade and Industry (METI) set up a taskforce to develop sector-specific roadmaps to underpin transition finance. Roadmaps have been developed for 22 industrial sectors (Box 4).

## 2. Implementation Strategy

**Drawing from a menu of financial and facilitative policy tools, elaborate a series of concrete actions designed to provide incentives, finance and support for a whole-of-economy transition in line with the national Strategic Ambition and the sectoral pathways that flow from it; and track the financing needs to implement these actions by way of a costed national investment plan**

- An effective Implementation Strategy will be grounded in an **integrated regulatory and policy approach**, which draws from a menu of financial and facilitative measures to arrive at a package of complementary interventions. It will also be supported by a **national investment plan**, which costs the government's action plan and helps direct public funding, incentives and other policy instruments to where they are most needed. Careful tracking of financing needs to deliver on the Strategic Ambition, and identification of gaps, can help to ensure well-targeted public investment and sound macroeconomics, while crowding in private finance. Specificity and quantification will be important to ensure decision-usefulness, both within government and for private sector actors.

### Key examples in the Handbook

- Resources considering an integrated regulatory and policy approach: [Bowman, 2018](#); [Nachtigall et al. \(2022\)](#); [IMF, 2023](#); [ILO, 2016](#).
- Resources considering national investment plan: NDC Partnership (Box 5)
- Example of national investment plan: Kenya's Energy Transition Investment Plan (Box 6)

<p><b>Recommendation 2.1. Direct and indirect public investment</b></p> <p>Invest public funds – directly, or indirectly (e.g., via public financial institutions/development finance institutions) – in activities aligned with the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>A public investment programme is likely to be a key aspect of the government's implementation strategy. This may, for example, include measures to finance and support the deployment of national transition-enabling infrastructure (such as public transportation, charging infrastructure, or an extended flexible grid), R&amp;D, innovation, and education programs, as well as bioeconomy initiatives and adaptation measures against climate disasters (see also Recommendations 2.4 and 2.5). Specificity of projects and commitments – with reference to the national investment plan – will be important for whole-of-government and whole-of-economy planning purposes.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>Examples of direct and indirect public investment, including: <ul style="list-style-type: none"> <li>Public financial institutions' (PFI) and development finance institutions' (DFI) activities</li> <li>de-risking investments, including public-private financing</li> </ul> </li> <li>Sovereign sustainable debt issuance</li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>IEA Energy Technology perspectives (<a href="#">IEA, 2020</a>) and <a href="#">recommendations</a> on clean technology innovation</li> </ul>
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		<ul style="list-style-type: none"> <li>• Government-led innovation and the DARPA model (Box 7)</li> <li>• PFI/DFI activities             <ul style="list-style-type: none"> <li>◦ UK Green Investment Bank investment in wind energy (Box 8)</li> <li>◦ Multilateral and national development bank cooperations – World Bank–Development Bank of Rwanda (Box9)</li> </ul> </li> <li>• De-risking             <ul style="list-style-type: none"> <li>◦ The Green Guarantee Company (Box 10)</li> </ul> </li> <li>• Sovereign sustainable debt issuance             <ul style="list-style-type: none"> <li>◦ Uruguay Ministry of Economy and Finance, 2022; Japan Climate Transition Bond (Box 11)</li> </ul> </li> </ul>
<p><b>Recommendation 2.2. Carbon pricing and other fiscal reforms</b></p> <p>Influence private actors' economic decisions through fiscal measures, including by setting incentives (and disincentives) that accelerate private investment in projects and activities that align with the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>Setting fiscal incentives (and disincentives) that make transition pathways cost and profit competitive can help to accelerate the development, commercialisation and deployment of new technologies, and crowd-in private finance. Such policies may include well targeted environmental taxes, or removal and repurposing of fossil fuel subsidies.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Influencing private actors' economic decisions through fiscal measures, including through:             <ul style="list-style-type: none"> <li>◦ carbon pricing</li> <li>◦ fiscal programmes</li> <li>◦ economic clusters</li> </ul> </li> </ul> <p><b>Key example in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Fiscal programmes – US Inflation Reduction Act, which has the potential to unlock nearly \$400 billion in federal funding for clean energy (Box 12)</li> </ul>

<p><b>Recommendation 2.3. Public procurement</b></p> <p>Align public procurement with the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>Public procurement – which refers to a government's purchase of goods and services – typically comprises a high share of GDP, in both AEs and EMDEs. A well-structured and purposeful “green public procurement” system can be a powerful vehicle to shift demand towards low emissions alternatives in line with the national Strategic Ambition.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Shifting demand and scaling new technologies</li> <li>• Features of effective green public procurement</li> <li>• Purposeful public procurement</li> </ul>
<p><b>Recommendation 2.4. Energy transition and other sectoral policies.</b></p> <p>Determine the national strategy for clean energy scaling and deployment, while also establishing the optimal policy mix for other key sectors, informed by sectoral pathways aligned with the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>“Supply-side” measures to restrict, phase-out, or ban certain high-emissions activities – most notably fossil fuel exploration or extraction activities – are increasingly observed, alongside measures to scale the deployment of renewable energy alternatives and associated infrastructure. The government may consider other sector-specific policies, informed by the sectoral pathways determined under Recommendation 1.3. Energy transition or sectoral policies may need to be pursued in the context of regional efforts – e.g., regional power generation and distribution; or region-wide management of forests and other ecosystems.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Fossil fuel phaseout and other activity restrictions</li> <li>• The scaling and deployment of clean energy alternatives</li> <li>• Sectoral policies informed by sectoral pathways</li> <li>• Industry standards and practices</li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Scaling and deployment of clean energy alternatives. Resources: <a href="#">IEA, World Energy Outlook, 2024</a>; <a href="#">IEA Renewable Energy Policy Recommendations</a>)</li> <li>• Sectoral policies informed by sectoral pathways: Multiple transitions – multiple solutions (Box 13)</li> </ul>
<p><b>Recommendation 2.5. Adaptation planning.</b></p> <p>Integrate identification and assessment of physical climate risks, hazards and vulnerabilities into national transition</p>	<p><b>Summary</b></p> <p>Effective national transition planning will be carried out in conjunction with adaptation planning. This will entail careful consideration of physical climate risks, hazards and vulnerabilities that could crystallise over the planning horizon,</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Principles for effective adaptation and resilience strategies</li> </ul>

<p>planning, and develop policies and strategies to address them, in line with the national Strategic Ambition.</p>	<p>and the plans to address them – including as set out in the government’s national adaptation plan. Public financing – especially from development finance institutions – currently accounts for the majority of adaptation finance.</p>	<ul style="list-style-type: none"> <li>• Mobilising adaptation finance</li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• <u>Resources: UNFCCC, 2012; World Bank, 2020; UN Environment Programme, 2023a; UN Environment Programme, 2023b; Climate Policy Initiative, 2023</u></li> <li>• Lessons learned from UNEP adaptation projects (Box 14)</li> </ul>
<p><b>Recommendation 2.6. Financial policy and regulation.</b></p> <p>Set out an approach to financial policy, regulation, and supervision that can support private climate and sustainable finance in line with the national Strategic Ambition, and remove any barriers, including by</p> <ul style="list-style-type: none"> <li>• supporting trust and transparency</li> <li>• implementing macro- and micro-prudential regulation and supervision</li> <li>• creating a supportive enabling environment for private finance</li> </ul>	<p><b>Summary</b></p> <p>Financial policy and regulatory measures shape market incentives, and disincentives, to commit private finance to the transition. They may include a wide range of measures, spanning:</p> <ul style="list-style-type: none"> <li>• market conduct rules</li> <li>• macro- and micro-prudential regulation and supervision</li> <li>• market development efforts</li> </ul>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Market conduct rules             <ul style="list-style-type: none"> <li>◦ transparency rules on sustainability-related risks, opportunities and impacts</li> <li>◦ mandatory transition planning/TP disclosure for corporate issuers</li> <li>◦ classification schemes for sustainable activities</li> <li>◦ standards for labelled market instruments</li> <li>◦ product labelling and disclosure</li> <li>◦ trust in the wider capital markets ecosystem</li> </ul> </li> <li>• Macro- and micro-prudential regulation and supervision             <ul style="list-style-type: none"> <li>◦ leading by example</li> <li>◦ refinements to the prudential framework</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ climate stress testing and climate scenario analysis</li> <li>○ forward-looking prudential regulation</li> <li>• Market development efforts <ul style="list-style-type: none"> <li>○ regulatory sandboxes</li> <li>○ research, product innovation, and industry utilities</li> <li>○ expanding financial inclusion</li> <li>○ convening industry participants and promoting collaboration</li> <li>○ learning from peer regulators</li> </ul> </li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• European Union's Sustainable Finance Strategy (Box 15)</li> <li>• Market conduct. Resources: <a href="#">IFRS Sustainability Standards</a>; TPT, 2023; <a href="#">EU Green Taxonomy, 2020</a>; the <a href="#">Singapore-Asia</a> and <a href="#">ASEAN</a> transition taxonomies; product labelling and disclosure (<a href="#">FCA, 2023</a>).</li> <li>• Central bank transition plans (Box 16)</li> </ul>
<p><b>Recommendation 2.7. Skills and education.</b></p> <p>Determine how the government plans to introduce or adapt educational or skills-building programmes across the economy to support a just transition and help achieve the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>An essential element of planning for a just, equitable transition, aligned with the national Strategic Ambition, will be ensuring that the knowledge and skills required for a green and more inclusive future are diffused throughout the economy.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Skills and education</li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Resources: ILO just transition guidelines, which include guidelines for skills development policies.</li> </ul>



### 3. Engagement Strategy

**Develop plans to coordinate and connect at every level – stakeholders across the economy, and international trading, policy and development partners – in order to inform national transition planning activities and advance the national Strategic Ambition**

<p><b>Recommendation 3.1. Engagement with corporates and financial services firms.</b></p> <p>Determine how the government plans to engage with corporates and financial services firms across the economy in support of the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>Corporate and financial services sector actors will need to be engaged throughout the transition planning process to inform the design of sectoral pathways and policy design, and build whole-of-economy buy-in. Mechanisms for ongoing coordination and collaboration during implementation will be crucial for effective delivery. The design of these will be important – e.g., clarity of purpose, appropriate tailoring for the operational context, and careful consideration of success factors (such as who is present, their agency, their capability to engage effectively, and their incentives to act on what is decided). Different strategies are likely to be required for engagement with financial services firms vis-à-vis corporates in the real economy; and for large public companies vis-à-vis small and medium-sized enterprises.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Mechanisms for engagement, coordination and collaboration with corporates and financial services firms             <ul style="list-style-type: none"> <li>◦ collaborating on policy development</li> <li>◦ identifying and addressing implementation barriers</li> <li>◦ partnering to scale solutions</li> </ul> </li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• <a href="#">The Danish Government's Climate Partnerships</a> (Box 17)</li> <li>• Zero Emission Vehicle Emerging Market Initiative (<a href="#">WBCSD, 2023</a>) (Box 18)</li> </ul>
<p><b>Recommendation 3.2. Engagement with civil society, communities and the public.</b></p> <p>Determine how the government plans to engage with civil society, communities and the public in support of the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>Achievement of the national Strategic Ambition will depend on governments' developing a clear understanding of societal preferences and building buy-in for the transformational policies identified through national transition planning. There is evidence of broad-based societal support for climate action, which governments have an opportunity to harness as they work towards the national Strategic Ambition. Ongoing</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Mechanisms for engagement, coordination and collaboration with civil society, communities and the public – different options for government engagement with society, e.g.:             <ul style="list-style-type: none"> <li>◦ large-scale public communication and buy-in</li> </ul> </li> </ul>

	engagement with civil society, communities and the public at every stage will therefore be essential.	<ul style="list-style-type: none"> <li>○ formal deliberation processes</li> <li>○ place-based community-owned, community-led initiatives</li> </ul> <ul style="list-style-type: none"> <li>• Nudging public behaviour</li> </ul> <p><b>Key examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Examples of public engagement approaches (Box 19)</li> </ul>
<p><b>Recommendation 3.3. Engagement with international partners.</b></p> <p>Determine how the government plans to engage with other international partners to influence policy, systemic oversight, and development outcomes in support of the national Strategic Ambition.</p>	<p><b>Summary</b></p> <p>Bilateral and multilateral engagement with international trading, policy and development partners can support systemic delivery of implementation actions aligned with the national Strategic Ambition. Influencing partners to build consensus can help to avoid fragmentation and economic and policy bubbles. And it can encourage a lockstep approach to the transition. Overall, close engagement with international partners will lower the cost of transition and adaptation globally, while also supporting sustainable development outcomes.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Mechanisms for cooperation, influence and engagement with: <ul style="list-style-type: none"> <li>○ UN processes</li> <li>○ DFIs and international financial institutions (IFI)</li> <li>○ regulatory bodies across the international financial architecture</li> </ul> </li> <li>• Bilateral and regional collaboration and engagement</li> </ul> <p><b>Key examples in the Handbook</b></p> <p><u>Resources: <a href="#">Bridgetown Initiative</a>; <a href="#">Coalition of Finance Ministers for Climate Action</a></u></p>

## 4. Metrics and targets

**Communicate key actions and outcomes clearly and accessibly across all five pillars of the national transition planning framework – with regular reporting on progress against metrics and targets that reflect the national Strategic Ambition – in order to build trust and inform the economic decisions of private actors and international stakeholders**

### **Recommendation 4.1. Metrics and targets on emissions and sustainable development.**

Determine the metrics and targets that the government plans to use to drive and monitor progress towards the national Strategic Ambition, and report against these metrics and targets on at least an annual basis as part of wider communication of key national transition planning outcomes and implementation actions. Relevant metrics and targets may, *inter alia*, include those related to:

- greenhouse gas emissions and removals
- non-greenhouse gas emissions goals
- policy measures
- mobilisation of public and private finance
- engagement activity
- international climate finance and support

Metrics and targets may be monitored and reported, both on a whole-of-

### **Summary**

Using the national transition planning process as a communications tool with stakeholders across the economy – including clear and accessible communications to citizens – is critical to building trust and buy-in for the national Strategic Ambition and informing private actors' economic decisions. It will therefore be good practice to monitor and report regularly on metrics and targets that reflect the national Strategic Ambition, as part of wider communication of key actions and outcomes – across *all five pillars* of the national transition planning framework. Especially in EMDEs, such transparency can enhance credibility and reduce risk perceptions among international financial actors and development partners. Monitoring and reporting will include indicators linked to emissions reduction and other planning commitments. Other metrics may include performance indicators associated with key policies, investments or initiatives identified in the planning process. Since some outcomes – e.g., emissions reductions – can be driven by a variety of factors, it will be important that monitoring and reporting on progress applies a rigorous process for identifying which policies and interventions are really driving change, and which are simply happening in parallel to that change.

### **Key planning content – further guidance and examples in the Handbook**

- Greenhouse gas emissions and removals
  - *Baseline*: monitoring and reporting in accordance with the Enhanced Transparency Framework of the Paris Agreement (ETF)
  - other emissions-related metrics and targets (e.g. at a sectoral level)
- Non-greenhouse gas emissions goals
  - metrics and targets related to other climate-related, environmental, social or sustainable development objectives and priorities
- Policy measures to support the national Strategic Ambition
  - *Baseline*: monitoring and reporting of mitigation and adaptation actions and impacts in accordance with the ETF
  - metrics and targets related to other sectoral and cross-sectoral policies set out in 2. Implementation Strategy
- Mobilisation of public and private finance

<p>government basis and at a sub-national level.</p>		<ul style="list-style-type: none"> <li>○ metrics and targets related to the mobilisation of public and private finance – e.g., in accordance with the national investment plan</li> <li>• Engagement activity <ul style="list-style-type: none"> <li>○ metrics and targets related to whole-of-economy and international engagement activity</li> </ul> </li> <li>• The provision and/or receipt of international climate finance and other support <ul style="list-style-type: none"> <li>○ <i>Baseline</i>: monitoring and reporting of support in accordance with the ETF</li> <li>○ other metrics and targets related to the provision and/or receipt of international climate finance and support</li> </ul> </li> </ul> <p><b>Key examples in the Handbook</b></p> <p><u>Baseline</u>: Article 13 of the Paris Agreement (2015) establishes an Enhanced Transparency Framework (ETF). The ETF sets out, inter alia, the information that each Party to the Agreement is expected to report in a Biennial Transparency Report (BTR)</p> <p><u>Other metrics and targets</u>: in considering which metrics are likely to be decision-useful to providers of capital, a government may wish to consult ASCOR (Scheer, et al., 2023' summarised in Annex 2 of this report). (Box 20).</p> <p>Example: Sectoral targets in Chile's LT-LEDS (Box 21).</p>
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## 5. Governance

**Establish effective legal, governance, accountability and whole-of-government coordination mechanisms, to support the design and development of action plans aligned with the national Strategic Ambition, as well as regular review, scrutiny and oversight of implementation**

### **Recommendation 5.1. Legal, governance and institutional arrangements.**

Establish effective legal, governance and institutional arrangements to support the design and development of action plans in line with the national Strategic Ambition, as well as regular review, scrutiny and oversight of implementation.

### **Summary**

While multilateral institutional regimes provide important context for national transition planning, the planning process itself will be country-driven, based on and responsive to societal needs. Within the context of the prevailing legal framework, effective governance and institutional arrangements will create commitment and accountability – from the design and development of action plans in line with the national Strategic Ambition, through to implementation – ensuring that: all relevant bodies are included and engaged; all relevant planning elements are aligned, coherent, and coordinated; and the outcomes of national transition planning become the authoritative source of direction and strategy, internally within government and across the economy. Capacity building support and other resources may be engaged, from multilateral organisations and others, to support the development of effective governance and institutional arrangements.

### **Key planning content – further guidance and examples in the Handbook**

- Legal framework and regulatory requirements
  - an integrated regulatory and policy approach
  - design-in regular reviews
- Architectural mapping as a preliminary step
- Engaging expert advice and feedback

### **Key examples in the Handbook**

- National transition planning as a strategy to mitigate climate litigation (Box 22)
- Transition plans and the political economy of climate reforms (Box 23)
- Architectural mapping – examples of capacity building support from multilateral organisations (Box 24)

<p><b>Recommendation 5.2. Roles, responsibilities and whole-of-government coordination.</b></p> <p>Determine executive and decision-making roles and control processes, and whole-of-government coordination mechanisms, to support the delivery, governance, monitoring, management, oversight and implementation of action plans in line with the national Strategic Ambition. As part of this, the government may clarify how national transition planning is embedded within its wider control, review, and accountability mechanisms.</p>	<p><b>Summary</b></p> <p>No country can achieve whole-of-economy transformation in line with its Strategic Ambition without whole-of-government planning that manages effectively the synergies and co-benefits between policies, as well as trade-offs, conflicts, competency gaps and internal blockages. So, clarifying roles and responsibilities, and implementing mechanisms for whole-of-government coordination will be paramount. Again, capacity building support and other resources may be engaged to accelerate progress in developing appropriate mechanisms for coordination.</p>	<p><b>Key planning content – further guidance and examples in the Handbook</b></p> <ul style="list-style-type: none"> <li>• Legislating institutional coherence</li> <li>• Mainstreaming transition priorities throughout government</li> <li>• Assigning responsibilities and facilitating coordination</li> </ul> <p><b>Key examples in the Handbook</b></p> <p>Resources: Bowman, 2023, considers cooperation and collaboration as a necessary part of an integrated regulatory architecture for a net zero transition; <a href="#">Macquarie et al., 2023</a>, considers the different dimensions of an effective institutional model for coordination.</p>
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## 6. Conclusions and next steps

This report has called on governments to take the lead in accelerating climate action through national transition planning. We have presented a framework designed to support whole-of-government and whole-of economy action towards a fair transition, while advancing climate resilience, sustainable development and energy security goals.

We have shown that strategic national transition planning is an evolution of a government's existing commitments under the Paris Agreement, as well as the many country-led activities that are observed around the world. Our framework aims to bring together and, where necessary, build on, all of the existing strands in a way that unlocks the three target outcomes in our theory of change: better targeted resource and capital allocation; increased resources; and increased overseas development support and private finance for EMDEs.

Our principles-based framework is intended to work in a complementary way with other tools and more detailed targeted guidance materials under development by UN agencies, governments, NGOs and other organisations – e.g., the framework for NDC investment plans developed by GCF and the NDC Partnership; and work on mechanisms for public-private engagement underway as part of the Policy Advocacy and Member Mobilization agenda at WBCSD.<sup>35</sup> We will continue to engage with such initiatives to explore the complementarity between our respective work programmes.

Recognising that governments around the world have different starting points, different socio-economic and political contexts, and different resources, capacities and priorities, we suggest a phased implementation approach to our recommendations. We nevertheless encourage governments to consider taking initial steps with reference to our framework as they refresh their NDCs ahead of submission in 2025, and as they develop future LT-LEDs. To that end, we will continue to engage with relevant organisations to explore resources, capacities and feasibility to “get started” – while also considering opportunities to pilot the ideas in this report in a live context.

Looking forward, we have also identified questions beyond the scope of this report arising from our stakeholder consultations. These will require investigation in appropriate forums. They include:

- how to assess the effectiveness of national transition planning, which may be considered in the context of the ASCOR framework

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<sup>35</sup> [GCF and NDC Partnership, 2023; Policy Advocacy and Member Mobilization, WBCSD.](#)

- when and how to identify that the Strategic Ambition of a government's NTP has been achieved – i.e., that a fair and sustainable transition has actually occurred
- whether the necessary system transformation – i.e., the end of “business as usual” – can truly occur if we continue to use legacy institutions and hegemonic concepts as reference points
- how and to what extent the process of national transition planning can help to embed a new narrative – i.e., one that is empowering for all people and countries, particularly those that have been traditionally shut out or exploited, to ensure equitable and sustainable economies at national, regional, and global levels

Indeed, the effectiveness of government leadership on the lines envisaged in this report rests heavily on complementary actions elsewhere in the system. Nonetheless, governments need to take the lead to catalyse a systems shift among actors across the economy to ensure that the economic and financial system becomes a more regenerative force.<sup>36</sup>

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<sup>36</sup> This aligns with the call to action in *Rewiring for Success*, a report developed by a coalition of NGOs, think-tanks and other organisations ([Manning et al., 2024](#)).

# References

[To be added]

DRAFT

# Appendix 1. The TPT Disclosure Framework

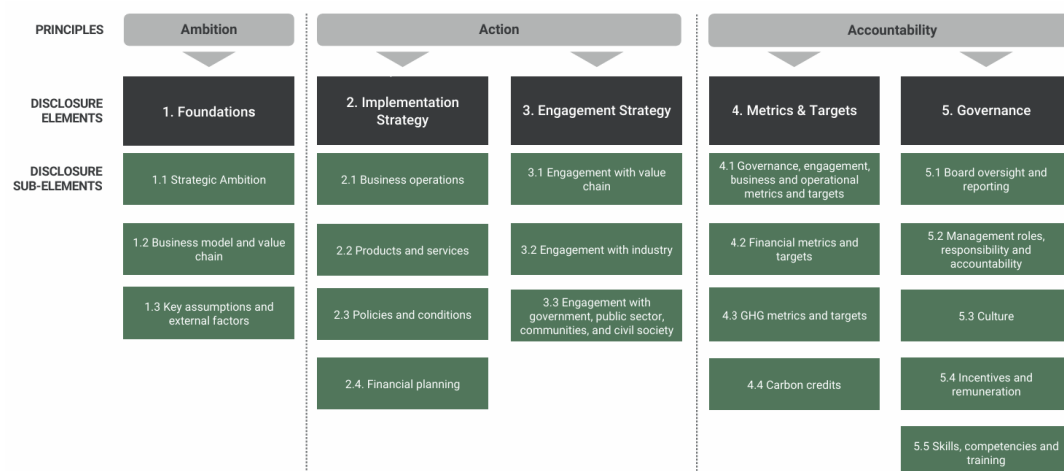
The TPT was launched by the UK Treasury at [COP26](#) in November 2021. Co-chaired by senior leaders from the public and private sectors, the TPT brought together a broad community of real economy companies, FS firms, policymakers, regulators, civil society and academics to develop a dedicated disclosure framework (the Framework) for credible, strategic transition plans that could be adopted in regulation.

While launched in the UK, the TPT approached its work with the aim of developing a framework that can be applied internationally. The framework was informed by extensive international engagement, including with international organisations, bodies and initiatives, as well as bilateral engagement with policymakers and stakeholders in a wide range of jurisdictions.

In October 2023, the TPT published a sector-neutral [disclosure framework](#) (the Framework) grounded in the principles of ambition, action and accountability. The Framework is organised under five pillars, with a total of 19 recommendations sitting beneath them (see Figure A.1). The sector-neutral Framework is complemented by sectoral guidance, including deep-dive guidance in 7 sectors (oil and gas; electric power and utilities; metals and mining; food and beverage; banks; asset owners; and asset managers). Its development has also been informed by the outputs of dedicated working groups on adaptation, nature and just transition.

The framework was also designed purposefully to align with the transition planning guidance developed by GFANZ, and to act as a source of guidance to transition plan-relevant provisions in the ISSB's sustainability-related reporting standards. The IFRS Foundation announced in May 2024 that it would assume responsibility for the TPT's disclosure-specific materials ([IFRS Foundation, 2024](#)) and use these to develop educational materials to support disclosures against the transition plan related provisions in the International Sustainability Standards Board (ISSB) climate-related disclosure standard (IFRS S2; [IFRS Foundation, 2023](#)).

An important conceptual underpinning of the Framework is the notion of a "strategic and rounded approach" to transition planning, which involves looking beyond narrow entity-level target-setting to also encourage actions that contribute to whole-of-economy decarbonisation. This steers entities towards considering strategically how reorientation of their business models – or, in the case of FS firms, their financing activities – could help to embed and accelerate the decarbonisation of other actors across the economy. In this way, each entity can contribute to reducing future systemic risks for all.

**Figure A.1.** Content and coverage of the TPT Disclosure Framework

Source: Transition Plan Taskforce, 2023

## Appendix 2. The ASCOR Framework

Assessing Sovereign Climate-related Opportunities and Risks (ASCOR)<sup>37</sup> is an investor-led project to develop an open access publicly available, independent tool that assesses countries on climate change. The TPI Centre<sup>38</sup>, housed in the Grantham Research Institute of the London School of Economics and Political Science, is the academic partner.

The ASCOR framework is designed to “inform, support and facilitate investors’ decision making on sovereign bonds and enable a more explicit consideration of climate change”. In so doing, it aims to “facilitate engagement and dialogue between issuers and investors and drive financing for climate change mitigation and adaptation” (Scheer, et al., 2023).

The framework is organised under three pillars, with more granular focus areas and indicators sitting under each of these (Figure A.2.)

**Figure A.2.** Content and coverage of the ASCOR framework

Pillar 1: Emission Pathways (EP)	Pillar 2: Climate Policies (CP)	Pillar 3: Climate Finance (CF)
EP 1. Emission trends	CP 1. Climate legislation	CF 1. International climate finance
EP 2. 2030 targets	CP 2. Carbon pricing	CF 2. Transparency of climate costing
	CP 3. Fossil fuels	CF 3. Transparency of climate spending
	CP 4. Sectoral transitions	CF 4. Renewable energy opportunities
EP 3. Net zero targets	CP 5. Adaptation	
	CP 6. Just transition	

Source: Scheer et al., 2023

Since it captures areas and indicators identified by investors as core to the effectiveness of a government’s approach to climate policy and climate finance, the ASCOR framework has informed the national transition planning framework presented in this policy report.

Table A.1. presents a high-level mapping between the frameworks. The table demonstrates that the focus areas of the ASCOR framework are nested within the national transition planning framework, with the majority of these informing the Implementation Strategy and Metrics and Targets pillars. Given its strong focus on

<sup>37</sup> See [ASCOR](#). The methodology of the ASCOR framework is set out in [Scheer, et al., 2023](#).

<sup>38</sup> [TPI Centre](#).

governments' contribution to a strategic, whole-of-system response to climate change – in the context of sustainable growth and development – the national transition planning framework necessarily goes further in some areas. Most notably, it includes additional key considerations and actions in the areas of whole-of-government strategy, engagement with actors across the economy and internationally, and governance and institutions.

**Table A.1.** Mapping between national transition planning framework and ASCOR

National transition planning framework	Relevant ASCOR focus areas
<b>Foundations</b>	
1.1 Strategic Ambition	Emissions Pathways: 2030 targets (EP 2); Net zero targets (EP 3) <sup>39</sup>
1.2 Whole-of-government strategy	Partly covered in Climate Legislation (CP 1)
1.3 Sectoral pathways & other planning assumptions	Partly covered in Sectoral Transitions (CP 4)
<b>Implementation strategy</b>	
➤ National investment plan	Climate Finance: <ul style="list-style-type: none"> <li>• Transparency in climate costing (CF 2)</li> <li>• Transparency in climate spending (CF 3)</li> </ul>
2.1 Direct & indirect public investment	
2.2 Carbon pricing & other fiscal reforms	Carbon Pricing (CP2); Fossil Fuels (CP3)
2.3 Public procurement	Not directly covered
2.4 Energy transition & other sectoral policies	Fossil Fuels (CP3); Sectoral transitions (CP 4); Renewable energy opportunities (CF 4)
2.5 Adaptation planning	Adaptation (CP 5)
2.6 Financial policy & regulation	Not directly covered (though indicator CP 4.c. considers mandatory climate-related disclosure)
2.7 Skills & education	Just Transition (CP 6) <sup>40</sup>
<b>Engagement strategy</b>	
3.1 Engagement with corporates & FS firms	Not directly covered
3.2 Engagement with civil society, communities & the public	Just Transition (CP 6)
3.3 Engagement with international partners	International Climate Finance (CF 1)
<b>Metrics &amp; targets</b>	
4.1 Metrics & targets on emissions & sustainable development	ASCOR indicators across all 3 pillars incorporated here
<b>Governance</b>	
5.1 Legal, governance & institutional arrangements	Partly covered in Climate Legislation (CP 1) Partly covered in Just Transition (CP 6)
5.2 Roles, responsibilities & whole-of-government coordination	

Source: Authors' analysis and Scheer et al., 2023.

<sup>39</sup> Emission Trends (EP 1) would be a primary input to the national transition planning process; and

<sup>40</sup> Just Transition is otherwise integrated across all Implementation Strategy recommendations.