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Mainstreaming climate change into investment decisions

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Use of public funding to tackle climate change

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“Climate change in EU strategic processes and budget”

“Climate policies and green growth/development two sides of the same coin”

“Aligning policy and implementation”










“Greater recognition of climate risks and impacts”

Impact - TA, investment grants, soft loans, risk sharing, private finance towards climate

*.....But is climate investment done in a coherent, transparent and effective way?
Are all infrastructure projects climate smart?*

Requirement - integration of climate change concerns in investment and spending decisions

Framework for integration of climate change concerns in investment and spending decisions

Stage	Approach		
Structuring	Policy		All MDBs/EFIs
Project origination	Knock out criteria Eligibility criteria Project identification	 	 CTF investment plans
Assessment	Risk analysis Disclosure Options assessment	All MDBs/EFIs 	
Implementation	Design MRV framework	All MDBs/EFIs 	

CEF investment decision process is already quite climate friendly but some improvements are possible

Stage	Approach	CEF	Recommendations
Structuring	Policy	High targets	Focus on priority areas/alignment with 2050 roadmap
Project origination	Knock out criteria	Focus largely on environment friendly modes	Consider stringent safeguard standards
	Eligibility criteria	Increased co-financing rates	Inclusion of REs
	Project identification	Calls for proposals (CEF EA)	Capacity building/award raising activities
Assessment	Risk analysis	Compliance with EU Environment law	New tools and guidelines
	Disclosure	No requirement	Operationalize Rio Marker Performance indicators
	Options assessment	No climate related criteria, CBA not compulsory	Integration of carbon pricing in project assessment (CBA)
Implementation	Design	Procurement policies are not climate specific	Inclusion of performance standards and guidelines
	M&E framework	Indicators established but no methodology	Footprint (GHG)/based climate specific indicators in line with FIs

Financial mechanisms using EU Budget

- Incorporate best practice for legislation, implementation and financial leverage on European Financial Institutions

FI policy, procedures and tools

- European Commission influences via financial institution board/consultation for sector strategies/standards to access blending facilities (and its adoption of best practice key tools/ methodologies)

EU legislation and guidance on project development

- Revisions to relevant policies such as the EIA Directive
- Improve key guidance documents for EU Major projects/TEN T/E

Capacity building

- Training courses for EC officials and staff
- Regional training for Member State and project developers

Further research

- Relative assessment of merits of different approaches
- How to address gaps on mechanisms for climate resilience
- Research into private sector best practice

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