This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Green Economy Priorities, Photo net zero and carbon neutral concept zero net greenhouse gas emissions target

Green Economy Priorities

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On this page: *This criterion looks at the alignment of various project types with the country's economic priorities, based on its indication of sectors to contribute to its green economy transition and its Nationally determined contributions. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

S1: Green economy priorities is the only component assessed under Step Zero of the process, where a set of inputs per country are determined for use across all Project Profile Templates in the initial profiling exercise, and not assessed on a project-by-project basis. This criterion looks at the alignment of various project types with the country's economic priorities, based on its indication of sectors to contribute to its green economy transition and its NDCs. The country-level assessments following the Guidelines for Country Systems developed alongside this paper can also be used in parallel, by taking the analyses for the criteria S2: Efficient permitting and adaptable standards. The analysis for the country assessment will focus on understanding the clarity of project implementation standards provided by host governments for project developers, by reviewing the basis for a country's eligible project list, such as the project type's potential supply, the country's sectoral NDC commitments, and its perceived market demand. These can, therefore, inform the inputs required for the green economy priorities criteria under this guideline to map a list of project types indicated by the country as eligible for global VCMs.

The following input can be used as a reference:

- National green economy document or NDCs with indication of economic sector priorities and level of support/funding from government

Using this input, the following analyses serve as a guide for the assessment:

- Map project type against priority sectors outlined in green economy document or NDCs, such as to identify in the NDC roadmap or plan where the host country has indicated sectoral commitments with potential consideration for carbon market transactions to support its achievement; and
- Evaluate relative level of funding support from government to determine likelihood of financial and policy support for project type.

Guideposts for green economy priorities

Green economy priorities

The guideposts below provide guidance to rank project types from being fully aligned (5) to not aligned (1), thus indicating each project type's alignment to the country's green economy priorities. See Figure 2.1.

Figure 2.1. Guideposts for ranking project types' alignment with green economy priorities

Rating	Guideposts for green economy priorities
5	The project type is fully aligned with economic sector priorities and/or NDCs, and is a top priority for stakeholders, with significant support and funding from government.
4	The project type is highly aligned with economic sector priorities and/or NDCs, and is a major focus area for stakeholders with sufficient funding allocation.
3	The project type has some alignment with economic sector priorities and/or NDCs, but is not a significant focus area and funding allocated is moderate.
2	The project type has some alignment with economic sector priorities or policies and/or NDCs, but it is not a significant focus area and funding allocated is limited.
1	The project type is not aligned with green economy priorities and/or NDCs, and no government support or funding is allocated.

For countries whose green economy priorities are still in development, or where useful to the objectives of the exercise, two other potential factors can be used to assess the alignment of project types to a country's priority:

- **Supply capabilities**: Evaluate current capabilities to effectively develop ERCs across project types.
- **(Optional) Buyer priorities**: Assess alignment of project type with potential buyer countries' priorities; to use for countries that are aiming to engage targeted country partners.

Should these additional factors be used, the project type's rating for the criterion S1 can then take its average rating across these factors. The project's overall rating will correspond to the rating levels used for the Project Profile Template, as indicated in Introduction to the Project Assessment Framework. A rating level of 4 to 5 will correspond to "high potential", 3 to "medium potential" and 1-2 to "low potential".

Guideposts for supply capabilities

Supply capabilities

The following inputs can be used as a reference:

- Mitigation potential based on the sector's incremental, conditional NDC mitigation projections; or
- [If credit issuances are available] Historical total credit issuances or experiences in carbon credit project development in the international carbon market.

Using these inputs, the following analyses serves as a guide for the assessment:

- Review NDC mitigation projections (total projected conditional mitigation for sector less total projected unconditional mitigation for sector) to evaluate the sector's mitigation potential; and
- Review relative volume of historical credit issuances for project type across registries.

The guideposts below provide guidance on the project type's rating for this factor, that will contribute towards its average priority rating. See Figure 2.2.

Figure 2.2. Guideposts for rating the country's supply capabilities for each project type

Rating	Guideposts for supply capabilities
5: Very high mitigation potential	• Mitigation potential from the related sector (based on conditional mitigation projections) is the highest relative to other sectors, indicating the greatest potential for emission reductions, or • Extensive historical credit issuances or experience in carbon credit project development in the international carbon market.
4: High mitigation potential	• Mitigation potential from the related sector (based on conditional mitigation projections) is considerable relative to other sectors, indicating a strong potential for emission reductions, or • Sufficient experience in developing successful projects, with some track record of credit issuances in the international carbon market.
3: Moderate mitigation potential	• Mitigation potential from the related sector (based on conditional mitigation projections) is low to moderate relative to other sectors, indicating a moderate potential for emission reductions, or • Some experience in developing carbon credit projects with a few credit issuances in the international carbon market.
2: Low mitigation potential	• Mitigation potential from the related sector (based on conditional mitigation projections) is very low, indicating some potential for emission reductions, but still limited, or • Very limited experience in developing carbon credit projects, with little to no credit issuances in the international carbon market.
1: No mitigation potential	• Mitigation potential from the related sector (based on conditional mitigation projections) is non-existent, indicating no potential for emission reductions; or • No experience in developing carbon credit projects.

Guideposts for buyer priorities

Buyer priorities[1]

The following inputs can be used as a reference:

- Historical ERC memorandum of understanding (MoU) or partnership implementation agreements with buyer countries for indication of preferred type of carbon credits;
- Indications of interest via announcements or informal discussions on partnerships with the host country or countries similar to the host country; or
- [If ERC partnerships are limited or unavailable] Potential buyer countries' NDC for indication of mitigation priorities.

Using these inputs, the following analyses serve as a guide for the assessment:

- Review historical ERC-related MoU agreements, considering project types included, volume of carbon credits committed, and any exclusions or limitations on project types; or
- Identify potential buyer countries based on historical relationships, media announcements or inputs from informal discussions, and analyze potential buyer countries' NDC mitigation priorities; and
- Evaluate project-type alignment with preferred carbon credit types identified in historical ERC MoUs, potential buyer NDC or indicated interest.

The guideposts below provide guidance on the project type's rating for this factor, that will go towards its average priority rating. See Figure 2.3.

Figure 2.3. Guideposts for rating the project type's potential for alignment with buyer priorities

Rating	Guideposts for buyer priorities
5	There is strong and specific alignment with potential buyer countries' MoU or NDC/climate strategies, with clear indications that mitigation activity is a high priority.
4	There is an alignment with potential buyer countries' MoU or NDC/climate strategies, with some indication that the mitigation activity is a priority.
3	There is vague mention in potential buyer countries' MoU or NDC/climate strategies about the mitigation activity being considered for credit purchase, but it is not a high priority area.
2	No clear articulation in potential buyer countries' MoU or NDC/climate strategies about mitigation activity being considered for credit purchase, but some indication of interest for future engagement.
1	There is no mention in potential buyer countries' MoU or NDC/climate strategies about the mitigation activity being considered for credit purchase

Footnote 1: This factor looks only at potential buyer countries at a government-to-government level. This does not include private sector buyers, which the rest of the criteria in the Framework are targeted towards by looking at key considerations from international VCM buyers, such as corporates.

Related Content

- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**

Additional Resources

- UNCITRAL Legislative Guide on Public-Private Partnerships
- World Bank Guidance on PPP Legal Frameworks
- Climate-Smart PPP Legal and Regulatory Framework

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