

Rapid review: UK aid's alignment with the Paris Agreement

Annotated bibliography

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Table of contents

1. Introduction.....	1
2. Background.....	1
3. Interpretation.....	7
4. Emerging practices.....	15
References.....	27

1. Introduction

This annotated bibliography has been produced to inform ICAI’s rapid review of UK aid’s alignment with the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC). The annotated bibliography surveys the published literature to inform the rapid review about emerging thinking and evidence on the role of development finance, and particularly aid alignment, in pursuing the Paris Agreement’s long-term goal of making finance flows consistent with mitigation and adaptation objectives. The alignment of official development assistance (ODA) spending is only one part of much wider efforts to align all finance flows, including domestic, international, public and private flows and stocks of finance.

The annotated bibliography is structured into three broad sections, as outlined in **Table 1**.

Table 1: Structure of the annotated bibliography: rapid review of UK aid’s alignment with the Paris Agreement

Background on the emergence of alignment with the Paris Agreement in development finance flows	<ul style="list-style-type: none">• An overview of the Paris Agreement goals for mitigation and adaptation and what this entails.• The emergence of commitments in the area of Paris alignment including, but not limited to, the UK.
Interpretation of the alignment of development finance with the Paris Agreement	<ul style="list-style-type: none">• A review of best practice in mainstreaming climate change commitments in aid programming.• A review of how alignment has been interpreted by other public or public-backed institutions programming ODA and development finance.• An insight into the varying interpretations of alignment by developing countries.• A brief overview of how alignment has been interpreted in private institutions.
Emerging practices in the alignment of development finance with the Paris Agreement	<ul style="list-style-type: none">• A brief history of mainstreaming topics into aid programming in the UK (eg mainstreaming disability in development, gender, environment).• Specific to ODA: a review of the upstream governance and downstream tools that have been applied to guide the alignment of development finance with the Paris Agreement by ODA providers and intermediaries (eg Sweden and Agence Française de Développement (AFD)).• Non-ODA: a review of the upstream governance and downstream tools that have been applied to guide the alignment of finance with the Paris Agreement by non-ODA providers, including private actors and civil society.

2. Background

This section considers the emergence of the concept of alignment with the Paris Agreement in development finance flows.

2.1 An overview of the Paris Agreement goals for mitigation and adaptation and what these might entail

- *Paris Agreement*, UNFCCC, 2015, [link](#).

The Paris Agreement (2015) has served as an international legal framework for the response to climate threats. The Agreement recognised the specific needs and circumstances of both developing and developed country

parties in addressing climate change, while also emphasising the relationship that climate change actions, responses and impacts have on equitable access to sustainable development and the eradication of poverty.

The Agreement aimed to strengthen the global response to the threat of climate change as outlined in Article 2, by “(a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change; (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” (p. 3).

A central element for implementing the Paris Agreement is the use of Nationally Determined Contributions (NDCs), which establish national mitigation and adaptation goals following a country-driven, gender-responsive, participatory and transparent approach guided by the best available science and local knowledge systems. The Paris Agreement set the expectation that successive NDCs represent a progression compared to the previous NDC and reflect its highest possible ambition. Under the UN Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, developed country parties have obligations to provide financial resources to assist developing country parties with respect to both mitigation and adaptation. Climate finance may come from a variety of sources, instruments and channels, with public funds playing a significant role. The Agreement also recognised technology transfer as an integral part of achieving international climate goals related to resilience to climate change and reduction of greenhouse gas (GHG) emissions. The Technology Mechanism established under the UNFCCC (1992) also applies to the Paris Agreement. The Agreement placed capacity building within the scope of international cooperation, urging parties to work towards enhancing the capacity and ability of vulnerable and developing country parties to take effective climate change action. Transparency was similarly recognised as a key driver of climate change action. Building on the transparency arrangements under the 1992 Convention, the Paris Agreement provided an enhanced transparency framework, with built-in flexibility that takes parties’ different capacities into account.

- *Summary for Policymakers in: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty, IPCC, 2018, [link](#).*

This IPCC special report discussed the impacts of global warming of 1.5°C above pre-industrial levels and related global GHG emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty. Providing the best available science, the report underscored the urgency for transition, systems change, mitigation and adaptation to climate change on a grand scale, noting that global warming was likely to reach 1.5°C between the years 2030 and 2052 if the temperature continued to increase at the current rate, causing long-term changes in the climate system. The report indicated that natural and human systems faced higher climate-related risks at a warming of 1.5°C than at present, but lower than at 2°C. The magnitude of these risks would depend on the rate of warming, geographic location, country-specific levels of development and vulnerability, as well as the implementation of adaptation and mitigation measures. However, the report indicated that adaptation needs would be lower for global warming of 1.5°C compared to 2°C.

To cap global warming at 1.5°C, the report looked at consistent emissions pathways and system transitions. Through four illustrative model pathways the report showed that the pathways limiting global warming to 1.5°C, with limited or no overshoot, would require rapid and robust transitions in energy, land, urban infrastructure and industrial systems. These sector changes were unprecedented in scale, implying large emissions reductions in all sectors, a wide range of mitigation options and a significant increase in investment in those options. In model pathways with no overshoot or limited overshoot of 1.5°C, global net anthropogenic CO₂ emissions decline by about 45% from 2010 levels by 2030, reaching net zero around 2050. To limit global warming to below 2°C, CO₂ emissions are projected to decline by about 25% by 2030 in most pathways and reach net zero around 2070. Non-

CO2 emissions in pathways that limit global warming to 1.5°C show deep reductions that are similar to those in pathways limiting warming to 2°C.

- *Achieving global climate goals by 2050: Actionable opportunities for this decade*, Monteith, S. and Menon, S., Climate Works Global Intelligence, 2020, [link](#).

This report highlighted seven sectors distributed across ten geographic areas in which large-scale emissions reduction opportunities could be targeted in order to meet global climate goals. These sectors include electricity, fuel supply, industry, buildings, transport, agriculture, and forest and land use. To reach this conclusion, the research had used a range of climate scenarios developed with the open-source Global Change Assessment Model (GCAM). The report found extensive opportunities for mitigation and numerous ways to approach this global challenge. The GCAM had revealed nuances about “some cross-linkages and trade-offs inherent to any climate change mitigation strategy” (p. 3). Many leverage points were available (eg advocacy, communications, diplomacy and governance, finance and markets, innovation) and they had to be used strategically. Success would require coordinated action from various stakeholders, such as civil society, all levels of government, businesses, investors and philanthropy.

The report included a figure on page 4 showing how different levels of emissions (pathways) correspond to different levels of temperature rise by the end of the century. It further identified the sectors within which emission reductions can be realised, illustrating those that are critical for capacity, technology and financial support. These “global pathway estimates are generated using a wide range of scenarios based on many models, though they often lack accessible details at the sectoral and geographical levels” (p. 4). GCAM adopted an open-source model in order to provide a more detailed view of possible solutions.

- *Net Zero by 2050: A Roadmap for the Global Energy Sector*, IEA, May 2021, [link](#).

This recently released International Energy Association (IEA) report detailed the urgency with which the energy sector needs to address infrastructural transformation to maintain the narrowing pathway towards the global 1.5°C temperature goal. The roadmap set more than 400 milestones, which notably included the immediate end to new investment in fossil fuel extraction, net-zero electricity by 2040, no new coal power, and no new fossil fuel boilers (home heating) from 2025. By 2050, 70% of electricity would need to come from wind and solar sources, and 90% from renewable sources. Despite the tight ten-year window for action in which everyone would need to work together and manage transitions, there would also be major opportunities for infrastructural investment, net increases in job supply, a 0.4% increase in global gross domestic product (GDP), and positive effects on public health.

- *Oil Change International, Fossil Fuel Subsidies Overview*, [link](#).

This article focused on the financing of fossil fuels, arguing that fossil fuel subsidies should be eliminated from public spending as they used a sizeable proportion of the remaining carbon budget (the amount of GHGs that can be emitted while staying on track to remain below a 2°C warming), contributed to ‘carbon lock-in’ and had negative impacts on public and environmental health. However, it reported that as of 2015, governments provided between \$775 billion to \$1 trillion annually in subsidies. G20 governments spent \$444 billion per year on oil, gas and coal (inclusive of direct national subsidies, domestic and international finance, and state-owned enterprise investment). Although many governments had voiced commitments to phase out fossil fuel subsidies, the article pointed to the strong hold the fossil fuel industry had on policymakers. It also stated that if public funding continued to be provided to oil, gas and coal industries, there was no real commitment to addressing climate change.

- *Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?*, Hepburn, C. et al., *Oxford Review of Economic Policy*, 36 (Supplement_1), 2020, [link](#).

This article placed COVID-19 recovery in the context of the climate crisis, articulating the need to harness a green recovery and further international climate goals for wider resilience and economic and financial stability. The authors surveyed 231 central bank officials, finance ministry officials, and economic experts from G20 countries on

the relative performance of 25 fiscal recovery models spanning four dimensions: speed of implementation, economic multiplier, climate impact potential, and overall desirability. In the wake of COVID-19, many G20 governments implemented fiscal rescue measures to increase cash flows to individuals in financial distress and support those who needed to spend on food, shelter, health, electricity and other basic goods.

The article argued that COVID-19 recovery presented a unique opportunity to align recovery goals with climate goals, and that fiscal recovery packages would have long-term impacts on climate change. It also discussed the potential risks of a recovery that is not climate-compatible, such as being locked into a fossil fuel system. At the time of reporting, many governments had implemented rescue packages, but none had introduced significant recovery packages. The article stated that proposed recovery packages “could be ‘brown’, reinforcing the links between economic growth and fossil fuels... or ‘green’, decoupling emissions from economic activity” (p. 364). Of the rescue packages reviewed in this paper, 4% were ‘green’, with the potential to reduce long-term GHG emissions, 4% were ‘brown’ and likely to increase net GHG emissions, and 92% were ‘colourless’ and maintained the environmental status quo. The authors identified six policies that were well placed to contribute towards economic and climate goals in the wake of COVID-19:

1. clean physical infrastructure investment
 2. building efficiency retrofits
 3. investment in education and training to address immediate unemployment from COVID-19 and structural unemployment from decarbonisation
 4. natural capital investment for ecosystem resilience and regeneration
 5. clean research and development (R&D) investment
 6. (for developing countries) rural support spending (this is high value, whereas clean R&D investment is of less value).
- *Addressing the COVID-19 and climate crises: Potential economic recovery pathways and their implications for climate change mitigation, NDCs and broader socio-economic goals*, Buckle, S. et al., OECD Publishing, 2020, [link](#).

This article highlighted how COVID-19 recovery packages will affect the ability of countries to meet not only domestic economic, social and environmental goals, but also the collective goals articulated in the Paris Agreement. The article developed three COVID-19 recovery pathways that differ in the extent to which they reduce GHG emissions and integrate mitigation and wider well-being outcomes: rebound pathways, decoupling pathways, and wider well-being pathways. Rebound pathways prioritised the rapid re-establishment of economic growth and stability, rather than CO₂ emissions reductions or other social/environmental objectives. Measures would aim to safeguard companies, restore/create new jobs, and increase incomes, investment and trade. But they might also exacerbate dependency on fossil fuel and energy-intensive infrastructure and lead to an increase in pollution and inequalities. Decoupling pathways focused on conventional metrics of economic success, such as GDP, and placed emphasis on climate change mitigation during recovery. Decoupling measures would seek to restore economic growth and stability while also aiming for an ‘absolute’ decoupling of CO₂ emissions, meaning that emissions would be flat or falling in conjunction with positive GDP growth. However, it was unclear whether or not this decoupling pathway was consistent with the well-below 2°C warming goal as this would be dependent on specific rates of CO₂ emissions. The wider well-being pathway looked beyond GDP to wider benefits such as income, employment, housing and health. This pathway was sustainable, inclusive and climate-resilient and sought to fully integrate economic recovery, CO₂ emission reductions and well-being outcomes.

The paper also linked COVID-19 recovery to NDCs. Since countries would be updating their NDCs while also developing their COVID-19 recovery strategies, the latter could impact on NDCs in multiple ways:

- The mitigation ambition of current NDCs could be affected by the particular form of NDC, the depth and length of the economic downturn, and the speed of recovery in short-term activities and emissions.
- Economic downturn and recovery might affect the level of available public and private funding to implement climate responses, and to undergo domestic processes updating NDCs.

- Recovery measures could help or hinder domestic policy alignment and affect overall policy coherence and longer-term climate ambition. If governments chose to undertake decoupling recovery measures, policy alignment could be achieved. However, if governments followed rebound pathways, recovery measures would be misaligned with their NDCs.

2.2 The emergence of commitments to Paris alignment in development finance institutions

- *Green Finance Strategy: Transforming Finance for a Greener Future*, HM government, July 2019, [link](#).

In 2019, the UK announced its Green Finance Strategy, which placed emissions reduction at the heart of its global financial strategy. The strategy aimed to enact systemic changes across all parts of the economy in an effort to achieve net-zero GHG emissions by the year 2050. This also made the UK the first major economy to enshrine such a target in law.

The strategy outlined objectives to align private sector financial flows with environmentally sustainable and resilient growth as well as to strengthen the competitiveness of the UK financial sector, and relied on three strategic pillars: greening finance, financing green and capturing the opportunity. Greening finance ensured that “current and future financial risks and opportunities from climate and environmental factors are integrated into mainstream financial decision making, and that markets for green financial products are robust in nature” (p. 7). Financing green focused on using “finance to support the delivery of the UK’s carbon targets and clean growth, resilience and environmental ambitions, as well as international objectives” (p. 7). Capturing the opportunity related to “ensuring UK financial services capture domestic and international commercial opportunities arising from ‘greening of finance’, such as climate related data and analytics, and from ‘financing green’, such as new green financial products and services” (p. 7).

Situated within the objective of ‘greening finance’ is the use of official development assistance (ODA). Part of a wider array of tools identified to ‘green’ international financial systems, ODA, and particularly ODA alignment with the Paris Agreement, was noted as important as it demonstrated the UK’s commitment to its climate responsibilities under the UNFCCC. Aligning the UK’s ODA with the Paris Agreement also ensured that the UK was a global influence and that it led by example.

- *Reporting on Letter of Appropriation – Sida’s analysis and lessons learned for additional measures to increase alignment of Swedish bilateral development cooperation with the Paris Climate Agreement*, Åkesson, U. and Wärnbäck, J., August 2020, [link](#).

At the time of writing, Sweden did not have a stated goal for Paris alignment. The Swedish International Development Cooperation Agency (Sida) aimed for alignment through its environmental management system’s environmental policy and action plan. The plan stated that aid should be delivered such that:

- “Environmental aspects, including climate risks, are consistently taken into account and integrated into the planning, implementation and follow-up of strategies and contributions.
- The ambition is raised in terms of the share and volume of support for environmentally sustainable development, both in the grants and through mobilised capital and other financial instruments.
- Environmental sustainability is an important dialogue issue in collaboration with partners at all levels, in Sida’s role as an expert authority, and in Sida’s external communication.
- Sida’s own environmental capacity is constantly being developed, and the staff’s competence is continuously improved.
- Sida’s direct negative environmental impact will be continuously reduced” (p. 5).

To implement their climate adaptation and emissions reduction goals, the report noted Sida’s use of the Statistical Manual and Thematic Support guide, which provides guidance on how to achieve and track different components of climate and environment integration, particularly mainstreaming. Sida was also using the Organisation for Economic Co-operation and Development’s Development Assistance Committee (OECD-DAC)

standards to track climate and environmental integration in their contributions, the Rio markers, and the 2017-2020 Environmental and Climate targets and Action Plan, which clarified what must be achieved, when and how it should be achieved, and who was responsible for outcomes.

The report provided analysis of development cooperation with multilateral institutions, with an emphasis on multi-bilateral support. Noted was the lack of “systemic perspectives on the multilateral aid architecture to support countries’ capacities and the implementation of their commitments under the Paris Agreement” and other multilateral environmental agreements (p. 10). The report highlighted the importance of advocacy and Sweden’s role as a climate advocate towards multilateral organisations.

Reflections were provided on efforts to go beyond ‘do no harm’ in their climate and environment integration, showing the potential to raise climate ambitions towards more transformative interventions.

- *Alignment of Sweden’s multilateral aid with the Paris Agreement on climate change, Hårsmar, M. and Hjelm, L., Working Paper, EBA, November 2020, [link](#).*

This working paper by EBA, a government committee with a mandate to independently evaluate and analyse Sweden’s international development assistance, aimed to assess the state of Paris alignment of 25 multilateral organisations supported by Swedish ODA, to identify possibilities for increasing the Paris alignment of these organisations, and to offer recommendations as to how Sweden could promote stronger alignment with the Paris agreement by multilaterals. It pointed out that there was no accurate definition of what ‘Paris alignment’ entails, and therefore used a scheme developed by Third Generation Environmentalists (E3G) to analyse the wide variety of organisations. The scheme was adapted and included assessments of the policies and activities involved in climate change mitigation and adaptation, and of how all these have led to transformation. One of the key findings was that there were variations among the multilateral development banks (MDBs) in their fossil fuel policies and practice. The Inter-American Development Bank had “allocated its full portfolio in renewable energy, but the Asian Development Bank, the African Development Bank and the World Bank Group continue to invest in fossil fuel to various degrees” (p. 3). There was a lack of coherence within organisations such as the Energy Sector Management Assistance Programme run by the World Bank. The assessment concluded with recommendations for Sweden, including the following:

- Continue to encourage joint standards for climate change mitigation strategically, especially among the MDBs. Key components would have to be adopted, for example, active promotion of energy sector reform, moving to renewables and energy efficiency.
 - Seek alliances with other actors such as governments, academia and multilateral organisations to develop the understanding of what successful adaptation to climate change means and to document the lessons learned.
 - Make informed choices within Sweden’s climate financing strategy by further developing tools such as the Central Environmental Assessments, which were to be used by Sida as a basis for organisational assessments. “Based on experiences, Sweden has contributed in areas such as energy sector reform, use of the credit guarantee instrument, and how successful adaptation to climate change is linked to health, humanitarian sectors, conflict and gender” (p. 77).
- *Joint declaration of all public development banks in the world, Finance in Common, November 2020, [link](#).*

The public development banks¹ gathered at the Finance in Common Summit in November 2020 and issued a joint declaration in support of the transformation of the global economy and societies towards sustainable and resilient development. The banks affirmed their commitment to align their activities with the objectives of the Paris Agreement. To this end, the banks would strive to “develop, operationalise and scale-up strategies and methodologies of alignment in the perspective of COP26, in support of the definition and implementation of NDCs and long-term strategies to reach zero net emissions as early as possible” (p. 4). Resilience and adaptation

¹ Public development banks are financial institutions with a mandate to finance a public policy on behalf of the State and contribute to the achievement of the Sustainable Development Goals. Public development banks are comprised of a range of financial institutions, including international financial institutions and multilateral banks.

would be mainstreamed in the strategies, and the banks would enhance operations and actions to fund the implementation of national adaptation plans. Private financial flows would be redirected to support low-carbon and climate-resilient sustainable development.

The banks committed to take into account international initiatives and recommendations such as the Task Force on Climate-related Financial Disclosures, the Taskforce on Nature-related Financial Disclosures, and Mainstreaming Climate Action in Financial Institutions. The banks aimed to enhance the implementation of instruments that could help shift investment to sustainable asset classes, for example shadow carbon pricing. The banks would aim to provide adequate information on the extent to which the portfolios aligned with the Paris Agreement.

Further reading

- *Sida's analysis and lessons learned about additional measures required for Swedish bilateral development cooperation to be even more in line with the Paris climate agreement*, Swedish International Development Cooperation Agency (Sida), 20 August 2020, [link](#) (in Swedish).
- *European Development Finance Institutions announce joint ambitions for climate action*, EDFI, 2020, [link](#).
- *Together major development finance institutions align financial flows with the Paris Agreement*, One Planet Summit, AfDB, 2017, [link](#).
- *Principles for Paris-Alignment and Climate Finance in Development*, Mitchell, I. et al., Center for Global Development, March 2021, [link](#).
- *Making Finance Flows Consistent with the Paris Agreement*, IISD, February 2020, [link](#).
- *Aligning with the Paris Agreement*, Cochran, I. et al., Climate Policy Initiative (CPI) and Institute for Climate Economics (I4CE), September 2019, [link](#).
- *The 2018 Report of the Global Commission on the Economy and Climate, The New Climate Economy*, August 2018, [link](#).
- *World Economic Outlook, October 2020: A Long and Difficult Ascent (Chapter 3)*, IMF, October 2020, [link](#).
- *Delivering on the \$100 Billion Climate Finance Commitment and Transforming Climate Finance*, The Independent Expert Group on Climate Finance, December 2020, [link](#).

3. Interpretation

This section considers how countries and institutions are interpreting 'alignment' with the Paris Agreement.

3.1 Best practice for mainstreaming climate change commitments in aid programming

- *Mainstreaming Climate Change Adaptation into Official Development Assistance: A Case of International Policy Integration*, Persson, A., Stockholm Environment Institute, October 2008, [link](#).

This paper was written in 2008 but it gives a good understanding of climate change adaptation and mainstreaming efforts in official development assistance (ODA). After a review of the characteristics of both adaptation as a policy objective and ODA as a policy sector, it identified implications for potential mainstreaming effectiveness under new modes of governance (the contextual shift derived from the 2005 Paris Declaration on Aid Effectiveness such as increased partner country ownership and more aid disbursed through budget support). Adaptation needed to be seen as a 'perspective', rather than an 'issue', in order to adopt longer time frames and increase awareness of potential climate risks in policymaking and planning.

The paper suggested a more consistent approach to distinguishing between different levels of mainstreaming as a way of defining more precisely what kind of choices mainstreaming involved. Figure 5 on page 24 offered further explanation: 'Mainstreaming' was broken down into different levels (macro, meso and micro). Macro-level mainstreaming had a higher level of ODA policy implementation, but was usually seen as a more controversial

issue. On the other hand, micro-level mainstreaming had a lower level of ODA policy implementation, but greater specification of adaptation objectives.

The paper highlighted that ODA agencies' lack of funds and capacity has led to less progress in mainstreaming climate change adaptation at the strategic and programmatic level when compared with procedural approaches. Finally, the paper pointed out that mainstreaming was "not only an institutional and procedural concern, ie a question of 'how to' achieve integration effectively and efficiently, but was also a question of 'whether' integration was an appropriate strategy, 'who decides' when and where to mainstream, and 'who pays' for ensuring that integration did not result in net loss of resources for development" (p. 26).

3.2 How Paris alignment is being interpreted by other development finance institutions programming ODA

- *Aligning Development Co-operation and Climate Action: The Only Way Forward*, Lyons, S. et al., OECD, 2019, [link](#).

This report sought to examine the imperatives, challenges and priority actions for development cooperation to align with the objectives of the Paris Agreement. It was intended as a guide to enable ambitious climate action and to seize the co-benefits of combined development and climate action to support sustainable development.

The report defined alignment as a way to ensure that development pathways were low-emission, climate-resilient and sustainable. The report noted that aligning development cooperation with the Paris Agreement involved accounting for a variable climate reality and supporting the objectives of the Agreement (ie mitigation, adaptation and the reliability of finance flows). It argued that alignment also supports an inclusive and just transition in developing countries and the health of critical ecosystems to achieve shared economic, social and environmental benefits.

The report outlined a conceptual framework for development cooperation, proposing that it should:

- not undermine the Paris Agreement, but should contribute to the required transformation
- contribute to countries' transitions to low-emission and climate-resilient pathways
- support the short- and long-term processes under the Paris Agreement
- proactively respond to evidence and opportunities to address developing countries' needs.

Further to this framework, it stressed that Paris alignment would require integrated action via finance, policy support and capacity building.

The report found that in order to align with the Paris Agreement, development cooperation providers needed first to take action at home before taking action in developing countries and at the system level. Specifically, the report found that:

- Development co-operation providers were not yet equipped to address the threats of climate change. Donor countries and providers needed to integrate climate ambitions into their mandates and performance systems, as well as further establish capacities and tools to deliver.
- There was a lack of coherence in donor countries' international activities to offset climate action through development cooperation. Donor countries needed to eliminate policy conflicts between international activities and commitments under the Paris Agreement.

In relation to developing countries, the report found that process and capacity limitations often constrained the integration of climate action into decision-making processes. It recommended that providers support the leadership and capacity of central actors and systems in developing countries to drive integration of climate change in policy. The report also pointed out that central systems in public administration and private finance in many developing countries perpetuated high-emitting pathways, there was a lack of international consensus regarding climate as an integral component of sustainable development, there were fragmented approaches that

limited the efficacy of climate action, and there were systemic barriers in developing countries that impeded investment in low-emission, climate-resilient infrastructure. Although these all presented barriers to effective climate action and alignment with the Paris Agreement, the report called on development providers to equip themselves first before other barriers could be adequately addressed.

- *A Framework for Alignment with the Paris Agreement: Why, What and How for Financial Institutions?*, Cochran, I. and Pauthier, A., I4CE Institute for Climate Economics, September 2019, [link](#).

This discussion paper acknowledged that there was currently no overarching framework to address a number of areas of Paris alignment. The document proposed a framework that captured the implications of the Agreement and aimed to be suitable for all actors, public or private, to help align their strategies and operations with the Paris Agreement. The framework set out three dimensions for action:

1. A comprehensive range of action – actors needed to look to support low-GHG climate-resilient development directly or indirectly across all business areas.
2. A long-term timescale to guide impact – acknowledging the possibility that some activities that “result in ‘relative’ rather than ‘absolute’ emissions reductions or enhanced resilience might be counterproductive to achieving long-term goals” (p. 4).
3. An ambitious range of contribution – actors needed to seek to increase the ambition of contribution to the Agreement’s goals, ensuring that all activities: 1) do no harm, 2) support Paris-consistent climate co-benefits and 3) foster transformative outcomes.

By adopting all three dimensions of action, actors could ensure that the changes they introduced in strategic governance, the assessment framework for decision making, and investment processes would be sufficient to contribute to the goals of the Paris Agreement. The report offered several recommendations for financial institutions to transition from climate mainstreaming to Paris alignment:

- The commitment to align with the Paris Agreement needed to be adopted by the top-level management and be mainstreamed across all business lines and operations.
 - Alignment had to be integrated into all strategic plans, objectives and business lines. Where possible, the Paris-aligned strategies needed to be country-specific, and both direct and indirect impacts of individual investments to system-level changes had to be considered.
 - Targets and performance indicators used to track progress needed to “aim to support the most ambitious contribution to national and international pathways” (p. 34).
 - Metrics, methods and assessment tools had to serve to: 1) screen all activities for contribution to the goals of Paris Agreement, 2) ensure that short-term activities contributed to attaining long-term goals and 3) identify ways of supporting both national and international transformation across all activities.
- *The MDBs’ alignment approach to the objectives of the Paris Agreement: working together to catalyse low-emissions and climate-resilient development*, press release, World Bank, December 2018, [link](#).

This press release reflected the commitment of the MDBs to align financial flows with the objectives of the Paris Agreement. It was a joint statement together with the International Development Finance Club. The MDBs included the African Development Bank Group, the Asian Development Bank, the Asian Infrastructure Investment Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank Group, the Islamic Development Bank, the New Development Bank and the World Bank Group (World Bank, International Finance Corporation, Multilateral Investment Guarantee Agency). The MDBs’ approach was based on six building blocks that were recognised as the key areas for alignment with the goals of the Paris Agreement. A joint MDB working group had been created to develop methods and tools to operationalise this effort under each building block. The building blocks were:

- Mitigation goals alignment – operations would be consistent with countries’ low-emissions development pathways and compatible with the overall climate change mitigation objectives of the Paris Agreement.
 - Adaptation and climate-resilient operations – MDBs had to manage physical climate change risks actively and locate opportunities to make businesses more climate-resilient.
 - Climate finance to accelerate transition – MDBs needed to maximise the provision of climate finance and minimise the climate finance gap and accelerate transition through new approaches.
 - Engagement and policy development support – MDBs had to put in place long-term plans and build on current efforts to support the revision cycle for NDCs.
 - Reporting – MDBs had to develop tools and methods for characterising, monitoring and reporting on the results of Paris-aligned activities and harmonise approaches.
 - Internal activities alignment – MDBs had to ensure all internal policies and functions were in line with the objectives of the Paris Agreement.
- [Aligning with the Paris Agreement, Position Paper, International Development Finance Club, December 2018, link](#).

It was noted that the concept of aligning finance with the Paris Agreement had emerged over recent years as the new frontier for increasing climate action ambition within the financial community. The International Development Finance Club (IDFC), which has 24 members in both developed and developing countries including China Development Bank, Industrial Development Bank of Turkey, Central American Bank for Economic Integration and the International Investment Bank, presented this position paper to summarise the current thinking within IDFC at the time of writing, in particular around the concept of alignment and its implications. It stated that “the acceptance of ‘alignment’ with the Paris Agreement should be first sought in the agreement’s three long-term goals, as described in its Article 2” (p. 2). IDFC members considered Article 2.1.c of the Paris Agreement as the guidepost of their alignment, in accordance with other major international organisations such as OECD and think tanks such as World Resources Institute (WRI), E3G and Germanwatch. To align financial flows with the Paris Agreement, IDFC members were committed to:

- increasingly mobilising finance for climate action
- supporting country-led climate-related policies
- seeking to catalyse investments, and to mobilise private capital, both locally and internationally
- supporting the transition from fossil fuels to renewables financing.

The position paper highlighted that many IDFC members had endorsed the five voluntary principles for mainstreaming ‘Climate Action within Financial Institutions’, which were:

1. commit to climate strategies
2. manage climate risks
3. promote climate smart objectives
4. improve climate performance
5. account for your climate action (p. 4).

- [EIB Group Climate Bank Roadmap 2021-2025, the European Investment Bank Group, November 2020, link](#).

The European Investment Bank (EIB) Group committed in 2019 to align all its financing activities with the principles and goals of the Paris Agreement by the end of 2020. This roadmap built on the MDBs’ framework – a common approach to align all MDBs’ activities with the goals of the Paris Agreement – and covered all six building blocks of this joint approach. These consisted of:

1. alignment with mitigation goals
2. adaptation and climate-resilient operations

3. accelerated contribution to the transition through climate finance
4. engagement and policy development support
5. reporting
6. aligning internal activities.

In addition, this report presented an alignment framework, primarily shaped by the public policy-driven nature of the EIB, for EIB Group financing, advisory and treasury operations. From 1 January 2021 onwards, this framework and enhanced system (of tracking, accounting and reporting) applied to all new EIB operations across all sectors. A longstop date for board approval of any non-aligned operations was set at the end of 2022.

In deciding whether to support an investment, the EIB Group needed to judge whether it was consistent with the EU's commitment to reach net-zero GHG emissions by 2050. Modelling exercises were helpful to provide an indication of the carbon price and it was proposed that the shadow cost of carbon, used in the economic analysis of the projects, should be revised to ensure projects aligned with the Paris Agreement. "In general, the EIB framework adopts the proposed Do No Significant Harm (DNSH) criteria as a 'floor', ie the level below which the EU climate bank would not support a project. On occasion, where justified, it may set a stricter standard (p. 39). Chapter 4 included more details on the approach taken to align new projects with pathways towards low GHG emissions and climate resilience, covering sectors such as energy, transport, buildings and water. The framework was outlined in an annex, which clearly identified the types of activities supported and not supported under each industry. Energy and transport industries can serve as examples.

Energy industry:

- Supported: renewable power generation meeting the Emission Performance Standard; sustainable sources for biogas or biomass; investments to improve the energy performance of public lighting.
- Not supported: coal mining, processing, transport and storage; natural gas exploration and production; coal/peat/oil (if natural gas is available) used for industrial heat production.

Transport industry:

- Supported: zero direct emission mobile assets; liquefied natural gas (LNG)-fuelled ships; measures and retrofits that brought demonstrable environmental, safety and security improvements; intelligent transport systems and other investments supporting efficiency improvements.
- Not supported: vehicles and infrastructure dedicated to the transport and storage of fossil fuels (eg coal and oil terminals, LNG bulk breaking facilities); maritime vessels using only conventional fuels; airport capacity expansion; conventionally fuelled aircraft.

It was also highlighted that although the framework aimed to be comprehensive, "omissions will inevitably arise given the complexity of EIB Group activities" (p. 87). In this case, EIB Group services would appraise the particular omitted activity applying the underlying rationale presented in the alignment framework.

- *Investing for clean and inclusive growth, Climate Change Strategy, CDC, 2020, [link](#).*

As a development finance institution, CDC stated in its Climate Change Strategy that all portfolios and activities would align with the Paris Agreement. This strategy was underpinned by the following key principles:

- Directly adopting the four pillars (strategy, governance, risk management and metrics) of the Task Force on Climate-related Financial Disclosures – a product of the G20 Financial Stability Board. CDC went beyond the MDB approach by focusing on this international framework for integrating climate change opportunities and risks into the management systems of financial institutions and businesses.
- Operating within the remaining carbon budget – that referred to the amount of carbon that could still be emitted for the world to stay within a 2°C average temperature rise scenario – to make all financial flows consistent with the goals of the Paris Agreement.
- Supporting economic transformation.

- Applying the strategy to the whole organisation.

The strategy was made up of three building blocks which aligned the activities and investments with the Paris Agreement:

1. Net zero by 2050: investing for a net-zero world
2. Just transition: ensuring the change to net-zero and climate-resilient economics was socially inclusive
3. Adaptation and resilience: addressing vulnerability to climate shocks.

The strategy included priority sectors for applying a climate lens: energy, transportation, water and waste management, food and agriculture, forestry, manufacturing, construction and real estate, financial institutions and trade finance.

3.3 The importance of improved understanding of climate action pathways and financial needs to achieve Paris alignment in developing countries

- *Aligning climate finance to the effective implementation of NDCs and to LTSs*, United Nations Environment Programme, 2018, [link](#).

This report proposed systems to improve the alignment of international climate finance with national priorities for the implementation of Nationally Determined Contributions (NDCs). It did this by considering the barriers to finance alignment by development finance institutions (DFIs) to priorities outlined in NDCs. The term DFIs included MDBs and bilateral development banks.

The findings showed that “NDCs are not inherently designed as portfolios of bankable investment projects”, rather, they are “designed primarily to identify and quantify national climate priorities” (p. 9). It was difficult for DFIs to consider NDCs specifically when assigning funds as there were no tracking standards for NDC progress. The report also found that DFI climate policies did not always give sufficient focus to country-specific priorities. Instead, DFI policies focused on end outcomes (global temperature increase of less than 2°C).

Nonetheless, NDCs were a relatively recent concept, and were not yet reflected in the multi-year nature of DFIs’ country strategies or some lengthy project cycles. Looking into the future, however, it was expected that alignment would increase as country strategies were revised and NDC objectives were more integrated into the planning of new project pipelines.

The report also referred to some examples of efforts added to increase alignment of climate finance towards adaptation:

- Agence Française de Développement (AFD) had developed a targeted initiative, the Adapt’Action Programme, to align climate finance lending to adaptation projects. The programme was being implemented in 16 countries including the Comoros, the Dominican Republic and Madagascar, and aimed to strengthen climate governance to ensure successful NDC implementation.
- “DFIs are setting goals to increase the share of climate sustainability projects as a part of total lending” (p. 33). Core benefit assessments, climate-related risk assessments, gross emissions and carbon pricing were established.
- The Inter-American Development Bank Group had set up NDC Invest, a platform designed to act as a one-stop shop that offered a package of technical and financial assistance delivered through four operational components of ‘NDC Invest Clusters’: 1) NDC Programmer, 2) NDC Pipeline Accelerator, 3) NDC Market Booster, 4) NDC Finance Mobiliser.
- The African Development Bank had launched the Africa NDC Hub which served as a resource tool for member countries. It aimed “to explore options to raise ambition necessary for low carbon and climate resilience growth on a long-term trajectory” (p. 34).
- The World Bank’s NDC Support Facility emphasised stakeholder coordination as a key to unlocking targeted investments that could be aligned with NDC priorities.

- The European Bank for Reconstruction and Development had also launched a similar NDC support programme that “focuses on translating NDCs into adaptation and mitigation investments while enabling policies and regulations necessary for NDC implementation” (p. 34).
- *Adaptation Gap Report 2020*, UNEP, January 2021, [link](#).

The Adaptation Gap Report (2020) sought to assess the status and progress of global adaptation planning, finance and implementation. The report showed that 72% of countries had adopted at least one national-level adaptation planning instrument, and another 9% that did not already have an instrument in place were in the process of developing one. Many countries had developed (or were developing) national adaptation plans as well as sectoral and subnational adaptation plans. Although many countries had implemented adaptation plans, it was difficult to assess the adequacy and effectiveness of adaptation planning as there was no consensus around definitions for and approaches to assessing these aspects. The report also indicated that less than half of the 196 countries analysed met indicators of implementability in their adaptation planning – focusing on the presence of a central administration body, direct investments, regulations and incentives. Only one-third of countries had set aside some financial resources to support their identified adaptation options, such as through direct funding and budgeting allocations, and fewer considered incentives such as taxes and subsidies to encourage adaptation action.

- *Biennial Assessment and Overview of Climate Finance Flows*, UNFCCC Standing Committee on Finance, 2018, [link](#).

This report was produced by the Standing Committee on Finance, created in 2010 to support the UNFCCC Conference of the Parties (COP) in, among other things, the measurement, reporting and verification of the support provided to developing country parties.

On the alignment of climate finance with the needs of developing countries, it noted that there was incomplete data both from top-down tracking of climate finance flows and from bottom-up estimation of climate finance needs, and those needs that required support from development finance. Developing countries’ NDCs, for example, did not present financial needs in a consistent or comparable manner. In making this assessment, the report looked across a number of efforts to complete national climate finance needs assessments. It noted that ongoing efforts were needed to ensure that needs were matched by existing and potential financing, technical and policy support.

3.4 The growth of Paris alignment in other institutions, including private institutions

- *Aligning finance with the Paris Agreement: An overview of concepts, approaches, progress and necessary action*, Rydge, J., December 2020, [link](#).

This paper provided an overview of emerging methods and metrics in the public and private sectors to assess the Paris alignment of financial flows and guide investment decisions. Although this was a developing field of work, it identified a need for improved coordination among finance actors in their use of methods and metrics to increase consistency, coherence and comparability, and drive systemic change beyond the project and portfolio levels.

The report highlighted the leadership of MDBs and the private financial sector in developing methods and metrics with which to assess and Paris-align finance flows. Of particular note was the focus on asset allocation and the use of outcome-based approaches. However, the report articulated the need for a set of ‘minimum standards’ for methods and metrics that can be used by the private and public sectors, as well as the importance of recognising that Paris alignment is more than just the alignment of finance flows. Full systems transformation and recognising the mutually supportive role of the Sustainable Development Goals would be needed to achieve Paris alignment.

- *The Paris Aligned Investment Initiative Net Zero Asset Owner Commitment*, Institutional Investors Group on Climate Change, 2019, [link](#).

The net-zero asset owner commitment represented a collective set of intentions and actions that institutional asset owners might undertake. The commitments were designed to accelerate the transition towards global net-zero GHG emissions and remain within the global 1.5°C temperature limit. The list of ten intentions focused primarily on fiduciary commitments and the transition of investments to achieve a net-zero portfolio. To achieve this, the commitment described setting targets, investing in climate solutions, and supporting policy and regulation relevant to climate goals, stewardship and transparency.

- *Framework for Sustainable Finance Integrity: A contribution to guiding actions across the financial system*, Consultation draft, Tonkonogy, B. et al., Climate Policy Initiative, May 2021, [link](#).

This consultation draft document was intended to contribute to the financial sector’s move towards sustainability and a net-zero future. It highlighted that while many initiatives involved commitments to align finance with the Paris Agreement and the Sustainable Development Goals, “the pace of change and impact on real economy is likely to be too slow, with lock-in of high carbon assets and unmitigated climate risks before 2050” (p. 2). There was an urgent need to increase the ambition, credibility and accountability of coalition commitments. Given that there was “no universally accepted framework against which to measure progress, no common understanding of the minimal actions that all financial actors should be doing” (p. 3), and no overarching organisation that was tracking progress of the financial system overall, this paper presented a Framework for Sustainable Finance Integrity to suggest:

- A minimum benchmark (Chapter 2). This minimum benchmark gave an account of the actions that have “generated considerable consensus as the basic operations that all financial sector actors should adopt, regardless of sector” (p. 4).
- Leadership benchmarks (Chapter 3). The chapter explained the actions required across the financial system and also detailed sector-specific actions and examinations. The criteria used to identify leadership were: “1) most ambitious action to date already announced in the area by an actor/coalition; and 2) recommended action from academics or NGOs for credible leadership that drives transformative change” (p. 4). Climate finance commitments had been tracked and reported by most development finance institutions for some time, but tracking methodologies would have to be updated to include the non-Paris-aligned share of portfolios as well.

Finally, the framework proposed a valid approach that other actors, such as academia, think tanks, and civil society, could use to analyse and monitor progress on sustainability and hold finance sector actors to account.

Further reading

- *Finance in Common Summit: IDFC strengthens its commitment to meet the Paris Agreement Goals*, Press Release, IDFC, November 2020, [link](#).
- *World Bank Group President’s Statement on Climate Change Action Plan*, World Bank, 2 April 2021, [link](#).
- *Executive Summary: US International Climate Finance Plan*, The White House, 21 April 2021, [link](#).
- *Measuring Portfolio Alignment: Assessing the position of companies and portfolios on the path to net zero*, Blood, D. and Levina, I., 2020, [link](#).
- *Building a Private Finance System for Net Zero: Priorities for private finance for COP26*, Carney, M., 2020, [link](#).
- *Principles for Paris-Alignment and Climate Finance in Development*, Mitchell, I. et al., 29 March 2021, [link](#).
- *Sustainable Finance Index: Results report for Latin America and the Caribbean*, Guzmán, S. et al., 2020, [link](#).
- *The Coalition of Finance Ministers for Climate Action: An Overview*, World Bank, 2019, [link](#).

4. Emerging practices

This section considers the processes and tools which relevant institutions are putting in place to align development finance with the Paris Agreement.

4.1 Assessment of previous UK efforts to mainstream issues into aid programming

- *International Climate Finance: UK aid for low-carbon development*, Independent Commission for Aid Impact, February 2019, [link](#).

In its 2019 review of the International Climate Finance portfolio, ICAI sought to answer three questions:

1. Relevance: Does the UK's approach to low-carbon development reflect the needs of developing countries and its international commitments to climate finance?
2. Effectiveness: How effective is UK International Climate Finance at promoting investment in low-carbon development?
3. Learning: How well do UK investments in low-carbon development promote and reflect learning and evidence?

With reference to the first question, the review found that the former Department for International Development (DFID) progressively moved from a portfolio of dedicated climate programmes to mainstreaming climate action across its portfolio. DFID called this approach "integration". Although the review recognised this step, it did not find that DFID approached this integration process in a convincing way as there was no explicit requirement for new programme designs to incorporate low-carbon development objectives (a vital factor in integrating climate action across the portfolio). The review concluded that concerted effort was needed to create a change management plan that put appropriate systems in place and built capacities and incentives to integrate cross-cutting objectives.

- *DFID's approach to disability in development*, Independent Commission for Aid Impact, May 2018, [link](#).

This rapid review sought to assess DFID's approach to mainstreaming disability across the department as a whole, particularly in terms of how it designed programmes that addressed barriers to disability inclusion and built international coalitions. DFID created a disability framework in 2015 that aimed to mainstream disability in policies and programmes as well as support disability-targeted programmes. ICAI found, however, that this framework was not enough to jump-start the mainstreaming of disability as there was a lack of relevant commitments from country offices and multilateral teams. Additionally, the framework did not contain actual targets.

Although DFID management had provided clear leadership, putting a range of requirements into its programme management processes, its disability-targeted programming in key sectors was too modest to be likely to deliver transformational results. The report indicated that DFID had begun to develop a research strategy to fill key data gaps, but that it was not clear how people with disabilities had been involved in driving this research. Additionally, the research agenda was not aligned with DFID's policy agenda and there were no plans to mainstream disability into broader research.

As a result of this review, DFID implemented many positive changes aimed at addressing the shortcomings noted above. Some of these included publishing a comprehensive Disability Inclusion Strategy, setting specific and ambitious standards for all business units, and setting targets for increased representation of UK staff with disabilities. At the time of the July 2019 follow-up review, it was too early to know whether these actions would be implemented and what their results would be.

4.2 How development agencies are aligning aid with the Paris Agreement

- *How Do Development Agencies Support Climate Action?*, Calleja, R., Center for Global Development, March 2021, [link](#).

This paper investigated how development agencies were responding to global requests through integrating climate action into their development activities. Quantitative and qualitative data on all 30 members of the OECD-DAC had been examined to “map and analyse the key trends in both the scale and usage of ODA allocated to support climate activities and the tools and approaches used to integrate climate across development portfolios” (p. 1). The paper showed that 17 DAC members (including Austria, Canada, the EU, Finland, France, Ireland, Norway, Sweden and the UK) referenced intentions to integrate climate considerations across their entire development portfolio, echoing the findings of an OECD study that “environment mainstreaming is common practice among DAC members” (p. 39).

The author also included some recommendations:

- Development agencies would have to develop stronger mechanisms for measuring and reporting climate spend and impact.
- Work with stakeholders was needed to understand climate vulnerabilities and priorities.
- It was important to ensure non-climate spend seized the right opportunities to mitigate and support adaptation to climate impacts.
- Providers needed to use climate action approaches beyond ODA that addressed their own role in generating emissions.

Annex 7 of the document provided a list of environmental and climate assessment tools used by various providers, including the following:

- Denmark: DANIDA Climate Change and Green Growth Screening, which was applied to all new programmes including regional programmes and earmarked contributions to multilateral organisations. The guidance suggested that green growth had to be considered at all phases of the project life cycle.
 - EU Institutions: Environment and Climate Change Mainstreaming, which included tools like Strategic Environmental Assessment (SEA), Environmental Impact Assessment, Climate Risk Assessment.
 - Norway: Assessment of Environmental and Social Sustainability and Climate Change Risk Management. Risks were categorised into three levels (significant, limited or no adverse social or environmental impacts) and all projects would be labelled according to these. Other instruments like environmental and social impact assessment and SEA were also used.
 - Sweden: Green Toolbox, which included several types of guidance for carrying out climate screening and assessments.
 - UK: Smart Rules. Climate risks were integrated into the former Department for International Development’s Smart Rules, and it was noted that “ODA should not be used on activities which are not aligned with the Paris Agreement” (Smart Rules p. 44). “The UK also produces a Smart Guide on Climate and Environment, but the current iteration of the document does not appear to be public” (p. 89).
- *Climate Risk Assessment: An Introduction*, EuropeAid, [link](#).

The EuropeAid presentation pointed out that Climate Risk Assessment (CRA) was done to identify risks to development activities arising as a result of climate change and, equally important, opportunities to address climate change. The purpose of CRA was to “ensure that climate change does not undermine the development programmes’ goals, objectives and outcomes; that programmes do not inadvertently increase vulnerability and drive maladaptation; and that development is appropriate, viable and sustainable in the face of climate change” (p. 21). The ultimate purpose of CRA was to enhance adaptation. CRA formed the basis for locating adaptation interventions.

CRA was incorporated into the project operation cycle. There was an initial rapid climate risk screening at programme identification stage, a detailed CRA at programme formulation stage, and identification of adaptation measures, awareness-raising, resilience promotion and an adaptation review between programme formulation and implementation stages.

Ideally, the CRA process would consist of:

- characterisation of future climate changes and associated hazards (hazard assessment)
- assessment of vulnerability of systems of interest (vulnerability assessment)
- combining the above two stages to locate what kinds of impacts are likely to happen, when they would occur, how they are distributed, etc (impact/risk assessment).

There were different approaches to CRA, such as:

- risk mapping
 - vulnerability assessment
 - participatory assessment
 - impact studies or modelling
 - sensitivity studies
 - expert judgement.
- *Climate Change Risk Assessment Guidance, C40 Cities, August 2018, [link](#).*

CRA was used to understand the likelihood of future climate hazards and their potential impacts for cities and their communities. The findings were crucial for informing the prioritisation of climate action and investment in adaptation. The C40 report described step by step the appropriate methodology and components of the CRA. It recommended that cities should establish goals and identify stakeholders for the study beforehand, and that components for the CRA would include:

- past climate events
 - the city's demographic, socio-economic and environmental context, to understand potential impacts and priorities for the city
 - climate change trends and future scenarios
 - identification of "priority risks, based on exposure, sensitivity, interdependencies and vulnerability" (p. 3).
- *Climate-consistent finance flows in the agriculture, forest and other land use sector: A framework for reporting on Article 2.1(c) of the Paris Agreement, Watson, C., 2021, [link](#).*

This recent report commissioned by GIZ² proposed a framework of government levers, including policies, incentivising and disincentivising finance flows, relevant to operationalising the Paris Agreement, with four levers for making finance flows climate consistent in the agriculture, forest and other land use (AFOLU) sector. Public finance was identified as one of the levers, focusing on expenditure from majority government-owned financial institutions.

Public finance could shift investment decisions and raise capital for low-emission, climate-resilient investments by influencing the real and perceived risks and costs of capital. The financial instruments and structures through which public finance institutions could encourage climate-aligned finance – and the associated barriers that necessitate them – had received much attention. The multilateral development banks (MDBs), for example, had faced criticism for continued lending to the high-GHG-emitting intensive livestock sector. The International Finance Corporation (IFC) – the commercial lending arm of the World Bank – and the European Bank for

² Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is a German development agency that supports the government in the field of international cooperation for sustainable development.

Reconstruction and Development (EBRD) had together provided \$2.6 billion for pig, poultry and beef farming, as well as dairy and meat processing, in the previous ten years.

Two groupings of levers were identified as important in the climate-compatibility of finance flows from majority-owned public finance institutions:

Upstream policy: emphasis on the steps taken within the governance and institutional arrangements of finance institutions. Increasing numbers of public finance institutions were pledging to align investments with the Paris Agreement. Such upstream policies would work to embed these pledges into mandates, strategies and operations, with the objective of building coherence and eliminating conflicts between funding objectives, as well as to build the leadership and capacity to address climate change adequately in a public finance institution.

Downstream policy: emphasis on the steps taken to develop and apply methodologies, tools and financial instruments in public finance institutions during the monitoring of their impact. Tools to screen for climate risks and to develop temperature scenarios that could guide portfolio spending were increasingly available. Longer-standing tools like GHG accounting and shadow carbon pricing were already in existence, and they could direct investment decisions to more climate-aligned actions. Furthermore, as when regulatory authorities mandated lending limits (caps and floors) to direct finance towards or away from particular sectors and activities, public finance institutions could adopt their own internal capital and liquidity requirements.

Table 2: Section from the framework of policy levers (p. 9)

Lever	Definition	Role in making AFOLU finance flows more climate-consistent
Development of mandates, strategies and operations	Policies that embed themes or topics into the mandates, strategies and operations of public finance institutions can build coherence and eliminate conflicts between funding objectives, as well as referring to adjustments in leadership and capacity.	<ul style="list-style-type: none"> Climate change integrated into overarching strategy, and climate integrated into sectoral strategies. Climate change embedded in institutional structures and leadership in climate change response. Negative/black listing of Paris mis-aligned investments that prevents investment in particular activities. Institutional or portfolio-level tracking and accountability.
Adoption of decision-making and evaluation processes	Public finance institutions' development and application of methodologies, tools and financial instruments and monitoring of their impact.	<ul style="list-style-type: none"> Adopt risk screening methodologies, tools and scenarios. Introduce lending limits (caps and floors) for particular sectors, targets and incentives. Development of de-risking tools and instruments to support climate-aligned finance flows. Introduce lending limits (caps and floors) for particular sectors, targets and incentives.

- *E3G Public Bank Climate Tracker Matrix*, E3G, undated, [link](#); *E3G’s 15 metrics of Paris Agreement alignment at public and development banks*, E3G, undated, [link](#).

E3G’s interactive online tool, the Public Bank Climate Tracker Matrix, was launched in 2020. The tool was developed in recognition of the fact that public development banks had a critical role to play in ensuring a sustainable recovery. They were responsible for delivering \$2.3 trillion in global finance annually, 10% of the global total. The tool identified priority actions that each bank needed to take to align their lending with the Paris Agreement on climate change, with substantial changes required across the board to ensure that the banks actively supported a rapid transition. The tool used 15 detailed metrics to assess the degree of Paris Agreement alignment, and was applied to a selection of nine public banks.³ The metrics assess the following dimensions:

Table 3: MDB building blocks of alignment and E3G’s proposed metrics of Paris alignment

MDB building blocks	E3G metrics for Paris alignment
Climate finance	<ul style="list-style-type: none"> • Promotion of green finance • Non-fossil to fossil energy ratio and scaling up climate finance in all sectors
Climate risk, resilience and adaptation	<ul style="list-style-type: none"> • Nature-based solutions • Climate risk screening and assessment
Internal activities	<ul style="list-style-type: none"> • Climate strategy and overarching strategy • Integration of climate into bank sectoral strategies • Institutional leadership and information sharing
Mitigation	<ul style="list-style-type: none"> • Energy access and fuel poverty • Energy efficiency strategies, standards and investment • Fossil fuel exclusion policies • Greenhouse gas accounting and targets • Shadow carbon pricing
Engagement and policy support	<ul style="list-style-type: none"> • Integration of climate into country-level work and country strategies • Technical assistance for implementing Paris goals
Reporting	<ul style="list-style-type: none"> • Transparency of climate finance

³ Asian Development Bank (ADB), African Development Bank (AfDB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Bank for Reconstruction and Development/International Development Association (IBRD/IDA, World Bank), Inter-American Development Bank (IDB), International Finance Corporation (IFC, World Bank Group), Islamic Development Bank (IsDB).

- *Aligning Investments with the Paris Agreement Temperature Goal: Challenges and Opportunities for Multilateral Development Banks*, Working Paper, Bartosch, S. et al., Germanwatch & NewClimate Institute, 2018, [link](#).

This working paper proposed a definition of alignment with the Paris temperature goal and workable decision-making tools for assessing alignment and shifting portfolios within MDBs. Aligning investments with the global temperature goal of the Paris Agreement would require, beyond growing the share of ‘climate finance’, that the whole portfolio should be Paris-aligned. The challenge was not just about growing the ‘green’ investments, but shifting from ‘brown’ to ‘green’.

Scientific scenarios would have to be analysed to indicate which emissions pathways were consistent with keeping global warming to 1.5°C in order to define what it meant to align investments with the Paris temperature goal. Based on the examination of Paris-compatible development pathways and other relevant scientific literature, the report grouped investments into three categories: ‘Paris-aligned’ (fully support the Paris Agreement’s temperature goal), ‘misaligned’ (undermine the goal), and ‘conditional’ (depending on the exact circumstances and characteristics of a project, more granular decision-making tools were needed).

The MDBs could build on existing climate tools, which were categorised into three levels, that supported alignment with the temperature goal:

1. bank strategy level: such as climate finance target, GHG accounting and portfolio emission target
2. county/sector strategy level: such as country emission pathways, supporting and enhancing NDCs and long-term low greenhouse gas emission development strategies (LTSS)
3. project level: such as negative and positive lists, shadow carbon pricing, GHG accounting, emission benchmarks, decision trees combining several tools (including country and sector decarbonisation pathways).

- *Toward Paris Alignment: How the Multilateral Development Banks Can Better Support the Paris Agreement*, Larsen, G. et al., World Resources Institute, 2018, [link](#).

This report from the World Resources Institute provided a snapshot of the MDBs’ climate finance alignment with the Paris Agreement, examining how the MDBs could support enhancement of NDCs, how they mainstreamed climate adaptation and resilience across their investments, and how transparent they were about their climate-related activities and investments. It outlined the way MDBs contributed to the fight against climate change through past and current operations, referred to as the ‘Climate Finance Paradigm’. This was done through “defining, tracking and maximizing the amount of climate finance that MDBs provide and mobilize” (p. 3). Given the urgency of the climate change challenge and the need for quick action to reduce emissions, there was a need to achieve a shift in paradigm. This paper built on the success of the Climate Finance Paradigm and proposed ‘the Paris Alignment Paradigm’, which not only maximised the volumes of climate finance but also aligned all operations with the Paris Agreement.

The Paris Alignment Paradigm involved three elements, which were covered by this study. The first was the role of the MDBs in supporting countries’ NDCs, in terms of both providing financing to implement them and providing technical support to improve and enhance future NDCs. The second involved mainstreaming climate resilience into the banks’ operations, ensuring that eventually all MDB-financed projects were sensitive and responsive to expected future climate impacts, as well as enabling countries to strengthen their own national and regional adaptive capacities, particularly among poor and vulnerable populations. Finally, the third element involved developing ways to ensure that eventually all MDB projects – not just those labelled as climate finance – involved designs, technologies and approaches that were consistent with the Paris Agreement’s temperature goal.

The report provided an overview of what a shift from a Climate Finance Paradigm to a Paris Agreement Alignment would look like both for MDBs and globally in Figure ES-1 on page 5.

The study provided examples of how MDBs’ investment criteria allowed for the application of Paris alignment for project screening across financial portfolios. Based on the mitigation, adaptation and financing objectives set out

in Article 2.1, the criteria allowed for projects to be screened against their effects on the objectives of the Paris Agreement. This tool could take multiple forms and was adaptable across different organisation types. Investment criteria could be informed by different climate scenarios that related both to the reduction of emissions to mitigate climate change and to climate risk screening to promote resilience.

The study further highlighted that for some sectors, such as transportation and agriculture, achieving zero emissions would be very difficult. MDBs deployed a variety of tools to consider climate change mitigation in their operations. These included the following:

- Negative or exclusion lists. Several MDBs did not fund certain activities related to oil and gas development; others excluded or drastically limited their support for coal-fired power plants.
- Shadow carbon pricing. Carbon price, the assumed cost per ton of carbon emissions, was considered during the economic appraisal of a project, to compare outcomes cost-benefit analysis with and without shadow carbon price. Some MDBs used shadow carbon pricing, although there was considerable variation as to the sectors and emissions to which the shadow carbon price applied. MDBs had set shadow carbon prices at different levels. Crucially, some MDBs could approve projects even if they were not economically viable with the carbon price included.
- Portfolio-level targets. In addition to climate finance targets, a few of the banks had set targets associated with GHG emissions from their portfolios.
- GHG accounting – GHG emissions assessment quantifying the total GHGs produced directly and indirectly from MDBs' activities. Most of the MDBs tracked and reported their GHGs, but with slight differences in tracking methods.

The report also highlighted the importance of aligning with and supporting NDCs. Recommendations for alignment included the following:

- All country strategies needed to explain how MDBs' investments and activities linked to the country's long-term climate-related planning, including NDCs.
- Help was required to strengthen the next generation of NDCs through technical assistance and analysis.
- MDBs should not invest in activities that undermine NDCs.
- MDBs needed to consider how to scale up and secure long-term funding for NDC support programmes.
- MDBs had to help identify NDC-related opportunities for private actors.
- MDBs needed to train staff and clients on NDCs, with priority for high-emitting countries or sectors.

To mainstream climate adaptation, authors highlighted the need for MDBs to:

- Integrate climate change into due diligence processes. Environmental and social impact assessments had to integrate analysis of a project's impacts on climate resilience. Also, economic assessments needed to examine the potential economic impact of climate change on the project and the economic value of relevant adaptation options.
 - Incentivise integration of climate risks through targets and performance metrics. Climate-related information had to be required in project approval processes.
 - Help pay for the cost of resilience assessments, project design improvements, and investments in resilience. Identify predictable and long-term financing that reinforced the notion that climate considerations were not a parallel process, but integral to MDB efforts.
 - Invest in identifying strategic short-and long-term adaptation opportunities.
 - Integrate climate risk screening processes into ongoing project monitoring.
- *EIB Climate Strategy, European Investment Bank, 2020, [link](#).*

The EIB Climate Strategy from November 2020 set out how the EIB planned to integrate climate change considerations across all of the Bank's standards, methods and processes. The strategy noted that integration of climate throughout activities relies on the progressive introduction and periodic revision of good practices, to

ensure that standards, processes and methodologies continue to improve in line with the latest evidence and knowledge creation.

To integrate climate change considerations consistently, the EIB planned to do the following:

- Implement a framework to ensure that all the Bank's financing activities aligned with the principles and objectives of the Paris Agreement.
- Make continuous improvements to mainstreaming tools.
- Extend the coverage of sector policies and regularly update existing policies.
- Assess and manage portfolio climate change risks.
- Manage the Bank's internal footprint.

The Bank had developed a number of tools to integrate climate considerations into the investment decision-making process. This included specific screening tools such as carbon price, carbon footprint and a climate risk assessment tool as discussed on page 7.

- *EIB Group Climate Bank Roadmap 2021-2025, European Investment Bank, 2020, [link](#).*

Screening tools had been developed for EIB investments, including:

Climate risk screening tools for each of the EIB's main credit segments to assess the climate risk for its counterparties and for the Bank's equity portfolio. The methodology captured physical risk, transition risk and a mitigation/adaptation capability for each counterparty and provided a climate score from 1 (low risk) to 5 (high risk). The output from the screening tools would enable the EIB Group to map (for example by sector and geography) and benchmark all its counterparties according to their climate risk exposure.

Initially, the screening tools were planned to be used for portfolio monitoring as well as internal reporting and disclosures. They would provide transparency on the Group's exposure to climate risk and enable informed risk management decisions to be taken. The EIB was developing country-specific climate change risk scores, modelling both physical and transition risk for all countries where the Group operated. Country scores were based on publicly available data and would capture expected climate change risks, taking into account individual countries' exposure to these risks and their capacity to mitigate them.

Similarly, industry scores were being developed and would also be incorporated into the screening tools.

Similar to the climate risk screening tools and to ensure that the intrinsic links between environmental and climate risks were integrated, the environmental risk screening tool would also be developed for each of the EIB's main credit segments to assess the environmental risk for its counterparties. The output from the screening tool would enable the EIB to map and benchmark all its counterparties according to their exposure to the environmental risk based on the new levels of scale, likelihood and interconnectedness of such risks.

- *Climate and Development Strategy 2017-2022, AFD, December 2017, [link](#).*

Agence Française de Développement (AFD) was one of the first international donors to integrate climate change into its practices. This strategy aimed to give direction to the action of AFD Group for Climate through commitments, analyses and partnerships. The strategy highlighted that definite types of action sector by sector would not be prescribed, as the actions would largely depend on national or local contexts.

The strategy outlined four commitments, the first of which referred explicitly to the Paris Agreement: "ensure a '100% Paris Agreement-compatible' activity: make all interventions consistent with low-carbon and climate-resilient development and support countries in their formulation of low-carbon and climate-resilient development trajectories" (p. 8). Further action points were elaborated, including the following:

- Continuing with the deployment and implementation of specific modalities with regard to operational diligence processes. For example, all country intervention strategies had to include analysis of NDCs and prospects for low-carbon and climate-resilient long-term trajectories.

- Incorporating a specific tool for the analysis of project consistency with low-carbon and climate-resilient trajectories into the sustainable development assessment analysis framework at AFD. Consistency would be assessed based on criteria such as “alignment with climate policies, effects on public policies, mobilisation of financial and private actors, management of uncertainty”, etc (p. 9).
- Introducing and implementing an intervention analysis framework, which would serve as a vigilance and optimisation tool in the short term and would enable increasingly precise accountability with regard to achieving 100% alignment with the Paris Agreement.
- *Council adopts conclusions on enhancing the European financial architecture for development, Council of the EU, 14 June 2021, [link](#).*

The Council adopted a series of conclusions aimed at enhancing the European financial architecture for development. These conclusions set out a range of goals and included addressing development challenges reinforced by COVID-19, leveraging European financial institutions and mobilising public and private sector investments to focus on areas most affected by conflict and fragility.

Many conclusions focused on increasing cooperation between the EIB, EBRD, European development banks and financial institutions under a ‘Team Europe’ approach. The Council encouraged the EBRD and EIB to coordinate with other global financial institutions active in their countries of operation and further develop instruments such as cooperation arrangements, risk-sharing, co-financing, and mutual reliance and recognition procedures. The Council also encouraged the EBRD to further leverage private investments to achieve incremental geographic expansion and pursue cooperation activities with other European development banks and financial institutions.

- *Danish Climate and Development Action Programme, Ministry of Foreign Affairs of Denmark, 2005, [link](#);*
Guiding Principles for the Danish Climate Envelope, Ministry of Foreign Affairs of Denmark, 2016, [link](#).

The Climate and Development Action Programme (2005) was designed as an integral part of the Danida Aid Management Guidelines (AMG), linked to the Guidelines for Programme Management. The aim of linking the Climate and Development Action Programme to the AMG was to “help ensure that Danish development cooperation is climate proofed at critical stages of strategy, programme and project development, and implementation” (p. 44).

A decade later, the Danish government published the Guiding Principles for the Danish Climate Envelope (2016). The Climate Envelope had a set of objectives focused on developing countries, including adapting to climate change, transitioning to a low-carbon economy and preparing their entry into a new global climate agreement. This ‘guiding principles’ document was meant to serve as guidance for Danish Climate Envelope programming, and for stakeholders in partner countries and organisations. Principles had been further categorised into those that set out the balance and boundaries for the overall Climate Envelope and those that related to project effectiveness:

- Principles on *balance and boundaries*: alignment, intervention logic, evidence and indicators, modalities, geographic focus, balance between adaptation and mitigation, predictability and continuity.
- Principles on *project effectiveness*: national strengths, leverage, transformation, linkages, poverty orientation.
- *Taking climate action: How to align our portfolio with a 1.5° C pathway?, Netherlands Development Finance Company, undated, [link](#).*

In 2017, the Netherlands Development Finance Company (FMO) committed to using investment towards the goals of the Paris Agreement. The FMO aimed to use a 1.5°C pathway to steer investments, identifying opportunities for renewable energy, energy efficiency, reforestation and climate-smart agriculture. Corresponding with internal targets, the FMO implemented an exclusion list (coal), screening tools and the promotion of green finance through a green label (to reduce GHG emissions, support adaptation and promote natural capital).

In 2018 and 2019, the FMO presented two technical papers outlining the ways in which it planned to work towards a portfolio aligned with a 1.5°C pathway. The 2018 paper addressed an accounting approach to measure absolute GHG emissions in portfolios. The 2019 paper presented a methodology for financial institutions to derive their emissions pathway in line with the Paris Agreement.

4.3 Tools used by private institutions to support Paris alignment

- *Breaking the Code: Deciphering Climate Action Efforts in the Financial Sector*, Mitchell, J. et al., 2020, [link](#).

This study took stock of the regulatory and policy efforts, market trends and voluntary initiatives actively shaping the role of private financial institutions in supporting decarbonisation of the real economy (the part of a country's economy that produces goods and services, rather than the part that consists of financial services such as banks). It clarified what was being asked of the financial sector at the time and what might be needed to ensure that the actions taken by the financial sector in support of decarbonisation were effective and that expectations were realistic. It argued that financial institutions across the investment chain were being asked to be proactive in support of decarbonisation rather than reactive to policy. For asset owners and banks (particularly commercial banks), climate alignment commitments – commitments to align portfolios with the temperature goals of the Paris Agreement – might become a norm. As asset owners pushed the implementation of these commitments down the investment chain and investor interest continued to shift toward environmental, social, and governance issues, this shift would have significant implications for asset managers as well.

The report suggested what needed to be done to ensure that actions taken by the financial sector in support of decarbonisation were effective and that expectations were realistic:

- **Harmonised alignment assessment methodologies:** Harmonised methodologies for assessing the climate alignment of financial institutions across the financial sector were needed to ensure that progress could be reported in a comparable fashion while also acknowledging that both policy and the real economy were not aligned with climate targets. Methodologies needed to be pragmatic.
 - **Decarbonisation pathways:** A shared vision and understanding of real economy sector-specific decarbonisation pathways, including quantitative emission benchmarks and transition pathways, needed to inform the actions taken by financial institutions – regardless of type or whether they had a formal climate alignment commitment – in support of decarbonisation. Pathways needed to be informed by industry.
 - **Collective action with individual leadership and accountability:** Collective action initiatives could help establish assessment methodologies and decarbonisation pathways more quickly and at a lower cost. They reduced the risks to first movers and made actions more effective. However, leadership by and accountability of individual financial institutions were still important and necessary.
 - **Data:** More and better standardised data was needed to understand climate risk, the alignment of climate impacts with climate targets, and the decarbonisation-readiness of corporates, all of which were needed to fully mobilise the financial sector.
- *Principles for Paris-aligned financial institutions: climate impact, fossil fuels and deforestation*, Rainforest Action Network, 2020, [link](#).

In response to the many commitments by global banks to align their finances to the Paris Agreement, the Rainforest Action Network (RAN – a global set of 60 climate and rights groups) argued that these commitments were insufficiently ambitious to achieve the stated goals. RAN stated that “Financial institutions (FIs) that commit to ‘Paris alignment’ must also commit to aligning with the Paris Agreement’s goal of limiting global warming to 1.5°C while respecting all human rights and the specific rights of Indigenous Peoples. Any ‘net zero’ targets or other FI climate commitments must also align with this goal” (p. 1). It went on to list a set of actions required by financial institutions to “truly align” the climate impact of their business practices with the Paris Agreement.

The paper indicated nine principles, grouped into the following two main sections:

- “The FI must adopt a commitment by COP26 that requires that the projects and companies it supports are aligned with 1.5°C” (p .2).
- “The FI must have in place a process by COP26 to measure and disclose its climate impact, and must commit to phase out financed emissions in alignment with 1.5°C and to develop a specific plan for establishing science-based targets” (p. 3).
- *IIGCC Net Zero Investment Framework: Consultation Response*, Institutional Investors Group on Climate Change, March 2021, [link](#), and [link](#); *Net Zero Investment Framework 1.0, Implementation Guide*, Paris Aligned Investment Initiative, Institutional Investors Group on Climate Change, March 2021, [link](#).

The Institutional Investors Group on Climate Change (IIGCC) is a European membership body (more than 300 members) for investor collaboration on climate change and the voice of investors taking action for a prosperous, low-carbon future. Its vision is to support and enable the investment community in driving significant and real progress by 2030 towards a net-zero and resilient future.

The report claimed to provide “the first-ever practical blueprint for investors to maximise the contribution they make in tackling climate change and achieving net zero emissions globally by 2050” (website paragraph 1, [link](#)). IIGCC carried out public consultation with over 780 stakeholders. Feedback was grouped into sections and was used to update IIGCC’s Net Zero Investment Framework. This was presented in another publication, *The Net Zero Investment Framework 1.0*, an “implementation guide to be used by investors as the basis for net zero commitments and to develop net zero investment strategies” (p. 4).

Additional methodologies and approaches related to Paris alignment were developed throughout the course of the consultation and publication period, including:

- the Partnership for Carbon Accounting Financials standard
- the Science-Based Targets Initiative methodology for financial institutions
- the UN Net Zero Asset Owners Alliance Target Setting Protocol
- the COP26 Private Finance Hub report on Measuring Portfolio Alignment.
- *Aligning Financial Intermediary Investments with the Paris Agreement*, Fuchs, S. et al., 2021, [link](#).

This report reflected on the key role development finance institutions (DFIs) play in achieving the goals of aligning financial flows with low-emission, climate-resilient development pathways. The report noted that current efforts to align DFIs are largely focused on direct project financing and do not take into account indirect investments channelled through financial intermediaries. In order to fully align with climate goals, the report argued that DFIs must also align these intermediary investments with the Paris Agreement.

The report proposed a phased and multi-pronged approach for aligning intermediary investments. The approach featured sub-project-level criteria to reflect mitigation and adaptation requirements, as well as institutional-level criteria related to climate governance and transparency. Under this approach, DFIs would require financial intermediaries to apply sector-specific alignment criteria to align with mitigation goals, assess their planned investments for climate risks to align with adaptation goals, and meet a series of governance and transparency requirements at the institutional level.

Other features of the proposed approach included:

- a requirement that DFIs carefully select investment instruments used in financial intermediary projects to avoid additional risks
- an allowance for DFIs to continue to engage with financial intermediaries that do not yet have criteria to ensure Paris alignment of new investments, provided they engage in ways that minimise the risk of supporting Paris-misaligned activities
- a requirement that DFIs would not provide support to new or existing financial intermediary clients that have not committed, or are unwilling to commit to Paris alignment.

Further reading

- *Supporting the Momentum of Paris: A Systems Approach to Accelerating Climate Finance*, Climate Policy Initiative, March 2018, [link](#).
- *Paris Misaligned?* Climate Policy Initiative, December 2020, [link](#).
 - *Paris Misaligned Joint Summary*, Climate Policy Initiative, December 2020, [link](#).
 - *Paris Misaligned: An Assessment of Global Power Sector Investment*, Climate Policy Initiative, December 2020, [link](#).
- *Accelerating and Innovating Climate Action*, Chapter on Carbon Finance, World Bank, 2020, [link](#).
- *Raising the Game on Paris Alignment Discussion Paper, Six Memos on the Multilateral Development Banks' Paris Alignment Approach*, Ryfisch, D. et al., March 2019, [link](#).
- *Mainstreaming the phase-out of international public fossil finance*, E3G, March 2021, [link](#).
- *A framework for Danish climate policy, input for a new Danish climate act with global perspectives*, Klimarådet, October 2019, [link](#).
- *How Do Development Agencies Support Climate Action?*, Annex 7. *List of environmental and climate assessment tools*, by provider, Calleja, R., March 2021, [link](#).
- *Task Force on Climate-related Financial Disclosures: Status Report*, Task Force on Climate-related Financial Disclosures, June 2019, [link](#).

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